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# IDREES

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**TEXTILE MILLS LIMITED**

*Annual Report 2023*





## **MISSION / VISION STATEMENT**

- To concentrate on the changing Yarn/Fabric requirements with higher profitability, both in local as well as in the international market.
- Maximization of profit regardless of the turnover quantum, reducing the cost at all levels.
- Customer satisfaction is our priority and good return to the shareholders is our aim, while maintaining friendly and congenial environment for our employee.





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## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Rizwan Idrees Allawala	- Chairman
	Mr. S. M. Mansoor Allawala	- Executive Director / CEO
	Mr. Omair Idrees Allawala	- Executive Director
	Ms. Aamnah Mansoor	- Non - Executive Director
	Mr. Muhammad Zubair	- Non - Executive Director
	Syed Masud Arif	- Independent Director
	Ms. Azra Yaqub Vawda	- Independent - Director
<b>AUDIT COMMITTEE</b>	Ms. Azra Yaqub Vawda	- Chairperson
	Syed Masud Arif	- Member
	Ms. Aamnah Mansoor	- Member
	Syed Shahid Sultan	- Secretary
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE</b>	Syed Masud Arif	- Chairman
	Ms. Aamnah Mansoor	- Member
	Ms. Azra Yaqun Vawda	- Member
<b>COMPANY SECRETARY</b>	Syed Shahid Sultan	
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Muhammad Jawaid	
<b>AUDITORS</b>	M/s. Yousuf Adil	
	Chartered Accountants	
<b>BANKERS</b>	National Bank of Pakistan	
	Bank Alfalah Limited	
	Habib Metropolitan Bank Ltd.	
	Meezan Bank Ltd.	
	Bank of Punjab Ltd.	
	BankIslami Pakistan Ltd.	
	Askari Bank Limited	
	Dubai Islamic Bank Pakistan Ltd.	
	Samba Bank Limited	
<b>REGISTERED OFFICE</b>	6-C, Ismail Centre, 1st Floor, Central Commercial Area, Bahadurabad, Karachi - 74800.	
<b>MILLS</b>	Kot Shah Mohammad, Tehsil Nankana, District Nankana, Punjab. <a href="http://www.idroestextile.com">www.idroestextile.com</a>	
<b>SHARES REGISTRAR</b>	M/S. JWAFS Registrar Services (Pvt) Ltd. 407-408, 4th Floor, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi.	





Notice is hereby given that the 34<sup>th</sup> Annual General Meeting of the Shareholders of Idrees Textile Mills Ltd. will be held on Friday, October 27, 2023 at 04:15 pm at meeting room, Embassy Inn Karachi, 100-B, SMCHS Nursery Main Shahrah-e-Faisal, Karachi to transact the following business:

**ORDINARY BUSINESS:**

1. To confirm the minutes of the last Annual General Meeting held on October 27, 2022.
2. To receive, consider and adopt the standalone and consolidated Annual Audited Financial Statements of the Company for the year ended June 30, 2023, together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.
3. To appoint Auditors for the year ending June 30, 2024 and fix their remuneration. The retiring auditors M/s Yousuf Adil Chartered Accountants, being eligible, offer themselves for re-appointment.
4. To elect Seven Directors of the Company as fixed by the Board in accordance with the provisions of section 159 (1) of the Companies Act 2017 for the term of three years. The names of the retiring directors are as under:

- |                               |                         |
|-------------------------------|-------------------------|
| 1. Mr. S. M. Mansoor Allawala | 5. Syed Masud Arif      |
| 2. Mr. Rizwan Idrees Allawala | 6. Ms. Azra Yaqub Vawda |
| 3. Mr. Omair Idrees Allawala  | 7. Mr. Muhammad Zubair  |
| 4. Ms. Aamnah Mansoor         |                         |

**SPECIAL BUSINESS**

5. To obtain approval of the members to meet the requirement of S.R.O. 389(1)/2023 dated March 21, 2023, issued by the Securities and Exchange Commission of Pakistan, for circulation of Company's annual audited financial statements through QR enabled code and weblink.

The Statements of Material Facts as required under Section 134(3) and 166(3) of the Companies Act, 2017 are annexed to the notice of meeting circulated to the members of the Company.

6. To transact any other business that may be placed before the meeting with the permission of the Chair.

Karachi  
October 03, 2023

By order of the Board

**SYED SHAHID SULTAN**  
Company Secretary



Notes:

- (i) Shareholders are advised to promptly notify any change in their addresses.
- (ii) Share Transfer Books of the Company will remain closed from October 19, 2023 to October 27, 2023 (both days inclusive).
- (iii) A member eligible to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend, and vote for him/her. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of holding the Meeting

CDC Account Holders will have to follow the guidelines as laid down in Circular No. 1 January 26, 2000. Issued by the Securities & Exchange Commission of Pakistan. In case of corporate entity, the Board's resolution / Power of attorney with specimen signature shall be furnished with proxy from the Company.

- (iv) The shareholders who wish to attend the AGM through video link are requested to get themselves registered by providing the following information via email at [secretary@idreestextile.com](mailto:secretary@idreestextile.com) on or before October 21, 2022.

Name of Shareholder	CNIC #	CDC Account No./ /Folio No.	Cell Number	Email Address

Members shall be registered after necessary verification and will be provided a video link and login credentials by the Company on the same email address from which they, emailed to the Company. The login facility will remain open from 04:05 pm till the end of the meeting.

Shareholders can also provide their comments/suggestions on the proposed agenda items of the AGM on above email address.

- (v) Any member who seeks to contest the election of director shall file with the Company at its Registered Office, not later than fourteen days before the date of meeting, the following:
  - a) A notice of his/her intention to offer himself/herself for election as a Director together with consent on Form-28 as prescribed by the Act;
  - b) A declaration (copy may be obtained from Registered Office) on the matters required by the Code of Corporate Governance 2019.
  - c) Detailed profile along with office address for placement of Company's website.
  - d) An attested valid copy of Computerized National Identity Card.
  - e) A member who seeks to contest for election may select any one category in which he / she intends to contest election. For the purpose of election of directors of the Company the voting shall be held separately in the following three categories for the specified number of seats:





- f) A. member who seeks to contest for election may select any one category in which he / she intends to contest election in the following three categories for the specified number of seats:  
The member in their discretion may cast vote to any candidate contesting election in each of the following categories:

Sr.	Category	Number of Seats	Voting Proportion
1	Female Director	01	1/7
2	Independent Directors	02	2/7
3	Other Directors	04	4/7

If the number of members who offer themselves in each category is not more than the number of directors to be elected in each category, such members will be elected unopposed without the voting process.

- (vi) The Company shall provide its members for, inter alia, all businesses classified as special business and persons offer to be elected is more than the number of directors fix, with options of e-voting or voting by postal ballot in accordance with the provisions of the Companies (Postal Ballot) Regulations, 2018.

Members who intend to exercise their right of vote through E-voting shall provide their valid cell numbers and email addresses on or before October 19, 2023.

- (vii) Members are requested to provide their International Banking Account Number (IBAN) together with a copy of the Computerized National Identity Card (CNIC) to update our records. In case of non-submission all future dividend payments may be withheld.
- (viii) As per section 72 of the Companies Act, 2017 every Company is required to replace its physical shares with book entry form within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e May 30, 2017.

The Securities & Exchange Commission of Pakistan through its circular # CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised the listed Companies to pursue their such members who still hold shares in physical form, to convert their shares into book-entry form.

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

- (ix) Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of the Pakistan Stock Exchange Regulation, 2018.
- (x) In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the annual general meeting.



If you wish to take this facility, please fill the form appearing below and submit it to the Company at its registered address at least ten (10) days prior to the date of the Meeting.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of meeting along with complete information necessary to enable them to access such facility.

I/We \_\_\_\_\_ of \_\_\_\_\_ email address \_\_\_\_\_, being a member of Idrees Textile Mills Ltd. holder of \_\_\_\_\_ Ordinary Share(s) as per Register Folio No. /CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

- (xi) Shareholders who have not yet collected their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares. Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three (3) years from the date due and payable shall be deposited to the credit of the Federal Government and in case of Shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

**Statement of Material Facts under Section 134(3) of the Companies Act 2017.**

Pursuant to the provisions of above SRO No. 389(1)2023 dated March 21, 2023 issued by SECP, the Company is required to obtain the approval of its shareholders for circulation of its annual financial statements through QR enabled code and weblink instead of circulating the same through CD/DVD/USB. Accordingly, the following draft resolution with or without amendments has been proposed for approval of the shareholders in the general meeting.

“RESOLVED that the approval be and is hereby given to allow the Company to circulate the annual audited financial statements including notice of meeting to its members through QR enabled code and weblink.”

The Directors of the Company have no direct or indirect interest in the special business. The special business is only proposed to comply with the relevant provisions of the SRO issued by the SECP.

**Statement of Material Facts under Section 166(3) of the Companies Act 2017.**

Section 166 of the Companies Act 2017 provides that a statement of material facts is annexed to the notice of the General Meeting called for the purpose of election of directors which shall indicate the justification for choosing independent directors. The Company is required to have at least two independent directors on its board in accordance with the Listed Companies (Code of Corporate Governance) Regulation 2019. The Company shall ensure that the Directors will be elected in accordance with the procedures for election of directors laid down in Section 159 of the Companies Act 2017. Once the contestants will file their consent to offer themselves for election as independent director, the Company shall ensure that:

- Names of these contestants are included in the data bank maintained by Pakistan Institute of Corporate Governance (PICG) as authorized by SECP and
- These contestants meet the independence criteria as mentioned in Section 166(2) of the Companies Act, 2017.

Directors of the Company have no direct or indirect interest in the above said business other than as shareholder of the Company and that they are eligible to contest the election of director of the Company.



The Directors are pleased to present the audited financial statements of your Company for the year ended June 30, 2023.

### **FINANCIAL AND OPERATIONAL OVERVIEW**

The principal activity of the Company is manufacturing, processing and sale of all kinds of yarn. The Company is also engaged in the business of Home Textile. During the year under review, there has not been any material change in the Company's business activities.

During the financial year under review, the Company's turnover amounted to Rs. 4,200 million as compared to Rs. 5,166 million in the previous year. Gross profit amounted to Rs. 420.146 million compared to Rs. 798.540 million for the last year. During the year under review, the Company's revenue decreased by Rs. 966 million and the gross profit has declined by Rs. 379 million. Loss for the year amounted to Rs. 12.494 million in FY23 as compared to profit for the year of Rs. 432.007 million in the corresponding period. Finance cost has increased by Rs. 132.474 million (76 percent) in FY23 to Rs. 306.864 million from Rs. 174.390 million in FY22.

During FY23, the State Bank of Pakistan cumulatively raised the policy rate by 8.25 percent, raising it to 22 percent by 30<sup>th</sup> June 2023 from 13.75 percent at the beginning of the financial year under review. Change in interest rate influences the borrowing cost for consumers and businesses exerting inflationary pressures in the economy. This, coupled with high energy cost, has eroded the Company's profitability. On the positive side, the Company's export of home textiles is picking up which bodes well for the future. An amount in excess of Rs. 1.4 billion has been invested by the Company for expansion of the mills production capacity and its impact on the Company's revenue will, In Sha Allah, be visible in FY24 financials.

The global economic and financial crisis has affected countries all over the world and developing countries experienced considerable output losses. Pakistan's textile industry is also grappling with a slowdown since the economy began facing a balance of payments crisis. Textile exports of the country significantly declined in FY23. The Russia-Ukraine war also had a big impact on the energy sector. On top of that, subsidies for gas and electricity for the industry were cut amid high inflation and the tough International Monetary Fund program. Another factor that hit Pakistan's textile sector hard was the steep decline in the value of Pak Rupee. It became expensive to import raw materials and other inputs. Thousands of shipping containers with raw materials remained stuck at Karachi port due to dwindling foreign exchange reserves. A stable political situation remains a crucial missing piece to fully leverage the industry's potential.

### **LOSS/EARNING PER SHARE**

The loss/earning per share for the year under review worked out to Rs. (0.63) as compared to loss Rs.21.76 for the corresponding year.

### **DIVIDEND**

In view of loss for the year, the Board of Directors in its meeting held on October 03, 2023, has decided not to recommend any dividend this year.

## STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAME WORK

- (a) The financial statements, prepared by the management of the Company, present fairly its state of affairs the result of its operations, cash flows and changes in equity.
- (b) Proper books of account of the Company have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.
- (e) The Board understands its responsibility to ensure that adequate and effective internal financial controls are in place. The internal audit department continuously reviews the design and effectiveness of the controls and corrective action is taken to address the weakness, if found. We believe that the system of internal control is sound in design and has been effectively implemented.
- (f) There are no significant doubts upon the Company's ability to continue as a going concern.
- (g) There has been no material departure from the best practices of corporate governance, as detailed in the regulation of PSX rule book.
- (h) The book value of investments made by the Employees' Provident Fund, being operated for head office employees, only, as per audited financial statements of the Fund as at June 30, 2022 was Rs. 32,146,790/- (2021 Rs. 30,326,483/-)

Mills employees are entitled to gratuity as per law and appropriate provision has been made in the financial statements.

- (i) As required by the Code, we have included the following information in this report:
  - Statement of Pattern of Shareholding.
  - Statement of Shares held by associated undertaking and related parties.
  - Key operating and financial statistics for last six years.
- (j) During the year under review, five Board of Directors, four Audit Committee and one Human Resource & Remuneration Committee (HR & RC) meetings were held and attended as follows:

<b>Name of Directors At any time during financial year</b>	<b>Board of Directors Meeting Attended</b>	<b>Audit Committee Meeting Attended</b>	<b>HR &amp; RC Meeting Attended</b>
Mr. Muhammad Idrees Allawala	02	N/A	N/A
Mr. S.M. Mansoor Allawala	05	N/A	N/A
Ms. Azra yaqub Vawda	05	04	01
Mr. Rizwan Idrees Allawala	05	02	N/A
Mr. Omair Idrees Allawala	05	N/A	N/A
Ms. Aamnah Mansoor	03	02	01
Syed Masud Arif	05	04	01
Muhammad Zubair	03	N/A	N/A

- (k) During the year under review, there has been no trading in shares of the Company by CEO, Directors and their Spouses & minor children except as given below

NAME OF DIRECTOR	Opening 01-07-2022	Purchase	Gift In/(Gift out)	Balance as on June, 30. 2023
Mr. Omair Idrees Allawala	5,774,596		550	5,755,146
Mr. Rizwan Idrees Allawala	5,775,646	1500	(250003)	5,527,143

- (l) We have an audit committee the members of which are from the board of directors and the chairman is a non-executive director
- (m) We have prepared and circulated a statement of ethics and business strategy amongst directors and employees.
- (n) The board has adopted a mission statement and a statement of overall corporate strategy.

## BOARD OF DIRECTORS

The board comprises of seven directors. The composition of the board throughout the year is as follows:

- |                            |  |
|----------------------------|--|
| a. Male:                   | 5  |
| b. Female:                 | 2  |
| a) Independent Director    | i) Syed Masud Arif<br>ii) Ms Azra Yaqub Vawda                                      |
| b) Non-executive Directors | i) Mr. Rizwan Idrees Allawala<br>ii) Ms.Aamnah Mansoor<br>iii) Mr. Muhammad Zubair |
| c) Executive Directors     | i) Mr. S. M. Mansoor Allawala<br>ii) Mr. Omair Idrees Allawala                     |

## BOARD COMMITTEES

The Board of Directors has formed the Audit Committee and Human Resource and Remuneration Committee in line with the requirements of the Code of Corporate Governance.

### The members of Audit Committee is as follows:

Ms, Azra Yaqub Vaw da	Chairman
Syed Masud Arif	Member
Ms. Aamnah Mansoor	Member

### The members of Human Resource and Remuneration Committee is as follows:

Syed Masud Arif	Chairman
Ms. Azra Yaqub Vawda	Member
Mr. Aamnah Mansoor	Member



## CASUAL VACANCY

Mr. Muhammad Idrees Allawala, founding Chairman of the Company passed away on December 21, 2022. On behalf of the Company, its employees and workers, the Board of Director expressed profound grief on his sad demise. His services to the Company shall be remembered for a long time to come.

The Casual vacancy, so created, was filled by the Board by appointing Mr. Rizwan Idress Allawala, Non-Executive Director, as Chairman of the Board and Ms. Aamnah Mansoor was appointed as Non-Executive Director for remainder of term.

The Board also appointed Mr. Muhammad Zubair, as Non-Executive Director to fill the casual vacancy created due the demise of Mr. Muhammad Israil, director of the Company who passed away on August 21, 2022.

## BOARD EVALUATION

The Company carries out annual evaluation of the Board, members of the Board and its Committees as part of the Code of Corporate Governance. For that purpose, Board has developed a mechanism for evaluation of Board's own performance, members of the Board and its Committees. Based on the evaluation, overall performance of the Board, its members and Committees of the Board for the year under review is satisfactory.

## DIRECTORS' REMUNERATION:

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 35 of the annexed financial statements.

## SUBSIDIARY COMPANY

The Company's wholly owned subsidiary ORA Home LLC (ORA), is located in New Jersey, USA. One of the Directors of the Company is the member manager of ORA. The principal business activity of ORA is to deal in home textiles.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Idrees Textile Mills Ltd. being a good corporate citizen contributing for the welfare of the people in our society and fulfillment of its corporate social responsibility. During the year under review the Company contributed Rs. 5.1 million to various organizations serving the mankind in the health and education sectors.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Board of Directors has overall responsibility for oversight over the risks and uncertainties faced by the Company. To assist the Board in discharging its responsibility, management has been made responsible for identifying, monitoring and managing the Company's risk exposures. Following is a description of the risks and uncertainties:

- Control over cost of production amid high energy tariff.
- Remaining competitive in the domestic as well as in the international market in terms of cost effectiveness and pricing of goods.
- Managing finance cost in the wake of steep rise in interest rate.
- Reduction in demand of goods due to economic slowdown.
- Credit risk arising principally from trade debts, loans and advances. The carrying amount represents the maximum credit exposure.



- Liquidity risk arising because of the possibility that the Company could be required to pay its liabilities earlier than expected.
- Changes in market prices affecting the Company's income or the value of its holdings.
- Risk of changes in market interest rates relating primarily to the Company's long-term financing, short-term borrowings and liabilities against assets subject to finance lease.
- Foreign currency risk arising due to transactions in foreign currency resulting in foreign exchange losses/gains on translation of foreign currency denominated trade debts and trade payables.
- Managing capital to safeguard the Company's ability to continue as a going concern and to support the sustained development of its business.
- Loss or reduction in country's cotton crop due to floods or other causes resulting in unavailability of good quality local cotton at viable rates.
- Imposition of new taxes or increase in the rates of existing ones.

## FUTURE OUTLOOK

Pakistan's textile industry is facing a slowdown since the balance of payments crisis began. Soaring inflation, steep decline in the value of Pak Rupee and Russia-Ukraine war had a big impact on the energy sector. High import cost, surge in interest rates and low demand in the market, are having a negative impact on businesses. Upward revisions in taxes, duties and PDL have increased the upside risks to the inflation outlook. According to a World Bank report on Pakistan, food-related shortages and transportation challenges caused by the floods significantly contributed to the inflation. Since Pakistan heavily relies on imported oil, a constant decline in the value of the country's currency results in higher tariffs with every import of oil.

Viable energy tariffs play a key role in business competitiveness and Pakistan did see a surge in exports in FY22 because of Regionally Competitive Energy Tariff (RCET) that was offered by the Government to the textile exporters. Any reduction in, or withdrawal of, this incentive will raise the cost of production and our exports will fail to compete in the international market against other regional players. Due to enhanced competitiveness on the back of RCET, the industry has heavily invested in expansion and new projects. Without a sizable increase in the Country's exports, our balance of payment position will continue to remain under pressure. Pakistan's earnings from exports, foreign direct investment and remittance from overseas Pakistanis are vital for economic turnaround. A stable political setup remains a crucial missing piece for us to fully leverage the industry's potential. A desired way forward is to create a supportive environment and better working conditions for the textile industry. Our competitors like Bangladesh, Sri Lanka and Vietnam are progressing well in textile exports but Pakistan is struggling to even maintain the export performance which is disappointing for the business community. On CPEC front, so far, of the numerous planned projects, only a few have been completed.

Going forward, the current account deficit is expected to remain contained in the range of 0.5 to 1.5 percent of GDP in FY24. Improved financing mix after the unlocking of multilateral and bilateral external financing along with some uptick in economic activity may also auger well for business activity. With August 2023 exports reaching \$2.36 billion, marking a 14.3 percent increase from the previous month, giving indication of a potential turnaround for the textile sector. A strategic framework by the Government aimed at bolstering the industry, encompassing RCET, expeditious refund payments, availability of affordable credit and sales tax zero-rating for the textile chain will help unlock the industry's full production potential.

Given the optimism emanating from strong growth seen in textile exports in the previous years and announcement of incentive schemes by SBP for financing of export oriented projects, the Company has invested more than Rs. 1.4 billion for expansion of the mills' production capacity. The results of this expansion will, In Sha Allah, be visible in FY24 revenue numbers.

### AUDITORS

The retiring Auditors M/s. Yousuf Adil, Chartered Accountants being eligible have offered themselves for re-appointment for the ensuing year 2023-2024. The audit committee in its meeting held on September 30, 2023 has recommended the appointment of the retiring auditors.

### ACKNOWLEDGEMENT

The directors are thankful to the bankers, suppliers and customers of the Company for their continued support and appreciate the hard work by the employees of the Company.

For and on behalf of the Board



**Rizwan Idrees Allawala**  
**Chairman**

Karachi: October 03, 2023



**S. M. Mansoor Allawala**  
**Chief Executive**



I am pleased to present before you my review report on the overall performance of the Board and effectiveness of the role played by it in achieving the Company's objectives for the year ended 30<sup>th</sup> June 2023.

As Chairman of the Board, it is my responsibility to monitor and strengthen the Company's governance. For the year under review, based on the evaluation, the overall performance and effectiveness of the Board has been assessed as Satisfactory.

The Board duly carried out its duty to ensure high standards of corporate governance since a well-defined corporate governance system is vital for enhancing corporate accountability.

The Board duly discharged its responsibilities with respect to the overall management of the Company, formulation of significant policies, evaluating its own performance and monitoring the functioning of the Board's Committees. Evaluation of the Board is aimed to measure its overall performance and conduct of the Company's affairs in accordance with the best practices of corporate governance.

Through appropriate oversight and vigilance, compliance with the applicable laws and regulations was duly ensured. The Company's management constantly endeavored to safeguard shareholder value.

The Board considered and approved, among other things, quarterly and annual financial statements, capital expenditure including expansion of the mill, borrowings and appointment of external auditors.

The Audit Committee and the Human Resource & Remuneration Committee duly assisted the Board in performing its duties. These Committees held meetings and reported to the Board as per stipulations of the corporate governance regulations.

The Board is consistently performing its duties and responsibilities diligently while upholding high standards of corporate governance.

I sincerely thank our shareholders, bankers, suppliers and customers for their valued trust and support and would like to express my appreciation for dedicated services rendered by the employees.

Sad Demise of Mr. Muhammad Idrees Allawala, Chairman of the Board:

The founder of the Company and Chairman of the Board, Mr. Muhammad Idrees Allawala passed away on 21<sup>st</sup> December 2022. His vision and valuable services for the Company shall be remembered for a long time to come. May Allah grant him the highest place in Jannah, Aameen.



Rizwan Idrees Allawala  
Chairman of the Board

Karachi  
October 03, 2023



	2018	2019	2020	2021	2022	2023
Sales	2,881,059,482	3,471,595,641	3,239,256,236	4,002,482,731	5,166,171,154	4,200,140,937
Cost of goods sold	(2,643,744,807)	(3,076,553,332)	(2,956,416,446)	(3,468,653,953)	(4,367,630,755)	(3,779,994,822)
Gross Profit	237,314,675	395,042,309	282,839,790	533,828,778	798,540,399	420,146,115
Other operating Income/loss	35,358,695	3,528,691	10,250,912	25,389,171	137,702,874	45,322,054
	272,673,370	398,571,000	293,090,702	559,217,949	936,243,273	465,468,169
Distribution Cost	(15,241,548)	(18,679,321)	(26,603,588)	(35,219,989)	(45,848,895)	(42,495,566)
Administration expenses	(68,988,440)	(77,463,297)	(83,287,664)	(77,063,633)	(96,757,796)	(112,114,284)
Other operating expenses	(16,520,530)	(27,268,831)	(21,414,330)	(52,638,715)	(67,393,550)	(38,514,094)
Finance cost	(113,629,274)	(209,034,475)	(240,606,640)	(171,436,880)	(174,390,261)	(306,864,446)
	(214,379,792)	(332,445,924)	(371,912,222)	(336,359,217)	(384,390,502)	(499,988,390)
Profit/(Loss) before taxation	58,293,578	66,125,076	(78,821,520)	222,858,732	551,852,771	(34,520,221)
Taxation	20,111,096	(33,811,567)	(23,759,982)	(61,968,354)	(119,845,916)	22,026,220
Profit/(Loss) after taxation	78,404,674	32,313,509	(102,581,502)	160,890,378	432,006,855	(12,494,001)
Other Comprehensive Income for the year	33,776,110	(33,316,294)	45,409,201	327,421,738	18,565,117	36,746,024
Total comprehensive income for the year	112,180,784	(1,002,785)	(57,172,301)	488,312,116	450,571,972	24,252,023
Earning/(Loss) per shares	4.34	1.63	(5.17)	8.10	21.76	(0.63)

**Name of Company:** IDREES TEXTILE MILLS LIMITED  
**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 seven as per the following:

- a) Male: 05
- b) Female: 02

2. The composition of board is as follows:

Category	Name
Independent Directors	Syed Masud Arif Ms. Azra Yaqub Vawda
Executive Directors	Mr. S. M. Mansoor Allawala Mr. Omair Idrees Allawala
Non-Executive Directors	Mr. Rizwan Idrees Allawala Mr. Muhammad Zubair Ms. Aamnah Mansoor

\*Regulation 6 (1) of the CCG Regulations stipulates that it is mandatory for each listed company to have at least two or one-third members of the Board, whichever is higher, as independent directors. In a Board comprising 7 members, one-third works out to 2.33 persons. The fraction contained in such one-third is not rounded up as one as the Company has enough experienced and well reputed Independent. Directors on the Board who perform and carry out their responsibilities diligently.

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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board remained fully compliant the provision with regard to their training program. One member of the Board have the prescribed qualifications and experience required for exemption from training program of Directors pursuant to Regulation 19(2) of the CCG. Six members of the Board have already completed the Director's Training Program.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.



11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below. The Board Audit Committee and the Board Human Resource & Compensation Committee are chaired by independent director:

a) Audit Committee

1. Ms. Azra Yaqub Vawda (Chairperson)
2. Syed Masud Arif
3. Ms. Aannah Mansoor

b) Human Resource and Remuneration Committee

1. Syed. Masud Arif (Chairman)
2. Ms. Azra Yaqub Vawda
3. Ms. Aannah Mansoor

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:

<b>Committee</b>	<b>Frequency of meetings</b>
Audit Committee	Quarterly
HR and Remuneration Committee	Annually

15. The board has set up an independent and effective internal audit function and the audit personnel are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that the requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Explanation with respect to compliance with non-mandatory requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 is specified below:

S. No.	Requirement	Explanation	Regulation No.
1.	The Board may constitute the risk management committee, of such number and class of Directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to as the Board.	The Terms of Reference for Risk Committee are covered by the Board of Directors, which in its quarterly meetings to reviews the effectiveness of the Company's risk management procedures, therefore, as separate committee is not considered necessary.	30
2.	The Board may constitute a separate committee, designed as the nomination committee, of such number and class of Directors, as it may deem appropriate in its circumstances.	The Terms of Reference for Nomination Committee are covered by the Human Resource and Remuneration Committee, which timely apprises the Board with regard to any changes therefore a separate committee in not considered necessary.	29

**For and on behalf of the Board**



**S M MANSOOR ALLAWALA**  
Chief Executive



**RIZWAN IDREES ALLAWALA**  
Chairman

Karachi  
Dated: October 03, 2023

**INDEPENDENT AUDITOR'S REVIEW REPORT****To the members of Idrees 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 **Idrees Textile Mills Limited** (the Company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company.

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

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

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

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

  
Chartered Accountants

Place: Karachi

Date: October 04, 2023

UDIN: CR202310099QYGgBkmjH



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

## Report on the Audit of the Unconsolidated Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of Idrees Textile Mills Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2023, and the unconsolidated statement of profit or loss and other 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 and other 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, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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
<p><b>1. Revenue recognition</b></p> <p>(Refer note 3.14 and 24 to the annexed Financial Statements)</p> <p>Net revenue from sale of Company's products for the year ended June 30, 2023 amounted to Rs. 4,200 million which has decreased by approximately 19% as compared to last year.</p> <p>The Company recognizes revenue at point in time when control of the asset is transferred to the customer, generally on delivery of goods.</p> <p>Considering revenue recognition, a significant risk area and</p>	<p>Our key audit procedures in this area amongst other include the following:</p> <ul style="list-style-type: none"> <li>Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition.</li> <li>Evaluated the appropriateness of the accounting policy with respect to revenue recognition.</li> <li>Performed testing of sales transactions on a sample basis to check that the related revenues are recorded appropriately at the correct quantity and price when control of goods has been transferred to the customer.</li> </ul>

Key audit matter	How the matter was addressed in our audit
<p>key performance measure we have identified this as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• We performed analytical procedures and tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognized in the correct period; and</li> <li>• Assessed the adequacy of disclosures in accordance with the applicable financial reporting framework.</li> </ul>
<p><b>2. Capital expenditure</b></p> <p>(Refer note 3.1.2 and 4 to the annexed Financial Statements)</p> <p>The company's financial statements for the year ended June 30, 2023 disclosed a significant capital expenditure during the year amounting to Rs. 1,481 million which primarily attributed to the extension of factory building and plant and machinery.</p> <p>The capital expenditure incurred during the year represents significant transactions and requires appropriate application as per applicable financial reporting framework. In view of the above, we have identified this matter as a key audit matter.</p>	<p>Our key audit procedures in this area amongst others included the following:</p> <ul style="list-style-type: none"> <li>• We obtained understanding of the Company's process with respect to capital expenditure and evaluated the authorization and approval procedures for capital expenditure.</li> <li>• We tested samples of capital expenditure transactions to check the accuracy and valuation of the amounts recorded in the financial statements and examined the documentation supporting management's decisions regarding the capitalization of expenditure, such as contracts, and invoices.</li> <li>• We considered whether the items of cost capitalized meet the recognition criteria of an asset in accordance with the applicable financial reporting framework.</li> <li>• We assessed the adequacy of disclosures in accordance with the applicable financial reporting framework.</li> </ul>

### 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 annual report, but does not include the unconsolidated and consolidated 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. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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

### **Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source and paid in accordance with Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Arif Nazeer.

  
Chartered Accountants

Place: Karachi  
Date: October 04, 2023  
UDIN: AR202310099BrkufxIKE

UN-CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at June 30, 2023



	Note	2023 Rupees	2022 Rupees
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	4	3,378,314,871	2,334,249,192
Long-term deposits		2,898,681	3,129,361
Long term investment	5	-	-
		<u>3,381,213,552</u>	<u>2,337,378,553</u>
<b>Current Assets</b>			
Stores, spares and loose tools	6	74,479,461	57,521,846
Stock-in-trade	7	1,461,817,305	1,207,120,704
Trade debts	8	655,583,419	768,563,631
Loans and advances	9	124,283,507	171,739,107
Prepayments		1,603,690	1,905,463
Other receivables	10	223,189,255	184,464,687
Other financial assets	11	180,115,660	134,473,034
Cash and bank balances	12	5,952,513	5,875,276
		<u>2,727,024,810</u>	<u>2,531,663,748</u>
<b>Total Assets</b>		<u><b>6,108,238,362</b></u>	<u><b>4,869,042,301</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised capital 22,000,000 ordinary shares of Rs.10/- each		<u>220,000,000</u>	<u>220,000,000</u>
Issued, subscribed and paid-up capital	13	198,528,000	198,528,000
<b>Capital reserves</b>			
Surplus on revaluation of property, plant and equipment - net of tax	14	868,124,011	882,490,524
Equity portion of loan from related parties		30,064,842	15,895,730
Revenue reserves		<u>1,470,854,120</u>	<u>1,420,418,461</u>
<b>Total Equity</b>		<u><b>2,567,570,973</b></u>	<u><b>2,517,332,715</b></u>
<b>Non-current Liabilities</b>			
Long-term finance	15	728,952,828	214,521,468
Lease liability	16	-	1,962,284
Deferred government grant	17	103,735,361	44,261,234
Deferred taxation - net	18	171,199,476	229,182,802
Retirement benefit obligation	19	78,775,115	60,143,460
		<u>1,082,662,780</u>	<u>550,071,248</u>
<b>Current Liabilities</b>			
Trade and other payables	20	588,989,534	607,349,650
Accrued mark-up	21	92,205,020	26,323,596
Short-term borrowings	22	1,511,431,965	883,049,126
Current portion of long-term finance	15	170,505,607	143,862,034
Current portion of lease liability	16	1,962,284	7,767,062
Current portion of deferred government grant	17	29,771,093	5,297,394
Unclaimed dividend		2,750,372	2,899,903
Provision for taxation		60,388,734	125,089,573
		<u>2,458,004,609</u>	<u>1,801,638,338</u>
<b>Total Liabilities</b>		<u><b>3,540,667,389</b></u>	<u><b>2,351,709,586</b></u>
<b>Total Equity and Liabilities</b>		<u><b>6,108,238,362</b></u>	<u><b>4,869,042,301</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23		

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

Chief Executive

Chief Financial Officer

Director



	Note	2023 Rupees	2022 Rupees
Revenue from contract with customer - net	24	4,200,140,937	5,166,171,154
Cost of sales	25	(3,779,994,822)	(4,367,630,755)
Gross profit		420,146,115	798,540,399
Distribution cost	26	(42,495,566)	(45,848,895)
Administrative expenses	27	(112,114,284)	(96,757,796)
		(154,609,850)	(142,606,691)
		265,536,265	655,933,708
Finance cost	28	(306,864,446)	(174,390,261)
Other operating expenses	29	(38,514,094)	(67,393,550)
		(79,842,275)	414,149,897
Other income	30	45,322,054	137,702,874
(Loss) / Profit before taxation		(34,520,221)	551,852,771
Taxation	31	22,026,220	(119,845,916)
(Loss) / Profit for the year		(12,494,001)	432,006,855
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate	14	39,602,265	19,262,595
Remeasurement of retirement benefit obligation	19.5	(4,022,874)	(982,374)
Related tax	18	1,166,633	284,896
		(2,856,241)	(697,478)
		36,746,024	18,565,117
<b>Total comprehensive income for the year</b>		<b>24,252,023</b>	<b>450,571,972</b>
(Loss) / Earnings per share - basic and diluted	32	(0.63)	21.76

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



Chief Executive



Chief Financial Officer



Director

UN-CONSOLIDATED STATEMENT OF CASH FLOWS  
For the Year ended June 30, 2023



A. CASH FLOWS FROM OPERATING ACTIVITIES	Note	2023 Rupees	2022 Rupees
(Loss) / profit before taxation		(34,520,221)	551,852,771
<b>Adjustments for :</b>			
Depreciation	4.1	107,243,091	105,294,291
Provision for retirement benefit obligation	19.4	24,691,262	19,765,793
Finance cost	28	306,864,446	174,390,261
Provision for slow moving stores, spares and loose tools	6	-	1,368,396
Expected credit loss - trade receivable	27	1,645,333	-
Expected credit loss - other receivable	27	1,144,367	-
Unrealised gain on Cotton claims	30	(3,024,315)	-
Unrealized loss / (gain) on other financial assets	30	(698,290)	2,055,496
Profit on deposits	30	(18,291,881)	(5,521,448)
Gain on disposal of property, plant and equipment	30	(7,178,050)	(1,233,155)
Unwinding of discount on other receivables	30	-	(6,401,253)
Operating cash flows before working capital changes		<u>377,875,742</u>	<u>841,571,152</u>
<b>(Increase) / decrease in current assets</b>			
Stores, spares and loose tools		(16,957,615)	(15,080,585)
Stock-in-trade		(254,696,601)	(117,000,712)
Trade debts		111,334,879	(66,842,429)
Loans and advances		47,455,600	(78,270,764)
Prepayments		301,773	(33,605)
Other receivables		(36,844,620)	(21,711,462)
		<u>(149,406,584)</u>	<u>(298,939,557)</u>
<b>(Decrease) / increase in current liabilities</b>			
Trade and other payables		<u>(18,360,116)</u>	<u>371,824,244</u>
		<u>(167,766,700)</u>	<u>72,884,687</u>
<b>Cash generated from operations</b>		<u>210,109,042</u>	<u>914,455,839</u>
Finance cost paid		(229,165,899)	(158,047,560)
Retirement benefit obligation paid		(6,218,600)	(16,402,660)
Income tax paid		(60,899,822)	(65,292,553)
Long-term deposits - net		230,680	(241,374)
<b>Net cash (used in) / generated from operating activities</b>		<u>(85,944,599)</u>	<u>674,471,692</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,157,305,720)	(394,050,878)
Proceeds from disposal of property, plant and equipment		13,175,000	1,787,500
Purchase of term deposit receipt - net		(44,978,050)	(32,300,000)
Purchase of shares		-	(7,133,910)
Profit on deposits received		15,472,517	3,865,410
<b>Net cash used in investing activities</b>		<u>(1,173,636,253)</u>	<u>(427,831,878)</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term finance repaid to financial institutions		(112,768,553)	(83,604,014)
Export refinance repaid - net		-	-
Long-term finance obtained from financial institutions		757,256,682	209,173,634
Long-term finance repaid to related parties		(6,746,286)	(2,000,000)
Long-term finance obtained from related parties		1,450,000	-
Short term borrowings obtained - net		386,457,419	(102,508,412)
Lease liabilities repaid during the year		(7,767,062)	(21,355,768)
Dividend paid		(149,531)	(19,377,782)
Net cash generated from / (used in) financing activities		<u>1,017,732,669</u>	<u>(19,672,342)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(241,848,183)</u>	<u>226,967,472</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>(193,476,856)</u>	<u>(420,444,328)</u>
<b>Cash and cash equivalents at the end of the year</b>	33	<u>(435,325,039)</u>	<u>(193,476,856)</u>

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

Chief Executive

Chief Financial Officer

Director

UN-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the Year ended June 30, 2023



	Note	Capital reserve			Revenue reserve	Total
		Share capital	Surplus on revaluation of property, plant and equipment - net of tax	Equity portion of loan from related parties	Unappropriated profit	
Rupees						
<b>Balance as at July 1, 2021</b>		198,528,000	910,719,758	25,813,862	951,551,923	2,086,613,543
Profit for the year		-	-	-	432,006,855	432,006,855
Other comprehensive income for the year						
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate		-	19,262,595	-	(697,478)	18,565,117
		-	19,262,595	-	(697,478)	18,565,117
<b>Total comprehensive income for the year</b>		-	19,262,595	-	431,309,377	450,571,972
<b>Transfer to / from surplus on revaluation of property plant and equipment on account of</b>						
- incremental depreciation charged thereon - net of tax	14	-	(47,491,829)	-	47,491,829	-
<b>Transactions with shareholders</b>						
Final dividend at Rs.1 per share for the year ended June 30, 2021		-	-	-	(19,852,800)	(19,852,800)
<b>Transactions with related parties</b>						
Unwinding of discount on long-term loan from related parties	15.2	-	-	(9,918,132)	9,918,132	-
Fair value effect of interest free loan provided by related parties	15.2	-	-	-	-	-
<b>Balance as at June 30, 2022</b>		<b>198,528,000</b>	<b>882,490,524</b>	<b>15,895,730</b>	<b>1,420,418,461</b>	<b>2,517,332,715</b>
Profit for the year		-	-	-	(12,494,001)	(12,494,001)
Other comprehensive income for the year						
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate		-	39,602,265	-	(2,856,241)	36,746,024
		-	39,602,265	-	(2,856,241)	36,746,024
<b>Total comprehensive income for the year</b>		-	39,602,265	-	(15,350,242)	24,252,023
<b>Transfer to / from surplus on revaluation of property plant and equipment on account of</b>						
- incremental depreciation charged thereon - net of tax	14	-	(53,968,778)	-	53,968,778	-
<b>Transactions with related parties</b>						
Unwinding of discount on long-term loan from related parties	15.2	-	-	(11,817,123)	11,817,123	-
Fair value effect of interest free loan provided by related parties	15.2	-	-	25,986,235	-	25,986,235
<b>Balance as at June 30, 2023</b>		<b>198,528,000</b>	<b>868,124,011</b>	<b>30,064,842</b>	<b>1,470,854,120</b>	<b>2,567,570,973</b>

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

Chief Executive

Chief Financial Officer

Director



## 1. STATUS AND NATURE OF BUSINESS

- 1.1 Idrees Textile Mills Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on June 5, 1990 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and was listed on Pakistan Stock Exchange Limited on April 28, 1992. The registered office of the Company is situated at 6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad, Karachi in the Province of Sindh. The principal activity of the Company is manufacturing, processing and sale of all kinds of yarn. The Company is also engaged in business of Home Textile.

These are separate financial statements of the Company in which investment in subsidiary is stated at cost less impairment losses, if any.

Following are the geographical location and address of all business units of the Company:

<p><b>Karachi</b> 6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad</p>	<p><b>Purpose</b> Head Office</p>
<p><b>Nankana Sahib</b> Kot Shah Muhammad, Tehsil &amp; District Nankana Punjab</p>	<p><b>Purpose</b> Regional Office and Production Plant / Factory</p>

In the year ended June 30, 2022, the Company acquired 100% ownership in ORA Home LLC (ORA), a limited liability company incorporated in New Jersey, USA on January 5, 2022. One of the directors of the Company is the member manager of ORA. Pursuant to the acquisition, ORA has become wholly owned subsidiary of the Company (refer note 5).

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

### 2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except that certain categories of property, plant and equipment are stated at revalued amounts and the Company's liability under defined benefit plan (gratuity) is stated at present value of defined benefit obligation.

### 2.3 Presentation and functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

### 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the 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 the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of the accounting and reporting standards, as applicable in Pakistan, that have a significant effect on the financial statements and estimates with significant risk of material judgment in the next financial year are set forth below:

- assumptions and estimates used in accounting for defined benefit plan (notes 3.10.1 and 19.1);
- assumptions and estimates used in determining fair value, residual value, useful lives and recoverable amount of property, plant and equipment (notes 3.1, 3.6 and 4.1);
- assumptions and estimates used in determining provision for taxation including deferred taxation (notes 3.11, 18 and 31);
- assumptions and estimates used in determining provision for slow moving stores and spares (notes 3.2 and 6.1);
- assumptions and estimates used in writing down items of stock-in-trade to their net realizable value (notes 3.3 and 7);
- contingencies and commitments (note 23); and
- impairment of financial assets (notes 3.5.4).

## 2.5 Changes in accounting standards and interpretations

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

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

- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)

### 2.5.2 New accounting standards and amendments that are not yet effective

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

	<b>Effective from accounting period beginning on or after:</b>
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
- 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



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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2023.

#### 3.1 Property, plant and equipment

##### 3.1.1 Owned assets

Property, plant and equipment are stated as follows:

- Land is stated at revalued amount;
- Building, Labour colony, plant and machinery, electric installations and mill equipment are stated at revalued amounts less accumulated depreciation and impairment losses, if any; and
- Office equipment, furniture and fixtures and vehicles are stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of an asset including borrowing costs, if any. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognised. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Depreciation is charged to the statement of profit or loss on a straight line basis at the rates specified in note 4.1. Depreciation on additions is charged from the month an asset is available for use upto the month prior to its disposal.

Depreciation methods, useful lives and residual values of each item of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed and adjusted, if appropriate at each reporting date.

Surplus on revaluation of assets is recognised net of tax, in statement of other comprehensive income (OCI) and presented as a separate component of equity as "surplus on revaluation of property, plant and equipment", except that it reverses a revaluation deficit for the same asset previously recognised in the statement of profit or loss, in which case the surplus is credited to the statement of profit or loss to the extent of the deficit charged previously.

Deficit on revaluation of assets is recognised in the statement of profit or loss, except that it reverses a revaluation surplus for the same asset previously recognised in statement of other comprehensive income, in which case the deficit is charged to other comprehensive income to the extent of the surplus credited previously. The revaluation reserve is not available for distribution to the Company's shareholders.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the estimated fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of assets (net of deferred taxation) is transferred directly to retained earnings (unappropriated profit). Further, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings (unappropriated profit).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised in other income / other expenses in the statement of profit or loss. When revalued assets are sold, any related amount included in the surplus on revaluation is transferred to retained earnings (unappropriated profit).

### 3.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any, and consists of expenditure incurred and advances made in respect of assets in the course of their acquisition, construction and installation. Transfers are made to relevant asset categories as and when assets are available for intended use.

### 3.1.3 Leased assets

Plant and machinery acquired under finance lease is stated at revalued amounts less accumulated depreciation and impairment losses, if any. Vehicles acquired under finance lease are stated at cost less accumulated depreciation and impairment losses, if any. Assets that will be transferred at the end of the lease term are depreciated over the useful life of the assets commencing from the year in which the leased assets are put into operation. Depreciation and other policies are same as for the owned assets described above.

### 3.2 Stores, spares and loose tools

These are stated at lower of weighted average cost and net realizable value. Items in transit are stated at cost comprising invoice value plus other charges incurred thereon upto the reporting date. Provision for obsolete and slow moving stores, spares and loose tools is determined based on the management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.

### 3.3 Stock-in-trade

These are stated at lower of cost and net realizable value applying the following basis:

Cost signifies in relation to:

- Raw material (imported)	Lower of cost (specific identification basis) and net realisable value (NRV)
- Raw material (local)	Lower of cost (weighted average) and NRV
- Stock-in-transit	Cost accumulated up to reporting date
- Work-in-process and finished goods	Lower of cost and NRV
- Waste	Net realisable value (NRV)

Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

Net realizable value (NRV) signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.

### 3.4 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade debts and other receivables considered irrecoverable are written off.

### 3.5 Financial instruments

#### 3.5.1 Classification of financial assets

The Company classifies its financial assets into following three categories:

At amortized cost ("AC"),

Fair value through other comprehensive income ("FVTOCI") and

Fair value through profit or loss ("FVTPL").



#### **Financial assets at amortised cost**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) 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 amortisation 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.

#### **Financial assets at FVTOCI**

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) 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.

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI, only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

#### **Financial assets at FVTPL**

All other financial assets are classified at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVTOCI).

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

### **3.5.2 Recognition and initial measurement of financial instruments**

Financial assets and financial liabilities are recognised in the Company's statement of assets and liabilities 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.

### **3.5.3 Subsequent measurement of financial assets**

#### **Financial assets at amortised cost**

Financial assets at amortised cost are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

#### **Financial assets at FVTOCI**

All financial assets at FVTOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income.

For debt instruments classified as financial assets at FVTOCI, the amounts in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVTOCI, where there is no reclassification on derecognition.

#### **Financial assets at FVTPL**

All financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

### **3.5.4 Impairment**

#### **Impairment of financial assets**

Under expected credit loss (ECL) model of IFRS 9, the Company recognises loss allowances for ECLs on financial assets. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

### **3.5.5 Classification and measurement of financial liabilities**

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. 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.

### **3.5.6 Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

### **3.5.7 Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

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

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

### **3.7 Foreign currency transactions and translation**

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into reporting currency equivalents using foreign currency rates ruling on the reporting date. Exchange differences on foreign currency transactions and translation are included in the income currently.



### 3.8 Provisions

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

### 3.9 Cash and cash equivalents

Cash and cash equivalents used in statement of cash flows include cash in hand balances with banks in current and deposit accounts and short term borrowings. Short-term borrowings availed by the Company, are payable on demand and form an integral part of the Company's cash management.

### 3.10 Retirement benefit obligation

#### 3.10.1 Defined benefit plan

The Company operates an unfunded gratuity scheme covering all its factory workers who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses are recognised immediately in other comprehensive income.

The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and current service cost are recognised in the statement of profit or loss.

#### 3.10.2 Defined contribution plan

The Company operates an approved funded contributory provident fund scheme for all head office staff. Equal monthly contributions are made both by the Company and the employees at the rate of 8.33% of basic salary per annum.

### 3.11 Taxation

#### 3.11.1 Current tax

Provision for current taxation is based on taxable income at the current rates of taxation, after taking into account tax rebates and tax credits available, if any, or turnover at the specified rate or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. Charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessment framed / finalized during the year. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

#### 3.11.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises a deferred tax asset to the extent that it is probable that taxable profits in the foreseeable future will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Further, the Company also recognizes a deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

### 3.12 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

### 3.13 Borrowing costs

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 capitalized as part of the cost of the respective assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in statement of profit or loss in the period in which they are incurred.

### 3.14 Revenue recognition

The Company manufactures and contracts with customers for the sale of yarn which generally include single performance obligation. Management has assessed that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer in case of local sales and date of bill of lading in case of export sales.

Interest income is accrued on time proportionate basis, by reference to the principal outstanding and at the applicable effective interest rate.

### 3.15 Dividend income

Dividend income is recognised when the Company's right to receive payment have been established and is recognised in statement of profit or loss and included in other income.

### 3.16 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriations to / from reserves is recognised in the period in which these are approved.

### 3.17 Earnings per share

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

### 3.18 Leases - Lease liabilities and right-of-use assets

The Company recognises leases as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is subsequently measured (at amortised cost) by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

For short term leases and leases of low / immaterial value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the assets economic life. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

### 3.19 Investment in Subsidiary

Investment in subsidiary is measured at cost less any identified impairment loss in the Company's separate financial statements.

At each reporting date, the Company reviews the carrying amount of the investment in subsidiary to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised as expense in the Unconsolidated Statement of Profit or Loss. Investment in subsidiary that suffered an impairment, is reviewed for possible reversal of impairment at each reporting date. An impairment loss is reversed if there has been change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the Unconsolidated Statement of Profit or loss.



The carrying amount of an investment carried at cost is derecognised when it is sold or otherwise disposed of. The difference between the fair value of any consideration received on disposal and the carrying amount of the investment is recorded in the Unconsolidated Profit or Loss account as a gain or loss on disposal.

### 3.20 Government grant

The benefit of interest rate lower than the market rate on borrowings obtained under State Bank of Pakistan (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of the entity and Temporary Economic Refinance Facility (TERF), is accounted for as a government grant which is the difference between amount of loan received and the fair value of the loan on the date of disbursement. The differential amount presented in statement of financial position as deferred government grant. The amortisation of deferred government grant is netted off with finance cost within in the statement of profit or loss.

Government grants are recognised at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognised on a systematic basis in the income for the year in which the related expenses are recognised. Grants that compensate for the cost of an asset are recognised in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognised and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit, that is the government grant, is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

### 3.21 Operating Segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses that relates to transactions with any of the other components of the Company.

The Board of Directors and the Chief Executive Officer of the Company have been identified as the chief operating decision-makers (CODM), who are responsible for allocating resources and assessing the performance of the operating segments. Management has determined that the Company has a single reportable segment as the CODM views the Company's operations as one reportable segment.

### 3.22 Commitments

Commitments for capital expenditure contracted for but not incurred are disclosed in the financial statements at committed amounts. Commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at committed amounts (Note - 23.2).

	Note	2023 Rupees	2022 Rupees
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets			
- Owned	4.1.1	1,894,790,281	1,940,313,063
- Right of use assets	4.1.2	2,362,004	37,614,719
		<b>1,897,152,285</b>	<b>1,977,927,782</b>
Advance against vehicle	4.1.3	-	17,340,000
Capital work in progress:			
- Building		199,111,306	125,529,930
- Plant & Machinery		1,282,051,280	213,451,480
	4.1.4	<b>1,481,162,586</b>	<b>338,981,410</b>
		<b>3,378,314,871</b>	<b>2,334,249,192</b>



4.1 OPERATING FIXED ASSETS

Particulars	2023					Depreciation/ (disposals)/ write-offs for the year	Accumulated Depreciation		Written Down Value	Dep. Rate
	July 01, 2022	July 01, 2022	June 30, 2023	July 01, 2022	June 30, 2023		Transfers	Revaluation adjustment		
	Cost / Revaluation									
Rupees										
<b>4.1.1 Owned assets</b>										
Land freehold	240,375,000	-	240,375,000	-	-	-	-	-	240,375,000	-
Mill building on freehold land	218,633,060	-	218,633,060	16,201,975	16,681,975	16,681,975	-	32,863,950	185,769,100	5-20%
Labour colony on freehold land	21,352,625	-	21,352,625	2,371,736	1,921,736	1,921,736	-	4,293,472	17,059,153	5-14%
Plant and machinery	1,450,936,991	7,234,891	1,478,171,882	70,600,825	71,890,549	919,785	919,785	143,811,159	1,334,360,723	4-33%
Electric installations	21,988,000	-	21,988,000	3,063,608	3,063,608	3,063,608	-	6,127,216	15,860,784	8-25%
Factory equipment	5,251,500	113,095	5,364,595	595,898	601,707	601,707	-	1,197,805	4,166,990	7-20%
Office equipment	16,222,460	1,926,718	18,149,168	12,517,252	763,388	763,388	-	13,300,840	4,848,528	10%
Computer Hardware	-	219,500	219,500	-	39,963	39,963	-	39,963	179,537	10%
Furniture and fixtures	4,183,452	-	4,183,452	3,757,214	54,037	54,037	-	3,811,251	372,201	10%
Vehicle	146,591,368	22,970,340	175,208,198	75,912,855	10,449,295	3,584,333	3,584,333	83,607,933	91,598,265	20%
		(12,335,500)		(6,336,550)						
	2,125,534,428	32,464,544	2,183,643,470	185,221,363	105,466,258	4,504,118	-	288,853,189	1,894,790,281	
		(12,335,500)		(6,336,550)						
<b>4.1.2 Right of use assets</b>										
Plant and machinery	20,000,000	-	(20,000,000)	486,452	433,333	(919,785)	-	-	-	4%
Vehicle	22,049,000	(17,980,000)	4,069,000	3,947,829	1,343,500	(3,584,333)	-	1,706,996	2,362,004	20%
	42,049,000	-	4,069,000	4,434,281	1,776,833	(4,504,118)	-	1,706,996	2,362,004	
<b>Total June 30, 2023</b>	2,167,583,428	32,464,544	2,187,712,470	189,655,644	107,243,091	-	-	290,560,185	1,897,152,285	
		(12,335,500)		(6,336,550)						



Particulars	2022											
	Cost / Revaluation					Accumulated Depreciation					Written Down Value	Dep. Rate
	July 01, 2021	Acquisitions/ (disposal)	Transfers	Revaluation adjustment	June 30, 2022	July 01, 2021	Depreciation/(disposals) for the year	Transfers	Revaluation adjustment	June 30, 2022		
Rupees												
<b>4.1.1 Owned assets</b>												
Land - freehold	240,375,000	-	-	-	240,375,000	-	-	-	-	-	240,375,000	-
Mill building on freehold land	218,633,050	-	-	-	218,633,050	-	16,201,975	-	-	16,201,975	202,431,075	5-20%
Labour colony on freehold land	21,352,625	-	-	-	21,352,625	-	2,371,736	-	-	2,371,736	18,980,889	5-14%
Plant and machinery	1,414,360,500	24,256,481 (180,000)	12,500,000	-	1,450,936,981	-	70,256,740 (7,313)	551,366	-	70,800,825	1,380,136,166	4-33%
Electric installations	21,968,000	-	-	-	21,968,000	-	3,063,606	-	-	3,063,606	18,924,392	6-25%
Factory equipment	5,251,500	-	-	-	5,251,500	-	595,898	-	-	595,898	4,655,602	7-20%
Office equipment	14,804,158	1,416,292	-	-	16,222,450	11,825,066	692,164	-	-	12,517,252	3,705,196	10%
Furniture and fixtures	3,665,361	296,091	-	-	4,163,452	3,716,712	36,502	-	-	3,757,214	426,236	10%
Vehicles	101,253,134	17,473,694 (1,997,500)	29,862,030	-	146,591,358	61,876,338	6,704,806 (1,615,642)	8,845,553	-	75,912,855	70,678,503	20%
	2,041,903,326	43,446,565 (2,177,500)	42,362,030	-	2,125,534,426	77,522,136	99,925,429 (1,623,155)	9,396,861	-	165,221,363	1,940,313,063	
<b>4.1.2 Right of use assets</b>												
Plant and machinery	32,500,000	-	(12,500,000)	-	20,000,000	-	1,037,850	(551,398)	-	486,452	19,513,548	4%
Vehicles	51,911,030	-	(29,862,030)	-	22,049,000	6,462,370	4,331,012	(8,845,553)	-	3,947,829	18,101,171	20%
	84,411,030	-	(42,362,030)	-	42,049,000	6,462,370	5,368,862	(9,396,951)	-	4,434,281	37,614,719	
Total June 30, 2022	2,126,314,356	43,446,565 (2,177,500)	-	-	2,167,663,426	85,984,506	105,294,291 (1,623,155)	-	-	169,655,644	1,977,927,782	





4.5 Forced sale values as per the latest revaluation report as of June 30, 2021 as mentioned in note 4.4 are as follows:

Asset Class	Rupees
Land - freehold	204,318,750
Mills building on freehold land	185,838,093
Labour colony on freehold land	18,149,731
Plant and machinery	1,157,488,400
Electric installations	17,590,400
Mill equipment	4,201,200

4.6 Particulars of immovable asset of the Company are as follows:

Location	Addresses	Usage of immovable property	Total Area (Acres)
Nankana Sahib	Kot Shah Muhammad, Tehsil & District Nankana Punjab	Production Plant and facility	20.03

5. LONG TERM INVESTMENT	Note	2023 Rupees	2022 Rupees
Cost	5.1	-	-

5.1 In the year ended June 30, 2022, the Company acquired 100% ownership in ORA Home LLC (ORA), a limited liability company incorporated in New Jersey, USA on January 5, 2022. The Company paid nil consideration for the acquisition of subsidiary due to net liability position in the books of subsidiary and accordingly assumed all liabilities of the subsidiary as on January 5, 2022.

6. STORES, SPARES AND LOOSE TOOLS	Note	2023 Rupees	2022 Rupees
Stores and spares		81,690,595	53,044,427
Stores and spares in transit		467,498	12,156,051
Loose tools		64,585	64,585
		<u>82,222,678</u>	<u>65,265,063</u>
Less: provision for slow moving items		<u>(7,743,217)</u>	<u>(7,743,217)</u>
		<u>74,479,461</u>	<u>57,521,846</u>

7. STOCK-IN-TRADE			
Raw material - Cotton			
- In hand		726,259,683	787,024,122
- In transit		159,022,484	99,948,162
Raw material - Home Textile			
- In hand		11,224,752	-
Work-in-process - Yarn		76,496,220	56,022,198
Work-in-process - Home Textile		28,702,503	-
Finished goods - Yarn			
- In hand		315,503,103	163,228,844
- In transit		28,754,217	27,545,324
- Third party		97,473,722	57,888,374
Waste - Yarn		18,380,621	15,463,680
		<u>1,461,817,305</u>	<u>1,207,120,704</u>

	Note	2023 Rupees	2022 Rupees
<b>8. TRADE DEBTS</b>			
Considered good			
Export - secured		136,441,517	308,726,383
Local		519,141,902	459,837,248
	8.1	<u>655,583,419</u>	<u>768,563,631</u>
Considered doubtful			
Local		14,058,548	12,413,215
		<u>669,641,967</u>	<u>780,976,846</u>
Less: Expected credit loss	8.2	<u>(14,058,548)</u>	<u>(12,413,215)</u>
		<u><u>655,583,419</u></u>	<u><u>768,563,631</u></u>

8.1 Trade debts are non-interest bearing and are generally on 60 to 90 days terms. Trade debts are unsecured other than the export and local trade debts that are secured against letter of credits as mentioned in note 8.4.

		2023 Rupees	2022 Rupees
<b>8.2 Expected credit loss</b>			
Balance as at July 1,		12,413,215	12,413,215
Charge during the year	27	1,645,333	-
Balance as at June 30,		<u>14,058,548</u>	<u>12,413,215</u>

**8.3 Ageing of trade debts past due but not impaired**

Not past due		436,421,781	766,818,903
0 - 90 days		138,928,038	10,001,125
91-180 days		89,834,377	95,995
Above 180 days		4,457,771	4,060,823
		<u>669,641,967</u>	<u>780,976,846</u>

8.4 Following are the details for local and export related trade debts outstanding as at June 30 2023, which are secured against letter of credit:

	Mode of arrangement	2023 Rupees	2022 Rupees
Indirect Export	Confirmed LC	81,539,158	44,780,578
Exports	Confirmed LC	136,441,517	308,726,383

**9. LOANS AND ADVANCES**

**Considered good**

	Note	2023 Rupees	2022 Rupees
Loans to employees - unsecured	9.1	387,000	359,000
Advance to employees	9.1	420,000	474,481
Advances - unsecured			
- to suppliers		39,791,090	93,029,920
- for expenses		924,154	6,602,942
		<u>40,715,244</u>	<u>99,632,862</u>
Advance income tax		82,761,263	71,272,764
		<u>124,283,507</u>	<u>171,739,107</u>

9.1 These represents unsecured, interest free, short-term loan and advance given to employees of the Company.



	Note	2023 Rupees	2022 Rupees
<b>10. OTHER RECEIVABLES</b>			
Sales tax			
- considered good		185,987,592	150,850,078
- considered doubtful		3,774,996	2,630,629
Export rebate - considered doubtful		2,194,344	2,194,344
Less: expected credit loss	10.1	(5,969,340)	(4,824,973)
		<u>185,987,592</u>	<u>150,850,078</u>
Duty draw back receivable		5,872,932	5,872,932
Cotton claim receivable	30.1	23,767,311	22,851,349
Profit on deposits		6,576,634	3,757,270
Others		984,786	1,133,058
		<u>37,201,663</u>	<u>33,614,609</u>
		<u>223,189,255</u>	<u>184,464,687</u>
<b>10.1 Expected credit loss</b>			
As at July 01, 2022		4,824,973	4,824,973
Charge during the year		1,144,367	-
As at June 30, 2023		<u>5,969,340</u>	<u>4,824,973</u>
<b>11. OTHER FINANCIAL ASSETS</b>			
- At amortised cost			
Term deposit receipts	11.1	174,372,670	129,394,620
- Fair value through profit or loss			
Short term investment in listed company	11.2	5,742,990	5,078,414
		<u>180,115,660</u>	<u>134,473,034</u>
<b>11.1</b>	These represent term deposit receipts with various banks for a period ranging from six months to one year carrying mark-up at the rates ranging from 4.2% to 21.00% (2022: 5.9% to 13.75%) per annum. The banks have lien on these term deposit receipts on account of guarantees provided by such banks as disclosed in note 23.1.1 to the financial statements. These will mature latest by June 16, 2024 (2022: June 16, 2023).		
<b>11.2</b>	This represents investment in shares of Lucky Cement Limited a listed company on Pakistan Stock Exchange. Shares acquired last year and held as at June 30, 2023 are 11,000 at a cost of Rs. 7,133,910. The shares are categorised under fair value through profit or loss as the Company intends to receive short term profits through trading of shares. The unrealized gain on June 30, 2023 was Rs. 698,290 (2022: unrealized loss of Rs. 2,055,496).		
<b>12. CASH AND BANK BALANCES</b>			
Cash in hand		707,343	1,351,699
Cash at banks			
- in current accounts	12.1	5,029,589	4,437,477
- in savings account	12.2	215,581	86,100
		<u>5,952,513</u>	<u>5,875,276</u>
<b>12.1</b>	This includes an amount of Rs. 6.68 million (2022: Rs. 6.68 million) on which the bank has created lien on account of guarantee provided by such bank as disclosed in note 23.1.1 to the financial statements.		

12.2 It carries markup of 13.5% to 20.5% (2022: 5.5% to 12.25%) per annum.

### 13. SHARE CAPITAL

2023	2022		2023	2022
Number of shares			Rupees	Rupees
<b>Authorised</b>				
<u>22,000,000</u>	<u>22,000,000</u>	Ordinary shares of Rs. 10/- each	<u>220,000,000</u>	<u>220,000,000</u>
<b>Issued, subscribed and paid-up</b>				
Ordinary shares of Rs. 10/- each fully paid in cash				
<u>19,852,800</u>	<u>19,852,800</u>		<u>198,528,000</u>	<u>198,528,000</u>

13.1 The Company has one class of ordinary share, which carry equal voting rights but no right to fixed income. Voting rights, board selection etc. are in proportion to their shareholding.

	Note	2023	2022
		Rupees	Rupees
<b>14. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax</b>			
As at July 1,		1,036,250,427	1,094,962,264
Less: transferred to unappropriated profit on account of:			
- incremental depreciation - net of tax		(53,968,778)	(47,491,829)
- related deferred tax liability		(8,922,569)	(11,220,008)
		(62,891,347)	(58,711,837)
As at June 30		973,359,080	1,036,250,427
Less: related deferred tax liability on:			
Revaluation surplus as at July 1,		153,759,903	184,242,506
Adjustment due to change in tax rate	18	(39,602,265)	(19,262,595)
Incremental depreciation charged during the year	18	(8,922,569)	(11,220,008)
		105,235,069	153,759,903
<b>As at June 30</b>		<u>868,124,011</u>	<u>882,490,524</u>

### 15. LONG-TERM FINANCE

#### Long term portion

Financial institutions	15.1	693,818,843	173,059,675
Related parties	15.2	35,133,985	41,461,793
		<u>728,952,828</u>	<u>214,521,468</u>

#### Current portion

Financial institutions	15.1	128,365,121	88,583,958
Related parties	15.2	42,140,486	55,278,076
		<u>170,505,607</u>	<u>143,862,034</u>

15.1 Details and movement are as follows:

	Balance at July 01, 2022	Obtained during the year	Repaid during the year	Balance at June 30, 2023	Government Grant	Net Balance at June 30, 2023	Payable within one year	Payable later than one year	Payable within one year as at June 30, 2022	Payable later than one year as at June 30, 2022	Mark up rate (per annum)	Principal and mark up payment	Note
<b>Rupiah</b>													
Diminishing Murabahah (DM)	1,087,397	-	(1,087,397)	-	-	-	-	-	-	-	6 month KIBOR +250 bps	Monthly	15.1.1
DM	8,800,478	-	(8,800,478)	-	-	-	-	-	6,800,478	-	3 month KIBOR +150 bps	Quarterly (2 years grace period)	15.1.1
DM	8,428,570	-	(8,428,570)	-	-	-	-	-	8,428,570	-	SPP Rate +400 bps	Quarterly (2 years grace period)	15.1.5
DM	-	65,000,000	-	65,000,000	-	65,000,000	65,000,000	-	-	-	SPP Rate +400 bps	Quarterly (2 years grace period)	15.1.5
DM	-	4,221,181	-	4,221,181	-	4,221,181	4,221,181	-	-	-	SPP Rate +400 bps	Quarterly (2 years grace period)	15.1.5
DM	-	4,221,181	-	4,221,181	-	4,221,181	4,221,181	-	-	-	SPP Rate +400 bps	Quarterly (2 years grace period)	15.1.5
ITERS 1	5,850,000	-	-	5,850,000	(362,328)	5,487,672	(762,420)	-	5,850,000	-	SPP Rate +400 bps	Quarterly (2 years grace period)	15.1.5
ITERS 1	13,230,400	49,600	-	13,280,000	(779,408)	12,500,592	(1,741,356)	-	10,759,236	-	SPP Rate +400 bps	Quarterly (2 years grace period)	15.1.5
ITERS 1	-	130,000,000	-	130,000,000	(39,802,777)	90,197,223	-	-	80,979,723	-	SPP Rate +400 bps	Quarterly (2 years grace period)	15.1.5
ITERS 1	33,398,843	203,491,962	(14,316,443)	222,574,362	(40,322,014)	182,252,348	(2,303,776)	-	179,746,572	-	SPP Rate +400 bps	Quarterly (2 years grace period)	15.1.5
TERF 1	40,868,800	-	-	40,868,800	(5,544,522)	35,324,278	(7,979,328)	-	27,344,950	-	SPP Rate +400 bps	Quarterly (1 year grace period)	15.1.5
TERF 2	15,872,000	-	(979,500)	14,892,500	(1,091,329)	13,801,172	(2,470,235)	-	10,880,836	-	SPP Rate +400 bps	Quarterly (1 year grace period)	15.1.5
TERF 3	34,238,000	-	(2,138,975)	32,099,025	(4,100,293)	27,998,732	(8,958,775)	-	21,141,000	-	SPP Rate +400 bps	Quarterly (1 year grace period)	15.1.5
TERF 4	38,037,504	-	(2,377,000)	35,660,504	(3,857,075)	32,103,429	(7,975,808)	-	24,127,622	-	SPP Rate +400 bps	Quarterly (1 year grace period)	15.1.5
TERF 5	-	71,183,000	-	71,183,000	(12,637,285)	58,545,715	(9,487,433)	-	49,076,302	-	SPP Rate +400 bps	Quarterly (1 year grace period)	15.1.5
Term Finance 1	-	11,272,500	-	11,272,500	-	11,272,500	9,983,437	-	9,983,437	-	3 month KIBOR +200 bps	Quarterly (1 year grace period)	15.1.8
Term Finance 2	-	7,316,000	-	7,316,000	-	7,316,000	7,316,000	-	7,316,000	-	3 month KIBOR +200 bps	Quarterly (1 year grace period)	15.1.8
Term Finance 3	-	30,600,000	-	30,600,000	-	30,600,000	30,600,000	-	30,600,000	-	3 month KIBOR +200 bps	Quarterly (1 year grace period)	15.1.8
Term Finance 3	128,816,304	120,371,500	(5,496,375)	243,691,429	(27,430,880)	216,260,549	(36,088,442)	-	180,182,107	60,049	SPP Rate +400 bps	Quarterly (1 year grace period)	15.1.7
LTF 1	6,218,450	-	-	6,218,450	-	6,218,450	(184,327)	-	6,034,123	-	SPP Rate +300 bps	Quarterly (2 year grace period)	15.1.7
LTF 2	-	12,072,500	-	12,072,500	-	12,072,500	12,072,500	-	12,072,500	-	SPP Rate +300 bps	Quarterly (2 year grace period)	15.1.7
Term Finance 1	68,937,888	-	-	68,937,888	-	68,937,888	(10,675,819)	-	46,261,880	-	3 month KIBOR +400 bps	Quarterly (1 year grace period)	15.1.8
Term Finance 2	49,771,351	-	-	49,771,351	-	49,771,351	(8,332,128)	-	40,439,223	-	3 month KIBOR +400 bps	Quarterly (1 year grace period)	15.1.8
Term Finance 2	178,781,550	-	-	178,781,550	-	178,781,550	(20,202,274)	-	154,787,728	-	3 month KIBOR +400 bps	Quarterly (1 year grace period)	15.1.8
TERF 1	18,397,280	-	-	18,397,280	(5,132,845)	13,264,435	-	-	11,244,435	-	SPP Rate +400 bps	Quarterly (2 year grace period)	15.1.5
TERF 2	-	19,879,380	-	19,879,380	(6,583,737)	13,144,623	-	-	13,144,623	-	SPP Rate +400 bps	Quarterly (2 year grace period)	15.1.5
TERF 3	-	181,424,000	-	181,424,000	(54,037,018)	127,386,982	-	-	87,386,981	-	SPP Rate +400 bps	Quarterly (2 year grace period)	15.1.5
Term Finance 1	-	67,230,000	(5,534,062)	61,695,938	-	61,695,938	(8,027,365)	-	43,868,573	-	3 month KIBOR +150 bps	Monthly (0 year grace period)	15.1.8
Term Finance 1	18,397,280	229,332,360	(5,534,062)	239,155,578	(65,743,601)	173,411,977	(8,027,365)	-	165,414,812	-	3 month KIBOR +150 bps	Monthly (0 year grace period)	15.1.8
LTF 1	17,263,694	-	(8,031,947)	9,231,747	-	9,231,747	(8,031,947)	-	8,031,947	-	6 month KIBOR +250 bps	Quarterly	15.1.2
LTF 2	37,887,500	-	(37,887,500)	-	-	-	-	-	37,887,500	-	SPP Rate +200 bps	Quarterly (6 months grace period)	15.1.3
LTF 3	38,458,680	-	(12,819,575)	25,639,105	-	25,639,105	(12,819,575)	-	12,819,575	-	SPP Rate +400 bps	Quarterly	15.1.4
LTF 3	93,410,074	-	(58,139,022)	34,271,052	-	34,271,052	(21,451,322)	-	59,139,022	-	6 month KIBOR +250 bps	Quarterly	15.1.4
Diminishing Murabahah	32,863,311	86,279,310	(28,282,851)	90,859,770	-	90,859,770	(60,081,724)	-	80,876,246	-	Three month Kibor + (1.5%-2.5%)	Monthly	15.1.10
<b>Total</b>	311,202,295	757,256,692	(112,769,553)	955,690,381	(133,508,495)	822,181,886	(128,395,121)	883,878,943	86,362,581	224,809,681			

\* The loan was converted to LTF after SSP approval during the year.



- 15.1.1** The loan is secured by way of first pari passu charge over Compact Spinning, imported Gen set and locally purchased carding machines with 0% to 25% margin.
- 15.1.1.1** The loan is utilized for renewable energy installation in the factory. The loan is secured against 1st exclusive charge over imported assets of solar equipment.
- 15.1.2** The loan is secured by way of first exclusive and specific hypothecation charge over imported machinery of the Company (Compact Spinning Assembly) with 0% margin.
- 15.1.3** The loan is for financing salaries and wages under SBP Refinance Scheme. The loan is secured against existing land and building and plant and machinery of the Company with 25% margin. The loan is fully repaid as at 30 June 2023.
- 15.1.4** The loan is obtained to meet the capital expenditure requirement of the Company. The loan is secured by way of first exclusive and specific hypothecation charge over imported machinery of the Company.
- 15.1.5** The Company has entered into a Temporary Economic Refinance Facility (TERF) agreement with an Islamic bank and conventional banks, with the total limit aggregating to Rs. 537.5 million (2022: 537.5 million). This includes Rs.150 million being the sub-facility under the letter of credit facility agreement amounting to Rs. 157 million with the Islamic bank. The unavailed facility as at year end was Rs. 0.87 million (2022: 373.2). These facilities carry mark up of SBP Base Rate + 4% (2022: SBP Base Rate + 4%). The tenure of these facilities ranges from 5 to 10 years with grace period up to 2 years. These facilities are secured against various assets including exclusive charge over imported machinery, first pari passu charge over land & building, hypothecation charge over specific equipment and machinery, and also the personal guarantee of all the directors and mortgagors of the Company.
- 15.1.6** The loan is secured by way of first exclusive charge of PKR 134 million over specific machinery with 25% margin.
- 15.1.7** The loan is secured by way of first pari passu charge with 0% to 25% margin.
- 15.1.8** The loan is secured against 1st specific charge over imported plant and machinery for PKR 125 million, and by way of first pari passu charge with 0% to 25% margin.
- 15.1.9** The loan is secured against 1st specific charge over imported plant and machinery for PKR 326.3 million
- 15.1.10** These represent plant and machinery and vehicles acquired under musharaka arrangement. The rates of mark-up ranges from 14.5% to 22.14%.

	Note	2023 Rupees	2022 Rupees
<b>15.2 Loan from related parties - unsecured</b>			
Opening as at July 01,		96,739,869	88,821,737
Receipts during the year		1,450,000	-
Repayments during the year	15.2.2	(6,746,286)	(2,000,000)
Unwinding of discount	28	11,817,123	9,918,132
Less: Fair value adjustment		(25,986,235)	-
		<b>77,274,471</b>	96,739,869
Payable within one year	15	<b>(42,140,486)</b>	(55,278,076)
Closing as at June 30,		<b>35,133,985</b>	41,461,793

15.2.1	S.No	Designation	Date of agreement	Loan	Present Value	Fair value
	1	Director	3-Jun-23	800,000	385,802	414,198
	2	Director/CEO	30-Jun-23	25,390,000	12,244,406	13,145,594
	3	Director	4-Jun-23	14,356,000	6,923,225	7,432,775
	4	Sponsor	4-Jun-23	8,195,000	3,952,064	4,242,936
	5	Director	31-Jan-23	1,450,000	699,267	750,733
				<b>50,191,000</b>	<b>24,204,765</b>	<b>25,986,235</b>

15.2.2 During the year, the Company has repaid loan amounting to Rs. 6.746 million to directors and their close family members.

As at June 30, 2023, the loans received from directors are due to be paid as follows, unless otherwise the terms of repayment are further extended:

Due Date	Loan received Rupees	Present value Rupees
December 08, 2023	45,000,000	42,140,486
December 16, 2024	12,148,312	11,151,378
June 30, 2027	50,191,000	23,982,607
	<b>107,339,312</b>	<b>77,274,471</b>

	Note	2023 Rupees	2022 Rupees
<b>16. LEASE LIABILITY</b>			
Present value of minimum lease payments	16.1	1,962,284	9,729,346
Less: current portion shown under current liabilities		(1,962,284)	(7,767,062)
		<b>-</b>	<b>1,962,284</b>

16.1 These represent plant and machinery and vehicles acquired under leases from leasing companies and financial institutions. Future minimum lease payments under lease together with the present value of the net minimum lease payments are as follows:

	2023			2022		
	Future minimum lease payments	Finance cost	Present value	Future minimum lease payments	Finance cost	Present value
	Rupees					
Not later than one year	2,119,304	157,020	1,962,284	8,535,294	768,232	7,767,062
Later than one year but not later than five years	-	-	-	2,091,437	129,153	1,962,284
Total future minimum lease payments	<b>2,119,304</b>	<b>157,020</b>	<b>1,962,284</b>	<b>10,626,731</b>	<b>897,385</b>	<b>9,729,346</b>

The rates of mark-up ranges from 17.29% to 24.91% (2022: 16.49% to 22.99%) per annum and are used as discounting factor. The lease terms are upto 3 years. The Company intends to exercise its option to purchase the leased assets upon completion of the lease period. Liabilities are secured against leased assets, demand promissory notes and security deposits.

	Note	2023 Rupees	2022 Rupees
<b>17. DEFERRED GOVERNMENT GRANT</b>			
Deferred grant against temporary economic refinance facility		133,506,454	49,558,628
Current portion of deferred government grant		(29,771,093)	(5,297,394)
		<b>103,735,361</b>	<b>44,261,234</b>

17.1 Deferred government grant relates to the difference between the fair value and actual proceed of temporary economic refinance facility loan obtained under SBP's refinance scheme. It is being amortised over the period of ten years from the date of loan disbursement with an amount equal to the difference between the finance cost charged that would have been charged to statement of profit or loss at market rate and the interest paid as per the scheme.

	Note	2023 Rupees	2022 Rupees
<b>18. DEFERRED TAXATION - NET</b>			
Balance as at July 1,		229,182,802	252,700,211
Reversal to profit or loss	31	(17,214,428)	(3,969,918)
Staff gratuity charged to other comprehensive income (OCI)		(1,166,633)	(284,896)
Tax rate adjustment on surplus (routed through OCI)	14	(39,602,265)	(19,262,595)
Balance as at June 30,		<u>171,199,476</u>	<u>229,182,802</u>
This comprises of the following:			
Taxable temporary differences:			
- accelerated depreciation on property, plant and equipment		97,305,979	130,976,597
- surplus on revaluation of property, plant and equipment		105,235,069	153,759,903
		<u>202,541,048</u>	<u>284,736,500</u>
Deductible temporary differences:			
- provision for doubtful trade debts		1,994,525	2,372,048
- provision for stores and spares		1,100,260	1,479,656
- provision for doubtful other receivables		846,887	922,007
- provision for staff gratuity		11,176,043	11,492,847
- minimum tax		12,291,464	34,204,334
- WWF Liability		3,650,024	4,690,738
- Other financial asset		282,369	392,068
		<u>(31,341,572)</u>	<u>(55,553,698)</u>
		<u>171,199,476</u>	<u>229,182,802</u>
<b>19. RETIREMENT BENEFIT OBLIGATION</b>			
Mill	19.2	78,522,743	59,891,088
Head office	19.10	252,372	252,372
		<u>78,775,115</u>	<u>60,143,460</u>
<b>19.1 Retirement benefit obligation - defined benefit plan</b>			
The Projected Unit Credit Method based on following significant assumptions was used for valuation of the scheme. The basis of recognition together with details as per actuarial valuation conducted as at June 30, 2023 are as under:			
		2023	2022
The principal assumptions used are as follows:			
- Discount rate		16.25%	13.25%
- Expected rate of salary increase		15.25%	12.25%
- Mortality rate		SLIC 2001-2005 set back one year	SLIC 2001-2005 set back one year
	Note	2023 Rupees	2022 Rupees
<b>19.2 Liability recognized in the statement of financial position</b>			
Present value of retirement benefit obligation (RBO)	19.3	<u>78,522,743</u>	<u>59,891,088</u>



	Note	2023 Rupees	2022 Rupees
<b>19.3 Movement in Retirement benefit obligation (RBO) during the year</b>			
Balance as at July 1,		59,891,088	54,680,081
Expense recognized in profit or loss	19.4	24,691,262	19,765,793
Total remeasurements recognized in other comprehensive income	19.5	4,022,874	982,374
Benefits paid		(6,218,600)	(13,197,160)
Benefits due but not yet paid	20.4	(3,863,881)	(2,340,000)
		<u>78,522,743</u>	<u>59,891,088</u>
<b>19.4 Expense recognized in profit or loss</b>			
Current service cost		17,423,657	15,074,643
Interest cost		7,267,605	4,691,150
		<u>24,691,262</u>	<u>19,765,793</u>
<b>19.5 Total remeasurements recognized in other comprehensive income</b>			
Actuarial gain on liability arising on			
- financial assumptions		650,596	566,441
- experience adjustments		3,372,278	415,933
		<u>4,022,874</u>	<u>982,374</u>
<b>19.6 Sensitivity analysis</b>			

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Current year	Change in assumption	Increase / (decrease) in defined benefit obligation due to	
		Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate	1%	(4,574,629)	4,040,522
Salary growth rate	1%	4,758,369	(4,279,034)
Prior year			
	Change in assumption	Increase in assumption Rupees	Decrease in assumption Rupees
Discount rate	1%	(3,183,543)	3,620,844
Salary growth rate	1%	3,768,227	(3,374,901)

**19.7** The gratuity scheme exposes the Company to the following risks:

**Longevity risks:** The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

**Salary increase risk:** The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

**Withdrawal risk:** The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the defined benefit obligation. The movement of the liability can go either way.

- 19.8** The weighted average duration of the defined benefit obligation as at June 30, 2023 is 5 years (2022: 6 years).
- 19.9** Number of employees covered by the scheme are 727 (2022: 733).
- 19.10** This amount relates to the unfunded gratuity scheme for the head office staff which has been freezed since 2002, as per the Company policy.

	Note	2023 Rupees	2022 Rupees
<b>20. TRADE AND OTHER PAYABLES</b>			
Creditors	20.1	78,620,482	104,646,065
Accrued liabilities		137,470,025	69,080,738
Contract liabilities		189,026,671	259,420,029
Workers' profit participation fund	20.2	-	28,773,940
Workers' welfare fund		25,729,586	24,437,816
Infrastructure cess	20.3	141,343,416	104,121,092
Payable to provident fund		605,419	458,574
Withholding tax payable		16,193,935	16,411,396
		<b>588,989,534</b>	<b>607,349,650</b>

- 20.1** Trade payables are non-interest bearing and are normally settled on 90-days term.

	Note	2023 Rupees	2022 Rupees
<b>20.2 Workers' profit participation fund</b>			
Balance as at July 1,		28,773,940	12,275,733
Allocation during the year	29	-	28,773,940
Interest on funds utilized in Company's business	28	1,756,823	299,326
		<b>30,530,763</b>	<b>41,348,999</b>
Paid during the year		<b>(30,530,763)</b>	<b>(12,575,059)</b>
Balance as at June 30,		<b>-</b>	<b>28,773,940</b>

- 20.3** The Government of Sindh through Sindh Finance Act, 1994 provided for imposition of an infrastructure fee for the development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The levy was challenged by the Company along with other companies in the High Court of Sindh through civil suits which were dismissed by the single judge of the High Court of Sindh through its decision in October 2003. On appeal filed there against, the High Court of Sindh has held through an order passed in September 2008 that the levy as imposed through the Sindh Finance Act, 1994 (amended time to time) was not valid till December 28, 2006, however, thereafter on account of an amendment in the Sindh Finance (Amendment) Ordinance, 2006, it had become valid and is payable by the Appellants. The Company, along with other companies, filed an appeal in the Supreme Court of Pakistan against the aforementioned order of the High Court of Sindh. The Supreme Court granted stay by passing an interim order on January 22, 2009. The order passed by the High Court of Sindh was set aside by the Supreme Court vide its order dated May 20, 2011. Consequently, a new petition has been filed in the High Court of Sindh. Through the interim order passed on May 31, 2011, the High Court has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. Refer notes 12 & 23.

On April 06, 2021, the High Court of Sindh vide order C.P.No D-3309 / 2011, summoned to encash all the bank guarantees furnished by the petitioners. The SHC issued this order reasoning that the entire cargo being imported in the Country routes through the Province of Sindh, and for that the Provincial Legislature thought it appropriate to impose a certain amount of tax in the form of a cess. It is though being collected from an importer of goods; but in essence it is not on imports; but for maintenance and development of infrastructure on imported goods. However, during the year, the Supreme Court of Pakistan vide its order dated September 01, 2021, suspended the order issued by SHC stating that it suffers from constitutional and legal defects and granted the interim relief to the Company and other petitioners. The order issued by the Supreme Court of Pakistan states that the petitioners shall keep the bank guarantees already submitted pursuant to the earlier order of SHC and shall furnish the fresh bank guarantees equivalent to the amount of levy claimed by the Sindh Government against release of all future consignments of imported goods.



The Management is confident for a favorable outcome. However, as a matter of prudence, the Company has made provision as follows:

	Note	2023 Rupees	2022 Rupees
Balance as at July 1,		104,121,092	73,680,135
Charge for the year		37,222,324	34,548,641
		<u>141,343,416</u>	<u>108,228,776</u>
Payments made during the year		-	(4,107,684)
Balance as at June 30,		<u>141,343,416</u>	<u>104,121,092</u>
<b>21. ACCRUED MARK-UP</b>			
Long-term finance		22,476,597	3,030,069
Short-term borrowings		69,728,423	23,293,527
		<u>92,205,020</u>	<u>26,323,596</u>
<b>22. SHORT-TERM BORROWINGS</b>			
<b>Banking companies - secured</b>			
Running finance		441,277,552	199,352,132
Cash finance		230,082,741	94,728,455
Finance against Imported Merchandise (FIM)		840,071,672	588,968,539
	22.1	<u>1,511,431,965</u>	<u>883,049,126</u>

**22.1** Facilities for running finance, cash finance, FIM and Murabaha are available from various banks up to Rs. 2,825 million (2022: Rs. 2,682 million). These facilities are subject to mark-up at 3 month KIBOR plus 1% to 5% (2022: 3 month KIBOR plus 1% to 2.5%) per annum payable quarterly. These are secured against various assets including first pari passu hypothecation charge over present and future stock-in-trade, pledge of cotton, first hypothecation charge over present and future book debts, ranking charge on the stocks and receivables of the company, plants and machinery, equitable mortgage on various properties and personal guarantees of all the directors of the Company.

The aggregate unavailed short-term borrowing facilities amounted to Rs.1,314 million (2022: Rs. 1,799 million).

## 23. CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

	2023 Rupees	2022 Rupees
<b>23.1.1</b> Letters of guarantee issued by banks on behalf of the Company to:		
- Lahore Electric Supply Company Limited	34,095,568	15,310,568
- Sui Northern Gas Pipelines Limited	74,000,000	77,576,000
- Excise and Taxation Office	139,558,660	103,258,600
Post dated cheques given to Collector of Customs as indemnity	980,158,170	380,853,295

**23.1.2** In August 2013, the Oil and Gas Regulatory Authority (OGRA) vide its S.R.O. # 726(I)/2015 notified the sale price for sale of natural gas at Rs. 573.28/MMBTU for captive power consumption (CPP) with immediate effect. Subsequent to the said S.R.O., the Company received gas bills at Rs. 573.28/MMBTU, being considered as CPP by the utility company. The Company, considering itself as industrial consumer paid gas charges at the rate applicable before August 2013 on the basis of the stay order obtained from the Court.



Subsequently, on September 1, 2015, OGRA vide its S.R.O. # 876(I)/2015 notified the price for sale of natural gas at Rs. 600/MMBTU for industrial consumers and on captive power consumption, with effect from September 1, 2015. Aggrieved by the notification, the Company filed a suit in the Lahore High Court contending that the mandatory procedures as laid down in the OGRA Ordinance, 2002 and Rules made thereunder were not fulfilled while issuing the notification. Hence, the Company paid / accrued gas charges at rates applicable before the above S.R.O. # 726(I)/2015 on the basis of stay orders obtained from Lahore High Court, Multan bench, from time to time, until November 2015.

From December 2015, the gas company has started supplying imported Liquefied Natural Gas (LNG) resulting in the change in rates over which no dispute has been raised by the Company.

On July 6, 2020, the OGRA issued a decision whereby, the Company (the petitioner) was directed to pay the outstanding amount to the utility company within 30 day period from the date of decision. In response to the above decision, a writ petition was filed before the honourable Lahore High Court (LHC) by the Company and the LHC issued a stay order on October 8, 2020, which suspended the OGRA's decision, however, the case is still pending before LHC.

- 23.1.3** The Federal Government issued Gas Infrastructure Development Cess (GIDC) Acts in the years 2011, 2014 and 2015. All GIDC Acts have been subject of thorough debate and consideration at honorable High Courts of the Country as well as the Supreme Court of Pakistan (SCP).

On August 12, 2020, the SCP issued its verdict (Judgement) and held that "the levy imposed under Gas Infrastructure Development Cess Act, 2015 (the Act) is in accordance with the Provisions of the Constitution". The Supreme Court has also held that "the Provisions of section 8 of the Act, which give retrospective effect to the charge and recovery of GIDC levied from the year 2011 are also declared to be valid being within the legislative competence of the Parliament." However, since the Company is an industrial concern and it did not pass on the burden of GIDC to its consumers prior to the GIDC Act, 2015 (or even thereafter), management believes that the Company is entitled to the exemption under the first proviso to Section 8(2) of the GIDC Act, 2015 from payment of the GIDC levied under the GIDC Act, 2011 and GIDC Ordinance, 2014. As such, arrears due from the Company may only include amounts levied under the GIDC Act, 2015 from the date of its commencement, i.e., May 22, 2015.

Subsequent to the Order passed by the Honorable SCP on August 12, 2020, Sui Northern Gas Pipelines Limited (SNGPL) submitted bills to the industry including the Company claiming arrears of first instalment in deference to the said Judgement of the SCP. As the bills of arrears were calculated for monthly instalment on the basis of entire total payable amount from 2011 to July 2020 by charging Cess on the higher rate of tariff applicable to Captive Connections apart from the fact that the implication of Section 8 of the said Act, 2015 was not taken into consideration whereby it was provided that the industry, which has not collected the Cess from the Customers prior to 2015 shall not be liable to the payment of GIDC for the said period from 2011 to 2015. During the year, a writ petition No. 42176 / 2020 was filed by All Pakistan Textile Mills Association (APTMA) (where the Company is also a party to the petition) before Honorable High Court at Lahore against imposition of GIDC Act 2015 and the recovery of Cess from December 2011 to May 2015. Further, during the year, SNGPL started billing for GIDC to the Company against which payment was made by the Company till March 2021 based on the order issued by Honorable Lahore High Court against the aforementioned writ petition. Pursuant to the order, Lahore High Court restrained SNGPL from charging the Cess at the higher tariff rate of Captive Connection and directed to issue revised bill calculated at the rate applicable to industrial connection. Besides, the payment for the period from 2011 to 2015 was also suspended in view of the implication of the said provision of law. Further, the Company made payment which is applicable to industrial consumers and for the difference between the amount charged to industrial consumers and captive power consumers, post-dated cheques are being issued by the Company in favour of SNGPL. For the amount relating to the payment of GIDC based on the actual calculation prior to 2015, the decision was made by the Lahore High Court on June 27, 2021 whereby it has restrained the SNGPL to collect the cess prior to 2015.

On September 27, 2021, the Honorable Lahore High Court issued a judgment on writ petition No. 42716 / 2020 whereby it was concluded that all the parties to the petition (including the Company) fall under the category of Industrial Consumers rather than Captive Power Plant and shall remain liable to the tariff applicable to Industrial Consumers.

During the year, the Company filed an appeal before the Honorable High Court of Sindh on the ground that no burden of GIDC had been passed to its customers / clients and thus the Company is not liable to pay GIDC under GIDC Act 2015. The Court granted stay order against recovery of GIDC payable by the Company till the finalization of matter by Sindh High Court. The matter is currently pending in the Sindh High Court. However, as a matter of abundant caution and without prejudice to the suits filed, the Company has made aggregate provision of Rs. 5.4 million (2022: Rs. 5.4 million) in respect of GIDC up to June 30, 2023.

- 23.1.4** An order dated November 11, 2020 was passed against the Company by Collector of Customs, Karachi creating a demand of Rs. 13.023 million along with a penalty of Rs. 0.5 million. The Company has challenged the above order by way of filing an appeal before the Customs Appellate Tribunal at Karachi, which is pending for final adjudication. However, a stay order was successfully obtained from Honourable Sindh High Court on December 22, 2020 by filing Constitutional Petition number 6618 / 2020, which is still operative.

- 23.1.5** In current and previous years, several cases filed against the Company before various court of law / tax forums, the amount of which cannot be determined. The management, based on the opinion of its legal counsel, expect that the outcome of all those cases will be in favor of the Company, as they have a reasonable defense in the cases filed. Accordingly, no provision has been made in these unconsolidated financial statement.

23.2 Commitments	Note	2023 Rupees	2022 Rupees
Letters of credit opened and outstanding for import of:			
- plant and machinery		28,609,191	665,256,522
- stores and spares		9,629,233	30,067,092
- raw material		695,126,790	581,096,452
Local bills discounted		<u>214,897,633</u>	<u>292,314,555</u>
<b>24. Revenue from contract with customer - net</b>			
Yarn			
- Local		1,739,336,498	1,474,315,047
- Export		814,716,140	946,129,335
- Indirect export		1,781,233,061	3,033,819,964
		<u>4,335,285,699</u>	<u>5,454,264,346</u>
Home Textile			
- Local		830,697	-
- Export		84,479,818	-
		<u>85,310,515</u>	<u>-</u>
Raw material - Local (Trading)		50,680,596	191,348,293
Waste - Local		343,032,489	290,228,814
		<u>4,814,309,299</u>	<u>5,935,841,453</u>
Less:			
Sales tax		(600,595,598)	(738,665,360)
Brokerage and commission		(13,545,673)	(31,004,939)
Discount		(27,091)	-
		<u>4,200,140,937</u>	<u>5,166,171,154</u>
<b>25. COST OF SALES</b>			
Raw material consumed	25.1	2,846,955,574	3,466,763,979
Salaries, wages and benefits	25.2	225,014,371	203,529,270
Fuel and power		596,566,345	488,123,680
Depreciation	4.2	94,572,910	93,527,805
Stores, spares and loose tools consumed		50,851,122	59,344,788
Packing material		56,533,868	62,188,408
Insurance		10,906,433	10,772,496
Repairs and maintenance		3,652,309	2,996,441
Provision of slow moving store & spare	6	-	1,368,396
Vehicles running and maintenance		5,276,941	2,696,061
Other manufacturing overheads		3,660,354	3,406,336
		<u>1,047,034,652</u>	<u>927,953,681</u>
		<u>3,893,990,225</u>	<u>4,394,717,660</u>
Opening stock		56,022,198	41,992,838
Closing stock		(76,496,220)	(56,022,198)
		<u>(20,474,022)</u>	<u>(14,029,360)</u>
Cost of goods manufactured		<u>3,873,516,203</u>	<u>4,380,688,300</u>
Finished goods			
Opening stock		264,126,222	106,757,831
Yarn purchased		17,117,978	38,150,500
Yarn Transferred to Home Textile		(14,104,500)	-
Closing stock		(460,111,663)	(264,126,222)
		<u>(192,971,963)</u>	<u>(119,217,891)</u>
Cost of Home Textile		62,213,961	-
Cost of raw material sold		37,236,621	106,160,346
		<u>3,779,994,822</u>	<u>4,367,630,755</u>



		2023 Rupees	2022 Rupees
<b>25.1</b>	<b>Raw material consumed</b>		
	Opening stock	787,024,122	785,996,519
	Purchases - net	2,786,191,135	3,467,791,582
		<u>3,573,215,257</u>	<u>4,253,788,101</u>
	Closing stock	(726,259,683)	(787,024,122)
		<u>2,846,955,574</u>	<u>3,466,763,979</u>
<b>25.2</b>	Salaries, wages and benefits include Rs. 24.69 million (2022: Rs. 19.77 million) in respect of charge for retirement benefit obligations.		
<b>26.</b>	<b>DISTRIBUTION COST</b>	<b>Note</b>	<b>2023 Rupees</b>
			<b>2022 Rupees</b>
	Freight and octroi		20,796,170
	Commission and other charges		22,231,603
	Clearing and forwarding		3,897,918
	Business promotion expenses		4,059,664
	Export development surcharge		5,247,415
			4,965,937
			9,876,207
			12,715,671
			<u>2,677,856</u>
			<u>1,876,020</u>
			<u>42,495,566</u>
			<u>45,848,895</u>
<b>27.</b>	<b>ADMINISTRATIVE EXPENSES</b>		
	Salaries and benefits	27.1	69,314,953
	Fees, subscription and periodicals		60,189,946
	Entertainment		4,912,716
	Traveling and conveyance		1,262,374
	Postage and telephone		861,579
	Electricity, gas and water		418,498
	Vehicles running and maintenance		437,206
	Depreciation	4.2	1,600,129
	Expected credit loss - trade receivable	8.2	1,280,706
	Expected credit loss - other receivable		990,532
	Legal and professional		1,280,706
	Auditor's remuneration	27.2	1,280,706
	Printing and stationery		9,227,638
	Computer		8,358,167
	Advertisement		12,670,181
	Donation	27.3	1,645,333
	Others		1,144,367
			170,000
			527,858
			1,641,000
			1,541,000
			1,345,129
			790,177
			187,980
			74,520
			190,500
			146,900
			5,093,000
			4,382,000
			<u>430,958</u>
			<u>349,399</u>
			<u>112,114,284</u>
			<u>96,757,796</u>
<b>27.1</b>	Salaries and benefits include Rs. 2.02 million (2022: Rs. 1.80 million) in respect of charge for employer's contribution to provident fund.		
<b>27.2</b>	<b>Auditors' remuneration</b>		
	<b>Audit Services</b>		
	Annual audit fee		1,050,000
	Consolidation fee		950,000
	Half year review fee		250,000
	Review of code of corporate governance		175,000
	Certifications		55,000
	Out of pocket expenses		55,000
			<u>56,000</u>
			<u>1,641,000</u>
			<u>1,541,000</u>



27.3 No director or their spouse had any interest in the donees' fund. During the year, the Company has donated Rs. 1.55 million (2022: Rs. 1.55 million) to The Citizens Foundation.

	Note	2023 Rupees	2022 Rupees
<b>28. FINANCE COST</b>			
Mark-up on long term finance		6,847,546	7,774,821
Mark-up on short-term borrowings		276,986,541	146,168,030
Interest on lease liability		968,661	1,676,785
Unwinding of discount on long-term finance from related parties	15.2	11,817,123	9,918,132
Workers' profit participation fund	20.2	1,756,823	299,326
Bank charges, guarantee commission and other related charges		8,487,752	8,553,167
		<u>306,864,446</u>	<u>174,390,261</u>
<b>29. OTHER OPERATING EXPENSES</b>			
Workers' profit participation fund	20.2	-	28,773,940
Workers' welfare fund		1,291,770	5,826,157
Infrastructure cess	20.3	37,222,324	30,440,957
Unrealized loss on other financial assets		-	2,055,496
Other		-	297,000
		<u>38,514,094</u>	<u>67,393,550</u>
<b>30. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on deposits with bank		18,291,881	5,521,448
Exchange gain - net		15,149,992	13,710,169
Unrealised gain		3,024,315	-
Unwinding of discount on other receivables		-	6,401,253
Unrealized Gain on other financial assets		698,290	-
		<u>37,164,478</u>	<u>25,632,870</u>
<b>Income from non-financial assets</b>			
Gain on disposal of property, plant and equipment		7,178,050	1,233,155
Scrap sales		517,160	677,499
Other revenue		462,366	160,274
Contract settlement	30.1	-	109,999,076
		<u>8,157,576</u>	<u>112,070,004</u>
		<u>45,322,054</u>	<u>137,702,874</u>

30.1 In year ended June 30, 2022, certain suppliers defaulted on the cotton supply contract due to increase in cotton prices in the international market whereas the contracts were made at a significantly lower price. Upon such default, the Company negotiated with the suppliers and as a result the suppliers agreed to pay damages to the Company.

	Note	2023 Rupees	2022 Rupees
<b>31. TAXATION</b>			
Current			
- for the year	31.3	46,507,601	125,193,345
- prior year		(51,319,407)	(1,377,511)
		<u>(4,811,806)</u>	<u>123,815,834</u>
Deferred	18	(17,214,414)	(3,969,918)
		<u>(22,026,220)</u>	<u>119,845,916</u>

		2023 Rupees	2022 Rupees
<b>31.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation		(34,520,221)	551,852,771
Tax rate %		29%	29%
Tax on accounting profit		(10,010,864)	160,037,304
Prior year tax adjustments		(51,319,407)	(1,377,511)
Permanent differences		4,903,936	4,147,038
Impact of FTR income		44,152,419	(44,151,929)
Impact of tax credit on donations		(1,476,970)	(581,060)
Adjustment of effective rate		(7,658,148)	(12,058,147)
Impact of utilisation of Minimum Tax credits under Section 113		-	(28,021,331)
Impact of super tax		-	42,202,831
Others		(617,185)	(351,279)
		<u>(22,026,219)</u>	<u>119,845,916</u>
<b>31.2</b>	Subsequent to the amendment of section 5(A) of the Income tax Ordinance, 2001, tax at the applicable rate shall be imposed on every public company which derives profit for the year. However, this tax shall not apply in case of a company which distributes at least specified percentage of after tax profits within six months of the end of the tax year in the form of cash dividend. In 2019, the Company had obtained stay order from Sindh High Court (SHC) in respect of application of such clause. During the year, SHC has passed an order and set aside show cause / demand notices seeking enforcement of section 5(A).		
<b>31.3</b>	During 2022, the Government of Pakistan, through Finance Act, 2022 introduced section 4C in the Income Tax Ordinance, 2001 through which super tax was levied on high earnings persons (including the Company). The tax is applicable at different rates on all persons (including the Company) earning more than Rs. 150 million. Further, entities operating in various sectors, including textile sector, and earning more than Rs. 300 million are liable to super tax at 10% (for tax year 2022) of income as specified in the Act. Accordingly, the Company had made a provision of Rs. 42.2 million on account of super tax during year ended June 30, 2022.		
	On December 22, 2022, the Sindh High Court (SHC) issued an order declaring that section 4C shall not be applicable for TY 2022 and would apply from TY 2023 (i.e., financial year ending June 30, 2023). However, the SHC had suspended the operation of the judgement for a period of sixty days. On February 16, 2023, the Honorable Supreme Court of Pakistan (SCP) through an interim order directed to pay super tax to the extent of 4% for tax year 2022. Accordingly, the Company paid part of liability imposed to the extent of 4% super tax and has revised its provision for the super tax to be kept at 4% on the taxable income for the year ended June 30, 2022.		
<b>32. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
	There is no dilutive effect on the basic loss / earnings per share of the Company which is based on:		
		2023	2022
(Loss) / profit for the year	Rupees	<u>(12,494,001)</u>	<u>432,006,855</u>
Weighted average number of ordinary shares outstanding during the year	13	<u>19,852,800</u>	<u>19,852,800</u>
(Loss) / earnings per share	Rupees / Share	<u>(0.63)</u>	<u>21.76</u>
<b>33. CASH AND CASH EQUIVALENTS</b>	Note	2023 Rupees	2022 Rupees
Cash and bank balances	12	5,952,513	5,875,276
Short-term borrowings	22	(441,277,552)	(199,352,132)
		<u>(435,325,039)</u>	<u>(193,476,856)</u>



34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors, key management personnel and post employment contribution plan. Shareholding of related parties, long-term loans obtained from directors and associated undertakings (and unwinding of discount thereon) and remuneration of Chief Executive Officer, directors and executives are disclosed in note 15 and note 35 respectively. Transactions with related parties are carried out on agreed terms as approved by the Board of Directors. Other significant transaction with a related party is as follows:

Relationship with the Company	Nature of transaction	Note	2023 Rupees	2022 Rupees
Key Management Personnel	Remuneration paid		25,790,932	22,969,588
	Post employment benefits		325,948	248,100
Post employment contribution plan	Contribution to employees' provident fund	27.1	2,024,494	1,778,490

Relationship with the	Name	Nature of transaction	2023 Rupees	2022 Rupees
Subsidiary - 100% holding	ORA Home LLC	Expenses reimbursed	Nil	257,658
		Sales	32,343,041	5,812,481
		Amount received during the year	28,071,554	10,083,968

35. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2023					2022			
	Chief Executive	Directors		Executives	Non-executive	Chief Executive	Executive	Non-executive	
		Executive	Non-executive						
Remuneration	3,200,000	2,800,000	-	-	11,193,955	3,200,000	2,800,000	-	9,469,801
House rent allowance	960,000	840,000	-	-	3,358,187	960,000	840,000	-	2,903,631
Utilities	320,000	280,000	-	-	1,119,395	320,000	280,000	-	946,995
Medical	320,000	280,000	-	-	1,119,395	320,000	280,000	-	649,171
Meeting fee	-	-	70,000	-	-	-	-	70,000	-
	4,800,000	4,200,000	70,000	70,000	16,790,932	4,800,000	4,200,000	70,000	13,969,588
Number of persons	1	1	5	5	7	1	1	1	5

The Chief Executive, directors and some executives are provided with free use of Company maintained cars.

36. PLANT CAPACITY AND ACTUAL PRODUCTION

	2023	2022
Installed production capacity 20's count - yarn in kgs.	14,795,745	14,795,745
Actual production during the year at 20's count - yarn in Kgs.	7,274,880	8,617,952

It is difficult to precisely describe the production capacity and compare it with actual production in the textile industry since it fluctuates widely depending upon various factors such as count of yarn spun, spindles speeds, twists per inch, raw material used, etc. actual production and sales varies based on market demand.



### 37. NUMBER OF EMPLOYEES

The total and average number of employees during the year and as at June 30, 2023 and 2022 respectively are as follows:

	2023	2022
Total number of employees of the Company as at reporting date	768	771
Average number of employees of the Company during the year	714	786
Employee's working in Company's factory as at reporting date	727	733
Average number of employees working in Company's factory during the year	674	747

### 38. PROVIDENT FUND

The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

### 39. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per statement of financial position	2023 Rupees	2022 Rupees
<b>At fair value through profit or loss</b>		
Other financial assets	5,742,990	5,078,414
<b>At amortised cost</b>		
Security deposits	2,898,681	3,129,361
Trade debts	655,583,419	768,563,631
Loans and advances	807,000	833,481
Other receivables	31,328,731	27,741,677
Other financial assets	174,372,670	129,394,620
Cash and bank balances	5,952,513	5,875,276
	<u>876,686,004</u>	<u>940,616,460</u>

#### Financial liabilities as per statement of financial position

<b>At amortized cost</b>		
Long-term finance		
- from banking companies	822,183,964	261,643,633
- from related parties	77,274,471	96,739,869
Lease liability	1,962,284	9,729,346
Trade and other payables	216,695,926	174,185,377
Unclaimed dividend	2,750,372	2,899,903
Mark-up accrued	92,205,020	26,323,596
Short-term borrowings	1,511,431,965	883,049,126
	<u>2,724,504,002</u>	<u>1,454,570,850</u>

### 40. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### 40.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from the trade debts, loans and advances, other financial assets, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2023 Rupees	2022 Rupees
Security deposits		2,898,681	3,129,361
Trade debts	40.1.1	655,583,419	768,563,631
Loans and advances	40.1.2	807,000	833,481
Other receivables		31,328,731	27,741,677
Other financial assets	40.1.3	174,372,670	129,394,620
Bank balances	40.1.3	5,245,170	4,523,577
		<b>870,235,671</b>	<b>934,186,347</b>

##### 40.1.1 Trade debts

The trade debts at year end are due from local and foreign customers against local sales and export sales respectively. Trade debt due from foreign customers are secured against letter of credit. For local customers management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. The Company's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The Company has no major concentration of credit risk with any single customer. The Company establishes an allowance for impairment that represents lifetime expected credit losses (ECL) based on analysis of recovery pattern and adjustment of trade debts secured against letter of credits.

##### 40.1.2 Loans and advances

These include loans and advances given primarily to employees against salaries, which will be adjusted against their future salaries or in case of resignation against their post retirement benefit balances.

##### 40.1.3 Other financial assets and balances with banks

The Company deposits its funds and invests in term deposit receipts (other financial assets) with banks carrying good credit standings assessed by reputable credit agencies. These banks are credit rated as follows:

Bank Name	Date of Rating	Rating Agency	Short term	Long term
Bank Al-Falah Limited	24-Jun-23	PACRA	A1+	AA+
Samba Bank Limited	26-Jun-23	VIS	A1	AA
Dubai Islamic Bank Pakistan Limited	26-Jun-23	VIS	A1+	AA
Habib Metropolitan Bank Limited	23-Jun-23	PACRA	A1+	AA+
The Bank of Punjab	26-Jun-23	PACRA	A1+	AA+
MCB Islamic Bank Limited	23-Jun-23	PACRA	A1	A
National Bank of Pakistan	23-Jun-23	PACRA	A1+	AAA
Silk bank Limited	16-Jun-23	VIS	A2	A-
Bank Islami Pakistan Limited	24-Jun-23	PACRA	A1	AA-
Sindh Bank Limited	27-Jun-23	VIS	A1	A+
Meezan Bank Limited	27-Jun-23	VIS	A1+	AAA
J.S Bank Limited	23-Jun-23	PACRA	A1+	AA-
Habib Bank Limited	27-Jun-23	VIS	A1+	AAA
Bank Al-Habib Limited	23-Jun-23	PACRA	A1+	AAA
Soneri Bank Limited	23-Jun-23	PACRA	A1+	AA-
Askari	23-Jun-23	PACRA	A1+	AA+



## 40.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financial through banking arrangements.

The following are the contractual maturities of financial liabilities, including interest payments:

	2023			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
	Rupees			
Long-term finance				
- from related parties	77,274,471	107,339,312	42,140,486	65,198,826
- from banking company	822,183,964	1,118,803,062	238,202,116	880,600,946
Lease liability	1,962,284	2,119,304	2,119,304	-
Trade and other payables	216,695,926	216,695,926	216,695,926	-
Unclaimed dividend	2,750,372	2,750,372	2,750,372	-
Markup accrued	92,205,020	92,205,020	92,205,020	-
Short-term borrowings	1,511,431,965	1,511,431,965	1,511,431,965	-
	<b>2,724,504,002</b>	<b>3,051,344,961</b>	<b>2,105,545,189</b>	<b>945,799,772</b>
	2022			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
	Rupees			
Long-term financing				
- from related parties	96,739,869	112,635,598	55,278,076	57,357,522
- from banking company	261,643,633	352,235,937	110,862,576	241,373,361
Lease liability	9,729,346	10,661,050	8,317,563	2,343,488
Trade and other payables	174,185,377	174,185,377	174,185,377	-
Unclaimed dividend	2,899,903	2,899,903	2,899,903	-
Markup accrued	26,323,596	26,323,596	26,323,596	-
Short-term borrowings	883,049,126	883,049,126	883,049,126	-
	<b>1,454,570,850</b>	<b>1,561,990,587</b>	<b>1,260,916,217</b>	<b>301,074,370</b>

## 40.3 Market risk

Market risk is the risk that changes in market prices, such as share price, foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The Company is primarily exposed to interest rate risk and currency risk.

### 40.3.1 Price risk

Price risk is the risk that the fair value or the future cashflows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2023 the company is not exposed to price risk.

### 40.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term financing, short-term borrowings, liabilities against assets subject to finance lease, other financial assets and bank balances in saving account.





During the year, the company's strategy was to maintain leveraged gearing. The gearing ratio as at 30 June 2023 was as follows:

	2023	2022
	Rupees	
Total Borrowings	2,546,359,138	1,300,720,602
Cash and Bank balances	(5,952,513)	(5,875,276)
Net Debt	2,540,406,625	1,294,845,326
Total Equity	2,567,570,973	2,517,332,715
Total Capital	5,107,977,598	3,812,178,041
Gearing Ratio	50%	34%

#### 41. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) 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.

(b) Fair value estimation

The Company discloses the financial instruments measured in the balance sheet at fair value in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets 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., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2023 the Company held the following instruments at fair values:

	June 30, 2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
	Rupees			
<b>Financial assets measured at fair</b>				
Equity securities - listed	5,742,990	-	-	5,742,990
	June 30, 2022			
	Fair value			
	Level 1	Level 2	Level 3	Total
	Rupees			
Financial assets measured at fair value				
Equity securities - listed	5,078,414	-	-	5,078,414

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

There are no transfers between the levels during the year.

41.1 There are no other assets or liabilities to classify under above levels except the Company's land, mill building, labour colony, plant and machinery, electric installations and factory equipment are stated at revalued amounts, being the fair value at the date of revaluation, less subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of these assets carried out as at June 30, 2021, were performed by Tristar International Consultant (Pvt.) Ltd. not related to the Company. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery. Value determined by independent valuer is classified as Level 3 in the fair value hierarchy.

#### 42. OPERATING SEGMENT INFORMATION

The Group constitutes a single reportable segment since the executive management monitors the operating results of the entity for the purpose of making decisions about resource allocation and performance assessment. The entity-wide disclosures required by IFRS 8 'Operating Segments' are given below:

- (a) Company sales comprise of Terry towels and yarn whereby more than 99% sales pertains to Yarn.
- (b) As at June 30, 2022 and June 20, 2023, all non-current assets of the company were located in Pakistan.
- (c) Significant sales are made by company in the following countries:

	2023	2022
	-----Rupees-----	
Pakistan	3,303,202,504	4,226,670,992
China	812,458,615	932,847,592
Other countries	84,479,818	6,652,570
	<u>4,200,140,937</u>	<u>5,166,171,154</u>

#### 43. CORRESPONDING FIGURES

In these unconsolidated financial statements, the corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation.

#### 44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 03, 2023 by the Board of Directors of the Company.



Chief Executive



Chief Financial Officer



Director



قابل عمل توانائی کے ٹیرف کاروباری مسابقت میں کلیدی کردار ادا کرتے ہیں اور پاکستان نے مالی سال 22 میں برآمدات میں اضافہ دیکھا کیونکہ علاقائی طور پر مسابقتی توانائی ٹیرف (RCET) کی حکومت کی جانب سے ٹیکسٹائل برآمد کنندگان کو پیشکش کی گئی تھی۔ اس ترغیب میں کسی قسم کی کمی یا واپسی سے پیداواری لاگت بڑھ جائے گی اور ہماری برآمدات بین الاقوامی مارکیٹ میں دیگر علاقائی ممالک کے مقابلے میں مہنگی ہو جائیں گی۔ RCET کے تناظر میں بڑھتی ہوئی مسابقت کی وجہ سے، صنعت نے توسیع اور نئے منصوبوں میں بہت زیادہ سرمایہ کاری کی ہے۔ ملکی برآمدات میں خاطر خواہ اضافے کے بغیر، ہماری ادائیگی کے توازن کی پوزیشن دباؤ میں رہے گی۔ برآمدات سے پاکستان کی کمائی، براہ راست غیر ملکی سرمایہ کاری اور بیرون ملک مقیم پاکستانیوں کی ترسیلات زر معاشی تبدیلی کے لیے اہم ہیں۔ صنعت کی صلاحیت سے پوری طرح فائدہ اٹھانے کے لیے ہمارے لیے مستحکم سیاسی سیٹ اپ ایک اہم حصہ ہے۔ مطلوب یہ ہے کہ ٹیکسٹائل انڈسٹری کے لیے معاون ماحول اور بہتر کام کے حالات پیدا کیے جائیں۔ ہمارے حریف بنگلہ دیش، سری لنکا اور ویت نام ٹیکسٹائل کی برآمدات میں اچھی ترقی کر رہے ہیں لیکن پاکستان برآمدات کی کارکردگی کو برقرار رکھنے کے لیے بھی جدوجہد کر رہا ہے جو کہ کاروباری برادری کے لیے مایوس کن ہے۔ CPEC کے تحت، اب تک متعدد منصوبہ میں سے صرف چند ہی مکمل ہوئے ہیں۔

مالی سال 24 میں مالی خسارہ جی ڈی پی کے 0.5 سے 1.5 فیصد کے درمیان رہنے کی توقع ہے۔ کثیر جہتی اور دو طرفہ بیرونی مالی اعانت کے شروع ہونے کے بعد بہتر فنانشنگ کے ساتھ معاشی سرگرمیوں میں کچھ اضافے سے کاروباری سرگرمیوں میں بھی بہتری آسکتی ہے۔ اگست 2023 میں برآمدات 2.36 بلین ڈالر تک پہنچ گئی ہیں، جو کہ پچھلے مہینے کے مقابلے میں 14.3 فیصد اضافہ ہے، جو ٹیکسٹائل کے شعبے کے لیے ممکنہ تبدیلی کا اشارہ دیتا ہے۔ حکومت کی طرف سے ایک اسٹریٹجک فریم ورک جس کا مقصد صنعت کو تقویت دینا، RCET کو جاری رکھنا بروقت، بروقت ریفرنڈ کی ادائیگی، سٹے کریڈٹ کی دستیابی اور ٹیکسٹائل چین کے لیے سیلز ٹیکس کی زیوریننگ صنعت کی مکمل پیداواری صلاحیت کو بروئے کار لانے میں مددگار ہوگا۔

پچھلے سالوں میں ٹیکسٹائل کی برآمدات میں دیکھی گئی مضبوط نمو اور SBP کی طرف سے ایکسپورٹ اور ریفرنڈ پراجیکٹس کی فنانشنگ کے لیے ترغیبی اسکیموں کے اعلان سے پیدا ہونے والی امید کے پیش نظر، کمپنی کی پیداواری صلاحیت میں توسیع کے لیے 4.1 بلین روپے سے زیادہ کی سرمایہ کاری کی گئی ہے۔ اس توسیع کے نتائج، ان شاء اللہ، مالی سال 24 کی آمدنی میں نظر آئیں گے۔

اظہار تشکر

ڈائریکٹران مالیاتی اداروں، سپلائرز اور گاہکوں کے تعاون کے مشکور ہیں اور ملازمین کی کاوشوں کی قدر کرتے ہیں۔



ایس ایم منصور اللہ والا  
چیف ایگزیکٹو



رضوان اور ایس اللہ والا  
چیرمین / ڈائریکٹر

03 اکتوبر 2023ء  
کراچی

## ملکیتی ذیلی ادارہ

کمپنی کا مکمل ملکیتی ذیلی ادارہ (ORA Home LLC)، نیوجرسی، USA میں واقع ہے۔ کمپنی کے ڈائریکٹرز میں سے ایک ORA کے ممبر مینجرج ہیں۔ ORA کی بنیادی کاروباری سرگرمی گھریلو ٹیکسٹائل میں ڈیل کرنا ہے

## بنیادی خطرات اور غیر یقینی صورتحال

بورڈ آف ڈائریکٹرز کی کمپنی کو درپیش خطرات اور غیر یقینی صورتحال کی نگرانی کی مجموعی ذمہ داری ہے۔ بورڈ کو اس کی ذمہ داری نبھانے میں مدد کرنے کے لیے، انتظامیہ کو کمپنی کے خطرات کی شناخت، نگرانی اور انتظام کے لیے ذمہ دار بنایا گیا ہے۔ خطرات اور غیر یقینی صورتحال کی تفصیل درج ذیل ہے:

- مہنگے توانائی لیورف کے پیش نظر پیداوار کی لاگت پر کنٹرول۔
- لاگت اور قیمتوں کے لحاظ سے ملکی اور بین الاقوامی مارکیٹ میں مسابقتی رہنا۔
- شرح سود میں زبردست اضافے کے تناظر میں مالیاتی لاگت کا انتظام۔
- معاشی ست روی کی وجہ سے سامان کی طلب میں کمی۔
- بنیادی طور پر ادھار، قرضوں اور ایڈوانسز سے پیدا ہونے والا کریڈٹ رسک۔ بقایا رقم زیادہ سے زیادہ کریڈٹ ایکسپوزیچر کی پیمائش ہے۔
- اس امکان کی وجہ سے پیدا ہونے والا لیکویڈیٹی رسک کہ کمپنی کو اپنے واجبات کو متعین وقت سے پہلے ادا کرنا پڑ سکتا ہے۔
- مارکیٹ کی قیمتوں میں تبدیلی کمپنی کی آمدنی یا اس کے اسٹاک کی قدر کو متاثر کرتی ہے۔
- مارکیٹ کی شرح سود میں تبدیلی کمپنی کی طویل مدتی فنانسنگ، قلیل مدتی قرضے جو فنانس لیز پر اثر انداز ہوتی ہے۔
- غیر ملکی کرنسی میں لین دین کی وجہ سے پیدا ہونے والا غیر ملکی کرنسی کا خطرہ جس کے نتیجے میں غیر ملکی کرنسی سے متعلق تجارتی قرضوں اور تجارتی ادائیگیوں کے لین دین پر غیر ملکی کرنسی کے نقصانات/فائدہ ہوتے ہیں۔
- کاروبار کی پائیدار ترقی کے لیے کمپنی کی صلاحیت کو محفوظ رکھنے کے لیے سرمائے کا انتظام کرنا۔
- سیلاب یا دیگر وجوہات کی وجہ سے ملک کی کپاس کی فصل میں نقصان یا کمی جس کے نتیجے میں قابل قبول نرخوں پر اچھے معیار کی مقامی کپاس کی عدم دستیابی۔
- نئے ٹیکسوں کا نفاذ یا موجودہ ٹیکسوں کی شرح میں اضافہ

## مستقبل پر نظر

ادائیگیوں کے توازن کا بحران شروع ہونے کے بعد سے پاکستان کی ٹیکسٹائل انڈسٹری کو ست روی کا سامنا ہے۔ بڑھتی ہوئی مہنگائی، پاکستانی روپے کی قدر میں زبردست گراؤ اور روس یوکرین جنگ نے توانائی کے شعبے پر بڑا اثر ڈالا۔ زیادہ درآمدی لاگت، شرح سود میں اضافہ اور مارکیٹ میں کم مانگ کاروبار پر منفی اثرات مرتب کر رہی ہے۔ ٹیکسوں، ڈیوٹیوں اور PDL میں اضافہ نے افراط زر کے نقطہ نظر سے الٹا خطرات بڑھادیے ہیں۔ پاکستان کے بارے میں عالمی بینک کی رپورٹ کے مطابق، سیلاب سے پیدا ہونے والی خوراک کی قلت اور نقل و حمل کے چیلنجز نے مہنگائی میں نمایاں کردار ادا کیا۔ چونکہ پاکستان درآمد شدہ تیل پر بہت زیادہ انحصار کرتا ہے، اس لیے ملک کی کرنسی کی قدر میں مسلسل کمی کے نتیجے میں تیل کی ہر درآمد پر لیورف زیادہ ہوتا ہے۔

### بورڈ کی کمیٹیاں

بورڈ آف ڈائریکٹرز نے کارپوریٹ کے کوڈ کے تقاضوں مطابق آڈٹ کمیٹی اور ہیومن ریسورسز اور ایمپلوائمنٹ کمیٹی تشکیل دی ہے۔

آڈٹ کمیٹی کی ممبران درج ذیل ہیں

مس عزرا یعقوب واڈا	چیئر پرسن
سید مسعود عارف	ممبر
مس آمنہ منصور	ممبر

ہیومن ریسورسز اور ایمپلوائمنٹ کمیٹی کی ممبران درج ذیل ہیں

سید مسعود عارف	چیئر مین
مس عزرا یعقوب واڈا	ممبر
مس آمنہ منصور	ممبر

عارضی آسامی

کمپنی کے ڈائریکٹر جناب محمد ادریس اللہ والا کا 21 دسمبر 2022 کو انتقال ہو گیا۔ بورڈ ان کے افسوسناک انتقال پر گہرے دکھ کا اظہار کرتا ہے۔ اللہ ان کی روح کو جو ارحمت میں جگہ دے اور سوگوار خاندان کو یہ صدمہ برداشت کرنے کی ہمت دے۔ کمپنی کے لیے ان کی خدمات کو آنے والے عرصے تک یاد رکھا جائے گا۔

اس طرح پیدا ہونے والی عارضی آسامی کو بورڈ نے مسٹر رضوان ادریس اللہ والا، نان ایگزیکٹو ڈائریکٹر کو بورڈ کا چیئر مین اور مسز آمنہ منصور کو بقیہ مدت کے لیے نان ایگزیکٹو ڈائریکٹر مقرر کر کے پڑ کیا۔

بورڈ نے 21 اگست 2022 کو کمپنی کے ڈائریکٹر جناب محمد اسرار نیل کے انتقال کی وجہ سے پیدا ہونے والی خالی آسامی کو پر کرنے کے لیے جناب محمد زبیر کو نان ایگزیکٹو ڈائریکٹر بھی مقرر کیا

### بورڈ کا جائزہ

کوڈ آف کارپوریٹ گورننس ریگولیشن 2019 کے مطابق بورڈ بورڈ کے ممبران اور ان کی کمیٹیوں کا جائزہ لیا گیا ہے تاکہ یہ یقینی بنایا جاسکے کہ بورڈ کی مجموعی کارکردگی اور افادیت کمپنی کے طے شدہ مقاصد سے ہم آہنگ ہے اس مقصد کے لئے بورڈ نے ایک طریقہ کار طے کیا ہے جسکی بنیاد پر بورڈ اسکے ممبروں اور بورڈ کی کمیٹیوں کی زیر جائزہ سال کے لئے مجموعی کارکردگی تسلی بخش پائی گئی۔

### ڈائریکٹران کے لئے معاوضہ کی پالیسی کے نکات

نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز صرف کمپنی اجلاسوں میں شرکت کی فیس کے حقدار ہیں۔ ڈائریکٹرز کو ادائیگی جانے والی مجموعی رقم منسلک مالیاتی گوشواروں کے نوٹ 35 میں ظاہر کی گئی ہے

### ادارے کی سماجی ذمہ داری (CSR)

ادریس ٹیکسٹائل ملز لمیٹڈ کے اچھے کارپوریٹ شہری ہونے کے ناطے معاشرے میں لوگوں کی فلاح و بہبود اور ان کی کارپوریٹ معاشرتی ذمہ داری کی تکمیل میں کردار ادا کر رہا ہے زیر جائزہ سال کے دوران کمپنی نے صحت اور تعلیم کے شعبوں میں انسانیت کی خدمت کرنے والی مختلف تنظیموں کو 5.10 ملین روپے کی ادائیگی کی ہے۔



ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز مینٹنز	آڈٹ کمیٹی مینٹنز	ایچ آر آر سی مینٹنز
جناب محمد ادریس اللہ والا	02	-	-
جناب ایس ایم منصور اللہ والا	05	-	-
جناب رضوان ادریس اللہ والا	05	02	-
جناب عمیر ادریس اللہ والا	05	-	-
جناب سید مسعود عارف	05	04	01
مس عزرا یعقوب واڈا	05	04	01
مس آمنہ منصور	03	02	01
جناب محمد زبیر	03	-	-

۱۱۔ اس سال کمپنی سی ای، ڈائریکٹرز اور ان کی ازواج اور نابالغ بچوں حصص نے کوئی تجارت نہیں کی سوئے ذیل کے

ڈائریکٹر کا نام	شیر	خریداری	تھفہ	شیر
	01-07-2022			30-06-2023
جناب عمیر ادریس اللہ والا	5,754,596	-	550	5,755,146
جناب رضوان ادریس اللہ والا	5,775,646	1500	(25003)	5,527,143

- ۱۲۔ کمپنی کی آڈٹ کمیٹی ممبران بورڈ آف ڈائریکٹرز میں سے ہیں۔ جس کا چیئرمین انڈیپنڈینٹ ڈائریکٹر ہے۔
- ۱۳۔ ہم نے ایک کاروباری حکمت عملی اور اخلاقیات سے متعلق ایک بیانیہ تمام ڈائریکٹرز اور ملازمین میں تقسیم کیا ہے۔
- ۱۴۔ بورڈ مکمل کارپوریٹ حکمت عملی اور حصول مقاصد کے بیانیہ پر کاربند ہے۔

### بورڈ آف ڈائریکٹرز

مندرجہ ذیل تفصیل کے مطابق ڈائریکٹران کی تعداد 7 ہے

(۱) مرد 05

(ب) عورت 02

### ساخت

- انڈیپنڈنٹ ڈائریکٹر سید مسعود عارف، مس عزرا یعقوب واڈا
- نان ایگزیکٹو ڈائریکٹرز رضوان ادریس اللہ والا، محمد زبیر، مس آمنہ منصور
- ایگزیکٹو ڈائریکٹرز ایس ایم منصور اللہ والا، عمیر ادریس اللہ والا

## فی حصص (نقصان) / آمدنی

زیر جائزہ سال کے لیے فی حصص نقصان (0.63) روپے ہو جب کے گزشتہ سال منافع اسی مدت میں 21.76 میں روپے ہوا۔

## ڈیویڈنڈ

سال کے نقصان کے پیش نظر، بورڈ آف ڈائریکٹرز نے 103 اکتوبر 2023 کو ہونے والے اپنے اجلاس میں فیصلہ کیا ہے کہ اس سال ڈیویڈنڈ نایا جائے۔

## کارپوریٹ اور مالیاتی رپورٹنگ پر گزارشات

۱۔ مالیاتی گوشوارے جیسا کہ کمپنی کی انتظامیہ نے بنائے کمپنی کے معاملات اس کے نتائج نقد بہاؤ اور ایکویٹی میں تبدیلی کو راست انداز میں پیش کرتے ہیں۔

۲۔ کمپنی کے کھاتوں کے درست حسابات رکھے گئے ہیں۔

۳۔ مالیاتی گوشواروں کی تیاری میں مستقل مناسب اکاؤنٹنگ پالیسی کا اطلاق کیا گیا ہے اور حسابات کے گوشوارے مناسب عاقلانہ فیصلوں پر مبنی ہیں۔

۴۔ مالیاتی حسابات کی تیاری میں، پاکستان میں مستعمل بین الاقوامی مالیاتی رپورٹنگ کے معیارات (آئی ایف آر ایس) کا خیال رکھا گیا ہے اور ان سے کسی بھی قسم کے انحراف کو مناسب انداز میں ظاہر کیا گیا ہے۔

۵۔ بورڈ نے اپنی ذمہ داری نبھاتے ہوئے انٹرنل کنٹرول نظام اور موخر بنایا ہے۔ انٹرنل آڈٹ ڈیپارٹمنٹ باقاعدگی سے ساخت اور موخر ہونے کا جائزہ لیتا ہے اور کسی بھی کمزوری پر اصلاحاتی کارروائی عمل میں لائی جاتی ہے۔ ہمیں یقین ہے کہ انٹرنل کنٹرول کا نظام ساخت کے اعتبار سے مستحکم ہے اور اس پر موثر انداز سے عمل درآمد کیا گیا ہے۔

۶۔ کمپنی کے فعال انداز سے کار گزار ہونے کی صلاحیت پر کسی قسم کے کوئی شکوک و شبہات موجود نہیں ہیں۔

۷۔ کارپوریٹ گورننس کے بہترین طریقہ عمل سے کسی قسم کا قابل ذکر انحراف نہیں ہوا ہے، جیسا کہ پی ایس ایکس کی رول بک میں بیان کیا گیا ہے۔

۸۔ ہیڈ آفس اسٹاف کے ایپلائنڈ پروویڈنڈ فنڈ میں سرمایہ کاری کی مالیت آڈٹ شدہ گوشوارے 2022 کے مطابق صرف 32,1465,790 روپے ہے (سال 2021 میں 30,326,483 روپے) مل اسٹاف قانونی طور پر گریجویٹ کے حقدار ہیں اور اخراجات مناسب طور پر مالیاتی گوشواروں میں مختص کر لئے گئے ہیں۔

۹۔ کوڈ کے مطابق درج ذیل معلومات اس رپورٹ کے ساتھ منسلک ہیں:  
شیر ہولڈنگ کی ترتیب کا متن

ایسوسی ایٹس ادارے اور متعلقہ پارٹنوں کے شیر ہولڈنگ کا بیانیہ

چھ سالوں کی کلیدی، مالیاتی و کارگزاری کی شماریات۔

۱۰۔ زیر جائزہ سال میں 5 بورڈ آف ڈائریکٹرز، 4 آڈٹ کمیٹی، اور ایک ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی (HR & RC) کی میٹنگز ہوئی ہیں جن کی حاضری اور تفصیل درج ذیل ہے۔

آپ کی کمپنی کے ڈائریکٹرز 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے پیش کرنے میں مسرت محسوس کرتے ہیں

### مالیاتی اور عملی کارکردگی آپریشنل جائزہ

کمپنی کی بنیادی سرگرمی ہر قسم کے دھاگے کی تیاری، پروسیسنگ اور فروخت ہے۔ کمپنی ہوم ٹیکسٹائل کے کاروبار میں بھی مصروف ہے۔ زیر نظر سال کے دوران، کمپنی کی کاروباری سرگرمیوں میں کوئی مادی تبدیلی نہیں آئی ہے۔

زیر نظر مالی سال کے دوران، کمپنی کا ٹرن اور 4,002 ملین روپے کے مقابلے میں پچھلے سال میں 5,166 ملین روپے تھی۔ مجموعی منافع کی رقم 420.146 ملین روپے کے مقابلے میں گزشتہ سال کے لیے 798.540 ملین روپے۔ زیر نظر سال کے دوران، کمپنی کی آمدنی میں 966 ملین روپے کی کمی ہوئی اور مجموعی منافع میں 379 ملین روپے کی کمی ہوئی ہے۔ مالی سال 23 میں نقصان 12.494 ملین روپے کا ہوا جب کے گزشتہ سال منافع اسی مدت میں 432.007 ملین روپے کا ہوا۔ مالیاتی لاگت مالی سال 23 میں 132.474 ملین روپے (76 فیصد) بڑھ کر 306.864 ملین روپے ہو گئی جو مالی سال 22 میں 174.390 ملین روپے تھی۔

مالی سال 23 کے دوران، اسٹیٹ بینک آف پاکستان نے مجموعی طور پر پالیسی ریٹ میں 8.25 فیصد اضافہ کیا، جب کہ 30 جون 2023 تک اسے 22 فیصد تک بڑھا دیا گیا جو کہ مالی سال کے آغاز میں 13.75 فیصد تھا۔ شرح سود میں تبدیلی صارفین اور کاروباری اداروں کے لیے قرض لینے کی لاگت کو متاثر کرتی ہے جو معیشت میں افراط زر کا دباؤ ڈالتے ہیں۔ اس نے، توانائی کی بڑھتی ہوئی لاگت کے ساتھ، کمپنی کے منافع کو متاثر کیا ہے۔ مثبت پہلو ہے کہ کمپنی کی گھریلو ٹیکسٹائل کی درآمد میں اضافہ ہو رہا ہے جو مستقبل کے لیے اچھا ہے۔ کمپنی کی طرف سے مل کی پیداواری صلاحیت کو بڑھانے کے لیے 1.4 بلین روپے سے زیادہ کی رقم کی سرمایہ کاری کی گئی ہے اور کمپنی کی آمدنی پر اس کا اثر، ان شاء اللہ، مالی سال 24 کے مالیات میں نظر آئے گا۔

عالمی اقتصادی اور مالیاتی بحران نے پوری دنیا کے ممالک کو متاثر کیا ہے اور ترقی پذیر ممالک کو پیداوار میں کافی نقصان ہوا ہے۔ پاکستان کی ٹیکسٹائل انڈسٹری بھی سست روی کا شکار ہے جب سے معیشت کو ادا بیگیوں کے توازن کے بحران کا سامنا کرنا شروع ہوا ہے۔ مالی سال 23 میں ملک کی ٹیکسٹائل برآمدات میں نمایاں کمی ہوئی۔ روس یوکرائن جنگ نے توانائی کے شعبے پر بھی بڑا اثر ڈالا۔ صنعت کے لیے گیس اور بجلی کی سبسڈی میں اضافہ افراط زر اور بین الاقوامی مالیاتی فنڈ کے سخت پروگرام کے تحت کر دیا گیا۔ ایک اور عنصر جس نے پاکستان کے ٹیکسٹائل سیکٹر کو شدید نقصان پہنچایا وہ تھا پاکستانی روپے کی قدر میں زبردست گراوٹ۔ خام مال اور دیگر اشیاء درآمد کرنا مہنگا ہو گیا۔ زرمبادلہ کے ذخائر میں کمی کی وجہ سے کراچی بندرگاہ پر خام مال کے ہزاروں کنٹینرز پھنسے رہے۔ صنعت کی صلاحیت سے مکمل طور پر فائدہ اٹھانے کے لیے سیاسی استحکام ایک اہم عنصر ہے۔





Consolidated Financial Statements of  
Idrees Textile Mills Limited  
and its Subsidiary  
for the year ended June 30, 2023





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The Directors are pleased to present the consolidated financial statements of Idrees Textile Mills Limited (the Holding Company) and its subsidiary company, ORA Home LLC (ORA), together referred to as 'Group' for the year ended 30<sup>th</sup> June 2023.

The Holding Company has annexed its consolidated financial statements along with its separate financial statements in accordance with the requirements of International Financial Reporting Standards and Companies Act, 2017.

The Directors' Report on the unconsolidated financial statements of the Holding Company contains a review on the performance of Idrees Textile Mills Limited for the year ended 30<sup>th</sup> June 2023. It also includes a brief description of the subsidiary company, ORA Home LLC.

**For and on behalf of the Board**



**Rizwan Idrees Allawala**  
**Chairman**

Karachi: October 03 , 2022



**S. M. Mansoor Allawala**  
**Chief Executive**



ڈائریکٹرز کو ادریس ٹیکسٹائل ملز لمیٹڈ (دی ہولڈنگ کمپنی) اور اس کی ذیلی کمپنی، ORA Home LLC (ORA) کے 30 جون 2023 کو ختم ہونے والے سال کے لیے مجموعی مالیاتی گوشواروں کو پیش کرتے ہوئے خوشی ہو رہی ہے، جنہیں مجموعی طور پر گروپ کہا گیا ہے۔

ہولڈنگ کمپنی نے بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز اور کمپنیز ایکٹ، 2017 کے تقاضوں کے مطابق اپنے الگ الگ مالیاتی بیانات کے ساتھ اپنے کنسولیدٹڈ مالیاتی گوشواروں کو منسلک کیا ہے۔

ہولڈنگ کمپنی کے غیر کنسولیدٹڈ مالیاتی گوشواروں پر ڈائریکٹرز کی رپورٹ 30 جون 2023 کو ختم ہونے والے سال کے لیے ادریس ٹیکسٹائل ملز لمیٹڈ کی کارکردگی کے جائزے پر مشتمل ہے۔ اس میں ذیلی کمپنی ORA Home LLC کی مختصر تفصیل بھی شامل ہے۔



ایس ایم منصور اللہ والا  
چیف ایگزیکٹو



رضوان ادریس اللہ والا  
چیئر مین / ڈائریکٹر

03 اکتوبر 2023ء  
کراچی

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDREES TEXTILE MILLS LIMITED

Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the annexed consolidated financial statements of Idrees Textile Mills Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2023, and the consolidated statement of profit or loss and other 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

Following is the key audit matter:

Key audit matter	How the matter was addressed in our audit
<p><b>I. Revenue recognition</b></p> <p>(Refer note 3.14 and 24 to the annexed Financial Statements)</p> <p>Net revenue from sale of Group's products for the year ended June 30, 2023 amounted to Rs. 4,211 million which has decreased by approximately 19% as compared to last year.</p> <p>The Group recognizes revenue at point in time when control of the asset is transferred to the customer, generally on delivery of goods.</p> <p>Considering revenue recognition, a significant risk area and key performance measure we have identified this as a key audit matter.</p>	<p>Our key audit procedures in this area amongst other include the following:</p> <ul style="list-style-type: none"> <li>Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition.</li> <li>Evaluated the appropriateness of the accounting policy with respect to revenue recognition.</li> <li>Performed testing of sales transactions on a sample basis to check that the related revenues are recorded appropriately at the correct quantity and price when control of goods has been transferred to the customer.</li> <li>We performed analytical procedures and tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognized in the correct period; and</li> </ul>

Key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>Assessed the adequacy of disclosures in accordance with the applicable financial reporting framework.</li> </ul>
<p><b>2. Capital expenditure</b></p> <p>(Refer note 4 to the annexed Financial Statements)</p> <p>The Group's financial statements for the year ended June 30, 2023 disclosed a significant capital expenditure during the year amounting to Rs. 1,481 million which primarily attributed to the extension of factory building and plant and machinery.</p> <p>The capital expenditure incurred during the year represents significant transactions and requires appropriate application as per applicable financial reporting framework. In view of the above, we have identified this matter as a key audit matter.</p>	<p>Our key audit procedures in this area amongst others included the following:</p> <ul style="list-style-type: none"> <li>We obtained an understanding of the Group's process with respect to capital expenditure and evaluated the authorization and approval procedures for capital expenditure.</li> <li>We tested samples of capital expenditure transactions to check the accuracy and valuation of the amounts recorded in the financial statements and examined the documentation supporting management's decisions regarding the capitalization of expenditure, such as contracts, and invoices.</li> <li>We considered whether the items of cost capitalized meet the recognition criteria of an asset in accordance with the applicable financial reporting framework.</li> <li>We assessed the adequacy of disclosures in accordance with the applicable financial reporting framework.</li> </ul>

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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



on the basis of these consolidated financial statements.

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Arif Nazeer.

  
Yousuf Adil  
Chartered Accountants

Place: Karachi  
Date: October 04, 2023  
UDIN: AR202310099UQE01Plo

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at June 30, 2023



	Note	2023 Rupees	2022 Rupees
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	4	3,378,314,871	2,334,249,192
Long-term deposits		<u>2,898,681</u>	<u>3,129,361</u>
		3,381,213,552	2,337,378,553
<b>Current Assets</b>			
Stores, spares and loose tools	5	74,479,461	57,521,846
Stock-in-trade	6	1,461,817,305	1,207,120,704
Trade debts	7	655,583,419	768,563,631
Loans and advances	8	124,283,507	171,739,107
Prepayments		1,603,690	1,905,463
Other receivables	9	223,189,255	184,464,687
Other financial assets	10	180,115,660	134,473,034
Cash and bank balances	11	18,971,021	18,215,039
		<u>2,740,043,318</u>	<u>2,544,003,511</u>
<b>Total Assets</b>		<u><b>6,121,256,870</b></u>	<u><b>4,881,382,064</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised capital			
22,000,000 ordinary shares of Rs. 10/- each		<u>220,000,000</u>	<u>220,000,000</u>
Issued, subscribed and paid-up capital	12	198,528,000	198,528,000
<b>Capital reserves</b>			
Surplus on revaluation of property, plant and equipment - net of tax	13	868,124,011	882,490,524
Equity portion of loan from related parties		30,064,842	15,895,730
<b>Revenue reserves</b>			
Exchange translation reserve		(8,450,221)	(2,366,429)
Unappropriated profit		1,458,913,091	1,406,774,561
<b>Total Equity</b>		<u>2,547,179,723</u>	<u>2,501,322,386</u>
<b>Non-current Liabilities</b>			
Long-term finance	14	728,952,828	214,521,468
Lease liability	15	-	1,962,284
Deferred government grant	16	103,735,361	44,261,234
Deferred taxation - net	17	171,199,476	229,182,802
Retirement benefit obligation	18	78,775,115	60,143,460
		<u>1,082,662,780</u>	<u>550,071,248</u>
<b>Current Liabilities</b>			
Trade and other payables	19	610,959,675	617,700,712
Accrued mark-up	20	92,205,020	26,323,596
Short-term borrowings	21	1,522,871,564	901,048,156
Current portion of long-term finance	14	170,505,607	143,862,034
Current portion of lease liability	15	1,962,284	7,767,062
Current portion of deferred government grant	16	29,771,093	5,297,394
Unclaimed dividend		2,750,372	2,899,903
Provision for taxation		60,388,752	125,089,573
		<u>2,491,414,367</u>	<u>1,829,988,430</u>
<b>Total Liabilities</b>		<u>3,574,077,147</u>	<u>2,380,059,678</u>
<b>Total Equity and Liabilities</b>		<u><b>6,121,256,870</b></u>	<u><b>4,881,382,064</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
For the Year ended June 30, 2023



	Note	2023 Rupees	2022 Rupees
Revenue from contract with customer - net	23	4,211,644,274	5,177,898,639
Cost of sales	24	(3,785,339,659)	(4,376,937,319)
Gross profit		426,304,615	800,961,320
Distribution cost	25	(42,495,566)	(45,848,895)
Administrative expenses	26	(115,601,318)	(96,757,796)
		(158,096,884)	(142,606,691)
		268,207,731	658,354,629
Finance cost	27	(306,973,730)	(174,390,261)
Impairment of goodwill	1.3	-	(16,937,368)
Other operating expenses	28	(38,514,094)	(68,787,153)
		(77,280,093)	398,239,847
Other income	29	45,341,679	139,969,024
(Loss) / Profit before taxation		(31,938,414)	538,208,871
Taxation	30	21,147,284	(119,845,916)
(Loss) / Profit for the year		(10,791,130)	418,362,955
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate	13	39,602,265	19,262,595
Remeasurement of retirement benefit obligation	18.5	(4,022,874)	(982,374)
Related tax	17	1,166,633	284,896
		(2,856,241)	(697,478)
		36,746,024	18,565,117
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign operations - foreign currency translation difference		(6,083,792)	(2,366,429)
		30,662,232	16,198,688
<b>Total comprehensive income for the year</b>		19,871,102	434,561,643
(Loss) / earnings per share - basic and diluted	31	(0.54)	21.07

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director



CONSOLIDATED STATEMENT OF CASH FLOWS  
For the Year ended June 30, 2023



A. CASH FLOWS FROM OPERATING ACTIVITIES	Note	2023 Rupees	2022 Rupees
(Loss) / profit before taxation		(31,938,414)	538,208,871
<b>Adjustments for :</b>			
Depreciation	4.1	107,243,091	105,294,291
Provision for retirement benefit obligation	18.4	24,691,262	19,765,793
Finance cost	27	306,973,730	174,390,261
Expected credit loss - other receivable		1,144,367	-
Expected credit loss - trade receivable		1,645,333	1,368,396
Unrealised gain on cotton claim		(3,024,315)	-
Unrealized loss / (gain) on other financial assets	29	(698,290)	2,055,496
Profit on deposits	29	(18,291,881)	(5,521,448)
Gain on disposal of property, plant and equipment	29	(7,178,050)	(1,233,155)
Unwinding of discount on other receivables	29	-	(6,401,253)
Impairment of Goodwill		-	16,937,368
Operating cash flows before working capital changes		380,566,833	844,864,620
<b>(Increase) / decrease in current assets</b>			
Stores, spares and loose tools		(16,957,615)	(15,080,585)
Stock-in-trade		(254,696,601)	(108,169,813)
Trade debts		111,334,879	(61,327,536)
Loans and advances		47,455,600	(78,270,764)
Prepayments		301,773	(33,605)
Other receivables		(36,844,620)	(21,711,462)
<b>(Decrease) / increase in current liabilities</b>			
Trade and other payables		(12,991,620)	364,822,392
<b>Cash generated from operations</b>		218,168,629	925,093,247
Finance cost paid		(229,275,183)	(158,047,560)
Retirement benefit obligation paid		(6,218,600)	(16,402,660)
Income tax paid		(61,778,741)	(65,292,553)
Long-term deposits - net		230,680	(241,374)
Net cash (used in) / generated from operating activities		(78,873,215)	685,109,100
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,157,305,720)	(394,050,878)
Proceeds from disposal of property, plant and equipment		13,175,000	1,787,500
Purchase of term deposit receipt - net		(44,978,050)	(32,300,000)
Purchase of shares		-	(7,133,910)
Profit on deposits received		15,472,517	3,865,410
Net cash acquired on business combination		-	176,531
Net cash used in investing activities		(1,173,636,253)	(427,655,347)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term finance repaid to financial institutions		(112,768,553)	(83,604,014)
Export refinance repaid - net		-	-
Long-term finance obtained from financial institutions		757,256,682	209,173,634
Long-term finance repaid to related parties		(6,746,286)	(2,000,000)
Long-term loan repaid		(6,559,431)	-
Long-term finance obtained from related parties		1,450,000	-
Short term borrowings obtained - net		386,457,419	683,696,994
Lease liabilities repaid during the year		(7,767,062)	(21,355,768)
Dividend paid		(149,531)	(19,377,782)
Net cash generated from financing activities		1,011,173,238	766,533,064
<b>Net increase in cash and cash equivalents</b>		(241,336,230)	1,023,986,817
<b>Cash and cash equivalents at the beginning of the year</b>		(181,137,093)	(1,206,649,734)
<b>Effects of exchange rate changes in cash and cash equivalents</b>		166,792	1,525,824
<b>Cash and cash equivalents at the end of the year</b>	32	(422,306,531)	(181,137,093)

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the Year ended June 30, 2023



Note	Share capital	Capital reserve		Revenue reserve		Total
		Surplus on revaluation of property, plant and equipment - net of tax	Equity portion of loan from related parties	Unappropriated profit	Exchange translation reserve	
	Rupees					
<b>Balance as at July 1, 2021</b>	198,528,000	910,719,758	25,813,862	951,551,923	-	2,086,613,543
Profit for the year	-	-	-	418,362,955	-	418,362,955
Other comprehensive income for the year						
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate	-	19,262,595	-	-	-	19,262,595
Remeasurement of retirement benefit obligation	-	-	-	(982,374)	-	(982,374)
Related tax	-	-	-	284,896	-	284,896
Foreign operations - foreign currency translation difference	-	-	-	-	(2,366,429)	(2,366,429)
	-	19,262,595	-	(697,478)	(2,366,429)	16,198,688
<b>Total comprehensive income for the year</b>	-	19,262,595	-	417,665,477	(2,366,429)	434,561,643
<b>Transfer from surplus on revaluation of property plant and equipment on account of</b>						
incremental depreciation charged thereon - net of tax	13	(47,491,829)	-	47,491,829	-	-
<b>Transactions with shareholders</b>						
Final dividend at Rs. 1 per share for the year ended June 30, 2021	-	-	-	(19,852,800)	-	(19,852,800)
<b>Transactions with related parties</b>						
Unwinding of discount on long-term loan from related parties	14.2	-	(9,918,132)	9,918,132	-	-
Fair value effect of interest free loan provided by related parties	14.2	-	-	-	-	-
<b>Balance as at June 30, 2022</b>	198,528,000	882,490,524	15,895,730	1,406,774,561	(2,366,429)	2,501,322,386
Profit for the year	-	-	-	(10,791,130)	-	(10,791,130)
Other comprehensive income for the year						
Adjustment of surplus on revaluation of property, plant and equipment due to change in tax rate	-	39,602,265	-	-	-	39,602,265
Remeasurement of retirement benefit obligation	-	-	-	(4,022,874)	-	(4,022,874)
Related tax	-	-	-	1,166,633	-	1,166,633
Foreign operations - foreign currency translation difference	-	-	-	-	(6,083,792)	(6,083,792)
	-	39,602,265	-	(2,856,241)	(6,083,792)	30,662,232
<b>Total comprehensive income for the year</b>	-	39,602,265	-	(13,647,371)	(6,083,792)	19,871,102
<b>Transfer to / from surplus on revaluation of property plant and equipment on account of</b>						
incremental depreciation charged thereon - net of tax	13	(53,968,778)	-	53,968,778	-	-
<b>Transactions with related parties</b>						
Unwinding of discount on long-term loan from related parties	14.2	-	(11,817,123)	11,817,123	-	-
Fair value effect of interest free loan provided by related parties	14.2	-	25,986,235	-	-	25,986,235
<b>Balance as at June 30, 2023</b>	198,528,000	868,124,011	30,064,842	1,458,913,091	(8,450,221)	2,547,179,723

The annexed notes 1 to 43 form an integral part of these financial statements

Chief Executive

Chief Financial Officer

Director

## 1. THE GROUP AND ITS OPERATIONS

- 1.1 The Group consists of Idrees Textile Mills Limited (the Holding Company) and its 100% owned subsidiary ORA Home LLC (ORA) (the Subsidiary). Together referred to as "the Group" and individually as "Group entities".
- 1.2 The Holding Company was incorporated in Pakistan as an unquoted public limited company on June 5, 1990 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and was listed on Pakistan Stock Exchange Limited on April 28, 1992. The registered office of the Holding Company is situated at 6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad, Karachi in the Province of Sindh. The principal activity of the Holding Company is manufacturing, processing and sale of all kinds of yarn.

Following are the geographical location and address of all business units of the Holding Company:

<b>Karachi</b>	<b>Purpose</b>
6-C, Ismail Centre, 1st floor, Central Commercial Area, Bahadurabad	Head Office
<b>Nankana Sahib</b>	<b>Purpose</b>
Kot Shah Muhammad, Tehsil & District Nankana Punjab	Regional Office and Production Plant / Factory

Following is the geographical location and address of the Subsidiary:

<b>New Jersey, USA</b>	<b>Purpose</b>
4 Conklin Lane Raritan, New Jersey 08869-2315	Registered Office

### 1.3 Business combination

In the year ended June 30, 2022 the Holding Company acquired 100% ownership in ORA Home LLC (ORA), a limited liability company incorporated in New Jersey, USA on January 5, 2022. One of the directors of the Holding Company is the member manager of ORA. Pursuant to the acquisition, ORA has become wholly owned subsidiary of the Holding Company. ORA is engaged in import/export, warehousing and wholesale of textile products.

## 2. BASIS OF PREPARATION

### 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 as applicable in Pakistan comprise of;

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

Where provisions of and directives issued under the Companies Act, 2017 differ with requirements of IFRS Standards; 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 that certain categories of property, plant and equipment are stated at revalued amounts and the Group's liability under defined benefit plan (gratuity) is stated at present value of defined benefit obligation.



## 2.3 Basis of consolidation

### **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity generally accompanying a share of more than fifty percent of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and up to the date when the control ceases. These consolidated financial statements include Idrees Textile Mills Limited (the Holding Company) and its subsidiary entity ORA Home LLC, i.e., the entity in which the Holding Company directly owns 100%. Accordingly, there is no non-controlling interest.

The financial statements of the Subsidiary have been consolidated on a line-by-line basis. Inter-company balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from inter-company transactions, are eliminated.

## 2.4 Presentation and functional currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Holding Company operates. These financial statements are presented in Pakistani Rupees, which is the Holding Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest rupee.

## 2.5 Use of estimates and judgements

The preparation of consolidated financial statements in conformity with the accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the 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 the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of the accounting and reporting standards, as applicable in Pakistan, that have a significant effect on the consolidated financial statements and estimates with significant risk of material judgment in the next financial year are set forth below:

- assumptions and estimates used in accounting for defined benefit plan (notes 3.12 and 18.1);
- assumptions and estimates used in determining fair value, residual value, useful lives and recoverable amount of property, plant and equipment (notes 3.1, 3.6 and 4.1);
- assumptions and estimates used in determining provision for taxation including deferred taxation (notes 3.13, 17 and 30);
- assumptions and estimates used in writing down items of stock-in-trade to their net realizable value (notes 3.3 and 6);
- contingencies and commitments (note 22); and

## 2.6 Changes in accounting standards and interpretations

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

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

- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use

- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)

## 2.6.2 New accounting standards and amendments that are not yet effective

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

	<b>Effective from accounting period beginning on or after:</b>
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
- 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

Certain annual improvements have also been made to a number of IFRSs.

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

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended June 30, 2023.

### 3.1 Property, plant and equipment

#### 3.1.1 Owned assets

Property, plant and equipment are stated as follows:

- Land is stated at revalued amount;
- Building, Labour colony, plant and machinery, electric installations and mill equipment are stated at revalued amounts less accumulated depreciation and impairment losses, if any; and
- Office equipment, furniture and fixtures and vehicles are stated at cost less accumulated depreciation and impairment losses, if any.



Cost includes expenditure that is directly attributable to the acquisition of an asset including borrowing costs, if any. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is derecognised. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Depreciation is charged to the statement of profit or loss on a straight line basis at the rates specified in note 4.1. Depreciation on additions is charged from the month an asset is available for use upto the month prior to its disposal.

Depreciation methods, useful lives and residual values of each item of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed and adjusted, if appropriate at each reporting date.

Surplus on revaluation of assets is recognised net of tax, in statement of other comprehensive income (OCI) and presented as a separate component of equity as "surplus on revaluation of property, plant and equipment", except that it reverses a revaluation deficit for the same asset previously recognised in the statement of profit or loss, in which case the surplus is credited to the statement of profit or loss to the extent of the deficit charged previously.

Deficit on revaluation of assets is recognised in the statement of profit or loss, except that it reverses a revaluation surplus for the same asset previously recognised in statement of other comprehensive income, in which case the deficit is charged to other comprehensive income to the extent of the surplus credited previously. The revaluation reserve is not available for distribution to the Group's shareholders.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the estimated fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of assets (net of deferred taxation) is transferred directly to retained earnings (unappropriated profit). Further, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings (unappropriated profit).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised in other income / other expenses in the statement of profit or loss. When revalued assets are sold, any related amount included in the surplus on revaluation is transferred to retained earnings (unappropriated profit).

### **Capital work-in-progress**

Capital work-in-progress is stated at cost less impairment loss, if any, and consists of expenditure incurred and advances made in respect of assets in the course of their acquisition, construction and installation. Transfers are made to relevant asset categories as and when assets are available for intended use.

### **3.1.2 Leased assets**

Plant and machinery acquired under finance lease is stated at revalued amounts less accumulated depreciation and impairment losses, if any. Vehicles acquired under finance lease are stated at cost less accumulated depreciation and impairment losses, if any. Assets that will be transferred at the end of the lease term are depreciated over the useful life of the assets commencing from the year in which the leased assets are put into operation. Depreciation and other policies are same as for the owned assets described above.

### **3.2 Stores, spares and loose tools**

These are stated at lower of weighted average cost and net realizable value. Items in transit are stated at cost comprising invoice value plus other charges incurred thereon upto the reporting date. Provision for obsolete and slow moving stores, spares and loose tools is determined based on the management's estimate regarding their future usability.

Net realizable value signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.



### 3.3 Stock-in-trade

These are stated at lower of cost and net realizable value applying the following basis:

Cost signifies in relation to:

- Raw material (imported)	Lower of cost (specific identification basis) and net realisable value (NRV)
- Raw material (local)	Lower of cost (weighted average) and NRV
- Stock-in-transit	Cost accumulated up to reporting date
- Work-in-process and finished goods	Lower of cost and NRV
- Waste	Net realisable value (NRV)

Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

Net realizable value (NRV) signifies the estimated selling price in the ordinary course of business less the net estimated costs necessary to be incurred to make the sale.

### 3.4 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Group measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade debts and other receivables considered irrecoverable are written off.

### 3.5 Financial instruments

#### 3.5.1 Classification of financial assets

The Group classifies its financial assets into following three categories:

At amortized cost ("AC"),

Fair value through other comprehensive income ("FVTOCI") and

Fair value through profit or loss ("FVTPL").

#### Financial assets at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) 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 amortisation 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.

#### Financial assets at FVTOCI

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- 2) 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.

On initial recognition, for an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI, only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

#### **Financial assets at FVTPL**

All other financial assets are classified at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVTOCI).

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

### **3.5.2 Recognition and initial measurement of financial instruments**

Financial assets and financial liabilities are recognised in the Group's statement of assets and liabilities when the Group 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.

### **3.5.3 Subsequent measurement of financial assets**

#### **Financial assets at amortised cost**

Financial assets at amortised cost are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

#### **Financial assets at FVTOCI**

All financial assets at FVTOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income.

For debt instruments classified as financial assets at FVTOCI, the amounts in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVTOCI, where there is no reclassification on derecognition.

#### **Financial assets at FVTPL**

All financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

### **3.5.4 Impairment**

#### **Impairment of financial assets**

Under expected credit loss (ECL) model of IFRS 9, the Group recognises loss allowances for ECLs on financial assets. The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.



When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

### 3.5.5 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. 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.

### 3.5.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

### 3.5.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

## 3.6 Business combination

The Group accounts for business combination using the acquisition method when control is transferred to the Group. The consideration transferred (including contingent consideration) in the year of acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill acquired is not amortized but tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. When the initial accounting for a business combination is incomplete at the end of a reporting period, provisional amounts are used. During the measurement period, the provisional amounts are retrospectively adjusted and additional assets and liabilities are recognized, to reflect new information obtained about the facts and circumstances that existed at the acquisition date which would have affected the measurement of the amounts recognized at that date, had they been known. The measurement period does not exceed twelve months from the date of acquisition.

## 3.7 Goodwill

In a business combination, goodwill is recognised at the acquisition date and measured at the fair value of consideration paid less the fair value of net assets acquired. After initial recognition, it is carried at cost less accumulated impairment, if any. Goodwill is assessed annually for impairment.

## 3.8 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.



### 3.9 Foreign currency transactions and translation

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into reporting currency equivalents using foreign currency rates ruling on the reporting date. Exchange differences on foreign currency transactions and translation are included in the income currently.

### 3.10 Provisions

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

### 3.11 Cash and cash equivalents

Cash and cash equivalents used in statement of cash flows include cash in hand balances with banks in current and deposit accounts and short term borrowings. Short-term borrowings availed by the Group, are payable on demand and form an integral part of the Group's cash management.

### 3.12 Retirement benefit obligation

#### 3.12.1 Defined benefit plan

The Holding Company operates an unfunded gratuity scheme covering all its factory workers who have completed the minimum qualifying period of service as defined under the scheme. The Holding Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses are recognised immediately in other comprehensive income.

The Holding Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and current service cost are recognised in the statement of profit or loss.

#### 3.12.2 Defined contribution plan

The Holding Company operates an approved funded contributory provident fund scheme for all head office staff. Equal monthly contributions are made both by the Holding Company and the employees at the rate of 8.33% of basic salary per annum.

### 3.13 Taxation

#### 3.13.1 Current tax

Provision for current taxation is based on taxable income at the current rates of taxation, after taking into account tax rebates and tax credits available, if any, or turnover at the specified rate or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. Charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessment framed / finalized during the year. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

#### 3.13.2 Deferred tax

Deferred tax is recognised using the liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date.

The Group recognises a deferred tax asset to the extent that it is probable that taxable profits in the foreseeable future will be available against which the assets can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Further, the Group also recognizes a deferred tax asset / liability on deficit / surplus on revaluation of property, plant and equipment which is adjusted against the related deficit / surplus.

### **3.14 Trade and other payables**

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

### **3.15 Foreign currency**

#### *Foreign currency transactions*

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into reporting currency equivalents using foreign currency rates ruling on the reporting date.

#### *Foreign operations*

The assets and liabilities of foreign operations are translated to Pakistani rupees at exchange rates prevailing at the date of the statement of financial position. The income and expenses of foreign operations are translated to Pakistani Rupees at average rates of exchange prevailing during the year.

#### *Translation gains and losses*

Gains and losses arising from foreign currency translations are taken to the profit and loss account, except those arising from the translation of the net investment in foreign subsidiaries, which are recognized through the statement of other comprehensive income as an Exchange Translation Reserve (ETR). Balances in the ETR are only taken to the profit and loss account on the disposal of the investment.

### **3.16 Borrowing costs**

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 capitalized as part of the cost of the respective assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in statement of profit or loss in the period in which they are incurred.

### **3.17 Revenue recognition**

The Group manufactures and contracts with customers for the sale of yarn and other goods which generally include single performance obligation. Management has assessed that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer in case of local sales and date of bill of lading in case of export sales.

Interest income is accrued on time proportionate basis, by reference to the principal outstanding and at the applicable effective interest rate.

### **3.18 Dividend income**

Dividend income is recognised when the Group's right to receive payment have been established and is recognised in statement of profit or loss and included in other income.

### **3.19 Dividend and appropriation to / from reserves**

Dividend distribution to the Holding Company's shareholders and appropriations to / from reserves is recognised in the period in which these are approved.

### **3.20 Earnings per share**

The Holding Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding 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.



### 3.21 Leases - Lease liabilities and right-of-use assets

The Group recognises leases as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Group.

The lease liability is subsequently measured (at amortised cost) by increasing the carrying amount to reflect interest on the lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

For short term leases and leases of low / immaterial value assets, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the assets economic life. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

### 3.22 Government grant

The benefit of interest rate lower than the market rate on borrowings obtained under State Bank of Pakistan (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of the entity and Temporary Economic Refinance Facility (TERF), is accounted for as a government grant which is the difference between amount of loan received and the fair value of the loan on the date of disbursement. The differential amount presented in statement of financial position as deferred government grant. The amortisation of deferred government grant is netted off with finance cost within in the statement of profit or loss.

Government grants are recognised at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Group will be able to comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred, are recognised on a systematic basis in the income for the year in which the related expenses are recognised. Grants that compensate for the cost of an asset are recognised in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognised and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit, that is the government grant, is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

### 3.23 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses that relates to transactions with any of the other components of the Group.

The Board of Directors and the Chief Executive Officer of the Group have been identified as the chief operating decision-makers (CODM), who are responsible for allocating resources and assessing the performance of the operating segments. Management has determined that the Group has a single reportable segment as the CODM views the Group's operations as one reportable segment.

### 3.24 Commitments

Commitments for capital expenditure contracted for but not incurred are disclosed in the consolidated financial statements at committed amounts. Commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at committed amounts.





**4. PROPERTY, PLANT AND EQUIPMENT**

	Note	2023 Rupees	2022 Rupees
Operating fixed assets			
- Owned	4.1.1	1,894,790,281	1,940,313,063
- Right of use assets	4.1.2	2,362,004	37,614,719
		<u>1,897,152,285</u>	<u>1,977,927,782</u>
Advance against vehicle	4.1.3	-	17,340,000
Capital work in progress:			
- Building		199,111,306	125,525,930
- Plant & Machinery		1,282,051,280	213,451,480
	4.1.4	<u>1,481,162,586</u>	<u>338,981,410</u>
		<u>3,378,314,871</u>	<u>2,334,249,192</u>

**4.1 OPERATING FIXED ASSETS**

Particulars	2023					Dep. Rate
	July 01, 2022	July 01, 2022	July 01, 2022	June 30, 2023	June 30, 2023	
		Cost / Revaluation	Accumulated Depreciation	Written Down Value		
		July 01, 2022	Transfers Additions/ (disposal)	Transfers Revaluation adjustment	June 30, 2023	June 30, 2023
				Depreciation/ (disposals)/ write-offs for the year		%
<b>4.1.1 Owned assets</b>						
Land freehold	240,375,000	-	-	-	240,375,000	-
Mill building						
on freehold land	218,633,050	-	-	16,661,975	32,863,950	5-20%
Labour colony						
on freehold land	21,352,625	-	-	1,921,736	4,293,472	5-14%
Plant and machinery	1,460,936,991	7,234,891	20,000,000	71,890,825	143,811,159	4-33%
Electric installations	21,988,000	-	-	3,063,608	6,127,218	8-25%
Factory equipment	5,251,500	113,095	-	595,898	1,197,605	7-20%
Office equipment	18,222,450	1,928,718	-	793,388	13,300,640	10%
Computer Hardware	4,183,452	219,500	-	39,963	179,537	10%
Furniture and fixtures	146,591,358	22,970,340	17,980,000	10,449,295	3,811,251	10%
Vehicle		(12,335,500)	-	(6,338,550)	83,607,833	20%
	2,126,634,428	32,454,544	37,980,000	105,466,256	288,953,169	
		(12,335,500)	-	(6,338,550)	4,504,118	
					1,894,790,281	
<b>4.1.2 Right of use assets</b>						
Plant and machinery	20,000,000	-	(20,000,000)	433,333	(919,785)	4%
Vehicle	22,049,000	-	(17,980,000)	1,343,500	1,706,996	20%
	42,049,000	-	(37,980,000)	1,776,833	1,706,996	
					2,362,004	
<b>Total June 30, 2023</b>	2,167,683,428	32,484,544	-	107,243,091	290,560,165	
		(12,335,500)	-	(6,338,550)	1,897,152,285	

**Operating fixed assets**

Particulars	2022											
	Cost / Revaluation					Accumulated Depreciation			Written Down Value			
	July 01, 2021	Additional/ (disposal)	Transfers	Revaluation adjustment	June 30, 2022	July 01, 2021	Depreciation ((disposals) for the year	Transfers	Revaluation adjustment	June 30, 2022	June 30, 2022	Dep. Rate %
Rupees												
<b>4.1.1 Owned assets</b>												
Land - freehold	240,375,000	-	-	-	240,375,000	-	-	-	-	-	240,375,000	-
Mill building on freehold land	218,633,050	-	-	-	218,633,050	-	16,201,975	-	-	16,201,975	202,431,075	5-20%
Labour colony on freehold land	21,352,825	-	-	-	21,352,825	-	2,371,736	-	-	2,371,736	18,980,889	5-14%
Plant and machinery	1,414,360,500	24,256,491 (180,000)	12,500,000	-	1,450,936,891	-	70,256,740 (7,313)	551,398	-	70,800,825	1,380,136,166	4-33%
Electric installations	21,986,000	-	-	-	21,986,000	-	3,063,608	-	-	3,063,608	18,924,392	6-25%
Factory equipment	5,251,500	-	-	-	5,251,500	-	595,898	-	-	595,898	4,655,602	7-20%
Office equipment	14,604,156	1,416,292	-	-	16,222,450	11,625,068	692,164	-	-	12,517,252	3,705,198	10%
Furniture and fixtures	3,885,361	298,091	-	-	4,183,452	3,718,712	38,502	-	-	3,757,214	426,238	10%
Vehicles	101,253,134	17,473,694 (1,997,500)	29,862,030	-	146,591,358	61,976,338	6,704,806 (1,615,842)	8,845,553	-	75,912,855	70,678,503	20%
	2,041,903,328	43,446,568 (2,177,500)	42,362,030	-	2,125,634,426	77,522,138 (1,623,155)	99,925,429	9,396,951	-	185,221,363	1,940,313,063	
<b>4.1.2 Right of use assets</b>												
Plant and machinery	32,500,000	-	(12,500,000)	-	20,000,000	-	1,037,850	(551,398)	-	486,452	19,513,548	4%
Vehicles	51,911,030	-	(29,862,030)	-	22,049,000	8,462,370	4,331,012	(8,845,553)	-	3,947,829	18,101,171	20%
	84,411,030	-	(42,362,030)	-	42,049,000	8,462,370	5,368,862	(9,396,951)	-	4,434,281	37,614,719	
Total June 30, 2022	2,126,314,358	43,446,568 (2,177,500)	-	-	2,167,663,426	85,984,508 (1,623,155)	105,294,291	-	-	189,655,644	1,977,927,782	

4.1.3 This represents payment made by lessor on behalf of the Holding Company as per the lease agreement, the vehicle have been received as of June 30, 2023.

4.1.4 This represents construction work in progress which includes new mill building being constructed as part of a new wing to the existing mill building along with plant and machinery purchased through TERF financing which is currently not available for use. This includes Rs. 27,546,922 on account of borrowing cost incurred on TERF finance specifically obtained for acquisition of plant and machinery. Borrowing cost capitalised is 10% (2022 : 5%).

4.2 Depreciation for the year has been allocated as under:

	Note	2023 Rupees	2022 Rupees
Cost of sales	24	94,572,910	93,527,805
Administrative expenses	26	12,670,181	11,756,486
		<u>107,243,091</u>	<u>105,294,291</u>

4.3 The details of operating fixed assets disposed / written offs during the year are as follows :

Description	Cost / Revaluation	Accumulated Depreciation	Carrying Value	Sale Proceeds	Gain / (loss)	Relationship of purchaser with Group	Mode of Disposal	Particulars of purchaser
<b>Vehicle</b>								
Toyota corolla	2,302,500	(1,151,250)	1,151,250	2,675,000	1,523,750	Third Party	Negotiation	Bilal Gamaruddin Alvi
Honda City	1,708,000	(1,024,800)	683,200	2,500,000	1,816,800	Third Party	Negotiation	Shahbaz Guizar
AUDI	8,325,000	(4,162,500)	4,162,500	8,000,000	3,837,500	Third Party	Negotiation	Soha
	<u>12,335,500</u>	<u>(6,338,550)</u>	<u>5,996,950</u>	<u>13,175,000</u>	<u>7,178,050</u>			

4.4 The Holding Company carries its land, building, labour colony, plant and machinery, electric installations and mill equipment at revalued amounts under IAS 16 'Property, Plant and Equipment'. The latest revaluation of these assets was carried out as at June 30, 2021 by Tristar International Consultant (Pvt.) Ltd. (an independent valuer located in Lahore) on the basis of market values, which resulted in surplus on revaluation amounting to Rs. 384.05 million.

The Holding Company commissioned independent valuations of land, building, labour colony, plant and machinery, electric installations and mill equipment during the years ended June 30, 2006, June 30, 2010, June 30, 2013, June 30, 2016, June 30, 2019 and June 30, 2021. The resulting revaluation surpluses have been disclosed in notes 13 and 4.1.1 to the consolidated financial statements and have been credited to the revaluation surplus account net of their related tax effect.



The carrying amount of the aforementioned assets as at June 30, 2023, if the said assets had been carried at historical cost, would have been as follows:

	2023		2022	
	Cost	Accumulated depreciation	Carrying value	Cost
	Rupees			
Land - freehold	8,772,600	-	8,772,600	8,772,600
Mills building on freehold land	142,260,822	(108,865,312)	33,395,510	142,260,822
Labour colony on freehold land	16,533,266	(15,383,625)	1,149,641	16,533,266
Plant and machinery	1,547,683,004	(777,622,146)	770,060,858	1,540,925,816
Electric installations	43,144,676	(32,172,388)	10,972,288	43,144,676
Factory equipment	6,729,139	(5,012,174)	1,716,965	6,616,044
	<u>1,765,123,507</u>	<u>(939,055,645)</u>	<u>826,067,862</u>	<u>1,758,253,223</u>
			<u>(909,453,307)</u>	<u>848,799,916</u>

4.5 Forced sale values as per the latest revaluation report as of June 30, 2021 as mentioned in note 4.4 are as follows:

Asset Class	Rupees
Land - freehold	204,318,750
Mills building on freehold land	185,838,093
Labour colony on freehold land	18,149,731
Plant and machinery	1,157,488,400
Electric installations	17,590,400
Mill equipment	4,201,200

4.6 Particulars of immovable asset of the Holding Company are as follows:

Location	Addresses	Usage of immovable property	Total Area (Acres)
Nankana Sahib	Kot Shah Muhammad, Tehsil & District Nankana Purjab	Production Plant and facility	20.03

	Note	2023 Rupees	2022 Rupees
<b>5. STORES, SPARES AND LOOSE TOOLS</b>			
Stores and spares		81,690,595	53,044,427
Stores and spares in transit		467,498	12,156,051
Loose tools		64,585	64,585
		<u>82,222,678</u>	<u>65,265,063</u>
Less: provision for slow moving items		(7,743,217)	(7,743,217)
		<u>74,479,461</u>	<u>57,521,846</u>
<b>6. STOCK-IN-TRADE</b>			
Raw material - Cotton			
- In hand		726,259,683	787,024,122
- In transit		159,022,484	99,948,162
Raw material - Home Textile			
- In hand		11,224,752	-
Work-in-process - Yarn		76,496,220	56,022,198
Work-in-process - Home Textile		28,702,503	-
Finished goods - Yarn			
- In hand		315,503,103	163,228,844
- In transit		28,754,217	27,545,324
- Third party		97,473,722	57,888,374
Waste - Yarn		18,380,621	15,463,680
		<u>1,461,817,305</u>	<u>1,207,120,704</u>
<b>7. TRADE DEBTS</b>			
Considered good			
Export - secured		136,441,517	308,726,383
Local		519,141,902	459,837,248
	7.1	<u>655,583,419</u>	<u>768,563,631</u>
Considered doubtful			
Local		14,058,548	12,413,215
		<u>669,641,967</u>	<u>780,976,846</u>
Less: Expected credit loss	7.2	(14,058,548)	(12,413,215)
		<u>655,583,419</u>	<u>768,563,631</u>
<b>7.1 Trade debts are non-interest bearing and are generally on 60 to 90 days terms. Trade debts are unsecured other than the export and local trade debts that are secured against letter of credits as mentioned in note 7.4.</b>			
		2023 Rupees	2022 Rupees
<b>7.2 Expected credit loss</b>			
Balance as at July 1,		12,413,215	12,413,215
Charge during the year		1,645,333	-
Balance as at June 30,		<u>14,058,548</u>	<u>12,413,215</u>

	2023 Rupees	2022 Rupees
<b>7.3 Ageing of trade debts past due but not impaired</b>		
Not past due	436,421,781	766,818,903
0 - 90 days	138,928,038	10,001,125
91-180 days	89,834,377	95,995
Above 180 days	4,457,771	4,060,823
	<b>669,641,967</b>	<b>780,976,846</b>

7.4 Following are the details for local and export related trade debts outstanding as at June 30 2023, which are secured against letter of credit:

	Mode of arrangement	2023 Rupees	2022 Rupees
<b>Indirect Export</b>	<b>Confirmed LC</b>	<b>81,539,158</b>	<b>44,780,578</b>
<b>Exports</b>	<b>Confirmed LC</b>	<b>136,441,517</b>	<b>308,726,383</b>
	<b>Note</b>	<b>2023 Rupees</b>	<b>2022 Rupees</b>

**8. LOANS AND ADVANCES**

**Considered good**

Loans to employees - unsecured	8.1	387,000	359,000
Advance to employees	8.1	420,000	474,481
Advances - unsecured			
- to suppliers		39,791,090	93,029,920
- for expenses		924,154	6,602,942
		<b>40,715,244</b>	<b>99,632,862</b>
Advance income tax		82,761,263	71,272,764
		<b>124,283,507</b>	<b>171,739,107</b>

8.1 These represents unsecured, interest free, short-term loan and advance given to employees of the Holding Company.

	Note	2023 Rupees	2022 Rupees
<b>9. OTHER RECEIVABLES</b>			
Sales tax			
- considered good		187,131,959	150,850,078
- considered doubtful		2,630,629	2,630,629
Export rebate - considered doubtful		2,194,344	2,194,344
Less: expected credit loss	9.1	(5,969,340)	(4,824,973)
		<b>185,987,592</b>	<b>150,850,078</b>
Duty draw back receivable		5,872,932	5,872,932
Cotton claim receivable	29.1	23,767,311	22,851,349
Profit on deposits		6,576,634	3,757,270
Others		984,786	1,133,058
		<b>37,201,663</b>	<b>33,614,609</b>
		<b>223,189,255</b>	<b>184,464,687</b>



	Note	2023 Rupees	2022 Rupees
<b>9.1 Expected credit loss</b>			
As at July 01, 2022		4,824,973	4,824,973
Charge during the year		1,144,367	-
As at June 30, 2023		<u>5,969,340</u>	<u>4,824,973</u>
<b>10. OTHER FINANCIAL ASSETS</b>			
<b>- At amortised cost</b>			
Term deposit receipts	10.1	174,372,670	129,394,620
<b>- Fair value through profit or loss</b>			
Short term investment in listed company	11.2	<u>5,742,990</u>	<u>5,078,414</u>
		<u>180,115,660</u>	<u>134,473,034</u>

**10.1** These represent term deposit receipts with various banks for a period ranging from six months to one year carrying mark-up at the rates ranging from 7.2% to 21.00% (2022: 5.90% to 13.75%) per annum. The banks have lien on these term deposit receipts on account of guarantees provided by such banks as disclosed in note 21.1.1 to the consolidated financial statements. These will mature latest by June 16, 2024 (2022: June 16, 2023).

**10.2** This represents investment in shares of Lucky Cement Limited a listed company on Pakistan Stock Exchange. Shares acquired last year and held as at June 30, 2023 are 11,000 at a cost of Rs. 7,133,910. The shares are categorised under fair value through profit and loss account as the Group intends to receive short term profits through trading of shares. The unrealized gain on June 30, 2023 was Rs. 698,290 (2022: unrealized loss of Rs. 2,055,496).

	Note	2023 Rupees	2022 Rupees
<b>11. CASH AND BANK BALANCES</b>			
Cash in hand		707,343	1,351,699
Cash at banks			
- in current accounts	11.1	18,048,097	16,777,240
- in savings account	11.2	215,581	86,100
		<u>18,971,021</u>	<u>18,215,039</u>

**11.1** This includes an amount of Rs. 6.68 million (2022: Rs. 6.68 million) on which the bank has created lien on account of guarantee provided by such bank as disclosed in note 22.1.1 to the consolidated financial statements.

**11.2** It carries markup of 13.5% to 20.5% (2022: 5.5% to 12.25%) per annum.

**12. SHARE CAPITAL**

2023	2022		2023 Rupees	2022 Rupees
<b>Number of shares</b>				
<b>Authorised</b>				
<u>22,000,000</u>	<u>22,000,000</u>	Ordinary shares of Rs. 10/- each	<u>220,000,000</u>	<u>220,000,000</u>
<b>Issued, subscribed and paid-up</b>				
<u>19,852,800</u>	<u>19,852,800</u>	Ordinary shares of Rs. 10/- each fully paid in cash	<u>198,528,000</u>	<u>198,528,000</u>

**12.1** The Holding Company has one class of ordinary share, which carry equal voting rights but no right to fixed income. Voting rights, board selection etc. are in proportion to their shareholding.

	Note	2023 Rupees	2022 Rupees
<b>13. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax</b>			
As at July 1,		1,036,250,427	1,094,962,264
Less: transferred to unappropriated profit on account of:			
- incremental depreciation - net of tax		(53,968,778)	(47,491,829)
- related deferred tax liability		(8,922,569)	(11,220,008)
		(62,891,347)	(58,711,837)
As at June 30		973,359,080	1,036,250,427
Less: related deferred tax liability on:			
Revaluation surplus as at July 1,		153,759,903	184,242,506
Adjustment due to change in tax rate	17	(39,602,265)	(19,262,595)
Incremental depreciation charged during the year		(8,922,569)	(11,220,008)
	17	105,235,069	153,759,903
<b>As at June 30</b>		<b>868,124,011</b>	<b>882,490,524</b>
	Note	2023 Rupees	2022 Rupees
<b>14. LONG-TERM FINANCE</b>			
<b>Long term portion</b>			
Financial institutions	14.1	693,818,843	173,059,675
Related parties	14.2	35,133,985	41,461,793
		728,952,828	214,521,468
<b>Current portion</b>			
Financial institutions	14.1	128,365,121	88,583,958
Related parties	14.2	42,140,486	55,278,076
		170,505,607	143,862,034

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS  
For the Year ended June 30, 2023



14.1 Details and movement are as follows:

	Balance at July 01, 2022	Obtained during the year	Repaid during the year	Balance at June 30, 2023	Government Grant	Net Balance at June 30, 2023	Payable within one year	Payable later than one year	Payable within one year as at June 30, 2022	Payable later than one year as at June 30, 2022	Mark up rate (per annum)	Principal and mark up payment	Sub-note
<b>Rupiah</b>													
Diminishing Musharaka (DM):	1,087,397	-	(1,087,397)	-	-	182,250,348	-	-	1,087,397	-	6 month KIBOR +250 bps	Monthly	14.1.1
DM	6,600,476	-	(6,600,476)	-	-	65,000,000	-	65,000,000	6,600,476	-	3 month KIBOR +150 bps	Quarterly (2 years grace period)	14.1.1
Duaa Islamic Bank	5,428,570	-	(5,428,570)	-	-	4,221,161	-	4,221,161	5,428,570	-	5BP Rate +400 bps	Quarterly (2 years grace period)	14.1.5
DM	-	65,000,000	-	65,000,000	-	5,487,872	(762,420)	4,725,452	-	5,853,000	5BP Rate +400 bps	Quarterly (2 years grace period)	14.1.5
DM	-	4,221,161	-	4,221,161	-	12,500,591	(1,741,355)	10,759,236	-	13,230,400	-	-	-
DM	-	4,221,161	-	4,221,161	-	90,819,723	-	90,819,723	-	-	-	-	-
TERF 1	5,680,000	-	-	5,680,000	(682,326)	5,487,872	-	4,725,452	-	5,853,000	-	-	-
TERF 2	13,230,400	49,800	-	13,280,200	(778,459)	12,500,591	-	10,759,236	-	13,230,400	-	-	-
TERF 3	-	130,000,000	-	130,000,000	(38,180,277)	90,819,723	-	90,819,723	-	-	-	-	-
	33,396,843	203,481,862	(14,316,445)	222,572,362	(40,322,014)	182,250,348	(2,503,776)	179,746,573	14,316,443	19,060,400	-	-	-
TERF 1	40,866,800	-	-	40,866,800	(5,544,922)	35,323,878	(7,978,326)	27,344,550	-	40,866,800	-	-	-
TERF 2	15,672,000	-	(978,500)	14,693,500	(1,581,326)	13,101,172	(2,410,236)	10,690,937	50,049	15,621,951	-	-	-
TERF 3	34,238,000	-	(2,138,875)	32,099,125	(4,100,290)	27,997,835	(8,656,776)	21,141,060	-	34,238,000	-	-	-
TERF 4	38,037,504	-	(2,377,000)	35,660,504	(3,657,075)	32,103,429	(7,975,908)	24,127,521	-	38,037,504	-	-	-
TERF 5	-	71,163,000	-	71,163,000	(12,637,265)	58,525,735	(9,467,433)	48,076,302	-	-	-	-	-
Term Finance 1	-	11,272,500	-	11,272,500	-	11,272,500	(1,409,065)	9,863,435	-	-	-	-	-
Term Finance 2	-	7,316,000	-	7,316,000	-	7,316,000	-	7,316,000	-	-	-	-	-
Term Finance 3	-	30,600,000	-	30,600,000	-	30,600,000	-	30,600,000	-	-	-	-	-
	129,616,304	125,371,500	(5,496,375)	243,661,429	(27,430,860)	216,230,569	(36,098,442)	180,132,127	50,049	129,765,256	-	-	-
LTF 1*	9,218,450	-	-	9,218,450	-	8,218,450	(194,327)	8,024,123	-	9,218,450	-	-	-
LTF 2*	-	12,072,500	-	12,072,500	-	12,072,500	-	12,072,500	-	-	-	-	-
Askari Bank	-	66,937,899	-	66,937,899	-	56,937,899	(10,675,819)	46,262,080	-	-	-	-	-
Term Finance 2	-	48,771,351	-	48,771,351	-	48,771,351	(8,332,126)	40,439,225	-	-	-	-	-
	9,218,450	118,781,550	-	128,000,000	-	128,000,000	(20,202,274)	104,797,726	-	9,218,450	-	-	-
TERP 1	16,397,280	-	-	16,397,280	(5,152,845)	11,244,435	-	11,244,435	-	16,397,280	-	-	-
TERP 2	-	19,676,360	-	19,676,360	(8,563,737)	13,114,623	-	13,114,623	-	-	-	-	-
TERP 3	-	151,424,000	-	151,424,000	(54,037,019)	97,386,981	-	97,386,981	-	-	-	-	-
Term Finance 1	-	57,230,000	(5,534,062)	51,695,938	-	51,695,938	(8,027,364)	43,668,574	-	-	-	-	-
	16,397,280	228,332,360	(5,534,062)	239,195,578	(65,753,601)	173,441,977	(8,027,364)	165,414,613	-	16,397,280	-	-	-
LTF 1	17,265,894	-	(9,631,947)	8,633,947	-	8,633,947	(8,631,947)	-	8,631,947	8,631,947	-	-	-
LTF 2	37,687,500	-	(37,687,500)	-	-	-	-	-	37,687,500	-	-	-	-
LTF 3	39,458,880	-	(12,616,315)	26,842,565	-	26,842,565	(12,616,315)	12,819,530	12,819,530	25,639,105	-	-	-
	93,410,074	-	(59,138,022)	34,272,052	-	34,272,052	(21,451,624)	12,819,530	59,139,022	34,271,052	-	-	-
Diminishing Musharaka	32,983,311	88,279,310	(28,282,651)	90,969,970	-	90,969,970	(40,081,724)	50,878,246	12,867,057	20,075,244	-	-	-
<b>Total</b>	311,202,265	757,266,662	(112,768,653)	955,690,391	(133,628,466)	822,061,925	(129,365,121)	692,696,804	86,392,581	224,909,681	-	-	-

\* The loan was converted to LTFF after SBP approval during the year.



- 14.1.1** The loan is secured by way of first pari passu charge over Compact Spinning, imported Gen set and locally purchased carding machines with 0% to 25% margin.
- 14.1.1.1** The loan is utilized for renewable energy installation in the factory. The loan is secured against 1st exclusive charge over imported assets of solar equipment.
- 14.1.2** The loan is secured by way of first exclusive and specific hypothecation charge over imported machinery of the Holding company (Compact Spinning Assembly) with 0% margin.
- 14.1.3** The loan is for financing salaries and wages under SBP Refinance Scheme. The loan is secured against existing land and building and plant and machinery of the Holding Holding Company with 25% margin. The loan is fully repaid as at 30 June 2023.
- 14.1.4** The loan is obtained to meet the capital expenditure requirement of the Holding Company. The loan is secured by way of first exclusive and specific hypothecation charge over imported machinery of the Holding Company.
- 14.1.5** The Holding Company has entered into a Temporary Economic Refinance Facility (TERF) agreement with an Islamic bank and conventional banks, with the total limit aggregating to Rs. 537.5 million (2022: 537.5 million). This includes Rs.150 million being the sub-facility under the letter of credit facility agreement amounting to Rs: 157 million with the Islamic bank. The unavailed facility as at year end was Rs. 0.87 million (2022: 373.2). These facilities carry mark up of SBP Base Rate + 4% (2022: SBP Base Rate + 4%). The tenure of these facilities ranges from 5 to 10 years with grace period up to 2 years. These facilities are secured against various assets including exclusive charge over imported machinery, first pari passu charge over land & building, hypothecation charge over specific equipment and machinery, and also the personal guarantee of all the directors and mortgagors of the Holding Company.
- 14.1.6** The loan is secured by way of first exclusive charge of PKR 134 million over specific machinery with 25% margin.
- 14.1.7** The loan is secured by way of first pari passu charge with 0% to 25% margin.
- 14.1.8** The loan is secured against 1st specific charge over imported plant and machinery for PKR 125 million, and by way of first pari passu charge with 0% to 25% margin.
- 14.1.9** The loan is secured against 1st specific charge over imported plant and machinery for PKR 326.3 million
- 14.1.10** These represent plant and machinery and vehicles acquired under musharaka arrangement. The rates of mark-up ranges from 14.5% to 22.14%.

	Note	2023 Rupees	2022 Rupees
<b>14.2 Loan from related parties - unsecured</b>			
Opening as at July 01,		96,739,869	88,821,737
Receipts during the year		1,450,000	-
Repayments during the year	14.2.2	(6,746,286)	(2,000,000)
Unwinding of discount	27	11,817,123	9,918,132
Release of equity portion of loan due to change in terms of loan		-	-
Less: Fair value adjustment		(25,986,235)	-
		<b>77,274,471</b>	96,739,869
Payable within one year	14	<b>(42,140,486)</b>	(55,278,076)
Closing as at June 30,		<b>35,133,985</b>	41,461,793

S.No	Designation	Date of agreement	Loan amount renewed/addition	Present Value of loan	Fair value adjustment
<b>14.2.1</b>					
1	Director	3-Jun-23	800,000	385,802	414,198
2	Director/CEO	30-Jun-23	25,390,000	12,244,406	13,145,594
3	Director	4-Jun-23	14,356,000	6,923,225	7,432,775
4	Sponsor	4-Jun-23	8,195,000	3,952,064	4,242,936
5	Director	31-Jan-23	1,450,000	699,267	750,733
			<b>50,191,000</b>	<b>24,204,765</b>	<b>25,986,235</b>

- 14.2.2** During the year, the Holding Company has repaid loan amounting to Rs. 6.746 million to directors and their closed family members.

As at June 30, 2023, the loans received from directors are due to be paid as follows, unless otherwise the terms of repayment are further extended:

Due Date	Loan received Rupees	Present value Rupees
December 08, 2023	45,000,000	42,140,486
December 14, 2024	12,148,312	11,151,378
June 30, 2027	50,191,000	23,982,607
	<b>107,339,312</b>	<b>77,274,471</b>

	Note	2023 Rupees	2022 Rupees
<b>15. LEASE LIABILITY</b>			
Present value of minimum lease payments	15.1	1,962,284	9,729,346
Less: current portion shown under current liabilities		(1,962,284)	(7,767,062)
		<b>-</b>	<b>1,962,284</b>

- 15.1** These represent plant and machinery and vehicles acquired under leases from leasing companies and financial institutions. Future minimum lease payments under lease together with the present value of the net minimum lease payments are as follows:

	2023			2022		
	Future minimum lease payments	Finance cost	Present value	Future minimum lease payments	Finance cost	Present value
Not later than one year	2,119,304	157,020	1,962,284	8,535,294	768,232	7,767,062
Later than one year but not later than five years	-	-	-	2,091,437	129,153	1,962,284
Total future minimum lease payments	<b>2,119,304</b>	<b>157,020</b>	<b>1,962,284</b>	<b>10,626,731</b>	<b>897,385</b>	<b>9,729,346</b>

The rates of mark-up ranges from 17.29% to 24.91% (2022: 16.49% to 22.99%) per annum and are used as discounting factor. The lease terms are upto 3 years. The Group intends to exercise its option to purchase the leased assets upon completion of the lease period. Liabilities are secured against leased assets, demand promissory notes and security deposits.

	Note	2023 Rupees	2022 Rupees
<b>16. DEFERRED GOVERNMENT GRANT</b>			
Deferred grant against temporary economic refinance facility		133,506,454	49,558,628
Current portion of deferred government grant		(29,771,093)	(5,297,394)
		<b>103,735,361</b>	<b>44,261,234</b>

- 16.1** Deferred government grant relates to the difference between the fair value and actual proceed of temporary economic refinance facility loan obtained under SBP's refinance scheme. It is being amortised over the period of ten years from the date of loan disbursement with an amount equal to the difference between the finance cost charged that would have been charged to statement of profit or loss at market rate and the interest paid as per the scheme.

	Note	2023 Rupees	2022 Rupees
<b>17. DEFERRED TAXATION - NET</b>			
Balance as at July 1,		229,182,802	252,700,211
Reversal to profit or loss	30	(17,214,414)	(3,969,918)
Staff gratuity charged to other comprehensive income (OCI)		(1,166,633)	(284,896)
Tax rate adjustment on surplus (routed through OCI)	13	(39,602,279)	(19,262,595)
Balance as at June 30,		<u>171,199,476</u>	<u>229,182,802</u>
This comprises of the following:			
Taxable temporary differences:			
- accelerated depreciation on property, plant and equipment		97,305,979	130,976,597
- surplus on revaluation of property, plant and equipment		105,235,069	153,759,903
		<u>202,541,048</u>	<u>284,736,500</u>
Deductible temporary differences:			
- provision for doubtful trade debts		1,994,525	2,372,048
- provision for stores and spares		1,100,260	1,479,656
- provision for doubtful other receivables		846,887	922,007
- provision for staff gratuity		11,176,043	11,492,847
- minimum tax		12,291,464	34,204,334
- WWF Liability		3,650,024	4,690,738
- Other financial asset		282,369	392,068
		<u>(31,341,572)</u>	<u>(55,553,698)</u>
		<u>171,199,476</u>	<u>229,182,802</u>
<b>18. RETIREMENT BENEFIT OBLIGATION</b>			
Mill	18.2	78,522,743	59,891,088
Head office	18.10	252,372	252,372
		<u>78,775,115</u>	<u>60,143,460</u>
<b>18.1 Retirement benefit obligation - defined benefit plan</b>			
The Projected Unit Credit Method based on following significant assumptions was used for valuation of the scheme. The basis of recognition together with details as per actuarial valuation conducted as at June 30, 2023 are as under:			
		2023	2022
The principal assumptions used are as follows:			
- Discount rate		16.25%	13.25%
- Expected rate of salary increase		15.25%	12.25%
- Mortality rate		SLIC 2001-2005 set back one year	SLIC 2001-2005 set back one year
	Note	2023 Rupees	2022 Rupees
<b>18.2 Liability recognized in the statement of financial position</b>			
Present value of retirement benefit obligation (RBO)	18.3	<u>78,522,743</u>	<u>59,891,088</u>



18.3	<b>Movement in Retirement benefit obligation (RBO) during the year</b>	Note	2023 Rupees	2022 Rupees
	Balance as at July 1,		59,891,088	54,680,081
	Expense recognized in profit or loss	18.4	24,691,262	19,765,793
	Total remeasurements recognized in other comprehensive income	18.5	4,022,874	982,374
	Benefits paid		(6,218,600)	(13,197,160)
	Benefits due but not yet paid		(3,863,881)	(2,340,000)
			<b>78,522,743</b>	<b>59,891,088</b>
18.4	<b>Expense recognized in profit or loss</b>			
	Current service cost		17,423,657	15,074,643
	Interest cost		7,267,605	4,691,150
			<b>24,691,262</b>	<b>19,765,793</b>
18.5	<b>Total remeasurements recognized in other comprehensive income</b>			
	Actuarial gain on liability arising on			
	- financial assumptions		650,596	566,441
	- experience adjustments		3,372,278	415,933
			<b>4,022,874</b>	<b>982,374</b>
18.6	<b>Sensitivity analysis</b>			

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Current year	Change in assumption	Increase / (decrease) in defined benefit obligation due to	
		Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	(4,574,629)	4,040,522
Salary growth rate	1%	4,758,369	(4,279,034)
Prior year	Change in assumption	Increase / (decrease) in defined benefit obligation due to	
		Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	(3,183,543)	3,620,844
Salary growth rate	1%	3,768,227	(3,374,901)

18.7 The gratuity scheme exposes the Holding Company to the following risks:

**Longevity risks:** The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

**Salary increase risk:** The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

**Withdrawal risk:** The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the defined benefit obligation. The movement of the liability can go either way.

18.8 The weighted average duration of the defined benefit obligation as at June 30, 2023 is 5 years (2022: 6 years).

18.9 Number of employees covered by the scheme are 727 (2022: 733).

18.10 This amount relates to the unfunded gratuity scheme for the head office staff which has been freezed since 2002, as per the Holding Company policy.

	Note	2023 Rupees	2022 Rupees
<b>19. TRADE AND OTHER PAYABLES</b>			
Creditors	19.1	100,212,887	114,997,127
Accrued liabilities		137,470,025	69,080,738
Contract liabilities		189,404,407	259,420,029
Workers' profit participation fund	19.2	-	28,773,940
Workers' welfare fund		25,729,586	24,437,816
Infrastructure cess	19.3	141,343,416	104,121,092
Payable to provident fund		605,419	458,574
Withholding tax payable		16,193,935	16,411,396
		<b>610,959,675</b>	<b>617,700,712</b>

19.1 Trade payables are non-interest bearing and are normally settled on 90-days term.

	Note	2023 Rupees	2022 Rupees
<b>19.2 Workers' profit participation fund</b>			
Balance as at July 1,		28,773,940	12,275,733
Allocation during the year	28	-	28,773,940
Interest on funds utilized in Company's business	27	1,756,823	299,326
		<b>30,530,763</b>	<b>41,348,999</b>
Paid during the year		<b>(30,530,763)</b>	<b>(12,575,059)</b>
Balance as at June 30,		-	28,773,940

19.3 The Government of Sindh through Sindh Finance Act, 1994 provided for imposition of an infrastructure fee for the development and maintenance of infrastructure on goods entering or leaving the Province through air or sea at prescribed rates. The levy was challenged by the Holding Holding Company along with other companies in the High Court of Sindh through civil suits which were dismissed by the single judge of the High Court of Sindh through its decision in October 2003. On appeal filed there against, the High Court of Sindh has held through an order passed in September 2008 that the levy as imposed through the Sindh Finance Act, 1994 (amended time to time) was not valid till December 28, 2006, however, thereafter on account of an amendment in the Sindh Finance (Amendment) Ordinance, 2006, it had become valid and is payable by the Appellants. the Holding Holding Company, along with other companies, filed an appeal in the Supreme Court of Pakistan against the aforementioned order of the High Court of Sindh. The Supreme Court granted stay by passing an interim order on January 22, 2009. The order passed by the High Court of Sindh was set aside by the Supreme Court vide its order dated May 20, 2011. Consequently, a new petition has been filed in the High Court of Sindh. Through the interim order passed on May 31, 2011, the High Court has ordered that for every consignment cleared after December 28, 2006, 50% of the value of infrastructure fee should be paid in cash and a bank guarantee for the remaining amount should be submitted until the final order is passed. Refer notes 11 & 22.

On April 06, 2021, the High Court of Sindh vide order C.P.No D-3309 / 2011, summoned to encash all the bank guarantees furnished by the petitioners. The SHC issued this order reasoning that the entire cargo being imported in the Country routes through the Province of Sindh, and for that the Provincial Legislature thought it appropriate to impose a certain amount of tax in the form of a cess. It is though being collected from an importer of goods; but in essence it is not on imports; but for maintenance and development of infrastructure on imported goods. However, during the year, the Supreme Court of Pakistan vide its order dated September 01, 2021, suspended the order issued by SHC stating that it suffers from constitutional and legal defects and granted the interim relief to the Holding Holding Company and other petitioners. The order issued by the Supreme Court of Pakistan states that the petitioners shall keep the bank guarantees already submitted pursuant to the earlier order of SHC and shall furnish the fresh bank guarantees equivalent to the amount of levy claimed by the Sindh Government against release of all future consignments of imported goods.



The Management is confident for a favorable outcome. However, as a matter of prudence, the Holding Company has made provision as follows:

	Note	2023 Rupees	2022 Rupees
Balance as at July 1,		104,121,092	73,680,135
Charge for the year		37,222,324	34,548,641
		<b>141,343,416</b>	108,228,776
Payments made during the year		-	(4,107,684)
Balance as at June 30,		<b>141,343,416</b>	104,121,092
<b>20. ACCRUED MARK-UP</b>			
Long-term finance		22,476,597	3,030,069
Short-term borrowings		69,728,423	23,293,527
		<b>92,205,020</b>	26,323,596
<b>21. SHORT-TERM BORROWINGS</b>			
<b>Banking companies - secured</b>			
Running finance		441,277,552	199,352,132
Cash finance		230,082,741	94,728,455
Finance against Imported Merchandise (FIM)		840,071,672	588,968,539
	21.1	<b>1,511,431,965</b>	883,049,126
<b>Related party - unsecured</b>			
Loan from ORA Sapphire Inc.	21.2	11,439,599	17,999,030
		<b>1,522,871,564</b>	901,048,156
<b>21.1</b>	Facilities for running finance, cash finance, FIM and Murabaha are available from various banks upto Rs.2,825 million (2022: Rs.2,682 million). These facilities are subject to mark-up at 3 month KIBOR plus 1% to 2.5% (2022: 3month KIBOR plus 1% to 2.5%) per annum payable quarterly. These are secured against various assets including first pari passu hypothecation charge over present and future stock-in-trade, pledge of cotton, first hypothecation charge over present and future book debts, ranking charge on the stocks and receivables of the holding Company, plants and machinery, equitable mortgage on various properties and personal guarantees of all the directors of the Holding Company.		
	The aggregate unavailed short-term borrowing facilities amounted to Rs.1,314 million (2022: Rs.1,799 million).		
<b>21.2</b>	This Represent short term loan obtained by the Subsidiary from related party. This loan is interest free. There is no term of this loan is repayable on demand. Accordingly, it has been classified as short term.		
<b>22. CONTINGENCIES AND COMMITMENTS</b>			
<b>22.1 Contingencies</b>			
<b>22.1.1</b>	Letters of guarantee issued by banks on behalf of the Group to:	<b>2023 Rupees</b>	<b>2022 Rupees</b>
	- Lahore Electric Supply Company Limited	34,095,568	15,310,568
	- Sui Northern Gas Pipelines Limited	74,000,000	77,576,000
	- Excise and Taxation Office	139,558,600	103,258,600
	Post dated cheques given to Collector of Customs as indemnity	<b>980,158,170</b>	380,853,295



- 22.1.2** In August 2013, the Oil and Gas Regulatory Authority (OGRA) vide its S.R.O. # 726(I)/2015 notified the sale price for sale of natural gas at Rs. 573.28/MMBTU for captive power consumption (CPP) with immediate effect. Subsequent to the said S.R.O., the Holding Company received gas bills at Rs. 573.28/MMBTU, being considered as CPP by the utility Holding Company. The Holding Company, considering itself as industrial consumer paid gas charges at the rate applicable before August 2013 on the basis of the stay order obtained from the Court.

Subsequently, on September 1, 2015, OGRA vide its S.R.O. # 876(I)/2015 notified the price for sale of natural gas at Rs. 600/MMBTU for industrial consumers and on captive power consumption, with effect from September 1, 2015. Aggrieved by the notification, the Holding Company filed a suit in the Lahore High Court contending that the mandatory procedures as laid down in the OGRA Ordinance, 2002 and Rules made thereunder were not fulfilled while issuing the notification. Hence, the Holding Company paid / accrued gas charges at rates applicable before the above S.R.O. # 726(I)/2015 on the basis of stay orders obtained from Lahore High Court, Multan bench, from time to time, until November 2015.

From December 2015, the gas Holding Company has started supplying imported Liquefied Natural Gas (LNG) resulting in the change in rates over which no dispute has been raised by the Holding Company.

On July 6, 2020, the OGRA issued a decision whereby, the Holding Company (the petitioner) was directed to pay the outstanding amount to the utility Holding Company within 30 day period from the date of decision. In response to the above decision, a writ petition was filed before the honourable Lahore High Court (LHC) by the Holding Company and the LHC issued a stay order on October 8, 2020, which suspended the OGRA's decision, however, the case is still pending before LHC.

- 22.1.3** The Federal Government issued Gas Infrastructure Development Cess (GIDC) Acts in the years 2011, 2014 and 2015. All GIDC Acts have been subject of thorough debate and consideration at honorable High Courts of the Country as well as the Supreme Court of Pakistan (SCP).

On August 12, 2020, the SCP issued its verdict (Judgement) and held that "the levy imposed under Gas Infrastructure Development Cess Act, 2015 (the Act) is in accordance with the Provisions of the Constitution". The Supreme Court has also held that "the Provisions of section 8 of the Act, which give retrospective effect to the charge and recovery of GIDC levied from the year 2011 are also declared to be valid being within the legislative competence of the Parliament." However, since the Holding Company is an industrial concern and it did not pass on the burden of GIDC to its consumers prior to the GIDC Act, 2015 (or even thereafter), management believes that the Holding Company is entitled to the exemption under the first proviso to Section 8(2) of the GIDC Act, 2015 from payment of the GIDC levied under the GIDC Act, 2011 and GIDC Ordinance, 2014. As such, arrears due from the Holding Company may only include amounts levied under the GIDC Act, 2015 from the date of its commencement, i.e., May 22, 2015.

Subsequent to the Order passed by the Honorable SCP on August 12, 2020, Sui Northern Gas Pipelines Limited (SNGPL) submitted bills to the industry including the Holding Company claiming arrears of first instalment in deference to the said Judgement of the SCP. As the bills of arrears were calculated for monthly instalment on the basis of entire total payable amount from 2011 to July 2020 by charging Cess on the higher rate of tariff applicable to Captive Connections apart from the fact that the implication of Section 8 of the said Act, 2015 was not taken into consideration whereby it was provided that the industry, which has not collected the Cess from the Customers prior to 2015 shall not be liable to the payment of GIDC for the said period from 2011 to 2015. During the year, a writ petition No. 42176 / 2020 was filed by All Pakistan Textile Mills Association (APTMA) (where the Holding Company is also a party to the petition) before Honorable High Court at Lahore against imposition of GIDC Act 2015 and the recovery of Cess from December 2011 to May 2015. Further, during the year, SNGPL started billing for GIDC to the Holding Company against which payment was made by the Holding Company till March 2021 based on the order issued by Honorable Lahore High Court against the aforementioned writ petition. Pursuant to the order, Lahore High Court restrained SNGPL from charging the Cess at the higher tariff rate of Captive Connection and directed to issue revised bill calculated at the rate applicable to industrial connection. Besides, the payment for the period from 2011 to 2015 was also suspended in view of the implication of the said provision of law. Further, the Holding Company made payment which is applicable to industrial consumers and for the difference between the amount charged to industrial consumers and captive power consumers, post-dated cheques are being issued by the Holding Company in favour of SNGPL. For the amount relating to the payment of GIDC based on the actual calculation prior to 2015, the decision was made by the Lahore High Court on June 27, 2021 whereby it has restrained the SNGPL to collect the cess prior to 2015.

On September 27, 2021, the Honorable Lahore High Court issued a judgment on writ petition No. 42716 / 2020 whereby it was concluded that all the parties to the petition (including the Holding Company) fall under the category of Industrial Consumers rather than Captive Power Plant and shall remain liable to the tariff applicable to Industrial Consumers.

During the year, the Holding Company filed an appeal before the Honorable High Court of Sindh on the ground that no burden of GIDC had been passed to its customers / clients and thus the Holding Company is not liable to pay GIDC under GIDC Act 2015. The Court granted stay order against recovery of GIDC payable by the Holding Company till the finalization of matter by Sindh High Court. The matter is currently pending in the Sindh High Court. However, as a matter of abundant caution and without prejudice to the suits filed, the Holding Company has made aggregate provision of Rs. 5.4 million (2021: Rs. 5.4 million) in respect of GIDC up to June 30, 2023.

**22.1.4** An order dated November 11, 2020 was passed against the Holding by Collector of Customs, Karachi creating a demand of Rs. 13.023 million along with a penalty of Rs. 0.5 million. The Holding has challenged the above order by way of filing an appeal before the Customs Appellate Tribunal at Karachi, which is pending for final adjudication. However, a stay order was successfully obtained from Honourable Sindh High Court on December 22, 2020 by filing Constitutional Petition number 6618 / 2020, which is still operative.

**22.1.5** There are several cases filed against the Group before various court of law / tax forums, the amount of which cannot be determined. The management, based on the opinion of its legal counsel, expect that the outcome of all those cases will be in favor of the Group, as they have a reasonable defense in the cases filed. Accordingly, no provision has been made in these unconsolidated financial statement.

<b>22.2 Commitments</b>	<b>2023</b>	<b>2022</b>
	<b>Rupees</b>	<b>Rupees</b>
Letters of credit opened and outstanding for import of:		
- plant and machinery	28,609,191	665,256,522
- stores and spares	9,629,233	30,067,092
- raw material	632,912,977	581,096,452
Local bills discounted	<u>214,897,633</u>	<u>292,314,555</u>

**23. REVENUE FROM CONTRACT WITH CUSTOMER - NET**

Yarn		
- Local	1,739,336,498	1,474,315,047
- Export	814,716,140	946,129,335
- Indirect export	1,781,233,061	3,033,819,964
	<u>4,335,285,699</u>	<u>5,454,264,346</u>
Home Textile		
- Local	46,516,573	11,727,485
- Export	52,136,777	-
- Others	-	-
	<u>98,653,350</u>	<u>11,727,485</u>
Raw material - Local (Trading)	50,680,596	191,348,293
Waste - Local	343,032,489	290,228,814
	<u>4,827,652,134</u>	<u>5,947,568,938</u>
Less:		
Sales tax	(600,595,598)	(738,665,360)
Brokerage and commission	(13,545,673)	(31,004,939)
Discount	(1,866,589)	-
	<u>4,211,644,274</u>	<u>5,177,898,639</u>



24. COST OF SALES	Note	2023 Rupees	2022 Rupees
Raw material consumed	24.1	2,846,955,574	3,466,763,979
Salaries, wages and benefits	24.2	225,014,371	203,529,270
Fuel and power		596,566,345	488,123,680
Depreciation	4.2	94,572,910	93,527,805
Stores, spares and loose tools consumed		50,851,122	59,344,788
Packing material		56,533,868	62,188,408
Insurance		10,906,433	10,772,496
Repairs and maintenance		3,652,309	2,996,441
Provision of slow moving store & spare	5	-	1,368,396
Vehicles running and maintenance		5,276,941	2,696,061
Other manufacturing overheads		3,660,354	3,406,336
		<u>1,047,034,653</u>	<u>927,953,681</u>
		<u>3,893,990,227</u>	<u>4,394,717,660</u>
Opening stock		56,022,198	41,992,838
Closing stock		(76,496,220)	(56,022,198)
		<u>(20,474,022)</u>	<u>(14,029,360)</u>
Cost of goods manufactured		<u>3,873,516,205</u>	<u>4,380,688,300</u>
Finished goods			
Opening stock		264,126,222	106,757,831
Yarn purchased		17,117,978	38,150,500
Yarn Transferred to Home Textile		(14,104,500)	-
Closing stock		(460,111,663)	(264,126,222)
		<u>(192,971,963)</u>	<u>(119,217,891)</u>
Cost of Home Textile		67,558,796	9,306,564
Cost of raw material sold		37,236,621	106,160,346
		<u>3,785,339,659</u>	<u>4,376,937,319</u>
<b>24.1 Raw material consumed</b>			
Opening stock		787,024,122	785,996,519
Purchases - net		2,786,191,135	3,467,791,582
		<u>3,573,215,257</u>	<u>4,253,788,101</u>
Closing stock		(726,259,683)	(787,024,122)
		<u>2,846,955,574</u>	<u>3,466,763,979</u>
<b>24.2</b>	Salaries, wages and benefits include Rs. 24.69 million (2022: Rs. 19.77 million) in respect of charge for retirement benefit obligations.		
		2023 Rupees	2022 Rupees
<b>25. DISTRIBUTION COST</b>			
Freight and octroi		20,796,170	22,231,603
Commission and other charges		3,897,918	4,059,664
Clearing and forwarding		5,247,415	4,965,937
Business promotion expenses		9,876,207	12,715,671
Export development surcharge		2,677,856	1,876,020
		<u>42,495,566</u>	<u>45,848,895</u>



	Note	2023 Rupees	2022 Rupees
<b>26. ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	26.1	69,314,953	60,189,946
Fees, subscription and periodicals		4,491,538	4,912,716
Entertainment		1,262,374	861,579
Traveling and conveyance		418,498	437,206
Postage and telephone		1,600,129	1,429,310
Electricity, gas and water		1,280,706	990,532
Vehicles running and maintenance		9,227,638	8,358,167
Depreciation	4.2	12,670,181	11,766,486
Expected credit loss - trade receivable	7.2	1,645,333	-
Expected credit loss - other receivable		1,144,367	-
Legal and professional		1,641,844	527,858
Auditor's remuneration	26.2	1,641,000	1,541,000
Printing and stationery		1,345,129	790,177
Computer		187,980	74,520
Advertisement		190,500	146,900
Donation	26.3	5,093,000	4,382,000
Others		2,446,148	349,399
		<b>115,601,318</b>	<b>96,757,796</b>

**26.1** Salaries and benefits include Rs. 2.08 million (2022: Rs. 1.80 million) in respect of charge for employer's contribution to provident fund.

	2023 Rupees	2022 Rupees
<b>26.2 Auditors' remuneration</b>		
<b>Audit Services</b>		
Annual audit fee	1,050,000	950,000
Consolidation fee	250,000	250,000
Half year review fee	175,000	175,000
Review of code of corporate governance	55,000	55,000
Certifications	55,000	55,000
Out of pocket expenses	56,000	56,000
	<b>1,641,000</b>	<b>1,541,000</b>

**26.3** No director or their spouse had any interest in the donees' fund. During the year, the Holding Company has donated Rs. 1.55 million (2022: Rs. 1.55 million) to The Citizens Foundation.

	Note	2023 Rupees	2022 Rupees
<b>27. FINANCE COST</b>			
Mark-up on long term finance		6,847,546	7,774,821
Mark-up on short-term borrowings		276,986,541	146,168,030
Interest on lease liability		968,661	1,676,785
Unwinding of discount on long-term finance from related parties	14.2	11,817,123	9,918,132
Workers' profit participation fund	19.2	1,756,823	299,326
Bank charges, guarantee commission and other related charges		8,597,036	8,553,167
		<b>306,973,730</b>	<b>174,390,261</b>

	Note	2023 Rupees	2022 Rupees
<b>28. OTHER OPERATING EXPENSES</b>			
Workers' profit participation fund	19.2	-	28,773,940
Workers' welfare fund		1,291,770	5,826,157
Infrastructure cess	19.3	37,222,324	30,440,957
Unrealized loss on other financial assets		-	2,055,496
Other		-	1,690,603
		<b>38,514,094</b>	<b>68,787,153</b>
<b>29. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Profit on deposits		18,291,881	5,521,448
Exchange gain - net		15,149,992	13,710,169
Unwinding of discount on other receivables		-	6,401,253
Unrealised gain on cotton claim		3,024,315	-
Unrealized Gain on other financial assets		698,290	-
		<b>37,164,478</b>	<b>25,632,870</b>
<b>Income from non-financial assets</b>			
Gain on disposal of property, plant and equipment		7,178,050	1,233,155
Scrap sales		517,160	677,499
Other revenue		481,991	2,426,424
Contract settlement	29.1	-	109,999,076
		<b>8,177,201</b>	<b>114,336,154</b>
		<b>45,341,679</b>	<b>139,969,024</b>
<b>29.1</b>	In the year end June 30,2022, certain suppliers defaulted on the cotton supply contract due to increase in cotton prices in the international market whereas the contracts were made at a significantly lower price. Upon such default, the Group negotiated with the suppliers and as a result the suppliers agreed to pay damages to the Group.		
<b>30. TAXATION</b>			
Current			
- for the year	30.3	47,386,537	125,193,345
- prior year		(51,319,407)	(1,377,511)
		<b>(3,932,870)</b>	<b>123,815,834</b>
Deferred	17	(17,214,414)	(3,969,918)
		<b>(21,147,284)</b>	<b>119,845,916</b>

30.1 Relationship between tax expense and accounting profit	2023 Rupees	2022 Rupees
Profit before taxation	(31,938,414)	538,208,871
Tax rate %	29%	29%
Tax on accounting profit	(9,262,140)	156,080,573
Prior year tax adjustments	(51,319,407)	(1,377,511)
Permanent differences	4,903,936	4,147,038
Impact of FTR income	44,152,419	(44,151,929)
Impact of tax credit on donations	(1,476,970)	(581,060)
Adjustment of effective rate	(7,658,148)	(12,058,147)
Impact of utilisation of Minimum Tax credits under Section 113	-	(28,021,331)
Impact of super tax	-	42,202,831
Others	(486,980)	3,605,452
	<u>(21,147,290)</u>	<u>119,845,916</u>

**30.2** Subsequent to the amendment of section 5(A) of the Income tax Ordinance, 2001, tax at the applicable rate shall be imposed on every public company which derives profit for the year. However, this tax shall not apply in case of a company which distributes at least specified percentage of after tax profits within six months of the end of the tax year in the form of cash dividend. In 2019, the Holding Company had obtained stay order from Sindh High Court (SHC) in respect of application of such clause. During the year, SHC has passed an order and set aside show cause / demand notices seeking enforcement of section 5(A).

**30.3** During 2022, the Government of Pakistan, through Finance Act, 2022 introduced section 4C in the Income Tax Ordinance, 2001 through which super tax was levied on high earnings persons (including the Holding Company). The tax is applicable at different rates on all persons (including the Holding Company) earning more than Rs. 150 million. Further, entities operating in various sectors, including textile sector, and earning more than Rs. 300 million are liable to super tax at 10% (for tax year 2022) of income as specified in the Act. Accordingly, the Holding Company had made a provision of Rs. 42.2 million on account of super tax during year June 30, 2022.

On December 22, 2022, the Sindh High Court (SHC) issued an order declaring that section 4C shall not be applicable for TY 2022 and would apply from TY 2023 (i.e., financial year ending June 30, 2023). However, the SHC had suspended the operation of the judgement for a period of sixty days. On February 16, 2023, the Honorable Supreme Court of Pakistan (SCP) through an interim order directed to pay super tax to the extent of 4% for tax year 2022. Accordingly, the Group paid part of liability imposed to the extent of 4% super tax and has revised its provision for the super tax to be kept at 4% on the taxable income for the year ended June 30, 2022.

### 31. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss / earnings per share of the Holding Company which is based on:

		2023	2022
(Loss) / profit for the year	Rupees	<u>(10,791,130)</u>	<u>418,362,955</u>
Weighted average number of ordinary shares outstanding during the year	12	<u>19,852,800</u>	<u>19,852,800</u>
(Loss) / earnings per share	Rupees / Share	<u>(0.54)</u>	<u>21.07</u>

32. CASH AND CASH EQUIVALENTS	Note	2023 Rupees	2022 Rupees
Cash and bank balances	11	18,971,021	18,215,039
Short-term borrowings - running finance	21	(441,277,552)	(199,352,132)
		<u>(422,306,531)</u>	<u>(181,137,093)</u>





**33. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise associated undertakings, directors, key management personnel and post employment contribution plan. Shareholding of related parties, long-term loans obtained from directors and associated undertakings (and unwinding of discount thereon) and remuneration of Chief Executive Officer, directors and executives are disclosed in note 14 and note 34 respectively. Other significant transaction with a related party is as follows:

Relationship with the Group	Nature of transaction	2023		2022	
		Rupees	Note	Rupees	Rupees
Key Management Personnel:	Remuneration paid	25,790,932		22,969,588	
	Post employment benefits	325,948		248,100	
Post employment contribution plan:	Contribution to employees' provident fund	2,024,494	26.1	1,778,490	

**34. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	2023						2022					
	Directors		Executives		Chief Executive	Non-executive	Directors		Executives		Chief Executive	Non-executive
	Executive	Executive	Executive	Non-executive			Executive	Executive	Executive	Non-executive		
Remuneration	3,200,000	2,800,000	-	11,193,955	-	3,200,000	2,800,000	-	2,800,000	-	9,469,801	-
House rent allowance	960,000	840,000	-	3,358,187	-	960,000	840,000	-	840,000	-	2,903,631	-
Utilities	320,000	280,000	-	1,119,395	-	320,000	280,000	-	280,000	-	946,985	-
Medical	320,000	280,000	-	1,119,395	-	320,000	280,000	-	280,000	-	649,171	-
Meeting fee	-	-	70,000	-	-	-	-	70,000	-	-	70,000	-
	4,800,000	4,200,000	70,000	16,790,932	70,000	4,800,000	4,200,000	70,000	4,200,000	70,000	13,969,588	-
Number of persons	1	1	5	7	5	1	1	1	1	5	6	6

The Chief Executive, directors and some executives are provided with free use of Group maintained cars.

**35. PLANT CAPACITY AND ACTUAL PRODUCTION - HOLDING COMPANY**

Installed production capacity 20's count - yarn in kgs.

Actual production during the year at 20's count - yarn in Kgs.

	2023	2022
	14,795,745	14,795,745
	7,274,880	8,617,952

It is difficult to describe precisely the production capacity in the textile industry since it fluctuates widely depending upon various factors such as count of yarn spun, spindles speeds, twists per inch, raw material used, etc. Actual production and sales varies based on market demand.

### 36. NUMBER OF EMPLOYEES - HOLDING COMPANY

The total and average number of employees during the year and as at June 30, 2023 and 2022 respectively are as follows:

	2023	2022
Total number of employees of the Group as at reporting date	768	771
Average number of employees of the Group during the year	714	786
Employee's working in Holding Company's factory as at reporting date	727	733
Average number of employees working in Holding Company's factory during the year	674	747

### 37. PROVIDENT FUND

The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

### 38. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per statement of financial position	2023 Rupees	2022 Rupees
<b>At fair value through profit or loss</b>		
Other financial assets	5,742,990	5,078,414
<b>At amortised cost</b>		
Security deposits	2,898,681	3,129,361
Trade debts	655,583,419	768,563,631
Loans and advances	807,000	833,481
Other receivables	31,328,731	27,741,677
Other financial assets	174,372,670	129,394,620
Cash and bank balances	18,971,021	18,215,039
	<u>889,704,512</u>	<u>952,956,223</u>
<b>Financial liabilities as per statement of financial position</b>		
<b>At amortized cost</b>		
Long-term finance		
- from banking companies	822,183,964	261,643,633
- from related parties	77,274,471	96,739,869
Lease liability	1,962,284	9,729,346
Trade and other payables	238,288,331	184,536,439
Unclaimed dividend	2,750,372	2,899,903
Mark-up accrued	92,205,020	26,323,596
Short-term borrowings	1,522,871,564	901,048,156
	<u>2,757,536,006</u>	<u>1,482,920,942</u>

### 39. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Group's financial risk exposures. The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 39.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Credit risk of the Group arises principally from the trade debts, loans and advances, other financial assets, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	Note	2023 Rupees	2022 Rupees
Security deposits		2,898,681	3,129,361
Trade debts	39.1.1	655,583,419	768,563,631
Loans and advances	39.1.2	807,000	833,481
Other receivables		31,328,731	27,741,677
Other financial assets	39.1.3	174,372,670	129,394,620
Bank balances	39.1.3	18,263,678	16,863,340
		<b>883,254,179</b>	<b>946,526,110</b>

#### 39.1.1 Trade debts

The trade debts at year end are due from local and foreign customers against local sales and export sales respectively. Trade debt due from foreign customers are secured against letter of credit. For local customers management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. The Group's exposure to credit risk arising from trade debtors is mainly influenced by the individual characteristics of each customer. The Group has no major concentration of credit risk with any single customer. The Group establishes an allowance for impairment that represents lifetime expected credit losses (ECL) based on analysis of recovery pattern and adjustment of trade debts secured against letter of credits.

#### 39.1.2 Loans and advances

These include loans and advances given primarily to employees against salaries, which will be adjusted against their future salaries or in case of resignation against their post retirement benefit balances.

#### 39.1.3 Other financial assets and balances with banks

The Group deposits its funds and invests in term deposit receipts (other financial assets) with banks carrying good credit standings assessed by reputable credit agencies. These banks are credit rated as follows:

Bank Name	Date of Rating	Rating Agency	Short term	Long term
Bank Al-Falah Limited	24-Jun-23	PACRA	A1+	AA+
Samba Bank Limited	26-Jun-23	VIS	A1	AA
Dubai Islamic Bank Pakistan Limited	26-Jun-23	VIS	A1+	AA
Habib Metropolitan Bank Limited	23-Jun-23	PACRA	A1+	AA+
The Bank of Punjab	26-Jun-23	PACRA	A1+	AA+
MCB Islamic Bank Limited	23-Jun-23	PACRA	A1	A
National Bank of Pakistan	23-Jun-23	PACRA	A1+	AAA
Silk bank Limited	16-Jun-23	VIS	A2	A-
Bank Islami Pakistan Limited	24-Jun-23	PACRA	A1	AA-
Sindh Bank Limited	27-Jun-23	VIS	A1	A+
Meezan Bank Limited	27-Jun-23	VIS	A1+	AAA
J.S Bank Limited	23-Jun-23	PACRA	A1+	AA-
Habib Bank Limited	27-Jun-23	VIS	A1+	AAA
Bank Al-Habib Limited	23-Jun-23	PACRA	A1+	AAA
Soneri Bank Limited	23-Jun-23	PACRA	A1+	AA-
Askari	23-Jun-23	PACRA	A1+	AA+



### 39.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements.

The following are the contractual maturities of financial liabilities, including interest payments:

	2023			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
	----- Rupees -----			
Long-term finance				
- from related parties	77,274,471	107,339,312	42,140,486	65,198,826
- from banking company	822,183,964	352,235,937	110,862,576	241,373,361
Lease liability	1,962,284	10,661,050	8,317,563	2,343,488
Trade and other payables	238,288,331	238,288,331	238,288,331	-
Unclaimed dividend	2,750,372	2,750,372	2,750,372	-
Markup accrued	92,205,020	92,205,020	92,205,020	-
Short-term borrowings	1,522,871,564	1,522,871,564	1,522,871,564	-
	<b>2,757,536,006</b>	<b>2,326,351,586</b>	<b>2,017,435,912</b>	<b>308,915,675</b>
	2022			
	Carrying amount	Contractual maturities	Maturity upto one year	Maturity after one year
	----- Rupees -----			
Long-term financing				
- from related parties	96,739,869	112,635,598	55,278,076	57,357,522
- from banking company	261,643,633	352,235,937	110,862,576	241,373,361
Lease liability	9,729,346	10,661,050	8,317,563	2,343,488
Trade and other payables	184,536,439	184,536,439	184,536,439	-
Unclaimed dividend	2,899,903	2,899,903	2,899,903	-
Markup accrued	26,323,596	26,323,596	26,323,596	-
Short-term borrowings	901,048,156	901,048,156	901,048,156	-
	<b>1,482,920,942</b>	<b>1,590,340,679</b>	<b>1,289,266,309</b>	<b>301,074,370</b>

### 39.3 Market risk

Market risk is the risk that changes in market prices, such as share price, foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The Group is primarily exposed to interest rate risk and currency risk.

#### 39.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term financing, short-term borrowings, liabilities against assets subject to finance lease, other financial assets and bank balances in saving account.

At the reporting date the interest rate risk profile of the Group's interest-bearing financial instruments is:

	Carrying Amount	
	2023	2022
	Rupees	Rupees
<b>Fixed rate instruments</b>		
Financial assets - at amortised cost	174,372,670	129,394,620
Financial liabilities - at amortised cost	527,462,547	287,628,199
<b>Variable rate instruments</b>		
Financial assets - at amortised cost	215,581	86,100
Financial liabilities - at amortised cost	1,896,829,736	981,532,805

#### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

#### Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in KIBOR based financial liabilities at the reporting date would have increased / (decreased) equity and profit before tax by Rs. 9.56 million (2022: Rs. 4.82 million). This analysis assumes that all other variables remain constant.

#### 39.3.2 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and bank balances in foreign currency. The Group's exposure to foreign currency risk is as follows:

	2023		2022	
	-----Rupees-----			
Trade debts	136,441,517		308,726,383	
Trade payable	28,609,191			-

  

	Average rate		Reporting date rate	
	2023	2022	2023	2022
	-----Rupees-----			
USD	245.30	177.65	283.73/283.97	203.9/206.7

At June 30, 2023, if the Pakistani Rupee had weakened / strengthened by 5% against the US Dollar and Euro with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 5.39 million (2022: Rs. 15.4 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar and Euro - denominated trade debts and trade payables.

#### 39.4 Capital risk management

The objective of the group entities when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The 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 dividend to the shareholders or issue bonus / new shares.

During the year, the company's strategy was to maintain leveraged gearing. The gearing ratio as at 30 June 2023 was as follows:

	2023	2022
	-----Rupees-----	
Total Borrowings	2,546,359,118	1,300,720,602
Cash and Bank balances	(18,971,021)	(18,215,039)
Net Debt	<u>2,527,388,097</u>	<u>1,282,505,563</u>
Total Equity	<u>2,547,179,723</u>	<u>2,501,322,386</u>
Total Capital	<u>5,074,567,820</u>	<u>3,783,827,949</u>
Gearing Ratio	50%	34%

#### 40. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) 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.

(b) Fair value estimation

The Group discloses the financial instruments measured in the balance sheet at fair value in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets 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., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2023 the Group held the following instruments at fair values:

	June 30, 2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
<b>Financial assets measured at fair value</b>				
Equity securities - listed	<u>5,742,990</u>	-	-	<u>5,742,990</u>
	June 30, 2022			
	Fair value			
	Level 1	Leve 2	Level 3	Total
	-----Rupees-----			
<b>Financial assets measured at fair value</b>				
Equity securities - listed	<u>5,078,414</u>	-	-	<u>5,078,414</u>

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

There are no transfers between the levels during the year.

40.1 There are no other assets or liabilities to classify under above levels except the Group's land, mill building, labour colony, plant and machinery, electric installations and factory equipment are stated at revalued amounts, being the fair value at the date of revaluation, less subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of these assets carried out as at June 30, 2021, were performed by Tristar International Consultant (Pvt.) Ltd. not related to the Group. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery. Value determined by independent valuer is classified as Level 3 in the fair value hierarchy.



**41. OPERATING SEGMENT INFORMATION**

The Group constitutes a single reportable segment since the executive management monitors the operating results of the entity for the purpose of making decisions about resource allocation and performance assessment. The entity-wide disclosures required by IFRS 8 'Operating Segments' are given below:

- (a) Group sales comprise of terry towels and yarn whereby more than 99% sales pertains to yarn.
- (b) As at June 30, 2022 and June 20, 2023, all non-current assets of the company were located in Pakistan.
- (c) Significant sales are made by Group in the following countries:

	2023	2022
	-----Rupees-----	
Pakistan	3,303,202,504	4,226,670,992
China	812,458,615	932,847,592
Other countries	95,983,155	18,380,055
	<u>4,211,644,274</u>	<u>5,177,898,639</u>

**42. CORRESPONDING FIGURES**

In these consolidated financial statements, the corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation.

**43. DATE OF AUTHORIZATION FOR ISSUE**

These consolidated financial statements were authorized for issue on October 03, 2023 by the Board of Directors of the holding company.



Chief Executive



Chief Financial Officer



Director

NUMBER OF SHARE HOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
197	1	-	100	3,971
400	101	-	500	86,385
634	501	-	1000	356,579
146	1001	-	5000	265,664
7	5001	-	10000	46,250
11	10001	-	15000	125,525
3	15001	-	20000	52,250
4	20001	-	25000	88,090
2	25001	-	30000	55,743
2	30001	-	35000	64,900
1	55001	-	60000	59,948
1	70001	-	75000	71,500
1	105001	-	110000	110,000
1	120001	-	125000	123,250
1	130001	-	135000	130,350
1	135001	-	140000	137,500
1	180001	-	185000	181,500
1	250001	-	255000	250,003
1	585001	-	590000	586,507
1	1440001	-	1445000	1,442,039
1	4330001	-	4335000	4,332,557
1	5525001	-	5530000	5,527,143
1	5755001	-	5760000	5,755,146
<b>1,419</b>				<b>19,852,800</b>

Categories of Shareholders	No. of Shareholders	Shares held	Percentage
<b>Associated Companies, Undertaking and Related Parties</b>	-	-	-
<b>Directors, CFO &amp; their Spouse and Minor Children</b>	08		
Mr. S. M. Mansoor Allawala		4,332,557	21.823
Mr. Rizwan Idrees Allawala		5,527,143	27.841
Mr. Omair Idrees Allawala		5,755,146	28.989
Syed Masud Arif		500	0.003
Ms. Azra Yaqub Vawda		500	0.003
Ms. Aamnah Mansoor		2,000	0.010
Mr. Muhammad Zubair		500	0.003
Mrs. Ambreen Mansoor W/o S. M. Mansoor Allawala		1,442,039	7.264
<b>Executive</b>	-	-	-
<b>Joint Stock Companies</b>	7	2,531	0.013
<b>NIT &amp; ICP</b>	-	-	-
<b>Other</b>	1	550	0.003
<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas &amp; Mutual Funds</b>	4	186,340	0.939
<b>Shareholders holding 5% or more voting interest</b>			
Mr. S. M. Mansoor Allawala		4,332,557	21.823
Mr. Rizwan Idrees Allawala		5,527,143	27.841
Mr. Omair Idrees Allawala		5,755,146	28.989
Ms. Ambreen Mansoor W/o S. M. Mansoor Allawala		1,442,039	7.264

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
Associated Companies, Undertaking, and Related Parties	-	-	-
Directors, CFO & their Spouse & Minor Children	8	17,060,385	85.934
Joint Stock Companies	7	2,531	0.013
Bank, Development Finance Institutions Insurance Companies, Modarabas	4	186,340	0.939
Other	1	550	0.003
Individuals	1,399	2,602,994	13.111
	1,419	19,852,800	100.00



مجھے آپ کے سامنے بورڈ کی مجموعی کارکردگی اور 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے مقاصد کے حصول میں ان کی طرف سے ادا کیے گئے مؤثر کردار کے بارے میں اپنی جائزہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

بورڈ کے چیئر مین کے طور پر، یہ میری ذمہ داری ہے کہ میں کمپنی کی کارپوریٹ گورننس کی نگرانی اور اسے مضبوط کروں۔ زیر جائزہ سال کے لیے، تشخيص کی بنیاد پر، بورڈ کی مجموعی کارکردگی اور تاثیر تسلی بخش رہی ہے۔

بورڈ نے کارپوریٹ گورننس کے اعلیٰ معیار کو یقینی بنانے کے لیے اپنا فرض بخوبی نبھایا کیونکہ کارپوریٹ گورننس کا ایک اچھی طرح سے طے شدہ نظام کارپوریٹ احتساب کو بڑھانے کے لیے بہت ضروری ہے۔

بورڈ نے کمپنی کے مجموعی انتظام، اہم پالیسیوں کی تشکیل، اپنی کارکردگی کا جائزہ لینے اور بورڈ کی کمیٹیوں کے کام کاج کی نگرانی کے حوالے سے اپنی ذمہ داریوں کو بخوبی نبھایا۔ بورڈ کی تشخيص کا مقصد کارپوریٹ گورننس کے بہترین طریقوں کے مطابق اس کی مجموعی کارکردگی اور کمپنی کے معاملات کے طرز عمل کی پیکائش کرنا ہے۔

مناسب نگرانی اور جائزے کے ذریعے، قابل اطلاق قوانین اور ضوابط کی تعمیل کو یقینی بنایا گیا۔ کمپنی کی انتظامیہ نے جھص یا فتنگان کے سرمائے کی حفاظت کے لیے مسلسل کوشش کی۔

بورڈ نے دیگر چیزوں کے ساتھ ساتھ سہ ماہی اور سالانہ مالیاتی گوشواروں، بل کی توسیع، قرض لینے اور بیرونی آڈیٹرز کی تقرری سمیت اور سرمائے کے استعمال پر غور کیا اور منظوری دی۔

آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریویژن کمیٹی نے اپنے فرائض کی انجام دہی میں بورڈ کی مناسب مدد کی۔ ان کمیٹیوں نے مہینگیں کیں اور کارپوریٹ گورننس کے ضوابط کے مطابق بورڈ کو رپورٹ کی۔

بورڈ کارپوریٹ گورننس کے اعلیٰ معیارات کو برقرار رکھتے ہوئے مسلسل اپنے فرائض اور ذمہ داریاں پوری تندہی سے انجام دے رہا ہے۔

جہاں اپنے شیئر ہولڈرز، بینکرز، سپلائرز اور صارفین کا ان کے قابل قدر اعتماد اور تعاون کے لیے تہہ دل سے شکریہ ادا کرتا ہوں اور ملازمین کی جانب سے پیش کی جانے والی گراں قدر خدمات کو سراہتا ہوں۔

بورڈ کے چیئر مین جناب محمد ادریس اللہ والا کا انتقال:

کمپنی کے بانی اور بورڈ کے چیئر مین جناب محمد ادریس اللہ والا 21 دسمبر 2022 کو انتقال فرما گئے۔ کمپنی کے لیے ان کے وژن اور گراں قدر خدمات کو طویل عرصے تک یاد رکھا جائے گا۔ اللہ تعالیٰ انہیں جنت الفردوس میں اعلیٰ مقام عطا فرمائے، آمین

محمد ادریس اللہ والا

چیئر مین

کراچی: 3 اکتوبر 2023





ضروری تصدیقی عمل کے بعد اراکین کو رجسٹر کر لیا جائے گا اور کمپنی کی طرف سے اراکین کی طرف سے موصولہ ای میل پر ویڈیو لنک اور لاگ ان کی تفصیلات ارسال کی جائیں گی۔ لاگ ان کی تفصیلات اجلاس کے اختتام تک 4:05 سے کھلی رہیں گی۔

شمیرز ہولڈرز رجسٹریشن کیلئے بھیجی جانے والی ای میل میں اے جی ایم کے ایجنڈے آئٹمز کیلئے اپنی آراء اور سوالات بھی فراہم کر سکتے ہیں۔

(v) ڈائریکٹر کا انتخاب لڑنے خواہش رکھنے والے اراکین کو اجلاس کی تاریخ سے کم سے کم 14 دن قبل کمپنی کے رجسٹرڈ آفس میں مندرجہ ذیل دستاویزات جمع کرانے ہوں گے۔

- ڈائریکٹر کے عہدے کا انتخاب لڑنے کے ارادہ کانولٹس مع ایکٹ کے تحت فارم 28 پر ڈائریکٹر کی حیثیت سے کام کرنے پر رضامندی کا اظہار۔
  - مذکورہ امور پر اقرار نامہ (نقل رجسٹرڈ آفس سے حاصل کی جاسکتی ہے) جو کوڈ آف کارپوریٹ گورننس 2019 کے تحت درکار ہے۔
  - کمپنی کی ویب سائٹ پر آویزاں کرنے کیلئے دفتر کے پتے اور تفصیلی پروفائل۔
  - کمپیوٹرائزڈ قومی شناختی کارڈ کی مستند مصدقہ نقل۔
  - انتخاب لڑنے کی خواہش رکھنے والا رکن کسی ایک کینڈیگری کا انتخاب کر سکتا ہے جس میں وہ انتخاب لڑنے کا ارادہ رکھتا/رکھتی ہے۔ کمپنی کے ڈائریکٹرز کے انتخاب کے مقصد کیلئے ووٹنگ مخصوص نشستوں کیلئے مندرجہ ذیل تین کینڈیگریوں میں علیحدہ ہوگی۔
  - کوئی رکن جو انتخاب لڑنا چاہتا ہے وہ کسی ایک کینڈیگری کو منتخب کر سکتا ہے جس میں وہ سیٹوں کی مخصوص تعداد کے لیے درج ذیل تین کینڈیگریوں میں انتخاب لڑنے کا ارادہ رکھتا ہے۔
- رکن اپنی صوابدید پر مندرجہ ذیل کینڈیگریوں میں سے ہر ایک کینڈیگری میں انتخاب لڑنے والے کسی امیدوار کو ووٹ ڈال سکتے ہیں۔

نمبر شمار	کینڈیگری	نشستوں کی تعداد	ووٹنگ کا تناسب
1	خاتون ڈائریکٹر	01	1/7
2	آزاد ڈائریکٹرز	02	2/7
3	دیگر ڈائریکٹرز	04	4/7

خود کو انتخاب کیلئے پیش کرنے والے اراکین کی تعداد ہر کینڈیگری میں منتخب ہونے والے ڈائریکٹرز کی تعداد سے زیادہ نہ ہونے کی صورت میں ایسے اراکین ووٹنگ کے عمل کے بغیر بلا مقابلہ منتخب ہو جائیں گے

(vi) کمپنی کمپنیز (پوسٹل بیلت) ریگولیشنز، 2018 کی دفعات کے تحت اپنے اراکین کو انتخاب کیلئے خود کو پیش کرنے والے تمام کاروباری درجوں بطور خصوصی کاروبار اور افراد جن کی تعداد طے کر وہ ڈائریکٹر سے زیادہ ہے، کیلئے ای ووٹنگ یا پوسٹل بیلت کے ذریعے ووٹنگ کا حق فراہم کرے گی۔ اراکین جو ای ووٹنگ کے ذریعے اپنے ووٹ کا حق استعمال کرنا چاہتے ہیں وہ 19 اکتوبر، 2023 یا اس سے قبل اپنے درست نمبر اور ای میل ایڈریس فراہم کریں گے۔

(vii) اراکین سے درخواست کی جاتی ہے کہ وہ ریکارڈ کو اپ ڈیٹ کرنے کیلئے اپنے انٹرنیشنل بینکنگ اکاؤنٹ نمبر (IBAN) مع قومی شناختی کارڈ کی نقل فراہم کریں۔ عدم تعمیل کی صورت میں مستقبل میں منافع منقسمہ کی تمام ادائیگیاں روک دی جائیں گے۔

(viii) کمپنیز ایکٹ 2017 کے سیکشن 72 کے تحت تمام ہر کمپنی کیلئے ضروری ہے کہ وہ کمپنیز ایکٹ 2017 کے نفاذ کی تاریخ سے چار سال کے اندر فیزیکل شمیرز کو بک انٹری فارم میں منتقل کریں۔

سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان نے اپنے سرکرنر نمبر CSD/ED/Misc./2016-639-640 بتاریخ 26 مارچ، 2021 میں لسٹڈ کمپنیوں کو توجہ دی ہے کہ وہ اپنے ایسے تمام اراکین جو فیزیکل شکل میں حصص رکھتے ہیں، انہیں اپنے حصص بک انٹری شکل میں تبدیل کرنے کیلئے قائل کریں۔

فیزیکل حصص رکھنے والے حصص یافتگان اپنے فیزیکل حصص کو سکرپ لیس فارم میں منتقل کرنے کیلئے کسی بھی بروکر کے ساتھ CDC ذیلی اکاؤنٹ کھولیں یا انویسٹر اکاؤنٹس کھول سکتے ہیں۔ اس امر سے انہیں کئی سہولیات حاصل ہوں گی یعنی محفوظ سٹوری، شمیرز کی فروخت جب بھی وہ چاہیں چونکہ فیزیکل شمیرز کی تجارت پاکستان اسٹاک ایکسچینج کے موجودہ ریگولیشن کے تحت ممنوع ہے۔



پذیرید نوٹس ہذا مطلع کیا جاتا ہے کہ ادریس ٹیکسٹائل ملز لمیٹڈ کے حصص یافتگان کو 34 واں سالانہ اجلاس عام بروز جمعہ 27 اکتوبر، 2023 شام 4:15 پر بمقام میٹنگ روم ایٹھیس ان کراچی، 100-B، ایس۔ ای۔ سی۔ ایچ۔ ایس نرسری مین شاہراہ فیصل کراچی، میں مندرجہ ذیل کاروباری امور کی انجام دہی کیلئے منعقد ہوگا۔

### عمومی کاروبار

1. 27 اکتوبر، 2022 کو منعقد آخری سالانہ اجلاس عام کی کارروائی کی توثیق
2. 30 جون 2023ء کو مکمل ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ حسابات معہ چیئر مین، ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔
3. 30 جون 2024ء کو مکمل ہونے والے سال کیلئے آڈیٹرز کی تقرری اور ان کے مشاہیرہ کا تعین۔ موجودہ آڈیٹرز میسرز یوسف عادل چارٹرڈ اکاؤنٹنٹ نے مدت معاہدہ ختم ہونے کے بعد اور اہلیت کی بنا پر خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔
4. کمپنیز ایکٹ 2017 کے سیکشن (1) 159 کے تحت بورڈ آف ڈائریکٹرز کی طرف سے طے کردہ سات (7) ڈائریکٹرز کا تین سال کی مدت کیلئے انتخاب۔ سبکدوش ہونے والے ڈائریکٹرز کی فہرست درج ذیل ہے۔

1.	جناب ایس ایم منصور اللہ والا	5.	سید مسعود عارف
2.	جناب رضوان ادریس اللہ والا	6.	مس عذرا یعقوب واوڈا
3.	جناب عمیر ادریس اللہ والا	7.	جناب محمد زبیر
4.	جناب آمنہ منصور		

### خصوصی امور

5. سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان کی طرف سے 21 مارچ، 2023 کو جاری کردہ آر آد 2023/1(389) کے تقاضوں کی تعمیل میں کمپنی کے سالانہ آڈٹ شدہ مالی گوشواروں کی کیو آر کوڈ اور ویب لنک کے ذریعے ترسیل کیلئے اراکین کی منظوری حاصل کرنا۔
6. کمپنیز ایکٹ 2017 کے سیکشن (3) 134 اور (3) 166 کے تحت درکار مادی حقائق کا بیان اجلاس کے نوٹس کے ہمراہ کمپنی کے اراکین کو ارسال کر دیا گیا دیگر امور کی انجام دہی جو چیئر مین کی اجازت سے اجلاس میں پیش کئے جاسکتے ہیں۔

بحکم بورڈ  
سید شاہد سلطان  
کمپنی سیکرٹری

کراچی  
03 اکتوبر 2023

### نوٹس

- (i) حصص یافتگان سے درخواست ہے کہ ان کے پتے میں کسی بھی تبدیلی سے متعلق فوری طور پر مطلع کریں
  - (ii) کمپنی کی حصص منتقلی کی کتب 19 اکتوبر، 2023 تا 27 اکتوبر، 2023 بند رہیں گے (بشمول دونوں دن)
  - (iii) سالانہ اجلاس عام میں شرکت اور رائے دہی کا استحقاق رکھنے والا کوئی بھی رکن اپنی طرف سے میٹنگ میں شرکت کرنے، بولنے اور رائے دہی کیلئے پراکسی کو مقرر کر سکتا ہے۔ پراکسی فارم کمپنی کے رجسٹرار آفس میں اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے موصول ہونا چاہیے۔
  - (iv) سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان کی طرف سے جاری کردہ سرکل نمبر 1 بتاریخ 26 جنوری، 2000 میں بیان کردہ ہدایات پر عمل درآمد کرنا ہوگا۔ کسی کاروباری ادارے کی نمائندگی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ بمعہ نامزد فرد کے دستخط کے نمونے پراکسی فارم کے ہمراہ پیش کرنا ہوگا
- حصص یافتگان جو ویڈیو کانفرنس کے ذریعے سالانہ اجلاس عام میں شرکت کے خواہشمند ہیں وہ براہ کرم 21 اکتوبر، 2023 یا اس سے قبل مندرجہ ذیل معلومات secretary@idreestextile.com پر ای میل کے ذریعے ارسال کر کے خود کو رجسٹر کروائیں

شیر ہولڈر کا نام	شناختی کارڈ نمبر	فولیو / سی ڈی سی نمبر	موبائل نمبر	رجسٹرڈ ای میل ایڈریس

سیکرٹری  
اورینٹیکسٹائل لمیٹڈ  
اسٹیل سینٹر، پہلی منزل  
6-C، سینٹرل کمرشیل ایریا  
بہادر آباد، کراچی - 74800

میں/ہم \_\_\_\_\_  
ساکن \_\_\_\_\_  
بحیثیت رکن اورینٹیکسٹائل لمیٹڈ مقرر کرتا ہوں/کرتے ہیں مسمیٰ/مسماة \_\_\_\_\_  
ساکن \_\_\_\_\_  
کو یا ان کی غیر حاضری میں مسمیٰ/مسماة \_\_\_\_\_  
ساکن \_\_\_\_\_

کو جو خود بھی اورینٹیکسٹائل لمیٹڈ کا رکن ہے کہ وہ بطور میرا/ہمارا مختار نامہ (پراکسی) اورینٹیکسٹائل لمیٹڈ کے ۳۳ ویں سالانہ اجلاس عام میں جو بروز جمعہ، ۲۷ اکتوبر ۲۰۲۳ کو منعقد ہو رہا ہے، یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری/ہماری جگہ میری/ہماری طرف سے حق رائے دہی استعمال کرے۔

بطور گواہ میرے دستخط آج مورخہ \_\_\_\_\_ ۲۰۲۳ جاری ہوا۔  
دستخط متعلقہ پراکسی \_\_\_\_\_ کی موجودگی میں۔

گواہ ۱	گواہ ۲
دستخط _____	دستخط _____
نام _____	نام _____
پتہ _____	پتہ _____

ممبر فوئیو نمبر \_\_\_\_\_ CDC شراکت داری نمبر \_\_\_\_\_ I.D./Sub A/c No.

شناختی کارڈ نمبر

ہدایات : یہ مختار نامہ (پراکسی فارم) مکمل پر شدہ اور پانچ روپے کی ریویونیٹکٹ پر دستخط شدہ کمپنی کے رجسٹرڈ دفتر میں اجلاس منعقد ہونے سے کم از کم ۴۸ گھنٹے قبل جمع کرنا ضروری ہے۔







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