



COLONY
TEXTILE MILLS

L I M I T E D

ANNUAL REPORT
2023



In the Name of Almighty Allah The Most Beneficent
The Most Merciful

COLONY TEXTILE MILLS LIMITED
ACCOUNTS FOR THE YEAR
ENDED
JUNE 30, 2023

Vision



To explore and create opportunities, remain at the forefront of innovation and meet the expectations of stakeholders at every stage, every year, while remaining humble in perception and true to our values.

Mission



To take Colony to new heights with an eye on the future; for the business, for our employees and for our stakeholders.

Business Ethics and Practices

Our Core business is to produce and supply of Textile Products to local and international customers with best quality standards and efficient services. Customer satisfaction being our top priority, we follow the under mentioned business practices for the achievement of the desired results of customer satisfaction.

HUMAN RESOURCE DEVELOPMENT

We believe in individual respect and growth. Our employment and HR policies develop individuals without race, religion, gender or any discrimination factor. We provide equal opportunities to all the employees under a team based working environment. We provide all the possible support to all our employees to enhance their knowledge and vision keeping in view of their own limitations.

SOCIAL AND COMMUNITY COMMITMENTS

We believe in community development. We contribute our resources, both financial and ethical, in supporting all the deserving individuals of the society. We feel it is our responsibility to play our role in the development of the society and do maximum within our own limitations for the community at large.

RISK MANAGEMENT

Our risk management policies are geared to enhance share holders worth, improve credit worthiness and minimize credit risk while diversifying income, along with suppliers and customers base. We strongly believe in having an excellent relationship with our financial institutions as we take them as our business partners.

TRANSPARENT FINANCIAL POLICIES

Our financial polices are based on the principal of fairness and transparency. We are following all the applicable laws and best accounting practices while preparing the financial statements for the stakeholders.

CORPORATE GOVERNANCE

We as a responsible corporate citizen strongly adhere to the Corporate Governance principles and comply with the regulatory obligations enforced by regulatory agencies for improving corporate performance. We believe in up rightness of performance and expect it to be a fundamental responsibility of our employees to act in the best interest of the company without compromising on the rules and regulations enforced by the regulators.

MARKETING AND INDUSTRY PRACTICES

All our marketing polices are customer focused. We believe in One Window Solution and customer satisfaction. Our marketing policy is only based on these two parameters and to achieve this we ensure best quality and efficient response to customers. As a long term marketing strategy we are focusing on diversification, value addition of our products while making a close liaison with markets, customers and their needs.

Contents

Company Information	5
Notice of Annual General Meeting	7
Chairman's Review	12
Directors' Report to the Members	13
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019	20
Independent Auditors' Review Report	22
Independent Auditors' Report	23
Statement of Financial Position	28
Statement of Profit or Loss	30
Statement of Comprehensive Income	31
Statement of Cash Flows	32
Statement of Changes in Equity	33
Notes to the Financial Statements	34
Consolidated Independent Auditors' Report	68
Consolidated Statement of Financial Position	72
Consolidated Statement of Profit or Loss	74
Consolidated Statement of Comprehensive Income	75
Consolidated Statement of Cash Flows	76
Consolidated Statement of Changes in Equity	77
Consolidated Notes to the Financial Statements	78
Pattern of Shareholding Report	110
Financial Highlights	115
ڈائریکٹرز رپورٹ	124
Form of Proxy	125

Company Information

Board Of Directors

Mr. Mughis A. Sheikh	(Chairman)
Mr. Fareed Mughis Sheikh	(Chief Executive Officer)
Mr. Muhammad Tariq	
Mr. Muhammad Atta ullah Khan	
Mr. Muhammad Ashraf Saif	
Mr. Abdul Hakeem Khan Qasuria	
Mrs. Noshaba Faiz	

Board Committees

Audit Committee

Mr. Abdul Hakeem Khan Qasuria	(Chairman)
Mrs. Noshaba Faiz	
Mr. Muhammad Ashraf Saif	

HR & Remuneration Committee

Mr. Muhammad Atta ullah Khan	(Chairman)
Mr. Muhammad Ashraf Saif	
Mr. Abdul Hakeem Khan Qasuria	

Other Management Committees

Executive Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Muhammad Atta ullah Khan	

Technical Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Tariq	
Mr. Noor Khan	

Finance Committee

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Atta Mohyuddin Khan	
Mr. Bilal Ahmad Khan Niazi	

Social Compliance & Human Resource Committees

Mr. Fareed Mughis Sheikh	(Chairman)
Mr. Muhammad Atta ullah Khan	
Mr. Atta Mohyuddin Khan	

Company Information

Chief Financial Officer

Mr. Atta Mohyuddin Khan

Company Secretary

Mr. Muhammad Tayyab

Auditors

Ilyas Saeed & Co.
Chartered Accountants

Legal Advisor

BNR
Advocates and Corporate Counsel

Tax Advisor

Riaz Ahmad & Company
Chartered Accountants

Registered Address

Ismail Aiwan-e-Science Building
205 Ferozepur Road, Lahore-54600
Phone : 042-35758970-2
Fax : 042-35763247
Email : corporate@colonytextiles.com
Website: www.colonytextiles.com

Share Registrar

Hameed Majeed Associates (Pvt.) Limited
HM House, 7 Bank Square
Lahore.
Phone: (042) 37235081-2, Fax: 042-37358817
Email : shares@hmaconsultants.com

Bankers

Bank Islami Pakistan Limited
Meezan Bank Limited
Faysal Bank Limited
Habib Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Silk Bank Limited
The Bank of Punjab
United Bank Limited
Summit Bank Limited

Notice of Annual General Meeting

Notice is hereby given that the 13th Annual General Meeting of Colony Textile Mills Limited will be held on Thursday, October 27, 2023 at 10:00 hours at Ismail Aiwan-e-Science Building, 205-Ferozepur Road, Lahore to transact the following business:

1. To confirm the minutes of 12th Annual General Meeting held on October 27, 2022.
2. To receive, consider and adopt the Annual Audited Un-consolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2023 together with Directors' and Auditors' Reports thereon.
3. To appoint the Company's Auditors and to fix their remuneration for the next Financial Year 2023-24.
4. To elect seven (07) directors as fixed by the Board of Directors u/s 159(1) of the Companies Act, 2017. The retiring directors are:
 - I. Mr. Mughis A. Sheikh
 - ii. Mr. Muhammad Tariq
 - iii. Mr. Muhammad Atta Ullah Khan
 - iv. Mr. Fareed Mughis Sheikh
 - v. Mr. Muhammad Asharf Saif
 - vi. Mr. Abdul Hakeem Khan Qasuria
 - vii. Mrs. Noshaba Faiz

Special Business

5. To consider and approve the sale of StitchRite (Private) Limited ("SR"), the Company's 100% subsidiary, to the highest bidders (Mr. Ismaeel Fareed Sheikh and Mr. Shahmeel Fareed Sheikh - related parties) declared by the Board as per its policy and to pass the following resolutions with or without amendments as a special resolutions:

RESOLVED that the transaction of sale of StitchRite (Private) Limited ("SR"), the Company's 100% subsidiary, to the highest bidders (Mr. Ismaeel Fareed Sheikh and Mr. Shahmeel Fareed Sheikh - related parties) be and is hereby approved.

FURTHER RESOLVED that the Chief Executive and / or Secretary of the Company be and is/are hereby authorized to comply with the legal and corporate formalities relating to this transaction and effectuate this resolution.

6. To approve transmission of Annual Audited Financial Statements to the Company's Shareholders through QR enabled code and weblink as allowed by the SECP via S.R.O. No. 389(I)/2023 dated March 21, 2023 and to consider and if deemed fit pass the following special resolution.

RESOLVED that the approval be and is hereby accorded and the Company is authorized to circulate the annual financial statements to shareholder through Quick Response (QR) enabled code and web-link instead of sending these through CD/DVD/USB, subject to the requirements of Notification No. S. R.O 389(1)/2023 of the Securities & Exchange Commission of Pakistan dated March 21, 2023".

7. Any other business with the permission of Chairman.
Statement of Material Facts as required under Section 134(3) and 166(3) of the Companies Act, 2017 concerning the special business and the manner of selection of Independent Directors is annexed.

By Order of the Board

Muhammad Tayyab
Company Secretary
Lahore:
October 06, 2023

Notice of Annual General Meeting

NOTES:

1. Pursuant to the instructions of Securities and Exchange Commission of Pakistan (SECP) facility of online meeting through Zoom Platform is also available for shareholders to attend Annual General Meeting to avoid the public gathering in order to protect the health of valued shareholders' and their well-being. To attend the General Meeting through video link, members and proxies are requested to register their particulars such as Name, CNIC Number, Folio/CDC Account Number, Cell Number and eMail Address by sending an e-mail at corporate@colonytextiles.com at earliest but not later than 48 hours before the Meeting time with legible copy of valid CNIC/Passport.
The video link and login credentials will be shared with the shareholders whose e-mails, containing all the requested particulars, are received in time as mentioned above. The shareholders are also encouraged to send their comments / suggestions, related to the agenda items of the General Meeting on the above-mentioned e-mail address.
2. The Share Transfer Books of the Company will remain closed from October 20, 2023 to October 27, 2023 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Hameed Majeed Associates (Private) Limited, H.M. House, 7-Bank Square, Lahore, at the close of business on October 19, 2023 will be considered in time to determine voting rights of the shareholders for attending the meeting.
3. A member eligible to attend, speak and vote at meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. The proxy, in order to be effective, must be properly filled in and received at the Company's Registered Office not later than 48 hours before the scheduled time of meeting.
4. The Shareholders are requested to have their Folio/Account details (Participant ID and Sub-account) and original CNIC for identification purpose, readily available with them, at the time of meeting. In case of a Corporate Entity, Resolution of the Board of Directors or Power of Attorney with specimen signatures of the nominee should be produced.
5. Members holding in aggregate 10% or more shareholding residing at a geographical location may demand video conference facility. Provided that such request should reach the Company at least seven days prior to the date of general meeting with his complete particulars.
6. Any person who intends to contest the election to the office of Directors, file a notice of his/her intention to contest the election as Director. The said notice is required to be received by the Company at its Registered Office at Ismail Aiwan e Science Building, 205-Ferozpur Road, Lahore not later than 14-days before the date of Annual General Meeting. The intention to contest the election of directors must accompanied with the following:
 - a) Consent of the candidate to act as director on Form 28 in terms of Section 167 of the Companies Act, 2017 duly filled and signed.
 - b) His/her folio no. /CDC Investor Account No. / CDC Participant No. / Sub-Account No.
 - c) A detailed profile along with his/her office address as required by the Securities and Exchange Commission of Pakistan vide its notification S.R.O. 1196(I)/2019 dated October 03, 2019.
 - d) Declaration that He/she is not ineligible to become a Director of a listed company under Section 153 of the Companies Act, 2017 and any other applicable laws and regulations.
 - e) In case of Independent Director, Declaration under clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 on non-judicial stamp paper that he/she qualifies the criteria of independence as stipulated under Section 166 of the Companies Act, 2017.
 - f) Confirmation of candidate that he/she is not serving as director in more than seven listed companies simultaneously, provided that his/her limit shall not include the directorship in the listed subsidiaries.
 - g) An attested and valid copy of CNIC and contact/ mailing details.
 - h) Desirous candidate may contact the company at corporate@colonytextiles.com for any queries or assistance.

Notice of Annual General Meeting

7. Election of Directors shall be held in following each category. Accordingly, a member who seeks to contest for election may select any one category in which he / she intends to contest election of directors.
- | | | |
|----|----------------------|------------|
| a) | Female Category | One Seat |
| b) | Independent Category | Two Seats |
| c) | Other Directors | Four Seats |

8. The member in their discretion may vote to any candidate consenting in each of the above categories. It must, however, be noted that division of votes available to each member for the category shall be in the proportion to the number of seats of directors under each category, which is as follows:

a)	Female Category	One Seat	1/7 votes
b)	Independent Category	Two Seats	2/7 votes
c)	Other Directors	Four Seats	4/7 votes

9. Members of the Company can exercise their right to demand a poll subject to sections 143 and 144 of the Companies Act, 2017 and the applicable clauses of the "Companies (Postal Ballot) Regulations, 2018" (the "Regulations"). The right to vote through electronic voting facility and voting by post shall be provided to members of company for, inter alia, all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations.

Procedure for E-Voting

- i. Detail of E-Voting facility will be shared through e-mail with those members of the company who have valid cell numbers / e-mail addresses available in the Register of Members of the Company by the end of business on October 19, 2023.
- ii. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of Hameed Majeed Associates (Pvt) Limited (being the e-voting service provider).
- iii. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- iv. E-Voting lines will start from 24-10-2023, 09:00 a.m. and shall close on 26-10-2023 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is casted by a Member, he / she shall not be allowed to change it subsequently.

Procedure for Voting Through Postal Ballot

The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address Ismail Aiwana Science Building, 205-Ferozpur Road, Lahore, Pakistan or email at chairman@colonytextiles.com one day before the Annual General Meeting on 26-10-2023 up to 5 p.m. The signature on the ballot paper shall match the signature on CNIC. This postal Poll paper is also available for download from the website of the Company at www.colonytextiles.com or use the same as attached to this Notice and published in newspapers. Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding authority. E-voting Service Provider: CDC Share Registrar Services Limited.

10. The Annual Financial Statements are being transmitted to Shareholders through DVD and also have been placed at website of the Company at www.colonytextiles.com. However, the company shall send printed copy of its Financial Statements to desirous Shareholders within a week of such request.
11. Shareholders having physical shares are requested to open sub-account with any of the broker or Investor account directly with CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, at any time they want, as the trading of physical shares is not permitted as per existing regulations of the stock exchange.
12. Shareholders are advised to:
- a) Send valid copy of CNIC/NICOP, if not provided earlier to our Share Registrar.
 - b) Notify any change of address immediately, if any.

Notice of Annual General Meeting

Statement Under Section 166(3) Of The Companies Act, 2017

The Term of Office of the Retiring Directors will expire on October 31, 2023 and the Board of Directors of Colony Textile Mills Limited ("the Company") will be re-constituted for the next term of three years by electing seven (7) directors including two (2) independent directors and one (1) female director in Annual General Meeting to be held on October 27, 2023. Section 166(3) 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 the appointee for appointment as Independent Director. Pursuant to the above-mentioned provision, Independent Directors will be elected through the process of election of directors as laid down under Section 159 of the Companies Act, 2017. The Company will ensure that the Independent Directors to be elected meet the criteria set out for independence under Section 166 of the Companies Act, 2017 and regulations issued thereunder and their names are listed on the data bank of Independent Directors maintained by Pakistan Institute of Corporate Governance. The Company while selecting Independent Directors shall assess respective competencies, diversity, skill, knowledge and experience of the Candidate. The candidates are requested to read the relevant provisions/requirements relating to the Appointment/Election of Directors, as mentioned in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 and ensure compliance with the / same in letter and spirit. 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. None of the Directors have direct or indirect interest in the above said business, except as shareholders and that they may consent for election of directors.

Statement Under Section 134(3) Of the Companies Act, 2017

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 27, 2023.

Item No. 5 of the Agenda - Sale of wholly owned Subsidiary

The statement sets out the material facts concerning the Special Business, given in the agenda item No. 5 of the Notice that will be considered by the members.

The board has decided to sale the 100% owned subsidiary of Colony Textile Mills Limited, engaged in business of garments manufacturing, namely StitchRite (Private) Limited. Bids were called by the management of the Company from private investors. The highest bid was received at Rs. 170,000,000 from Mr. Ismaeel Fareed Sheikh and Mr. Shameel Fareed Sheikh, who are related to chief executive / director, and the chief executive / director has recused himself from voting on the resolution in which this bid was considered and approved.

i)	Name of the subsidiary	StitchRite (Pvt) Limited; a 100% subsidiary of Colony Textile Mills Limited
ii)	Cost and book value of investment in subsidiary	Cost: Rs. 160 million Book Value: Rs. 160 million
iii)	Total market value of subsidiary based on value of the shares of the subsidiary company: a) In case of listed subsidiary company : quoted price of shares of subsidiary on day of decision of the board for disposal; b) In case of non-listed subsidiary: Value determined by a registered valuer, who is eligible to carry out such valuation along with name of the valuer.	N.A. Valuation was conducted by HLB Ijaz Tabussum & Co., Chartered Accountants. Value was determined/assessed at Rs. 166,240,000 (Rupees 10.39 per share).
iv)	Net worth of subsidiary as per latest audited financial statements and subsequent interim financial statements, if available;	Net worth as per Audited Accounts of June 30, 2023 is Rs. 156,748,233. Interim Accounts of the Subsidiary are not applicable after the audited Accounts of 30 June 2023.
v)	Total consideration for disposal of investment in subsidiary, basis of determination of the consideration and its utilization;	Consideration for disposal is Rs. 170,000,000 .The management entrusted HLB Ijaz Tabussum & Co., Chartered Accountants to work out the value of the business, based on which a floor of Rs. 166,240,000 was decided invited privately and the highest bidder was selected by the board. Funds from the sale of the subsidiary will be utilized to settle the liabilities of the Company.
vi)	Quantitative and qualitative benefits expected to accrue to the members.	A capital gain of Rs. 10,000,000 will arise, improving EPS of the Company. Disposal will allow the management to concentrate on its core business of Spinning and Weaving.

Item No. 6 of the Agenda - Circulation of Annual Audited Financial Reports through QR enabled Code and Weblink

The Securities and Exchange Commission of Pakistan vide its S.R.O. 389(I)/2023 dated March 21, 2023 has allowed companies to circulate annual audited financial statements to its members through QR enabled code and Weblink. In order to benefit the use of technology, the Board of Directors of Imperial Limited ("the Company") in its meeting held on October 5, 2023 has recommended the transmission of Annual Reports including Audited Financial Statements of the Company to its members through QR enabled code and Weblink instead of transmitting the same through CD/DVD/USB. However, hard copy of the annual audited financial statements will be supplied to the shareholders, on demand, at their registered addresses, free of cost, within one week of receipt of such demand.

The documents pertaining to foregoing special businesses are available for inspection at the registered office of the Company on any working day upto October 27, 2023 during business hours and also at the time of General Meeting. None of the Directors of the Company have any direct or indirect interest in this special business except in their capacity as Shareholders or Directors of the Company.



BALLOT PAPER FOR VOTING THROUGH POST COLONY TEXTILE MILLS LIMITED

Ismail Aiwan-e-Science Building, 205-Ferozpur Road, Lahore
Tel: 042-35758970-2 Website: www.colonytextiles.com

**Ballot Paper For voting through Post for Poll to be held on
October 27, 2023 At 10:00 a.m. At Ismail Aiwan-e-Science Building, 205-Ferozpur Road, Lahore.**

Designated email address of the Chairman at which duly filled in ballot paper may be sent: chairman@colonytextiles.com

Name of shareholder/joint shareholders	
Registered Address	
Folio No./CDC Participant / Investor ID with sub account No.	
Number of shares held	
CNIC, NICOP / Passport No.(in case of foreigner) (copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government)	
Name of Authorized Signatory	
CNIC, NICOP / Passport No.(in case of foreigner) of Authorized Signatory (copy to be attached)	

I/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the appropriate box below:

Special Resolutions
<p>Agenda Item 5. To consider and approve the sale of StitchRite (Private) Limited ("SR"), the Company's 100% subsidiary, to the highest bidders (Mr. Ismaeel Fareed Sheikh and Mr. Shahmeel Fareed Sheikh-related parties) declared by the Board as per its policy and to pass the following resolutions with or without amendments as a special resolutions:</p> <p>RESOLVED that the transaction of sale of StitchRite (Private) Limited ("SR"), the Company's 100% subsidiary, to the highest bidders (Mr. Ismaeel Fareed Sheikh and Mr. Shahmeel Fareed Sheikh - related parties) be and is hereby approved.</p> <p>FURTHER RESOLVED that the Chief Executive and / or Secretary of the Company be and is/are hereby authorized to comply with the legal and corporate formalities relating to this transaction and effectuate this resolution.</p> <p>Agenda Item 6 . To approve transmission of Annual Audited Financial Statements to the Company's Shareholders through QR enabled code and weblink as allowed by the SECP via S.R.O. No. 389(I)/2023 dated March 21, 2023 and to consider and if deemed fit pass the following special resolution.</p> <p>RESOLVED that the approval be and is hereby accorded and the Company is authorized to circulate the annual financial statements to shareholder through Quick Response (QR) enabled code and web-link instead of sending these through CD/DVD/USB, subject to the requirements of Notification No. S. R.O 389(1)/2023 of the Securities & Exchange Commission of Pakistan dated March 21, 2023".</p>

I/we hereby exercise my/our vote in respect of the above resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the appropriate box below:

Signature of Shareholder/Proxy

(in case of Corporate Entity, please affix company stamp)

Joint Holder 1 (if any)

Joint Holder 2 (if any)

Place:

Date:

Notes / Instructions:

- Please fill the above Form carefully.
- Dully filled postal ballot should be sent to Chairman (Ismail Aiwan-e-Science Building, 205-Ferozpur Road, Lahore, E-Mail at chairman@colonytextiles.com)
- Clear and valid Copy of CNIC should be enclosed with the postal ballot form.
- Postal ballot forms should reach chairman of the meeting on or before October 26, 2023 during business hours. Any postal ballot received after this date and time, will not be considered for voting.
- Signature on postal ballot should match with signature on CNIC.
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.

CHAIRMANS' REVIEW

The Board of Colony Textile Mills Limited consists of:

Mr. Mughis A. Sheikh (Chairman)
 Mr. Fareed Mughis Sheikh (Chief Executive Officer)
 Mr. Muhammad Tariq
 Mr. Muhammad Attaullah Khan
 Mr. Abdul Hakeem Khan
 Mr. Ashraf Saif
 Mrs. Noshaba Faiz

I am pleased to present the report on the overall performance of the board and effectiveness of its role in achieving the company's objectives as well as ensuring overall compliance of Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations 2017. I would take this opportunity to invite you for the Annual General Meeting of the company.

The board members are aware of the high level of ethical and professional standards laid down in our Mission and Vision Statements which are adopted by the company and fully support the same in attaining the objectives detailed there in. While leading the board, I have ensured it, so that maximizes value for the company in all spheres.

The composition of Board of Directors reflects mix of varied backgrounds and rich experiences in the fields of business, finance, banking and human resource.

The board is responsible for management of the company, formulates all significant policies and strategies. The board acknowledge its responsibility for Corporate and Financial Reporting Framework and is committed to good Corporate Governance. The Board is aware of the importance of its role in achieving the objectives of the company and devoted and focused towards company's values, mission and vision.

During the year, the Board of Directors focused on future strategies and on setting the operational and financial goals. The Board regularly tracked the progress against the budgeted targets. The Subcommittees of the Board also performed their functions as per their terms of reference during the year under review. The Board carried out reviews of its effectiveness and performance during the year which have been satisfactory.

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

During the financial year 2022-23, the board met seven times. These meetings were conducted as per best practices and complying with all the regulatory requirements. In order to achieve the corporate objective, the board strictly monitored the performance of the sub committees to get maximum output. The board also monitored the quality standards of the company's products, compliance with best corporate practices and governance, stable and continual growth, encouraging diversity and ethical behavior and development of skills to attain advancement and excellence. The board is also well aware of its responsibilities for health safety and environment. We are very much satisfied with our efforts towards corporate social responsibility and are motivated to further extend it.

During the year, the board considered and approved, among other things, quarterly and annual financial statements, appointment of external auditors and other financial matters.

The board strictly adhered to the guidelines issued by the corporate regulators while conducting the general and board meetings, publication of notices circulation of minutes and organizing CAB session for investor community.

On behalf of the Board, I would like to express our sincere gratitude to the company's employees at all levels for their dedicated efforts and efficiency. We wish to put on record our thanks for the cooperation and support extended by the shareholders, the company's banks, customers and suppliers of the company and hope their support will continue in the future with same spirit.

Abdul Hakeem Khan Qasuria
 Chairman
 October 06, 2023

Directors' Report to the Members

On behalf of the Board of Directors, We present before you the annual report of the company along with audited financial statements for the year ended June 30, 2023. In compliance with the Code of Corporate Governance, these financial statements have been endorsed by the Chief Executive Officer and Chief Financial Officer of the company, recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

Your company has achieved sales of Rs. 20,853 million as compared to the last year sales of Rs. 30,817 million. The gross loss for the year is Rs. 603 million against previous year's gross profit of Rs. 2,884 million. The bottom line showed a net profit of Rs. 824 million with earnings per share of Rs 1.66 as compared to the net profit of Rs. 286 million with earnings per share of Rs. 0.57 for the last year.

This year was simply a disaster. All aspects of the economy were in a tailspin! Starting from all time high interest rates to strangling cost of energy has simply paralyzed the industry. All time high volatility in the Rupee exchange rates and non-availability of foreign exchange not only dried the pipe line for imported raw material and life line consumable items but made their prices totally unviable. All inputs sky rocketed and the domestic markets just did not have the strength to sustain this onslaught. Highest ever inflation, political uncertainty and law and order situation worsened and people became more concerned about their sustenance rather than buying the next piece of cloth.

Contrary to the previous year, not only the sales but the margins of the company have been significantly eroded. Due to cash flow constraints and huge losses we were forced to shut down significant capacities and even the operational capacities operated very inefficiently making the situation worse and resulting in these dismal results.

Although Pakistan's economy has always had a volatile growth pattern over the years, with regular boom and bust cycles but this is the worst time in the history of the country.

The principal activities of the company are manufacturing and sale of yarn, fabrics, garments made ups and trading in real estate.

SPINNING SEGMENT

The turnover of the spinning sector has significantly decreased as compared with the corresponding year and resultantly the financial performance of the division has been extremely disappointing. Back breaking energy tariffs, record high financial cost, unprecedented raw material prices, exceptionally high inflation and uncertain political and economic environment are the biggest challenges for the textile industry. The local market just does not have the depth to absorb all these shocks and has just crumbled under pressure. Numerous mills have either closed down or curtailed substantial capacities but no respite is in sight.

The environment is catastrophic for the domestic spinning sector and unless immediate measures are taken by the government, there is no doubt that the whole chain will come to a complete halt!

WEAVING SEGMENT

The weaving division is also plagued with all the same challenges as stated above and margins have simply disappeared. Matters have become even worse for this segment as our machines have become old and unable to compete in this highly cut-throat environment. Due to ever depleting cash flow we were unable to feed our looms properly resulting in dismal performance, capacity closure and inefficiency.

Our exports in weaving also suffered greatly due to our cash flow issues, national crises and slacking international demand.

We foresee tough times ahead as no solutions are in place to mitigate the situation.

REAL ESTATE SEGMENT

There is no movement/activity in real state segment during the year.

Directors' Report to the Members

STITCHRITE (PRIVATE) LIMITED- A WHOLLY OWNED SUBSIDIARY

Even though productions are gradually stabilizing and new customers are being introduced at this wholly owned subsidiary; we are fearful that we would not be able to unlock the full potential of this segment due to the huge challenges at hand. Colony Textile Mills Limited has increased the paid-up capital of subsidiary from Rs. 130 million to Rs. 160 million during the year.

DIRECTORS' LOAN

The Sponsor Directors are truly committed to the well-being of the company, interest free Sub-ordinated loan of Rs. 120 million from an Executive Director still exists to support this financial situation.

DIVIDEND

Considering the financial results of the company for the year ended June 30, 2023 the management has not recommended any dividend in this year.

NON FINANCIAL PERFORMANCE

Quality, customer's satisfaction, employee's development and professional standards are key areas where management has been taken measures to improve them. The company is currently producing and supplying high quality products which ensure maximum satisfaction of customers. During the year the company has conducted various performance appraisals for the development of existing human capital. The company is maintaining a highly satisfactory relationship with all stakeholders. The company has formed various committees which are responsible for the effective monitoring of key areas.

FUTURE OUTLOOK

Businesses are currently focusing on survival rather than growth. The textile industry in Pakistan is currently facing a severe economic crisis. Unfortunately, several textile mills have fully or partially shut down their operations as a result of unbearable energy costs, all time high interest rates, prohibitive raw material prices and foreign currency crises. Current political uncertainty and law and order situation resulting from highest inflation and unemployment is not only hemorrhaging domestic demand but also making foreign customers shy away from bringing business to Pakistan. Besides this our country is facing huge issues like mounting debt, limited foreign exchange reserves, energy short fall, widening trade deficit, rising borrowing cost, high inflation etc. To make matters worse, International demand is diminishing and severe competition in the global market from China, Bangladesh, Vietnam, India, Thailand etc. is making the situation unbearable. Unfortunately, the policies of the government especially towards textile sector and generally towards other businesses is not very conducive for which we foresee no significant improvement in the near future.

Although challenges are at an all-time high but we are committed to perform in best manner possible and add value for our stakeholders and meet the long-term goals of the company. We persevere day and night to improve the quality of our products and root out inefficiencies while reducing our cost and overheads and developing our human capital.

SAFETY, HEALTH AND ENVIRONMENT

The company maintains working conditions which are safe and without risk to the health of all employees and public at large. Our focus remains on improving all aspects of safety specially with regards to the safe production, delivery, storage and handling of the materials. Your company always ensures environmental preservation and adopts all possible means for environment protection.

CORPORATE SOCIAL RESPONSIBILITY

Your company has very distinct Corporate and Social Responsibility (CSR) policy in fulfilling its responsibilities of securing the community within which it operates. We add substantially to the national exchequer through the payment of various taxes, duties and levies and our export earnings contribute in country's foreign exchange position. We pride ourselves for being an equal opportunity employer.

Directors' Report to the Members

AUDIT COMMITTEE

This is the most prime and effective committee of the Board. It has a vital role in the compliance of internal controls to ensure safeguard of all the interest of the company, through monitoring of internal audit functions, risk management policies in the light of Terms of Reference developed by the Board. The committee recommends the appointment of the external auditors and also reviews the critical reporting made by the internal and external auditors.

The names of Members of Audit Committee are as under:

Name of Director	Category	Designation in Committee
Mr. Abdul Hakeem Khan Qasuria	Independent Director	Chairman
Mrs. Noshaba Faiz	Independent Director	Member
Mr. Muhammad Ashraf Saif	Non-Executive Director	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

The human resource committee determines the compensation packages for all cadres of the company's employees according to the terms of reference of Committee. The committee is also responsible to create and maintain conducive working environment that instill trust and ensure respect, fair treatment, development opportunity and grooming and make succession plans for all employees. We feel that human resource is key element in our business strategy.

The names of Members of HRR Committee are as under:

Name of Director	Category	Designation in Committee
Mr. Muhammad Atta Ullah Khan	Non-Executive Director	Chairman
Mr. Abdul Hakeem Khan Qasuria	Non-Executive Director	Member
Ms. Muhammad Ashraf Saif	Independent Director	Member

The Board of Directors had also formed the following Management Committees and advised them their respective terms of reference to run the affairs of Company:

EXECUTIVE COMMITTEE

The executive committee is responsible for setting overall corporate objectives and strategies, identification of opportunities, monitoring the business strategies and plans and there after the successful implementation of those plans. One of the major roles of the committee is to change the management policies and role of the company as required under the changing requirements of local and international customers, keeping in view the strengths and weaknesses of the company, so that the best possible results could be achieved.

The names of Members of Executive Committee are as under:

Name of Director	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Muhammad Tariq	Executive Director	Member
Mr. Muhammad Atta Ullah Khan	Non-Executive Director	Member

Directors' Report to the Members

TECHNICAL COMMITTEE

The technical committee acts in an advisory capacity to the CEO, provides recommendation relating to the technical affairs of the company, formulation of technical policies required under the code of corporate governance specially keeping in view the environment protection plans of the Government. It is also responsible for overall factory operations, achievement of desired quality, production targets and efficiency of the mechanical works. This is also empowered to deal with the day to day technical issues under authorized limits.

The names of Members of Technical Committee are as under:

Name of Member	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Muhammad Tariq	Executive Director	Member
Mr. Noor Khan	Director Technical	Member

FINANCE COMMITTEE

The role of the finance committee is to review and recommend the financial targets, annual and quarterly budgets, approval of the expenditures for amounts within its limits, investments of the surplus funds of the company and financial policies and controls including the policies required under the code of corporate governance. The committee works under the guidance of CEO.

The names of Members of Finance Committee are as under:

Name of Member	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Atta Mohyuddin Khan	Chief Financial Officer	Member
Mr. Bilal Ahmed Khan Niazi	Director Finance	Member

SOCIAL COMPLIANCE AND HUMAN RESOURCE

A major factor in your company's success is its highly skilled and motivated workforce. Our strength comes from our people. We can rightly take pride in fact that Human Resources have always been given a high priority. Today, when we look back on past years, we can see that while our objectives may have changed along the way, our human resource policies have always been based on the underlying values of fairness, merit, equal opportunity and social responsibility. These values manifest themselves in our policies of recruitment, performance appraisal, training and development, health and safety and industrial relations.

The names of Members of Social Compliance and Human Resource Committee are as under:

Name of Member	Designation in Company	Designation in Committee
Mr. Fareed M. Sheikh	Executive Director/CEO	Chairman
Mr. Muhammad Atta Ullah Khan	Non-Executive Director	Member
Mr. Atta Mohyuddin Khan	Chief Financial Officer	Member

BOARD OF DIRECTORS

The Board of Directors consist of seven members and responsible to manage the Company affairs in a transparent manner to achieve the sustainable growth of business.

Presently, the Board consists of six male and one female member.

Directors' Report to the Members

Category wise composition of Board is as under:

Category	Number of Directors
Independent Directors*	02
Non-Executive Directors	03
Executive Directors	02

*Including one Female Director

During the year under review seven meetings of the Board of Directors, four meetings of the audit committee and one meeting of human resource & remuneration committee were held. Attendance in the meetings by each director was as under:

Directors' Name	Board of Directors	Audit Committee	H.R.R. Committee
Mr. Mughis A. Sheikh*	01	-	-
Mr. Fareed M. Sheikh	07	-	-
Mr. Muhammad Tariq	07	-	-
Mr. M. Atta Ullah Khan	07	-	01
Mr. M. Ashraf Saif	07	04	01
Mr. Abdul Hakeem Khan Qasuria	07	04	01
Mrs. Noshaba Faiz	07	04	-

*Leaves were granted by board to director who has not attend the meeting.

Code of Ethics and Business Practices has been developed and are communicated and acknowledged by each Director and employee of the company.

DIRECTORS' REMUNERATION

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

POLICIES AND PROCEDURES

The Board has established and implemented effective procedures and controls for business and support cycles after identification of related risks. These are reviewed periodically and updated in line with latest risk assessment and risks faced by the business.

BOARD EVALUATION

Pursuant to Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors approved comprehensive mechanism for evaluation of Board's own performance and its Committees. The terms of reference have been advised to Human Resource and Remuneration Committee for this purpose.

RELATED PARTY TRANSACTIONS

The company has presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and the Board in their respective meetings. The details of related party transactions have been provided in annexed Notes to the financial statements for the year ended June 30, 2023.

CHAIRMAN'S REVIEW

The Board has considered the Chairman's Review to the Members and has also been annexed to the Annual Report.

Directors' Report to the Members

CODE OF CONDUCT

The Directors of your Company have developed Code of Conduct with set procedures. Copies of Code have duly been acknowledged by all the concerned.

STATEMENT OF COMPLIANCE

Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 duly reviewed by the Auditors is attached with Annual Report.

PRINCIPAL RISKS

The Company exposed to principal risk, if any, is explained in the Notes to the Financial Statements at relevant section.

CORPORATE GOVERNANCE

The management ensures that all requirements of the Code of Corporate Governance were complied with. The statement of compliance with the best practices of Code of Corporate Governance is annexed.

PATTERN OF SHAREHOLDING AND INFORMATION UNDER CLAUSE XIX(i) OF THE CODE OF CORPORATE GOVERNANCE

The pattern of shareholding and information under clause XIX (i) of the Code of Corporate Governance Regulations as on June 30, 2023 is annexed.

APPOINTMENT OF EXTERNAL AUDITORS

The present auditors M/S Ilyas Saeed & Company, Chartered Accountants, will retire at the Annual General Meeting of Company. Audit committee and board of directors have recommended their reappointment for the ensuing year.

The auditors have conveyed that they have been assigned satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and the firm is fully compliant with code of ethics issued by the International Federation of Accountants (IFAC). Further they are not rendering any related services to the company. The auditors have also confirmed that neither the firm nor any of their partners, their spouses and minor children at any time during the year held or traded in the shares of the company.

AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Financial Statements for the year ended June 30, 2023 have been duly audited by the external auditors who have issued clean audit report on the Company's Financial Statements.

WEB PRESENCE

Annual and periodic financial statements of the Company are also available on www.colonytextiles.com.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the Code of Corporate Governance, we are giving below statements on Corporate and Financial Reporting Framework.

- The financial statements prepared by the management of the company, presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- Proper books of account of the company as per statutory requirements have been maintained.
- Code of Ethics and Business Practice has been developed and are communicated and acknowledged by each director and employee of the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

Directors' Report to the Members

- International Accounting Standards, as applied in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has effectively implemented and monitored.
- Statement of Compliance with the Code of Corporate Governance is enclosed with this report and this report was found to be in order after review by the auditors.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no departure from the best practices of the code of corporate governance, as detailed in the listing regulations.
- The company strictly complies with the standards of the safety rules and regulations. It also follows environmental friendly policies.
- No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which the balance sheet relates and the date of the Director's Report, except for disclose in the financial statements.
- Key operating and financial data since incorporation is annexed in summarized form.
- The directors have not recommended any dividend in view of current financial scenario.
- Information about outstanding taxes and other Government levies are given in related note(s) to the accounts.
- The annexed audited accounts give the detail of outstanding taxes and levies.
- The company operates a contributory provident fund scheme for all employees and defined benefits gratuity fund scheme for its managerial and non-managerial staff. The net value of investment in their respective accounts is as under:

Provident Funds	Rs. 334 million
Gratuity Funds	Rs. 339 million
- The directors, CEO, CFO, Company Secretary and their spouses and minor children have made no transactions in the company's shares during the year.

POST BALANCE SHEET EVENTS

After the date of balance sheet date The Board of Directors in its meeting in terms of Section 183(3)(b) of the Companies Act, 2017 has considered and approved the sale of StitchRite (Private) Limited ("SR"), the Company's 100% subsidiary, to the highest bidders (Mr. Ismaeel Fareed Sheikh and Mr. Shahmeel Fareed Sheikh - related parties) declared by the Board as per its policy and the Board has proposed special resolutions to be approved/passed by the Members of the Company in forthcoming Annual General Meeting.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements for the year ended June 30, 2023 of the company and its subsidiary StitchRite (Private) Limited are attached.

ACKNOWLEDGEMENT

We would like to place on record our deep appreciation for the efforts of the executives, officers and other staff members for their hard work, cooperation and sincerity to the company in achieving the best possible results. The board also wishes to record the appreciation to all banks for their continued support to the company. The management is quite confident that these relations and cooperation will continue in the coming years.



Abdul Hakeem Khan Qasuria
Director



Fareed Mughis Sheikh
Chief Executive Officer

Lahore
October 06, 2023

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

Name of Company: Colony Textile Mills Limited

Year ending: June 30, 2023

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

1. The total number of Directors is 7 as per the following:
 - a. Male: 06
 - b. Female: 01
2. The composition of board is as follows:
 - a. Independent Directors: 02
 - b. Non-Executive Director: 03
 - c. Executive Directors: 02
3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. All The Board Members have completed Director's Training Program (DTP) or exempted from the training. The Company has arranged Orientation Programs for its Directors and Key Employees during the year. The Company also considering the arrangement of training for its Key Employees from the approved Institutions.
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements at the respective dates of appointments in past.
11. Chief Financial Officer and Chief Executive Officer have duly endorsed the Financial Statements before approval of the Board.
12. The Board has formed Committees comprising of members given below:

a. Audit Committee

Name of Director	Category	Designation in Committee
Mr. Abdul Hakeem Khan Qasuria	Independent Director	Chairman
Mrs. Noshaba Faiz	Independent Director	Member
Mr. Muhammad Ashraf Saif	Non-Executive Director	Member

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

b. HR and Remuneration Committee

Name of Director	Category	Designation in Committee
Mr. Muhammad Atta ullah Khan	Non-Executive Director	Chairman
Mr. Muhammad Ashraf Saif	Non-Executive Director	Member
Mr. Abdul Hakeem Khan Qasuria	Independent Director	Member

The Board has also developed other Management Committees to run the affairs of the Company efficiently as detailed in "Company Information". The said Committees have been managed by suitable qualified persons with representation of Board Member(s) according to the requirements of respective committee.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a. Audit Committee: Atleast Once in each Quart during the year
 - b. HR and Remuneration Committee: Once during the year
15. The Board has set up an effective internal audit function; the members of internal audit team are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Abdul Hakeem Khan Qasuria
Chairman
October 06, 2023

Independent Auditors' Review Report of Colony Textile Mills Limited Review Report on Statement of Compliance Listed Companies contained in (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 **Colony Textile Mills Limited** (the Company) for the year ended 30 June 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

October 06, 2023
Lahore
UDIN: CR202310055PdiCHyK04



Ilyas Saeed & Co.
Chartered Accountants

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

Opinion

We have audited the annexed financial statements of Colony Textile Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the profit 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Key audit matters	How the matters were addressed in our audit
<p>1) Revenue</p> <p>(Refer note 33 to the annexed financial statements)</p> <p>Revenue is recognized when control of the underlying products has been transferred to the customers. The Company primarily generates revenue from sale of yarn, fabric. During the year, the Company's revenue is Rs. 20,852 million which is 70.05% of the total assets.</p> <p>We have considered revenue as a key audit matter as it is one of the key performance indicators of the Company. Revenue is a high-risk area and there is always an inherent risk of material misstatement.</p>	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> Assessed the design, implementation and operating effectiveness of the relevant key internal controls over the Company's system which governs revenue recognition; Understood and evaluated the accounting policies with respect to revenue recognition including those related to discounts and commissions and its compliance with International Financial Reporting Standards; Performed testing of sample on revenue transactions with underlying documentations including dispatch documents and sales invoices; Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period; Checked on a sample basis, approval of sales prices and commissions by the appropriate authority; Performed recalculation of discounts and commission as per Company's policy on test basis; Performed audit procedures to analyze variation in the price and quantity sold during the year; and Assessed the adequacy of disclosures made in the financial statements related to revenue.

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

Key audit matters	How the matters were addressed in our audit
<p>2) Inventories</p> <p>(Refer notes 25 and 26 to the annexed financial statements) The Company has inventories i.e, stores, spares and loose tools and stock-in-trade aggregating Rs. 4,846 million. We identified this area as a key audit matter because inventories constitute 16.28% of the total assets of the Company as at 30 June 2023 and determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involves management judgement and estimation.</p>	<p>Our audit procedures in respect of this area included:</p> <ul style="list-style-type: none"> • Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets; • Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents; • Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards; • Assessed the provision for slow moving items as at year end is in accordance with the Company policy and relevant accounting standard; and • We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.
<p>3) Borrowings</p> <p>(Refer notes 11, 12, 15 and 17 to the annexed financial statements) The Company has significant amounts of borrowings from Banks and other financial institutions amounting to Rs. 10,494 million, being 55.88% of total liabilities, as at reporting date. Given the significant level of borrowings, finance costs, significant gearing, the disclosure given by the management in financial statements and compliance with various loan covenants, this is considered to be a key audit matter.</p>	<p>Our audit procedures in respect of this area included:</p> <ul style="list-style-type: none"> • Review of loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management for finance costs and to ensure that the borrowings have been approved at appropriate level. • Verification of disbursement of loans and utilization on sample basis. Review of documents for charge registration with regulator - SECP. • Verification of repayments made by the Company during the year on sample basis to confirm that repayments are being made on time and no default has been made. • Assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis. • Obtaining direct confirmations from Banks of the Company to confirm balances, terms & conditions stated in the facility offer letters and compliance thereof. • Performing analytical procedures, recalculations and ensuring outstanding liabilities have been properly classified in financial statements.

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of The Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter Paragraph

The financial statements of Colony Textile Mills Limited for the year ended June 30, 2022 were audited by another firm of auditors who expressed an unmodified opinion on those statements on October 05, 2022.

The engagement partner on the audit resulting in this independent auditors' report is Shahid Mehmood.

Dated: 06 October, 2023
Lahore
UDIN: AR202310055PdTR3prHg



Ilyas Syed & Co.
Chartered Accountants



FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	8	5,300,000	5,300,000
Issued, subscribed and paid up capital	9	4,980,100	4,980,100
Reserve arising on amalgamation		3,156,388	3,156,388
Revaluation surplus on property, plant and equipment		19,594	19,594
Directors' loan	10	120,000	120,000
General reserves		4,702	4,702
Unappropriated profit		2,708,963	1,869,384
Surplus on remeasurement of investments		694	1,040
		10,990,441	10,151,208
Non-current liabilities			
Long term financing	11	6,607,342	6,153,624
Liabilities against assets subject to finance lease	12	-	1,614
Deferred liabilities	13	3,822,520	5,911,931
		10,429,862	12,067,169
Current liabilities			
Trade and other payables	14	3,922,124	2,688,356
Short term borrowings	15	2,881,132	3,597,762
Accrued mark up	16	207,489	119,645
Unclaimed dividend		94	94
Current portion of long term liabilities	17	1,005,992	969,475
Provision for taxation	18	330,754	505,413
		8,347,585	7,880,745
Contingencies and commitments	19	-	-
		29,767,887	30,099,122



Chief Financial Officer



Director

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
ASSETS			
Non-current assets			
Property, plant and equipment	20	19,077,186	19,368,679
Right of use assets	21	81,753	86,056
Investment property	22	942,570	791,089
Long term investments	23	182,164	177,434
Investment in subsidiary	24	160,000	130,000
Long term deposits		51,132	51,132
		20,494,804	20,604,390
Current assets			
Stores, spare parts and loose tools	25	386,796	625,514
Stock in trade	26	4,460,113	4,736,428
Trade debts	27	1,017,013	1,580,033
Loans and advances	28	975,921	1,512,360
Trade deposits and short term prepayments	29	89,076	85,729
Other financial assets	30	14	14
Tax refunds due from the government	31	2,253,234	933,601
Cash and bank balances	32	90,916	21,053
		9,273,083	9,494,732
		<u>29,767,887</u>	<u>30,099,122</u>

The annexed notes from 01 to 53 form an integral part of these financial statements.

Chief Executive Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
Sales - net	33	20,852,724	30,817,244
Cost of sales	34	21,456,188	27,933,246
Gross profit / (loss)		(603,464)	2,883,998
Operating expenses:			
Distribution cost	35	249,008	367,348
Administrative expenses	36	372,449	571,742
		621,457	939,090
Operating profit / (loss)		(1,224,921)	1,944,908
Finance cost	37	1,045,548	720,052
Other operating charges	38	5,997	355,254
		1,051,545	1,075,306
Other income	39	2,927,384	92,432
Profit / (loss) before taxation		650,917	962,034
Taxation	40	(173,460)	675,723
Profit / (loss) after tax for the year		824,377	286,311
		Rupees	Rupees
Earnings/(loss) per share - basic and diluted	41	1.66	0.57

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
Profit / (loss) for the year		824,377	286,311
Other comprehensive income:			
Items that will not be reclassified to statement of profit or loss:			
Remeasurement (loss) / gain of defined benefit obligation	13.03	20,650	(9,894)
Deferred tax thereon		(5,448)	2,555
		15,202	(7,339)
Items that may be reclassified to statement of profit or loss:			
Net fair value (loss) / gain on investment measured at FVTOCI		(346)	(1,911)
Total comprehensive income/(loss) for the year		839,233	277,061

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	50	1,443,271	2,244,336
Finance cost paid		(267,770)	(318,779)
Staff retirement benefit paid		(103,406)	(106,740)
Income tax paid		(153,867)	(190,059)
		(525,043)	(615,578)
Net cash generated from operating activities		918,227	1,628,758
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(720,537)	(1,738,276)
Proceeds from disposal of property, plant and equipment		136,179	131,675
Investment in subsidiary		(30,000)	(30,000)
Net cash used in investing activities		(614,358)	(1,636,601)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances availed / (repaid)		493,353	(616,181)
Lease rentals - net		(10,729)	(13,962)
Short term borrowings - net		(716,630)	604,244
Net cash used in financing activities		(234,006)	(25,900)
Net increase / (decrease) in cash and cash equivalents		69,863	(33,742)
Cash and cash equivalents at beginning of the year		21,053	54,796
Cash and cash equivalents at end of the year		90,916	21,053

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	Share capital	Reserve arising on amalgamation	Revaluation surplus on property, plant and equipment	Directors' loan	Revenue reserves		Surplus on re-measurement of investments	Total
					General reserves	Unappropriated profit/(loss)		
Rupees ('000')								
Balance as at 30 June 2021	4,980,100	3,156,388	19,594	120,000	4,702	1,590,412	2,951	9,874,147
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	286,311	-	286,311
Remeasurement of defined benefit obligation	-	-	-	-	-	(7,339)	-	(7,339)
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	(1,911)	(1,911)
Total comprehensive income for the year	-	-	-	-	-	278,972	(1,911)	277,061
Directors' loan adjusted during the year	-	-	-	-	-	-	-	-
Balance as at 30 June 2022	4,980,100	3,156,388	19,594	120,000	4,702	1,869,384	1,040	10,151,208
Total comprehensive income for the year								
Profit / (loss) for the year	-	-	-	-	-	824,377	-	824,377
Remeasurement of defined benefit obligation	-	-	-	-	-	15,202	-	15,202
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	(346)	(346)
Total comprehensive income for the year	-	-	-	-	-	839,579	(346)	839,233
Directors' loan adjusted during the year	-	-	-	-	-	-	-	-
Balance as at 30 June 2023	4,980,100	3,156,388	19,594	120,000	4,702	2,708,963	694	10,990,441

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.01** Colony Textile Mills Limited ("the Company") is a Public Company Limited by shares incorporated in Pakistan on 12 January 2011 under the provisions of the repealed Companies Ordinance, 1984 (now The Companies Act 2017). The Company is listed on Pakistan Stock Exchange Limited. The registered office of the company is located at M. Ismail Aiwan-i-Science, Building Ferozpur Road, Lahore, Pakistan. The principal activity of the company is manufacturing and sale of yarn, fabric, garments made ups and trading in real estate.

Geographical location and addresses of major business units including mills / plants of the Company are as under:

Location	Purpose
M. Ismail Aiwan-i-Science Building Ferozpur Road, Lahore	Head Office
4km Raiwind Manga Road, Raiwind, District Kasur.	Weaving unit
Sher Shah Road Ismailabad, Multan	Spinning unit

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events, please refer to the Directors' report.

3 BASIS OF PREPARATION

3.01 Statement of compliance

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

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

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

- 3.02** These are separate financial statements, where the investment in subsidiaries is shown at cost less accumulated impairment; consolidated financial statements are separately presented.

	Effective shareholding %
- Stitchrite (Private) Limited	100

3.03 Standards, interpretations and amendments to published approved accounting standards

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

- Standards, amendments to published standards and interpretations effective in current year

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

IAS 1	Presentation of Financial Statements - Amendments regarding the definition of material.
IAS 8	Accounting policies, changes in accounting estimates and errors - Amendments regarding the definition of material.
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform.
IAS 41	Agriculture - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements).
IFRS 3	Business combinations - Amendments to clarify the definition of a business.
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- IAS 16 Property, Plant and Equipment - Amendments prohibiting a Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous.
- IFRS 1 First-time Adoption of International Financial Reporting Standards Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter).
- IFRS 3 Business combinations (amendments).
- IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent').
- IFRS 16 Leases - Amendments regarding replacement issues in the context of the IBOR reform.
- IFRS 7,9 & IAS 39 Financial Instruments: Disclosure - Amendments regarding replacement issues in the context of the IBOR reform.
- IFRS 16 Leases - Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification.
- IFRS 11 Joint arrangements - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest).
- IFRS 16 Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.
- IAS 8 Accounting policies, changes in accounting estimates and errors - Amendments regarding the definition of accounting estimates.
- IAS 12 Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations.
- IFRS 4 Insurance contracts (amendments).
Regarding replacement issues in the context of the IBOR reform.
- IFRS 4 Insurance contracts - Amendments regarding the expiry date of the deferral approach.
- IAS 1 Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments.
- Presentation of Financial Statements - Amendments regarding the classification of liabilities.
- Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies.
- IFRS 17 Insurance contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023).

- Standards, interpretations and amendments to existing standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 16 Amendments to IFRS 16 'Leases' - clarification on how seller-lessee subsequently measures sale and leaseback transactions.	January 01, 2024
IAS 1 Amendments to IAS 1 'Presentation of Financial Statements' - Classification	January 01, 2024

The above standards, amendments and interpretations are either not relevant to the group's operations or are not expected to have significant impact on the group's financial statements except for the increased disclosures in certain cases.

In addition to the above, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 14 Regulatory deferral accounts	January 01, 2016
IFRS 17 Insurance contracts	January 01, 2021
The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application.	

4 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

5 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value, investment on equity basis, certain liabilities at amortized cost, investment property and certain other investments at fair value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

6 JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for staff retirement benefits, doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

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

- Useful life of depreciable assets;
- Provision for doubtful receivables and slow moving stores, spares and loose tools;
- Provision for current tax and deferred tax;
- Staff retirement benefits;
- Net realizable value of stock-in-trade; and
- Expected credit losses.

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

7 SIGNIFICANT ACCOUNTING POLICIES

7.01 Staff retirement benefits

The Company operates two plans for its employees:

Defined contribution plan

The Company operates recognised defined contributory provident fund for all eligible employees to which monthly contributions are made to cover the obligation. The Company and its employees make equal monthly contributions at the rate of 8.33% of basic salary.

Defined benefit plan

The Company operates a defined benefit plan for all of its eligible employees who have completed their minimum qualifying period of service with the Company. Provisions are made in the financial statements to cover obligation on the basis of actuarial valuation using the Projected Unit Credit Method. Any actuarial gain or loss is recognised immediately in statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

7.02 Taxation

Current

Provision for current taxation is based on applicable current rates of taxation after taking into account tax credits and rebates available, if any, under the provisions of Income Tax Ordinance, 2001. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

Deferred

Deferred tax liability is accounted for in respect of all taxable temporary differences at the statement of financial position date arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in computation of taxable profits. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses, provisions and tax credits to that extent it is probable that taxable profit will be available in future against which the deductible temporary differences can be utilized. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is to be realized or liability is to be settled.

7.03 Property, plant and equipment

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses (if any) except freehold land which is stated at cost and fully depreciated assets which are carried at residual value. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to statement of profit or loss by applying reducing balance method to write off the cost over estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipment. Depreciation on addition to property, plant and equipment is charged from the date when asset is available for use up to the date of its de-recognition.

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.

Gains / losses on disposal of fixed assets are included in current year's statement of profit or loss.

Subsequent costs included in the asset's carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be measured reliably. All other repair and maintenance cost are charged to the statement of profit or loss during the year in which these are incurred.

Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labor and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Where the Company determines that the lease term of identified lease contracts is short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognised and payments made in respect of these leases are expensed in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

7.04 Investment property

Property held to earn rentals and/or for capital appreciation is classified as investment property. Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at fair value, which effect market conditions at reporting date. Gains and losses arising from the change in fair value of properties are included in statement of profit or loss in the year in which they arise. Fair values are determined based on an annual revaluation performed by an independent valuer.

In case of change in use of property from owner occupied property to investment property that will be carried at fair value, Company has applied IAS 16 up to the date of change in use. The difference at that date between carrying amount and fair value has been accounted for in the same way as a revaluation surplus in accordance with IAS-16.

7.05 Financial instruments

Recognition

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument.

a) Financial assets

(i) Initial Measurement

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(ii) Subsequent Measurement

Debt Investments at FVOCI:

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in the statement of comprehensive income. On de-recognition, gains and losses accumulated in the statement of comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI:

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in the statement of comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the statement of profit or loss.

Financial assets measured at amortized cost:

These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

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

b) Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

c) Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

d) Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention on the market place. Regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis.

e) Derivatives

Derivative instruments held by the Company comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the date of statement of financial position. The fair value of the derivatives is equivalent to the unrealized gain or loss from marking the derivatives using prevailing market rates at the date of statement of financial position. The unrealized gains are included in other assets while unrealized losses are included in other liabilities in the statement of financial position. The corresponding gains and losses are included in the statement of profit or loss.

7.06 Contingent liability

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

7.07 Stores, spares and loose tools

These are valued at lower of cost and net realizable value. Cost is calculated using moving average method except for items in transit which are valued at cost comprising invoice value plus other charges paid thereon till the statement of financial position date. Provision is made against obsolete items.

7.08 Stock in trade

Basis of valuation are as follows:

Particulars

Raw materials:	
At mills	At weighted average cost
In-transit	At cost accumulated to the statement of financial position date
Work in process	At average manufacturing cost
Finished goods	At average manufacturing cost
Waste	At net realizable value
Real estate	At cost

Stock in valued at lower of cost or net realizable value.

Cost in relation to work in process and finished goods represents the average manufacturing cost which consists of prime cost and attributable production overheads.

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

7.09 Trade debts and other receivables

Financial assets

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

7.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at banks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

7.11 Borrowings

Loans and borrowings are recorded at the time of proceeds received. Financial charges are accounted for on the accrual basis. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred.

7.12 Trade and other payables

Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognised in the statement of profit or loss.

Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

7.13 Provisions

Provisions are recognised when the Company has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle these obligations and a reliable estimate of the amounts can be made.

7.14 Impairment

Financial assets

The Company recognizes loss allowances for expected credit losses in respect of financial assets measured at amortized cost on date of initial recognition. The amount of expected credit loss is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial assets.

Impairment is recognised at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognised at an amount equal to 12 months' expected credit losses, with the exception of trade debts contract assets and lease receivables, for which the Company recognizes lifetime expected credit losses estimated using a provision matrix. The provision matrix is based on the Company's historical credit loss experience, adjusted for factors that are specific to counter parties, general economic conditions and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All impairment losses are recognised in the statement of profit or loss. An impairment is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognised.

The Company writes off a financial asset when there is information indicating that the counter party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognised in the statement of profit or loss.

Non financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognised in the statement of profit or loss.

7.15 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognised when the goods are provided, and thereby the performance obligations are satisfied. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers and is reduced for allowances such as taxes, duties, commissions, sales returns and discounts. Revenue from other sources is recognised on the following basis:

- Interest income on deposits with banks and other financial assets is recognised on accrual basis.
- Dividend income is recognised when the Company's right to receive dividend has been established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

7.16 Related parties

- a) Employees Provident Fund
- b) Directors and key management personnel
- c) StitchRite (Private) Limited

7.17 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party of the Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Company not to do so.

7.18 Dividend

Dividend is recognised as liability in the period in which it is declared.

7.19 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the statement of financial position date and in case of forward exchange contracts at the committed rates. Gains or losses on exchange are charged to the statement of profit or loss.

7.20 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in statement of profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

7.21 Segment reporting

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

Segment results that are reported to the Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has two reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers) and Weaving (Producing different quality of fabric using yarn).

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

7.22 Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

	2023	2022
	Rupees ('000')	Rupees ('000')
8 AUTHORISED SHARE CAPITAL		
185,000,000 (2022: 185,000,000) ordinary shares of Rs. 10/- each	1,850,000	1,850,000
Capital of merged companies		
345,000,000 (2022: 345,000,000) ordinary shares of Rs. 10/- each	3,450,000	3,450,000
	<u>5,300,000</u>	<u>5,300,000</u>
9 ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
20,000 (2022: 20,000) ordinary shares of Rs. 10/- each issued as fully paid in cash shares	200	200
497,989,959 (2022: 497,989,959) fully paid in cash ordinary shares of Rs. 10/- each issued to the shareholders of amalgamated entities	4,979,900	4,979,900
	<u>4,980,100</u>	<u>4,980,100</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Fully paid ordinary shares, which have a par value of Rs. 10/-, carry one vote per share and carry right to dividends.

There are no rights, preferences and restrictions attached to any class of shares including restrictions on the distribution of the dividends and the repayment of capital.

- There are no shares reserved for issue under options and contracts for the sale of shares.

- There were no bonus shares or treasury shares issued during the year.

	Note	2023 Rupees ('000')	2022 Rupees ('000')
10 DIRECTORS' LOAN			
Directors' loan	10.01	120,000	120,000

10.01 This represents interest free loans from directors of the Company, payable at the discretion of the entity. They do not pass the liability test and thus recorded as equity at face value. They will not be re-measured subsequently. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the directors' loan would be a direct debit to equity. The Company has applied TR-32 'Accounting Directors' Loan' issued by Institute of Chartered Accountants of Pakistan whose compliance was mandatory with effect from period beginning on or after 01 January 2016. Out of total loan, loan of Rs. 120 million is subordinated to the liabilities of financial institutions.

	Note	2023 Rupees ('000')	2022 Rupees ('000')
11 LONG TERM FINANCING			
From banking companies-Secured			
Name of the Bank			
The Bank of Punjab	11.01	6,115,380	5,500,871
National Bank of Pakistan	11.02	709,642	742,909
Habib Bank Limited	11.03	103,536	133,629
Faysal Bank Limited	11.04	193,890	221,558
Silk Bank Limited	11.05	245,569	261,820
Soneri Bank Limited	11.06	39,736	44,884
Bank Islami Pakistan Limited	11.07	32,736	35,071
Standard Chartered Bank Limited	11.08	135,572	126,235
Summit Bank Limited	11.09	34,066	43,799
		<u>7,610,127</u>	<u>7,110,777</u>
Less: Current portion	17	<u>1,002,785</u>	<u>957,153</u>
		<u>6,607,342</u>	<u>6,153,624</u>

11.01 This loan includes three facilities Term Finance-1 (TF-1), Term Finance-3 (TF-3) and Term Finance-4 (TF-4) amounting to Rs. 5390.87 million, Rs. 699.92 million and Rs. 30.726 million respectively. This loan facility was restructured on 06 June 2023. (TF-1) is repayable from 30 June 2023 to 31 December 2040. Markup is charged at cost of funds less administrative cost (2022: cost of funds less administrative cost) of the preceding quarter effective from 1 January 2023 and onwards. (TF-3) is repayable from 30 June 2023 to 31 December 2035. Markup is charged at cost of funds less administrative cost (2022: cost of funds less administrative cost) to be accrued and payable as per repayment schedule. (TF-4) is repayable from 31 December 2022 to 15 September 2023. Markup is not applicable on the said facility as it is unserviceable. This facility is secured by joint pari passu charge on fixed assets and current assets of the company, registered with SECP.

11.02 This loan facility was restructured on 09 April 2019. It is repayable from 01 July 2019 to 01 April 2034. Markup is chargeable at cost of funds (2022: Cost of fund). The loan is secured against first joint pari passu charge over fixed assets of the Company registered with SECP.

11.03 This loan has been restructured in July 2019. It is repayable from 01 July 2019 to 01 July 2027. Markup is to be charged at cost of funds (2022: Cost of funds) provided by the bank. This loan is secured against joint pari passu hypothecation charge, existing ranking charge over plant and machinery and existing joint pari passu charge on current and fixed assets of the Company.

11.04 This loan facility was restructured on 09 November 2018. It is repayable from 30 December 2018 to 30 September 2028. Markup is charged at cost of funds (2022: Cost of funds) of the bank. The loan is secured against joint and ranking charge over present and future current assets of the Company registered with SECP.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- 11.05** This loan includes two facilities Term Finance-1 (TF-1) and Term Finance-2 (TF-2) amounting Rs. 225.52 million and Rs. 38.22 million respectively. Both loans were restructured on 15 January 2017. It is payable from 15 January 2018 to 15 October 2032. Markup is payable at Silk bank's cost of funds minus 2% (2022: Cost of funds minus 2%). Term Finance-2 is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total loan amount of TF-2 Rs. 38.22 million, present value adjustment is Rs. 18.173 million. Both the loans are secured against first joint pari passu charge and ranking charge over the assets of the Company registered with SECP.
- 11.06** This loan facility was restructured on 27 December 2022. It is repayable from September 2023 to December 2025. The loan is secured against hypothecation charge over property, plant and equipment and existing joint pari passu charge over fixed assets including land of the Company, registered with SECP. This loan facility is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 44.40 million, present value adjustment is Rs. 4.66 million .
- 11.07** This loan facility was restructured on 22 December 2018. The loan is repayable from 30 March 2019 and ending on 31 December 2033. The loan is secured against joint pari passu charge on the assets of the Company registered with SECP. It is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 72.77 million, present value adjustment is Rs. 40.034 million.
- 11.08** This facility was created as a result of a restructuring made on 17 May 2019. The loan is repayable from 30 June 2019 and ending on 31 March 2024. This loan is secured against joint pari passu charge over current assets of the Company registered with SECP. This loan facility is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 133.44 million, present value adjustment is Rs. 2.132 million.
- 11.09** This facility is established by converting CF-1 into TF with a total amount of Rs. 194.664 million. This facility is repayable in twenty equal installments starting from 31 December 2021 and ending on 30 September 2026. This is secured against ranking charge over fixed assets (Plant & Machinery) of the company with 25% margin registered with SECP duly ensured in favor of Summit Bank Limited. Mark up is charged at 3 Month Kibor plus 1% per annum with quarterly installments.

12 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2023 Rupees ('000')	2022 Rupees ('000')
Present value of minimum lease payments	12.02	3,207	13,936
Less: Current portion	17	(3,207)	(12,322)
		-	1,614

- 12.01** This represents machinery under lease and sale and lease back agreements. The principal plus financial charges are payable over the lease period in quarterly/bi monthly installments as per respective agreements ending in the month of September 2025 . The liability as at the date of financial position represents the present value of total minimum lease payments discounted at 15.32 % to 22.08% (2022: 7.45% to 11.89%) per annum bearing the interest rates implicit in leases. The purchase option is available to the Company on payment of last installment and the Company intends to exercise this option. Reconciliation of minimum lease payments and their present values is given below:

	Note	2023 Rupees ('000')	2022 Rupees ('000')
Not later than one year		14,815	12,915
Later than one year but not later than five years		9,675	1,637
Later than five years		-	-
		24,491	14,552
Less: Financial charges allocated to future periods		(21,284)	(616)
Present value of minimum lease payments	12.02	3,207	13,936
Less: Current portion		(3,207)	(12,322)
		-	1,614
12.02 Present value of minimum lease payments			
Due not later than one year		3,207	12,322
Due later than one year but not later than five years		-	1,614
Later than five years		-	-
		3,207	13,936

13 DEFERRED LIABILITIES

Deferred taxation	13.01	948,836	1,059,499
Deferred mark up	13.02	2,534,250	4,546,513
Staff retirement benefits	13.03	339,434	305,919
		3,822,520	5,911,931
13.01 Deferred taxation			
		948,836	1,059,499
		948,836	1,059,499

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Statement of Financial position		Statement of Profit or Loss		Statement of OCI	
	2023	2022	2023	2022	2023	2022
	Rupees ('000')					
Deferred taxation						
Comprises of the following:						
Deferred tax liability on taxable temporary differences in respect of the following:						
- Accelerated tax depreciation allowance	3,322,360	3,269,323	53,037	72,026	-	-
Deferred tax asset on deductible temporary differences in respect of the following:						
Lease liabilities	846	3,599	2,753	3,487	-	-
Un-absorbed losses	1,404,315	1,073,534	(330,781)	132,568	-	-
Minimum tax available for carry forward	878,373	1,053,021	174,648	17,825	-	-
Provision for stores, spares and loose tools	-	299	299	(52)	-	-
Provision for doubtful debts	436	366	(70)	(41)	-	-
Provision for gratuity	89,554	79,005	(10,549)	(21,981)	(5,448)	2,555
	<u>2,373,524</u>	<u>2,209,824</u>	<u>(163,700)</u>	<u>131,806</u>	<u>(5,448)</u>	<u>2,555</u>
	<u>948,836</u>	<u>1,059,499</u>	<u>(110,663)</u>	<u>203,832</u>	<u>5,448</u>	<u>(2,555)</u>

Deferred taxation has been provided using rate of taxation applicable to tax year 2023 under the provisions of Income Tax Ordinance, 2001 to the extent of income of the Company chargeable under normal tax regime.

	2023 Rupees ('000')	2022 Rupees ('000')
13.02 Deferred mark up		
Opening balance	7,259,702	6,830,436
Provision during the year	689,933	429,266
	<u>7,949,635</u>	<u>7,259,702</u>
Less: paid / adjusted during the year	-	-
	<u>7,949,635</u>	<u>7,259,702</u>
Present value adjustment	(5,415,385)	(2,713,189)
	<u>2,534,250</u>	<u>4,546,513</u>

It represents markup deferred by Bank of Punjab, Silk Bank Limited, National Bank of Pakistan, Habib Bank Limited, Faysal Bank Limited and First Punjab Modaraba. It is payable starting from 16 September 2023 and maturing on 31 December 2040.

This deferred markup has been discounted using effective rate of interest and classified separately in non-current liabilities and related present value gain or loss is recognised in the statement of profit or loss.

	2023 Rupees ('000')	2022 Rupees ('000')
13.03 Staff retirement benefits - unfunded gratuity scheme		
(a) Amounts recognised in the statement of financial position:		
Present value of defined benefit obligation	339,434	305,919
Net liability at the end of the year	<u>339,434</u>	<u>305,919</u>
(b) Movement in net liability		
Net liability at beginning of the year	305,919	224,492
Charge for the year	157,570	178,273
	<u>463,489</u>	<u>402,765</u>
Remeasurements chargeable in other comprehensive income	(20,650)	9,894
Benefits paid during the year	(103,406)	(106,740)
Net liability at end of the year	<u>339,434</u>	<u>305,919</u>
(c) Changes in the present value of defined benefit obligation		
Defined benefit obligation at beginning of the year	305,919	224,492
Current service cost	128,027	133,565
Past Service cost	-	28,288
Interest cost	29,544	16,420
	<u>463,490</u>	<u>402,765</u>
Remeasurements chargeable in OCI	(20,650)	9,894
Benefits paid during the year	(103,406)	(106,740)
Present value of defined benefit obligation at end of the year	<u>339,434</u>	<u>305,919</u>
(d) Charge for the year		
Current service cost	128,027	133,565
Interest cost	29,544	16,420
Past service cost	-	28,288
	<u>157,571</u>	<u>178,273</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

The principal assumptions used in the actuarial valuation are as follows:

Discount rate	13.25%	13.25%
Expected rate of increase per annum in future salaries	16.25%	12.25%
Expected average remaining working life of employees	3 years	3 years
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 Setback 1 Year
Retirement assumptions	60 years	60 years

Sensitivity analysis for actuarial assumptions

The following table summarizes how the net defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of change in respective assumptions.

	Change in assumptions	Increase Rupees ('000') 2023	Decrease Rupees ('000') 2023
Discount rate	0.00%	272,081	308,263
Increase in future salaries	4.00%	312,977	270,984

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated by using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognised in these financial statements.

Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.

Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculated by reference to future salaries of plan participants. An increase in salary of plan participants will increase the defined benefit obligation.

	Note	2023 Rupees ('000')	2022 Rupees ('000')
14 TRADE AND OTHER PAYABLES			
Trade creditors		1,820,109	983,092
Accrued liabilities		1,114,294	894,275
Security deposits		204	200
Advances from customers		44,625	172,777
Withholding tax payable		291,352	235,979
Out put tax payable		609,094	299,817
Worker's profit participation fund	14.01	-	59,537
Worker's welfare fund	14.02	42,286	42,286
Others		160	393
		<u>3,922,124</u>	<u>2,688,356</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
14.01 Worker's profit participation fund			
Opening balance		59,537	38,616
Provision for the year		-	59,537
		<u>59,537</u>	<u>98,153</u>
Payment during the year		(59,537)	(38,616)
Closing balance		<u>-</u>	<u>59,537</u>
14.02 Worker's welfare fund			
Opening balance		42,286	18,471
Provision for the year		-	23,815
		<u>42,286</u>	<u>42,286</u>
Payment during the year		-	-
Closing balance		<u>42,286</u>	<u>42,286</u>
15 SHORT TERM BORROWINGS			
Banking companies - secured	15.01	<u>2,881,132</u>	<u>3,597,762</u>

15.01 Conventional short term borrowings are available from banking companies under markup arrangements. The rates of markup range from 15.57% to 25.98% per annum (2022: 5.01% to 15.89%). These are secured against pledge / hypothecation of stock-in-trade, hypothecation of stores and spares, lien over import / export documents, pari passu charge over present and future current assets and ranking charge over fixed assets of the company.

15.02 From the total aggregate short term facilities of Rs . 2,584.76 million (2022: 3,428.26 million), the amount of Rs. 155.5 million related to trade lines (2022: Rs. 152.21 million) remained unutilized as at 30 June 2023.

	Note	2023 Rupees ('000')	2022 Rupees ('000')
16 ACCRUED MARK UP			
Accrued mark up on:			
Liabilities against assets subject to finance lease		21,264	21,026
Long term financing		2,080	1,480
Short term borrowings		184,145	97,139
		<u>207,489</u>	<u>119,645</u>
17 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term financing	17.01	1,002,785	957,153
Liabilities against assets subject to finance lease		3,207	12,322
		<u>1,005,992</u>	<u>969,475</u>

17.01 Current portion of long term financing includes principal installments amounting to Rs. 261.361 million (2022: Rs. 151.369 million) which became due as on June 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
18 PROVISION FOR TAXATION			
Opening balance		505,413	368,233
Add: Taxation - current	40	330,754	505,413
		836,167	873,646
Less: Tax payments / adjustments during the year		505,413	368,233
		330,754	505,413
19 CONTINGENCIES AND COMMITMENTS			
Contingencies			
19.01 Bank guarantees amounting to Rs. 427.37 million (2022: Rs. 375.64 million).			
Commitments			
Under letters of credit for imports		-	27.07

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

20 PROPERTY, PLANT AND EQUIPMENT

48

	Note	2023 Rupees ('000')	2022 Rupees ('000')
Operating assets	20.01	18,972,956	18,779,629
Capital work in progress	20.04	104,230	589,050
		<u>19,077,186</u>	<u>19,368,679</u>

20.01 The following is a statement of operating fixed assets (tangible):

	Freehold land	Building on freehold land	Plant, machinery & equipment	Factory tools and equipments	Furniture & fixtures	Office and hospital equipments	Library books	Vehicles	Leased Plant and Machinery	Leased Vehicles	Total
At 30 June 2021											
Cost	1,454,335	3,718,687	22,245,485	462,743	57,115	52,783	44	199,403	-	-	28,190,595
Accumulated depreciation	-	(1,541,178)	(8,190,689)	(188,427)	(28,696)	(28,790)	(44)	(91,618)	-	-	(10,069,451)
Net book value	1,454,335	2,177,509	14,054,797	274,316	28,419	23,993	-	107,785	-	-	18,121,144
Year ended 30 June 2022											
Additions	-	60,152	1,137,187	23,646	13,456	8,838	-	45,389	-	-	1,288,667
Transfers from capital work in progress during the year (Note 20.05)	-	-	-	-	-	-	-	-	-	-	-
Transfers from leased plant and machinery	-	22,956	364,890	-	-	-	-	-	-	-	387,846
Transferred to right of use asset	-	-	-	-	-	-	-	-	-	-	-
Disposals / transfers											
Cost	-	-	(303,247)	-	-	-	-	(4,444)	-	-	(307,691)
Depreciation	-	-	154,828	-	-	-	-	3,049	-	-	157,877
Net book value	-	-	(148,419)	-	-	-	-	(1,395)	-	-	(149,814)
Depreciation charge for the year (note 20.02)	-	(110,968)	(725,853)	(14,127)	(1,711)	(2,947)	-	(12,608)	-	-	(868,214)
Net book value as at 30 June 2022	1,454,335	2,149,649	14,682,592	283,835	40,164	29,884	-	139,171	-	-	18,779,629
Year ended 30 June 2023											
Additions	-	47,033	615,130	1,181	2,246	8,181	-	5,110	-	-	678,882
Transfers from capital work in progress during the year (Note 20.05)	-	458,155	68,320	-	-	-	-	-	-	-	526,475
Transfers from leased plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Disposals / transfers (Note No. 20.06)											
Cost	-	-	(231,270)	-	-	-	-	-	-	-	(231,270)
Depreciation	-	-	102,985	-	-	-	-	-	-	-	102,985
Net book value	-	-	(128,285)	-	-	-	-	-	-	-	(128,285)
Depreciation charge for the year (note 20.02)	-	(108,600)	(740,911)	(14,222)	(2,076)	(3,539)	-	(14,397)	-	-	(883,745)
Net book value as at 30 June 2023	1,454,335	2,546,237	14,496,546	270,794	40,334	34,526	-	129,884	-	-	18,972,956

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Freehold land	Building on freehold land	Plant, machinery & equipment	Factory tools and equipments	Furniture & fixtures	Office and hospital equipments	Library books	Vehicles	Leased Plant and Machinery	Leased Vehicles	Total
At 30 June 2022											
Cost/revalued amount	1,454,335	3,801,795	23,444,315	486,389	70,571	61,621	44	240,348	-	-	29,559,417
Accumulated depreciation	-	(1,652,146)	(8,761,723)	(202,554)	(30,407)	(31,737)	(44)	(101,177)	-	-	(10,779,788)
Net book value in Rupees	1,454,335	2,149,649	14,682,592	283,835	40,164	29,884	-	139,171	-	-	18,779,629
Annual rates (%) of depreciation 2022	-	5	5	5	5	10	15	10	5	10	-
At 30 June 2023											
Cost/revalued amount	1,454,335	4,306,983	23,896,496	487,570	72,817	69,802	44	245,458	-	-	30,533,504
Accumulated depreciation	-	(1,760,746)	(9,399,649)	(216,776)	(32,483)	(35,276)	(44)	(115,574)	-	-	(11,560,548)
Net book value in Rupees	1,454,335	2,546,237	14,496,846	270,794	40,334	34,526	-	129,884	-	-	18,972,956
Annual rates (%) of depreciation 2023	-	5	5	5	5	10	15	10	5	10	-

20.02 Depreciation charge for the year has been allocated as follows:

	2023 Rupees ('000')	2022 Rupees ('000')
Cost of sale	873,318	858,380
Administrative expenses	14,730	14,363
	<u>888,048</u>	<u>872,743</u>
Property, plant and equipment	883,745	868,214
Right of use asset	4,303	4,529
	<u>888,048</u>	<u>872,743</u>

20.03 No impairment relating to operating fixed assets has been recognised in the current year.

20.04 Capital work in progress

	2023 Rupees ('000')	2022 Rupees ('000')
Plant and machinery	33,525	100,084
Civil work	70,704	488,966
	<u>104,230</u>	<u>589,050</u>

Movement in capital work in progress

Opening	589,050
Additions during the year	41,655
Transferred to operating assets	(630,705)
	<u>(526,475)</u>
	<u>104,230</u>

20.05 Transfer to property, plant and equipment are represented by:

Building	458,155
Plant and machinery	66,320
	<u>526,475</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

20.06 Disposal of property, plant and equipment

The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Relationship of purchaser with the Company	Mode of disposal	Buyer's name
RUPEES								
<u>Plant, Machinery & Equipment</u>								
AUTO CORO SE12-480 YOM 2008	75,811,703	38,844,243	36,967,460	31,912,400	(5,055,060)	Third party	Negotiation	Damirbay Machine Textile IMP & EXP
AUTO CORO SE12-480 YOM 2008	75,811,703	38,844,243	36,967,460	31,912,400	(5,055,060)	Third party	Negotiation	Damirbay Machine Textile IMP & EXP
SIMPLEX MACHINE HICORP	31,037,692	-	31,037,692	31,134,680	96,988	Third party	Negotiation	Amin Textile Mills (Pvt) Limited
CARD MACHINES TC-07 YOM 2008	48,608,499	25,296,046	23,312,453	41,220,000	17,907,547	Third party	Negotiation	PT Texcoms
Total	231,269,597	102,984,532	128,285,065	136,179,480	7,894,415			

20.07 Charge / mortgage on fixed assets has been disclosed in respective notes.

20.08 The Company's obligation under finance lease are secured by lessor's title to the leased assets, which have a carrying amount of Rs. 81.753 million (2022: Rs. 86.056 million).

20.09 Addition in plant and machinery includes capitalization of borrowing cost of Rs. 45,043 million (2022: Rs. 28,377 million).

20.10 Particulars of immovable assets of the Company are as follows:

Location	Addresses	Usage of immovable property	Total Area (Sq. ft.)	Covered Area (Sq. ft.)
Multan	Mouza Junglebhaera and mouza Muzafarabad Multan	Production Unit	6,917,232	2,993,438
Kasur	4km Raiwind Manga road, Raiwind, district Kasur	Production Unit	1,638,528	1,054,751

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

21 RIGHT OF USE ASSET	Note	2023	2022
		Rupees ('000')	Rupees ('000')
Present value of future lease payments		86,056	90,585
		<u>86,056</u>	<u>90,585</u>
Net book value as at the beginning of the year		86,056	90,585
Transfer to Property, plant and equipment		-	-
Depreciation charged during the year		(4,303)	(4,529)
Balance as at the end of the year		<u>81,753</u>	<u>86,056</u>

22 INVESTMENT PROPERTY

Opening balance		791,089	784,279
Transfer from owner's occupied property		-	-
Revaluation gain / (loss) recognised through statement of profit or loss	22.01	151,481	6,810
		<u>942,570</u>	<u>791,089</u>

22.01 As of reporting date, the fair value of such investment property was determined by an independent external property valuer, Arif Evaluators, having appropriate recognised qualification and relevant experience. Forced sale value of above investment as at reporting date is Rs. 835.046 million.

23 LONG TERM INVESTMENTS

At fair value through statement of profit or loss designated on initial recognition	Note	2023	2022
		Rupees ('000')	Rupees ('000')
- Investment in Imperial Limited	23.02	180,996	175,920
At fair value through other comprehensive income	23.01	1,168	1,514
		<u>182,164</u>	<u>177,434</u>

23.01 Investment - at fair value through other comprehensive income

	2023	2022	2023	2022
	No. of Shares / Bonds		Rupees ('000')	Rupees ('000')
Quoted - at fair value				
Colony Woolen Mills Limited	70,506	70,506	282	282
Azgard Nine Limited	80,948	80,948	486	832
Colony Thal Textile Mills Limited	6	6	-	-
	<u>151,460</u>	<u>151,460</u>	<u>768</u>	<u>1,114</u>
Unquoted - at cost				
Government Compensation Bonds	400	400	400	400
	<u>151,860</u>	<u>151,860</u>	<u>1,168</u>	<u>1,514</u>

Government Compensation Bonds for Rs. 0.4 million (2022: Rs. 0.4 million) are receivable from the Federal Government in respect of shares held by the Company in the share capital of Multan Electric Supply Company Limited. The Company had challenged the withholding of these Bonds through writ petition filed in the Lahore High Court, Lahore, which is still pending for final adjudication.

23.02 Investment - at fair value through profit or loss

	2023	2022	2023	2022
	No. of Shares / Bonds		Rupees ('000')	Rupees ('000')
Quoted - at fair value				
- Investment in Imperial Limited	15,862,960	15,862,960	180,996	175,920
	<u>15,862,960</u>	<u>15,862,960</u>	<u>180,996</u>	<u>175,920</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
	Note	Rupees ('000')	Rupees ('000')
24 INVESTMENT IN SUBSIDIARY			
Investment in Stitchrite	24.01	160,000	130,000
		<u>160,000</u>	<u>130,000</u>
24.01	Stitchrite (Private) Limited is a private company incorporated in Pakistan. As of the date of statement of financial position the company owns 100 percent shareholding of Stitchrite (Private) Limited. During the year, share capital of the company increased by Rs. 30 million.		
25 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		202,705	447,906
Spares		183,678	175,362
Loose tools		1,545	3,366
		<u>387,928</u>	<u>626,634</u>
Less: Provision for slow moving items	25.01	1,132	1,120
		<u>386,796</u>	<u>625,514</u>
25.01 Provision for slow moving items			
Opening balance		1,120	941
Provision made during the year		1,132	1,120
		<u>2,252</u>	<u>2,061</u>
Less: Provision written off during the year		1,120	941
Closing balance		<u>1,132</u>	<u>1,120</u>
26 STOCK IN TRADE			
Textile			
Raw material		876,329	1,702,808
Work in process		435,503	392,980
Finished goods		2,983,281	2,475,640
		<u>4,295,113</u>	<u>4,571,428</u>
Real Estate Business			
Land held for development and resale		165,000	165,000
		<u>4,460,113</u>	<u>4,736,428</u>
27 TRADE DEBTS			
Foreign - secured:			
Considered good		-	101,235
Local - unsecured:			
Considered good		1,017,013	1,478,798
Considered doubtful		1,652	1,370
		<u>1,018,665</u>	<u>1,581,403</u>
Less: Allowance for expected credit loss	27.01	1,652	1,370
		<u>1,017,013</u>	<u>1,580,033</u>
27.01 Allowance for expected credit loss			
Opening balance		1,370	1,235
ECL allowance provided during the year		1,652	1,370
		<u>3,022</u>	<u>2,605</u>
Less: ECL allowance written off during the year		1,370	1,235
Closing balance		<u>1,652</u>	<u>1,370</u>
28 LOANS AND ADVANCES			
Considered good:			
Secured:			
Loans to employees	28.01	20,774	42,618
Advances to:			
-Suppliers		58,418	462,752
-Stitchrite (Private) Limited (Subsidiary Company)	28.02	22,474	11,602
-Letters of credit fee, margin and expenses		874,255	995,388
		<u>975,921</u>	<u>1,512,360</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

28.01 The advances are given to employees as per company's HR policy.

28.02 Maximum aggregate amount outstanding during the year was Rs. 42.73 million (2022: Rs. 32.05 million)

29 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note	2023	2022
		Rupees ('000')	Rupees ('000')
Trade deposits		80,661	79,105
Other receivables		8,415	6,624
		<u>89,076</u>	<u>85,729</u>
30 OTHER FINANCIAL ASSETS			
Other financial assets	30.01	<u>14</u>	<u>14</u>

30.01 These include shares of listed companies classified at fair value through statement of profit or loss.

2023	2022	No. of Shares / Bonds	Note	2023	2022
				Rupees ('000')	Rupees ('000')
<i>Quoted - at fair value</i>					
89	89	Oil and Gas Development Company Limited		7	7
250	250	Maple Leaf Cement Factory Limited		7	7
<u>339</u>	<u>339</u>			<u>14</u>	<u>14</u>

31 TAX REFUNDS DUE FROM THE GOVERNMENT

Sales tax		1,989,165	706,089
Income tax refundable / adjustable		264,069	227,512
		<u>2,253,234</u>	<u>933,601</u>

32 CASH AND BANK BALANCES

Cash in hand		4,781	4,425
Cash at banks:			
-in current accounts		70,421	14,358
-in deposit accounts	32.01	15,714	2,270
		<u>90,916</u>	<u>21,053</u>

32.01 These carry profit / markup ranging from 12.25% to 19.50% (2022: 5.50% to 13.85%) per annum.

33 SALES	Note	2023	2022
		Rupees ('000')	Rupees ('000')
Local			
Yarn and Fabric		18,744,125	27,904,439
Raw material sales		70,929	283,284
Waste		329,000	474,228
		<u>19,144,054</u>	<u>28,661,951</u>
Export			
Yarn		-	-
Soft -waste		46,347	-
Fabric		1,794,448	2,307,096
		<u>1,840,795</u>	<u>2,307,096</u>
		20,984,849	30,969,047
Commission and duties		(132,125)	(151,803)
		<u>20,852,724</u>	<u>30,817,244</u>

33.01 Sales are shown net of sales tax, amounting Rs. 3,547 million (2022: 5,244 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

34 COST OF SALES	Note	2023	2022
		Rupees ('000')	Rupees ('000')
Raw material consumed	34.01	13,173,615	18,383,868
Stores consumed		1,342,841	1,457,605
Staff salaries, wages and benefits	34.02	2,067,349	2,754,314
Power and fuel		4,401,877	4,089,501
Insurance		60,788	56,789
Rent, rates and taxes		11,192	23,376
Depreciation	20.02	873,318	858,380
Other charges		75,371	117,835
		<u>22,006,351</u>	<u>27,741,668</u>
Work in process:			
Opening		392,980	499,580
Closing		(435,503)	(392,980)
		<u>(42,523)</u>	<u>106,600</u>
Cost of goods manufactured		<u>21,963,828</u>	<u>27,848,268</u>
Finished goods:			
Opening stock		2,475,640	2,560,618
Closing stock		(2,983,281)	(2,475,640)
		<u>(507,641)</u>	<u>84,978</u>
Real estate:			
Opening stock		165,000	165,000
Closing stock		(165,000)	(165,000)
		<u>-</u>	<u>-</u>
		<u>21,456,188</u>	<u>27,933,246</u>
34.01 Raw material consumed			
Opening stock		1,702,808	1,573,387
Purchases including purchase expenses		12,347,136	18,513,289
		<u>14,049,944</u>	<u>20,086,676</u>
Closing stock		(876,329)	(1,702,808)
		<u>13,173,615</u>	<u>18,383,868</u>

34.02 Salaries, wages and other benefits include provision for staff retirement benefits for the year Rs. 176.91 million (2022: Rs. 207.952 million).

35 DISTRIBUTION COST	Note	2023	2022
		Rupees ('000')	Rupees ('000')
Staff salaries and benefits		29,037	44,213
Freight		70,090	90,085
Rent and rates		175	-
Telecommunication		1,719	2,205
Export forwarding charges		128,442	222,857
Bank charges		1,724	4,549
Others		17,821	3,439
		<u>249,008</u>	<u>367,348</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

36 ADMINISTRATIVE EXPENSES	Note	2023 Rupees ('000')	2022 Rupees ('000')
Staff salaries and benefits	36.01	270,250	370,661
Printing and stationery		763	779
Travelling and conveyance		16,913	37,779
Communication		5,966	4,739
Repair and maintenance		15,676	36,665
Insurance		8,062	6,760
Advertisement		71	3,988
Fee and subscription		6,826	14,237
Allowance for expected credit loss	27.01	1,652	1,370
Provision for slow moving stores, spares and loose tools	25.01	1,132	1,120
Entertainment		4,134	9,036
Auditors' remuneration	36.02	4,081	3,631
Donation	36.03	5,262	41,681
Expenses related to corporate social responsibilities		6,030	13,339
Legal and professional charges		7,474	5,642
Directors' meeting fee		350	300
Depreciation	20.00	14,730	14,363
Miscellaneous expenses		3,077	5,652
		372,449	571,742

36.01 Salaries, wages and other benefits include staff retirement benefits for the year Rs. 10.582 million (2022: Rs. 10.165 million).

36.02 Auditors' remuneration	Note	2023 Rupees ('000')	2022 Rupees ('000')
Statutory audit fee		3,520	3,070
Half yearly review fee		376	376
CCG review fee		125	125
Out of pocket expenses		60	60
		4,081	3,631

36.03 No director or his / her spouse had any interest in the donees' fund.

37 FINANCE COST

Bank charges and commission	17,551	24,169
Mark up on inland bill discounting	25,424	57,580
Mark up on;		
- Long term finance	652,219	404,732
- Short term borrowings	349,568	231,609
- Liabilities against assets subject to finance lease	786	1,962
	1,002,573	638,303
	1,045,548	720,052

38 OTHER OPERATING CHARGES

Unwinding of loans at amortized cost	5,997	16,661
Loss on long term investments	-	255,235
Worker's profit participation fund	-	59,537
Loss on remeasurement of investments	-	6
Worker's welfare fund	-	23,815
	5,997	355,254

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

39 OTHER INCOME			2023	2022
Income from financial assets		Note	Rupees ('000')	Rupees ('000')
Profit on deposits with banks			7,494	7,294
Amortization of deferred mark up			2,702,196	59,749
Gain on remeasurement of investments			5,076	-
Gain on long term investments			-	-
Income from other than financial assets				
(Loss) / Gain on sale of property, plant and equipment		20.06	7,894	(18,139)
(Loss) / gain on revaluation of investment property		22	151,481	6,810
Exchange gain realized			15,444	17,007
Agricultural income			4,432	3,600
Miscellaneous income			33,367	16,111
			<u>2,927,384</u>	<u>92,432</u>
40 TAXATION		Note	2023	2022
Taxation:			Rupees ('000')	Rupees ('000')
-Current year			259,111	505,413
-Prior years			(316,460)	(36,077)
			<u>(57,349)</u>	<u>469,336</u>
Deferred			(116,111)	206,387
			<u>(173,460)</u>	<u>675,723</u>

- Income tax return has been filed to the income tax authorities up to and including tax year 2022 under the provisions of the Income Tax Ordinance, 2001.

- Provision for taxation has been made in accordance with section 154 and 113 of the Income Tax Ordinance, 2001 ("The Ordinance"). There is no relation between aggregate tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented.

41 EARNINGS PER SHARE		Note	2023	2022
Basic Earnings per share:				
Profit after taxation		Rupees ('000')	<u>824,377</u>	<u>286,311</u>
Weighted average number of ordinary shares		Number ('000')	<u>498,010</u>	<u>498,010</u>
Earning per share - basic and diluted		Rupees	<u>1.66</u>	<u>0.57</u>
Diluted earnings per share:				

There is no dilutive effect on the basic earnings per share of the company because the company has no outstanding potential ordinary shares.

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		EXECUTIVE DIRECTOR		NON-EXECUTIVES DIRECTORS		EXECUTIVES	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')	Rupees ('000')
Managerial remuneration	27,273	27,273	5,636	6,727	-	-	94,546	95,838
Retirement benefits	2,272	2,272	470	560	-	-	7,757	7,836
Medical	2,727	2,727	564	673	-	-	9,455	9,584
Meeting fee	-	-	-	-	350	300	-	-
	<u>32,272</u>	<u>32,272</u>	<u>6,670</u>	<u>7,960</u>	<u>350</u>	<u>300</u>	<u>111,758</u>	<u>113,258</u>
Number of Executives	1	1	1	1	5	5	52	53

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

42.01 Certain executives including Chief Executive Officer of the company are also provided with free use of Company's cars in accordance with their entitlements.

42.02 No remuneration was given to Non Executive Director except the fee paid for attending the meeting and as disclosed in note No. 36. Non Executive Directors include one independent director.

43 TRANSACTIONS WITH RELATED PARTIES

The Company in the normal course of business carries out transactions with various related parties which comprise of directors, key management personnel and post employment benefits plan. Remuneration of Chief Executive Officer is disclosed in note No. 42. Other significant transactions with related parties are as follows:

Nature of transaction	Nature of Relationship	Note	2023 Rupees ('000')	2022 Rupees ('000')
Expense related to provident fund trust	Employees Fund	43.01	31,797	31,839
Investment in Stitchrite (Pvt) Limited	Subsidiary		160,000	130,000
Sales to Stitchrite (Pvt) Limited	Subsidiary		39,702	113,582
Loan to Stitchrite (Pvt) Limited	Subsidiary		22,474	11,602

43.01 The related party status of outstanding balances as at 30 June 2023 related to employee provident fund trust are included in trade and other payables amounting to Rs. 46.822 million (2022: Rs. 32.791 million). These are to be settled in the ordinary course of business.

Following are the related parties with whom the company has entered into transactions or have arrangements / agreements in place.

Sr. No.	Company Name	Basis of relationship	Aggregate % of Shareholding in the Company
1	CTML Employees Contributory Provident Fund	Trustee	N/A
2	Stichrite (Private) Limited	Subsidiary	100%

44 PLANT CAPACITY AND ACTUAL PRODUCTION

Installed capacity

Spinning division:

Ring spinning:

Installed capacity converted into 20s count	Kgs	124,807,256	124,807,256
---	-----	-------------	-------------

Open end spinning:

Installed capacity converted into 20s count	Kgs	14,284,911	9,332,808
---	-----	------------	-----------

Weaving Division:

Installed capacity converted into square meter @ 60 PPI	Meters	121,824,244	121,824,244
---	--------	-------------	-------------

Actual production:

Spinning division:

Ring spinning:

Production converted into 20s count	Kgs	61,778,212	112,007,114
-------------------------------------	-----	------------	-------------

Open end spinning:

Production converted into 20s count	Kgs	7,768,014	7,841,323
-------------------------------------	-----	-----------	-----------

Weaving Division:

Production converted into square meter @ 60 PPI	Meters	39,195,482	109,392,440
---	--------	------------	-------------

Remarks:

It is difficult to describe precisely the production capacity in spinning / weaving mills since it fluctuates widely depending on various factors such as count of yarn spun, twist, fiber blend and fabric construction etc. It also significantly varies based on the pattern of production adopted throughout the year. Difference of actual production with installed capacity is in normal course of business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

45 PROVIDENT FUND	Note	2023 Rupees ('000')	2022 Rupees ('000')
The following information is based on the latest audited -financial statements of the trust:			
Size of the fund - Total assets		393,254	342,813
Cost of investments made	45.01	333,899	301,225
Percentage of investments made		84.91%	87.87%
Fair value of investments		333,899	301,225

45.01 The break-up of fair value of investments is:

	2023		2022	
	Rs. ('000')	Percentage	Rs. ('000')	Percentage
Loan to members	237,816	71%	60,096	20%
Bank balances	82,256	25%	39,375	13%
Government securities	13,827	4%	166,754	55%
Other investments	-	0%	35,000	12%
	333,899	100%	301,225	100%

These investments out of provident fund trust have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

46 NUMBER OF EMPLOYEES		2023 Number	2022 Number
The total and average number of employees during the year and as at 30 June 2023 / 30 June 2022 are as follows:			
Average number of employees during the year	- factory	6,007	8,606
	- others	955	839
		6,962	9,445
Number of employees at the end of the year	- factory	3,838	8,176
	- others	881	1,028
		4,719	9,204

47 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

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

47.02 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from deposits, trade debts, loans, advances and 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 by type of parties was:

Financial assets as per statement of financial position	2023 Rupees ('000')	2022 Rupees ('000')
Long term investment in IL	180,996	175,920
Long term deposits	51,132	51,132
Trade debts	1,017,013	1,580,033
Loans and advances	20,774	42,618
Trade deposits and short term prepayments	89,076	85,729
Cash and Bank balances	86,135	21,053
Investments measured at fair value through profit or loss		
Quoted - at fair value	14	14
Investment measured at fair value through other comprehensive income		
Quoted - at fair value	768	1,114
Unquoted - at cost	400	400
	1,446,308	1,958,013

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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

Counter parties

The Company conducts transactions with the following major counterparties:

- Trade debtors
- Banks and other financial institutions

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

Credit risk related to trade debts

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

Trade receivables are non-interest bearing and are generally on 60 to 90 days credit terms.

Impairment losses

The aging of trade debts and loans to employees at the reporting date was:

	2023 Rupees ('000')	2022 Rupees ('000')
0 to 30 days	311,336	486,795
31 to 180 days	415,114	649,060
181 to 360 days	309,684	485,425
Over one year	1,652	1,370
	1,037,786	1,622,650

Trade debts include debtors with a carrying amount of Rs. 1.652 million (2022: Rs. 1.37 million) which are past due at the reporting date but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Concentration of credit risk

Trade debts consist of a large number of diversified customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable where appropriate. Geographically, there is no concentration of credit risk.

Credit risk related to banks and other financial institutions

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

47.03 Liquidity risk

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

The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note No. 15.02 is a list of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

47.03.1 Liquidity risk table

Financial liabilities in accordance with their contractual maturities are presented below:

30 June 2023							
Interest/mark-up bearing			Non interest/mark-up bearing				Total
Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total		
Financial Liabilities:							
Financial liabilities measured at amortized cost	-	-	-	-	2,534,250	2,534,250	2,534,250
Long term financing	1,002,785	6,607,342	7,610,127	-	-	-	7,610,127
Director's loan	-	-	-	-	120,000	120,000	120,000
Liabilities against assets subject to finance lease	3,207	-	3,207	-	-	-	3,207
Short-term borrowings	2,881,132	-	2,881,132	-	-	-	2,881,132
Trade and other payables	-	-	-	3,922,124	-	3,922,124	3,922,124
Unclaimed dividend	-	-	-	94	-	94	94
Accrued mark up	207,489	-	207,489	-	-	-	207,489
	4,094,613	6,607,342	10,701,955	3,922,218	2,654,250	6,576,468	17,278,423

30 June 2022							
Interest/mark-up bearing			Non interest/mark-up bearing				Total
Maturity within one Year	Maturity after one Year	Sub Total	Maturity within one Year	Maturity after one Year	Sub Total		
Financial Liabilities:							
Financial liabilities measured at amortized cost	-	-	-	-	4,546,513	4,546,513	4,546,513
Long term financing	957,153	6,153,624	7,110,777	-	-	-	7,110,777
Director's loan	-	-	-	-	120,000	120,000	120,000
Liabilities against assets subject to finance lease	12,322	1,614	13,936	-	-	-	13,936
Short-term borrowings	3,597,762	-	3,597,762	-	-	-	3,597,762
Trade and other payables	-	-	-	2,688,356	-	2,688,356	2,688,356
Unclaimed dividend	-	-	-	94	-	94	94
Accrued mark up	119,645	-	119,645	-	-	-	119,645
	4,686,882	6,155,238	10,842,120	2,688,450	4,666,513	7,354,963	18,197,083

Effective mark up / interest rates have been disclosed in respective notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

47.04 Market risk

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

47.04.1 Currency risk

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

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

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

Statement of financial position items

	2023		2022	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Trade debts	-	-	101,235	494
L/C Margins	874,255	3,057	995,388	4,859

Off statement of financial position commitments

	2023		2022	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Letter of credit	-	-	27,070	132

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

	2023	2022
	Rupees	Rupees
Average rate	245.42	181.20
Statement of financial position date rate	285.99	204.85

Sensitivity analysis - foreign currency

At 30 June 2023, if the Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 65.081 million (2022: 71.285 million), as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2023 than 2022 because of average increase in foreign currency exchange rate during the year.

47.04.2 Interest rate risk

Interest / markup rate risk arises from the possibility that changes in interest / markup rates will affect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / markup rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 1 month, 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to the Company, management is considering the alternative arrangement to manage interest rate exposure in future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
Fixed rate instruments			
There are no fixed rate instruments.			
Variable rate instruments			
Financial assets			
Cash in deposit accounts		15,714	2,270
Financial liabilities			
Long term finance		7,610,127	7,110,777
Short term finance		2,881,132	3,597,762
Liabilities against assets subject to finance lease		3,207	13,936
		<u>10,494,465</u>	<u>10,722,475</u>

Sensitivity analysis - interest rate

If interest rates had been 1 % higher / lower and all other variables were held constant, the Company's profit / (loss) for the year ended 30 June 2023 would have decreased / increased by Rs. 104.78 million (2022: Rs. 109.97 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instruments.

47.04.3 Other price risk

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

47.04.4 Financial instruments by category

The Company finances its operation through equity, borrowings and management of working capital with a view to maintain an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	Note	2023 Rupees ('000')	2022 Rupees ('000')
Financial assets as per statement of financial position			
Loan and receivable			
Long-term deposits		51,132	51,132
Trade debts		1,017,013	1,580,033
Loans and advances		20,774	42,618
Trade deposits and short term prepayments		89,076	85,729
Cash and Bank balances		86,135	21,053
Long term investment			
Investment in IL at fair value through statement of profit or loss		180,996	175,920
Fair value through profit or loss			
Quoted - at fair value		14	14
Fair value through other comprehensive income			
Quoted - at fair value		768	1,114
Unquoted - at cost		400	400
		<u>1,446,308</u>	<u>1,958,013</u>
Financial liabilities as per statement of financial position			
Financial liabilities measured at amortized cost		2,534,250	4,546,513
Long term finance		7,610,127	7,110,777
Director's loan		120,000	120,000
Liabilities against assets subject to finance lease		3,207	13,936
Short-term borrowings		2,881,132	3,597,762
Trade and other payables		3,922,124	2,688,356
Unclaimed dividend		94	94
Accrued mark up		207,489	119,645
		<u>17,278,423</u>	<u>18,197,083</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

47.05 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

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

47.05.1 Fair value hierarchy

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

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

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

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

Financial assets:	2023			
	Level 1	Level 2	Level 3	Total
	Rupees ('000')			
Financial investments: available for sale	14	-	-	14
Investment at fair value through profit or loss	180,996	-	-	180,996
Investment - available for sale	486	-	282	768
	<u>181,496</u>	<u>-</u>	<u>282</u>	<u>181,778</u>

Financial assets:	2022			
	Level 1	Level 2	Level 3	Total
	Rupees ('000')			
Financial investments: available for sale	14	-	-	14
Investment at fair value through profit or loss	175,920	-	-	175,920
Investment - available for sale	832	-	282	1,114
	<u>176,766</u>	<u>-</u>	<u>282</u>	<u>177,048</u>

48 CAPITAL MANAGEMENT

The Company's objectives, policies and processes for managing capital are as follows:

- The Company is not subject to any externally imposed capital requirements.
- The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, reserves and unappropriated profit).
- The Company's strategy is to maintain its debt-to-adjusted capital ratio between 40% to 60%. The debt-to-adjusted capital ratios at 30 June 2023 and 30 June 2022 were as follows:

	Note	2023	2022
		Rupees ('000')	Rupees ('000')
Total debt		10,494,466	10,722,475
Less: cash and cash equivalents		90,916	21,053
Net debt		10,403,550	10,701,422
Total equity		10,990,441	10,151,208
Total capital employed		<u>21,393,991</u>	<u>20,852,630</u>
Gearing ratio (%)		<u>48.63%</u>	<u>51.32%</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

49 NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no non-adjusting events after the statement of financial position date.

50 CASH GENERATED FROM OPERATIONS

		2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES	Note	Rupees ('000')	Rupees ('000')
Profit / (loss) before taxation		650,917	962,034
Adjustments for:			
Provision for staff retirement benefits		157,570	178,273
Depreciation		888,048	872,743
Finance cost		1,045,548	720,052
Worker's profit participation fund		-	59,537
Worker's welfare fund		-	23,815
Share of (gain) / loss from investment in IL		(5,076)	255,235
Loss/(gain) on remeasurement of short term investments		-	6
Revaluation loss / (gain) on investment property		(151,481)	(6,810)
Provision for slow moving stores, spares and loose tools		1,132	1,120
Loss allowance for doubtful trade debts		1,652	1,370
Amortization of deferred mark up		(2,702,196)	(59,749)
Gain on amortization of long term loan		5,997	16,661
(Gain)/loss on disposal of property, plant and equipment		(7,894)	18,139
		<u>(766,699)</u>	<u>2,080,392</u>
Operating cash flows before working capital changes		<u>(115,782)</u>	<u>3,042,426</u>
Changes in working capital:			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		237,586	(264,348)
Stock-in-trade		276,315	62,157
Trade debts		561,368	(459,460)
Loans and advances		536,439	(638,795)
Tax refund due from government		(1,283,076)	(276,306)
Trade deposits and short term prepayments		(3,347)	30,900
Increase / (decrease) in current liabilities:			
Trade and other payables		1,233,767	747,762
		<u>1,559,052</u>	<u>(798,090)</u>
Cash generated from operations		<u><u>1,443,271</u></u>	<u><u>2,244,336</u></u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

51 SEGMENT INFORMATION

	Spinning		Weaving		Real estate		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	----- Rupees ('000') -----							
Sales:								
Total	17,805,287	26,025,120	3,276,078	5,894,110	-	-	21,081,365	31,919,230
Intersegment	(228,641)	(1,101,986)	-	-	-	-	(228,641)	(1,101,986)
	17,576,646	24,923,134	3,276,078	5,894,110	-	-	20,852,724	30,817,244
Cost of Sales	18,023,198	22,753,272	3,432,990	5,179,974	-	-	21,456,188	27,933,245
Gross profit / (loss)	(446,552)	2,169,863	(156,912)	714,136	-	-	(603,464)	2,883,999
Distribution Cost	174,306	270,143	74,702	97,204	-	-	249,008	367,348
Administrative expenses	260,715	400,219	111,735	171,522	-	-	372,449	571,742
	435,020	670,363	186,437	268,727	-	-	621,458	939,089
	(881,572)	1,499,500	(343,350)	445,410	-	-	(1,224,922)	1,944,910
Finance cost	731,884	504,037	313,664	216,016	-	-	1,045,548	720,052
Profit / (loss) before unallocated income and expenses	(1,613,456)	995,464	(657,014)	229,394	-	-	(2,270,470)	1,224,858

Unallocated income and expenses

Other operating charges	5,997	355,254
Other Income	2,927,384	92,432
Profit before tax	650,917	962,036
Taxation	(173,460)	675,723
Profit after tax for the year	824,377	286,313
Other comprehensive income:		
Remeasurement (loss) / gain of defined benefit obligation	15,202	(7,339)
Net fair value gain / (loss) on investment through FVOCI	(346)	(1,911)
Total comprehensive profit for the year	839,233	277,063

Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Total	
	2023	2022	2023	2022	2023	2022
	----- Rupees ('000') -----					
Total assets for reportable segments	10,537,416	10,894,651	8,621,522	8,560,083	19,158,938	19,454,735
Unallocated assets:						
Investment property					942,570	791,089
Long term investments					182,164	177,434
Investment in subsidiary					160,000	130,000
Cash and bank balances					90,916	21,053
Other corporate assets					9,233,299	9,524,811
Total assets as per statement of financial position					29,767,887	30,099,122
Unallocated liabilities:						
Directors' loan					120,000	120,000
Provision for taxation					330,754	505,413
Other corporate liabilities					29,317,133	29,473,709
Total liabilities as per statement of financial position					29,767,887	30,099,122

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

51.01 Geographical information

The Company's revenue from external customers by geographical locations is detailed below:

	Spinning		Weaving		Total	
	2023	2022	2023	2022	2023	2022
	----- Rupees ('000') -----					
Europe	-	-	975,878	1,434,977	975,878	1,434,977
USA	-	-	67,688	336,806	67,688	336,806
Africa	-	-	22,110	64,399	22,110	64,399
Asia	46,347	-	728,772	470,913	775,119	470,913
	<u>46,347</u>	<u>-</u>	<u>1,794,448</u>	<u>2,307,096</u>	<u>1,840,795</u>	<u>2,307,096</u>

52 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved and authorized for issue on 06 October 2023 by the Board of Directors of the Company.

53 GENERAL

- Figures have been rounded off to the nearest Rupees in thousand except where stated otherwise.
- Corresponding figures have been rearranged/reclassified, wherever necessary, to facilitate comparison.



Chief Financial Officer



Director



Chief Executive Officer



In the Name of Almighty Allah The Most Beneficent
The Most Merciful

**COLONY TEXTILE MILLS LIMITED
CONSOLIDATED ACCOUNTS FOR THE YEAR
ENDED
JUNE 30, 2023**

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *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 year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Key audit matters	How the matters were addressed in our audit
<p>1) Revenue (Refer note 33 to the annexed financial statements)</p> <p>Revenue is recognized when control of the underlying products has been transferred to the customers. The Company primarily generates revenue from sale of yarn, fabric. During the year, the Company's revenue is Rs. 21,121 million which is 70.69% of the total assets.</p> <p>We have considered revenue as a key audit matter as it is one of the key performance indicators of the Company. Revenue is a high-risk area and there is always an inherent risk of material misstatement.</p>	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> Assessed the design, implementation and operating effectiveness of the relevant key internal controls over the Company's system which governs revenue recognition; Understood and evaluated the accounting policies with respect to revenue recognition including those related to discounts and commissions and its compliance with International Financial Reporting Standards; Performed testing of sample of revenue transactions with underlying documentation including dispatch documents and sales invoices; Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period; Checked on a sample basis, approval of sales prices and commissions by the appropriate authority; Performed recalculation of discounts and commission as per Company's policy on test basis; Performed audit procedures to analyze variation in the price and quantity sold during the year; and Assessed the adequacy of disclosures made in the financial statements related to revenue.

**Independent Auditors' Report
To The Members of Colony Textile Mills Limited
Report on the Audit of Consolidated Financial Statements**

Key audit matters	How the matters were addressed in our audit
<p>2) Inventories</p> <p>(Refer notes 25 and 26 to the annexed financial statements)</p> <p>The Company has inventories i.e., stores, spares and loose tools and stock-in-trade aggregating Rs. 4,974 million.</p> <p>We identified this area as a key audit matter because inventories constitute 16.65% of the total assets of the Company as at 30 June 2023 and determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involves management judgement and estimation.</p>	<p>Our audit procedures in respect of this area included:</p> <ul style="list-style-type: none"> • Observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets; • Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents; • Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards; • Assessed the provision for slow moving items as at year end is in accordance with the Company policy and relevant accounting standard; and • We also considered the adequacy of the related disclosures and assessed these are in accordance with the applicable financial reporting standards and the Companies Act, 2017.
<p>3) Borrowings</p> <p>(Refer notes 12, 13, 16 and 18 to the annexed financial statements)</p> <p>The Company has significant amounts of borrowings from Banks and other financial institutions amounting to Rs. 10,494 million, being 55.55% of total liabilities, as at reporting date.</p> <p>Given the significant level of borrowings, finance costs, significant gearing, the disclosure given by the management in financial statements and compliance with various loan covenants, this is considered to be a key audit matter.</p>	<p>Our audit procedures in respect of this area included:</p> <ul style="list-style-type: none"> • Review of loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management for finance costs and to ensure that the borrowings have been approved at appropriate level. • Verification of disbursement of loans and utilization on sample basis. Review of documents for charge registration with regulator - SECP. • Verification of repayments made by the Company during the year on sample basis to confirm that repayments are being made on time and no default has been made. • Assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis. • Obtaining direct confirmations from Banks of the Company to confirm balances, terms & conditions stated in the facility offer letters and compliance thereof. • Performing analytical procedures, recalculations and ensuring outstanding liabilities have been properly classified in financial statements.

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of Consolidated Financial Statements

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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.

Independent Auditors' Report To The Members of Colony Textile Mills Limited Report on the Audit of Consolidated Financial Statements

- 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.

Other Matter Paragraph

The financial statements of Colony Textile Mills Limited and its subsidiary (the Group) for the year ended June 30, 2022 were audited by another firm of auditors who expressed an unmodified opinion on those statements on October 05, 2022.

The engagement partner on the audit resulting in this independent auditors' report is Shahid Mehmood.

Dated: 06 October, 2023

Lahore

UDIN: AR2023100557G3mYkFsL



**Ilyas Saeed & Co.
Chartered Accountants**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	9	5,300,000	5,300,000
Issued, subscribed and paid up capital	10	4,980,100	4,980,100
Reserve arising on amalgamation		3,156,388	3,156,388
Revaluation surplus on property, plant and equipment		19,594	19,594
Directors' loan	11	120,000	120,000
General reserves		4,702	4,702
Unappropriated profit		2,705,712	1,856,751
Surplus on remeasurement of investments		694	1,040
		<u>10,987,190</u>	<u>10,138,575</u>
Non-current liabilities			
Long term financing	12	6,607,342	6,153,623
Liabilities against assets subject to finance lease	13	-	1,614
Deferred liabilities	14	3,831,596	5,913,843
		<u>10,438,938</u>	<u>12,069,080</u>
Current liabilities			
Trade and other payables	15	4,020,852	2,840,341
Short term borrowings	16	2,881,132	3,597,762
Accrued mark up	17	207,489	119,645
Unclaimed dividend		94	94
Current portion of long term liabilities	18	1,005,992	969,475
Provision for taxation	19	335,956	508,410
		<u>8,451,515</u>	<u>8,035,727</u>
Contingencies and commitments	20	-	-
		<u>29,877,643</u>	<u>30,243,382</u>



Chief Financial Officer



Director

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
ASSETS			
Non-current assets			
Property, plant and equipment	21	19,151,823	19,446,781
Right of use assets	22	81,752	86,055
Investment property	23	942,570	791,089
Long term investments	24	182,164	177,434
Long term deposits		51,132	51,132
		<u>20,409,441</u>	<u>20,552,491</u>
Current assets			
Stores, spare parts and loose tools	25	447,147	680,108
Stock in trade	26	4,527,760	4,853,572
Trade debts	27	1,056,212	1,582,836
Loans and advances	28	956,368	1,508,501
Trade deposits and short term prepayments	29	89,151	85,729
Other financial assets	30	14	14
Tax refunds due from the Government	31	2,275,482	958,638
Cash and bank balances	32	116,067	21,493
		<u>9,468,201</u>	<u>9,690,891</u>
		<u><u>29,877,643</u></u>	<u><u>30,243,382</u></u>

The annexed notes from 01 to 53 form an integral part of these financial statements.

Chief Executive Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
Sales - net	33	21,121,174	30,871,887
Cost of sales	34	21,628,285	27,922,716
Gross profit / (loss)		(507,111)	2,949,171
Operating expenses:			
Distribution cost	35	263,077	375,908
Administrative expenses	36	425,051	611,634
		688,128	987,542
Operating profit		(1,195,239)	1,961,629
Finance cost	37	1,045,780	720,222
Other operating charges	38	11,267	356,439
		1,057,047	1,076,661
Other income	39	2,919,799	93,018
Profit / (loss) before taxation		667,512	977,986
Taxation	40	(166,247)	678,201
Profit / (loss) after tax for the year		833,759	299,785
		Rupees	Rupees
Earnings/(Loss) per share - basic and diluted	41	1.67	0.60

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
Profit / (loss) for the year		833,759	299,785
Other comprehensive income:			
Items that will not be reclassified to statement of profit or loss:			
Remeasurement (loss) / gain of defined benefit obligation	14.03	20,650	(9,894)
Deferred tax thereon		(5,448)	2,555
		15,202	(7,339)
Items that may be reclassified to statement of profit or loss:			
Net fair value gain on investment measured at FVTOCI		(346)	(1,911)
Total comprehensive income/(loss) for the year		848,615	290,535

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	50	1,442,986	2,219,852
Finance cost paid		(268,003)	(318,949)
Staff retirement benefit paid		(104,704)	(106,934)
Income tax paid		(156,540)	(192,057)
		(529,247)	(617,940)
Net cash generated from operating activities		913,739	1,601,912
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(721,574)	(1,757,079)
Proceeds from disposal of property, plant and equipment		136,414	131,675
Net cash used in investing activities		(585,160)	(1,625,404)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances availed / (repaid)		493,355	(616,181)
Lease rentals - net		(10,729)	(13,962)
Short term borrowings - net		(716,630)	604,244
Net cash used in financing activities		(234,004)	(25,900)
Net increase / (decrease) in cash and cash equivalents		94,574	(49,391)
Cash and cash equivalents at beginning of the year		21,493	70,884
Cash and cash equivalents at end of the year		116,067	21,493

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	Share capital	Reserve arising on amalgamation	Revaluation surplus on property, plant and equipment	Directors' loan	Revenue reserves		Surplus on re-measurement of investments	Total
					General reserves	Unappropriated profit/(loss)		
Rupees ('000')								
Balance as at 30 June 2021	4,980,100	3,156,388	19,594	120,000	4,702	1,564,305	2,951	9,848,040
Total comprehensive income for the year								
Profit / (loss) for the year	-	-	-	-	-	299,785	-	299,785
Remeasurement of defined benefit obligation	-	-	-	-	-	(7,339)	-	(7,339)
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	(1,911)	(1,911)
Total comprehensive income for the year	-	-	-	-	-	292,446	(1,911)	290,535
Directors' loan adjusted during the year	-	-	-	-	-	-	-	-
Balance as at 30 June 2022	4,980,100	3,156,388	19,594	120,000	4,702	1,856,751	1,040	10,138,575
Total comprehensive income for the year								
Profit / (loss) for the year	-	-	-	-	-	833,759	-	833,759
Remeasurement of defined benefit obligation	-	-	-	-	-	15,202	-	15,202
Net fair value gain on investment measured at FVTOCI	-	-	-	-	-	-	(346)	(346)
Total comprehensive income for the year	-	-	-	-	-	848,961	(346)	848,615
Directors' loan adjusted during the year	-	-	-	-	-	-	-	-
Balance as at 30 June 2023	4,980,100	3,156,388	19,594	120,000	4,702	2,705,712	694	10,987,190

The annexed notes from 01 to 53 form an integral part of these financial statements.



Chief Financial Officer



Director



Chief Executive Officer

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.01** Colony Textile Mills Limited ("the Holding Company") is a Public Company Limited by shares incorporated in Pakistan on 12 January 2011 under the provisions of the repealed Companies Ordinance, 1984 (now The Companies Act 2017). The Holding Company is listed on Pakistan Stock Exchange Limited. The registered office of the Holding Company is located at M. Ismail Aiwan-i-Science Building, Ferozepur Road, Lahore, Pakistan. The principal activity of the Holding Company is manufacturing and sale of yarn, fabric, garments made ups and trading in real estate.

Geographical location and addresses of major business units including mills / plants of the Holding Company are as under:

Location	Purpose
M. Ismail Aiwan-i-Science Building Ferozepur Road, Lahore	Head Office
4km Raiwind Manga Road, Raiwind, District Kasur	Weaving unit
Sher Shah Road Ismailabad, Multan	Spinning unit

2 THE GROUP AND ITS OPERATIONS

The group consists of :

Colony Textile Mills Limited (the Holding Company)

Stitchrite (Private) Limited (the Subsidiary Company)

Stitchrite (Private) Limited was incorporated in Pakistan as on 11 October 2019 under the Companies Act, 2017 (XIX of 2017) limited by shares. The registered office of the Company is located at M. Ismail Aiwan-i-Science Building, Ferozepur Road, Lahore, Pakistan. The Company is principally engaged in manufacturing and general trading of textile products.

- Stitchrite (Private) Limited	Effective Shareholding % 100
--------------------------------	------------------------------------

3 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the consolidated statement of financial position and performance during the year have been adequately disclosed in the notes to these consolidated financial statements. For a detailed discussion about these significant transactions and events, please refer to the Directors' report.

4 BASIS OF PREPARATION

4.01 Statement of compliance

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

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

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

- 4.02** These consolidated financial statements comprise the consolidated statement of financial position of the company as at June 30, 2023 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with notes forming part thereof.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

4.03 Standards, interpretations and amendments to published approved accounting standards

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

Standards, amendments to published standards and interpretations effective in current year

- IAS 1 Presentation of Financial Statements - Amendments regarding the definition of material
- IAS 8 Accounting policies, changes in accounting estimates and errors - Amendments regarding the definition of material

- IFRS 9 Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform
- IAS 41 Agriculture - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (taxation in fair value measurements)
- IFRS 3 Business combinations - Amendments to clarify the definition of a business
- IFRS 7 Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform

- IFRS 11 Joint arrangements - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest)
- IFRS 16 Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification
- IAS 16 Property, Plant and Equipment - Amendments prohibiting a Company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use

- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous.
- IFRS 1 First-time Adoption of International Financial Reporting Standards Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter).
- IFRS 3 Business combinations (amendments)
- IFRS 7,9 Financial Instruments: Disclosure - Amendments regarding replacement issues in the context of the IBOR reform & IAS 39

- IFRS 9 Financial Instruments - Amendments resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent')
- IFRS 16 Leases - Amendments regarding replacement issues in the context of the IBOR reform.
- IFRS 7,9 Financial Instruments: Disclosure - Amendments regarding replacement issues in the context of the IBOR reform. & IAS 39
- IFRS 16 Leases - Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification.
- IFRS 11 Joint arrangements - Amendments resulting from Annual Improvements 2015–2017 Cycle (remeasurement of previously held interest).
- IFRS 16 Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.
- IAS 8 Accounting policies, changes in accounting estimates and errors - Amendments regarding the definition of accounting estimates.
- IAS 12 Income Taxes - Amendments regarding deferred tax on leases and decommissioning obligations.
- IFRS 4 Insurance contracts (amendments)
Regarding replacement issues in the context of the IBOR reform
- IFRS 4 Insurance contracts - Amendments regarding the expiry date of the deferral approach.
- IAS 1 Presentation of Financial Statements - Amendment to defer the effective date of the January 2020 amendments.

- Presentation of Financial Statements - Amendments regarding the classification of liabilities.
- Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies.

- Insurance contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023).
- IFRS 17

Standards, interpretations and amendments to existing standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after their respective effective dates.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 16 Amendments to IFRS 16 'Leases' - clarification on how seller-lessee subsequently measures sale and leaseback transactions.	January 01, 2024
IAS 1 Amendments to IAS 1 'Presentation of Financial Statements' - Classification	January 01, 2024
The above standards, amendments and interpretations are either not relevant to the group's operations or are not expected to have significant impact on the group's financial statements except for the increased disclosures in certain cases.	
In addition to the above, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):	

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 16 Leases - Amendments regarding replacement issues in the context of the IBOR reform	January 01, 2021
IFRS 17 Insurance contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published (includes a deferral of the effective date to annual periods beginning on or after 1 January 2023)	January 01, 2023
IFRS 16 Leases - Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification	April 01, 2021

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 14 Regulatory deferral accounts	January 01, 2016
IFRS 17 Insurance contracts	January 01, 2021
The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application.	

5 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

6 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value, investment on equity basis, certain liabilities at amortized cost, investment property and certain other investments at fair value. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

7 JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and related assumptions are reviewed on an ongoing basis. Accounting estimates are revised in the period in which such revisions are made and in any future periods affected.

Significant management estimates in these financial statements relate to the useful life of property, plant and equipment, provisions for staff retirement benefits, doubtful receivables, slow moving inventory and taxation. However, the management believes that the change in outcome of estimates would not have a material effect on the amounts disclosed in the financial statements.

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

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- Useful life of depreciable assets;
- Loss allowance for doubtful receivables and slow moving stores, spares and loose tools;
- Provision for current tax and deferred tax;
- Staff retirement benefits;
- Net realizable value of stock-in-trade; and
- Expected credit losses.

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the consolidated financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

8 SIGNIFICANT ACCOUNTING POLICIES

8.01 Staff retirement benefits

The Holding Company operates two plans for its employees:

Defined contribution plan

The Holding Company operates recognised defined contributory provident fund for all eligible employees to which monthly contributions are made to cover the obligation. The Group and its employees make equal monthly contributions at the rate of 8.33% of basic salary.

Defined benefit plan

The Holding Company operates a defined benefit plan for all of its eligible employees who have completed their minimum qualifying period of service with the Group. Provisions are made in the consolidated financial statements to cover obligation on the basis of actuarial valuation using the Projected Unit Credit Method. Any actuarial gain or loss is recognised immediately in statement of comprehensive income.

8.02 Taxation

Current

Provision for current taxation is based on applicable current rates of taxation after taking into account tax credits and rebates available, if any, under the provisions of Income Tax Ordinance, 2001. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

Deferred

Deferred tax liability is accounted for in respect of all taxable temporary differences at the statement of financial position date arising from difference between the carrying amount of the assets and liabilities in the consolidated financial statements and corresponding tax bases used in computation of taxable profits. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses, provisions and tax credits to that extent it is probable that taxable profit will be available in future against which the deductible temporary differences can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the asset is to be realized or liability is to be settled. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

8.03 Property, plant and equipment

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses (if any) except freehold land which is stated at cost and fully depreciated assets which are carried at residual value. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged to statement of profit or loss by applying reducing balance method to write off the cost over estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from property, plant and equipment. Depreciation on addition to property, plant and equipment is charged from the date when asset is available for use up to the date of its de-recognition.

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.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Gains / losses on disposal of fixed assets are included in current year's statement of profit or loss.

Subsequent costs included in the asset's carrying amount are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be measured reliably. All other repair and maintenance cost are charged to the statement of profit or loss during the year in which these are incurred.

Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the expenditures on material, labor and appropriate overheads directly relating to the construction, erection or installation of an item of property, plant and equipment. These costs are transferred to property, plant and equipment as and when related items become available for intended use.

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Where the Group determines that the lease term of identified lease contracts is short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognised and payments made in respect of these leases are expensed in the statement of profit or loss.

8.04 Investment property

Property held to earn rentals and/or for capital appreciation is classified as investment property. Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at fair value, which effect market conditions at reporting date. Gains and losses arising from the change in fair value of properties are included in statement of profit or loss in the year in which they arise. Fair values are determined based on an annual revaluation performed by an independent valuer.

In case of change in use of property from owner occupied property to investment property that will be carried at fair value, Company has applied IAS 16 upto the date of change in use. The difference at that date between carrying amount and fair value has been accounted for in the same way as a revaluation surplus in accordance with IAS-16.

8.05 Financial instruments

Recognition

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument.

a) Financial assets

(i) Initial Measurement

The Group classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(ii) Subsequent Measurement

Debt Investments at FVOCI:

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in the statement of comprehensive income. On de-recognition, gains and losses accumulated in the statement of comprehensive income are reclassified to the statement of profit or loss.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Equity Investments at FVOCI:

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in statement of comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in statement of profit or loss.

Financial assets measured at amortized cost:

These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

Financial assets are de recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

b) Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit or loss. Any gain or loss on de-recognition is also recognised in the statement of profit or loss.

Financial liabilities are de recognised when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

c) Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Group has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

d) Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention on the market place. Regular way purchases or sales of financial assets are recognised and de recognised on a trade date basis.

e) Derivatives

Derivative instruments held by the Group comprise of future and forward contracts in the capital and money markets. These are stated at fair value at the date of statement of financial position. The fair value of the derivatives is equivalent to the unrealized gain or loss from marking the derivatives using prevailing market rates at the date of statement of financial position. The unrealized gains are included in other assets while unrealized losses are included in other liabilities in the statement of financial position. The corresponding gains and losses are included in the statement of profit or loss.

8.06 Contingent liability

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

8.07 Stores, spares and loose tools

These are valued at lower of cost and net realizable value. Cost is calculated using moving average method except for items in transit which are valued at cost comprising invoice value plus other charges paid thereon till the statement of financial position date. Provision is made against obsolete items.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

8.08 Stock in trade

Basis of valuation are as follows:

Particulars

Raw materials:

At mills	At weighted average cost
In-transit	At cost accumulated to the statement of financial position date
Work in process	At average manufacturing cost
Finished goods	At average manufacturing cost
Waste	At net realizable value
Real estate	At cost

Stock is measured at lower of cost or net realizable value

Cost in relation to work in process and finished goods represents the average manufacturing cost which consists of prime cost and attributable production overheads.

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

8.09 Trade debts and other receivables

Financial assets

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

8.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and at banks.

8.11 Borrowings

Loans and borrowings are recorded at the time of proceeds received. Financial charges are accounted for on the accrual basis. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred.

8.12 Trade and other payables

Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognised in the statement of profit or loss.

Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

8.13 Provisions

Provisions are recognised when the Group has a legal and constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle these obligations and a reliable estimate of the amounts can be made.

8.14 Impairment

Financial assets

The Group recognises loss allowances for expected credit losses in respect of financial assets measured at amortized cost on date of initial recognition. The amount of expected credit loss is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial assets.

Impairment is recognised at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognised at an amount equal to 12 months' expected credit losses, with the exception of trade debts contract assets and lease receivables, for which The Holding Company recognises lifetime expected credit losses estimated using a provision matrix. The provision matrix is based on the Holding Company's historical credit loss experience, adjusted for factors that are specific to counter parties, general economic conditions and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

All impairment losses are recognised in the statement of profit or loss. An impairment is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognised.

The Group writes off a financial asset when there is information indicating that the counter party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognised in the statement of profit or loss.

Non financial assets

The carrying amount of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset's or group of assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognised in the statement of profit or loss.

8.15 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Group are recognised when the goods are provided, and thereby the performance obligations are satisfied. The Group's contract performance obligations are fulfilled at the point in time when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers and is reduced for allowances such as taxes, duties, commissions, sales returns and discounts. Revenue from other sources is recognised on the following basis:

- Interest income on deposits with banks and other financial assets is recognised on accrual basis.
- Dividend income is recognised when the Group's right to receive dividend has been established.

8.16 Related parties

- a) Employees Provident Fund
- b) Directors and key management personnel
- c) Stitchrite (Private) Limited

8.17 Related party transactions

Transactions with related parties are based on the transfer pricing policy that all transactions between the Holding Company and the related party of the Holding Company are at arm's length prices using the comparable uncontrolled price method except in circumstances where it is in the interest of the Holding Company not to do so.

8.18 Dividend

Dividend is recognised as liability in the period in which it is declared.

8.19 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak rupees at the rates of exchange prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the statement of financial position date and in case of forward exchange contracts at the committed rates. Gains or losses on exchange are charged to the statement of profit or loss.

8.20 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in statement of profit or loss attributable to ordinary shareholders of the Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

8.21 Segment reporting

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

Segment results that are reported to the Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

The Group has three reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers), Weaving (Producing different quality of fabric using yarn) and Stitching (producing different stitched products).

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

8.22 Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds.

		2023	2022
	Note	Rupees ('000')	Rupees ('000')
9 AUTHORISED SHARE CAPITAL			
185,000,000 (2022: 185,000,000) ordinary shares of Rs. 10/- each		1,850,000	1,850,000
Capital of merged companies			
345,000,000 (2022: 345,000,000) ordinary shares of Rs. 10/- each		3,450,000	3,450,000
		<u>5,300,000</u>	<u>5,300,000</u>
10 ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
20,000 (2022: 20,000) ordinary shares of Rs. 10/- each issued as fully paid in cash shares		200	200
497,989,959 (2022: 497,989,959) fully paid in cash ordinary shares of Rs. 10/- each issued to the shareholders of amalgamated entities		4,979,900	4,979,900
		<u>4,980,100</u>	<u>4,980,100</u>

- Fully paid ordinary shares, which have a par value of Rs. 10/-, carry one vote per share and carry right to dividends.

- There are no rights, preferences and restrictions attached to any class of shares including restrictions on the distribution of the dividends and the repayment of capital.

- There are no shares reserved for issue under options and contracts for the sale of shares.

- There were no bonus shares or treasury shares issued during the year.

		2023	2022
	Note	Rupees ('000')	Rupees ('000')
11 DIRECTORS' LOAN			
Directors' loan	11.01	120,000	120,000
11.01			
This represents interest free loans from directors of the Company, payable at the discretion of the entity. They do not pass the liability test and thus recorded as equity at face value. They will not be re-measured subsequently. The decision by the entity at any time in future to deliver cash or any other financial asset to settle the directors' loan would be a direct debit to equity. The Company has applied TR-32 'Accounting Directors' Loan' issued by Institute of Chartered Accountants of Pakistan whose compliance was mandatory with effect from period beginning on or after 01 January 2016. Out of total loan, loan of Rs. 120 million is subordinated to the liabilities of financial institutions.			

		2023	2022
	Note	Rupees ('000')	Rupees ('000')
12 LONG TERM FINANCING			
From banking companies-Secured			
Name of the Bank			
The Bank of Punjab	12.01	6,115,380	5,500,871
National Bank of Pakistan	12.02	709,642	742,909
Habib Bank Limited	12.03	103,536	133,629
Faysal Bank Limited	12.04	193,890	221,558
Silk Bank Limited	12.05	245,569	261,820
Soneri Bank Limited	12.06	39,736	44,884
Bank Islami Pakistan Limited	12.07	32,736	35,071
Standard Chartered Bank Limited	12.08	135,572	126,235
Summit Bank Limited	12.09	34,066	43,799
		<u>7,610,127</u>	<u>7,110,776</u>
Less: Current portion	18	1,002,785	957,153
		<u>6,607,342</u>	<u>6,153,623</u>

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- 12.01** This loan includes three facilities Term Finance-1 (TF-1), Term Finance-3 (TF-3) and Term Finance-4 (TF-4) amounting to Rs. 5390.87 million, Rs. 699.92 million and Rs. 30.726 million respectively. This loan facility was restructured on 06 June 2023. (TF-1) is repayable from 30 June 2023 to 31 December 2040. Markup is charged at cost of funds less administrative cost (2022: cost of funds less administrative cost) of the preceding quarter effective from 1 January 2023 and onwards. (TF-3) is repayable from 30 June 2023 to 31 December 2035. Markup is charged at cost of funds less administrative cost (2022: cost of funds less administrative cost) to be accrued and payable as per repayment schedule. (TF-4) is repayable from 31 December 2022 to 15 September 2023. Markup is not applicable on the said facility as it is unserviceable. This facility is secured by joint pari passu charge on fixed assets and current assets of the company, registered with SECP.
- 12.02** This loan facility was restructured on 09 April 2019. It is repayable from 01 July 2019 to 01 April 2034. Markup is chargeable at cost of funds (2022: Cost of fund). The loan is secured against first joint pari passu charge over fixed assets of the Company registered with SECP.
- 12.03** This loan has been restructured in July 2019. It is repayable from 01 July 2019 to 01 July 2027. Markup is to be charged at cost of funds (2022: Cost of funds) provided by the bank. This loan is secured against joint pari passu hypothecation charge, existing ranking charge over plant and machinery and existing joint pari passu charge on current and fixed assets of the Company.
- 12.04** This loan facility was restructured on 09 November 2018. It is repayable from 30 December 2018 to 30 September 2028. Markup is charged at cost of funds (2022: Cost of funds) of the bank. The loan is secured against joint and ranking charge over present and future current assets of the Company registered with SECP.
- 12.05** This loan includes two facilities Term Finance-1 (TF-1) and Term Finance-2 (TF-2) amounting Rs. 225.52 million and Rs. 38.22 million respectively. Both loans were restructured on 15 January 2017. It is payable from 15 January 2018 to 15 October 2032. Markup is payable at Silk bank's cost of funds minus 2% (2022: Cost of funds minus 2%) . Term Finance-2 is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total loan amount of TF-2 Rs. 38.22 million, present value adjustment is Rs. 18.173 million. Both the loans are secured against first joint pari passu charge and ranking charge over the assets of the Company registered with SECP.
- 12.06** This loan facility was restructured on 27 December 2022. It is repayable from September 2023 to December 2025. The loan is secured against hypothecation charge over property, plant and equipment and existing joint pari passu charge over fixed assets including land of the Company, registered with SECP. This loan facility is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 44.40 million, present value adjustment is Rs. 4.66 million.
- 12.07** This loan facility was restructured on 22 December 2018. The loan is repayable from 30 March 2019 and ending on 31 December 2033. The loan is secured against joint pari passu charge on the assets of the Company registered with SECP. It is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 72.77 million, present value adjustment is Rs. 40.034 million.
- 12.08** This facility was created as a result of a restructuring made on 17 May 2019. The loan is repayable from 30 June 2019 and ending on 31 March 2024. This loan is secured against joint pari passu charge over current assets of the Company registered with SECP. This loan facility is interest free and recognised at amortized cost by discounting using effective rate of interest and related present value gain was recognised in the statement of profit or loss. Out of total outstanding amount of Rs. 133.44 million, present value adjustment is Rs. 2.132 million.
- 12.09** This facility is established by converting CF-1 into TF with a total amount of Rs. 194.664 million. This facility is repayable in twenty equal installments starting from 31 December 2021 and ending on 30 September 2026. This is secured against ranking charge over fixed assets (Plant & Machinery) of the company with 25% margin registered with SECP duly ensured in favor of Summit Bank Limited. Markup is charged at 3 Month Kibor plus 1% per annum with quarterly installments.

13 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2023 Rupees ('000')	2022 Rupees ('000')
Present value of minimum lease payments	13.02	3,207	13,936
Less: Current portion	18	(3,207)	(12,322)
		-	1,614

- 13.01** This represents machinery under lease and sale and lease back agreements. The principal plus financial charges are payable over the lease period in quarterly/bi monthly installments as per respective agreements ending in the month of September 2025. The liability as at the date of financial position represents the present value of total minimum lease payments discounted at 15.32% to 22.08% (2022: 7.45% to 11.89%) per annum bearing the interest rates implicit in leases. The purchase option is available to the Company on payment of last installment and the Company intends to exercise this option. Reconciliation of minimum lease payments and their present values is given below:

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
Not later than one year		14,815	12,915
Later than one year but not later than five years		9,675	1,637
Later than five years		-	-
		<u>24,491</u>	<u>14,552</u>
Less: Financial charges allocated to future periods		(21,264)	(616)
Present value of minimum lease payments	13.02	<u>3,227</u>	<u>13,936</u>
Less: Current portion		<u>(3,207)</u>	<u>(12,322)</u>
		<u>20</u>	<u>1,614</u>
13.02 Present value of minimum lease payments			
Due not later than one year		3,207	12,322
Due later than one year but not later than five years		-	1,614
Later than five years		-	-
		<u>3,207</u>	<u>13,936</u>
14 DEFERRED LIABILITIES			
Deferred taxation	14.01	953,845	1,059,499
Deferred markup	14.02	2,534,250	4,546,513
Staff retirement benefits	14.03	343,501	307,831
		<u>3,831,596</u>	<u>5,913,843</u>

14.01 Deferred taxation

Deferred taxation

Comprises of the following:

Deferred tax liability on taxable temporary differences in respect of the following:

- Accelerated tax depreciation allowance

Statement of Financial position	Statement of Profit or Loss		Statement of OCI			
2023	2022	2023	2022	2023	2022	
Rupees ('000')						
	3,340,401	3,269,323	52,313	72,026	-	-

Deferred tax asset on deductible temporary differences in respect of the following:

Lease liabilities

Un-absorbed losses

Minimum tax available for carry forward

Provision for stores, spares and loose tools

Provision for doubtful debts

Provision for gratuity

846	3,599	2,753	3,487	-	-
1,417,347	1,073,534	(347,060)	132,568	-	-
878,373	1,053,021	174,648	17,825	-	-
-	299	299	(52)	-	-
436	366	(70)	(41)	-	-
89,554	79,005	(10,549)	(21,981)	(5,448)	2,555
<u>2,386,556</u>	<u>2,209,824</u>	<u>(179,979)</u>	<u>131,806</u>	<u>(5,448)</u>	<u>2,555</u>
<u>953,845</u>	<u>1,059,499</u>	<u>(127,666)</u>	<u>203,832</u>	<u>5,448</u>	<u>(2,555)</u>

14.02 Deferred markup

Opening balance

Provision during the year

Less: paid / adjusted during the year

Present value adjustment

Note	2023 Rupees ('000')	2022 Rupees ('000')
	7,259,702	6,830,436
	689,933	429,266
	<u>7,949,635</u>	<u>7,259,702</u>
	-	-
	<u>7,949,635</u>	<u>7,259,702</u>
	(5,415,385)	(2,713,189)
	<u>2,534,250</u>	<u>4,546,513</u>

It represents markup deferred by Bank of Punjab, Silk Bank Limited, National Bank of Pakistan, Habib Bank Limited, Faysal Bank Limited and First Punjab Modaraba. It is payable starting from 16 September 2023 and maturing on 31 December 2040.

This deferred markup has been discounted using effective rate of interest and classified separately in non-current liabilities and related present value gain or loss is recognised in the statement of profit or loss.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
14.03 Staff retirement benefits - unfunded gratuity scheme			
(a) Amounts recognised in the statement of financial position:			
Present value of defined benefit obligation		343,501	307,831
Net liability at the end of the year		343,501	307,831
(b) Movement in net liability			
Net liability at beginning of the year		307,831	224,791
Charge for the year		161,024	180,080
		468,855	404,871
Remeasurements chargeable in other comprehensive income		(20,650)	9,894
Benefits paid during the year		(104,704)	(106,934)
Net liability at end of the year		343,501	307,831
(c) Changes in the present value of defined benefit obligation			
Defined benefit obligation at beginning of the year		307,830	224,791
Current service cost		131,481	135,478
Past Service cost		-	28,288
Interest cost		29,544	16,420
		468,855	404,977
Remeasurements chargeable in OCI		(20,650)	9,894
Benefits paid during the year		(104,704)	(107,039)
Present value of defined benefit obligation at end of the year		343,501	307,831
(d) Charge for the year			
Current service cost		131,481	135,478
Interest cost		29,544	16,420
Past service cost		-	28,288
		161,025	180,186
The principal assumptions used in the actuarial valuation are as follows:			
Discount rate		13.25%	13.25%
Expected rate of increase per annum in future salaries		16.25%	12.25%
Expected average remaining working life of employees		3 years	3 years
Expected mortality rate		SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 - 2005 Setback 1 Year
Retirement assumptions		60 years	60 years

Sensitivity analysis for actuarial assumptions

The following table summarizes how the net defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of change in respective assumptions.

	Change in assumptions	Increase Rupees ('000') 2023	Decrease Rupees ('000') 2023
Discount rate	0.00%	272,081	308,263
Increase in future salaries	4.00%	312,977	270,984

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated by using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognised in these financial statements.

Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on Pakistan Investment Bonds since there is no deep market in long term corporate bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease in the defined benefit liability.

Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of the employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculated by reference to future salaries of plan participants. An increase in salary of plan participants will increase the defined benefit obligation.

		2023	2022
	Note	Rupees ('000')	Rupees ('000')
15 TRADE AND OTHER PAYABLES			
Trade creditors		1,903,255	1,092,523
Accrued liabilities		1,123,151	902,135
Security deposits		204	200
Advances from customers		44,625	205,583
Withholding tax payable		292,807	236,681
Out put tax payable		609,094	299,817
Workers' profit participation fund	15.01	3,764	60,384
Worker's welfare fund	15.02	43,792	42,625
Others		160	393
		<u>4,020,852</u>	<u>2,840,341</u>
15.01 Workers' profit participation fund			
Opening balance		60,384	38,616
Provision for the year		3,764	60,384
		<u>64,148</u>	<u>99,000</u>
Payments during the year		<u>(60,384)</u>	<u>(38,616)</u>
		<u>3,764</u>	<u>60,384</u>
15.02 Worker's welfare fund			
Opening balance		42,625	18,471
Provision for the year		1,167	24,154
		<u>43,792</u>	<u>42,625</u>
Payment during the year		-	-
Closing balance		<u>43,792</u>	<u>42,625</u>
16 SHORT TERM BORROWINGS			
Banking companies - secured	16.01	<u>2,881,132</u>	<u>3,597,762</u>
16.01			
Conventional short term borrowings are available from banking companies under markup arrangements. The rates of markup range from 15.57% to 25.98% per annum (2022: 5.01% to 15.89%). These are secured against pledge / hypothecation of stock-in-trade, hypothecation of stores and spares, lien over import / export documents, pari passu charge over present and future current assets and ranking charge over fixed assets of the company.			
16.02			
From the total aggregate short term facilities of Rs. 2,584.76 million (2022: 3,428.26 million), the amount of Rs. 155.5 million related to trade lines (2022: Rs. 152.21 million) remained unutilized as at 30 June 2023.			
17 ACCRUED MARKUP			
Accrued markup on:			
Liabilities against assets subject to finance lease		21,264	21,026
Long term financing		2,080	1,480
Short term borrowings		184,145	97,139
		<u>207,489</u>	<u>119,645</u>

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

18 CURRENT PORTION OF LONG TERM LIABILITIES

Long term financing	18.01	1,002,785	957,153
Liabilities against assets subject to finance lease		3,207	12,322
		<u>1,005,992</u>	<u>969,475</u>

18.01 Current portion of long term financing includes principal installments amounting to Rs. 261.361 million (2022: Rs. 151.369 million) which became due as on June 30, 2023.

19 PROVISION FOR TAXATION

	2023 Rupees ('000')	2022 Rupees ('000')
Opening balance	508,410	368,752
Add: Taxation - current	335,956	472,333
	<u>844,366</u>	<u>841,085</u>
Less: Tax payments / adjustments during the year	508,410	332,675
	<u>335,956</u>	<u>508,410</u>

20 CONTINGENCIES AND COMMITMENTS

Contingencies

20.01 Bank guarantees amounting to Rs. 427.37 million (2022: Rs. 375.64 million).

	2023 Rs. in million	2022 Rs. in million
Commitments		
Under letters of credit for imports	-	27.07
	<u>-</u>	<u>27.07</u>

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

21 PROPERTY, PLANT AND EQUIPMENT

92

	Note	2023 Rupees ('000')	2022 Rupees ('000')
Operating assets	21.01	19,047,594	18,857,731
Capital work in progress	21.04	104,230	589,050
		<u>19,151,823</u>	<u>19,446,781</u>

21.01 The following is a statement of operating fixed assets (tangible):

	Freehold land	Building on freehold land	Plant, machinery and equipment	Factory tools and equipment	Furniture and fixtures	Office and hospital equipment	Library books	Vehicles	Leased plant and machinery	Leased vehicles	Total
	RUPEES ('000')										
At 30 June 2021											
Cost	1,454,335	3,718,687	22,297,705	462,743	61,752	53,780	44	204,896	-	-	28,253,943
Accumulated depreciation	-	(1,541,178)	(8,190,324)	(188,427)	(28,830)	(28,825)	(44)	(91,902)	-	-	(10,069,529)
Net book value	1,454,335	2,177,509	14,107,381	274,316	32,922	24,956	-	112,994	-	-	18,184,413
Year ended 30 June 2022											
Additions / transfers	-	60,152	1,148,928	23,881	16,608	10,202	-	47,699	-	-	1,307,470
Transfers from capital work in progress	-	-	364,890	-	-	-	-	-	-	-	367,846
Transfers from leased plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Transfer to Right of use assets	-	-	-	-	-	-	-	-	-	-	-
Disposals / transfers											
Cost	-	-	(303,247)	-	-	-	-	(4,444)	-	-	(307,691)
Depreciation	-	-	154,828	-	-	-	-	3,049	-	-	157,877
Net book value	-	-	(148,419)	-	-	-	-	(1,395)	-	-	(149,814)
Depreciation charge for the year (Note No. 21.02)	-	(110,968)	(728,719)	(14,131)	(2,006)	(3,040)	-	(13,320)	-	-	(872,184)
Net book value as at 30 June 2022	1,454,335	2,149,649	14,744,061	284,066	47,524	32,118	-	145,978	-	-	18,857,731
Year ended 30 June 2023											
Additions	-	47,033	615,306	1,181	2,508	8,781	-	5,110	-	-	679,919
Transfers from capital work in progress and stores (Note No.21.05)	-	458,155	68,320	-	-	-	-	-	-	-	526,475
Transfers from leased plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Transfer to Right of use assets	-	-	-	-	-	-	-	-	-	-	-
Disposals / transfers (Note No. 21.06)											
Cost	-	-	(231,270)	(235)	-	-	-	-	-	-	(231,505)
Depreciation	-	-	102,985	-	-	-	-	-	-	-	102,985
Net book value	-	-	(128,285)	(235)	-	-	-	-	-	-	(128,520)
Accumulated depreciation transferred from leased assets	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year (Note No. 21.02)	-	(108,600)	(743,987)	(14,218)	(2,455)	(3,675)	-	(15,078)	-	-	(888,013)
Net book value as at 30 June 2023	1,454,335	2,546,238	14,555,415	270,794	47,576	37,224	-	136,011	-	-	19,047,594

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Freehold land	Building on freehold land	Plant, machinery and equipment	Factory tools and equipment	Furniture and fixtures	Office and hospital equipment	Library books	Vehicles	Leased plant and machinery	Leased vehicles	Total
RUPEES ('000)											
At 30 June 2022											
Cost	1,454,335	3,801,795	23,508,276	486,624	76,360	63,982	44	248,151	-	-	29,641,567
Accumulated depreciation	-	(1,652,146)	(8,764,215)	(202,558)	(30,836)	(31,865)	(44)	(102,173)	-	-	(10,783,836)
Net book value in Rupees	1,454,335	2,149,649	14,744,061	284,066	47,524	32,118	-	145,978	-	-	18,857,731
Annual rates (%) of depreciation 2022	-	5	5	5	5	10	15	10	5	10	-
At 30 June 2023											
Cost	1,454,335	4,306,984	23,960,632	487,570	80,868	72,763	44	253,261	-	-	30,616,457
Accumulated depreciation	-	(1,760,746)	(9,405,217)	(216,776)	(33,292)	(35,639)	(44)	(117,250)	-	-	(11,568,864)
Net book value in Rupees	1,454,335	2,546,238	14,555,415	270,794	47,576	37,224	-	136,011	-	-	19,047,593
Annual rates (%) of depreciation 2023	-	5	5	5	5	10	15	10	5	10	-

21.02 Depreciation charge for the year has been allocated as follows:

	2023	2022
	Rupees ('000')	Rupees ('000')
Cost of sales	877,586	862,350
Administrative expenses	14,730	14,363
	892,316	876,713
Property, plant and equipment	888,013	872,184
Right of use asset	4,303	4,529
	892,316	876,713

21.03 No impairment relating to operating fixed assets has been recognised in the current year.

21.04 Capital work in progress

	2023	2022
	Rupees ('000')	Rupees ('000')
Plant and machinery	33,525	100,084
Civil work	70,704	488,966
	104,230	589,050
Movement in capital work in progress		
Opening	589,050	527,287
Additions during the year	41,655	449,609
	630,705	976,895
Transferred to operating assets	(526,475)	(387,845)
	104,230	589,050

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

21.05 Transfer to property, plant and equipment are represented by:

	2023	2022
	Rupees ('000')	Rupees ('000')
Building	458,155	22,956
Plant and machinery	68,320	364,890
	<u>526,475</u>	<u>387,846</u>

21.06 Disposal of property, plant and equipment

The following operating fixed assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Relationship of purchaser with the Company	Mode of disposal	Buyer's name
RUPEES								
Plant, Machinery & Equipment								
AUTO CORO SE-12-480 YOM 2008	75,811,703	38,844,243	36,967,460	31,912,400	(5,055,060)	Third party	Negotiation	Damirbay Machine Textile IMP & EXP
AUTO CORO SE-12-480 YOM 2008	75,811,703	38,844,243	36,967,460	31,912,400	(5,055,060)	Third party	Negotiation	Damirbay Machine Textile IMP & EXP
SIMPLEX MACHINE HICORP	31,037,692	-	31,037,692	31,134,680	96,988	Third party	Negotiation	Amin Textile Mills (Pvt) Limited
CARD MACHINES TC-07 YOM 2008	48,608,499	25,296,046	23,312,453	41,220,000	17,907,547	Third party	Negotiation	PT Texcoms
Total	<u>231,269,597</u>	<u>102,984,532</u>	<u>128,285,065</u>	<u>136,179,480</u>	<u>7,894,415</u>			

21.07 Charge / mortgage on fixed assets has been disclosed in respective notes.

21.08 The Company's obligation under finance lease are secured by lessor's title to the leased assets, which have a carrying amount of Rs. 81.753 million (2022: Rs. 86.056 million).

21.09 Addition in plant and machinery includes capitalization of borrowing cost of Rs. 45.043 million (2022: Rs. 28.377 million).

21.10 Particulars of immovable assets of the Company are as follows:

Location	Addresses	Usage of immovable property	Total Area (Sq. ft.)	Covered Area (Sq. ft.)
Multan	Mouza Janglebhaera and mouza Muzafarabad Multan	Production Unit	6,917,232	2,993,438
Kasur	4km Raiwind Manga road, Raiwind, district Kasur	Production Unit	1,638,528	1,054,751

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

22 RIGHT OF USE ASSET	Note	2023	2022
		Rupees ('000')	Rupees ('000')
Present value of future lease payments		86,055	90,584
		<u>86,055</u>	<u>90,584</u>
Net book value as at the beginning of the year		86,055	90,584
Transfer to Property, plant and equipment		-	-
Depreciation charged during the year		(4,303)	(4,529)
Balance as at the end of the year		<u>81,752</u>	<u>86,055</u>

23 INVESTMENT PROPERTY		2023	2022
Opening balance		791,089	784,279
Transfer from owner's occupied property		-	-
Revaluation gain / (loss) recognised through statement of profit or loss	23.01	151,481	6,810
		<u>942,570</u>	<u>791,089</u>

23.01 As of reporting date, the fair value of such investment property was determined by an independent external property valuer, Arif Evaluators, having appropriate recognised qualification and relevant experience. Forced sale value of above investment as at reporting date is Rs. 835.046 million.

24 LONG TERM INVESTMENTS		2023	2022
At fair value through statement of profit or loss designated on initial recognition	Note	Rupees ('000')	Rupees ('000')
- Investment in Imperial Limited	24.02	180,996	175,920
At fair value through other comprehensive income	24.01	1,168	1,514
		<u>182,164</u>	<u>177,434</u>

24.01 Investment - at fair value through other comprehensive income

	2023	2022	2023	2022
	No. of Shares / Bonds		Rupees ('000')	
Quoted - at fair value				
Colony Woolen Mills Limited	70,506	70,506	282	282
Azgard Nine Limited	80,948	80,948	486	832
Colony Thal Textile Mills Limited	6	6	-	-
	<u>151,460</u>	<u>151,460</u>	<u>768</u>	<u>1,114</u>
Unquoted - at cost				
Government Compensation Bonds	400	400	400	400
	<u>151,860</u>	<u>151,860</u>	<u>1,168</u>	<u>1,514</u>

Government Compensation Bonds for Rs. 0.4 million (2022: Rs. 0.4 million) are receivable from the Federal Government in respect of shares held by the Company in the share capital of Multan Electric Supply Company Limited. The Company had challenged the withholding of these Bonds through writ petition filed in the Lahore High Court, Lahore, which is still pending for final adjudication.

24.02 Investment - at fair value through profit or loss

	2023	2022	2023	2022
	No. of Shares / Bonds		Rupees ('000')	
Quoted - at fair value				
- Investment in Imperial Limited	15,862,960	15,862,960	180,996	175,920
	<u>15,862,960</u>	<u>15,862,960</u>	<u>180,996</u>	<u>175,920</u>

25 STORES, SPARE PARTS AND LOOSE TOOLS	Note	2023	2022
		Rupees ('000')	Rupees ('000')
Stores		261,481	501,375
Spares		184,991	176,334
Loose tools		1,806	3,519
		<u>448,279</u>	<u>681,228</u>
Less: Provision for slow moving items	25.01	1,132	1,120
		<u>447,147</u>	<u>680,108</u>

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
	Note	Rupees ('000')	Rupees ('000')
31 TAX REFUNDS DUE FROM THE GOVERNMENT			
Sales tax		2,005,555	727,940
Income tax refundable / adjustable		269,928	230,698
		2,275,482	958,638
32 CASH AND BANK BALANCES			
Cash in hand		5,383	4,689
Cash at banks:			
-in current accounts		94,969	14,534
-in deposit accounts	32.01	15,714	2,270
		116,067	21,493
32.01	These carry profit / markup ranging from 12.25% to 19.50% (2022: 5.50% to 13.85%) per annum.		
33 SALES		2023	2022
	Note	Rupees ('000')	Rupees ('000')
Local			
Yarn and Fabric		18,704,423	27,790,857
Raw material sales		70,929	283,284
Waste		329,000	474,228
Garments		3,907	17,758
		19,108,259	28,566,127
Export			
Yarn		-	-
Soft -waste		46,347	-
Fabric		1,794,448	2,307,096
Garments		304,245	150,467
		2,145,040	2,457,563
		21,253,299	31,023,690
Commission and duties		(132,125)	(151,803)
		21,121,174	30,871,887
33.01	Sales are shown net of sales tax, amounting Rs. 3,540.73 million (2022: 5,227.69 million).		
34 COST OF SALES		2023	2022
	Note	Rupees ('000')	Rupees ('000')
Raw material consumed	34.01	13,200,948	18,376,702
Stores consumed		1,361,639	1,465,302
Staff salaries, wages and benefits	34.02	2,124,440	2,803,966
Power and fuel		4,403,306	4,091,291
Insurance		61,111	57,248
Repair and maintenance		45	-
Rent, rates and taxes		18,309	30,748
Depreciation	21.02	877,586	862,350
Other charges		81,863	118,889
		22,129,247	27,806,496
Work in process:			
Opening		435,171	517,526
Closing		(475,803)	(435,171)
		(40,632)	82,355
Cost of goods manufactured		22,088,615	27,888,851
Finished goods:			
Opening stock		2,527,115	2,560,979
Closing stock		(2,987,445)	(2,527,115)
		(460,330)	33,864

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees ('000')	2022 Rupees ('000')
38 OTHER OPERATING CHARGES			
Unwinding of loans at amortized cost		5,997	16,661
Loss on long term investments		-	255,235
Loss on remeasurement of investments		-	6
Worker's profit participation fund		3,764	60,384
Worker's welfare fund		1,506	24,154
		<u>11,267</u>	<u>356,439</u>
39 OTHER INCOME			
Income from financial assets			
Profit on deposits with banks		7,494	7,294
Amortization of deferred markup		2,702,196	59,749
Gain on remeasurement of investments		5,076	-
Gain on long term investments		-	-
Income from other than financial assets			
(Loss) / Gain on sale of property, plant and equipment	21.06	7,894	(18,139)
(Loss) / Gain on revaluation of investment property	23	151,481	6,810
Exchange gain realized		7,332	17,593
Agriculture income		4,432	3,600
Miscellaneous income		33,894	16,111
		<u>2,919,799</u>	<u>93,018</u>
40 TAXATION			
Taxation:			
- Current year		264,313	508,410
- Prior years		(319,457)	(36,596)
		<u>(55,144)</u>	<u>471,814</u>
Deferred		<u>(111,102)</u>	<u>206,387</u>
		<u>(166,247)</u>	<u>678,201</u>

- Income tax return has been filed to the income tax authorities up to and including tax year 2022 under the provisions of the Income Tax Ordinance, 2001.

- Provision for taxation has been made in accordance with section 154 and 113 of the Income Tax Ordinance, 2001 ("The Ordinance"). There is no relation between aggregate tax expense and accounting profit. Accordingly, no numerical reconciliation has been presented.

	Note	2023	2022
41 EARNINGS PER SHARE			
Basic Earnings per share:			
Profit after taxation	Rupees ('000')	833,759	299,785
Weighted average number of ordinary shares	Number ('000')	498,010	498,010
Earning per share - basic and diluted	Rupees	<u>1.67</u>	<u>0.60</u>
Diluted earnings per share:			

There is no dilutive effect on the basic earnings per share of the Group because the Group has no outstanding potential ordinary shares.

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	CHIEF EXECUTIVE		EXECUTIVE DIRECTOR		NON-EXECUTIVES DIRECTORS		EXECUTIVES	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Managerial remuneration	27,273	27,273	5,636	6,727	-	-	99,168	99,568
Retirement benefits	2,272	2,272	470	560	-	-	7,757	8,350
Medical	2,727	2,727	564	673	-	-	9,917	9,957
Meeting fee	-	-	-	-	350	300	-	-
	<u>32,272</u>	<u>32,272</u>	<u>6,670</u>	<u>7,960</u>	<u>350</u>	<u>300</u>	<u>116,842</u>	<u>117,875</u>
Number of Executives	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>55</u>	<u>56</u>

42.01 Certain executives including Chief Executive Officer of the Group are also provided with free use of Company's cars in accordance with their entitlements.

42.02 No remuneration was given to Non Executive Director except the fee paid for attending the meeting and as disclosed in note No. 36. Non Executive Directors include one independent director.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

43 TRANSACTIONS WITH RELATED PARTIES

The Holding Company in the normal course of business carries out transactions with various related parties which comprise of directors, key management personnel and post employment benefits plan. Remuneration of Chief Executive Officer is disclosed in note No. 42. Other significant transactions with related parties are as follows:

Nature of transaction	Nature of Relationship	Note	2023 Rupees ('000')	2022 Rupees ('000')
Expense in relation to provident fund trust	Employees Fund	43.01	31,797	31,839

43.01 The related party status of outstanding balances as at 30 June 2023 related to employee provident fund trust are included in trade and other payables amounting to Rs. 46.822 million (2022: Rs. 32.791 million). These are to be settled in the ordinary course of business.

Following are the related parties with whom the Holding Company had entered into transactions or have arrangements / agreements in place.

Sr. No.	Company Name	Basis of relationship	Aggregate % of Shareholding in The Company
1	CTML Employees Contributory Provident Fund	Trustee	N/A
2	Stitchrite (Private) Limited	Subsidiary	100%

44 PLANT CAPACITY AND ACTUAL PRODUCTION

		2023	2022
Installed capacity			
Spinning division:			
Ring spinning:			
Installed capacity converted into 20s count	Kgs	124,807,256	124,807,256
Open end spinning:			
Installed capacity converted into 20s count	Kgs	14,284,911	9,332,808
Weaving Division:			
Installed capacity converted into square meter at 60 picks	Meters	121,824,244	121,824,244
Stitching Division:			
Installed capacity based upon 5 pocket basic/28 operations/ 15 SMV	Pieces per annum	1,000,000	1,000,000
Actual production:			
Spinning division:			
Ring spinning:			
Actual production converted into 20s count	Kgs	61,778,212	112,007,114
Open end spinning:			
Actual production converted into 20s count	Kgs	7,768,014	7,841,323
Weaving Division:			
Actual production converted into square meter at 60 picks	Meters	39,195,482	109,392,440
Stitching Division:			
Actual Production based upon 5 pocket basic/28 operations/ 15 SMV	Pieces	728,000	648,000

Remarks:

It is difficult to describe precisely the production capacity in spinning / weaving mills since it fluctuates widely depending on various factors such as count of yarn spun, twist, fiber blend and fabric construction etc. It also significantly varies based on the pattern of production adopted throughout the year. Difference of actual production with installed capacity is in normal course of business.

45 PROVIDENT FUND	Note	2023 Rupees ('000')	2022 Rupees ('000')
The following information is based on the latest audited financial statements of the trust:			
Size of the fund - Total assets		393,254	342,813
Cost of investments made	45.01	333,899	301,225
Percentage of investments made		84.91%	87.87%
Fair value of investments		333,899	301,225

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

45.01 The break-up of fair value of investments is:

	2023		2022	
	Rs. ('000')	Percentage	Rs. ('000')	Percentage
Loan to members	237,816	71%	60,096	20%
Bank balances	82,256	25%	39,375	13%
Government securities	13,827	4%	166,754	55%
Other investments	-	0%	35,000	12%
	<u>333,899</u>	<u>100%</u>	<u>301,225</u>	<u>100%</u>

These investments out of provident fund trust have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

46 NUMBER OF EMPLOYEES

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

		2023	2022
		Number	Number
Average number of employees during the year	- factory	6,081	8,669
	- others	1,042	903
		<u>7,123</u>	<u>9,572</u>
Number of employees at the end of the year	- factory	3,912	8,250
	- others	968	1,115
		<u>4,880</u>	<u>9,365</u>

47 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

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

47.02 Credit risk

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

Financial assets as per statement of financial position	2023	2022
	Rupees ('000')	Rupees ('000')
Long term investment in IL	180,996	175,920
Long term deposits	51,132	51,132
Trade debts	1,056,212	1,582,836
Loans and advances	20,774	42,618
Trade deposits and short term prepayments	89,151	85,729
Cash and bank balances	116,067	21,493
Investments measured at fair value through profit or loss		
Quoted - at fair value	14	14
Investment measured at fair value through other comprehensive income		
Quoted - at fair value	768	1,115
Unquoted - at cost	400	400
	<u>1,515,514</u>	<u>1,961,258</u>

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

Counter parties

the Group conducts transactions with the following major counterparties:

- Trade debtors

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- Banks and other financial institutions

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

Credit risk related to trade debts

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

Trade receivables are non-interest bearing and are generally on 60 to 90 days credit terms.

Impairment losses

The aging of trade debts and loans to employees at the reporting date was:

	2023	2022
	Rupees ('000')	Rupees ('000')
0 to 30 days	323,096	487,636
31 to 180 days	430,795	650,182
181 to 360 days	321,444	486,266
Over one year	1,652	1,370
	1,076,986	1,625,454

Trade debts include debtors with a carrying amount of Rs. 1.652 million (2022: Rs. 1.37 million) which are past due at the reporting date but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Concentration of credit risk

Trade debts consist of a large number of diversified customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable where appropriate. Geographically, there is no concentration of credit risk.

Credit risk related to banks and other financial institutions

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

47.03 Liquidity risk

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

The Group manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note No. 16.02 is a list of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

47.03.1 Liquidity risk table

Financial liabilities in accordance with their contractual maturities are presented below:

	30 June 2023						
	Interest/mark-up bearing			Non interest/mark-up bearing			
	Maturity within one year	Maturity after one year	Sub Total	Maturity within one year	Maturity after one year	Sub Total	Total
	Rupees ('000')						
Financial Liabilities:							
Financial liabilities measured at amortized cost	-	-	-	-	2,534,250	2,534,250	2,534,250
Long term financing	1,002,785	6,607,342	7,610,127	-	-	-	7,610,127
Director's loan	-	-	-	-	120,000	120,000	120,000
Liabilities against assets subject to finance lease	3,207	-	3,207	-	-	-	3,207
Short-term borrowings	2,881,132	-	2,881,132	-	-	-	2,881,132
Trade and other payables	-	-	-	4,020,852	-	4,020,852	4,020,852
Unclaimed Dividend	-	-	-	94	-	94	94
Accrued mark up	207,489	-	207,489	-	-	-	207,489
	4,094,613	6,607,342	10,701,955	4,020,946	2,654,250	6,675,196	17,377,151

	30 June 2022						
	Interest/mark-up bearing			Non interest/mark-up bearing			
	Maturity within one Year	Maturity after one Year	Sub Total	Maturity within one Year	Maturity after one Year	Sub Total	Total
	Rupees ('000')						
Financial Liabilities:							
Financial liabilities measured at amortized cost	-	-	-	-	4,546,513	4,546,513	4,546,513
Long term financing	957,153	6,153,624	7,110,777	-	-	-	7,110,777
Director's loan	-	-	-	-	120,000	120,000	120,000
Liabilities against assets subject to finance lease	12,322	1,614	13,936	-	-	-	13,936
Short-term borrowings	3,597,762	-	3,597,762	-	-	-	3,597,762
Trade and other payables	-	-	-	2,840,341	-	2,840,341	2,840,341
Unclaimed Dividend	-	-	-	94	-	94	94
Accrued mark up	119,645	-	119,645	-	-	-	119,645
	4,686,882	6,155,238	10,842,120	2,840,435	4,666,513	7,506,948	18,349,068

Effective mark up / interest rates have been disclosed in respective notes to the financial statements.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

47.04 Market risk

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

47.04.1 Currency risk

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

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

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

Statement of financial position items

	2023		2022	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Trade debts	-	-	101,235	494
L/C Margins	876,530	3,065	1,002,535	4,894

Off statement of financial position commitments

	2023		2022	
	Rupees ('000')	US \$ ('000')	Rupees ('000')	US \$ ('000')
Letter of credit	-	-	27,070	132

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

	2023	2022
	Rupees	Rupees
Average rate	245.42	181.20
Statement of financial position date rate	285.99	204.85

Sensitivity analysis - foreign currency

At 30 June 2023, if the Rupee had weakened / strengthened by 5% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 43.827 million (2022: 70.289 million), as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2023 than 2022 because of average increase in foreign currency exchange rate during the year.

47.04.2 Interest rate risk

Interest / markup rate risk arises from the possibility that changes in interest / markup rates will affect the value of financial instruments. The Holding Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / markup rates, therefore the Group has to manage the related finance cost which exposes it to the risk of 1 month, 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to The Group, management is considering the alternative arrangement to manage interest rate exposure in future.

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees ('000')	2022 Rupees ('000')
Fixed rate instruments		
There are no fixed rate instruments.		
Variable rate instruments		
Financial assets		
Cash in deposit accounts	15,714	2,270
Financial liabilities		
Long term finance	7,610,127	7,110,777
Short term finance	2,881,132	3,597,762
Liabilities against assets subject to finance lease	3,227	13,936
	<u>10,494,485</u>	<u>10,722,475</u>

Sensitivity analysis - interest rate

If interest rates had been 1 % higher / lower and all other variables were held constant, the Company's profit / (loss) for the year ended 30 June 2023 would have decreased / increased by Rs. 104.787 million (2022: Rs. 109.852 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate financial instruments.

47.04.3 Other price risk

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

47.04.4 Financial instruments by category

The Group finances its operation through equity, borrowings and management of working capital with a view to maintain an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Group's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	2023 Rupees ('000')	2022 Rupees ('000')
Financial assets as per statement of financial position		
Loan and receivable		
Long-term deposits	51,132	51,132
Trade debts	1,056,212	1,582,836
Loans and advances	20,774	42,618
Trade deposits and short term prepayments	89,151	85,729
Cash and bank balances	116,067	21,493
Long term investment		
Investment in IL at fair value through statement of profit or loss	180,996	175,920
Fair value through profit or loss		
Quoted - at fair value	14	14
Fair value through other comprehensive income		
Quoted - at fair value	768	1,115
Unquoted - at cost	400	400
	<u>1,515,514</u>	<u>1,961,258</u>
Financial liabilities as per statement of financial position		
Financial liabilities measured at amortized cost	2,534,250	4,546,513
Long term finance	7,610,127	7,110,777
Director's loan	120,000	120,000
Liabilities against assets subject to finance lease	3,207	13,936
Short-term borrowings	2,881,132	3,597,762
Trade and other payables	4,020,852	2,840,341
Unclaimed dividend	94	94
Accrued markup	207,489	119,645
	<u>17,377,152</u>	<u>18,349,068</u>

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

47.05 Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is going concern and there is no intention or requirements to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

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

47.05.1 Fair value hierarchy

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

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

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

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

Financial assets:	2023			
	Level 1	Level 2	Level 3	Total
	Rupees ('000')			
Financial investments: available for sale	14	-	-	14
Investment at fair value through profit or loss	180,996	-	-	180,996
Investment - available for sale	486	-	282	768
	181,496	-	282	181,778
Financial assets:	2022			
	Level 1	Level 2	Level 3	Total
	Rupees ('000')			
Financial investments: available for sale	14	-	-	14
Investment at fair value through profit or loss	175,920	-	-	175,920
Investment - available for sale	832	-	282	1,114
	176,766	-	282	177,048

48 CAPITAL MANAGEMENT

The Group's objectives, policies and processes for managing capital are as follows:

- The Group is not subject to any externally imposed capital requirements.
- The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.
- Consistently with others in the industry, the Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, reserves and unappropriated profit).
- The Group's strategy is to maintain its debt-to-adjusted capital ratio between 40% to 60%. The debt-to-adjusted capital ratios at 30 June 2023 and 30 June 2022 were as follows:

	Note	2023	2022
		Rupees ('000')	Rupees ('000')
Total debt		10,494,466	10,722,475
Less: cash and cash equivalents		116,067	21,493
Net debt		10,378,399	10,700,982
Total equity		10,987,190	10,138,575
Total capital employed		21,365,589	20,839,557
Gearing ratio (%)		48.58%	51.35%

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

49 NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no non-adjusting events after the statement of financial position date.

50 CASH GENERATED FROM OPERATIONS

	2023 Rupees ('000')	2022 Rupees ('000')
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	667,512	977,986
Adjustments for:		
Provision for staff retirement benefits	161,024	180,080
Depreciation	892,316	876,713
Finance cost	1,045,780	720,222
Worker's profit participation fund	3,764	60,384
Worker's welfare fund	1,167	24,154
Share of (gain) / loss from investment in IL	(5,076)	255,235
(Gain)/Loss on remeasurement of short term investments	-	6
Revaluation loss / (gain) on investment property	(151,481)	(6,810)
Provision for slow moving stores, spares and loose tools	1,132	1,120
Loss allowance for doubtful trade debts	1,652	1,370
Amortization of deferred markup	(2,702,196)	(59,749)
Gain on amortization of long term loan	5,997	16,661
Loss/(Gain) on disposal of property, plant and equipment	(7,894)	18,139
	(753,814)	2,087,524
Operating cash flows before working capital changes	(86,302)	3,065,510
Changes in working capital:		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	231,829	(296,630)
Stock-in-trade	325,812	(35,479)
Trade debts	524,972	(460,734)
Loans and advances	552,133	(631,556)
Tax refunds due from government	(1,277,615)	(286,627)
Trade deposits and short term prepayments	(3,422)	30,899
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	1,175,580	834,468
	1,529,289	(845,658)
Cash generated from operations	1,442,986	2,219,852

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

51 SEGMENT INFORMATION

	Spinning		Weaving		Real estate		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	----- Rupees ('000') -----							
Sales:								
Total	17,805,287	26,025,120	3,276,078	5,894,110	-	-	21,081,365	31,919,230
Intersegment	(228,641)	(1,101,986)	-	-	-	-	(228,641)	(1,101,986)
	17,576,646	24,923,134	3,276,078	5,894,110	-	-	20,852,724	30,817,244
Cost of Sales	18,023,198	22,753,272	3,432,990	5,179,974	-	-	21,456,188	27,933,245
Gross profit / (loss)	(446,552)	2,169,863	(156,912)	714,136	-	-	(603,464)	2,883,999
Distribution Cost	174,306	270,143	74,702	97,204	-	-	249,008	367,348
Administrative expenses	260,715	400,219	111,735	171,522	-	-	372,449	571,742
	435,020	670,363	186,437	268,727	-	-	621,458	939,089
	(881,572)	1,499,500	(343,350)	445,410	-	-	(1,224,922)	1,944,910
Finance cost	731,884	504,037	313,664	216,016	-	-	1,045,548	720,052
Profit / (loss) before unallocated income and expenses	(1,613,456)	995,464	(657,014)	229,394	-	-	(2,270,470)	1,224,858

Unallocated income and expenses

Other operating charges	5,997	355,254
Other Income	2,927,384	92,432
Profit before tax	650,917	962,036
Taxation	(173,460)	675,723
Profit after tax for the year	824,377	286,313
Other comprehensive income:		
Remeasurement (loss) / gain of defined benefit obligation	15,202	(7,339)
Net fair value gain / (loss) on investment through FVOCI	(346)	(1,911)
Total comprehensive profit for the year	839,233	277,063

Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Total	
	2023	2022	2023	2022	2023	2022
	----- Rupees ('000') -----					
Total assets for reportable segments	10,537,416	10,894,651	8,621,522	8,560,083	19,158,938	19,454,735
Unallocated assets:						
Investment property					942,570	791,089
Long term investments					182,164	177,434
Investment in subsidiary					160,000	130,000
Cash and bank balances					90,916	21,053
Other corporate assets					9,233,299	9,524,811
Total assets as per statement of financial position					29,767,887	30,099,122
Unallocated liabilities:						
Directors' loan					120,000	120,000
Provision for taxation					330,754	505,413
Other corporate liabilities					29,317,133	29,473,709
Total liabilities as per statement of financial position					29,767,887	30,099,122

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

51.01 Geographical information

The Company's revenue from external customers by geographical locations is detailed below:

	Spinning		Weaving		Total	
	2023	2022	2023	2022	2023	2022
	----- Rupees ('000') -----					
Europe	-	-	975,878	1,434,977	975,878	1,434,977
USA	-	-	67,688	336,806	67,688	336,806
Africa	-	-	22,110	64,399	22,110	64,399
Asia	46,347	-	728,772	470,913	775,119	470,913
	<u>46,347</u>	<u>-</u>	<u>1,794,448</u>	<u>2,307,096</u>	<u>1,840,795</u>	<u>2,307,096</u>

52 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been approved and authorized for issue on 06 October 2023 by the Board of Directors of the Group.

53 GENERAL

- Figures have been rounded off to the nearest Rupees in thousand except where stated otherwise.
- Comparative consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes for year ended June 30, 2023 has been extracted from annual financial statements of the Holding Company and the Subsidiary Company for the year ended June 30, 2023.



Chief Financial Officer



Director



Chief Executive Officer

PATTERN OF SHAREHOLDING REPORT

AS ON JUNE 30, 2023

Number of ShareHolders	Shareholding		Total Number of Share Held	Percentage of Total Capital
	From	To		
234	1	- 100	6,094	0.00
416	101	- 500	134,779	0.03
435	501	- 1000	353,611	0.07
874	1001	- 5000	2,314,155	0.46
338	5001	- 10000	2,571,041	0.52
108	10001	- 15000	1,371,134	0.28
89	15001	- 20000	1,611,802	0.32
55	20001	- 25000	1,275,724	0.26
33	25001	- 30000	942,939	0.19
38	30001	- 35000	1,255,956	0.25
21	35001	- 40000	817,290	0.16
17	40001	- 45000	722,385	0.15
29	45001	- 50000	1,427,679	0.29
8	50001	- 55000	413,749	0.08
11	55001	- 60000	639,351	0.13
9	60001	- 65000	564,580	0.11
9	65001	- 70000	615,929	0.12
6	70001	- 75000	441,615	0.09
8	75001	- 80000	634,518	0.13
3	80001	- 85000	252,000	0.05
2	85001	- 90000	173,672	0.03
2	90001	- 95000	185,317	0.04
7	95001	- 100000	695,541	0.14
4	100001	- 105000	413,414	0.08
4	105001	- 110000	431,915	0.09
2	110001	- 115000	222,968	0.04
3	115001	- 120000	355,567	0.07
2	120001	- 125000	245,500	0.05
2	125001	- 130000	252,268	0.05
2	130001	- 135000	267,177	0.05
1	135001	- 140000	139,184	0.03
1	140001	- 145000	141,500	0.03
1	145001	- 150000	146,000	0.03
1	150001	- 155000	153,500	0.03

PATTERN OF SHAREHOLDING REPORT

AS ON JUNE 30, 2023

Number of ShareHolders	Shareholding		Total Number of Share Held	Percentage of Total Capital
	From	To		
3	155001	- 160000	475,640	0.10
2	160001	- 165000	321,416	0.06
2	165001	- 170000	332,591	0.07
3	170001	- 175000	519,000	0.10
2	175001	- 180000	354,000	0.07
1	180001	- 185000	180,485	0.04
1	190001	- 195000	193,427	0.04
5	195001	- 200000	994,500	0.20
1	205001	- 210000	206,000	0.04
1	215001	- 220000	219,500	0.04
3	220001	- 225000	669,148	0.13
2	225001	- 230000	455,500	0.09
1	230001	- 235000	233,500	0.05
1	235001	- 240000	237,000	0.05
1	250001	- 255000	251,500	0.05
2	255001	- 260000	514,589	0.10
1	275001	- 280000	276,000	0.06
1	285001	- 290000	287,500	0.06
2	295001	- 300000	597,000	0.12
1	325001	- 330000	330,000	0.07
1	335001	- 340000	340,000	0.07
1	340001	- 345000	342,605	0.07
1	395001	- 400000	400,000	0.08
1	400001	- 405000	400,945	0.08
1	445001	- 450000	447,373	0.09
1	450001	- 455000	452,508	0.09
1	455001	- 460000	457,500	0.09
1	470001	- 475000	471,316	0.09
2	510001	- 515000	1,026,626	0.21
1	515001	- 520000	516,717	0.10
1	520001	- 525000	525,000	0.11
1	525001	- 530000	526,471	0.11
1	620001	- 625000	622,764	0.13

PATTERN OF SHAREHOLDING REPORT

AS ON JUNE 30, 2023

Number of ShareHolders	Shareholding		Number of Share Held	% of Capital
	From	To		
1	625001	- 630000	626,558	0.13
1	635001	- 640000	637,500	0.13
1	705001	- 710000	705,758	0.14
2	725001	- 730000	1,454,272	0.29
1	895001	- 900000	897,000	0.18
1	1065001	- 1070000	1,069,498	0.21
1	1120001	- 1125000	1,121,500	0.23
1	1755001	- 1760000	1,760,000	0.35
1	1975001	- 1980000	1,979,000	0.40
1	2035001	- 2040000	2,040,000	0.41
1	2365001	- 2370000	2,368,863	0.48
1	2410001	- 2415000	2,413,500	0.48
1	3050001	- 3055000	3,054,000	0.61
1	6825001	- 6830000	6,828,342	1.37
1	7120001	- 7125000	7,124,400	1.43
1	8940001	- 8945000	8,941,424	1.80
1	12015001	- 12020000	12,017,906	2.41
1	12250001	- 12255000	12,251,186	2.46
1	12640001	- 12645000	12,644,702	2.54
1	15855001	- 15860000	15,858,576	3.18
1	19950001	- 19955000	19,950,652	4.01
1	20295001	- 20300000	20,297,615	4.08
1	20405001	- 20410000	20,408,980	4.10
1	20550001	- 20555000	20,554,204	4.13
1	24090001	- 24095000	24,094,242	4.84
1	24280001	- 24285000	24,282,881	4.88
1	24295001	- 24300000	24,298,517	4.88
1	24795001	- 24800000	24,800,000	4.98
1	55710001	- 55715000	55,713,402	11.19
1	131445001	- 131450000	131,447,506	26.39
2,856	Total		498,009,959	100.00

PATTERN OF SHAREHOLDING REPORT

AS ON JUNE 30, 2023

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
Individuals	2,803	487,892,457	97.97
Joint Stock Companies	27	3,388,329	0.68
Financial Institutions	11	1,794,011	0.36
Insurance Companies	6	170,888	0.03
Investment Companies	4	3,150,792	0.63
Modarabas & Mutual Funds	2	1,469,498	0.30
Others	3	143,984	0.03
Total	2,856	498,009,959	100.00

PATTERN OF SHAREHOLDING REPORT

AS ON JUNE 30, 2023

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
A) Directors/Chief Executive Officer and their spouse and minor Children			
Mr. Mughis A. Sheikh	1	19,470,012	3.91
Mr. Fareed Mughis Sheikh	1	206,944,010	41.55
Mr. Muhammad Tariq	1	6,337	0.00
Mr. Muhammad Atta Ullah Khan	1	1,000	0.00
Mr. Muhammad Ashraf Saif	1	1,000	0.00
Mr. Abdul Hakeem Khan Qasuria	1	1,000	0.00
Mrs. Noshaba Faiz	1	1,000	0.00
SPOUSE (S)			
Mrs. FOZIA MUGHIS SHEIKH	1	14,230,186	2.86
Mrs. MAHNAZ FAREED SHEIKH	1	74,347	0.01
B) Executives			
N/A	-	-	0.00
C) Associated Companies, Undertakings and related parties			
	-	-	0.00
D) Public Sectors Companies & Corporations			
	-	-	0.00
E) NIT and IDBP (ICP UNIT)/Investment Companies			
	4	3,150,792	0.63
F) Banks, Development Financial Institutions & Non-Banking Financial Institutions			
	11	1,794,011	0.36
H) Insurance Companies			
	6	170,888	0.03
I) Modarabas & Mutual Funds			
	2	1,469,498	0.30
J) *Shareholding 5% or more			
	1	206,944,010	41.55
K) Joint Stock Companies			
	27	3,388,329	0.68
L) Others			
	3	143,984	0.03
M) General Public			
	2,794	247,163,565	49.63
TOTAL: -	2,856	498,009,959	100

* Shareholders having 5% or above shares exist in other categories therefore not included in total.

Shareholding Detail of 5% or more

Name of Shareholder	Shares held	%Age
Fareed Mughis Sheikh	206,944,010	41.55
TOTAL :-	206,944,010	41.55

Financial Highlights


	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)	(Rupees 000)
Operating performance						
Sales-net	20,852,724	30,817,244	25,468,528	17,700,292	23,123,399	16,595,202
Gross profit / (Loss)	(603,464)	2,883,998	2,229,023	945,858	1,727,563	1,258,601
Profit / (Loss) before taxation	650,917	962,034	1,121,325	(170,039)	2,224,426	288,694
Profit / (Loss) after taxation	824,377	286,311	748,256	(375,062)	1,435,785	40,194
Financial position						
Property, plant & equipment						
Property, plant and equipment-net	19,054,709	18,865,685	18,211,729	18,118,579	18,330,300	18,398,892
Capital work in progress	104,230	589,050	527,287	132,452	131,659	96,428
	19,158,939	19,454,735	18,739,015	18,251,031	18,461,959	18,495,320
Current assets						
Stores, spare parts, loose tools and stock in trade	4,846,909	5,361,942	5,160,871	4,884,600	5,103,283	5,688,638
Other current assets	4,335,258	4,111,737	2,911,549	3,171,285	2,698,375	2,123,754
Cash and cash equivalents	90,916	21,053	54,796	47,952	37,287	38,412
	9,273,083	9,494,732	8,127,216	8,103,837	7,838,945	7,850,804
Current liabilities						
Short term bank borrowings	2,881,132	3,597,762	2,993,518	3,328,787	3,188,296	3,890,441
Current portion of long term financing	1,005,992	969,475	830,584	430,598	640,975	1,970,534
Other current liabilities	4,460,461	3,313,508	2,373,206	1,759,576	1,645,573	3,379,526
	8,347,585	7,880,745	6,197,309	5,518,961	5,474,844	9,240,501
Number of shares	498,010	498,010	498,010	498,010	498,010	498,010
Ratios						
Gross profit / (Loss) ratio	(2.89)%	9.36%	8.75%	5.34%	7.47%	7.58%
Net profit / (Loss) ratio	3.95%	0.93%	2.94%	(2.12)%	6.21%	0.24%
Earning per share	1.66	0.57	1.50	(0.75)	2.88	0.08
Current ratio	1.11	1.20	1.31	1.47	1.43	0.85
Capital structure ratio						
Debt to equity	0.57	0.41	0.44	0.46	0.46	0.47

مجموعاتی مالی حسابات


کمپنی اور اس کی ملکیتی کمپنی سٹیج رائٹ پرائیویٹ لیمیٹڈ کے مجموعاتی مالیاتی حسابات برائے سال ختمہ 30 جون 2023 اس رپورٹ کے ساتھ منسلک ہیں۔

اظہار تشکر

ہم ایگزیکٹوز، افسران اور دیگر عملے کے ارکان کی سخت محنت، تعاون اور مخلصانہ کوششوں کو سراہتے ہیں جو انہوں نے ہر ممکن بہتر نتائج حاصل کرنے میں کیے۔ بورڈ آف ڈائریکٹرز اپنے تمام بنکوں کا بھی شکر گزار جنہوں نے کمپنی کے لئے اپنی حمایت جاری رکھی۔ انتظامیہ اس بات کے لئے پُر اعتماد ہے کہ یہ تعلقات اور تابعدار آئندہ آنے والے سالوں میں بھی جاری رہے گی۔


عبدالحکیم خان قصوریہ
ڈائریکٹر

منجانب بورڈ


فرید معیث شیخ
چیف ایگزیکٹو آفیسر
لاہور: 06 اکتوبر 2023

- کمپنی نے امور کی بہتر انجام دہی کے لئے ہر سطح پر ہنما اصول بنائے ہوئے ہیں جو ہر ڈائریکٹر اور ملازمین سے تسلیم شدہ ہیں۔
 - مالی حسابات کی پالیسیاں مالی حسابات کی تیاری میں مناسب انداز میں لاگو کی گئی ہیں۔
 - کمپنی نے امور کی بہتر انجام دہی کے لئے ہر سطح پر ہنما اصول بنائے ہوئے ہیں جن پر عمل درآمد ہو رہا ہے۔
 - بین الاقوامی قوانین مالیات جو کہ پاکستان میں لاگو ہیں پر عمل ہو رہا ہے۔
 - کمپنی کا اندرونی محاسبتی نظام مستحکم ہے اور بہتر انداز میں کام کر رہا ہے۔
 - کارپوریٹ گورننس پر عمل درآمد کا بیان اس رپورٹ کے ساتھ منسلک ہے اور یہ رپورٹ بیرونی محاسب کے مطابق ترتیب شدہ ہے۔
 - کمپنی کے کاروباری معاملات جاری رہنے میں کوئی شکوک و شبہات نہیں ہیں۔
 - کمپنی لسٹنگ قوانین میں موجود کارپوریٹ گورننس کے تحت بہتر انداز میں عمل پیرا ہے۔
 - کمپنی سختی کے ساتھ صحت کے اصولوں اور ماحول دوست منصوبوں پر عمل پیرا ہے۔
 - مالیاتی حسابات کی تاریخ اور ڈائریکٹرز کی رپورٹ کی تاریخ کی درمیانی مدت میں کوئی مادی تبدیلی نہیں آئی ہے ماسوائے اس کے کہ جو ان مالی حسابات میں لکھ دی گئی ہیں۔

- کمپنی کے چھ سالہ مالی حسابات کے بنیادی اعداد و شمار کا خلاصہ لف ہے۔
 - ڈائریکٹران کی جانب سے اس سال حصص داران کے لئے منافع کی ادائیگی کا اعلان نہیں کیا گیا۔
 - واجب الادا ٹیکسز اور دوسرے حکومتی واجبات کی تفصیلات مالی حسابات کے متعلقہ نوٹ میں درج ہیں۔
 - کمپنی اپنے تمام ملازمین کے لئے شراکتی پراویڈنٹ فنڈ چلا رہی ہے جبکہ انتظامی اور غیر انتظامی عملے کے لئے گریجویٹ فنڈ اسکیم پر عمل پیرا ہے۔ جنکی مجموعی سرمایہ کاری درج ذیل ہے:

پراویڈنٹ فنڈز مبلغ 334 ملین روپے

گریجویٹ فنڈز مبلغ 339 ملین روپے

- زیر جائزہ مالی سال کے دوران کمپنی کے کسی عہدہ دار کی طرف سے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی گئی۔

مالی حسابات کی تاریخ کے بعد کی مادی تبدیلیاں

مالیاتی حسابات کی تاریخ کے بعد کمپنی کے ڈائریکٹران نے سو فیصدی ملکیتی کمپنی سٹی رائٹ پرائیویٹ لمیٹڈ کو اسماعیل فرید شیخ اور شاہ میل فرید شیخ "متعلقہ افراد" کی طرف سے سب سے بڑی پیشکش ہونے کی صورت میں انہیں فروخت کرنے کی منظوری دی ہے۔ اس عمل کی حصص داران سے اصولی منظوری حاصل کرنے کے لئے آنے والے سالانہ اجلاس عام میں خصوصی قرارداد کو پاس کرنے کی درخواست کی گئی ہے۔

اصولی خطرات

کمپنی کو درپیش خطرات اگر کوئی ہیں، وہ مالی حسابات میں متعلقہ جگہ پر واضح کر دیئے گئے ہیں۔

کارپوریٹ گورننس

انتظامیہ نے کارپوریٹ گورننس کی تمام ضروریات پر عمل درآمد کو یقینی بنایا ہے۔ متعلقہ بیان اس رپورٹ میں شامل ہے۔

ملکیتی حصص کا نمونہ

ملکیتی حصص کا نمونہ برائے سال ختمہ 30 جون 2023ء لاف ہے۔

بیرونی محاسبان کی تعیناتی

کمپنی کے بیرونی محاسب الیاس سعید اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اگلے سال کے لئے اپنی خدمات جاری رکھنے کی خواہش ظاہر کی ہے جس کی محاسبہ کمیٹی نے بھی نامزدگی کی تائید کی ہے۔ چنانچہ حصص داران سے ان کو دوبارہ تعینات کرنے کی منظوری کی درخواست کی جاتی ہے جبکہ بیرونی محاسب نے اس بات کا یقین دلایا ہے کہ وہ تعیناتی کی قانون میں موجود اہلیت پر پورا اترتے ہیں۔

مزید برآں یقین دہانی کرائی گئی کہ محاسبی ادارے یا اس سے منسلک کسی فرد نے دوران سال کمپنی ہذا کے حصص میں خریداری یا تجارت نہیں کی ہے۔

بیرونی محاسبان کی مالی حسابات پر رپورٹ

مالی حسابات برائے سال ختمہ 30 جون 2023 کا بیرونی محاسبان نے باقاعدہ آڈٹ کیا ہے جنہوں نے مالی حسابات کے لئے صاف آڈٹ رپورٹ جاری کی ہے۔

ویب سائٹ کی دستیابی

کمپنی کے سالانہ اور وسط مدتی مالی حسابات کمپنی کی ویب سائٹ www.colonytextiles.com پر دستیاب ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان

کوڈ آف کارپوریٹ گورننس کے تحت ہم درج ذیل بیان دیتے ہیں

۔ مالیاتی حسابات بشمول تمام رپورٹس واضح اور درست طریقے سے بنائے گئے ہیں

۔ بورڈ آف ڈائریکٹرز نے وٹن اور مشن کے بیان اور مجموعی کاروباری حکمت عملی کو منظور کیا ہوا ہے۔

۔ کمپنی نے مالیات کی کتابیں قانون کے مطابق بنائی ہوئی ہیں۔

زیرجائزہ سال میں ڈائریکٹران کے سات اجلاس ہوئے تھے، جس میں جناب معیث اے شیخ کے علاوہ سبھی ڈائریکٹران نے تمام اجلاس میں شمولیت کی۔

محاسبتی کمیٹی کے سال میں چار اجلاس ہوئے، اس کے تمام ممبران نے تمام اجلاس میں شرکت کی، انسانی وسائل اور مرعاتی کمیٹی کا سال میں ایک اجلاس ہوا، جس میں اس کے تمام ممبران نے شرکت کی،

ڈائریکٹران کا معاوضہ

کمپنی کے ڈائریکٹران نے ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے لئے معاوضہ جات کی پالیسی منظور کر رکھی ہے۔ یہ پالیسی انسانی وسائل کے اہم جزو کی حیثیت سے تیار کی گئی ہے جس کا مقصد کاروباری منصوبہ بندی کو سہولت کاری دینا ہے۔ بورڈ کو یقین ہے کہ یہ پالیسیاں ایگزیکٹو اور ڈائریکٹرز کو ان کے فرائض کی ادائیگی میں معاون ثابت ہیں۔

پالیسیاں اور طریقہ کار

بورڈ نے متعلقہ خدشات کے پیش نظر کاروبار کو چلانے کے لئے موثر طریقہ کار اپناتے ہوئے پالیسیاں مرتب کی ہیں۔ ان پالیسیوں کو مرحلہ وار کاروباری خدشات کے تحت پرکھا جاتا ہے۔

بورڈ کی کارکردگی کی جانچ کاری

لسٹڈ کمپنیز کے کوڈ آف گورننس ریگولیشنز 2019 کے تحت ڈائریکٹران نے اپنی اور ذیلی کمیٹیوں کی کارکردگی کی جانچ کاری پرکھنے کے لیے نظام واضح کیا ہے جس کے اصول مشاہراتی کمیٹی کو تفویض کئے گئے ہیں۔

متعلقہ پارٹی کے ساتھ لین دین

متعلقہ پارٹی کے ساتھ لین دین کی تمام تفصیلات محاسبتی کمیٹی کی طرف سے نظر ثانی شدہ اور بورڈ سے منظور شدہ ہیں۔ اس لین دین کی تمام تفصیلات 30 جون 2023 کے مالی حسابات میں نوٹس میں درج ہیں۔

چیئر مین کی جائزہ رپورٹ

بورڈ نے چیئر مین کی طرف سے جاری کردہ جائزہ رپورٹ پر غور و خوض کیا ہے اور یہ سالانہ رپورٹ کے ساتھ منسلک ہے۔

کاروباری ضابطہ اخلاق

اخلاقیات اور کاروباری طرز عمل کے ضابطے کمپنی کے ڈائریکٹران اور ملازمین میں تقسیم کیئے گئے ہیں اور ان سے تسلیم شدہ ہیں۔

تعمیلی بیان

کمپنی کے ڈائریکٹران کی طرف سے لسٹڈ کمپنیز کے کوڈ آف گورننس ریگولیشنز 2019 کے تحت تعمیلی بیان منسلک ہے۔

مالیات کمیٹی

مالیات کمیٹی کا کردار مالیاتی اہداف، سالانہ اور سہ ماہی تخمینہ جات، مجاز اخراجات کی منظوری، اضافی رقم کی سرمایہ کاری اور مالیاتی منصوبہ بندی اور اس کا قانون کے مطابق اطلاق ہے جسے یہ کمیٹی چیف ایگزیکٹو آفیسر کی نگرانی میں سرانجام دے رہی ہے۔

مالیات کمیٹی درج ذیل ممبران پر مشتمل ہے:

نام	تخصیص	کمیٹی میں عہدہ
جناب فرید مغیث شیخ	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	چیئر مین
جناب عطا محی الدین خان	چیف فنانشل آفیسر	ممبر
جناب بلال احمد خان نیازی	جنرل مینیجر فنانشل	ممبر

سماجی تعمیر اور انسانی وسائل کمیٹی

آپ کی کمپنی کی کامیابی میں ایک اہم عنصر اس کے انتہائی ہنرمند اور پر جوش افرادی قوت ہے جو ہماری طاقت ہیں۔ ہم بجا طور پر اس حقیقت پر فخر کر سکتے ہیں کہ انسانی وسائل کو ہمیشہ ترجیح دی گئی ہے۔ آج ہم گزشتہ سالوں پر نظر دوڑائیں تو ہم دیکھ سکتے ہیں کہ ہمارے راستے بہت بہتری کی جانب گامزن ہیں اور اخلاقی اقدار پر عمل پیرا ہیں۔

سماجی تعمیر اور انسانی وسائل کی کمیٹی درج ذیل ممبران پر مشتمل ہے:

نام	تخصیص	کمیٹی میں عہدہ
جناب فرید مغیث شیخ	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	چیئر مین
جناب محمد عطاء اللہ خان	نان ایگزیکٹو ڈائریکٹر	ممبر
جناب عطا محی الدین خان	چیف فنانشل آفیسر	ممبر

بورڈ آف ڈائریکٹرز

کمپنی کے بورڈ آف ڈائریکٹرز جو تعداد میں سات ہیں اپنی ذمہ داریاں شفاف طریقے سے نگرانی کے طور پر ادا کرتے ہوئے کمپنی کی پائیدار ترقی میں اضافہ کا باعث ہیں۔

موجودہ بورڈ آف ڈائریکٹرز کی تخصیص اس طرح سے ہے۔

تفصیل

ڈائریکٹران کی تعداد	تفصیل
02	آزاد / غیر متعلقہ ڈائریکٹر
03	نان ایگزیکٹو ڈائریکٹرز
02	ایگزیکٹو ڈائریکٹرز

انسانی وسائل اور مشاہراتی کمیٹی

انسانی وسائل کی کمیٹی نے کمپنی ملازمین کے تمام طبقات کے لئے معاوضے کے علیحدہ علیحدہ منصوبے بنا رکھے ہیں۔ کمپنی میں سازگار ماحول کا بنانا اور اسے برقرار رکھنا، مناسب سلوک، روزگار کے مواقع اور کامیابی کے ساتھ آگے بڑھنے کی سفارشات تیار کرنا اور ان پر عمل درآمد کروانا کمیٹی کی ذمہ داری ہے۔ ہمیں احساس ہے کہ انسانی وسائل کاروباری حکمت عملی کا اہم جزو ہیں۔

انسانی وسائل اور مشاہراتی کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمیٹی میں عہدہ	تخصیص	ڈائریکٹر کا نام
چیئر مین	نان ایگزیکٹو ڈائریکٹر	جناب محمد عطاء اللہ خان
ممبر	غیر متعلقہ ڈائریکٹر	جناب عبدالحکیم خان قصوریہ
ممبر	نان ایگزیکٹو ڈائریکٹر	جناب محمد اشرف سیف

مجلس عاملہ کمیٹی

مجلس عاملہ کاروبار کے مقاصد مقرر کرنے، مواقع کی نشاندہی، کاروباری مقاصد کو کامیابی کے ساتھ نفاذ کرنے کی ذمہ داری ہے۔ اس کمیٹی کا اہم مقصد ملکی و غیر ملکی گاہکوں کی بدلتی ضروریات پر نظر رکھنا اور کمپنی کے حالات کے مطابق اہداف کا مقرر کرنا ہے۔

مجلس عاملہ کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمیٹی میں عہدہ	تخصیص	ڈائریکٹر کا نام
چیئر مین	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	جناب فرید مغیث شیخ
ممبر	ایگزیکٹو ڈائریکٹر	جناب محمد طارق
ممبر	نان ایگزیکٹو ڈائریکٹر	جناب محمد عطاء اللہ خان

تکنیکی کمیٹی

تکنیکی کمیٹی چیف ایگزیکٹو آفیسر کو مختلف امور پر مشاورت مہیا کرتی ہے جس میں تکنیکی امور اور ماحول کے تحفظ کی منصوبہ بندی اور دیگر امور شامل ہیں۔ یہ کمیٹی مل کے مجموعی معاملات، مطلوبہ معیار کا حصول، پیداواری اہداف کے حصول کی ذمہ داری ہے اور مجاز حدود میں رہتے ہوئے روزانہ کی بنیاد پر درپیش تکنیکی مسائل کو حل کرتی ہے۔

تکنیکی کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمیٹی میں عہدہ	تخصیص	نام
چیئر مین	ایگزیکٹو ڈائریکٹر / چیف ایگزیکٹو آفیسر	جناب فرید مغیث شیخ
ممبر	ایگزیکٹو ڈائریکٹر	جناب محمد طارق
ممبر	تکنیکی ڈائریکٹر	جناب نور خان

جیسے مسائل کا شکار ہے۔ بین الاقوامی طلب میں کمی کے ساتھ چائے، بنگلہ دیش، انڈیا، ویتنام اور تھائی لینڈ جیسے حریفوں کی موجودگی صورتحال کو ابتر بنا رہی ہے۔ بد قسمتی سے حکومت کی طرف ٹیکسٹائل کے شعبہ اور کاروباروں کے لئے منصوبہ کے فقدان کی وجہ سے آنے والے وقت میں بہتری نظر نہیں آرہی۔

اگرچہ اس وقت مشکلات بہت زیادہ ہیں تاہم ہر ممکنہ طور پر بہتر کارکردگی کا مظاہرہ کرتے ہوئے اخراجات کو کم کرنے کے ساتھ طویل مدتی اہداف کو حاصل کرنے کے لئے اپنی صلاحیتوں کو بروئے کار لارہے ہیں۔

محفوظ صحت مند ماحول

کمپنی اپنے ملازمین اور عوام کے لیے ایسے اقدامات کر رہی ہے جس سے ان کی حفاظت کو یقینی بنایا جاسکے۔ ہم تمام شعبوں مثلاً پیداوار، ترسیل، گودام اور مال کی آمدورفت کے لیے بہتر حفاظتی اقدامات پر توجہ کئے ہوئے ہیں۔ آپ کی کمپنی ماحول کی حفاظت کے لیے ہر ممکن اقدام کر رہی ہے۔

کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی عوام الناس اور اپنے ملازمین کے لئے محفوظ اور صحت مند ماحول برقرار رکھتے ہوئے ہے۔ ہم قومی خزانے میں مختلف ٹیکسز جمع کروانے اور زر مبادلہ کے ذخائے میں اضافہ کے لئے اپنا حصہ ڈال رہے ہیں۔ ہم برابری کی بنیاد پر ملازمت کے مواقع مہیا کرنے پر فخر محسوس کرتے ہیں۔

محاسبہ کمیٹی

یہ بورڈ کی سب سے اہم اور نمونہ کمیٹی ہے۔ کمپنی کے اندرونی محاسبہ عمل کو اسکے بہترین مفاد میں چلاتے ہوئے اہم کردار ادا کر رہی ہے۔ کمیٹی ممبران نے اندرونی اور بیرونی محاسبان کی رپورٹس کا بغور مطالعہ کیا ہے اور بیرونی محاسب کی تقرری کی سفارش کی ہے۔ محاسبہ کمیٹی درج ذیل ممبران پر مشتمل ہے:

کمیٹی میں عہدہ	تخصیص	ڈائریکٹر کا نام
چیئر مین	غیر متعلقہ ڈائریکٹر	جناب عبدالکیم خان قصوریہ
ممبر	غیر متعلقہ ڈائریکٹر	محترمہ نوشاہہ فیض
ممبر	نان ایگزیکٹو ڈائریکٹر	جناب محمد اشرف سیف

کی کمی وجہ سے ہم اپنی لوموں کے لئے خام مال پورا نہیں کر پارہے اور کارکردگی بری طرح متاثر ہو رہی ہے۔ سرمائے کی کمی، ملکی بحران اور بین الاقوامی طلب میں کمی ہماری کپڑے کی برآمدات میں کمی ہوئی ہے۔ مسائل کا حل نہ ہونے کی وجہ سے ہم آنے والے وقت کو انتہائی خراب دیکھ رہے ہیں۔

کمپنی کا غیر منقولہ جائیداد کی تجارت کا شعبہ

دوران سال کمپنی نے اپنی غیر منقولہ جائیداد کے کاروباری شعبہ میں کوئی سرگرمی نہیں کی ہے۔

سٹیٹ رائٹ پرائیویٹ لمیٹڈ - مکمل ملکیتی کمپن

اگرچہ آہستہ آہستہ پیداوار اور نئے کسٹمرز میں اضافہ ہو رہا ہے مگر ہم اس منصوبہ سے کچھ رکاوٹوں کی وجہ سے مستفید نہیں ہو رہے۔ دوران سال کالونی ٹیکسٹائل ملز لمیٹڈ نے اس کا ادا شدہ سرمایہ 130 ملین روپوں سے بڑھا کا 160 ملین روپے کر دیا ہے۔

ڈائریکٹرز کی جانب سے قرض

کمپنی کے بنیادی ڈائریکٹران کمپنی کی فلاح و بہبود کا عزم کئے ہوئے ہیں۔ اسی عزم کے تحت ایک ایگزیکٹو ڈائریکٹر کی طرف سے کمپنی کی مالی حالی حالت کی بہتری کے لیے مبلغ بارہ کروڑ روپے کا بلا سود قرض موجود ہے۔

حصص داران کے لئے منافع کی تقسیم

کمپنی کے زیر جائزہ مالی سال کے نتائج کو دیکھتے ہوئے کمپنی انتظامیہ نے سال ختمہ 30 جون 2023 کے لئے حصص داران کو منافع کی ادائیگی نہ کرنے کی سفارش کی ہے۔

غیر مالیاتی کارکردگی

کوالٹی، گاہکوں کا اطمینان، ملازمین کی بہتری اور پیشہ ورانہ معیارات کلیدی چیزیں ہیں جن کو بہتر کرنے کے لئے کمپنی کی انتظامیہ اقدامات کر رہی ہے۔ کمپنی گاہکوں کے طمانیت کے تحت اچھی کوالٹی کی مصنوعات بنا رہی ہے۔ دوران سال کمپنی نے انسانی وسائل کی بہتری کے لئے مختلف جائزہ پروگرام مکمل کئے ہیں۔ کمپنی نے مختلف کمیٹیاں بنائی ہوئی ہیں جو کلیدی منصوبہ جات کی موثر نگرانی کر رہی ہیں۔

مستقبل کا نقطہ نظر

اس وقت کاروبار ترقی کی بجائے اپنی بقاء کی جنگ لڑ رہے ہیں۔ ٹیکسٹائل صنعت پاکستان میں شدید معاشی بحران کا شکار ہے۔ بد قسمتی سے کافی کارخانے ناقابل یقین بجلی قیمتوں، بلند شرح سود، خام مال کی بے لگام قیمتوں اور زر مبادلہ کے بحران کی وجہ سے بند ہو چکے ہیں یا انہوں نے کچھ پیداوار کم کر دی ہے۔ موجودہ سیاسی غیر یقینی اور امن و امان کی صورتحال بے روزگاری میں اضافہ کے ساتھ نہ صرف مقامی طلب میں کمی کا باعث ہے بلکہ غیر ملکی گاہک بھی پاکستان میں کاروباری سرگرمیاں کرنے میں محتاط ہو گئے ہیں۔ اس کے ساتھ ساتھ ہمارا ملک بڑھتے ہوئے قرضوں کے بوجھ، محدود زر مبادلہ کے ذخائر، توانائی کا بحران، بڑھتا ہوا تجارتی خسارہ، مہنگے قرضے اور بلند شرح افراط زر

ڈائریکٹران رپورٹ برائے حصص داران

کمپنی کے ڈائریکٹران کی جانب سے، ہم سالانہ تنفیج شدہ مالی حسابات برائے سال مختتمہ 30 جون 2023ء بمشمول محاسب کی رپورٹ پیش کرتے ہیں۔ بموجب کوڈ آف کارپوریٹ گورننس یہ مالی حسابات چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر صاحبان سے تصدیق شدہ، محاسبی کمیٹی کی تائید سے بورڈ آف ڈائریکٹرز سے منظور شدہ ہیں۔

کمپنی کا کاروباری حجم مبلغ 20,853 ملین روپے رہا جبکہ پچھلے سال یہ حجم 30,817 ملین روپے تھا۔ کمپنی کا خام نقصان مبلغ 603 ملین روپے ہے جو پچھلے سال مبلغ 2,884 ملین روپے منافع تھا۔ کمپنی بعد از ادائیگی ٹیکس مبلغ 824 ملین روپے منافع میں رہی جبکہ پچھلے سال یہ منافع مبلغ 286 ملین روپے تھا۔ چنانچہ اس سال آمدن فی حصہ 1.66 روپے ہے جو کہ پچھلے سال 0.57 روپے فی حصہ تھی۔

یہ سال مکمل تباہی کا سال تھا اور معیشت کی زبوں حالی ناقابل بیان ہے۔ بلند شرح سود کے ساتھ بجلی کی بڑھتی ہوئی قیمتوں نے صنعت کا برا حال کر دیا ہے۔ روپے کی قدر میں حد سے بڑھی ہوئی بے یقینی اور ذرمبادلہ کی عدم دستیابی نے درآمدات مکمل بند کر دی ہیں جبکہ اشیاء کی قیمتوں میں حد درجہ اضافہ ہو چکا ہے۔ خام مال کی آسمان سے باتیں کرتی قیمتیں مقامی صنعت پر ایک بہت بڑھے حملے کی مانند ہیں۔ انتہائی بڑھی ہوئی افراط زر، سیاسی بے یقینی اور امن عامہ کی بدتر صورتحال کی وجہ لوگوں ملبوسات خریدنے کی بجائے خوراک کے اخراجات پورے کرنے کی فکر میں ہیں۔

پچھلے سال کے برعکس اس سال نہ صرف فروختگی، حجم کم ہوا ہے بلکہ شرح منافع میں بھی کمی ہوئی ہے۔ سرمائے کی کمی اور نقصان کی وجہ سے دوران سال کمپنی کے پیداواری صلاحیت میں کمی ہونے کے نتیجے میں برے مالی نتائج آئے ہیں۔

اگرچہ پاکستان کی معیشت تاریخ میں ہمیشہ سے اتار چڑھاؤ کے ساتھ بے اعتبار رہی ہے مگر موجودہ صورتحال ملکی تاریخ میں بدترین ہے۔ دھاگہ، کپڑا کی پیداوار، فروخت اور غیر منقولہ جائیداد کی تجارت کمپنی کی اصولی سرگرمیوں میں شامل ہیں۔

کمپنی کا کتنا کی کا شعبہ

کتنائی کے شعبہ کا حجم خاطر خواہ کمی کا سامنا کر رہا ہے اور اس کے نتائج حوصلہ افزا نہیں رہے۔ ٹیکسٹائل صنعت کو کمزور ٹیڈ بجلی کے نرخ، بلند شرح افراط زر اور سیاسی و معاشی بے یقینی جیسے مسائل درپیش ہیں۔ مقامی صنعت ان مسائل کا سامنا نہیں کر سکتی اور دباؤ کا شکار ہے۔ کافی تعداد میں کارخانے بند ہو چکے ہیں یا انہوں نے پیداواری استعداد کار میں واضح کمی کردہ ہے مگر یہ عمل رکنا ہوا نظر نہیں آ رہا۔ مقامی کتنا کی کا شعبے کے لئے یہ خطرناک صورتحال ہے جو حکومت کی فوری اصلاحات کی متقاضی ہے بصورت دیگر یہ صنعت مکمل تباہ ہو جائے گی۔

کمپنی کا بنائی کا شعبہ

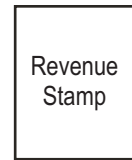
بنائی کے شعبہ کی صورتحال بھی کتنا کی کا شعبے سے مختلف نہیں ہے۔ ٹیکسٹائل کی صنعت پاکستان میں شدید معاشی بحران کا شکار ہے۔ ہمارے پاس موجود مشینری پرانی ہونے کی وجہ سے نئی جدت کا مقابلہ نہیں کر سکتی جسکی وجہ سے معاملات اور گمبھیر ہو گئے ہیں۔ ہمیشہ سے درکار سرمائے

COLONY TEXTILE MILLS LIMITED

FORM OF PROXY

I/We _____
of _____
being a member of **COLONY TEXTILE MILLS LIMITED** and holder of _____ Ordinary Shares as per
Register Folio / CDC Participant No. _____ hereby appoint Mr./Mrs./Miss. _____
of _____ or failing him / her Mr./Mrs./Miss. _____ of _____
who is also a member of the **COLONY TEXTILE MILLS LIMITED** vide Registered Folio / CDC Participant I.D.
No. _____ as my proxy to vote for me and on my behalf at the 13th Annual General Meeting of the Company to
be held on Friday the October 27, 2023 at 10.00 a.m. and any adjournment thereof.

Signed this _____ day of October 2023.



Signature
(As registered with the company)

Witness: 1

Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport # _____

Witness: 2

Signature: _____

Name: _____

Address: _____

CNIC or _____

Passport # _____

NOTES: -

- This proxy form, duly completed and signed, must be received at the Registered Office of the company not later than 48 hours before the time of holding the Meeting.
- Attested copies of the CNIC or the passport of beneficial owners, proxy holder and witnesses shall be furnished with the proxy form.
- The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company.

کالونی ٹیکسٹائل ملز لمیٹڈ

تشکیل نیابت داری برائے سالانہ اجلاس عام

میں / ہم _____ ساکن _____ کالونی ٹیکسٹائل ملز لمیٹڈ کا / کی کے حصص دار ہوں / ہیں اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر کے تحت _____ عمومی حصص کا / کی کے مالک ہوں / ہیں۔ اپنی جگہ پر حق رائے دہی کے لیے _____ رہائشی _____ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر _____ کو یا اس کے نہ آنے کی صورت میں رہائشی _____ اور بموجب رجسٹرڈ کھاتہ نمبر یا مجوزہ سی ڈی سی کھاتہ نمبر _____ کو جو کہ کالونی ٹیکسٹائل ملز لمیٹڈ کا / کی کے حصص دار ہے ہیں۔ کو اپنی جگہ بروز جمعہ بتاریخ 27 اکتوبر 2023 بوقت صبح 10 بجے بمقام اسماعیل ایوان سائنس بلڈنگ 205 فیروز پور لاہور میں منعقد ہونے والے تیر ہواں سالانہ اجلاس عام یا کسی متبادل دن جو بھی ہوگا میں رائے دہندگی کے لئے نمائندہ مقرر کرتا / کرتی کرتے ہوں / ہیں۔

بتاریخ _____ اکتوبر 2023 کو دستخط کیا گیا _____ دستخط۔

رسیدی ٹکٹ

کمپنی ریکارڈ کے مطابق دستخط

گواہ نمبر: 2	گواہ نمبر: 1
_____ دستخط	_____ دستخط
_____ نام	_____ نام
_____ پتہ	_____ پتہ
_____ شناختی کارڈ نمبر یا	_____ شناختی کارڈ نمبر یا
_____ پاسپورٹ نمبر	_____ پاسپورٹ نمبر

نوٹ: 1۔ یہ مختار نامہ مکمل اور دستخط شدہ، ہمراہ شناختی کارڈ کی تصدیق شدہ کاپیوں، کمپنی کے رجسٹرڈ آفس کے پتے پر اجلاس کے شروع ہونے سے 48 گھنٹے پہلے پہنچ جانا چاہئے۔

2۔ کوئی بھی فرد مختار نامہ اس وقت تک استعمال نہیں کر سکتا جب تک وہ کمپنی کا حصص دار نہ ہو۔ علاوہ اس کے کہ کوئی ایک کمپنی کسی فرد کو نمائندہ مقرر کرے جو کمپنی کا حصص دار نہ ہو۔



Colony Textile Mills Limited

**Ismail Aiwan-e-Science Building
205 Ferozpur Road Lahore - 54600
Phone: 042-35758970-2
Fax: 042-35763247**