

ANNUAL REPORT

2023



MAHMOOD TEXTILE MILLS

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Business Review

VISION

To continue to be recognized globally as a dynamic business group specialized in multiple modern diversified businesses with its credibility of value creation for all stakeholders and the society through its strategically align innovation and sustainability framework.

CORE VALUES



CORPORATE INFORMATION



Board of Directors:

Khawaja Muhammad Ilyas	Chairman
Khawaja Muhammad Younus	Chief Executive Officer
Mrs. Farah Ilyas	Female Director
Khawaja Muhammad Muzaffar Iqbal	Director
Khawaja Muhammad Anees	Director
Abdul Rehman Qureshi	Independent Director
Muhammad Asghar	Independent Director

Chief Financial Officer

Yasir Ghaffar
FCA

Company Secretary

Liaqat Ali Dolla

Auditors

ShineWing Hameed Chaudhri & Co
Chartered Accountants
2526/F Shadman Colony, Opposite High Court,
Bahawalpur Road, Multan.

Stock Exchange Listing

Mahmood Textile Mills Limited is a listed Company and its shares are traded on Pakistan Stock Exchange in Pakistan.

Share Registrar

Hameed Majeed Associates (Pvt.) Ltd.
H M House, 7-Bank Square, Lahore.

Bankers

MCB Bank Limited
United Bank Limited
Habib Bank Limited
Allied Bank Limited
Bank Al-Habib Limited
Meezan Bank Limited
National Bank of Pakistan Limited
Bank Alfalah Limited
Bank Islami Limited
Habib Metropolitan Bank Limited
The Bank of Khyber
The Bank of Punjab
Askari Bank Limited
Soneri Bank Limited
ICBC Bank Limited

Mills

Mahmoodabad, Multan Road,
Muzaffargarh.
Masoodabad, D.G. Khan Road,
Muzaffargarh.
Chowk Sarwar Shaheed, District
Muzaffargarh.
Industrail Estate, Multan.

Registered Office

Mehr Manzil, Lohari Gate, Multan.
Tel.: 061-111-181-181 Fax: 061-4511262
E-mail: info@mahmoodgroup.com
www.mahmoodtextile.com

Regional Office

2nd Floor, Cotton Exchange Building, I.I.
Chundrigarh Road, Karachi.

HONOURS AND ACHIEVEMENTS



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 53rd Annual General Meeting (AGM) of "Mahmood Textile Mills Limited" (the Company) will be held on Saturday 28th October, 2023 at 11 a.m., at Registered/Head Office, Mehr Manzil, Lohari Gate, Multan and through video link facility to transact the following business:-

- 1- To confirm the minutes of the Extraordinary General Meeting held on 31-01-2023.
- 2- To receive, consider and adopt the Financial Statements of the company for the year ended 30th June, 2023 together with Chairman's, Directors and Auditors' Reports thereon.
- 3- To appoint Auditors for the year 2023-24 and to fix their remuneration. The present Auditors M/s .Shinewing Hameed Chaudhri & Company, Chartered Accountants, Lahore being eligible have offered themselves for re-appointment.
- 4- To transact any other business as may be placed before the meeting with the permission of the chair.

SPECIAL BUSINESS

- 5- "To consider and if thought fit, to increase the authorized capital of the company from Rs. 300,000,000/-(300 Million) to Rs.500, 000,000/- (500 Million) divided into 50,000,000 ordinary shares of Rs. 10 each, and to alter/amend Clause 5 of the Memorandum of Association and Article 3 of the Articles of Association of the company by passing the following resolution as special resolution, with or without modification, addition or deletion.

RESOLVED:

- i) "That the Authorized Share Capital of "Mahmood Textile Mills Limited" (the Company) be increased from Rs. 300,000,000/- (300 Million) divided into 30,000,000 ordinary shares of Rs. 10 each to Rs.500, 000,000/- (500 Million) divided into 50,000,000 ordinary shares of Rs. 10 each.
- ii) "That consequent upon the said increase in Authorized Share Capital of the company, clause 5 of the Memorandum of Association and Article 3 of the Articles of Association of the company be and are hereby altered and read as follow:

CLAUSE 5 OF THE MEMORANDUM OF ASSOCIATION

The Authorized Share capital of the company is Rs.500,000,000/- Divided into 50,000,000 ordinary shares of Rs. 10 each. The company has power to increase, reduce, reorganize the capital of the company and divide the shares in the capital for the time being in to several classes in accordance with the provisions of the Companies Act.2017.

ARTICLE 3 OF THE ARTICLES OF ASSOCIATION.

"The Authorized Share Capital of the company is Rs.500,000,000/- Divided into 50,000,000 ordinary shares of Rs. 10 each."

- iii) "That the shares when issued shall carry equal voting rights and rank pari passu with the existing ordinary shares in all respects in conformity with the provisions of Section 85 of the Companies Act 2017."

- 6- To consider and if deemed appropriate, approve the circulation of Company's annual audited financial statement through QR enabled code and weblink as part of notice for annual general meeting and to pass the following resolution as an ordinary Resolution, with or without modification.

"Resolved that as notified by the SECP via SRO No. 389 (1) of 2023 dated March 21, 2023 the consent and approval of the members of "Mahmood Textile Mills Limited" (the Company) be and is hereby accorded and the company be and is hereby authorized to circulate annual audited financial statement to its members through QR enabled code and weblink as part of the notice of Annual General Meeting be and is hereby rectified and approved for future.

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

The statement under Section 134 (3) of The Companies Act, 2017 in respect to above-mentioned Special Business is attached herewith.

By order of The Board of Directors

Sd/-

Liaqat Ali Dolla
Company Secretary

Multan.

Date: 6th October, 2023.

NOTES:

1. Book Closure.

The Share transfer books of the company will remain closed from Friday 20th October 2023 to Saturday 28th October.2023 (both days inclusive). Transfers received in order at the office of the company's Share Registrar, M/s Hameed Majeed Associates (Pvt) Limited, 7 Bank Square, Lahore by the close of business hours (5:00 PM) on 19th October 2023 will be treated in time for the purposes of attending and voting at the AGM. Proxy forms, in English and Urdu languages are available on the Company's website.

2. Instrument of Proxy.

A member entitled to attend and vote at the meeting may appoint any other member as his/her proxy to attend and vote. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of power of attorney must be deposited at the registered office of the company at least 48 hours before the time of the meeting. A proxy must be a member of the company. A company or a corporation being a member of the company may appoint a representative through a resolution of board of directors for attending and voting at the meeting.

3. Attendance.

To attend the meeting through video link, the members and their proxies are requested to register themselves by providing the following information along with their Name, Folio Number, Number of shares held in their name, a valid copy of CNIC (both sides/passport attested copy of board resolution/power of attorney (in case of corporate shareholder) through email at liaqat.cs@mahmoodgroup.com.

The shareholders who registered after the necessary verification shall be provided with a video link facility by the company at the said email address. The login facility will remain open from the start of the meeting till its proceedings are concluded.

Name of Member/ proxy holders	CNIC	Folio No./ participant id/ Account No.	Cell No./ WhatsApp No.	Email ID

4. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the applicable guidelines as laid down by the Securities and Exchange Commission of Pakistan in Circular NO. 1 of 2000.
5. Members are requested to notify in adequate time of any change in their addresses to our independent Share Registrar.

6- Notice to Shareholder who have not provided CNIC:

The shareholders who have not yet provided copies of their CNICs are once again advised to provide attested copies of their CNICs (if not already provided) directly to our independent Share Registrar at address given in Note NO.1.

7. Members may exercise their right to vote by means of postal ballot, Postal Ballot Form is available on company's website. Postal Ballot should reach the Chairman of the meeting on or before the close of business hours i.e. 5.00 PM on 27.10.2023 at Head Office, Mehr Manzil, Lohari Gate, Multan, or at the email to liaqat.cs@mahmoodgroup.com.

8 Unclaimed dividend

Shareholders who for any reason, could not claim their dividend are advised to contact our Share Registrar M/S Hameed Majeed Associates (Private) Limited Lahore to enquire about their unclaimed dividend. List of unclaimed dividend is also available on the Company's website.

9 Conversion of Physical Shares in to Book Entry Form

As per section 72 of The Companies Act, 2017 all existing companies are required to convert their physical shares in to book entry form with in a period not exceeding four years from the date of the commencement of "The Companies Act, 2017". The Securities And Exchange Commission of Pakistan vide its Circular No. CSD/ED/misc./2016-639-640 dated March 26, 2021 has advised the listed companies to pursue their members who still hold shares in physical form to convert their shares in to book entry form.

We "Mahmood Textile Mills Limited" hereby request all such members who hold physical shares to convert the shares in to book entry form at the earliest. For the purpose they may contact "Central Depository Company of Pakistan Limited" or any active member/stock broker of the Pakistan Stock Exchange to open an account with the Central Depository Company of Pakistan Limited at the earliest possible.

Electronic Voting.

- a. In accordance with section 143-145 of The Companies Act 2017 and Companies (Postal Ballot) Regulation, 2018 (the "Regulations"), the right to vote through electronic voting facility and voting by postal ballot shall be provided to members of every listed company for, inter alia, all business classified as special business under "The Companies Act, 2017" in the manner and subject to conditions contained in the Regulations.
- b. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- c. Members shall cast vote for agenda item No. 5-6 on line from 23rd October, 2023 to 27th October, 2023. Voting shall close at 5.pm on 27.10 .2023. A vote once cast by a Member shall not be allowed to be changed.

Procedure for E Voting

- a) Details of the E voting facility will be shared through an email with those members of the company who have their valid CNIC numbers, and email addresses available in the register of members of the company by the close of business on October 20, 2023.
- b) The web address, and login details will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of M/S Hameed Majeed Associates (pvt.) Limited, Share Registrar (the E voting service provider).
- c) The identity of the members intending to cast a vote through e voting shall be authenticated through electronic signature or authentication for login.
- d) E- Voting will start at 9 am on October 23, 2023 and shall close on October 27, 2023 at 5 pm. Members can cast their votes at any time during this period. Once the vote on a resolution is cast by a member, he/she shall not be allowed to change it subsequently.

Procedure for voting Through Postal Ballot.

- a. Members may alternatively opt for voting through postal ballot. For the convenience of the members, Postal Ballot Paper is available on the Company Website www.mahmoodgroup.com.
- b. The members must ensure that the duly filled and signed ballot paper, along with a copy of CNIC should reach the Chairman of the meeting through post at the Company's Multan Office, Mehr Manzil, Lohari Gate, Multan or email at liaqat.cs@mahmoodgroup.com one day before the AGM i.e.27.10.2023 before 5.00 p.m. A postal ballot received after this time/date shall

not be considered for voting. The signature on the Ballot paper should match with signature on the CNIC.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 CONCERNING THE SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING.

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on October 28th, 2023.

Reason for increase in authorized share capital.

Agenda Item No. 5.

It is being proposed to enhance the existing authorized capital in order to allow further issue of shares in future. Therefore, additional authorized capital of Rs. 200.000 Million i.e creation of 20 Million ordinary shares of Rs. 10/- each is being proposed.

Reason for Alteration in Memorandum of Association:

The authorized share capital is being increased to cater future requirements for the issue of further share capital. This necessitates the alteration of capital clause 5 of the Memorandum of Association of the company and article Clause 3 of the Articles of Association of the Company.

Statement by the Board of Directors.

We the Board of Directors of the Company hereby confirm that the proposed alteration in the Memorandum of Association for increase in authorized share capital of the company are in line with the applicable provisions of the law and the regulatory framework.

Agenda Item No. 6

The Securities and Exchange Commission of Pakistan has allowed the listed companies through its SRO No. 389 (1) dated March 21 2023 to circulate the annual audited financial statements to their members through QR enabled code and web link instead of transmitting annual financial statements through CD/DVD/USB. The company shall circulate Annual Financial Statements through email address in case it has been provided by the member to the company and upon demand, supply hard copies of the Annual Financial Statements to the shareholders free of cost of a dully completed request Form which may be obtained from the company's Website www.mahmoodgroup.com.

None of the directors of the company have any direct/indirect interest in this special resolution.

POSTAL BALLOT

Following information is required for voting through post for the Special Business at Annual General Meeting to be held on 28-10-2023 at 11 a.m.,

At Mehr Manzil, Lohari Gate, Multan / and on line through Zoom. Phone 061-111 181 181 and Web site www.mahmoodgroup.com

Name of Shareholder/ Proxy Holder	
Registered Address	
Folio/CDS Account Number	
Number of Shares held	
CNIC / 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/Passport No.(in case of foreigner) of the authorized signatory	

Resolution for agenda item No. 5. Increase in authorized capital

(5-i) Resolved that the Authorized Share Capital of Mahmood Textile Mills Limited (the Company) be increased from Rs. 300,000,000/- (300 Million) Divided into 30,000,000 ordinary shares of Rs. 10 each to Rs.500,000,000/- (500 Million) divided into 50,000,000 ordinary shares of Rs. 10 each.

ii) That consequent upon the said increase in Authorized Share capital of the company, clause 5 of the Memorandum of Association and Article 3 of the Articles of Association of the company be and are hereby altered and read as follow:

CLAUSE 5 OF THE MEMORANDUM OF ASSOCIATION

The Authorized Share capital of the company is Rs.500,000,000/- divided into 50,000,000 ordinary shares of Rs. 10 each. The company has power to increase, reduce, reorganize capital of the company and divide the shares in the capital for the time being in to several classes in accordance with the provisions of the Companies Act.2017.

ARTICLE 3 OF THE ARTICLES OF ASSOCIATION.

"The Authorized Share Capital of the company is Rs.500,000,000/- Divided into 50,000,000 ordinary shares of Rs. 10 each."

Resolution for agenda item No. 6

6- Resolved that as notified by the SECP via SRO No. 389 (1) of 2023 dated March 21, 2023 the consent and approval of the members of "Mahmood Textile Mills Limited" (the Company) be and is hereby accorded and the company be and is hereby authorized to circulate annual audited financial statement to its members through QR enabled code and web link as part of the notice of Annual General Meeting be and is hereby rectified and approved for future.

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

Instructions for Poll

- 1- Please indicate your vote by ticking (✓) the relevant box.
- 2- In case both the boxes are marked as (✓), your poll shall be treated as "Rejected."

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

Resolutions	I / We assent to the Resolution (FOR)	I / We dissent to the Resolution (AGAINST)
Resolution for Agenda item No. 5		
Resolution for Agenda item No. 6		

Notes:

- Dully filled ballot paper should be sent to the Chairman of Mahmood Textile Mills Ltd. Head Office Mehr Manzil, Lohari Gate, Multan / Share Registrar or through email at liaqat.cs@mahmoodgroup.com with the subject line as "Postal Ballot."
- Copy of CNIC / Passport (in case of foreigner) should be enclosed with the postal ballot form.
- Ballot paper should reach the Chairman within business hours by or before 27-10- 2023. Any postal ballot received after this date, will not be considered for voting.
- Signature on ballot paper should match with the signature on CNIC / Passport.

- Incomplete, unsigned, incorrect, defaced torn, mutilated, overwritten ballot paper will be rejected.
- In case of corporate entity, Corporation or Federal government, the Board of Directors Resolution/ Power of Attorney with specimen signature and attested copy of valid CNIC of the nominee (unless it has been provided earlier) should be enclosed with the ballot paper.
- Ballot paper form has also been placed on the website of the company at www.mahmoodgroup.com. Members may download the ballot paper from the website or use an original / photocopy published in newspapers.
- The decision of Chairman of the meeting regarding validity of the vote shall be final.

Shareholder / proxy Holder Signature / Authorized Signatory
(in case of Corporate entity, please affix company stamp)

Date: _____ Place: _____

CHAIRMAN'S REVIEW

چیرمین کی جائزہ رپورٹ

I am pleased to present you the ANNUAL REPORT of MAHMOOD TEXTILE MILLS LIMITED for the Financial Year Ended on 30th June 2023. I congratulate to all of you for the better performance of your company in spite of the unfavorable economic and political conditions of our beloved country. Continuous political instability coupled with high mark up and electricity rates has dented to the small size and newly established enterprises.

However, your board of directors with their continuous and rigorous efforts has not only overcome the all the difficulties but managed to earn profits. The performance evolution of the board and its committees ensured that all the statutory and legal requirement were fulfilled in a timely manner. Particularly regarding of meetings of the board and its committees and the role assigned to the board.

During the Financial Year 2022-2023 the Board has achieved the targets set for growth and developmental work of the company keeping in view the following:-

- 1- Effective and vigorous control of the business performance.
- 2- Review and follow the overall corporate compliance particularly business plan for the year, key financial indicators and the targets set for the year.
- 3- Ensured that financial reporting and disclosures were made for the annual and quarterly reports in a proper manner. Internal audit system are proper in place for quality and transparency,
- 4- Carried out proper risk assessment and regulatory requirement, market trends, cotton supply requirements, energy supply, foreign exchange requirements and fluctuations, borrowing cost, liquidity risk and sales etc.

Also reviewed the effectiveness and internal system.

Sd/-

Khawaja Muhammad Ilyas
Chairman

میں 30 جون 2023ء کو ختم ہونے والے مالی سال کے لئے محمود ٹیکسٹائل ملز کی سالانہ رپورٹ پیش کرتے ہوئے دلی مسرت محسوس کر رہا ہوں۔ میں آپ سب کو اپنے پیارے ملک کے نامساعد معاشی اور سیاسی حالات کے باوجود آپ کی کمپنی کی بہتر کارکردگی کے لئے کی گئی کاوشوں پر مبارکباد پیش کرتا ہوں۔ مسلسل سیاسی عدم استحکام کے ساتھ ساتھ بڑھے ہوئے مارک اپ اور بجلی کے نرخوں نے چھوٹے سائز اور نئے قائم ہونے والے اداروں کو بہت نقصان پہنچایا ہے۔

تاہم، آپ کے بورڈ آف ڈائریکٹرز نے اپنی مسلسل اور انتھک کوششوں سے نہ صرف تمام مشکلات پر قابو پایا بلکہ منافع کمانے میں بھی کامیاب رہے۔ بورڈ اور اس کی کمیٹیوں کی کارکردگی کے ارتقاء نے اس بات کو یقینی بنایا کہ تمام قانونی تقاضوں کو بروقت مکمل کیا جائے۔ خاص طور پر بورڈ اور اس کی کمیٹیوں کے اجلاسوں اور بورڈ کو تفویض کردہ کردار کے بارے میں مالی سال 2022-23ء کے دوران بورڈ نے درج ذیل تمام امور کو مد نظر رکھتے ہوئے کمپنی کی ترقی اور ترقیاتی کاموں کے لئے مقرر کردہ اہداف حاصل کئے ہیں۔

- ۱- کاروباری کارکردگی کا موثر اور بھرپور کنٹرول۔
- ۲- خاص طور پر سال کے لئے کاروباری منصوبہ، اہم مالیاتی اعداد و شمار اور سال کے مقرر کردہ اہداف اور مجموعی کارپوریٹ ٹیمپل کا جائزہ لیں اور اس کی پیروی کریں۔
- ۳- اس بات کو یقینی بنایا گیا کہ سالانہ اور سہ ماہی رپورٹس کے لئے مالیاتی رپورٹنگ اور افشائیات مناسب طریقے سے کئے گئے۔ ہمارا اندرونی آڈٹ کا نظام معیار اور شفافیت کے لئے انتہائی مناسب ہے۔
- ۴- مناسب خطرات کی تشخیص اور ریگولیٹری ضروریات، مارکیٹ کے رجحانات، کپاس کی فراہمی کی ضروریات، توانائی کی فراہمی، غیر ملکی زرمبادلہ کی ضروریات اور اُتار چڑھاؤ، قرض لینے کی لاگت لیکویڈیٹی ریسک اور فروخت وغیرہ۔
- ۵- اندرونی نظام اور اس کے اثرات کا بھی جائزہ لیا۔

خواجہ محمد الیاس
چیرمین



DIRECTORS' REPORT TO THE MEMBERS



The Annual Report of Mahmood Textile Mills Limited, which includes the Financial Statements for the year ended on June 30, 2023, and the Auditors' report thereon, is presented with great pleasure by the company's directors.

IN MEMORIAM

As we begin this report, we would like to express our sincere condolences to the family and friends of Khawaja Muhammad Iqbal Sahib, our dear chairman who passed away in June 2023. Beyond his role as Chairman, Mr. Khawaja Muhammad Iqbal Sahib embodied the qualities of a visionary leader who took our organization to previously unheard-of levels of prosperity and success. His impact was felt far beyond the walls of our boardroom, shining a bright and enduring light on the whole sector.

Our company accomplished numerous milestones and solidly established itself as a notable and respected figure in the textile industry of our country under his astute and motivating leadership. We were motivated by Mr. Khawaja Muhammad Iqbal Sahib's passion to quality, wisdom, and sincerity.

The Board humbly asks all of our respected members to keep our late Chairman in their prayers as we all mourn his passing. May Almighty Allah bestow upon him everlasting peace and bestow upon him a position in the highest echelons of heaven. We also pray for perseverance and strength as we negotiate the enormous vacuum left by his irreplaceable presence as a group during this trying time. (Aameen).

The legacy of Mr. Khawaja Muhammad Iqbal Sahib will serve as a lighthouse for all time, reminding us of the amazing heights we may achieve when led by vision, commitment, and honesty. We are dedicated to upholding and advancing the principles and goals he instilled in our business in order to ensure that his legacy endures for a

number of generations.

ECONOMIC AND INDUSTRIAL OVERVIEW

The fiscal year that ends on June 30, 2023, has been marked by a series of interrelated economic adversities that have offered difficult challenges on both the domestic and international fronts.

Global Economic Landscape:

The persistent struggle with sluggish economic growth and soaring price levels has become a defining feature of the global economic landscape, affecting every nation. Energy and food scarcities have further complicated the situation, weaving a complex web of economic challenges. Amid mounting concerns about escalating financial burdens, this convergence of problems has placed an immense strain on budgetary resources.

Central Bank Reaction Globally:

Central banks worldwide have taken decisive action by significantly hiking interest rates to curb the growing financial instability. This proactive measure aims to ensure economic stability by reining in rising economic pressures. However, these rate hikes have also posed additional difficulties, rendering financial markets more fragile. In this tumultuous period, central banks remain committed to carefully balancing the management of these challenges with the protection of financial institutions.

Domestic Challenges:

On the domestic front, effectively managing our rapidly expanding financial obligations has turned into a daunting task, exacerbated by both global economic conditions and internal issues like the devastating floods experienced a year ago and inefficiencies within government institutions.

A Perfect Storm:

The Ukraine-Russia conflict, global food challenges, and the surge in prices have converged, exacerbating the already colossal challenges. Consequently, commodity and energy prices have skyrocketed to unprecedented levels, driven in part by geopolitical unrest and disruptions in international supply chains. This surge has led to price hikes across various goods and services, significantly impacting places like Pakistan, Europe, and the United States.

Consumers have seen a decline in their disposable income due to rising borrowing costs, while businesses have been compelled to reassess their supply chain strategies and trim non-essential expenditures.

Conclusion:

Throughout the fiscal year of 2023, both on a global scale and domestically, we've confronted unprecedented economic hurdles. Slow economic growth, a surge in price levels, scarcities in food and energy, mounting financial burdens, and the impact of geopolitical events have intertwined, presenting us with intricate set of challenges that necessitate astute navigation and strategic responses. Meeting these multifaceted challenges calls for proactive measures, adaptability, and a clear vision of what lies ahead.

Pakistan's Economic Challenges:

A significant concern for Pakistan's economy has been the persistent high-interest rates, which have adversely affected businesses and hindered the expansion of the industrial sector. The nation has additionally grappled with political unpredictability, delays in crucial decision-making, conflicting policies, and a reluctance to align with the IMF's economic objectives. Together, these factors have contributed to the deterioration of Pakistan's economic standing.

Impact on Large-Scale Manufacturing (LSM) Sector:

Pakistan's large-scale manufacturing (LSM) sector witnessed a sharp year-over-year decline of 10.3 percent. This dip in LSM production has been attributed to a combination of challenges related to balance of payments, efforts to limit imports, energy shortages, weak global demand, and a weakening global economy. The industry's predicaments have been exacerbated by soaring energy prices, jeopardizing the future of the export sector.

Textile Industry Woes:

The prolonged slump in the textile industry primarily stems from a global decline in demand for textile products. This decline, coupled with the reduction of COVID-19 subsidies, high loan interest rates, and economic uncertainty, has diminished consumers' purchasing power. Moreover, the sector faces increased manufacturing costs due to the energy crisis and the scarcity of vital raw materials, notably

cotton.

The textile industry has grappled with rapid currency fluctuations and various government taxation policies. These constraints have led to underutilization of production capacity and the closure of small to medium-sized textile operations. Notably, these trying circumstances have been surmounted primarily by larger, vertically integrated production facilities.

The role of government in reviving the textile industry To boost exports and foreign exchange revenues, the government must accord top priority to the textile industry, which constitutes over 60% of Pakistan's total exports. Given the challenges faced by this industry, particularly the scarcity of domestically grown cotton, significant foreign currency reserves must be allocated for cotton imports. These obstacles have led to a noticeable 15% year over-year decrease in textile exports.

Furthermore, the State Bank of Pakistan (SBP) is actively implementing a program of fiscal and monetary adjustments that necessitate phasing out incentives and subsidies specifically designed for exporters. This legislative shift is beginning to impact the profitability of Pakistani enterprises and their ability to compete on the global market.

Lack of Cotton and Dependence on International Markets: Pakistan's textile exports are projected to decline by 15% annually due to the challenges mentioned above. Pakistan's textile sector is grappling with meeting the demand for cotton, a critical raw material. To achieve the export earnings goal of \$20 billion, the textile industry relies on an annual supply of 15 million cotton bales.

However, domestic cotton production for the current year has been limited to 4.5 million bales, necessitating significant imports. Foreign exchange challenges impede the import of cotton and other essential export inputs, leading to increased expenses associated with demurrage and delays.

Flooding's Effect on Cotton Supply:

Cotton crops suffered significant damage due to substantial flooding in the latter part of 2022. Consequently, there was a substantial need to import 7.0 million bales of cotton. However, the imposition of Letter of Credit (LC) restrictions and limited supply to local markets could potentially cause delays in fulfilling orders, resulting in a reduction in textile production output.

Energy tariffs that are regionally competitive: The textile industry has greatly benefited from the Regional Competitive Energy Tariff (RCET) due to its commitment to 100% billing accuracy and zero line losses policy. However, it's crucial to recognize that upcoming fiscal adjustments, aligning with IMF recommendations, will necessitate phasing out these subsidies. Anticipated to have significant effects, particularly on domestic exports, this

upcoming adjustment will influence the overall trade balance.

Operational and Financial Performance:

Throughout the fiscal year, Mahmood Textile Mills Limited faced numerous difficulties that put our resiliency to the test. Among them were:

- Rising borrowing fees
- Greater need for operating capital as a result of rising raw material costs
- Access to concessional financing is limited.
- Higher pricing for cotton
- Dragged out procurement processes
- Retiring after LC is limited
- Artificially limiting currency

Mahmood Textile Mills Limited did not waver in its dedication to flexibility and resilience in the face of these enormous obstacles. We performed:

- Measures that are economical
- Improving processes to increase operational effectiveness
- Investigated novel mitigation techniques for the effects of cost increases
- Preserving our tradition of excellence with our devoted staff
- Expanding both our product offering and market presence

As a result, we were able to increase our sales volume over the prior fiscal year. However, the ensuing downward pressure on prices, combined with ongoing sales contracts and the control of exchange rate changes, negatively impacted our net earnings and caused a decline in profits.

Profit and Loss Summary

Description	June 30, 2023 --- Rupees in Million ---	June 30, 2022
Sales - Net	54,627.48	40,969.33
Gross profit	7,708.48	7,431.13
Distribution Cost	(1,262.57)	(1,352.86)
Administrative Expenses	(1,159.40)	(1,117.95)
Other Expenses	(234.47)	(355.67)
Other Income	227.35	176.70
Finance Cost	(3,952.96)	(1,783.66)
Profit before tax	1,924.63	3,962.38
Profit after tax	1,201.95	3,178.20
EPS	40.06	105.94

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY

Mahmood Textile Mills Limited is committed to environmental protection, sustainability, and the fight against climate change. The company has established a dedicated operations team to align sustainability trends, corporate social responsibility (CSR) initiatives, and women's empowerment programs. This division provides consulting services to develop and implement corporate strategies and goals, including the implementation of potential sustainability projects.

ENVIRONMENTAL PROTECTION

- Mahmood Textile is a pioneer in the Net Zero Pakistan Coalition under Pakistan Environment Trust (PET), which aims to reduce emissions by 2050.

ENERGY SOLUTIONS

- We have installed huge renewable energy sources, including 27MW of solar panels that measure carbon dioxide every year. 27.375 billion tons of CO₂e.

AFFORESTATION VENTURES

- Planting trees is essential for green development, and the only Apparel unit developed the Miyawaki Garden, featuring more than 1,500 plants, to improve tree planting and reduce the city's carbon emissions.

BOTTLE RECYCLING

- The company has launched a plastic bottle recycling project to turn collected plastic bottle waste into sustainable products. The company has also partnered with D-Class to achieve common goals and launched a 'Green Ambassador Program' to raise public awareness.

FUTURE PLANS

- Future plans include an organic cotton project to produce 300,000 bales of cotton per year, with a cotton farm established on unused land to ensure traceability and transparency.

ACADEMIC AND LITERACY VENTURES

The company has also established two independent schools, Kabir Wala Student Sports Centre, sustainable activities in schools and extra-curricular activities.

WOMEN EMPOWERMENT

Mahmood Textile believes that communities cannot change unless women are empowered. Key initiatives include a literacy program for factory workers, the Nissab Digital Skills Project, and access to company-sponsored hygiene kits for women workers. Supporting infrastructure

of more than 5,000 students of government schools. We have collaborated with Care Foundation and initiated two self-operated schools providing a subsidized model of education for mill workers and community members.

HEALTH CARE

Healthcare is another focus of Mahmood Textile. We work closely with government hospitals to provide quality healthcare, provide 24/7 on-site doctors, provide free Basic Health Units (BHUs), and provide on-site treatment. We have integrated e-health applications such as 'Sehat Kahani'.

SPORTS

Employees also have access to practice opportunities and work with sports associations to support local communities and women's sports.

HUMAN RESOURCE MANAGEMENT

Human resource management is a central aspect of management. The Human Resources Committee participates in the selection, evaluation, compensation, and succession planning of key personnel and recommends improvements to human resources policies and procedures.

CORPORATE FINANCIAL REPORTING

Exceptional corporate governance is a priority for Mahmood Textile Mills Limited. Regarding the Corporate and Financial Reporting Framework, the Board is aware of its obligations. The Directors vouch for:

- The company's state of affairs, operating performance, cash flows, and changes in equity are all appropriately depicted in the financial statements.
- The correct books of accounts have been meticulously kept.
- Accounting standards that are adequate and consistent have been used.
- There is no question that the business will continue to operate.
- The Code of Corporate Governance's best practices have been followed.
- There is a reliable internal control mechanism in place.
- Both the Companies Act of 2017 and the International Financial Reporting Standards have been complied with.

We are pleased to confirm that all requirements of the Code of Corporate Governance as outlined in the Listing Regulations of the Pakistan Stock Exchange have been complied with in full.

AUDITORS

M/s Shinewing Hameed Chaudhri & Co. Chartered Accountants, the existing auditors, are retiring and can be reappointed. Their reappointment is advised by the Audit Committee for the fiscal year ending June 30, 2024.

EXPANSION & BMR

In keeping with our commitment, we have successfully finished growth projects in each of our divisions—Spinning, Weaving, and Apparel—each of which was started at a separate time of the year.

Expanding Presence in Value-Added Products Segment: Our current strategic priority is to increase our market share in the value-added products industry. To do this, we have made important strides, such as acquiring the funding requirements for the growth of our apparel sector. We had intended to expand its daily production capacity in the future to 25,000 units from its initial design capacity of 10,000 units. We have now completed the financial arrangements for the following phase, which will add an extra 15,000 units each day, as a result of favorable consumer feedback and confirmed orders. With a target completion date of October 2023, we are already working

on the logistics and commercial production setup needed for this expansion. This growth is anticipated to increase our revenue by USD 25 million.

Promoting Sustainability through Renewable Energy: We are aggressively supporting sustainability in addition to our growth efforts by utilizing renewable energy sources, particularly solar and biomass. At our manufacturing plants, we have successfully built 11 MW of solar energy capacity so far. To cover our overall demand of 17 MW, we intend to install 5 MW more solar capacity. We have meticulously planned our installation strategy and plan to finish these installations by the end of the fiscal year 2024.

Commitment to Sustainable and Responsible Practices: These strategic initiatives show our commitment to sustainable and environmentally friendly business practices in addition to our drive for growth. Our commitment to renewable energy and these expansions, in our opinion, will be crucial to our long-term success. Additionally, we are convinced that they will benefit the neighborhoods where we operate.

Embracing Local Cotton and Export Sales: Along with our dedication to growing through export sales, one of our main priorities is the development of local cotton growth. This strategy supports agriculture and employment creation in addition to the growth of the textile sector.

DIGITALIZATION

Business Intelligence (BI): We deployed BI using the well-known solution Qlik® Sense, which has numerous business advantages for the entire firm. Business

performance can be regularly monitored by executives and department managers, allowing for quick responses to problems or opportunities. Data analytics increases the efficiency of marketing, sales, and customer service initiatives and assists in proactively identifying and resolving bottlenecks in the supply chain, production, and distribution. HR managers receive an improved understanding of workforce analytics, labor expenses, and staff productivity. Overall, this decision-making tool improves operational effectiveness and productivity, discovers new market and business trends, and promotes the creation of strong business plans, which leads to higher sales and revenues.

Oracle Fusion Implementation: In order to efficiently create and run agile, intelligent applications in client-server, web, and cloud settings, we intend to implement Oracle Fusion apps. By October 1, 2023, we plan to launch this Oracle Fusion solution.

INTERNAL FINANCIAL CONTROLS

Our directors take their responsibility for internal controls seriously. Following discussions with both management and auditors (internal and external), they confirm the implementation of adequate controls within the company.

ECONOMIC OUTLOOK AND FUTURE PROSPECTS

The forecast for the economy, both nationally and internationally, is still unclear, and the impending general elections could change both the political and economic climates. We expect that the new administration will give priority to crucial structural changes, address economic issues, and reliably provide basic utilities and services, promoting long-term prosperity for our sector and the larger economy.

Fortunately, there have been some encouraging developments, such as an IMF rescue and a raised credit rating. Hope is also given by early cotton arrivals and projections for a strong cotton crop season. These changes may stabilize cotton prices and help the regional textile sector.

Establishing institutions that streamline corporate operations, lessen administrative burdens, and offer crucial support is urgently needed. These facilities streamline administrative procedures, cut red tape, increase transparency, and make it simpler for domestic and international investors to overcome regulatory obstacles. They are an essential weapon for luring in FDI, promoting employment growth, and igniting economic activity. For a nation's economic development and competitiveness, the construction of facilitation centers like the Special Investment Facilitation Council (SIFC) is of utmost importance. Centers like the SIFC play a critical role in transforming economies and supporting sustainable development by attracting and facilitating FDI.

Government action is needed to encourage export-oriented industries, especially the textile sector, in order to achieve sustainable growth. This means lowering power tariffs and allowing the import of components, parts, and accessories. Businesses are challenged by the current high interest rate environment, which calls for coordinated measures to keep it at a fair level to retain industry momentum.

We are cautiously hopeful about the future despite the fact that there are still many uncertainties in the global economic environment. Our dedication to responsible financial management, sustainability investments, and innovation promotion. These programs are essential to assuring Mahmood Textile Mills Limited's long-term expansion and viability.

ACKNOWLEDGMENT

The Board of Directors expresses its sincere appreciation to all company personnel for their diligent work and effectiveness on all levels. Additionally, they thank the company's owners, banks, clients, and suppliers for their collaboration and support and hope that these relationships will continue in the future.

For and on behalf of the Board

Sd/-

Khawaja Muhammad Iqbal
Chief Executive Officer

Sd/-

Khawaja Muhammad Younus
Director

Multan

Dated: 6th October, 2023

مقامی کپاس اور برآمدی فروخت کو اپنانا:

ریٹنگ میں اضافہ، کپاس کی جلد درآمد اور مضبوط کپاس کی فصل کے موسم کے تخمینے سے بھی اُمید پیدا ہوتی ہے۔ ان تبدیلیوں سے کپاس کی قیمتیں مستحکم ہو سکتی ہیں اور علاقائی ٹیکسٹائل سیکٹر کو مدد مل سکتی ہے۔

ایسے اداروں کا قیام جو کارپوریٹ آپریشنز کو ہموار کرتے ہیں۔ انتظامی بوجھ کو کم کرتے ہیں، اور اہم مدد فراہم کرتے ہیں، فوری طور پر ضرورت ہے۔ یہ سہولیات انتظامی طریقہ کار کو ہموار کرتی ہیں، سرخ فینہ کاٹی ہیں، شفافیت میں اضافہ کرتی ہیں، اور ملکی اور بین الاقوامی سرمایہ کاروں کے لئے ریگولیٹری رکاوٹوں کو دور کرنا آسان بناتی ہیں۔ یہ ایف ڈی آئی کو راغب کرنے، روزگار میں اضافے کو فروغ دینے اور معاشی سرگرمیوں کو بھڑکانے کے لئے ایک ضروری ہتھیار ہیں۔ کسی ملک کی معاشی ترقی اور مسابقت کے لئے خصوصی سرمایہ کاری سہولت کنسل (SIFC) جیسے سہولت مراکز کی تعمیر انتہائی اہمیت کی حامل ہے۔ SIFC جیسے مراکز FDI کو راغب کرنے اور سہولت فراہم کر کے معیشتوں کو تبدیل کرنے اور پائیدار ترقی کی حمایت میں اہم کردار ادا کرتے ہیں۔

پائیدار ترقی کے حصول کے لئے برآمدات پر مبنی صنعتوں بالخصوص ٹیکسٹائل سیکٹر کی حوصلہ افزائی کے لئے حکومتی اقدام کی ضرورت ہے۔ اس کا مطلب ہے بجلی کے نرخوں کو کم کرنا اور پزہ جات کی درآمد کی اجازت دینا، کاروبار کو موجودہ بلند شرح سود کے ماحول سے چیلنج کیا جاتا ہے، جس میں صنعت کی رفتار کو برقرار رکھنے کے لئے اسے منصفانہ سطح پر رکھنے کے لئے مربوط اقدامات کی ضرورت ہے۔

اس حقیقت کے باوجود کہ عالمی اقتصادی ماحول میں اب بھی بہت سی غیر یقینی صورتحال موجود ہے، ہم مستقبل کے بارے میں محتاط طور پر اُمید ہیں۔ ذمہ دار مالیاتی انتظام، پائیداری کی سرمایہ کاری، اور جدت کے فروغ کے لئے ہماری لگن۔ یہ پروگرام محمود ٹیکسٹائل ملز لمیٹڈ کی طویل مدتی توسیع اور عملدراری کو یقینی بنانے کے لئے ضروری ہیں۔

اعتراف:

بورڈ آف ڈائریکٹرز کمپنی کے تمام عملے کو ان کے محنتی کام اور تمام سطحوں پر اثر انداز ہونے کے لئے اپنی مخلصانہ تعریف کا اظہار کرتا ہے۔ مزید برآں، وہ کمپنی کے مالکان، بینکنگ، کلائنٹس اور سپلائرز کے تعاون کے لئے بھی شکر گزار ہیں اور اُمید کرتے ہیں کہ مستقبل میں بھی یہ تعلقات قائم رہیں گے۔

خواجہ محمد یونس

(ڈائریکٹر)

خواجہ محمد اقبال

(چیف ایگزیکٹو آفیسر)

ملتان

تاریخ: 6 اکتوبر 2023ء

برآمدی فروخت کے ذریعے ترقی کے لئے ہماری لگن کے ساتھ ساتھ، ہماری بنیادی ترجیحات میں سے ایک مقامی کپاس کی ترقی ہے۔ یہ حکمت عملی ٹیکسٹائل سیکٹر کی ترقی کے علاوہ زراعت اور روزگار کے مواقع پیدا کرنے میں معاون ہے۔

ڈیجیٹل سٹریٹجی:

بزنس انٹیلی جنس (BI)

ہم نے معروف حل Qlik(R) Sense استعمال کرتے ہوئے BI کو تعینات کیا۔ جس میں پوری فرم کے لئے متعدد کاروباری فوائد ہیں۔ کاروباری کارکردگی کو ایگزیکٹوز اور ڈیپارٹمنٹ مینجمنٹ کے ذریعے باقاعدگی سے مانٹر کیا جاسکتا ہے۔ جس سے مسائل یا مواقع پر فوری جوابات مل سکتے ہیں۔ ڈیٹا اینالیٹکس مارکیٹنگ سیلز، اور کسٹمر سروس کے اقدامات کی کارکردگی کو بڑھاتا ہے اور سپلائی چین، پیداوار اور تقسیم میں رکاوٹوں کی شناخت اور ان کو حل کرنے میں مدد کرتا ہے۔ HR مینجمنٹ افرادی قوت کے تجزیات، مزدوری کے اخراجات اور عملے کی پیداواری صلاحیت کے بارے میں بہتر سمجھ حاصل کرتے ہیں۔ مجموعی طور پر، فیصلہ سازی کا یہ ٹول آپریشنل تاخیر اور پیداواری صلاحیت کو بہتر بناتا ہے، نئی مارکیٹ اور کاروباری رجحانات کو دریافت کرتا ہے اور مضبوط کاروباری منصوبوں کی تخلیق کو فروغ دیتا ہے، جس سے زیادہ فروخت اور آمدنی ہوتی ہے۔

اوریکل فیوژن کا نفاذ:

کلائنٹ سرور، ویب اور کلاؤڈ سٹیٹنگ میں چسٹ، ذہین ایپلی کیشنز کو موثر طریقے سے بنانے اور چلانے کے لئے ہم اوریکل فیوژن ایس کو نفاذ کرنے کا ارادہ رکھتے ہیں۔ یکم اکتوبر 2023ء تک، ہم اس Oracle Fusion Solution کو شروع کرنے کا ارادہ رکھتے ہیں۔

داخلی مالیاتی کنٹرول:

ہمارے ڈائریکٹرز اندرونی کنٹرول کے لئے اپنی ذمہ داری کو سنجیدگی سے نبھاتے ہیں۔ انتظامیہ اور آڈیٹرز (اندرونی اور بیرونی) دونوں کے ساتھ بات چیت کے بعد، وہ کمپنی کے اندر مناسب کنٹرول کے نفاذ کی تصدیق کرتے ہیں۔

اقتصادی آؤٹ لک اور مستقبل کے امکانات:

قومی اور بین الاقوامی سطح پر معیشت کی پیشگوئی ابھی تک واضح نہیں ہے اور آنے والے عام انتخابات سیاسی اور اقتصادی دونوں طرح کے ماحول کو تبدیل کر سکتے ہیں۔ ہم اُمید کرتے ہیں کہ نئی انتظامیہ آہم ڈھانچہ جاتی تبدیلیوں کو ترجیح دے گی، معاشی مسائل کو حل کرے گی، اور قابل اعتماد طریقے سے بنیادی افادیت اور خدمات فراہم کرے گی، جو ہمارے شعبے اور بڑی معیشت کے لئے طویل مدتی خوشحالی کو فروغ دے گی۔

خوش قسمتی سے، کچھ حوصلہ افزا پیش رفت ہوئی ہے، جیسے IMF سے تعاون اور کریڈٹ

آڈیٹرز:

میسرز شائن ونگ حمید چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، موجودہ آڈیٹرز ریٹائر ہو رہے ہیں اور انہیں دوبارہ تعینات کیا جاسکتا ہے۔ ان کی دوبارہ تقرری کا مشورہ آڈٹ کمیٹی نے 30 جون 2024ء کو ختم ہونے والے مالی سال کے لئے دیا ہے۔

توسیع اور BMR

اپنی وابستگی کو برقرار رکھتے ہوئے، ہم نے اپنے ہر ڈویژن میں ترقی کے منصوبوں کو کامیابی کے ساتھ مکمل کیا ہے۔ اسپننگ، ویونگ اور ملبوسات جن میں سے ہر ایک سال کے الگ وقت پر شروع کیا گیا تھا۔

ویلیو ایڈڈ پروڈکٹس کے حصے میں موجودگی کو بڑھانا:

ہماری موجودہ اسٹریٹجی ترجیح ویلیو ایڈڈ مصنوعات کی صنعت میں اپنے مارکیٹ شیئر کو بڑھانا ہے۔ ایسا کرنے کے لئے، ہم نے اپنے ملبوسات کے شعبے کی ترقی کے لئے فنڈنگ کی ضروریات کو حاصل کرنے جیسی اہم پیش رفت کی ہے۔ ہم نے مستقبل میں اس کی یومیہ پیداواری صلاحیت کو 10,000 یونٹس کی ابتدائی ڈیزائن کی گنجائش سے 25,000 یونٹس تک بڑھانے کا ارادہ کیا تھا۔ اب ہم نے مندرجہ ذیل مرحلے کے لئے مالیاتی انتظامات مکمل کر لئے ہیں، جس میں صارفین کے مثبت تاثرات اور تصدیق شدہ آرڈرز کے نتیجے میں ہر روز اضافی 15,000 یونٹس کا اضافہ ہو گا۔ اکتوبر 2023ء کے ہدف کی تکمیل کی تاریخ کے ساتھ، ہم پہلے ہی اس توسیع کے لئے درکار لاجسٹکس اور تجارتی پیداوار کے سیٹ اپ پر کام کر رہے ہیں۔ اس نمونے ہماری آمدنی میں USD-25 Million کا اضافہ متوقع ہے۔

قابل تجدید توانائی کے ذریعے پائیداری کو فروغ دینا:

ہم قابل تجدید توانائی کے ذرائع بالخصوص شمسی اور بایوماس کو استعمال کرتے ہوئے اپنی ترقی کی کوششوں کے ساتھ ساتھ پائیداری کی بھی پُر زور حمایت کر رہے ہیں۔ اپنے مینیوفیکچرنگ پلانٹس میں، ہم نے اب تک 11 میگا واٹ شمسی توانائی کی صلاحیت کامیابی سے بنائی ہے۔ ہماری 17 میگا واٹ کی مجموعی طلب کو پورا کرنے کے لئے، ہم 5 میگا واٹ مزید شمسی صلاحیت نصب کرنے کا ارادہ رکھتے ہیں۔ ہم نے اپنی تنصیب کی حکمت عملی کو احتیاط سے ترتیب دیا ہے اور مالی سال 2024ء کے آخر تک ان تنصیبات کو مکمل کرنے کا منصوبہ بنایا ہے۔

پائیدار اور ذمہ دارانہ طرز عمل کا عزم:

یہ اسٹریٹجک اقدامات ہماری ترقی کی مہم کے علاوہ پائیدار اور ماحول دوست کاروباری طریقوں کے لئے ہماری وابستگی کو ظاہر کرتے ہیں۔ قابل تجدید توانائی کے لئے ہماری وابستگی، ہماری رائے میں، ہماری طویل مدتی کامیابی کے لئے اہم ہوں گی۔ مزید برآں ہمیں یقین ہے کہ وہ ان مقامات کو فائدہ پہنچائیں گے جہاں ہم کام کرتے ہیں۔

تعاون کیا اور خود سے چلنے والے دوا اسکول شروع کئے ہیں جو مل ورکرز اور کمیونٹی ممبران کے لئے تعلیم کا سبسڈی ماڈل فراہم کرتے ہیں۔

صحت کی دیکھ بھال:

ہیلتھ کیئر محمود ٹیکسٹائل ملز لمیٹڈ کا ایک اور فوکس ہے۔ ہم معیاری صحت کی دیکھ بھال فراہم کرنے کے لئے ہفتے کے چوبیس گھنٹے آن سائٹ ڈاکٹر فراہم کرنے، مفت بنیادی صحت مراکز (BHUs) فراہم کرنے اور موقع پر علاج فراہم کرنے کے لئے سرکاری ہسپتالوں کے ساتھ مل کر کام کرتے ہیں۔ ہم نے صحت کہانی جیسی ای ہیلتھ اپلیکیشنز کو مربوط کیا ہے۔

کھیل:

ملازمین کو مشق کے مواقع تک رسائی حاصل ہوتی ہے اور مقامی کمیونٹیز اور خواتین کے کھیلوں کی مدد کے لئے کھیلوں کی انجمنوں کے ساتھ کام کرتے ہیں۔

انسانی وسائل کے انتظام:

ہیومن ریسورس مینجمنٹ، انتظام کا ایک مرکزی پہلو ہے۔ ہیومن ریسورس کمیٹی کلیدی اہلکاروں کے انتخاب، تشکیل، معاوضے اور جانشینی کی منصوبہ بندی میں حصہ لیتی ہے اور انسانی وسائل کی پالیسیوں اور طریقہ کار میں بہتری کی سفارش کرتی ہے۔

کارپوریٹ مالیاتی رپورٹنگ:

محمود ٹیکسٹائل ملز لمیٹڈ کے لئے غیر معمولی کارپوریٹ گورننس ایک ترجیح ہے۔ کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کے بارے میں، بورڈ اپنی ذمہ داریوں سے آگاہ ہے۔ ڈائریکٹرز اس بات کی ضمانت دیتے ہیں۔ کمپنی کی حالت، آپریٹنگ کارکردگی، کیش فلو، اور ایکویٹی میں تبدیلیاں سبھی کو مالی بیانات میں مناسب طریقے سے دکھایا گیا ہے۔

- حسابات کے کھاتہ جات کو احتیاط سے رکھا گیا ہے۔
- اکاؤنٹنگ کے معیارات جو مناسب اور مستقل ہیں استعمال کئے گئے ہیں۔
- اس میں کوئی شک نہیں کہ کاروبار چلتا رہے گا۔
- کوڈ آف کارپوریٹ گورننس کے بہترین طریقے اپنائے گئے۔
- داخلی کنٹرول کا ایک قابل اعتماد طریقہ کار موجود ہے۔
- کمپنیز ایکٹ آف 2017ء اور بین الاقوامی مالیاتی رپورٹ کے معیارات کی تعمیل کی گئی ہے۔

ہمیں اس بات کی توثیق کرتے ہوئے مسرت ہو رہی ہے کہ پاکستان اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز میں بیان کردہ کوڈ آف کارپوریٹ گورننس کے تمام تقاضوں کی مکمل طور پر بجا آوری کی گئی ہے۔

داری (CSR) کے اقدامات، اور خواتین کو باختیار بنانے کے پروگراموں کو ہم آہنگ کرنے کے لئے ایک سرشار آپریشنز ٹیم قائم کی ہے۔ یہ ڈویژن کارپوریٹ حکمت عملیوں اور اہداف کو تیار کرنے بشمول ممکنہ پائیدار کے منصوبوں کے نفاذ اور لاگو کرنے کے لئے مشاورتی خدمات فراہم کرتا ہے۔

ماحولیاتی تحفظ:

محمود ٹیکسٹائل پاکستان انوائزمنٹ ٹرسٹ (PET) کے تحت نیٹ زیرو پاکستان کولیشن میں ایک سرخیل ہے جس کا مقصد 2050ء تک اخراج کو کم کرنا ہے۔

توانائی کے حل:

ہم نے بشمول MW27 کے شمسی پینل جیسے قابل تجدید توانائی کے بہت بڑے ذرائع نصب کئے ہیں جو ہر سال کاربن ڈائی آکسائیڈ کی 27.375 بلین ٹن CO2e کے برابر ہیں۔

شجرکاری و پیچرز:

سبز ترقی کے لئے درخت لگانا ضروری ہے اور صرف ملبوسات کے یونٹ نے میاوا کی گاڑن تیار کیا جس میں 1500 سے زائد پودے لگائے گئے ہیں تاکہ درخت لگا کر شہر کے کاربن کے اخراج کو کم سے کم کیا جاسکے۔

بوتل کی ری سائیکلنگ:

کمپنی نے پلاسٹک کی استعمال شدہ بوتلوں کو پائیدار مصنوعات میں تبدیل کرنے کے لئے پلاسٹک کی بوتلوں کی ری سائیکلنگ کا منصوبہ شروع کیا ہے۔ کمپنی نے مشترکہ اہداف کے حصول کے لئے D.Class کے ساتھ بھی شراکت داری کی ہے اور عوامی پیداوار بڑھانے کے لئے کرین ایبیلیٹیڈ پروگرام شروع کیا ہے۔

مستقبل کے منصوبے:

مستقبل کے منصوبوں میں کپاس کی سالانہ 300,000 گٹھیں پیدا کرنے کے لئے ایک نامیاتی کپاس کا منصوبہ شامل ہے، جس کا پتہ لگانے اور شفافیت کو یقینی بنانے کے لئے غیر استعمال شدہ زمین پر کائٹن فارم قائم کیا جائے گا۔

تعلیم اور خواندگی کے منصوبے:

کمپنی نے دو آزاد اسکول، کبیر والا اسٹوڈنٹ اسپورٹس سنٹر، اسکولوں میں پائیدار سرگرمیاں اور غیر نصابی سرگرمیاں بھی قائم کی ہیں۔

خواتین کو باختیار بنانا:

محمود ٹیکسٹائل کا خیال ہے کہ جب تک خواتین کو باختیار نہیں بنایا جائے گا تب تک معاشرہ تبدیل نہیں ہو سکتا۔ کلیدی اقدامات میں فیکٹری ورکرز کے لئے خواندگی پروگرام، نصاب ڈیجیٹل سکلز پراجیکٹ اور خواتین ورکرز کے لئے کمپنی کے زیر انتظام حفظانِ صحت کی کٹس تک رسائی شامل ہے۔ سرکاری سکولوں کے 5000 سے زائد طلباء کے بنیادی ڈھانچے کو سہارا دینا۔ ہم نے کیئر فاؤنڈیشن کے ساتھ

- رعایتی فنانسنگ تک رسائی محدود ہے۔
- کپاس کی زیادہ قیمت۔
- خریداری کے عمل کو طویل دینا
- LC محدود ہونے کے بعد اس کا خاتمہ
- مصنوعی طور پر کرنسی کو محدود کرنا

محمود ٹیکسٹائل ملز لمیٹڈ اس صورت میں اپنی لگن کے باعث نہیں ڈمگائی اور ان بڑی رکاوٹوں میں سے نکلنے کے لئے درج ذیل اقدامات اور بہتر کارکردگی کا مظاہرہ کیا۔

- وہ اقدامات جو اقتصاداً ہیں۔
- آپریشنل عمل کو بڑھانے کے لئے امور کی بہتری۔
- لاگت میں اضافے کے اثرات کے لئے نئی تخفیف کی تکنیکوں کی چھان بین۔
- اپنے وقف عملے ساتھ اپنی فضیلت کی روایت کو برقرار رکھنا۔
- ہماری مصنوعات کی پیشکش اور مارکیٹ میں موجودگی دونوں میں اضافہ کرنا۔

نتیجتاً، ہم پچھلے مالی سال کے مقابلے میں اپنی فروخت کے حجم کو بڑھانے میں کامیاب ہو گئے۔ تاہم قیمتوں پر آنے والے نتائج کی طرف دباؤ، جاری فروخت کے معاہدوں اور شرح مبادلہ کی تبدیلیوں کے کنٹرول کے ساتھ مل کر، ہماری خالص آمدنی پر منفی اثر ڈالا اور منافع میں کمی کا سبب بنی۔

نفع و نقصان کا خلاصہ:

30 جون 2023ء 30 جون 2022ء

(روپے بلین میں)

تفصیل	30 جون 2023ء	30 جون 2022ء
خالص فروخت	54,627.48	49,969.33
خالص منافع	7,708.48	7,431.13
تقسیم کی لاگت	(1,262.57)	(1,352.86)
انتظامی اخراجات	(1,159.40)	(1,117.95)
دیگر اخراجات	(234.47)	(355.67)
دیگر انکم	227.35	176.60
مالی اخراجات	(3,952.96)	(1,783.66)
ٹیکس سے قبل منافع	1,924.63	3,962.39
ٹیکس کے بعد منافع	1,201.95	3,178.20
ای۔ پی۔ ایس۔	40.06	105.94

پائیداری اور کارپوریٹ سماجی ذمہ داری:

محمود ٹیکسٹائل ملز لمیٹڈ ماحولیاتی تحفظ، پائیداری، اور موسمیاتی تبدیلی کے خلاف جنگ کے لئے پرعزم ہے۔ کمپنی نے پائیداری کے رجحانات، کارپوریٹ سماجی ذمہ

ہوئی ہے۔ مزید برآں، اسٹیٹ بینک آف پاکستان مالی اور مانیٹری ایڈجسٹمنٹ کے پروگرام کو فعال طور پر نافذ کر رہا ہے۔ جس کے لئے خاص طور پر برآمد کنندگان کے لئے تیار کردہ مراعات اور سبسڈیز کو مرحلہ وار ختم ہوں جائیں گی۔ اس قانون سازی کی تبدیلی سے پاکستانی اداروں کے منافع اور عالمی مارکیٹ میں مقابلہ کرنے کی ان کی صلاحیت پر اثر انداز ہونے لگی ہے۔

کپاس کی کمی اور بین الاقوامی منڈیوں پر انحصار:

مذکورہ چیلنجوں کی وجہ سے پاکستان کی ٹیکسٹائل برآمدات میں سالانہ 15 فیصد کمی کا امکان ہے۔ پاکستان کا ٹیکسٹائل سیکٹر ایک اہم خال مال، کپاس کی مانگ کو پورا کرنے میں مصروف ہے۔ 20 بلین ڈالر کی برآمدی آمدنی کا ہدف حاصل کرنے کے لئے ٹیکسٹائل انڈسٹری 15 بلین کپاس کی گانٹھوں کی سالانہ سپلائی پر انحصار کرتی ہے۔ تاہم گذشتہ سال کے لئے کپاس کی ملکی پیداوار 4.5 بلین گانٹھوں تک محدود ہے۔ جس کی وجہ سے اہم درآمدات کی ضرورت ہے۔ زرمبادلہ کے چیلنجز روٹی اور دیگر ضروری برآمدی سامان کی درآمد میں رکاوٹ ہیں۔ جس کی وجہ سے Damages اور تاخیر سے منسلک اخراجات میں اضافہ ہو جاتا ہے۔

کپاس کی سپلائی پر سیلاب کے اثرات:

2022ء کے آخری حصے میں بدترین سیلاب کی وجہ سے کپاس کی فصلوں کو کافی نقصان پہنچا۔ نتیجتاً 7.0 بلین گانٹھیں کپاس درآمد کرنی پڑیں۔ تاہم لیفر آف کریڈٹ (LC) کی پابندیوں کے نفاذ اور مقامی منڈیوں کو محدود سپلائی ممکنہ طور پر آرڈر پورا کرنے میں تاخیر کا سبب بن سکتی ہے جس کے نتیجے میں ٹیکسٹائل کی پیداوار میں کمی واقع ہو سکتی ہے۔

توانائی کے ٹیرف جو علاقائی طور پر مسابقتی ہیں:

ٹیکسٹائل کی صنعت کو 100% بلنگ کی درستگی اور صفراء لائن لاسز کی پالیسی کے عزم کی وجہ سے علاقائی مسابقتی توانائی ٹیرف (RCET) سے بہت فائدہ ہوا ہے۔ تاہم، یہ تسلیم کرنا بہت ضروری ہے کہ آئندہ مالیاتی ایڈجسٹمنٹ IMF کی سفارشات کے مطابق، ان سبسڈیوں کو مرحلہ وار ختم کرنے کی ضرورت ہوگی۔ خاص طور پر کئی برآمدات پر منفی اثرات مرتب ہونے کی توقع ہے، یہ آنے والی ایڈجسٹمنٹ برآمدات پر منفی اثر ڈالے گی۔

مجموعی تجارتی توازن، آپریشنل اور مالی کارکردگی:

پورے مالی سال کے دوران، محمود ٹیکسٹائل ملز لمیٹڈ کو بے شمار مشکلات کا سامنا کرنا پڑا جنہوں نے ہمارے صبر کا امتحان لیا۔ ان میں یہ تھے۔

- قرض لینے کی فیس میں اضافہ۔
- خام مال کی بڑھتی ہوئی لاگت کے نتیجے میں آپریٹنگ سرمائے کی زیادہ ضرورت۔

کے ساتھ پیش کر رہے ہیں جن کے لئے ہوشیار، نیویگیٹیشن اور اسٹریٹجک ردعمل کی ضرورت ہے۔ ان کثیر جہتی چیلنجوں کا مقابلہ کرنے کے لئے فعال اقدامات، موافقت اور آگے کیا ہے اس کے واضح وزن کی ضرورت ہے۔

پاکستان کے معاشی چیلنجز:

پاکستان کی معیشت کے لئے ایک اہم تشویش مسلسل بلند شرح سود ہے جس نے کاروبار کو بڑی طرح متاثر کیا ہے اور صنعتی شعبے کی توسیع میں رکاوٹ ڈالی ہے۔ اس کے علاوہ قوم سیاسی غیر متوقع صورتحال، اہم فیصلہ سازی کے فقدان، متضاد پالیسیوں اور آئی ایم ایف کی معاشی مقاصد کے ساتھ ہم آہنگ ہونے میں ہچکچاہٹ کا شکار ہے۔ ان عوامل نے مل کر پاکستان کی معاشی حالت کو خراب تر کرنے میں اہم کردار ادا کیا ہے۔

وسیع پیمانے پر مینوفیکچرنگ (LSM) سیکٹر پر اثر:

پاکستان کے بڑے پیمانے پر مینوفیکچرنگ (LSM) کے شعبے میں سال بہ سال 10.3 فیصد کی شدید کمی دیکھی گئی ہے۔ ایل ایس ایم کی پیداوار میں اس کمی کی وجہ ادائیگیوں کے توازن، درآمدات کو محدود کرنے کی کوششیں، توانائی کی قلت، کمزور عالمی طلب، اور کمزور ہوتی عالمی معیشت سے متعلق چیلنجوں کے مجموعہ سے منسوب کیا گیا ہے، توانائی کی قیمتوں میں اضافے سے صنعت کی مشکلات میں اضافہ ہوا ہے، جس سے برآمدی شعبے کا مستقبل خطرے میں پڑ گیا ہے۔

ٹیکسٹائل انڈسٹری کے مسائل:

ٹیکسٹائل کی صنعت میں طویل مندی بنیادی طور پر ٹیکسٹائل مصنوعات کی مانگ میں عالمی کمی کی وجہ سے ہے۔ COVID-19 سبسڈیز میں کمی، قرضوں کی بلند شرح سود اور معاشی غیر یقینی صورتحال کے ساتھ اس کمی نے صارفین کی قوت خرید کو کم کر دیا ہے۔ مزید برآں، اس شعبے کو توانائی کے بحران اور خام مال، خاص طور پر کپاس کی کمی کی وجہ سے پیداواری لاگت میں اضافہ کا سامنا ہے۔ ٹیکسٹائل کی صنعت تیزی سے کرنسی کے اُتار چڑھاؤ اور حکومت کی مختلف ٹیکس پالیسیوں سے دوچار ہے۔ یہ رکاوٹیں پیداواری صلاحیت کے کم استعمال اور چھوٹے سے درمیانے درجے کے ٹیکسٹائل آپریشنز کی بندش کا باعث بنی ہیں۔ خاص طور پر، ان آزمائشی حالات کا مقابلہ بنیادی طور پر بڑی، عمومی طور پر مربوط پیداواری سہولیات کے ذریعے کیا گیا ہے۔

ٹیکسٹائل انڈسٹری کی بحالی میں حکومت کا کردار:

برآمدات اور زرمبادلہ کی آمدنی کو بڑھانے کے لئے، حکومت کو ٹیکسٹائل کی صنعت کو اولین ترجیح دینی چاہئے، جو پاکستان کی کل برآمدات کا 60 فیصد سے زائد ہے۔ اس صنعت کو درپیش چیلنجز خصوصاً طور پر مقامی طور پر اگائی جانے والی کپاس کی کمی کے پیش نظر، کپاس کی درآمدات کے لئے غیر ملکی کرنسی سے رقم مختص کی جانی چاہئے۔ ان رکاوٹوں کی وجہ سے ٹیکسٹائل کی برآمدات میں سال بہ سال 15 فیصد نمایاں کمی واقع

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

ڈائریکٹرز کی رپورٹ

نامہ کی ایک خاص خصوص بن گئی ہے جو ہر قوم کو متاثر کرتی ہے۔ توانائی اور خوراک کی قلت نے صورتحال کو مزید پیچیدہ بنا دیا ہے جس سے معاشی چیلنجز کا ایک پیچیدہ جال بن رہا ہے۔ بڑھتے ہوئے مالی بوجھ کے بارے میں بڑھتے ہوئے خدشات کے مابین مسائل کے اس گٹھ جوڑنے بجٹ کے وسائل پر بہت زیادہ دباؤ قائم کر دیا ہے۔

عالمی سطح پر مرکزی بینک کا رد عمل:

دنیا بھر کے مرکزی بینکوں نے بڑھتے ہوئے مالیاتی عدم استحکام کو روکنے کے لئے شرح سود میں نمایاں اضافہ کر کے فیصلہ کن کارروائی کی ہے۔ اس فعال اقدام کا مقصد بڑھتے ہوئے افراط زر کو گام دے کر معاشی استحکام کو یقینی بنانا ہے۔ تاہم، ان شرحوں میں اضافے نے اضافی مشکلات کو بھی جنم دیا ہے۔ جس سے مالیاتی منڈیوں کو مزید نازک بنا دیا گیا ہے۔ اس ہنگامہ خیز دور میں، مرکزی بینک مالیاتی اداروں کے تحفظ کے ساتھ ان چیلنجوں کے انتظام میں احتیاط سے توازن قائم کرنے کے لئے پرعزم ہیں۔

گھریلو چیلنجز:

گھریلو محاذ پر، ہماری تیزی سے پھیلتی ہوئی مالی ذمہ داریوں کو موثر طریقے سے سنبھالنا ایک مشکل کام میں تبدیل ہو گیا ہے، جو عالمی معاشی حالات اور ایک سال قبل آنے والے تباہ کن سیلاب جیسے اندرونی مسائل اور حکومتی اداروں کی نااہلی کی وجہ سے بڑھ گیا ہے۔

ایک کامل طوفان:

یوکرین، روس تنازعہ، خوراک کے عالمی چیلنجز، اور قیمتوں میں اضافہ یکجا ہو گئے ہیں جس سے پہلے سے موجود زبردست چیلنجز میں اضافہ ہو گیا ہے۔ نتیجتاً اجناس اور توانائی کی قیمتیں ہوش ربا حد تک پہنچ گئی ہیں جس کا کچھ حصہ جغرافیائی، سیاسی بدامنی اور بین الاقوامی سپلائی چین میں رکاوٹوں کی وجہ سے ہے۔ اس اضافے کی وجہ سے مختلف اشیاء اور خدمات کی قیمتوں میں اضافہ ہوا ہے جس سے پاکستان، یورپ اور امریکہ جیسے ممالک پر نمایاں طور پر اثر پڑا ہے۔ قرض لینے کے بڑھتے ہوئے اخراجات کی وجہ سے صارفین نے اپنی قابل استعمال آمدنی میں کمی محسوس کی ہے۔ جبکہ کاروباری اداروں کو اپنی سپلائی چین کی حکمت عملیوں کا ازسرنو جائزہ لینے اور غیر ضروری اخراجات کی کمی پر مجبور کر دیا گیا ہے۔

نتیجہ:

2023ء کے پورے مالی سال کے دوران، عالمی سطح پر اور ملکی سطح پر، ہم نے بے مثال اقتصادی رکاوٹوں کا سامنا کیا ہے۔ سست اقتصادی ترقی، قیمتوں کی سطح میں اضافہ، خوراک اور توانائی کے وسائل میں کمی، بڑھے ہوئے مالی بوجھ اور جغرافیائی، سیاسی واقعات کے اثرات آپس میں جڑے ہوئے ہیں جو ہمیں چیلنجوں کے پیچیدہ سیٹ

کمپنی کے ڈائریکٹرز 30 جون 2023ء کو ختم ہونے والے مالیاتی سال کے گوشواروں اور آڈیٹرز کی رپورٹ پیش کرتے ہوئے بڑی مسرت محسوس کر رہے ہیں۔

یادداشت:

ہمارے عزیز چیئرمین جو کہ جون 2023ء کو بقضائے الہی وفات پا گئے تھے۔ ہم اس رپورٹ کو شروع کرنے سے پہلے خواجہ محمد اقبال صاحب کے اہلخانہ اور دوستوں کے ساتھ دلی تعزیت کا اظہار کرنا چاہیں گے۔ ان کے بطور چیئرمین کے کردار کے علاوہ، خواجہ محمد اقبال صاحب خوبیوں کا مجسمہ تھے جنہوں نے ہماری کمپنی کو کامیابی سے خوشحالی کی بلند سطح پر پہنچایا جس تک وہ اس سے قبل نہ پہنچ پائی تھی۔ ان کی صلاحیتوں کا اثر ہمارے بورڈ روم کی درود یوار پر محسوس کیا جاسکتا ہے جو کہ ایک پائیدار روشنی کے طور پر چمک رہا ہے۔ ان کی قیادت میں ہماری کمپنی نے متعدد سنگ میل عبور کئے اور اپنے آپ کو اس ملک کی ٹیکسٹائل انڈسٹری میں ایک قابل ذکر ادارے کے طور پر منوایا۔ ہم جناب خواجہ محمد اقبال صاحب کے معیار، حکمت اور اخلاص کے جذبے کے دلی طور پر معترف ہیں۔

بورڈ اپنے تمام معزز ممبران سے عاجزی کے ساتھ درخواست کرتا ہے کہ وہ اپنے مرحوم چیئرمین کو اپنی دعاؤں میں یاد رکھیں کیونکہ ہم سب ان کے انتقال پر انتہائی سوگوار ہیں۔ اللہ تعالیٰ مرحوم کو دائمی سلامتی عطا فرمائے اور جنت کے اعلیٰ مقام میں جگہ عنایت کرے۔ ہم استقامت اور قوت کے لئے بھی دعا کرتے ہیں کیونکہ اس مشکل وقت کے دوران ایک گروپ کے طور پر مرحوم ہمارے لئے ایک ناقابل تلافی نقصان اور کبھی پُر نہ ہونے والا خلاء چھوڑ گئے ہیں۔ اللہ تعالیٰ مرحوم کو اعلیٰ درجات عطا فرمائے (آمین)

جناب خواجہ محمد اقبال صاحب کی وراثت ہمارے لئے ہمہ وقت بینارہ نور کا کام کرے گی۔ جو ہمیں ان حیرت انگیز بلند یوں کی یاد دلاتا ہے جو ہم بصیرت، عزم اور دیانت کی قیادت میں حاصل کر سکتے ہیں۔ ہم ان اصولوں اور اہداف کو برقرار رکھنے اور اسے آگے بڑھانے کے لئے وقف کریں جو انہوں نے ہمارے کاروبار کے لئے مقرر کئے ہیں تاکہ اس امر کو یقینی بنایا جاسکے کہ ان کی میراث کئی نسلوں تک برقرار رہ سکے۔

اقتصادی اور صنعتی جائزہ:

مالی سال 30 جون 2023ء کو ختم ہو رہا ہے۔ ایک دوسرے سے پیوستہ معاشی مشکلات کا ایک لامتناہی سلسلہ ہے جس نے ملکی اور بین الاقوامی دونوں محاذوں پر مشکل چیلنجز کھڑے کر دیئے ہیں۔

عالمی اقتصادی منظر نامہ:

سست اقتصادی ترقی اور کساد بازاری کے ساتھ مسلسل جدوجہد عالمی اقتصادی منظور

SUSTAINABILITY REPORT

At Mahmood Group, our sustainability vision is embodied in our tagline “Sustainable Innovation in Every Thread”, and is all about creating and developing long-term sustainability innovatively in every product, process, and operation.

Mahmood Group has a Corporate Business Affairs Department with dedicated sustainability, CSR and digital media team. This department provides an advisory role in planning long-term corporate goals & strategies and supports the businesses in developing objectives and identification of potential sustainability projects. It also extends its support from time to time in setting targets and making annual reports and performance reviews as per global sustainability targets.

Our Supply Chain

Suppliers are an integral component to meeting customer expectations to effectively provide them with good quality and certified products. Our primary focus when deciding on procurement is to get the best combination of quality, economy, efficiency, and effectiveness while keeping sustainability as a priority. We not only consider cost effectiveness but also provide a positive change to all our stakeholders in bringing ethical and sustainable business choices throughout our procurement process.

At Mahmood Group, we plan and procure our material shipment both locally and imported by being vigilant of our greenhouse gas emissions. We are also working on Green Purchase Policy for procurement of environmentally friendly products and building relationships with suppliers committed to responsible supply chains.

Our Accreditations and Awards

Mahmood Group is a member of multiple industry associations and affiliations and actively supports the cause of sustainability in all its operations. We staunchly support our commitment to the sustainable development goals of the United Nations and we align our business strategies with the latest global rules.

Women empowerment is the core of Mahmood Group's vision. We have been awarded the “Gender Diversity Award” provided by a mutual collaboration of “The International Finance Corporation (World Bank Group), UK Aid, and Pakistan Business Council” in the year 2022.

ENVIRONMENTAL PROTECTION

Greenhouse Gas Emissions

Being an environmentally conscious entity, we at Mahmood Group measure and develops the Greenhouse Gas Inventory (GHG) and evaluate the GHG emissions for

Mahmood Group and is planning to further reduce the emissions by following prominent emission reduction strategies.

Net Zero Coalition Pakistan

Mahmood Group became a signatory of the Net-Zero coalition Pakistan to accelerate their sustainability transition and deliver the goal of net zero by 2050 on August 23, 2021.

Transformation to Renewable Energy

We shifted our focus towards solar energy with a current installation of 23 MW solar capacity. This leads to enhancing the solar capacity with an annual production of 35.58 MWh. Our solar energy is equipped with the latest innovative technology; half-cell PVs, cloud-based monitoring systems and updated structures assisting as major contributors in socioeconomic development.

Tree Plantation

Mahmood Group had done tree plantations in Multan citywide at green belts, roundabouts, and parks. We have developed a Miwaki Garden along with landscaping in industry's area. To maintain the natural habitat, approximately 10,000 trees are planted at various locations in Multan including parks and full-grown trees.

Heat Recovery System

Waste Heat Recovery Boiler (WHRB) has been installed on the Genset exhaust to produce steam.

Effluent Treatment Plant

Two effluent treatment plants have been installed to treat Industrial Effluents of wastewater before releasing it into the main industrial discharge stream, one is conventionally installed at Khawaja Tanneries and one is at Apparel unit complying with the Zero discharge of hazardous chemicals (ZDHC) Aspirational level.

Rainwater Management

We have a tank for rainwater collection, the capacity of the tank is approximately 12,000 GLN. This water is reused for utilities and gardening.

RO Filter

To provide clean drinking water, we have installed Reverse Osmosis (RO) Filters at the Production Plant, capacity of RO filters is 500 liters/hour.

SOCIAL DEVELOPMENT

Our people are the most fundamental aspect of our business. Mahmood Group is leading the initiatives at large and we have combined multiple social, educational, economic, health, and physiological initiatives under the

umbrella of social development.

Education

Education is one of the fastest drivers to transform the community. Keeping our vision of "Education for All", Mahmood Group remains one step forward to promoting education in Southern Punjab Region.

Collaboration with Care Foundation

The quality of education is one of the top priorities. Therefore, we collaborated with Care Foundation. We have been financially assisting various government primary, middle & secondary schools since 2013.

In government schools' infrastructure and quality of education have been our key areas. With this initiative, we have catered to more than 5000 students. We have incorporated two Mahmood Group schools having a subsidized model for the Mill workers and community members. We have state-of-the-art buildings having all facilities in the area of Kabir Wala and Muzaffargarh.

Teacher's Training

For the professional development of teachers, a series of training has been arranged. The training from Oxford University Press with the collaboration of Care has been organized based on pedagogical (teaching) techniques.

EdTech

To revolutionize the learning of students, we have collaborated with "Edkasa" in our Mehr Fatima Care school Muzaffargarh, for secondary classes. It is an online learning platform integrated with technology. EdTech not only provides virtual assistance to our students but gives them exposure to the online learning module.

Literacy Training Program for Mill Workers

We have synergized our collaboration with Foster learning Pakistan & Pakistan Professional Women Forum. The basic literacy and soft skills program was designed at the group level for the capacity building of Mill workers. As a result, more than 800 workforces benefitted from the program.

Workshop on Kitchen Gardening

For the economic well-being of women, Mahmood Group conducted kitchen gardening & composting sessions with 60 participants. The focus of the training was to foster the importance of organic food, a healthier lifestyle, kitchen budget management, and entrepreneurship.

Skill Enhancement Program

At Mahmood Group, as most of the female workforce comes from marginalized areas, keeping in view their

financial constraints, we have opened the doors of embroidery skill programs for the workers. They will make women self-sufficient in their lives by creating multiple venues of earning for them.

Health & Hygiene Sessions

We conducted various awareness sessions with the partnership of "Santex" at the Group level and the community level. "October" was celebrated as Pinktober throughout the group. Health and hygiene sessions were organized for women employees and the workforce with the collaboration of Shaukat Khanum Cancer Hospital.

Transport Facility

Mahmood Group further extended its support to accommodate females in terms of conveyance facilities extending from the management level to school staff and all the female workforce.

Smart Village Program

With the collaboration of WWF, the traditional practices of the village have been merged with the global trends. Rural communities of Kabir Wala have been empowered through the implementation of the Smart Village Program, aiming at least 6 villages to conserve natural resources for the sustainability of people and the planet. From the grassroots level series of programs like promoting environmental protection activities through engaging students in school eco-clubs will be done.

Smart Village program is empowering rural communities through skill enhancement, gender empowerment, and conservation of natural resources for socio-economic and environmental resilience.

Sports

Mahmood Group never compromises the well-being of the youth and their employees. Following sports activities are planned to enhance the health and well-being of employees:

- Development of South Punjab Football Club and Academy: 1st phase has been initiated in Multan and Kabirwala, 2nd phase is planned in Khanewal, Bahawalpur, and Muzaffargarh.
- Martial Arts Academy (Judo, Karate, Taekwondo, Woshu) has been planned to establish in Kabirwala and Multan
- Under-19 / Grassroots cricket academy has been planned in Kabirwala
- It is planned to include educational scholarships in all sports, presented to the highest performer and talented athletes in their respective games. (All South Punjab Cities)
- Multan Cycling Club is planned to be established

Community-Wellbeing

Mahmood Group not only considers the well-being of its employees but also of the community it is surrounded with. Major initiatives for community well-being are:

- Large scale Tree plantation drive for a greener, healthier city
- Construction of 15 water filter plants at various locations in Multan- 166 thousand people daily
- Donations to various organizations and financial support to students and families
- Restoration and maintenance of city parks, along with the installation of waste bins for promoting cleanliness, and recycling of waste
- Maintenance of city roads and infrastructure
- Initiation of Baluchistan Cotton Project to support local farmers and help in economic and environmental uplifting.
- Weekly food drives, in partnership with Robin Hood Army for the eradication of Hunger.

MG is the collaborating partner with global nonprofit Organization RHA in Multan. It is serving approximately 400k people eliminating hunger and spreading smiles to the marginalized community. RHA Pakistan has served 11.9M since its inception in 2015.

FINANCIAL SUMMARY

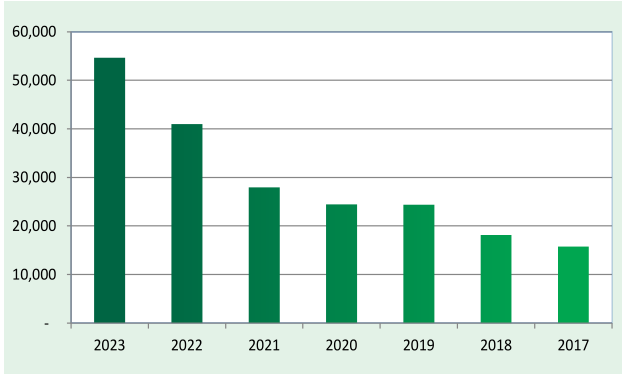
SIX YEARS REVIEW AT A GLANCE

Rupees in Million

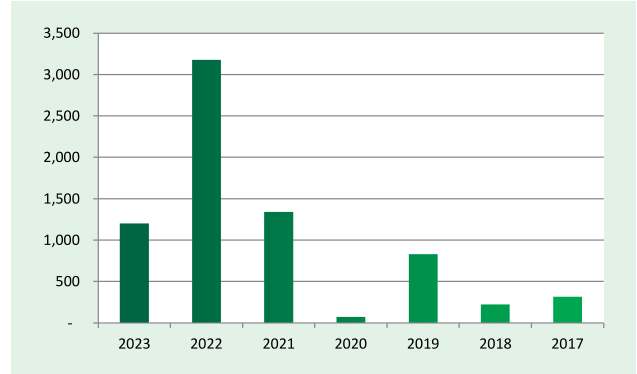
	2023	2022	2021	2020	2019	2018
Assets						
FIXED ASSETS	17,655	13,939	9,697	8,581	8,941	5,594
INVESTMENT PROPERTY	163	-	-	-	-	-
INTANGIBLE ASSET	5	7	-	-	-	-
LONG TERM INVESTMENTS	5,539	5,114	4,610	4,190	3,889	1,383
LONG TERM DEPOSITS	54	53	25,015	10	10	9
CURRENT ASSETS	27,956	20,680	12,492	12,667	12,426	11,219
TOTAL ASSETS	51,371	39,793	26,825	25,448	25,266	18,205
FINANCED BY:						
EQUITY	13,755	12,651	9,938	8,583	8,484	4,704
LONG TERM LIABILITIES	9,064	7,961	5,834	5,497	3350	2052
LEASE LIABILITIES	30	25	13			
DEFFERED LIABILITIES	586	558	388	104	80	-
CURRENT LIABILITIES	27,937	18,596	10,652	11,264	13,352	11,449
TOTAL FUNDS INVESTED	51,371	39,793	26,825	25,448	25,266	18,205
PROFIT AND LOSS:						
SALES - NET	54,627	40,969	27,934	24,465	24,387	18,154
OPERATING PROFIT	5,279	4,781	2,706	1,280	1,348	973
PROFIT BEFORE TAXATION	1,925	3,962	1,875	302	1,062	287
PROFIT AFTER TAXATION	1,202	3,178	1,341	72	831	225
DIVIDENDS	0%	100%	100%	0%	25%	25%
PROFIT C/F	10,939	9,927	7,074	5,596	5,491	4,703
EPS	40.06	169.50	71.50	3.82	40.03	15.00

GRAPHICAL PRESENTATION

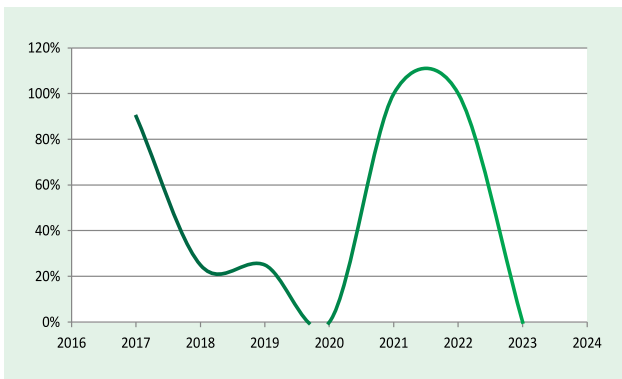
Sales (Rs. in million)



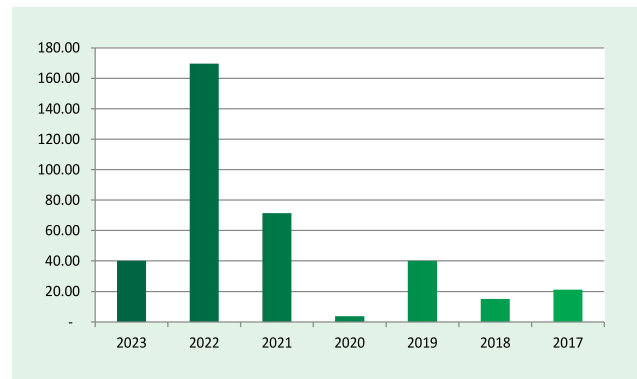
Profit after Taxation (Rs. in million)



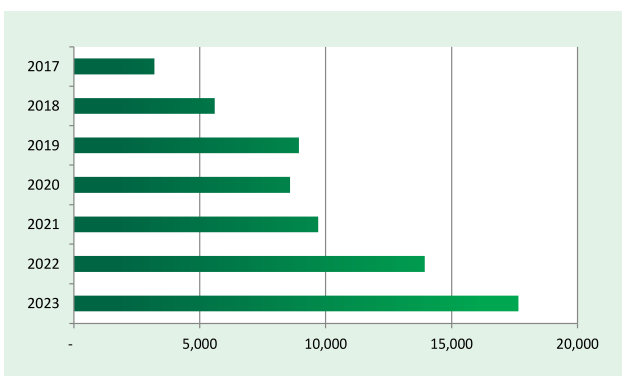
Dividends (Rupees)



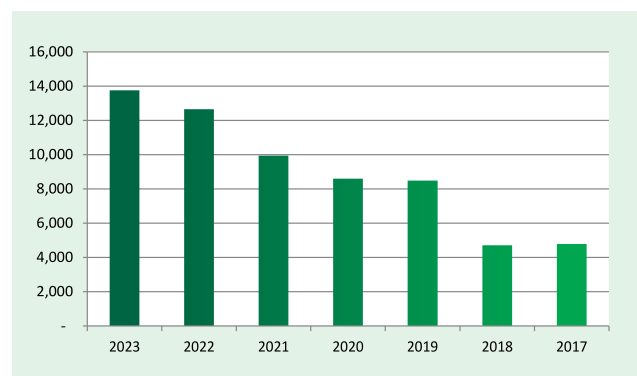
Earning per Share (Rupees)



Fixed Assets (Rs. in million)



Equity (Rs. in million)



BOARD HUMAN RESOURCE COMMITTEE

Composition:

Abdul Rehman Qureshi	Chairman
Khawaja Muhammad Ilyas	Member
Khawaja Muhammad Muzaffar Iqbal	Member

Terms of Reference

The Committee makes recommendations to the Board for maintaining (i) a sound organizational plan of the Company, (ii) an effective employee development programme and (iii) sound compensation and benefit plans, policies and practices designed to attract and retain high caliber personnel for effective management of business with a view to achieve said objectives.

The Terms of Reference of the Board Human Resource Committee include review and recommendations for the Board's approval, matters relating to:

- (i) Changes in organization, functions and relationships affecting management positions.
- (ii) Establishment of Human Resource plans and procedures.
- (iii) Determination of appropriate limits of authority and approval procedures for personnel matters.
- (iv) Review of employee development system and procedures, early identification and development of key personnel and specific succession plans for senior management positions.
- (v) Review and evaluation of compensation policies, practices and procedures.

BOARD AUDIT COMMITTEE

Composition:

The Board Audit Committee is composed of the following Directors:

Mr. Muhammad Asghar	Chairman
Khawaja Muhammad Younas	Member
Khawaja Muhammad Anees	Member

Terms of Reference

The Committee reviews the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal Audit Department and compliance status of audit observations.

The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and considers any question of resignation or removal of external auditors, audit fees and provision of any service to the Company by its external auditors in addition to the audit of its financial statements.

The Terms of Reference of the Audit Committee are consistent with those stated in the Code of Corporate Governance and broadly include the following:

- (i) Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.
- (ii) Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto.
- (iii) Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- (iv) Ascertain adequacy and effectiveness of the internal control system including financial and operational controls, accounting system and reporting structure.
- (v) Determination of compliance with relevant statutory requirements and monitoring compliance with the best practices of corporate governance.
- (vi) Institute special projects or other investigations on any matters specified by the Board of Directors.

The Board Audit Committee met four (4) times during the year with an average participation of all members



02

Corporate Governance

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (Code of Corporate Governance) Regulations, 2019

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations 2017 (Regulations) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The total Number of Directors are Eight as per the following
 - a. Male: 7
 - b. Female: 1
2. The composition of board is as follows:

Category	Name
Independent Director	Mr. Abdul Rehman Qureshi Mr. Muhammad Asghar
Non-Executive Directors	Mr. Khawaja Muhammad Ilyas Mr. Khawaja Muhammad Younus Mr. Khawaja Muhammad Muzaffar Iqbal Mr. Khawaja Muhammad Anees
Executive Directors	Mr. Khawaja Muhammad Iqbal Mrs. Farah Ilyas

*Note: Mr. Khawaja Muhammad Iqbal (CEO) passed away on 23-June-23.

3. The directors have confirmed that none of them was serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
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 had developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board had been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (Act) and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (Regulations).
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board had complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The board of directors had a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of eight Directors, six Directors were exempted from Directors Training Program (DTP) on the basis of their education and experience, and remaining two Directors had acquired the prescribed certifications under DTP offered by institutions that meet the criteria specified by the Commission.
10. The board had approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CEO and CFO duly endorsed the financial statements before approval of the Board.
12. The board had formed committees comprising of members given below:
 - a) Board Audit Committee
Mr. Muhammad Ashgar (Chairman)
Mr. Khawaja Muhammad Younus (Member)
Mr. Khawaja Muhammad Anees (Member)
 - b) HR and Remuneration Committee
Mr. Abdul Rehman Qureshi (Chairman)
Mr. Khawaja Muhammad Ilyas (Member)
Mr. Khawaja Muhammad Muzaffar Iqbal (Member)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance
14. The frequency of meetings (quarterly / half yearly/yearly) of the committee were as per following:
 - a) Audit Committee:
 - 1st Meeting: within four months of end of year
 - 2nd Meeting: within one months of end of quarter
 - 3rd Meeting: within two months of end of half year
 - 4th Meeting: within one month of end of quarter
 - b) HR and Remuneration Committee:
 - 1 meeting during the year.
15. The Board has set up an effective internal audit function. The Head of Internal Audit is considered suitably qualified and experienced for the purpose and is 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 (ICAP) and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. The Board had 7 directors and Chief Executive Officer. The Company had 2 independent directors. Both the independent directors had requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations under which they fulfill the necessary requirements. At the time of election of Directors in EOGM at 31 January, 2023 total no. of directors elected were seven including two independent directors and one female director who fulfil requirement of law.
19. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board of Directors.

Multan:
Dated: 6th October, 2023

Sd/
Chairman

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD
	FROM	TO	
13	1	100	Shares 599
51	101	500	Shares 14,907
15	501	1,000	Shares 12,089
31	1,001	5,000	Shares 65,917
5	5,001	10,000	Shares 35,267
1	10,001	15,000	Shares 12,012
1	15,001	20,000	Shares 17,828
1	20,001	25,000	Shares 24,035
1	60,001	65,000	Shares 60,537
1	195,001	200,000	Shares 197,868
1	480,001	485,000	Shares 480,000
1	565,001	570,000	Shares 567,908
1	570,001	575,000	Shares 572,288
3	620,001	625,000	Shares 1,861,641
2	625,001	630,000	Shares 1,256,732
1	640,001	645,000	Shares 640,000
1	645,001	650,000	Shares 649,060
1	975,001	980,000	Shares 976,246
1	985,001	990,000	Shares 986,513
1	1,005,001	1,010,000	Shares 1,007,265
1	1,240,001	1,245,000	Shares 1,241,092
2	1,255,001	1,260,000	Shares 2,513,464
1	1,735,001	1,740,000	Shares 1,734,427
1	1,765,001	1,770,000	Shares 1,765,995
1	2,220,001	2,225,000	Shares 2,221,436
2	2,915,001	2,920,000	Shares 5,832,534
1	5,250,001	5,255,000	Shares 5,252,340
142			30,000,000

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARE HELD	PERCENTAGE
Directors, Chief Executive Officer & their spouse & minor children	8	5,315,996	17.72
Associated Companies	1	800	
Under takings & related parties:			
NIT & ICP	2	21,768	0.07
Banks, Development Financial Institutions, Non-Banking Financial Institutions:	2	60,665	0.2
Joint stock companies:	5	285,143	0.95
Insurance companies:	-	-	-
Modarabas & Mutual Funds:	-	-	-
Shareholders Holding 10% General Public:			
i) Local	124	24,315,638	81.06
ii) Foreign	-	-	-
Others			
	151	24,315,638	100

The above two statements include (139) Shareholders holding 5,252,340 Shares through Central Depository Company of Pakistan Limited (CDC)

INFORMATION REQUIRED AS PER CODE OF CORPORATE GOVERNANCE

As At June 30, 2023

SHARE HOLDER'S CATEGORY	Number of Shares Held	Percentage of Shareholding
i) Associated Companies, undertaking & related parties(name wise details): -Roomi Enterprises (Pvt) Limited	800	
ii) Mutual Funds(Name wise details): - NIT & ICP	21,758	0.07%
iii) Directors,Chief Executive and their spouse(s) and minor children(name wise details):		
1- Khawaja Muhammad Ilyas,Director	650,878	
2- Mst. Farrah Ilyas, Female Director	1,600	
3- Khawaja Muhammad Younus,Director Mst.Rubina Wadood (Spouse)	1,765,995 628,366	
4- Khawaja Muhammad Muzaffar Iqbal, Director	1,007,265	
5- Khawaja Muhammad Anees, Director	1,256,732	
6- Mr. Abdul Rehman Qureshi, Independent Director	5,000	
7. Mr. Muhammad Asghar,Independent Director	160	
	5,315,996	17.72%
iv) Banks, Development Financial Institutions, Non-Banking Financial Institutions: - National Bank of Pakistan	60,665	0.20%
v) Joint Stock Companies:		
- CDC-Trustee National Investment(Unit)Trust	166,444	
- Crescent Group Service(Pvt) Limited	3,841	
- Roomi Fabrics Limited	73,920	
- Roomi Holdings(Pvt) Limited	40,328	
Masood Holdings (Pvt) Limited	610	
	285,143	0.96%
vi) General Public:		
i) Local:	24,315,638	81.05%
ii) Foreign:	-	
Total:	30,000,000	100%

The above two statements include (139) Shareholders holding 5,252,340 Shares through Central Depository Company of Pakistan Limitd (CDC)

DIRECTORS ATTENDANCE AT BOARD MEETINGS

From July 1st 2021 to June 30, 2023

Sr. No.	Name	Designation	Meeting Held	Meeting Attended
1.	Khawaja Muhammad Iqbal	CEO	8	6
2.	Khawaja Muhammad Ilyas	Chairman	8	8
3.	Khawaja Muhammad Younus	Director	8	8
4.	Khawaja Muhammad Muzaffar Iqbal	Director	8	8
5.	Khawaja Muhammad Anees	Director	8	8
6.	Mr. Abdul Rehman Qureshi	Independent Director	8	8
7.	Mr. Muhammad Asghar	Independent Director	8	8
8.	Mrs. Farah Ilyas	Female Director	8	8

03

Financial Statements

FOR THE YEAR ENDED
30 JUNE 2023

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS

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

We have reviewed the enclosed Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Mahmood Textile Mills Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

**ShineWing Hameed Chaudhri & Co.
Chartered Accountants.**

Date: 6th October, 2023
UDIN: CR202310195txaW2TRLg

Multan

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Opinion

We have audited the annexed financial statements of MAHMOOD TEXTILE MILLS LIMITED (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, the statement of other 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 other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the 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 Auditors' 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 year. 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:

S.No	Key audit matters	How the matter was addressed in our audit
1.	<p>Revenue</p> <p>As described in note 4.23 and note 28, the Company generates revenue from the sale of goods to domestic as well as export customers. During the year ended June 30, 2023, the Company generated net revenue of Rs.54.627 billion as compared to Rs.40.969 billion during the previous year, which represents an increase of approximately 33% as compared to preceding year.</p> <p>Considering the significance of amounts involved and that the revenue is a key indicator of performance measurement of the Company, we have considered revenue recognition as a key audit matter.</p>	<p>Our audit procedures to assess recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> - obtained an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifically in relation to recognition of revenue and timing thereof; - evaluated the appropriateness of the Company's revenue recognition policies, in accordance with the relevant IFRS; - reviewed, on a sample basis, sale transactions near the reporting date to assess whether transactions were recorded in relevant accounting year;

S.No	Key audit matters	How the matter was addressed in our audit
	<p>2. Valuation of stock-in-trade</p> <p>The value of stock-in-trade at the reporting date aggregated Rs.17.736 billion representing approximately 63% of the Company's total current assets.</p> <p>Stock-in-trade at the reporting date mainly included raw materials and finished goods (note 11).</p> <p>The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads incurred in bringing the inventories to their present location and conditions. Judgment has also been exercised by the management in determining the net realisable value of finished goods.</p> <p>We identified this matter as key in our audit due to the judgment and assumptions applied by the Company's management in determining the cost and net realisable value of stock-in-trade at the reporting date.</p>	<ul style="list-style-type: none"> - performed substantive analytical procedures including developing an expectation of the current year revenue based on trend analysis information taking into account historical sales and market patterns; - correlated the revenue transactions with movement in receivables and monetary balances and compared with the results from our balance confirmation procedures; - reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents; and - reviewed and assessed the adequacy of related disclosures made in the financial statements in accordance with the applicable financial reporting standards and the Companies Act, 2017. <p>Our audit procedures to assess valuation of stock-in-trade, amongst others, included the</p> <ul style="list-style-type: none"> - assessed the appropriateness of management assumptions applied in calculating the value of stock-in-trade and validated the valuation by taking following steps: - assessed whether the Company's accounting policy for inventory valuation was in line with the applicable financial reporting standards; <ul style="list-style-type: none"> - attended inventory count at the year-end and reconciled physical inventory with inventory lists provided to ensure completeness of data; - assessed historical cost recorded in inventory valuation by checking purchase invoices on sample basis; - tested reasonability of assumptions applied by the management in allocation of labour and other various overhead costs to inventories; and - performed net realisable value test to assess whether cost of inventories exceeded its net realisable value by detailed review of subsequent sale invoices.

S.No	Key audit matters	How the matter was addressed in our audit
3.	<p>Financing obligations and compliance with related covenant requirements</p> <p>At the reporting date, the Company has outstanding long term financing facilities aggregating Rs.10.772 billion including Rs.3.385 billion obtained during the current year, which constitute approximately 29% of total liabilities of the Company (note 19).</p> <p>The Company's key operating /performance indicators including liquidity, gearing and finance cost are directly influenced by the additions to the portfolio of financing. Further, new financing arrangements entail additional financial and non-financial covenants for the Company to comply with.</p> <p>The significance of new financing obtained during the year along with the sensitivity of compliance with underlying financing covenants are considered a key area of focus during the audit and therefore, we have identified this as a key audit matter.</p>	<p>Our audit procedures in relation to verification of long term financing mainly included the following:</p> <ul style="list-style-type: none"> - reviewed terms and conditions of financing agreements entered into by the Company with various banks and financial institutions; - circularised direct balance confirmations to banks and financial institutions and verified receipts and payments from relevant statements; - reviewed maturity analysis of financing to ascertain the classification of financing as per their remaining maturities; - assessed the status of compliance with financing covenants and also inquired from the management with regard to their ability to ensure future compliance with the covenants; - assessed the adequacy of disclosures made in respect of the long term financing obligations in the financial statements; and - checked on test basis the calculations of finance cost recognised in the statement of profit or loss.

Information Other than the Financial Statements and Auditors' 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 auditors' 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 is responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our

opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of other 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Nafees ud din.

Date: 6th October, 2023

UDIN: AR2023101952WIJwaAr6

ShineWing Hameed Chaudhri & Co.
Chartered Accountants
Multan

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	17,654,660,879	13,938,791,211
Investment property	6	162,687,000	-
Intangible assets	7	4,846,115	6,923,021
Long term investments	8	5,538,760,850	5,114,375,783
Long term deposits	9	53,814,135	53,425,459
		23,414,768,979	19,113,515,474
Current assets			
Stores, spares and loose tools	10	1,357,140,105	394,641,552
Stock-in-trade	11	17,736,240,320	11,638,417,719
Trade debts	12	6,144,970,571	6,281,030,886
Loans and advances	13	925,347,505	702,190,915
Other receivables	14	256,095,983	163,147,940
Short term investments	15	24,795,100	324,774,381
Tax refunds due from the Government	16	1,476,972,686	1,128,486,383
Cash and bank balances	17	34,613,661	46,905,744
		27,956,175,931	20,679,595,520
TOTAL ASSETS		51,370,944,910	39,793,110,994
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
30,000,000 ordinary shares of Rs.10 each		300,000,000	300,000,000
Issued, subscribed and paid-up share capital	18	300,000,000	187,500,000
Capital reserves			
- capital reserve		7,120,600	7,120,600
- revaluation surplus on property, plant and equipment		2,508,051,120	2,529,956,267
Revenue reserve - unappropriated profit		10,939,496,770	9,926,512,816
Shareholders' equity		13,754,668,490	12,651,089,683
LIABILITIES			
Non-current liabilities			
Long term finances	19	9,063,680,537	7,961,524,634
Lease liabilities	20	29,870,840	25,224,449
Deferred liabilities	21	585,511,779	558,445,492
		9,679,063,156	8,545,194,575
Current liabilities			
Trade and other payables	22	6,350,162,198	3,986,537,578
Unclaimed dividends		3,699,840	3,051,775
Contract liabilities - advances from customers		126,477,024	73,178,647
Accrued mark-up	23	1,220,860,266	483,435,874
Short term borrowings	24	17,654,509,982	12,211,809,855
Current portion of non-current liabilities	25	1,811,821,166	1,244,641,486
Taxation	26	769,682,788	594,171,521
		27,937,213,264	18,596,826,736
Total liabilities		37,616,276,420	27,142,021,311
TOTAL EQUITY AND LIABILITIES		51,370,944,910	39,793,110,994

Contingencies and commitments

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The annexed notes 1 to 47 form an integral part of these financial statements.

sd/-
Kh. Muhammad Ilyas
Chairman

sd/-
Kh. Muhammad Younus
Director

sd/-
Yasir Ghaffar
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Sales - net	28	54,627,481,688	40,969,325,542
Cost of sales	29	(46,919,000,225)	(33,538,191,582)
Gross profit		7,708,481,463	7,431,133,960
Distribution cost	30	(1,262,574,605)	(1,352,855,827)
Administrative expenses	31	(1,159,403,842)	(1,117,950,979)
Other income	32	227,354,192	176,701,092
Other expenses	33	(234,471,307)	(355,666,896)
Profit from operations		5,279,385,901	4,781,361,350
Finance cost	34	(3,952,955,522)	(1,783,657,819)
		1,326,430,379	2,997,703,531
Share of profit of Associates	8	598,203,352	964,673,540
Profit before taxation		1,924,633,731	3,962,377,071
Taxation	35	(722,684,924)	(784,181,768)
Profit after taxation		1,201,948,807	3,178,195,303
Earnings per share	36	40.06	105.94

The annexed notes 1 to 47 form an integral part of these financial statements.

sd/-
Kh. Muhammad Ilyas
Chairman

sd/-
Kh. Muhammad Younus
Director

sd/-
Yasir Ghaffar
Chief Financial Officer

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Profit after taxation		1,201,948,807	3,178,195,303
Other comprehensive income / (loss):			
Items that will not be reclassified subsequently to statement of profit or loss			
Share of other comprehensive income of an Associate	8.1	89,130,000	-
Equity investment at fair value through other comprehensive income - net		-	(281,922,000)
Related deferred tax		-	4,350,000
		-	(277,572,000)
Total comprehensive income for the year		1,291,078,807	2,900,623,303

The annexed notes 1 to 47 form an integral part of these financial statements.

sd/-
Kh. Muhammad Ilyas
Chairman

sd/-
Kh. Muhammad Younus
Director

sd/-
Yasir Ghaffar
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	Share capital	Capital			Revenue	Total
		Capital reserve	Surplus on revaluation of property, plant and equipment	Fair value gain/(loss) on long term investment	Unappropriated profit	
Balance as at June 30, 2021	187,500,000	7,120,600	2,653,328,652	15,650,000	7,074,367,128	9,937,966,380
Transaction with owners:						
Cash dividend at the rate of Rs.10 per ordinary share for the year ended June 30, 2021	-	-	-	-	(187,500,000)	(187,500,000)
Total comprehensive income for the year ended June 30, 2022:						
- profit for the year	-	-	-	-	3,178,195,303	3,178,195,303
- other comprehensive loss	-	-	-	(277,572,000)	-	(277,572,000)
	-	-	-	(277,572,000)	3,178,195,303	2,900,623,303
Reclassification adjustment on account of deemed disposal due to approval of scheme of arrangement	-	-	-	261,922,000	(261,922,000)	-
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation	-	-	(123,372,385)	-	123,372,385	-
Balance as at June 30, 2022	187,500,000	7,120,600	2,529,956,267	-	9,926,512,816	12,651,089,683
Transaction with owners:						
Cash dividend at the rate of Rs.10 per ordinary share for the year ended June 30, 2022	-	-	-	-	(187,500,000)	(187,500,000)
Bonus shares issued during the year	112,500,000	-	-	-	(112,500,000)	-
Total comprehensive income for the year ended June 30, 2023:						
- profit for the year	-	-	-	-	1,201,948,807	1,201,948,807
- other comprehensive income	-	-	89,130,000	-	-	89,130,000
	-	-	89,130,000	-	1,201,948,807	1,291,078,807
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation	-	-	(111,035,147)	-	111,035,147	-
Balance as at June 30, 2023	300,000,000	7,120,600	2,508,051,120	-	10,939,496,770	13,754,668,490

The annexed notes 1 to 47 form an integral part of these financial statements.

sd/-
Kh. Muhammad Ilyas
Chairman

sd/-
Kh. Muhammad Younus
Director

sd/-
Yasir Ghaffar
Chief Financial Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
Cash flows from operating activities		
Profit for the year - before taxation and share of profit of Associates	1,326,430,379	2,997,703,531
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	1,209,080,809	887,375,346
Depreciation on right-of-use assets	6,944,430	4,157,029
Amortisation	2,076,906	177,513
Gain on disposal of operating fixed assets - net	(10,300,399)	(1,764,471)
Loss / (gain) on sale of short term investments	65,366,143	(8,145,447)
Fair value (gain) / loss on re-measurement of short term investments	(47,402,028)	95,835,698
Fair value gain on investment property	(27,022,989)	-
Dividend income and mark-up on Term Finance Certificates	(41,296,345)	(36,089,340)
Government grant recognised	(65,583,740)	(32,780,005)
Finance cost	3,952,955,522	1,783,657,819
Profit before working capital changes	6,371,248,688	5,690,127,673
Effect on cash flows due to working capital changes (Increase) / decrease in current assets		
Stores, spares and loose tools	(962,498,553)	29,515,831
Stock-in-trade	(6,097,822,601)	(3,818,477,085)
Trade debts	136,060,315	(3,631,511,045)
Loans and advances	(223,156,590)	(436,186,386)
Other receivables	(92,948,043)	136,220,421
Sales tax refunds	(292,451,014)	(411,354,831)
Increase in trade and other payables, contract liabilities and provision for GIDC	2,412,917,293	2,332,868,609
	(5,119,899,193)	(5,798,924,486)
Cash generated from / (used in) operations	1,251,349,495	(108,796,813)
Income tax paid - net	(543,975,413)	(405,268,791)
Net cash generated from / (used in) operating activities	707,374,082	(514,065,604)
Cash flows from investing activities		
Fixed capital expenditure	(5,115,179,749)	(5,220,128,460)
Additions in investment property	(67,841,522)	-
Intangible assets acquired	-	(7,100,534)
Sale proceeds of operating fixed assets	125,762,752	88,926,598
Long term deposits	(388,676)	(28,409,468)
Short term investments - net	282,015,166	(101,573,909)
Dividend on investments and mark-up on term finance certificates	304,244,630	214,761,280
Net cash used in investing activities	(4,471,387,399)	(5,053,524,493)
Cash flows from financing activities		
Long term finances - net	1,638,864,142	2,351,128,019
Lease liabilities - net	6,956,290	16,376,407
Short term borrowings - net	5,442,700,127	4,911,294,676
Finance cost paid	(3,149,947,390)	(1,575,073,764)
Dividend paid	(186,851,935)	(186,834,055)
Net cash generated from / (used in) financing activities	3,751,721,234	5,516,891,283
Net decrease in cash and cash equivalents	(12,292,083)	(50,698,814)
Cash and cash equivalents - at beginning of the year	46,905,744	97,604,558
Cash and cash equivalents - at end of the year	34,613,661	46,905,744

The annexed notes 1 to 47 form an integral part of these financial statements.

sd/-

Kh. Muhammad Ilyas
Chairman

sd/-

Kh. Muhammad Younus
Director

sd/-

Yasir Ghaffar
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1. LEGAL STATUS AND OPERATIONS

Mahmood Textile Mills Ltd. (the Company) was incorporated in Pakistan on February 25, 1970 as a Public Company under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Ltd. The Company is principally engaged in manufacture and sale of yarn, grey cloth and apparel / garments.

Geographical location and addresses of business units / mills:

Registered office / Head office

Mehr Manzil, Lohari Gate, Multan

Regional Office

2nd floor, Cotton Exchange Building, I.I. Chundrigarh Road, Karachi

Mills

Mahmoodabad, Multan Road, Muzaffargarh

Masoodabad, D.G. Khan Road, Muzaffargarh

Chowk Sarwar Shaheed, District Muzaffargarh, Industrial Estate, Multan

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except where otherwise specifically stated.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional currency. All financial information has been rounded off to the nearest Rupee unless otherwise stated.

2.4 Critical accounting estimates, assumptions and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Useful lives, residual values and depreciation method of property, plant and equipment - notes 4.1 & 5.1.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- Useful lives, residual values and amortisation method of intangible assets - notes 4.2 & 7.
- Provision for impairment of inventories - notes 4.6, 4.7, 10 & 11.
- Allowance for expected credit loss - notes 4.8 & 12.1.
- Impairment loss of non-financial assets other than inventories - note 4.24.
- Obligation of staff retirement benefits (gratuity) - notes 4.11 & 22.
- Estimation of provisions - note 4.13.
- Estimation of contingent liabilities - notes 4.14 & 27.
- Current income tax expense and provision for current tax - notes 4.15 & 26.

2.5 No critical judgment has been used in applying the accounting policies.

3. INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

The following amendments and interpretations to published accounting and reporting standards that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.1 Amendments and interpretations to accounting and reporting standards that became effective in the current year

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on July 01, 2022 but does not have any significant impact on the Company's financial reporting and therefore, have not been disclosed in these financial statements.

3.2 Standards and amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company

There is a standard and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on July 01, 2022. The standard and amendments are not expected to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

Property, plant and equipment except leasehold land, freehold land, buildings on freehold land, buildings on leasehold land, and capital work in progress are stated at cost less accumulated depreciation and impairment loss, if any.

Leasehold land and freehold land are stated at revalued amount being the fair value at the date of revaluation.

Buildings on freehold land and buildings on leasehold land are stated at revalued amount being the fair value at the date of revaluation, less accumulated depreciation and impairment losses, if any. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the reporting date. Any revaluation increase arising on the revaluation of such asset is recognised in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation is transferred directly to unappropriated profit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Depreciation is taken to statement of profit or loss applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 5.1. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to statement of profit or loss. Major improvements and modifications are capitalised and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to statement of profit or loss.

Capital work in progress is stated at cost less any recognised impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

4.2 Intangible asset

Intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged so as to allocate the cost of assets over their estimated useful lives, using the reducing balance method at the rate specified in note 6 to the financial statements.

Amortisation on additions is charged from the month the assets are put to use while no amortisation is charged in the month in which the assets are disposed-off.

Gain and losses on disposal of such assets, if any, are included in the statement of profit or loss.

4.3 Right-of-use assets

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated over the lease term on the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any.

4.4 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4.5 Investments in Associated Companies

Investments in Associated Companies are accounted for by using equity basis of accounting, under which the investments in Associated Companies are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of profit or loss of the Associated Companies after the date of acquisition. The Company's share of profit or loss and other comprehensive income of the Associated Companies is recognised in the Company's statement of profit or loss and other comprehensive income respectively. Distributions received from Associated Companies reduce the carrying amount of investments.

The carrying amount of investments is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

4.6 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realisable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the reporting date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

4.7 Stock-in-trade

Basis of valuation are as follows:

Particulars

Raw materials:

- At mills At lower of annual average cost of both local and imported stocks and net realisable value.

- In transit At cost accumulated upto the reporting date.

Work-in-process At manufacturing cost.

Finished goods At lower of cost and net realisable value.

Waste At net realisable value.

- Cost in relation to work-in-process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of annual average cost.

- Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.

- Net realisable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

4.8 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less loss allowance, if any.

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade debts and other receivables considered irrecoverable are written off.

4.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and balances with banks.

4.10 Borrowings and borrowing cost

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest rate method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

4.11 Staff retirement benefits

The Company operates an un-funded gratuity scheme for all its eligible employees. Provision is made annually to cover obligation under the scheme. The payable balance of gratuity is fully paid to the employees on annual basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

4.12 Trade and other payables

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

4.13 Provisions

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

4.14 Contingent liabilities

A contingent liability is disclosed when the Company:

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

4.15 Taxation

(a) Current

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the current financial year.

(b) Deferred

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognised for taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged or credited to the statement of profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

4.16 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognised in the period in which these are approved.

4.17 Government grants

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is recognised and measured in accordance with IFRS 9 (Financial Instruments). The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance). The entity considers the conditions and obligations that have been, or must be, met when identifying the costs for which the benefit of the loan is intended to compensate.

4.18 Financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

(a) Initial recognition and measurement of financial assets

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

(i) Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1).

For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

- Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

- Fair value through profit or loss (FVTPL)

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

(ii) Debt instruments

Subsequent measurement of debt instrument depends on the Company's business model for managing the assets and the cash flows characteristics of the assets. Three categories in which the Company classifies its debt instruments are:

- Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method.

- Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI.

- Fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL.

Gains and losses arising on debt instruments measured at amortised cost and as FVTPL are recognised in profit or loss. Interest calculated under effective interest method, dividend, impairment and foreign exchange gains and losses on these debt instruments are also recognised in profit or loss. Gains and losses from changes in fair value of debt instruments measured as FVTOCI are recognised in other comprehensive income and are reclassified to profit or loss on derecognition or reclassification.

(b) Derecognition of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

4.19 Financial liabilities

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

4.20 Impairment of financial assets

The Company recognises a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognises lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of an evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- a) the financial instrument has a low risk of default;
- b) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- c) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event (see (ii) above);
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of ECL

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

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

4.21 Off-setting

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.22 Foreign currency translations

Foreign currency transactions are recorded in Pak Rupees using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses are taken to statement of profit or loss.

4.23 Revenue recognition

The Company policy for revenue recognition under different contracts with customers are as follows:

Sale of goods

The Company sells its products in separately identifiable contracts. The contracts entered into with the customers generally include one performance obligation i.e. the provision of goods to the customer.

Revenue from local sale of goods is recognised when the Company satisfies a performance obligation under a contract by transferring promised goods to the customer. Goods are considered to be transferred at the point in time when the customer obtains control over the goods (i.e. on dispatch of goods from the mills to the customer). Revenue from export sale of goods is recognised at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Rendering of services

Revenue from contracts for provision of the services is recognised at the point in time when the processed goods are dispatched from the mills to the customer.

Export rebate

Export rebate income is recognised on accrual basis as and when the right to receive the income establishes.

- Return on bank deposits

Return on bank deposits / interest income is recognised using applicable effective interest rate method. Income is accrued as and when the right to receive the income is established.

4.24 Impairment of non-financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

4.25 Segment reporting

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Chief Operating Decision Maker of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure and products being produced and sold, the Company has been organised into three operating segments i.e. spinning, weaving and apparel.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Finance cost, other income and expenses and taxation are managed at the Company level. Unallocated assets mainly include long term investments, long term deposits, tax refunds due from the Government and cash & bank balances.

5. PROPERTY, PLANT AND EQUIPMENT	Note	2023 Rupees	2022 Rupees
Operating fixed assets	5.1	16,910,491,705	10,929,832,366
Right of use assets	5.1	401,257,461	394,403,211
Capital work-in-progress	5.10	342,911,713	2,614,555,634
		17,654,660,879	13,938,791,211

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Particulars	Owned											Leased / right of use assets			Grand total				
	Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant & machinery	Stand-by equipment / generators	Furniture and fittings	Vehicles	Office equipment	Protective dam	Electric installations	Gas installations	Tools and equipment	Computers and accessories	Weighting bridge		Sub-total	Leasehold land	Vehicles	Sub-total
As at June 30, 2021																			
Cost / revaluation	1,070,450,000	2,050,008,287	927,032,133	7,430,762,764	877,056,772	38,047,877	369,651,971	3,401,248	10,715,778	746,054,852	6,864,269	21,693,803	44,219,128	4,699,872	13,600,658,654	369,776,000	14,933,763	384,709,763	13,985,368,417
Accumulated depreciation	-	746,667,746	241,725,590	3,812,186,862	566,231,433	13,473,943	156,791,647	3,070,845	4,989,741	246,904,019	3,522,951	11,010,022	33,884,640	3,693,405	5,944,140,944	-	1,640,343	1,640,343	5,945,781,287
Book value	1,070,450,000	1,303,340,541	685,306,543	3,618,575,902	310,825,339	24,573,934	212,870,224	330,403	5,726,037	499,150,833	3,341,318	10,683,781	10,334,488	1,006,467	7,556,517,710	369,776,000	13,293,420	383,069,420	6,139,587,130
Year ended June 30, 2022																			
Additions	84,295,959	77,101,119	991,290,578	2,020,148,174	-	57,272,408	250,816,273	2,861,128	-	575,595,765	20,120	3,860,927	84,679,676	-	4,147,852,129	-	15,490,820	15,490,820	4,163,342,949
Disposals	-	-	-	(153,428,151)	-	-	(106,005,244)	-	-	-	-	-	-	-	(259,433,395)	-	-	-	(259,433,395)
Cost	-	-	-	121,169,702	-	-	51,101,566	-	-	78,647,430	335,976	1,209,606	17,407,689	-	1,722,771,268	-	-	-	1,722,771,268
Depreciation	-	-	-	459,328,278	31,082,534	5,333,770	65,560,770	181,330	286,302	78,647,430	335,976	1,209,606	17,407,689	100,647	887,375,346	-	4,157,029	4,157,029	891,532,375
Depreciation for the year	-	156,148,273	71,752,741	459,328,278	31,082,534	5,333,770	65,560,770	181,330	286,302	78,647,430	335,976	1,209,606	17,407,689	100,647	887,375,346	-	4,157,029	4,157,029	891,532,375
Book value	1,154,745,959	1,224,393,387	1,604,846,380	5,147,137,249	279,742,805	76,512,572	343,222,049	3,110,201	5,439,735	996,089,168	3,025,462	13,155,102	77,606,477	965,820	10,929,832,366	369,776,000	24,627,211	394,403,211	11,324,235,577
Year ended June 30, 2023																			
Additions	129,000	1,166,819,154	259,560,392	4,744,594,238	74,049,095	36,895,603	277,199,798	72,100	-	789,521,265	311,000	867,759	21,437,416	1,609,190	7,373,024,990	-	13,798,680	13,798,680	7,386,823,670
Transfer to investment property (note 6)	(67,822,489)	-	-	-	-	-	-	-	-	-	-	-	-	-	(67,822,489)	-	-	-	(67,822,489)
Disposals	-	-	-	(25,606,325)	-	-	(167,672,925)	-	-	-	-	-	-	-	(183,279,250)	-	-	-	(183,279,250)
Cost	-	-	-	22,680,469	-	-	55,136,408	-	-	77,816,887	-	-	-	-	77,816,887	-	-	-	77,816,887
Depreciation	-	-	-	626,953,611	29,062,352	9,618,570	85,074,153	315,634	271,987	121,968,414	329,463	1,342,176	26,786,565	211,271	1,209,080,809	-	6,944,430	6,944,430	1,216,025,239
Depreciation for the year	-	142,743,079	164,404,534	626,953,611	29,062,352	9,618,570	85,074,153	315,634	271,987	121,968,414	329,463	1,342,176	26,786,565	211,271	1,209,080,809	-	6,944,430	6,944,430	1,216,025,239
Book value	1,087,052,470	2,248,369,462	1,700,002,228	9,261,822,040	324,729,538	103,779,605	422,810,177	2,866,667	5,167,748	1,663,642,019	3,007,999	12,680,685	72,257,328	2,303,739	16,910,491,705	369,776,000	31,481,461	401,257,461	17,311,749,166
As at June 30, 2022																			
Cost / revaluation	1,154,745,959	2,127,109,406	1,918,322,711	9,297,462,787	877,056,772	95,320,285	514,462,900	6,362,376	10,715,778	1,321,640,617	6,894,399	25,374,730	128,898,606	4,699,872	17,889,077,398	369,776,000	30,424,583	400,200,583	17,899,277,971
Accumulated depreciation	-	902,816,019	313,476,331	4,150,346,538	597,313,967	18,807,713	171,240,851	3,252,175	5,276,043	325,551,449	3,858,927	12,219,628	51,292,329	3,794,052	6,559,245,022	-	5,797,372	5,797,372	6,565,042,394
Book value	1,154,745,959	1,224,293,387	1,604,846,380	5,147,137,249	279,742,805	76,512,572	343,222,049	3,110,201	5,439,735	996,089,168	3,025,462	13,155,102	77,606,477	965,820	10,929,832,366	369,776,000	24,627,211	394,403,211	11,324,235,577
As at June 30, 2023																			
Cost / revaluation	1,087,052,470	3,283,928,560	2,177,883,093	14,016,440,700	951,105,657	1,32,205,888	623,988,773	6,434,476	10,715,778	2,111,161,882	7,195,389	26,242,489	150,336,222	6,309,062	24,801,000,639	369,776,000	44,223,263	413,999,263	25,014,999,902
Accumulated depreciation	-	1,045,559,098	477,880,865	4,754,618,660	626,376,319	28,226,283	201,178,596	3,567,809	5,548,030	447,519,863	4,187,390	13,561,804	78,078,894	4,006,323	7,690,508,934	-	12,741,802	12,741,802	7,703,250,736
Book value	1,087,052,470	2,248,369,462	1,700,002,228	9,261,822,040	324,729,538	103,779,605	422,810,177	2,866,667	5,167,748	1,663,642,019	3,007,999	12,680,685	72,257,328	2,303,739	16,910,491,705	369,776,000	31,481,461	401,257,461	17,311,749,166
Depreciation rate (%)	-	10	10	10	10	10	20	10	5	10	10	10	30	10	10	-	20	20	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- 5.2** Leasehold land and buildings on leasehold land represent the leased assets allotted by the Board of Management, Industrial Estate, Multan for a period of 99 years.
- 5.3** Freehold land of the Company is located at District Muzaffargarh with area of 474 Kanals 4 Marlas and leasehold land of the Company is located at Industrial Estate, Multan with area of 131 Kanals and 5 Marlas.
- 5.4** The revaluation of leasehold land, freehold land, buildings on freehold land and buildings on leasehold land has been carried out by K. G. Traders (Pvt.) Ltd. as at June 30, 2019 on the basis of market value, which resulted in revaluation surplus of Rs. 2,886.620 million.
- 5.5** Had there been no revaluation, the related figures of freehold land, leasehold land, buildings on freehold and leasehold land as at June 30, 2023 would have been as follows:

	Cost	Accumulated depreciation	Net book value
	-----Rupees-----		
Freehold land	72,564,819	-	72,564,819
Leasehold land	20,755,743	-	20,755,743
Buildings on freehold land	2,024,606,272	609,039,164	1,415,567,108
Buildings on leasehold land	1,924,089,507	390,601,251	1,533,488,256
	4,042,016,341	999,640,415	3,042,375,926

- 5.6** Forced sale values of freehold land, leasehold land, buildings on freehold and leasehold land as per the latest revaluation report dated June 30, 2019 were Rs.295.820 million, Rs.856.360 million, Rs.1,267.474 million and Rs.651.485 million respectively.

5.7 Depreciation for the year has been apportioned as under	Note	2023 Rupees	2022 Rupees
Cost of sales	29	1,087,285,887	798,884,931
Administrative expenses	31	128,739,352	92,647,444
		1,216,025,239	891,532,375

- 5.8** During the current financial year, the Company has capitalised the borrowing cost amounting Rs.135.735 million (2022: Rs.21.550 million) at the rates ranging from 3% to 22.87% (2022: 5% to 17.63% per annum).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

5.9 Disposal of operating fixed assets

Particulars of assets	Cost	Accumulated depreciation	Book value	Sale	Gain/(Loss)	Sold through negotiation to / insurance claim received from
				proceeds / insurance claim		
----- Rupees -----						
Items with individual net book value exceeding Rs. 500,000 each						
Plant and machinery						
Auto cone Winder Murata	19,645,810	17,707,117	1,938,693	2,083,333	144,640	Malik Hafeez, Faisalabad
Simplex	5,960,515	4,973,372	987,143	1,652,893	665,750	Malik Hafeez, Faisalabad
	25,606,325	22,680,489	2,925,836	3,736,226	810,390	
Vehicles						
Toyota Lexus	9,074,500	5,003,831	4,070,669	5,500,000	1,429,331	Mr. Sheheryar Haider
Sonata ATX	7,513,622	1,377,497	6,136,125	7,300,000	1,163,875	Mr. Zeeshan
Honda Civic	2,195,671	556,237	1,639,434	1,645,000	5,566	Multan Fabrics (Pvt.) Ltd.
Hyundai Elantra	4,188,246	893,492	3,294,754	3,500,000	205,246	Muhammad Adnan
Honda BRV	1,213,500	321,982	891,518	900,000	8,482	Mr. Hamid Ghani Anjum
Jeep	7,970,768	655,374	7,315,394	7,970,768	655,374	Multan Fabrics (Pvt.) Ltd.
Toyota Harrier	10,733,491	5,039,006	5,694,485	8,500,000	2,805,515	Mst. Rehana Kousar
Honda City	1,804,833	1,161,061	643,772	670,000	26,228	Mr. Ali Turrab
Corolla	1,637,950	872,371	765,579	800,000	34,421	Mr. Humayun Iqbal
Kia Picanto	2,271,700	499,774	1,771,926	1,800,000	28,074	Muhammad Bilal Kaleem
Porsche	15,896,900	6,147,525	9,749,375	10,000,000	250,625	Farooq Motors, Lahore
Toyota Corolla Altis	3,326,300	164,137	3,162,163	3,300,000	137,837	Mr. Mahfooz Asghar
Kia Carnival	9,993,011	2,637,045	7,355,966	8,200,000	844,034	Kia Motors City of Saints
Kia Sorento	9,032,485	2,978,713	6,053,772	6,250,000	196,228	Mr. Razi Iqbal
Honda Civic	2,219,500	232,328	1,987,172	2,200,000	212,828	Mr. Farrukh Bashir Mughal
Wrangler Jeep	2,477,000	652,277	1,824,723	1,765,000	(59,723)	Khawaja Muhammad Jawad
Honda City	2,302,367	383,728	1,918,639	2,033,758	115,119	Mst. Kehkashan Usman
Porsche	17,237,462	6,511,930	10,725,532	11,000,000	274,468	Muhammad Ali
Haval	8,529,745	995,137	7,534,608	7,500,000	(34,608)	Muhammad Shehryar Khan
Land Cruiser Prado	16,622,500	10,782,397	5,840,103	5,900,000	59,897	Mst Memona Shoab Bosan
Kia Sorento	8,853,622	3,165,662	5,687,960	6,000,000	312,040	Mr. Naeem Paras Bhatti
Haval	8,832,072	736,006	8,096,066	8,100,000	3,934	Mr. Shoab Maqsood
Audi	10,940,350	911,696	10,028,654	10,100,000	71,346	Mr. Shan Faiz
	164,867,595	52,679,206	112,188,389	120,934,526	8,746,137	
Aggregate value of vehicles having individual book value not exceeding Rs. 500,000 each						
	2,805,330	2,457,202	348,128	1,092,000	743,872	
	167,672,925	55,136,408	112,536,517	122,026,526	9,490,009	
2023	193,279,250	77,816,897	115,462,353	125,762,752	10,300,399	
2022	259,433,395	172,271,268	87,162,127	88,926,598	1,764,471	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

5.10 Capital work-in-progress	Note	2023 Rupees	2022 Rupees
Advances for purchase of freehold land		74,205,000	71,500,000
Buildings		81,420,311	579,947,143
Plant and machinery [including in transit valuing Rs.181.206 million (2022: Rs.1,756.747 million)]		181,588,289	1,854,358,690
Advances for purchase of vehicles		-	108,749,801
Advance for implementation of Oracle Fusion Cloud Applications		5,698,113	-
		342,911,713	2,614,555,634
(a) Movement of capital work-in-progress			
Opening balance		2,614,555,634	1,557,770,123
Additions during the current financial year		271,411,713	1,107,982,530
		2,885,967,347	2,665,752,653
Capitalised during the current financial year		(2,543,055,634)	(51,197,019)
Closing balance		342,911,713	2,614,555,634
6. INVESTMENT PROPERTY			
Cost of freehold land transferred from operating fixed assets during the current financial year	5.1	67,822,489	-
Cost incurred for development of investment property		67,841,522	-
Fair value gain arisen during the current financial year upon revaluation		27,022,989	-
Fair value of investment property as at June 30, 2023		162,687,000	-
(a) The fair value of investment property has been determined as at June 30, 2023 by an independent valuer [K.G. Traders (Pvt.) Ltd.] using current market prices for comparable real estate.			
(b) Forced sale value of investment property as at June 30, 2023 is assessed at Rs.130.150 million.			
7. INTANGIBLE ASSET - Computer software			
Cost at beginning of the year		7,100,534	-
Addition during the current financial year	7.1	-	7,100,534
		7,100,534	7,100,534
Less: amortisation			
- at beginning of the year		177,513	-
- charge for the year	31	2,076,906	177,513
- at end of the year		2,254,419	177,513
Net book value as at June 30, 2023		4,846,115	6,923,021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- 7.1** This represents cost incurred on implementation of Oracle and Artificial Data Intelligence ERP for Apparel Unit. This is being amortised at the rate of 30% per annum on reducing balance method.

8. LONG TERM INVESTMENTS	Note	2023 Rupees	2022 Rupees
Associated Companies - Un-quoted at equity method			
Masood Spinning Mills Ltd. (MSML)	8.1	1,969,127,825	1,830,071,146
Orient Power Company (Pvt.) Ltd. (OPCL)	8.2	3,569,633,025	3,284,304,637
		5,538,760,850	5,114,375,783

8.1 Masood Spinning Mills Ltd.

8,921,692 (2022: 4,000,000) ordinary shares of Rs.10 each - cost		798,078,000	40,000,000
4,921,692 ordinary shares of Rs. 10 each acquired during the preceding financial year	8.4	-	758,078,000
Shareholding held: 29.71 % (2022: 29.71%)		798,078,000	798,078,000
Post acquisition profit brought forward		1,031,993,146	415,324,862
Share of profit for the year		98,050,602	620,668,284
Share of other comprehensive income for the year		89,130,000	-
Dividend received		(44,608,460)	(4,000,000)
Adjustment based on last year's audited financial statements:			
- statement of profit or loss		(3,515,463)	-
		1,969,127,825	1,830,071,146

- (a)** MSML was incorporated in Pakistan on July 20, 2000 as a public limited company. It is principally engaged in manufacturing and sale of yarn, sale of cotton seed and cotton lint.
- (b)** During the preceding financial year, 4,000,000 shares in Roomi Fabrics Ltd. (RFL) were swapped with 4,921,692 shares in MSML due to approval of scheme of arrangement as detailed in note 8.4.
- (c)** The summary of financial information of MSML, based on its financial statements for the year ended June 30, is as follows:

Summarized statement of financial position	2023 Rupees Un-audited	2022 Rupees Audited
Non-current assets	10,166,690,075	7,636,693,007
Current assets	17,643,740,033	14,345,274,332
	27,810,430,108	21,981,967,339
Non-current liabilities	4,804,801,682	3,507,512,318
Current liabilities	17,061,411,529	13,010,116,335
	21,866,213,211	16,517,628,653
Net assets	5,944,216,897	5,464,338,686

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Reconciliation to carrying amount			
Opening net assets		5,464,338,686	3,417,111,949
Profit for the year		330,025,586	2,077,256,212
Other comprehensive income for the year		300,000,000	-
Dividend paid		(150,147,375)	(30,029,475)
Closing net assets		5,944,216,897	5,464,338,686
Company's share (percentage)		29.71%	29.71%
Company's share		1,766,027,166	1,623,455,024
Miscellaneous adjustments		165,550	165,550
Goodwill arisen on acquisition of shares		202,935,109	202,935,109
Adjustment based on last year's audited financial statements		-	3,515,463
		1,969,127,825	1,830,071,146
Summarized statement of profit or loss			
Sales		31,960,308,454	24,356,161,330
Profit before taxation		696,481,247	2,447,498,718
Profit after taxation		330,025,586	2,077,256,212
8.2 Orient Power Company (Pvt.) Ltd.			
87,335,969 (2022: 87,335,969) ordinary shares of Rs.10 each (b)		2,485,343,420	2,485,343,420
Shareholding held 20.967% (2022: 20.967%)			
Post acquisition profit brought forward		798,961,217	629,627,901
Share of profit for the year		423,424,517	344,005,256
Dividend received		(218,339,825)	(174,671,940)
Adjustment based on last year's audited financial statements:			
- statement of profit or loss		80,243,696	-
		3,569,633,025	3,284,304,637

- (a) OPCL was incorporated in Pakistan on June 16, 2003 as a private limited company and started its operations on May 24, 2010. It has been established to set up and operate a 212.7 megawatt power generation plant for generation of electricity and onward sale to the power purchaser.
- (b) Excess income over cost of investment of Rs.831.127 million was recognised at the time of transfer to equity accounting.
- (c) The summary of financial information of OPCL based on its financial statements for the year ended June 30, is as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Summarized statement of financial position	Note	2023 Rupees Un-audited	2022 Rupees Audited
Non-current assets		9,162,143,626	9,218,624,587
Current assets		18,447,230,180	18,311,831,939
		27,609,373,806	27,530,456,526
Non-current liabilities		67,623,848	50,854,076
Current liabilities		10,516,738,503	11,432,724,601
		10,584,362,351	11,483,578,677
Net assets		17,025,011,455	16,046,877,849

Reconciliation to carrying amount			
Opening net assets		16,046,877,849	14,856,542,764
Profit for the year		2,019,480,694	2,023,412,755
Dividend paid		(1,041,347,088)	(833,077,670)
Closing net assets		17,025,011,455	16,046,877,849
Company's share (Percentage)		20.967%	20.967%

	Note	2023 Rupees	2022 Rupees
Company's share		3,569,633,025	3,364,548,333
Adjustment based on last year's audited financial statements		-	(80,243,696)
		3,569,633,025	3,284,304,637
Summarized Statement of Profit or Loss			
Sales		23,334,664,886	23,735,551,312
Profit before taxation		2,019,480,694	2,023,412,755
Profit after taxation		2,019,480,694	2,023,412,755

- (d) The Company had acquired 39,842,500, 6,000,000 and 41,493,469 ordinary shares During the current financial years 2011, 2017 and 2019 respectively, resulting in total holding of 87,335,969 ordinary shares.

8.3 Roomi Fabrics Ltd. (RFL)

(at fair value through OCI)			
Opening balance		-	1,040,000,000
Fair value loss recognised in other comprehensive income		-	(281,922,000)
Swap of investment during the preceding year due to approval of scheme of arrangement	8.4	-	(758,078,000)
		-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

8.4 The scheme of arrangement for group restructuring / re-arrangement was approved by the shareholders in EOGM held on May 31, 2022, which was later approved by the Honourable Lahore High Court dated July 01, 2022. The principal objective of the scheme, formulated pursuant to the provisions of sections 279 to 282 of the Companies Act, 2017, is to provide for the re-arrangement and re-construction of Mahmood Group into 2 separate Groups, Group A and Group B by:

- a) Exchanging shares between Roomi Fabrics Ltd. and Mahmood Cotton Ginning Pressing and Oil Mills (Pvt.) Ltd.
- b) Exchanging shares between Masood Fabrics Ltd. and the Company.
- c) Exchanging shares between Roomi Fabrics Ltd. (RFL) and individual shareholders.
- d) Exchanging shares between Masood Fabrics Ltd. and individual shareholders.

According to the scheme, the investment of the Company in RFL has been swapped with the investment in MSML. As per the swap ratio, 4,000,000 shares of RFL have been swapped with 4,921,692 shares of MSML in swap ratio of 1.2304. The applicability of scheme resulted in increase in investment in MSML from 13.32% to 29.71% and elimination of investment in RFL with effect from July 01, 2021 being the effective date of this swap arrangement.

9. LONG TERM DEPOSITS	Note	2023 Rupees	2022 Rupees
Opening balance		53,425,459	25,015,991
Amounts deposited with MEPCO		398,676	28,409,468
Refund received		(10,000)	-
		53,814,135	53,425,459

10. STORES, SPARES AND LOOSE TOOLS

Stores including in-transit inventory valuing Rs.638.457 million (2022: Rs.62.425 million)		1,324,631,421	381,166,478
Spares		31,912,140	12,622,337
Loose tools		596,544	852,737
		1,357,140,105	394,641,552

10.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

11. STOCK-IN-TRADE

Raw materials including in-transit inventory valuing Rs.3,331.864 million (2022: Rs.3,000.103 million)		11,363,840,730	9,211,846,436
Work-in-process		1,354,322,926	536,583,794
Finished goods		5,018,076,664	1,889,987,489
		17,736,240,320	11,638,417,719

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

12. TRADE DEBTS	Note	2023 Rupees	2022 Rupees
Secured			
- export		2,061,803,244	1,986,564,720
- local	12.2	3,795,215,044	416,353,054
		5,857,018,288	2,402,917,774
Local - unsecured			
- considered good		287,952,283	3,878,113,112
		6,144,970,571	6,281,030,886

12.1 Based on expected credit loss (ECL) workings, no allowance for ECL is required as at June 30, 2023

12.2 These trade debts are secured against letters of credit issued by customers in favour of the Company.

13. LOANS AND ADVANCES

Advances to:			
- key management personnel		15,810,817	2,161,740
- employees		27,819,917	15,510,960
- suppliers and contractors		798,707,819	384,042,584
Advances for purchase of TFCs	13.1	-	164,660,977
Deposit with Sui Northern Gas Pipelines Ltd.	27.2	75,221,140	75,221,140
Letters of credit		7,787,812	60,593,514
		925,347,505	702,190,915

13.1 These represented advances for purchase of 30,000 TFCs having value of Rs. 5,000 each and 150 TFCs having face value of Rs. 100,000 each of Bank Al-Habib Ltd. and Bank of Punjab respectively. These TFCs were listed and the management classified these TFCs in short term investments at fair value through profit or loss after issue.

14. OTHER RECEIVABLES

Cotton claims receivable		103,025,617	55,480,454
Insurance claims receivable		63,348,276	75,405,778
Containers' deposits		1,803,108	1,803,112
Receivable against shares		232,344	262,366
Bank guarantee margins		86,544,922	29,978,629
Others		1,141,716	217,601
		256,095,983	163,147,940

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
15. SHORT TERM INVESTMENTS - Quoted (At fair value through profit or loss)			
Equity Instruments			
Pakistan Stock Exchange Ltd.			
2,049,500 (2022: 3,000,000) shares of Rs.10 each		47,079,679	68,913,900
MCB Bank Ltd.			
Nil shares (2022: 215,000 shares of Rs.10 each)		-	32,060,679
Maple Leaf Cement Factory Ltd.			
Nil shares (2022: 500,000 shares of Rs.10 each)		-	17,336,606
G3 Technologies Ltd.			
Nil shares (2022: 6,038,000 shares of Rs.10 each)		-	84,962,509
Ghani Chemical Industries Ltd.			
1,020,000 shares of Rs.10 each		26,149,091	-
Telecard Ltd.			
Nil shares (2022: 2,541,900 shares of Rs.10 each)		-	41,283,760
United Bank Ltd.			
Nil shares (2022: 122,500 shares of Rs. 10 each)		-	16,252,625
		73,228,770	260,810,079
Adjustment on re-measurement to fair value	32,33	(48,433,670)	(97,535,698)
		24,795,100	163,274,381
Debt Instruments			
Habib Bank Ltd.			
Nil certificates (2022: 1,700 Term Finance Certificates)		-	159,800,000
Adjustment on re-measurement to fair value	32,33	-	1,700,000
		-	161,500,000
		24,795,100	324,774,381
15.1	No shares have been pledged with commercial banks as security for finance facilities utilised as at June 30, 2023 and June 30, 2022.		
16. TAX REFUNDS DUE FROM THE GOVERNMENT			
Income tax refundable, advance tax and tax deducted at source		580,785,811	524,750,522
Sales tax refundable		896,186,875	603,735,861
		1,476,972,686	1,128,486,383

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

17. CASH AND BANK BALANCES	Note	2023 Rupees	2022 Rupees
Cash-in-hand		11,775,343	12,139,529
Cash at banks:			
- current accounts		22,698,479	34,623,727
- saving accounts	17.1	139,839	142,488
		22,838,318	34,766,215
		34,613,661	46,905,744

17.1 These carry profit at the rates ranging from 19% to 20% (2022: 8% to 10%) per annum.

18. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2023 (No. of shares)	2022 (No. of shares)		2023 Rupees	2022 Rupees
6,288,800	6,288,800	Ordinary shares of Rs.10 each fully paid in cash	62,888,000	62,888,000
11,000	11,000	Ordinary shares of Rs.10 each issued as fully paid against shares of Mahmood Power Generation Ltd. upon merger	110,000	110,000
23,700,200	12,450,200	Ordinary shares of Rs.10 each issued as fully paid bonus	237,002,000	124,502,000
30,000,000	18,750,000		300,000,000	187,500,000

18.1 The Board of Directors, during June, 2023, has resolved to capitalise a sum of Rs.112.500 million out of unappropriated profit of the Company to issue at par 11,250,000 ordinary shares of Rs.10 each to be allotted as fully paid bonus shares in proportion of 60 ordinary shares for every 100 ordinary shares held by a shareholder of the Company. This bonus issue ranks pari passu in all respect with the existing ordinary shares of the Company as regards to future dividend and in all other respect. Bonus shares have been issued during the current financial year.

18.2 Roomi Enterprises (Pvt.) Ltd. (an Associated Company) holds 800 (2022: 500) ordinary shares of the Company as at June 30, 2023.

18.3 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All the shares rank equally with regard to the Company's residual assets.

18.4 The Company has one class of ordinary shares, which carries no right to fixed income.

18.5 The Company has no reserved shares for issuance under options and sale contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

19. LONG TERM FINANCES - Secured	Note	2023 Rupees	2022 Rupees
From banking companies			
Habib Bank Ltd. (HBL)	19.1	1,809,624,754	1,659,996,546
MCB Bank Ltd. (MCB)	19.2	275,597,531	286,921,817
Meezan Bank Ltd. (MBL)	19.3	1,086,002,328	284,121,076
United Bank Ltd. (UBL)	19.4	234,420,268	281,305,312
Allied Bank Ltd. (ABL)	19.5	846,375,651	469,217,314
Bank Al Habib Ltd. (BAHL)	19.6	1,102,164,839	750,810,310
National Bank of Pakistan (NBP)	19.7	1,478,556,223	1,807,124,272
Bank Alfalah Ltd. (BAFL)	19.8	1,218,969,626	1,409,395,680
Soneri Bank Ltd. (SNBL)	19.9	555,550,000	668,000,000
Askari Bank Ltd. (AKBL)	19.10	499,999,775	454,623,961
Bank of Punjab (BoP)	19.11	661,628,535	711,955,613
Bank Al Habib Ltd. (BAH) - Islamic	19.12	499,999,423	-
Balance as at June 30,		10,268,888,953	8,783,471,901
Deferred Government Grant:			
Salary refinance scheme - BAFL	19.20	-	1,262,391
Temporary Economic Refinance Facility			
Bank Al Habib Ltd.	19.24	164,859,411	192,976,640
Bank of Punjab	19.24	338,351,209	155,524,499
		503,210,620	348,501,139
		10,772,099,573	9,133,235,431
Less:			
Current portion grouped under current liabilities:			
- HBL		334,662,716	238,570,764
- MCB		49,999,285	49,999,283
- MBL		19,077,417	49,705,746
- UBL		46,885,044	46,885,044
- ABL		172,841,664	72,841,666
- BAHL		305,302,733	63,750,000
- NBP		333,333,334	333,333,334
- BAFL		162,449,601	209,162,569
- SNBL		133,600,000	106,200,000
- AKBL		60,858,100	-
Deferred Government Grant:			
- BAFL		-	1,262,391
- BAHL		31,213,802	-
- BoP		58,195,340	-
	25	1,708,419,036	1,171,710,797
		9,063,680,537	7,961,524,634

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

19.1 HBL

Name of Facility	No. of instalments and repayment commencement date	Rate of mark-up per annum	2023 Rupees	2022 Rupees
Demand Finance - IX	24 quarterly February, 2017	1% over 3 months KIBOR	835,498	2,506,478
Demand Finance - X	28 quarterly March, 2019	0.75% over 3 months KIBOR	499,999,996	642,857,139
Demand Finance - XII	32 quarterly July, 2021	0.50% over 3 months KIBOR	31,104,000	36,288,000
Demand Finance - XIII	29 half-yearly August, 2023	0.75% over 3 months KIBOR	519,383,899	200,081,235
Demand Finance - XIV	32 quarterly August, 2023	0.75% over 3 months KIBOR	68,897,151	-
State Bank of Pakistan - Export Oriented Projects				
- Finance No.7	24 quarterly March, 2017	5% flat	769,816	2,309,460
- Finance No.8	24 quarterly April, 2017	5% flat	1,194,627	2,787,479
- Finance No.9	24 quarterly September, 2017	3% flat	5,059,600	10,119,200
- Finance No.10	32 quarterly December, 2019	2.50% flat	99,076,964	117,827,884
- Finance No.11	32 quarterly December, 2019	2.50% flat	297,837,018	347,477,514
- Finance No.12	32 quarterly July, 2021	2.50% flat	73,654,528	85,930,500
- Finance No.13	32 quarterly August, 2023	2.50% flat	211,811,657	211,811,657
			1,809,624,754	1,659,996,546
19.2 MCB				
Demand Finance	16 equal half yearly September, 2025	0.75% over 6 months KIBOR	38,675,000	-
State Bank of Pakistan - Export Oriented Projects				
Finance No.1	16 half-yearly April, 2019	2.75% flat	236,922,531	286,921,817
			275,597,531	286,921,817

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

19.3 MBL

Name of Facility	No. of instalments and repayment commencement date	Rate of mark-up per annum	2023 Rupees	2022 Rupees
Diminishing Musharakah - VIII	12 half-yearly July, 2016	1% over 6 months KIBOR	-	2,422,320
Diminishing Musharakah - IX	12 half-yearly July, 2016	- do -	-	11,917,100
Diminishing Musharakah - X	12 half-yearly August, 2016	- do -	-	7,806,400
Diminishing Musharakah - XI	12 half-yearly October, 2016	- do -	-	3,163,880
Diminishing Musharakah - XII	12 half-yearly November, 2016	- do -	-	5,719,057
Diminishing Musharakah - XIII	12 half-yearly December, 2016	- do -	-	1,672,989
Diminishing Musharakah - XIV	12 half-yearly January, 2017	- do -	1,002,000	3,006,000
Diminishing Musharakah (IFRE)	40 quarterly August, 2022	5 % Flat	134,999,999	150,000,000
Diminishing Musharakah (ILTF)	32 quarterly June, 2024	1.50% over 6 months KIBOR	423,702,330	98,413,330
Diminishing Musharakah (ILTF)	40 quarterly May, 2025	1.50% over 6 months KIBOR	348,554,721	-
State Bank of Pakistan - Export Oriented Projects				
- Finance No.1	32 quarterly June, 2024	6% Flat	26,298,000	-
Renewable Energy Projects				
- Finance No.2	40 quarterly July, 2025	2% Flat	151,445,278	-
			1,086,002,328	284,121,076

19.4 UBL

State Bank of Pakistan - Export Oriented Projects				
Finance No.18	16 half-yearly June, 2020	2.5% flat	234,420,268	281,305,312

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

19.5 ABL

Name of Facility	No. of instalments and repayment commencement date	Rate of mark-up per annum	2023 Rupees	2022 Rupees
Term Finance	10 equal half yearly June, 2023	1.5% over 6 months KIBOR	450,000,000	-
State Bank of Pakistan - Export Oriented Projects				
Finance 1	16 half-yearly May, 2021	2.5% flat	377,234,715	445,822,842
Finance 2	39 quarterly May, 2021	2.5% flat	19,140,936	23,394,472
			846,375,651	469,217,314

19.6 BAML

State Bank of Pakistan - Export Oriented Projects				
Finance 1	16 equal quarterly September, 2021	2.45% flat	382,500,000	446,250,000
LTFE-TERF	16 equal quarterly May, 2024	2.50% Flat	332,677,539	304,560,310
Term Finance	20 quarterly January, 2023	1.00% over 6 months KIBOR	36,987,300	-
Term Finance	06 quarterly September, 2023	1.00% over 6 months KIBOR	350,000,000	-
			1,102,164,839	750,810,310

19.7 NBP

Demand Finance	12 half-yearly June, 2022	1.50% over 6 months KIBOR	1,478,556,223	1,807,124,272
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19.8 BAFL

Payroll Refinance Scheme	8 equal quarterly January, 2021	1.00% Flat	-	129,146,660
Term Finance	32 equal quarterly March, 2023	2.00% Flat 6 months KIBOR	18,736,594	-
LTFE- Solar Loan	32 equal quarterly March, 2023	2.00% over 6 months KIBOR	-	20,053,900
LTFE- Solar Loan	32 equal quarterly March, 2023	5% Flat	280,869,900	279,540,660
LTFE-SBP	32 equal quarterly March, 2023	4 % Flat	919,363,132	980,654,460
			1,218,969,626	1,409,395,680

19.9 SNBL

TF-Construction Loan	20 equal quarterly September, 2022	0.80% over 3 months KIBOR	555,550,000	668,000,000
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

19.10 AKBL

Name of Facility	No. of instalments and repayment commencement date	Rate of mark-up per annum	2023 Rupees	2022 Rupees
Term Finance	16 half yearly December, 2023	2.50% over 6 months KIBOR	196,169,838	303,830,162
LTFF	16 half yearly December, 2023	4% Flat	303,829,937	150,793,799
			499,999,775	454,623,961

19.11 BoP

LTFF - TERF	16 equal half yearly July, 2024	3% Flat	661,628,535	244,893,014
Term Finance	16 equal half yearly August, 2024	1.50% over 6 months KIBOR	-	467,062,599
			661,628,535	711,955,613

19.12 BAH (Islamic)

Diminishing Musharakah (ILTFF)	16 equal half yearly April, 2025	1.50% over SBP Rate	499,999,423	-
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19.13 The Company has obtained long term finance facility from HBL for the import of machinery for expansion in the spinning capacity. The facilities available from HBL are secured against joint pari passu (JPP) charge of Rs.3,104 million on entire fixed assets on land consisting total area of 366 Kanals and 13 Marlas, 10.435 Acres and 70 Kanals and 3 Marlas, buildings and plant & machinery on Units located at Multan Road, Muzaffargarh. D.G. Khan Road, Muzaffargarh, Chowk Sarwar Shaheed and Industrial Estate Multan. During the current financial year, no amount was converted from Demand Finance Facility (DFF) to Long Term Finance Facility (LTFF) (2022: an amount of Rs.210.812 million was converted from DFF to LTFF) [note 19.1].

19.14

- (a) The DFF available from MCB is secured against JPP charge of Rs.465 million on entire fixed assets on land consisting total area of 366 Kanals and 13 Marlas, 10.435 Acres and 70 Kanals and 3 Marlas buildings and plant & machinery on Units located at Multan Road, Muzaffargarh, D.G. Khan Road, Muzaffargarh, Chowk Sarwar Shaheed and Industrial Estate Multan.
- (b) During the current financial year, the Company has obtained DFF from MCB to finance imported components / equipment / machinery. The rate of mark-up on these finances is 6 months KIBOR + 0.75% per annum. These finances are repayable, after a grace period of 2 years in 16 half yearly instalments commencing September, 2025. These finances are secured against the securities as detailed in the preceding paragraph (note 19.2).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

19.15

- (a) During the preceding financial year, the Company has obtained Diminishing Musharakah (DM) ILTFF from MBL to finance textile machinery on account of capital expenditure in the Company's spinning segment. The rate of mark-up on this finance is 6 months KIBOR + 1.50% per annum. This finance is for ten years period including a grace period of 2 years and is repayable in 32 quarterly instalments commencing from June, 2024.
- (b) DM finance facilities are secured against exclusive registered charge over underlying plant & machinery and ranking charge over fixed assets of the Company with 25% safety margin. During the preceding financial year, the Company has further obtained DM under Islamic financing facility for renewable energy (IFRE) secured against exclusive charge of Rs.190 million enhanced from 150 million over musharakah assets and JPP charge over all fixed assets. During the preceding financial year, balance of Rs.211.812 million has been converted from DF to LTFF.
- (c) During the current financial year, the Company has obtained DM to finance CAPEX in Spinning Unit-2 to enhance the manufacturing capacity by 7,296 spindles. The rate of mark-up on these finances is 6 months KIBOR + 1.50% per annum. These finances are repayable, after a grace period of 2 years, in 32 quarterly instalments commencing from April, 2024.
- (d) The finance facilities detailed in note (a) to (c) are secured against exclusive charge for Rs.585 million over musharakah assets and 25% margin of approved DM - ILTFF facility of Rs.450 million in shape of ranking charge over all fixed assets of the Company.
- (e) During the current financial year, the Company has obtained DM IFRE amounting Rs.500 million to finance renewable energy power project of 4.5 - 5 MWs under the SBP ILTFF scheme for renewable energy. The rate of mark-up on this facility is 6 months KIBOR + 1.50% per annum. The tenor of this finance facility is 12 years including a grace period of 2 years and is repayable in 40 quarterly instalments commencing May, 2025. This finance facility is secured against exclusive charge of Rs.564 million over Musharakah assets and 25% margin coverage in shape of ranking charge of Rs.166.670 million over fixed assets of the Company.
- (f) During the current financial year, balance aggregating Rs.177.743 million has been converted from DM to LTFF (note 19.3).

19.16 The finance facilities available from UBL are secured against JPP charge of Rs.502 million on entire fixed assets on land consisting total area of 366 Kanals and 13 Marlas, 10.435 Acres and 70 Kanals and 3 Marlas buildings and plant & machinery on Units located at Multan Road, Muzaffargarh, D.G. Khan Road, Muzaffargarh, Chowk Sarwar Shaheed and Industrial Estate Multan (note 19.4).

19.17

- (a) The finance facilities available from ABL are secured against JPP charge over specific machinery imported through ABL to cover the principal amount of Rs.770 million on entire fixed assets on land consisting total area of 366 Kanals and 13 Marlas, 10.435 Acres, 70 Kanals and 3 Marlas buildings and plant & machinery on Units located at Multan Road, Muzaffargarh, D.G. Khan Road, Muzaffargarh, Chowk Sarwar Shaheed and Industrial Estate Multan. The JPP charge has been reduced to Rs.627 million during the current financial year.
- (b) During the current financial year, the Company has obtained TFF of Rs.500 million from ABL for balance sheet re-profiling. The rate of mark-up on TFF is 6 months KIBOR + 1.50% per annum. This TFF is repayable in 10 equal half yearly instalments commencing June 30, 2023 without any grace period and is secured against JPP charge over present and future fixed assets of the Company for Rs.667 million inclusive of 25% margin (note 19.5).

19.18

- (a) During the preceding financial year, the Company has obtained Temporary Economic Refinance Facility (TERF) amounting Rs.500 million. This finance is obtained for retirement of import documents drawn under LC(s)-III created under TERF scheme of the State Bank of Pakistan. Tenor of this finance is up to a maximum of 10 years with 2 years grace period from the date of disbursement. The finance facility carries mark-up at 1% + 150 basis point.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- (b) During the current financial year, the Company has obtained LTFF-SBP amounting Rs.51 million from BAHL to retire letter of credit for import of chiller along with allied parts. The LTFF carries mark-up at 6 months KIBOR + 1% per annum and is repayable in 20 quarterly instalments commencing January, 2023.
- (c) The finance facilities available from BAHL are secured against JPP charge of Rs.1,346.670 million on entire fixed assets on land consisting total area of 366 Kanals and 13 Marlas, 10.435 Acres, 70 Kanals and 3 Marlas buildings and plant & machinery on Units located at Multan Road Muzaffargarh, D.G. Khan Road, Muzaffargarh, Chowk Sarwar Shaheed and Industrial Estate Multan.
- (d) During the current financial year, the Company has obtained TF of Rs.350 million to refinance the CAPEX . The rate of mark-up on this finance is 6 months KIBOR + 1% per annum. The tenor of this finance is 18 months and is repayable in 6 quarterly instalments commencing September, 2023. This finance is secured against charge of Rs.467 million over all present and future fixed assets of the Company (note 19.6).

19.19 Demand finance from NBP has been obtained for balance sheet re-profiling. The finance tenor is up to a maximum period of 7 years with 2 years grace period.

This finance is secured against JPP charge over all present and future movable fixed assets of the Company with 25% margin (Rs.2,667 million) and equitable mortgage through MOCTD over land and buildings of the Company.

The transaction cost amounting Rs.40.600 million has been adjusted against this finance and amortised over the tenor of the finance. During the current financial year, amortisation of Rs.4.765 million (2022: Rs.5.772 million) has been recognised (note 19.7).

19.20

- (a) The Company had obtained long term finance from Bank Alfalah Ltd. for financing of salaries and wages under SBP Refinance Scheme for payment of salaries and wages. The rate of mark-up on this finance was 1% per annum. This finance was for two and half years period and was repayable in eight equal quarterly instalments commenced from January, 2021. The outstanding balance of this finance was fully repaid during the current financial year.
- (b) During the current financial year, government grant amounting Rs.1.262 million (2022: Rs.17.028 million) has been amortised. In accordance with the terms of the grant, the Company was prohibited to lay-off the employees during the tenor of this finance.
- (c) During the preceding financial year, the Company has obtained solar energy equipment finance amounting Rs.149.859 million from Bank Alfalah Ltd. to finance purchase and installation of solar energy equipment. The rate of mark-up on this finance is SBP rate plus 2%. This finance is for ten years and is repayable in thirty two equal quarterly instalments commenced from March, 2023. During the current financial year, an amount of Rs.20.053 million (2022: Rs.279.540 million) has been converted from DFF to LTFF.
- (d) During the current financial year, the Company has obtained additional term finance facility amounting Rs.19.341 million (2022: Rs.375.908 million) from Bank Alfalah Ltd. to finance purchase and installation of machinery. This finance is for ten years period and is repayable in thirty two equal quarterly instalments commenced from March, 2023. During the current financial year, no amount was converted to LTFF (2022: a balance of Rs.598 million was converted to LTFF).
- (e) These financies are secured against 1st PP / JPP charge over present and future fixed assets (land, buildings, machinery of all Units) of the Company for aggregate amount of Rs.2,270 million including 25% margin (note 19.8).

19.21

- (a) During the preceding financial year, the Company has obtained term finance facility amounting Rs.548 million from Soneri Bank Ltd. to finance construction or civil works of buildings of spinning Units. This finance is for 6 years inclusive of one year grace period and is repayable in 20 equal quarterly instalments commenced from September, 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- (b) This finance is secured against 1st PP / JPP charge of Rs.898 million over plant & machinery of the Company with 25% margin (note 19.9).

19.22 The Company has obtained term finance facility from Askari Bank Ltd. to finance new imported / locally purchased plant & machinery. This finance is for 10 years period including 2 years grace period and is repayable in 16 equal half-yearly instalments commencing November, 2023.

No amount was converted from TF to LTFF during the current financial year (2022: a balance amounting Rs.150.794 million was converted from TF to LTFF).

This finance is secured against 1st PP / JPP charge over present and future fixed assets of the Company with 25 % margin i.e. Rs.667 million (note 19.10).

19.23 During the current financial year, the Company has obtained term finance facility of Rs.132.500 million (2022: Rs.867.480 million) from the Bank of Punjab to retire LC-Sight for local and imported purchase of machinery and related spares, etc. for expansion in spinning capacity of the Company. During the current financial year, an amount of Rs.599.562 million (2022: Rs.400.418 million) has been converted from TF to TERF. The rate of mark-up on TF is 6 months KIBOR + 1.50 % per annum and on TERF is 3% per annum. This finance is for ten years period including a grace period of 2 years and is repayable in 16 equal half-yearly instalments commencing August, 2024 (note 19.11).

This finance is secured against JPP charge of Rs.1,334 million over all present and future fixed assets of the Company.

19.24 The long-term financing obtained under Temporary Economic Refinance Facility (TERF) of State Bank of Pakistan at below market mark-up rate has been obtained for a tenor of 10 years with grace period of two years. During the current financial year, government grant has been recognised amounting Rs.219.031 million (2022: Rs.364.253 million) whereas an amount of Rs.64.321 million (2022: Rs.15.752 million) has been amortised.

19.25 During the current financial year, the Company has obtained ILTFF under DM facility amounting Rs.500 million from BAH (Islamic) for import of plant and machinery and related accessories. The rate of mark-up on DM is SBP rate + 1.50%. The finance tenor is 10 years including a grace period of 2 years and is repayable in 16 half yearly instalments commencing April, 2025.

Initially, this finance facility is secured against ranking charge of Rs.667 million over present and future plant and machinery of the Company, which will be upgraded to JPP charge over fixed assets of the Company within 180 days from the date of first disbursement of ILTFF under DM (note 19.12).

19.26 The effective mark-up rates that prevailed during the current financial year on these finance facilities ranged from 1.00% to 23.66% (2022: 1.00% to 17.63%) per annum.

20. LEASE LIABILITIES	Note	2023 Rupees	2022 Rupees
Present value of minimum lease payments		38,431,599	31,475,309
Current portion shown under current liabilities	25	(8,560,759)	(6,250,860)
		29,870,840	25,224,449

20.1 The Company has entered into finance lease agreement with Bank Al-Habib Ltd. to acquire vehicles. Total limit available During the current financial year was Rs.100 million (2022: Rs.50 million). These lease finance facilities are secured against title of the leased vehicles in the name of bank.

The minimum lease payments have been discounted at implicit rate of 6 months KIBOR + 1%. Lease rentals are payable in equal monthly instalments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

The amount of future minimum lease payments along with their present value and the periods during which they will fall due are as follows:

Particulars	2023			2022		
	Upto one year	From one to five years	Total	Upto one year	From one to five years	Total
	----- Rupees -----					
Minimum lease payments	15,616,692	39,168,250	54,784,942	9,953,136	30,973,068	40,926,204
Less: finance cost allocated to future periods	7,055,933	9,297,410	16,353,343	3,702,276	5,748,619	9,450,895
Present value of minimum lease payments	8,560,759	29,870,840	38,431,599	6,250,860	25,224,449	31,475,309

21. DEFERRED LIABILITIES	Note	2023 Rupees	2022 Rupees
Deferred taxation	21.1	579,207,175	519,973,642
Long term portion of GIDC	21.2	6,304,604	38,471,850
		585,511,779	558,445,492

21.1 Deferred taxation

	Balance at beginning of the year	Charged to statement of profit or loss during the year	Charged to statement of other comprehensive income during the year	Balance at end of the year
	----- Rupees -----			
2023				
On taxable temporary difference				
Long term investments	519,973,642	59,233,533	-	579,207,175
2022				
On taxable temporary difference				
Long term investments	327,056,604	197,267,038	(4,350,000)	519,973,642

21.2 Gas Infrastructure Development Cess (GIDC)

The Supreme Court of Pakistan has upheld the Gas Infrastructure Development Cess Act, 2015 to be constitutional. As per the Supreme Court's order on review petition, the Government has agreed to recover the GIDC in 48 equal monthly instalments. The Company has followed the relevant accounting standards and ICAP guideline in these financial statements for recognition of GIDC provision.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

The Company has recorded the provision at its present value by discounting the future cash flows at average borrowing rate i.e. 12.36% (2022: 11.58 %) per annum and recognised income of Rs.4.006 million (2022: Rs.18.429 million), which has been adjusted against cost of sales.

22. TRADE AND OTHER PAYABLES	Note	2023 Rupees	2022 Rupees
Creditors		2,369,562,917	974,603,556
Bills payable - secured	22.1	1,973,860,259	1,591,607,416
Due to related party	22.2	396,371	61,502,899
Accrued expenses		1,728,159,384	1,135,725,877
Tax deducted at source		70,323,650	35,324,682
Workers' (profit) participation fund	22.3	63,406,734	86,494,981
Workers' welfare fund		128,189,518	88,911,279
Others		16,263,365	12,366,888
		6,350,162,198	3,986,537,578

22.1 These are secured against the securities as detailed in note 24.2.

22.2 This represents amount payable on account of normal trading transactions to M/s Khawaja Muzaffar Mahmood Muhammad Masood (an Associated Undertaking).

22.3 Workers' (profit) participation fund (the Fund)

Opening balance		86,494,981	76,210,678
Add: interest on funds utilised in the Company's business		6,287,142	2,434,711
		92,782,123	78,645,389
Less: paid to workers		92,782,123	149,916,528
		-	(71,271,139)
Add: allocation for the year		63,406,734	157,766,120
Closing balance		63,406,734	86,494,981

23. ACCRUED MARK-UP

Mark-up accrued on:			
- long term finances		330,319,821	178,133,022
- short term borrowings		873,256,325	290,853,888
- provision against Gas Infrastructure Development Cess		17,284,120	14,448,964
		1,220,860,266	483,435,874

24. SHORT TERM BORROWINGS

Short term borrowings - secured	24.1	8,174,673,013	5,902,064,784
Short term running finances - secured	24.1	9,422,563,041	6,068,196,586
		17,597,236,054	11,970,261,370
Temporary bank overdrafts - unsecured	24.3	57,273,928	241,548,485
		17,654,509,982	12,211,809,855

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

- 24.1** Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs.30,836 million (2022: Rs.18,350 million). These finance facilities, during the current financial year, carried mark-up at the rates ranging from 14.91% to 23.29% (2022: 7.85% to 15.56%) per annum. The aggregate finance facilities are secured against charge over the Company's current assets, lien over export bills and banks' lien over letters of credit. These facilities are expiring on various dates by April 30, 2024.
- 24.2** Facilities available for opening letters of credit and guarantee from various commercial banks aggregate Rs.16,091 million (2022: Rs.13,790 million) including facilities aggregating Rs.4,300 million (2022: Rs.3,700 million) available on Group basis. Out of the available facilities, facilities aggregating Rs.1,058 million (2022: Rs. 11,154 million) remained unutilised at the year-end. These facilities are secured against lien over import documents and charge over current assets of the Company. These facilities are expiring on various dates by April 30, 2024.
- 24.3** These temporary bank overdrafts have arisen due to issuance of cheques for amounts in excess of balances in bank accounts.

	Note	2023 Rupees	2022 Rupees
25. CURRENT MATURITY OF LONG TERM LIABILITIES			
Long term finances	19	1,708,419,036	1,171,710,797
Lease liabilities	20	8,560,759	6,250,860
Provision against Gas Infrastructure Development Cess		94,841,371	66,679,829
		1,811,821,166	1,244,641,486
26. TAXATION - Net			
Opening balance		594,171,521	320,000,000
Add: provision made During the current financial year:			
- current		584,248,837	431,421,857
- super tax		87,930,041	162,749,664
- prior years - net		(8,727,487)	(7,256,791)
Tax expense for the year - net		663,451,391	586,914,730
		1,257,622,912	906,914,730
Less: payments / adjustments made			
During the current financial year against completed assessments		487,940,124	312,743,209
Closing balance		769,682,788	594,171,521

- 26.1** Income tax assessments of the Company have been finalised by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) upto the financial year ended June 30, 2022 (tax year 2022).
- 26.2** No numeric tax rate reconciliation is presented in these financial statements as the Company is only liable to pay tax due under sections 4C (Super tax on high earning persons), 5 (Tax on dividends), 37 A (Capital gains on sale of securities), 113 (Minimum tax on the income of certain persons) and 154 (Tax on export proceeds) of the Ordinance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

27. CONTINGENCIES AND COMMITMENTS

- 27.1** Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs.1,168.974 million as at June 30, 2023 (2022: Rs.900.308 million).
- 27.2** Sui Northern Gas Pipelines Ltd. (SNGPL) had raised arrears demand aggregating Rs.75.221 million from the Company against the charge that sui gas meter of the Company was not working properly. The Company challenged the said demand by filing a petition before the General Manager SNGPL, Lahore (the GM). Now, the case has been referred to the Gas Utility Court (the Court) as per the requirement of Gas (Theft Control and Recovery) Act, 2016. As per direction of the Court, the Company has deposited Rs.75.221 million under protest and grouped this amount under loans and advances (note 13). If the case is decided in the Company's favour, the Company will receive back the demand paid under protest.
- 27.3** The Company has filed a petition before the Civil Court, Multan against SNGPL, which has alleged that the Company's gas meter was not functioning properly during the period from May, 2012 to September, 2013. SNGPL has raised demand amounting Rs.1.101 million. The Company's petition is pending adjudication.
- 27.4** The Company had challenged the imposition of infrastructure cess by the Directorate of Excise & Taxation, Karachi (the Directorate) at the rate of 0.85% of the value of imported goods by filing a suit before the High Court of Sindh at Karachi (the Court). The Court had directed the Company to furnish a bank guarantee covering the disputed amount of cess. The Company, during the period from December 28, 2006 to May 30, 2011, had utilised bank guarantees to the tune of Rs.32.489 million. The Directorate, vide its letter dated July 13, 2011, had requested the Company to furnish a bank guarantee of 50% of the aforementioned amount along with a demand draft for the balance 50% of the aforementioned amount in order to return of the previous bank guarantees.

The Company had submitted a bank draft amounting Rs.16.245 million to the Directorate during September, 2011, which was grouped under loans and advances. Habib Bank Ltd., on behalf of the Company in consideration of allowing the release of consignments imported from time to time for the purpose of carriage of goods by road within the province of Sindh, has undertaken and guaranteed to pay an amount of Rs.16.245 million to the Directorate in case if the Court decides that the cess imposed under the Sindh Finance Act, 1994 is lawful and validly imposed. The bank guarantee is valid upto August 15, 2024. The management, during year ended June 30, 2013, had expensed the advance of Rs.16.245 million.

- 27.5** Foreign and local bills discounted outstanding as at June 30, 2023 aggregated Rs.7,378.998 million (2022: Rs.2,643.143 million) and Rs.132.315 million (2022: Rs.358.726 million) respectively.

	2023 (Rupees in million)	2022
27.6 Commitments for irrevocable letters of credit:		
- capital expenditure	58.634	1,101.793
- others	3,413.100	633.602
	3,471.734	1,735.395

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

28. SALES - Net	Note	2023 Rupees	2022 Rupees
Export			
- yarn		24,858,045,244	21,163,889,032
- cloth		14,597,187,716	11,371,529,334
- waste		247,959,610	107,682,888
- doubling / sizing income		1,402,733,654	-
- apparel		2,964,391,080	497,763,827
	28.1	44,070,317,304	33,140,865,081
Local			
- yarn		8,786,478,536	7,532,608,137
- cloth		3,484,053,775	3,212,382,671
- waste		2,308,279,410	1,304,470,681
- doubling / sizing income		371,992,287	64,372,512
- cotton		487,497,370	282,027,178
- apparel		221,157,903	215,501,688
		15,659,459,281	12,611,362,867
		59,729,776,585	45,752,227,948
Sales tax		(5,102,294,897)	(4,782,902,406)
		54,627,481,688	40,969,325,542

28.1 Gain aggregating Rs.551.180 million - net (2022: Rs. 222.739 million - net) arisen upon realisation of export proceeds has been grouped under export sales.

29. COST OF SALES

Raw materials consumed	29.1	41,848,823,132	28,583,609,387
Stores and spares consumed		1,129,254,893	619,363,872
Packing materials consumed		405,819,971	303,429,802
Salaries, wages and benefits	29.2	2,292,891,621	2,053,255,254
Power and fuel		3,647,102,957	2,136,464,928
Repair and maintenance		85,847,677	128,262,805
Depreciation	5.7	1,087,285,887	798,884,931
Insurance		154,347,910	123,809,980
Doubling charges		213,454,484	27,122,864
		50,864,828,532	34,774,203,823
Adjustment of work-in-process			
Opening		536,583,794	215,687,450
Closing	11	(1,354,322,926)	(536,583,794)
		(817,739,132)	(320,896,344)
Cost of goods manufactured		50,047,089,400	34,453,307,479
Adjustment of finished goods			
Opening stock		1,889,987,489	974,871,592
Closing stock	11	(5,018,076,664)	(1,889,987,489)
		(3,128,089,175)	(915,115,897)
		46,919,000,225	33,538,191,582

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

29.1 Raw materials consumed	Note	2023 Rupees	2022 Rupees
Opening stock		9,211,846,436	6,629,381,592
Purchases and purchase expenses		43,989,196,562	31,155,797,459
		53,201,042,998	37,785,179,051
Closing stock	11	(11,363,840,730)	(9,211,846,436)
		41,837,202,268	28,573,332,615
Cotton cess		11,620,864	10,276,772
		41,848,823,132	28,583,609,387

29.2 Expense for the year includes staff retirement benefits - gratuity amounting Rs.104.648 million (2022: Rs.122.320 million).

30. DISTRIBUTION COST

Advertisement		3,676,627	1,154,380
Export expenses		475,955,686	703,978,312
Commission		493,761,645	397,845,098
Export development surcharge		55,322,645	28,931,476
Freight and other expenses		233,858,002	220,946,561
		1,262,574,605	1,352,855,827

31. ADMINISTRATIVE EXPENSES

Salaries and benefits	31.1	441,442,536	427,674,307
Travelling and conveyance	31.2	182,083,222	145,243,995
Rent, rates and taxes		3,862,324	3,636,949
Entertainment		67,363,257	79,321,850
Utilities		23,565,529	8,004,040
Communication		64,654,450	35,723,739
Printing and stationery		23,277,690	27,581,336
Insurance		2,220,139	5,530,952
Repair and maintenance		57,439,631	74,792,261
Vehicles' running and maintenance		56,648,189	41,818,562
Subscription and licensing fees		79,128,170	42,927,706
Auditors' remuneration:			
- statutory audit		1,408,750	1,250,000
- half yearly review		265,000	165,000
- certification charges		-	85,000
		1,673,750	1,500,000
Legal and professional charges (other than Auditors)		8,231,386	19,008,508
Depreciation	5.7	128,739,352	92,647,444
Amortisation	7	2,076,906	177,513
General		16,997,311	112,361,817
		1,159,403,842	1,117,950,979

31.1 Expense for the year includes staff retirement benefits - gratuity amounting Rs.15.980 million (2022: Rs.34.722 million).

31.2 These include directors' travelling expenses aggregating Rs.77.059 million (2022: Rs.86.490 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

32. OTHER INCOME	Note	2023 Rupees	2022 Rupees
Income from financial assets			
Dividends		397,948	17,412,162
Mark-up on term finance certificates		40,898,397	18,677,178
Realised gain on sale of short term investments at fair value through profit or loss - net		-	8,145,447
Unrealised gain on remeasurement of short term investments at fair value through profit or loss - net	15	47,402,028	-
Exchange fluctuation gain - net		34,741,317	90,547,823
Government grant	19	65,583,740	32,780,005
Income from non-financial assets			
Fair value gain on investment property	6	27,022,989	-
Export rebate		1,007,374	7,374,006
Gain on disposal of operating fixed assets - net	5.9	10,300,399	1,764,471
		227,354,192	176,701,092
33. OTHER EXPENSES			
Donations (without directors' interest)	33.1	66,420,191	42,113,857
Realised loss on sale of short term investments at fair value through profit or loss - net		65,366,143	-
Unrealised loss on re-measurement of short term investments at fair value through profit or loss	15	-	95,835,698
Workers' (profit) participation fund	22	63,406,734	157,766,120
Workers' welfare fund	22	39,278,239	59,951,221
		234,471,307	355,666,896

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

33.1 During the current financial year, the Company has made donations exceeding higher of 10% of total donations or Rs. 1,000,000/- to the following:

	Note	2023 Rupees	2022 Rupees
Punjab Social Security Health Management Company		2,357,646	4,523,797
APTMA food relief activities of the Government		10,000,000	-
Patyala Drug House		1,286,024	-
Care Model School		1,622,880	-
Madarasa Mehr Fatima		3,586,350	-
Al-Khidmat		1,200,000	-
The Patients Behbud Society		1,500,000	-
ADM Comd Fund		4,000,000	-
Empowering Ruler Communities		3,724,895	-
Baluchistan Flood Relief		1,000,000	-
		30,277,795	4,523,797

34. FINANCE COST - Net

Mark-up on:			
- long term finances		912,282,487	588,226,303
- short term borrowings		2,855,763,047	1,024,223,327
- lease liabilities		6,078,710	2,471,468
- provision against Gas Infrastructure Development Cess		2,835,156	8,777,410
Interest on workers' (profit) participation fund	22.3	6,287,142	2,434,711
Bank charges and commission		169,708,980	157,524,600
		3,952,955,522	1,783,657,819

35. TAXATION

Current and prior year	26	663,451,391	586,914,730
Deferred	21.1	59,233,533	197,267,038
		722,684,924	784,181,768

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

36. EARNINGS PER SHARE	Note	2023 Rupees	2022 Rupees
There is no dilutive effect on earnings per share of the Company, which is based on:			
Profit after taxation attributable to ordinary shareholders		1,201,948,807	3,178,195,303
----- No. of shares -----			
Weighted average number of ordinary shares in issue during the current financial year		30,000,000	Restated 30,000,000
----- Rupees -----			
Earnings per share - basic		40.06	105.94

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Liabilities				Total
	Long term finances	Lease liabilities	Unclaimed dividends	Short term borrowings	
	----- Rupees -----				
Balance as at June 30, 2021	6,814,887,417	15,098,902	2,385,830	7,300,515,179	14,132,887,328
Changes from financing activities					
Finances obtained	3,289,328,532	-	-	-	3,289,328,532
Finances repaid	(970,980,518)	-	-	-	(970,980,518)
Finances obtained - net of repayments	-	16,376,407	-	4,911,294,676	4,927,671,083
Dividend declared	-	-	187,500,000	-	187,500,000
Dividend paid	-	-	(186,834,055)	-	(186,834,055)
	2,318,348,014	16,376,407	665,945	4,911,294,676	7,246,685,042
Balance as at June 30, 2022	9,133,235,431	31,475,309	3,051,775	12,211,809,855	21,379,572,370
Changes from financing activities					
Finances obtained	3,384,954,470	-	-	-	3,384,954,470
Finances repaid	(1,746,090,328)	-	-	-	(1,746,090,328)
Finances obtained - net of repayments	-	6,956,290	-	5,442,700,127	5,449,656,417
Dividend declared	-	-	187,500,000	-	187,500,000
Dividend paid	-	-	(186,851,935)	-	(186,851,935)
	1,638,864,142	6,956,290	648,065	5,442,700,127	7,089,168,624
Balance as at June 30, 2023	10,772,099,573	38,431,599	3,699,840	17,654,509,982	28,468,740,994

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

38. SEGMENT INFORMATION

During the preceding financial year, the Company has started the commercial operations of apparel unit, which meets the criteria of reporting segment. Based on internal management reporting structure and products being produced and sold, the Company has been organised into three operating segments i.e. spinning, weaving and apparel.

Information regarding the Company's reportable segments is presented below:

Segment analysis

	Spinning	Weaving	Apparel	Total
	----- Rupees -----			
Year ended June 30, 2023				
Revenue	37,514,449,503	13,878,159,528	3,234,872,657	54,627,481,688
Segment results	4,643,197,906	424,236,686	219,068,424	5,286,503,016
Year ended June 30, 2022				
Revenue	31,251,614,837	9,004,445,190	713,265,515	40,969,325,542
Segment results	4,253,578,985	924,581,920	(217,833,751)	4,960,327,154

Reconciliation of segment results with profit from operations:

	Note	2023 Rupees	2022 Rupees
Total results for reportable segments		5,286,503,016	4,960,327,154
Other income		227,354,192	176,701,092
Other expenses		(234,471,307)	(355,666,896)
Finance cost		(3,952,955,522)	(1,783,657,819)
Share of profit of associates		598,203,352	964,673,540
Profit before taxation		1,924,633,731	3,962,377,071

Information on assets and liabilities by segment is as follows:

	Spinning	Weaving	Apparel	Total
	----- Rupees -----			
As at June 30, 2023				
Segment assets	30,441,899,147	8,122,460,116	5,726,597,235	44,290,956,498
Segment liabilities	28,006,547,215	4,106,087,462	4,114,876,496	36,227,511,173
As at June 30, 2022				
Segment assets	25,299,318,020	4,689,087,264	1,203,478,973	31,191,884,257
Segment liabilities	22,262,415,280	2,284,921,228	1,347,863,390	25,895,199,898

Reconciliation of segment assets and liabilities with totals in the statement of financial position is as follows:

	As at June 30, 2023		As at June 30, 2022	
	Assets	Liabilities	Assets	Liabilities
	----- Rupees -----			
Total for reportable segments	44,290,956,498	36,227,511,173	31,191,884,257	25,895,199,898
Unallocated assets / liabilities	7,079,988,412	1,388,765,247	8,601,226,737	1,246,821,413
Total as per statement of financial position	51,370,944,910	37,616,276,420	39,793,110,994	27,142,021,311

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Sales to domestic customers in Pakistan are 19.33% (2022:19.11%) and to customers outside Pakistan are 80.67% (2022: 80.89%) of the revenues During the current financial year.

The Company's customer base is diverse with no single customer accounting for more than 10% of net revenues.

Geographical segments

All segments of the Company are managed on nation-wide basis and operate manufacturing facilities and sale offices in Pakistan.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial assets	Note	2023 Rupees	2022 Rupees
At fair value through profit or loss			
Short term investments		24,795,100	324,774,381
At amortised cost			
Long term deposits		53,814,135	53,425,459
Trade debts		6,144,970,571	6,281,030,886
Loans and advances		-	164,660,977
Other receivables		256,095,983	163,147,940
Bank balances		22,838,318	34,766,215
		6,477,719,007	6,697,031,477
Financial liabilities			
At amortised cost			
Long term finances		10,772,099,573	9,133,235,431
Lease liabilities		38,431,599	31,475,309
Deferred liabilities (GIDC)		101,145,975	105,151,679
Trade and other payables		6,088,242,296	3,775,806,636
Unclaimed dividends		3,699,840	3,051,775
Accrued mark-up		1,220,860,266	483,435,874
Short term borrowings		17,654,509,982	12,211,809,855
		35,878,989,531	25,743,966,559

39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

39.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of plant & machinery, raw materials, stores & spares and export of goods mainly denominated in U.S. \$, Euro, Japanese Yen (JPY), Swiss Franc (CHF) and Chinese Yuan (CNY). The Company's exposure to foreign currency risk for U.S. \$, Euro, JPY, CHF and CNY is as follows:

2023	Rupees	U.S.\$	Euro	JPY	CHF	CNY
Trade debts	(2,061,803,244)	(6,805,408)	-	-	-	(1,724,232)
Bills payable	1,973,860,259	6,810,375	-	-	-	-
Gross statement of financial position exposure	(87,942,985)	4,967	-	-	-	(1,724,232)
Outstanding letters of credit	3,471,734,000	10,218,876	357,320	4,575,198	180,898	-
Net exposure	3,383,791,015	10,223,843	357,320	4,575,198	180,898	(1,724,232)
2022						
Trade debts	(1,986,564,720)	(12,069,500)	(111,194)	-	-	-
Bills payable	1,591,607,416	11,186,223	1,168,413	-	7,318	-
Gross statement of financial position exposure	(394,957,304)	(883,277)	1,057,219	-	7,318	-
Outstanding letters of credit	1,735,395,000	6,482,675	3,231,850	9,002,255	5,624	-
Net exposure	1,340,437,696	5,599,398	4,289,069	9,002,255	12,942	-

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2023	2022	2023	2022
U.S. \$ to Rupee	246.55	179.74	287.10 / 286.60	206 / 205.50
Euro to Rupee	265.01	201.84	314.27 / 313.72	215.75 / 215.23
JPY to Rupee	1.75	1.52	2.00	1.50
CHF to Rupee	268.17	193.00	320.90	215.43
CNY to Rupee	35.41	28.04	39.98	30.83

Sensitivity analysis

At June 30, 2023, if Rupee had strengthened by 10% against U.S.\$, Euro, JPY, CHF and CNY with all other variables held constant, profit before taxation for the year would have been higher / (lower) by the amount shown below mainly as a result of net foreign exchange gain / (loss) on translation of foreign currency financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Effect on profit for the year:	Note	2023 Rupees	2022 Rupees
U.S.\$ to Rupee		142,603	(18,195,506)
Euro to Rupee		-	22,754,525
CHF to Rupee		-	158,040
CNY to Rupee		(6,893,480)	-

The weakening of Rupee against U.S. \$, Euro, JPY, CHF and CNY would have had an equal but opposite impact on profit before taxation.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit before taxation for the year and assets / liabilities of the Company.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2023 Effective mark-up rate %	2022 Effective mark-up rate %	2023 Carrying amount ----- (Rupees) -----	2022 Carrying amount ----- (Rupees) -----
Fixed rate instruments				
Financial assets				
Bank balances at saving accounts	19% to 20%	8% to 10%	139,839	142,488
Financial liabilities				
Long term finances	1% to 6%	1% to 5%	5,679,607,900	4,501,547,041
Variable rate instruments				
Financial liabilities				
Long term finances	11.73% to 23.66%	8.25% to 17.63%	5,092,491,673	4,631,688,390
Lease liabilities	16.84% to 23.10%	8.35% to 15.83%	38,431,599	31,475,309
Short term borrowings	14.91% to 23.29%	7.85% to 15.56%	17,597,236,054	11,970,261,370

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2023, if mark-up rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs.227.282 million (2022: Rs.166.334 million) lower / higher, mainly as a result of higher / lower mark-up expense on variable rate financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. Price risk arises from the Company's investments in ordinary shares of listed companies. To manage the price risk arising from the aforesaid investments, the Company actively monitors the key factors that affect stock price movement.

39.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from trade debts, short term investments and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Sales tenders and credit terms are approved by the tender approval committee. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit and contracts. The management has set a maximum credit period of 60 days in respect of yarn and fabric parties to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Company's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2023 along with comparative is tabulated below:

	Note	2023 Rupees	2022 Rupees
Long term deposits		53,814,135	53,425,459
Trade debts		6,144,970,571	6,281,030,886
Other receivables		256,095,983	163,147,940
Short term investments		24,795,100	324,774,381
Bank balances		22,838,318	34,766,215
		6,502,514,107	6,857,144,881

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Trade debts exposure by geographic region is as follows:

	Note	2023 Rupees	2022 Rupees
Domestic		4,083,167,327	4,294,466,166
Export		2,061,803,244	1,986,564,720
		6,144,970,571	6,281,030,886

The majority of export debts of the Company are situated in Asia and Europe.

The ageing of trade debts at the year-end was as follows:

		2023 Rupees	2022 Rupees
Not past due		5,973,494,780	4,572,242,720
Past due less than 3 months		111,007,529	1,509,834,771
Past due less than 6 months		14,790,799	155,229,173
Past due more than 6 months		45,677,463	43,724,222
		6,144,970,571	6,281,030,886

Export debtors are secured against letters of credit and contracts whereas local debtors are both secured and unsecured and considered good. Management assesses the credit quality of local customers taking into account their financial position, past experience and other factors. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings.

The Company always measures the provision for impairment of trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Provision for impairment as at June 30, 2023 and June 30, 2022 was not required.

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.4,998.304 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

Out of total trade debts, 33.55% (2022: 31.63%) comprise of foreign debtors that are secured against letters of credit and contracts. Local trade debts include customers with very good credit history and are regular in their payments. The management continuously monitors the repayment capacity and intention of their debtors and extends the credit periods to their customers according to their credit history.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

Credit rating

The credit quality of Company's major bank balances can be assessed with reference to external credit ratings assigned to them as follows:

	Rating Agency	Credit Rating		Date of Rating
		Short Term	Long Term	
Bank Alfalah Ltd.	PACRA	A1+	AA+	June, 2023
Bank Al-Habib Ltd.	PACRA	A1+	AAA	June, 2023
Bank Islami Pakistan Ltd.	PACRA	A1	AA-	June, 2023
Habib Bank Ltd.	VIS	A1+	AAA	June, 2023
MCB Bank Ltd.	PACRA	A1+	AAA	June, 2023
National Bank of Pakistan	VIS	A1+	AAA	June, 2023
Soneri Bank Ltd.	PACRA	A1+	AA-	June, 2023
Standard Chartered Bank (Pakistan) Ltd.	PACRA	A1+	AAA	June, 2023
The Bank of Punjab	PACRA	A1+	AA+	June, 2023
United Bank Ltd.	VIS	A1+	AAA	June, 2023
Askari Bank Ltd.	PACRA	A1+	AA+	June, 2023

39.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

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

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	----- Rupees -----				
2023					
Long term finances	10,772,099,573	11,985,490,525	1,841,661,036	8,193,908,533	1,949,920,956
Lease liabilities	38,431,599	54,784,942	15,616,692	39,168,250	-
Short term borrowings	17,654,509,982	19,745,403,476	19,745,403,476	-	-
Trade and other payables	6,088,242,296	6,088,242,296	6,088,242,296	-	-
Unclaimed dividend	3,699,840	3,699,840	3,699,840	-	-
Accrued mark-up	1,220,860,266	1,220,860,266	1,220,860,266	-	-
	35,777,843,556	39,098,481,345	28,915,483,606	8,233,076,783	1,949,920,956
2022					
Long term finances	9,133,235,431	9,867,697,225	1,265,276,371	6,987,611,680	1,614,809,174
Lease liabilities	31,475,309	40,926,204	9,953,136	30,973,068	-
Short term borrowings	12,211,809,855	13,642,421,193	13,642,421,193	-	-
Trade and other payables	3,775,806,636	3,775,806,636	3,775,806,636	-	-
Unclaimed dividend	3,051,775	3,051,775	3,051,775	-	-
Accrued mark-up	483,435,874	483,435,874	483,435,874	-	-
	25,638,814,880	27,813,338,907	19,179,944,985	7,018,584,748	1,614,809,174

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

39.5 Fair value 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.

At June 30, 2023, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

40. FAIR VALUE MEASUREMENTS

The Company measures fair value using valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

	June 30, 2023			June 30, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- Rupees -----					
Property, plant and equipment	-	5,405,200,160	-	-	4,353,661,726	-
Short term investments	24,795,100	-	-	324,774,381	-	-

41. CAPITAL RISK MANAGEMENT

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

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

	Note	2023 Rupees	2022 Rupees
Total debt		28,465,041,154	21,376,520,595
Total equity		13,754,668,490	12,651,089,683
Debt-to-equity ratio		2.07	1.69

There was no change in Company's approach to capital management During the current financial year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity and current ratios under the financing agreements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

42. REMUNERATION OF DIRECTOR AND EXECUTIVES

	Director		Executives	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Managerial remuneration	13,800,000	9,600,000	98,178,593	62,064,101
Bonus	-	-	-	9,327,512
Retirement benefits - gratuity	-	-	7,957,800	5,913,522
Other perquisites and benefits	-	-	-	4,944,912
Meeting fee	200,000	200,000	-	-
	14,000,000	9,800,000	106,136,393	82,250,047
Number of persons	3	3	42	38

42.1 The chief executive, all directors and some of the executives have been provided with the Company's maintained cars, residential and cell phones.

43. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated companies and an undertaking, its directors and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties and remuneration of key management personnel are disclosed in the relevant notes. There were no transactions with key management personnel other than under the terms of employment. The transactions with related parties are made at normal market prices.

Material transactions with associated companies and an undertaking During the current financial year were as follows:

Name of related party	Nature of relationship	Note	2023 Rupees	2022 Rupees
Masood Spinning Mills Ltd.	Common directorship / 29.71 % shareholding			
Sale of goods			373,586,980	402,546,320
Purchase of goods			1,580,269,681	1,291,252,006
Doubling charges			3,328,425	1,676,095
Doubling revenue			42,891,310	31,486,096
Acquisition of shares			-	758,078,000
Dividend income			44,608,460	4,000,000
Multan Fabrics (Pvt.) Ltd.	Common directorship			
Sale of vehicles			9,700,768	7,970,768
Roomi Enterprises (Pvt.) Ltd.	Common directorship			
Sale of goods			-	22,400,000
Sale of shares			34,538,778	766,912,099
Doubling revenue			204,200	3,005,400
Orient Power Company (Pvt.) Ltd.	20.967% shareholding			
Dividend income			218,339,925	174,671,940
Roomi Poultry (Pvt.) Ltd.	Common directorship			
Purchase of vehicle			-	2,269,600
Technical Director	Key management personnel			
Purchase of land			-	67,882,489

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

44. CAPACITY AND PRODUCTION	2023	2022
Yarn		
Number of spindles installed	150,768	120,720
Number of spindles-shifts worked	152,801,554	126,694,772
Production capacity at 20's count 1,094 shifts (2022: 1,095 shifts)	Kgs. 58,503,194	46,843,532
Actual production converted into 20's count	Kgs. 56,476,349	43,590,338
Cloth		
Number of looms installed	228	196
Number of looms-shifts worked	223,860	214,221
Installed capacity at 60 picks 1,094 shifts (2022: 1,095 shifts)	Mtrs. 55,391,208	45,284,160
Actual production converted into 60 picks	Mtrs. 49,497,953	41,472,944
Apparel		
Installed capacity	Pcs. 3,939,000	2,848,428
Actual production	Pcs. 1,957,058	1,035,679
Power House		
Number of generators installed	10	10
Number of shifts worked	1,095	1,095
Generation capacity in Mega Watts	20.45	20.45
Actual generation in Mega Watts	8.70	8.70

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, spindles' speed, twist, the width and construction of fabric woven, etc. It also varies according to the pattern of production adopted in a particular year.

45. NUMBER OF EMPLOYEES	2023	2022
	----- Numbers -----	
Number of persons employed as at June 30,		
- permanent	6,017	4,002
- contractual	764	226
Average number of employees During the current financial year		
- permanent	5,847	3,929
- contractual	714	209

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

46. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 06 October, 2023 by the board of directors of the Company.

47. GENERAL

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to these financial statements.

sd/-
Kh. Muhammad Ilyas
Chairman

sd/-
Kh. Muhammad Younus
Director

sd/-
Yasir Ghaffar
Chief Financial Officer



03

Legal Forms

FORM OF PROXY

I/We _____
 of _____
 being a member(s) of Mahmood Textile Mills Limited hold _____
 Ordinary Shares hereby appoint Mr. / Mrs. / Miss _____
 of _____ or falling him / her _____
 of _____ as my / our proxy in my / our absence to attend and vote for me / us and on
 my / our behalf at the 53rd Annual General Meeting of the Company to be held on Saturday, October 28 2023
 at Company's Registered Office, Mehr Manzil Lohari Gate, Multan. and / or any adjournment thereof.

As witness my/our hand/seal this _____ day of _____ 2023.

Signature of Member _____

in the presence of

Signatures _____

Signatures _____

Name _____

Name _____

Address _____

Address _____

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature on
Revenue Stamp

The Signature should
agree with the
specimen registered
with the Company

Notes:

- Proxies, in order to be effective, must be received at the Company's Registered Office Mehr Manzil, Lohari Gate, Multan not later than 48 hours before the time for the meeting and must be duly stamped, signed and witnessed.
- Any individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her CNIC or Passport, to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her NIC or Passport, Representatives of corporate members should bring the usual documents required for such purpose.

In addition to the above the following requirements have to be met.

- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- The proxy shall produce his original CNIC or original passport at the time of the meeting.
- In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

E-Voting as per the Companies (E-Voting) Regulations, 2016

I/We, _____ of _____, being a member of Mahmood Textile Mills Ltd, holder of _____ Ordinary Share(s) as per Register Folio No./CDC Account No. _____ hereby opt for e-voting through intermediary and hereby consent the appointment of execution officer _____ as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is _____, please send login details, password and other requirements through email.

Signed under my/our hand this _____ day of _____ 20____.

Signature of Member

Signed in the presence of:

Signature of Witness

Signature of Witness

Name: _____ Name: _____

CNIC/Passport No: _____ CNIC/Passport No: _____

Address: _____ Address: _____

E-voting برطابق E-voting ریگولیشنز

..... آف بحیثیت ممبر محمود ٹیکسٹائل ملز لمیٹڈ حامل میں/ہم
عام شیئرز رجسٹرڈ فولیو نمبر / CDC اکاؤنٹ نمبر دوسرے شخص کے ذریعے E-voting کی آپشن اختیار کرتا ہوں اور اس پر عمل کے لئے
..... کو بحیثیت پراکسی Execution آفیسر مقرر کرنے پر رضامندی ظاہر کرتا ہوں کہ وہ کمپنی۔ 2016ء کے قواعد کے تحت
E-voting میں حصہ لے گا اور میں/ہم قرارداد کیلئے انتخاب کا مطالبہ کرتا ہوں/کرتے ہیں۔

میرا محفوظ کردہ E-mail ایڈریس ہے۔

برائے مہربانی مجھے/ہمیں Login تفصیلات، Password اور دیگر مطلوبہ معلومات بذریعہ E-mail ارسال کریں۔

میرے/ہمارے دستخط مورخہ سال

ممبر کے دستخط

گواہ کے دستخط

گواہ کے دستخط

..... نام

..... نام

..... CNIC / پاسپورٹ نمبر

..... CNIC / پاسپورٹ نمبر

..... ایڈریس

..... ایڈریس

DIVIDEND MANDATE FORM

Dear members

It is to inform you that U/s 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, direct the company to pay dividend through his/ her/ its bank Account.

In pursuance of directions given by the SECP Vide circular No. SMD/CIW/Misc/19/2009 dated June 05, 2012 we request Mr./Mrs./Ms. _____

S/o/D/o W/o _____ (where applicable) being the registered shareholder of Mahmood Textile Mills Ltd holding _____ shares having F.No./CDC A/c No. _____ hereby given the opportunity to authorize the company to directly credit in your bank account cash dividend (if any declared by the company in future.

Note:- (Please note that Dividend Mandate is optional & not compulsory, in case you don't wish your dividend to be directly credited into your bank A/c then the same shall be paid to you through Dividend Warrant.)

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of Dividend warrants. Please tick any one of the following.

YES

NO

If yes then please provide the following information.

Transfer Detail

1) IBAN number	
2) Title of Bank Account;	
3) Bank Account number;	
4) Bank Code and Branch; Code	
5) Bank Name, Branch Name and Address;	
6) Cell/Landline Number;	
7) CNIC number; and	
8) Email Address.	

INCOME TAX RETURN FILING STATUS

Confirmation for filing status of Income Tax return for application of revised rates pursuant to the provisions of Finance Act, 2018

The Company Secretary
Mahmood Textile Mills Limited
Mehr Manzil, Lohari Gate,
Multan.

Dear Sir

I, Mr./Mrs./Ms _____ S/O, D/O, W/O _____
hereby confirm that I am registered as National Tax Payer and my relevant detail is given below:-

Folio No./CDC A/c No.	Name	NTN No.	CNIC # in case of Individual & CUIN in case of Company	Income Tax return for the year _____ filed

It is stated that the above mentioned information is correct.

Signatures of Shareholder

Note:

- Shareholders are also requested to communicate aforesaid information to relevant members of Stock Exchange & CDC (in case of CDC Account holders).
- Please attach attested copy of CNIC and receipt of Income Tax return filed

INVESTORS' EDUCATION

In compliance with the Securities and Exchange Commission of Pakistan's SRO 924(1)/2015 dated September 9, 2015, Investors' attention is invited to the following information message:

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-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
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-  Online Quizzes



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Securities and Exchange
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*Mobile apps are also available for download for android and ios devices



MAHMOOD GROUP

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