# ANNUAL REPORT

2023

MAHMOOD TEXTILE MILLS

MAHMOOD GROUP

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# 01 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

### 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 P.M) 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 CNIC's (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:

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**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:**

1. 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."

2. Copy of CNIC / Passport (in case of foreigner) should be enclosed with the postal ballot form.

3. 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.

4. Signature on ballot paper should match with the signature on CNIC / Passport.

5. Incomplete, unsigned, incorrect, defaced torn, mutilated, overwritten ballot paper will be rejected.

6. 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.

7. 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.

8. 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

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

# چیئرمین کی جائزہ رپورٹ

میں 30 جون 2023ء کوختم ہونے والے مالی سال کے لئے محمود ٹیکسٹائل ملز کی سالانہ رپورٹ پیش کرتے ہوئے دلی مسرت محسوس کررہا ہوں۔ میں آپ سب کو اپنے پیارے ملک کے نامساعد معاشی اورسیاسی 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 بڑھتے 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 پالیا 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 مدنظر 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 اعشاریہ اور سال کے مقرر کردہ اہداف اور مجموعی کارپوریٹ تعمیل 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 انکشافات 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 رسک اور فروخت وغیرہ۔

۵۔ اندرونی نظام اور اس کے اثرات کا بھی جائزہ لیا۔

خواجہ محمد الیاس
چیئرمین

بسم الله الرحمن الرحيم

# 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 | June 30, 2022 |
|---|---|---|
| | --- Rupees in Million --- | |
| 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

Mahmoud 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

Mahmoud 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 Mahmoud 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 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/- | Sd/- |
|---|---|
| **Khawaja Muhammad Ilyas** | **Khawaja Muhammad Younus** |
| Chairman | Chief Executive Officer |

Multan
Dated: 6th October, 2023

## مقامی کپاس اور برآمدی فروخت کو اپنانا:

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۔

## ڈیجیٹلائزیشن:

### 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 مینیجرز کے ذریعے باقاعدگی سے مانیٹر کیا جاسکتا ہے۔ جس سے مسائل یا موقع 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 مینیجرز 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 تاثیر 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 سیٹنگز میں چست، ذہین ایپلی کیشنز کو موثر طریقے سے بنانے اور چلانے کے لئے ہم اوریکل فیوژن ایس کو نافذ 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 پیشنگوئی ابھی تک واضح نہیں ہے اور آنے والے عام انتخابات سیاسی اور اقتصادی دونوں طرح کے ماحول کو تبدیل کرسکتے ہیں۔ ہم اُمید کرتے ہیں کہ نئی انتظامیہ اہم ڈھانچہ جاتی تبدیلیوں کو ترجیح دے گی، معاشی مسائل کو حل کرے گی، اور قابلِ 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 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 ہوسکتی 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 فیتہ کاٹتی ہیں، شفافیت میں اضافہ کرتی ہیں، اور مُلکی 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 کونسل (SIFC) جیسے سہولت مراکز کی تعمیر انتہائی اہمیت کی حامل ہے۔ SIFC جیسے مراکز FDI کو راغب کرنے اور سہولت فراہم کرکے 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 پرزہ 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 پُراُمید 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 عملداری 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، بینکس، کلائنٹس اور سپلائرز کے تعاون کے لئے بھی شکرگزار ہیں اور اُمید کرتے ہیں کہ مستقبل میں بھی یہ تعلقات قائم رہیں گے۔

خواجہ محمد الیاس
(چیئرمین)

خواجہ محمد یونس
(چیف ایگزیکٹو آفیسر)

ملتان
تاریخ: 6 اکتوبر 2023ء

تعاون کیا اور خود سے چلنے والے دو 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 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 ایپلیکیشنز 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 منیجمنٹ، 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 گورنس کے بہترین طریقے اپنائے گئے۔
- داخلی کنٹرول کا ایک قابلِ 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 گورنس کے تمام تقاضوں کی مکمل طور پر بجا آوری کی گئی ہے۔

## آڈیٹرز:

میسرز شائن ونگ حمید چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، موجودہ آڈیٹرز ریٹائر ہو رہے ہیں اور انہیں دوبارہ تعینات کیا جا سکتا 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 اسٹریٹجک 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 نمو سے ہماری آمدنی میں USD-25 Millon کا اضافہ متوقع ہے۔

## قابلِ 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 پرُزور حمایت کر رہے ہیں۔ اپنے مینوفیکچرنگ پلانٹس میں، ہم نے اب تک 11 میگاواٹ شمسی توانائی کی صلاحیت کامیابی سے بنائی ہے۔ ہماری 17 میگاواٹ کی مجموعی طلب کو پورا کرنے کے لئے، ہم 5 میگاواٹ 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 طرزِ 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۔ قابلِ 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۔

- رعایتی فنانسنگ تک رسائی محدود ہے۔
- کپاس کی زیادہ قیمت۔
- خریداری کے عمل کو طول 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 ڈگمگائی اور ان بڑی رکاوٹوں میں سے نکلنے کے لئے درج ذیل اقدامات اور بہتر کارکردگی کا مظاہرہ کیا۔

- وہ اقدامات جو اقتصادی 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 شرحِ مبادلہ کی تبدیلیوں کے کنٹرول کے ساتھ مل کر، ہماری خالص آمدنی پر منفی اثر ڈالا اور منافع میں کمی کا سبب بنی۔

## نفع ونقصان کا خلاصہ:

| تفصیل | 30 جون 2023ء (روپے ملین میں) | 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 پُرعزم ہے۔ کمپنی نے پائیداری کے رجحانات، کارپوریٹ سماجی ذمہ داری (CSR) کے اقدامات، اور خواتین کو بااختیار 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 انوائرمنٹ 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 قابلِ 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 وینچرز:

سبز ترقی کے لئے درخت لگانا ضروری ہے اور صرف ملبوسات کے یونٹ نے میاواکی گارڈن 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 جا سکے۔

### 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 گرین ایمبسیڈر پروگرام شروع کیا ہے۔

### مستقبل کے منصوبے:

مستقبل کے منصوبوں میں کپاس کی سالانہ 300,000 گانٹھیں 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 کاٹن 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 بااختیار بنانا:

محمود ٹیکسٹائل کا خیال ہے کہ جب تک خواتین کو بااختیار 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

کے ساتھ پیش کر رہے ہیں جن کے لئے ہوشیار، نیویگیشن 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 وژن کی ضرورت ہے۔

## پاکستان کے معاشی چیلنجز:

پاکستان کی معیشت کے لئے ایک اہم تشویش مسلسل بلند شرح سود ہے جس نے کاروبار کو بُری 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 آپریٹنز کی بندش کا باعث بنی ہیں۔خاص طور پر، ان آزمائشی حالات کا مقابلہ بنیادی طور پر بڑی، عموی 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 کُل برآمدات کا 60 فیصد سے زائد ہے۔اس صنعت کو درپیش چیلنجز خصوصی طور پر مقامی طور پر اگائی جانے والی کپاس کی کمی کے پیشِ نظر، کپاس کی درآمدات کے لئے غیر ملکی کرنسی سے رقم مختص کی جانی چاہیے۔ان رکاوٹوں کی وجہ سے ٹیکسٹائل کی برآمدات میں سال بہ سال 15 فیصد نمایاں کمی واقع 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 خام 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 ملین کپاس کی گانٹھوں کی سالانہ سپلائی پر انحصار کرتی ہے۔تاہم گذشتہ سال کے لئے کپاس کی ملکی پیداوار 4.5 ملین گانٹھوں تک محدود ہے۔جس کی وجہ سے اہم درآمدات کی ضرورت ہے۔زرمبادلہ کے چیلنجز روئی اور دیگر ضروری برآمدی سامان کی درآمد میں رکاوٹ ہیں۔جس کی وجہ سے Damages اور تاخیر سے منسلک اخراجات میں اضافہ ہوجاتا 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 ملین گانٹھیں کپاس درآمد کرنی پڑیں۔تاہم لیٹر آف کریڈٹ (LC) کی پابندیوں کے نفاذ اور مقامی منڈیوں کو محدود سپلائی ممکمہ طور پر آرڈر پورا کرنے میں تاخیر کا سبب بن سکتی ہے جس کے نتیجے میں ٹیکسٹائل کی پیداوار میں کمی واقع ہوسکتی ہے۔

## توانائی کے ٹیرف جو علاقائی طور پر مسابقتی ہیں:

ٹیکسٹائل کی صنعت کو 100% بلنگ کی درستگی اور صفر 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 ملکی 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۔

بسم اللہ الرحمن الرحیم

# ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز 30 جون 2023ء کوختم ہونے والے مالیاتی سال کے گوشواروں اورآڈیٹرز کی رپورٹ پیش کرتے ہوئے بڑی مسرت محسوس کررہے ہیں۔

## یادداشت:

ہمارے عزیز چیئرمین جو کہ جون 2023ء کوبقضائے الٰہی وفات پا گئے تھے۔ہم اس رپورٹ کوشروع 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 در و دیوار پر محسوس کیا جاسکتا ہے جو کہ ایک پائیدار روشنی کے طور پر چمک رہا ہے۔ان کی قیادت میں ہماری کمپنی نے متعدد سنگِ میل عبور کئے اور اپنے آپ کو اس ملک کی ٹیکسٹائل انڈسٹری میں ایک قابلِ 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 عطاء 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 ناقابلِ تلافی نقصان اور کبھی پُر نہ ہونے والا خلاء چھوڑ گئے ہیں۔اللہ تعالیٰ مرحوم کو اعلیٰ درجات عطاء فرمائے (آمین)

جناب خواجہ محمد اقبال صاحب کی وراثت ہمارے لئے ہمہ وقت مینارہ نور کا کام کرے گی۔جو ہمیں ان حیرت انگیز بلندیوں کی یاد دلاتا ہے جو ہم بصیرت،عزم اور دیانت کی قیادت میں حاصل کرسکتے 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 کوختم ہو رہا ہے۔ایک دوسرے سے پیوستہ معاشی مشکلات کا ایک لامتناعی سلسلہ ہے جس نے ملکی اور بین الاقوامی دونوں محاذوں پر مشکل چیلنجز کھڑے کردیئے ہیں۔

## عالمی اقتصادی منظرنامہ:

سست اقتصادی ترقی اور کساد بازاری کے ساتھ مسلسل جدوجہد عالمی اقتصادی منظور نامہ کی ایک خاص خصوصں 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 جوڑ نے بجٹ کے وسائل پر بہت زیادہ دباؤ قائم کردیا ہے۔

## عالمی سطح پر مرکزی بینک کا ردعمل:

دنیا بھر کے مرکزی بینکوں نے بڑھتے ہوئے مالیاتی عدم استحکام کو روکنے کے لئے شرح سود میں نمایاں اضافہ کرکے فیصلہ کُن کاروائی کی ہے۔اس فعال اقدام کا مقصد بڑھتے ہوئے افراطِ زر کو لگام 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 پُرعزم ہیں۔

## گھریلو چیلنجز:

گھریلو محاذ پر، ہماری تیزی سے پھیلتی ہوئی مالی ذمہ داریوں کو موثر طریقے سے سنبھالنا ایک مشکل کام میں تبدیل ہوگیا 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 ہوگئے ہیں جس سے پہلے سے موجود زبردست چیلنجز میں اضافہ ہوگیا 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 قابلِ 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 کردیا 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

# 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 Pink-tober 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

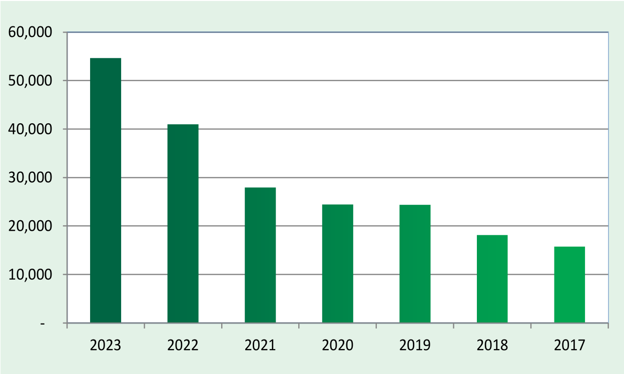
SIX YEARS REVIEW AT A GLANCE

Rupees in Million

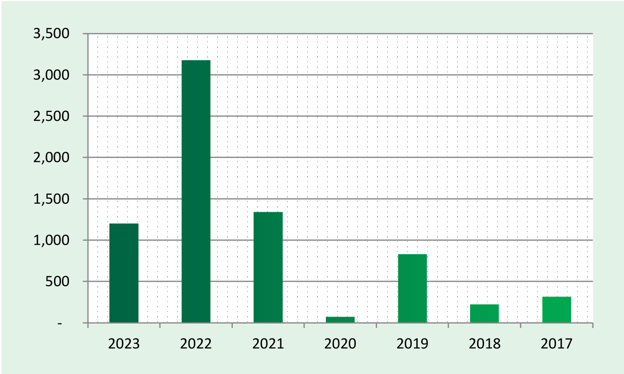
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| FIXED ASSETS | 17,655 | 13,939 | 9,697 | 8,581 | 8,941 | 5,594 |
| INVESTMENT PROPERTY | 163 | - | - | - | - | - |
| INTANGIBLE ASSET | 5 | 7 | - | - | - | - |
| LONG TERM INVESTMENTS | 5,539 | 5,114 | 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

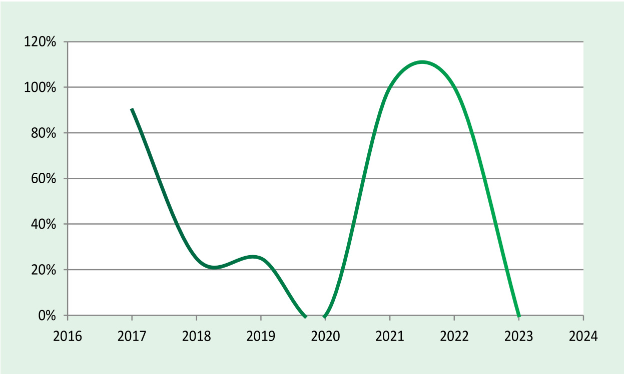
## Sales (Rs. in million)



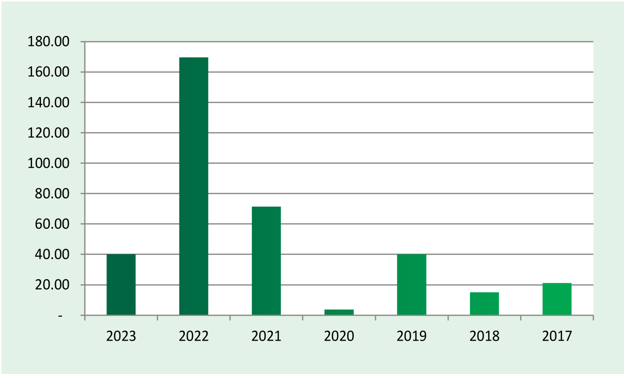

## Profit after Taxation (Rs. in million)



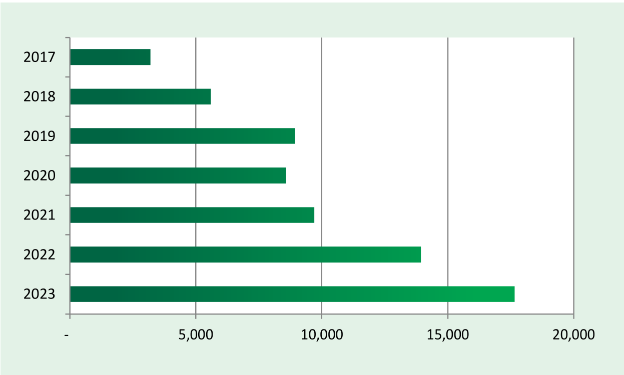

## Dividends (Rupees)



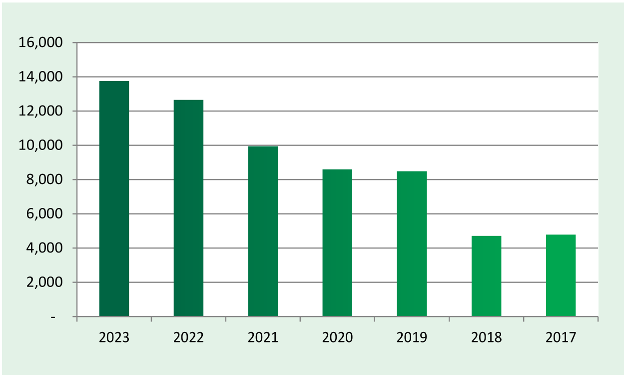

## Earning per Share (Rupees)




## 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<br>Mr. Muhammad Asghar |
| Non-Executive Directors | Mr. Khawaja Muhammad Ilyas<br>Mr. Khawaja Muhammad Younus<br>Mr. Khawaja Muhammad Muzaffar Iqbal<br>Mr. Khawaja Muhammad Anees |
| Executive Directors | Mr. Khawaja Muhammad Iqbal<br>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: Sd/
Dated: 6th October, 2023 Chairman

# PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

| NUMBER OF SHAREHOLDERS | SHAREHOLDING FROM | TO | | TOTAL SHARES HELD |
|---|---|---|---|---|
| 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 childern | 8 | 5,315,996 | 17.72 |
| Associated Companies Under takings & related parties: | 1 | 800 | |
| 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): | 21,758 | 0.07% |
| | - NIT & ICP | | |
| 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 | 1,765,995 | |
| | Mst.Rubina Wadood (Spouse) | 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 Directer | 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.

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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. | **Revenue**<br><br>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% ascompared to preceding year.<br><br>Considering the significance of amounts involved and that the revenue is a keyindicator of performance measurement of the Company, we have considered revenue recognition as a key audit matter. | Our audit procedures to assess recognition of revenue, amongst others, included the following:<br><br>- 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;<br><br>- evaluated the appropriateness of the Company's revenue recognition policies, in accordance with the relevant IFRS;<br><br>- reviewed, on a sample basis, salestransactions 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 |
|---|---|---|
| | | - 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;<br>- correlated the revenue transactions with movement in receivables and monetary balances and compared with the results from our balance confirmation procedures;<br>- reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents; and<br>- 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. |
| 2. | **Valuation of stock-in-trade**<br><br>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.<br>Stock-in-trade at the reporting date mainly included raw materials and finished goods (note 11).<br><br>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.<br><br>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. | Our audit procedures to assess valuation of stock-in-trade, amongst others, included the<br>- assessed the appropriateness of management assumptions applied in calculating the value of stock-in-trade and validated the valuation by taking following steps:<br>- assessed whether the Company's accounting policy for inventory valuation was in line with the applicable financial reporting standards;<br>- attended inventory count at the year-end and reconciled physical inventory with inventory lists provided to ensure completeness of data;<br>- assessed historical cost recorded in inventory valuation by checking purchase invoices on sample basis;<br>- tested reasonability of assumptions applied by the management in allocation of labour and other various overhead costs to inventories; and<br>- 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. | **Financing obligations and compliance with related covenant requirements**<br><br>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 ofthe Company (note 19).<br><br>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.<br><br>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. | Our audit procedures in relation to verification of long term financing mainly included the following:<br><br>- reviewed terms and conditions of financing agreements entered into by the Company with various banks and financial institutions;<br><br>- circularised direct balance confirmations to banks and financial institutions and verified receipts and payments from relevant statements;<br><br>- reviewed maturity analysis of financing toascertain the classification of financing as per their remaining maturities;<br><br>- 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;<br><br>- assessed the adequacy of disclosures made in respect of the long term financing obligations in the financial statements; and<br><br>- 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 upto 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.

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

Date: 6th October, 2023
UDIN: AR2023101952WIJwaAr6

# 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** | 27 | | |

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

| sd/- | sd/- | sd/- |
|---|---|---|
| **Kh. Muhammad Ilyas** | **Kh. Muhammad Younus** | **Yasir Ghaffar** |
| Chairman | Director | 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/- | sd/- | sd/- |
| **Kh. Muhammad Ilyas** | **Kh. Muhammad Younus** | **Yasir Ghaffar** |
| Chairman | Director | 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/- | sd/- | sd/- |
|---|---|---|
| **Kh. Muhammad Ilyas** | **Kh. Muhammad Younus** | **Yasir Ghaffar** |
| Chairman | Director | 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 | |
| | ---------- Rupees ---------- | | | | | |
| 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/- | sd/- | sd/- |
|---|---|---|
| **Kh. Muhammad Ilyas** | **Kh. Muhammad Younus** | **Yasir Ghaffar** |
| Chairman | Director | 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/- | sd/- | sd/- |
|---|---|---|
| **Kh. Muhammad Ilyas** | **Kh. Muhammad Younus** | **Yasir Ghaffar** |
| Chairman | Director | 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 contacts. 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

**5.1 Operating fixed assets**

| Particulars | Owned | | | | | | | | | | | | | | | Leased / right of use assets | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | Weighing bridge | Sub-total | Leasehold land | Vehicles | Sub-total | Grand total |
| | Rupees | | | | | | | | | | | | | | | | | | |
| 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 | 369,651,871 | 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 | 241,723,590 | 3,812,186,962 | 566,231,433 | 13,473,943 | 156,781,647 | 3,070,845 | 4,989,741 | 246,904,019 | 3,522,951 | 11,010,022 | 33,884,640 | 3,693,405 | 5,844,140,944 | - | 1,640,343 | 1,640,343 | 5,845,781,287 |
| Book value | 1,070,450,000 | 1,303,340,541 | 685,308,543 | 3,618,575,802 | 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 | 7,756,517,710 | 369,776,000 | 13,293,420 | 383,069,420 | 8,139,587,130 |
| 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 | 2,961,128 | - | 575,585,765 | 20,120 | 3,680,927 | 84,679,678 | - | 4,147,852,129 | - | 15,490,820 | 15,490,820 | 4,163,342,949 |
| Disposals | | | | | | | | | | | | | | | | | | | |
| Cost | - | - | - | (153,428,151) | - | - | (106,005,244) | - | - | - | - | - | - | - | (259,433,395) | - | - | - | (259,433,395) |
| Depreciation | - | - | - | 121,169,702 | - | - | 51,101,566 | - | - | - | - | - | - | - | 172,271,268 | - | - | - | 172,271,268 |
| 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 | 1,224,293,387 | 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 | 905,820 | 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 | 259,560,382 | 4,744,564,238 | 74,049,085 | 36,885,603 | 277,198,798 | 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 | | | | | | | | | | | | | | | | | | | |
| Cost | - | - | - | (25,606,325) | - | - | (167,672,925) | - | - | - | - | - | - | - | (193,279,250) | - | - | - | (193,279,250) |
| Depreciation | - | - | - | 22,680,489 | - | - | 55,136,408 | - | - | - | - | - | - | - | 77,816,897 | - | - | - | 77,816,897 |
| 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 | 328,463 | 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 | 9,297,482,787 | 877,056,772 | 95,320,285 | 514,462,900 | 6,362,376 | 10,715,778 | 1,321,640,617 | 6,884,389 | 25,374,730 | 128,898,806 | 4,699,872 | 17,489,077,388 | 369,776,000 | 30,424,583 | 400,200,583 | 17,889,277,971 |
| Accumulated depreciation | - | 902,816,019 | 313,476,331 | 4,150,345,538 | 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 | 905,820 | 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 | 3,293,928,560 | 2,177,883,093 | 14,016,440,700 | 951,105,857 | 132,205,888 | 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 | 24,601,000,639 | 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 | 28,426,283 | 201,178,596 | 3,567,809 | 5,548,030 | 447,519,863 | 4,187,390 | 13,561,804 | 78,078,894 | 4,005,323 | 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 | | - | 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 proceeds / insurance claim | Gain/(Loss) | Sold through negotiation to / insurance claim received from |
|---|---|---|---|---|---|---|
| | ------------------------------ | | 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 Shoaib 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. Shoaib 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

| | | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|---|
| **5.10** | **Capital work-in-progress** | | | |
| | 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 |

| | | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|---|
| **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.

| | | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|---|
| **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.**

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| 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)**

| | Note | 2023 | 2022 |
|---|---|---|---|
| (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.

| | | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **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

| | | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|---|
| **19.** | **LONG TERM FINANCES** - Secured | | | |
| | 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 (ILTFF) | 32 quarterly June, 2024 | 1.50% over 6 months KIBOR | 423,702,330 | 98,413,330 |
| Diminishing Musharakah (ILTFF) | 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**

| Name of Facility | No. of instalments and repayment commencement date | Rate of mark-up per annum | 2023 Rupees | 2022 Rupees |
|---|---|---|---|---|
| **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 BAHL**

| | | | | |
|---|---|---|---|---|
| **State Bank of Pakistan - Export Oriented Projects** | | | | |
| Finance 1 | 16 equal quarterly September, 2021 | 2.45% flat | 382,500,000 | 446,250,000 |
| LTFF-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 |

**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 | - |
| LTFF- Solar Loan | 32 equal quarterly March, 2023 | 2.00% over 6 months KIBOR | - | 20,053,900 |
| LTFF- Solar Loan | 32 equal quarterly March, 2023 | 5% Flat | 280,869,900 | 279,540,660 |
| LTFF-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 |

# 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 | - |

**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 finances 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 |

| | | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| **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 | 2022 |
|---|---|---|---|
| | | (Rupees in million) | |
| **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 | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| 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

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| 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

| | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| 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 | | | | |
|---|---|---|---|---|---|
| | Long term finances | Lease liabilities | Unclaimed dividends | Short term borrowings | Total |
| | ------------------- | ------------ | 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 |
|---|---|---|---|---|
| **As at June 30, 2023** | ---------- Rupees ---------- | | | |
| 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 | 2022 | 2023 | 2022 |
|---|---|---|---|---|
| | Effective mark-up rate | | 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:

| | | |
|---|---|---|
| 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/- | sd/- | sd/- |
|---|---|---|
| **Kh. Muhammad Ilyas** | **Kh. Muhammad Younus** | **Yasir Ghaffar** |
| Chairman | Director | 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 ______________

Adress ______________ 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:**

1. 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.

2. 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.

(i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

(ii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

(iii) 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).

# پراکسی فارم

میں / ہم ---------------------------------------------------------------------------------------------------

ساکن ------------------------------------------------------------------- بطور ممبر (ز) محمود ٹیکسٹائل ملز لمیٹڈ

حامل --------------------------- عام حصص، محترم / محترمہ ----------------------------------------------------

ساکن --------------------------------------------------یا ان کے حاضر نہ ہو سکنے کی صورت میں---------------------------------

ساکن --------------------------------------------------------------- کواپنے/ہمارے ایماء پر کمپنی کے مورخہ 28 اکتوبر 2023ء بروز

ہفتہ 11.00 بجے کمپنی کے رجسٹرڈ آفس مہرمنزل، لوہاری گیٹ، ملتان میں ہونے والے 53 واں سالانہ عمومی اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کیلئے اپنا/ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

**ممبر کے دستخط**

**گواہ کے دستخط**

نام ..........................................................................................

CNIC / پاسپورٹ نمبر ..........................................................................

ایڈریس ..........................................................................................

**گواہ کے دستخط**

نام ..........................................................................................

CNIC / پاسپورٹ نمبر ..........................................................................

ایڈریس ..........................................................................................

| فولیو نمبر | سی ڈی سی اکاؤنٹ نمبر | |
|---|---|---|
| | شرکت دار کی شناخت | اکاؤنٹ نمبر |
| | | |

رسیدی ٹکٹ پر دستخط

اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت ہونا لازمی ہے

**اہم نکات:**

1۔ ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئرز رجسٹرار کے دفتر میں موصول ہو جانا چاہیے۔

2۔ اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹ آف پراکسی کالعدم قرار دیئے جائیں گے۔

3۔ **سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے مزید برآں درج ذیل شرائط کو پورا کریں گے۔**

(i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یاپاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔

(ii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔

(iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہو گی۔

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

I/We, ______________________________ of ____________________, being a member of Mahmod 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 بمطابق E-voting ریگولیشنز

میں/ہم ............................ آف ............................ بحیثیت ممبر محمود ٹیکسٹائل ملز لمیٹڈ حامل ............................ عام شیئرز رجسٹرڈ فولیونمبر/ 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 رضا مندی 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:

MAHMOOD GROUP

**Mahmood Textile Mills Limited**

Head Office: Mehr Manzil, O/s Lohari Gate,
P.O. Box 28, Multan - Pakistan.
(92 61) 111 181 181
(92 61) 4511262, 4549711
mtm@mahmoodgroup.com
www.mahmoodgroup.com