AEL

Dated: 03 January 2024

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building,
Stock Exchange Road, Karachi – 74000

MISCELLANEOUS INFORMATION – AUDITED ACCOUNTS OF STYLERS INTERNATIONAL LIMITED

Dear Sir,

This is with reference to listing application of Stylers International Limited (SIL) pursuant to the sanction of the scheme of merger by the Honorable Lahore High Court, Lahore (the "Court") wherein AEL Textiles Limited (AEL) shall be merged with and into SIL. We are enclosing annual audited accounts of SIL for the year ended 2022 for your information.

You may please inform the TRE Certificate Holders of the Exchange, accordingly.

Yours truly
For AEL Textiles Limited

Company Secretary

AEL TEXTILES LIMITED

CC; -Executive Director/HOD, Offsite-II Department, Supervision Division SECP-ISD.

AEL Textiles Limited
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STYLERS INTERNATIONAL LIMITED

Report on the Audit of the Financial Statements for the year ended 30 June 2022

Opinion

We have audited the annexed financial statements of Stylers International Limited (the Company), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up

to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Abdullah Fahad Masood.

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants
Lahore: 23 January 2023
UDIN: AR202210177BvlLdchuM

STYLERS INTERNATIONAL LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,929,867,668	2,479,214,626
Right-of-use assets	7	308,511,079	404,670,793
Investment property	8	298,728,000	263,863,000
Intangible assets	9	1,095,897	2,583,643
Long-term investment	10	293,750,000	-
Long-term deposits and advances	11	45,987,378	11,482,061
		3,877,940,022	3,161,814,123
CURRENT ASSETS			
Stores, spare parts and loose tools	12	43,023,796	30,804,520
Stock-in-trade	13	2,075,383,463	1,611,947,524
Trade debts	14	1,779,977,885	975,170,564
Loans, advances, trade deposits and prepayments	15	263,824,094	49,806,707
Other receivables	16	45,162,341	35,113,000
Net defined benefit assets	24	21,009,141	-
Due from the Government	17	1,228,153,356	1,081,508,036
Cash and bank balances	18	614,515,008	1,000,519,396
		6,071,049,084	4,784,869,747
TOTAL ASSETS		9,948,989,106	7,946,683,870
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 550,000,000 (2021: 550,000,000) ordinary shares of Rs. 10 each (2021: Rs. 10 each)		5,500,000,000	5,500,000,000
Issued, subscribed and paid-up share capital	19	4,304,874,200	4,304,874,200
Revaluation surplus on property, plant and equipment	6	450,194,473	452,666,544
Share deposit money	20	200,000,000	-
Revenue reserves		920,496,200	277,152,605
		5,875,564,873	5,034,693,349
NON-CURRENT LIABILITIES			
Lease liabilities	21	272,935,767	385,487,690
Leave encashment	22	16,457,099	35,208,131
Deferred taxation	23	17,344,077	3,989,156
		306,736,943	424,684,977
CURRENT LIABILITIES			
Net defined benefit liabilities	24	-	29,079,473
Trade and other payables	25	3,345,087,240	2,346,757,126
Current portion of lease liabilities	21	120,850,050	85,848,477
Short-term borrowings	26	300,750,000	25,620,468
		3,766,687,290	2,487,305,544
CONTINGENCIES AND COMMITMENTS	27	-	-
TOTAL EQUITY AND LIABILITIES		9,948,989,106	7,946,683,870

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Executive

Director

STYLERS INTERNATIONAL LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
Revenue from contract with customers	28	**14,086,106,449**	10,913,612,977
Cost of revenue	29	**(12,177,279,452)**	(8,575,355,396)
Gross profit		**1,908,826,997**	2,338,257,581
Administrative expenses	30	**(369,232,295)**	(376,046,203)
Selling and distribution expenses	31	**(652,098,834)**	(422,322,204)
Other operating expenses	32	**(249,739,904)**	(206,295,163)
Other operating income	33	**298,083,163**	69,192,333
Operating profit		**935,839,127**	1,402,786,344
Finance costs	34	**(141,583,212)**	(116,106,368)
Profit before taxation		**794,255,915**	1,286,679,976
Taxation	35	**(144,411,850)**	(124,731,794)
Profit after taxation		**649,844,065**	1,161,948,182

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Executive

Director

STYLERS INTERNATIONAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
Profit after taxation	A	**649,844,065**	1,161,948,182
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss in subsequent periods - net of tax			
- Re-measurement (loss) / gain on retirement benefits		(8,972,541)	1,907,249
- Surplus on revaluation of property, plant and equipment		-	452,666,544
		(8,972,541)	454,573,793
Items that may be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive (loss) / income	B	(8,972,541)	454,573,793
Total comprehensive income	A+B	640,871,524	1,616,521,975

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Executive

Director

STYLERS INTERNATIONAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

					Capital reserve		Revenue reserves			
	Share capital	Share deposit money	Right Issue subscription against cash	Right Issue subscription against other than cash	Share premium	Revaluation surplus	Merger reserves	General reserve	Unappropriated profits	Total
		(Rupees)								
Balance as at 30 June 2020 - restated	4,100,000	-	-	-	-	-	112,828,096	451,557,357	1,649,685,921	2,218,171,374
Profit after taxation	-	-	-	-	-	-	-	-	1,161,948,182	1,161,948,182
Other comprehensive income	-	-	-	-	-	452,666,544	-	-	1,907,249	454,573,793
Total comprehensive income for the period	-	-	-	-	-	452,666,544	-	-	1,163,855,431	1,616,521,975
Cancellation of 1,000,000 shares of AFPL at Rs. 100 each and Issuance of 7,742 ordinary shares at Rs. 100 each	774,200	-	-	-	112,053,896	-	(112,828,096)	-	-	-
Bonus shares issued at Rs. 10 each	3,100,000,000	-	-	-	(112,053,896)	-	-	(451,557,357)	(2,536,388,747)	-
Subscription received against right issue	-	-	1,164,250,000	35,750,000	-	-	-	-	-	1,200,000,000
Issue of right shares at Rs. 10 each	1,200,000,000	-	(1,164,250,000)	(35,750,000)	-	-	-	-	-	-
Balance as at 30 June 2021	**4,304,874,200**	-	-	-	-	**452,666,544**	-	-	**277,152,605**	**5,034,693,349**
Share deposit money received	-	**200,000,000**	-	-	-	-	-	-	-	**200,000,000**
Profit after taxation	-	-	-	-	-	-	-	-	**649,844,065**	**649,844,065**
Other comprehensive income	-	-	-	-	-	-	-	-	**(8,972,541)**	**(8,972,541)**
Total comprehensive income for the period	-	-	-	-	-	-	-	-	**640,871,524**	**640,871,524**
Transfer of incremental depreciation	-	-	-	-	-	**(2,472,071)**	-	-	**2,472,071**	-
Balance as at 30 June 2022	**4,304,874,200**	**200,000,000**	-	-	-	**450,194,473**	-	-	**920,496,200**	**5,875,564,873**

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Executive

Director

STYLERS INTERNATIONAL LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		794,255,915	1,286,679,976
Adjustment for non-cash items:			
Depreciation of operating fixed assets	6.1.6	162,773,785	137,145,220
Depreciation of right-of-use assets	7.1	93,444,285	91,551,208
Amortization of intangible assets	9	1,487,746	2,320,466
Gain from fair value measurement on investment property	8	(34,865,000)	(14,791,870)
Gain on disposal of fixed assets	33	(31,872)	(12,211,043)
Fixed assets write-off	6	-	3,459,832
Trade debts write off	14	920,705	-
Provision / (reversal) for slow moving raw material	13.2	13,203,357	(10,643,448)
Reversal of provision for slow moving stores, spare parts and loose tools	12.1	(318,017)	(1,330,272)
(Reversal) / charge of provision for leave encashment	22	(7,476,092)	8,588,193
Provision for gratuity	24.3	104,387,889	102,689,772
Finance cost	34	141,583,212	116,106,368
Provision for workers' profit participation fund	32	23,226,339	42,066,150
Provision for workers' welfare fund	32	16,726,914	24,838,718
Net foreign exchange loss / (gain) - unrealized		58,765,360	(26,469,845)
(Gain) / loss on foreign exchange forward contracts - net	32 & 33	(235,780,244)	22,961,787
		338,048,367	486,281,237
Operating profit before working capital changes		1,132,304,282	1,772,961,213
Effect on cash flow due to working capital changes			
(Increase) / decrease in current assets:			
Stock-in-trade		(476,639,296)	(358,065,705)
Stores, spare parts and loose tools		(11,901,259)	(11,999,045)
Trade debts		(786,588,161)	(407,465,549)
Loans, advances, trade deposits and prepayments		(214,017,387)	(4,405,694)
Other receivables		(10,049,341)	(1,527,005)
Due from the Government		(129,575,238)	(470,530,660)
		(1,628,770,682)	(1,253,993,658)
Increase / (decrease) in current liabilities:			
Trade and other payables		1,136,261,583	732,056,622
Net cash generated from operations		639,795,183	1,251,024,177
Gratuity paid		(165,000,000)	(112,000,000)
Leave encashment paid		(11,274,940)	(5,340,962)
Bank charges and commission paid		(101,190,305)	(73,437,531)
Workers' profit participation fund paid	25.3	(27,876,469)	(28,827,663)
Workers' welfare fund paid		(28,390,946)	-
Income tax paid		(146,576,055)	(106,742,325)
Net increase in long-term deposits		(34,505,317)	(18,250,257)
		(514,814,032)	(344,598,738)
Net cash generated from operating activities		124,981,151	906,425,439
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(613,469,330)	(419,424,772)
Proceeds from sale of fixed assets		74,375	59,857,452
Purchase of investment property		-	(27,736,000)
Payments for long term investments		(293,750,000)	-
Net cash used in investing activities		(907,144,955)	(387,303,320)
CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money received		200,000,000	-
Short-term borrowings obtained		280,000,000	401,898,198
Short-term borrowings repaid		(4,870,468)	(161,623,242)
Payment of lease liability		(115,227,828)	(85,807,741)
Net cash flow generated from financing activities		359,901,704	154,467,215
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(422,262,100)	673,589,334
Net foreign exchange difference		36,257,712	(2,710,879)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,000,519,396	329,640,941
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18	614,515,008	1,000,519,396

The annexed notes from 1 to 42 form an integral part of these financial statements.

Chief Executive **Director**

1 THE COMPANY AND ITS OPERATIONS

Stylers International Limited ('the Company' or 'SIL') was incorporated in Pakistan as a private limited company under the Companies Ordinance, 1984 (now Companies Act, 2017) on 27 November 1991 and was converted into a public limited company with effect from 21 May 2021. The Company is principally engaged in carrying out manufacturing, marketing of ready made garments and processing services.

BUSINESS UNIT	LOCATION
Registered office and manufacturing units	20-K.M., Ferozepur Road, Anum Road, Glaxo Town, Lahore.

The Company has total 3 manufacturing units at the same location.

2 STATEMENT OF COMPLIANCE

2.1 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; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 New standards, interpretations and amendments applicable to the financial statements for the year ended 30 June

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective for annual period beginning on 01 July 2021, as listed below. The Company has not early-adopted any standard, interpretation or amendment that has been issued but is not yet effective.

New Amendments

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 – Amendments
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of amendments applied for the first time in the year did not have any material impact on the financial statements of the Company.

2.3 Standards, Interpretations and amendments to approved accounting standards that are not yet effective:

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		IASB Effective date (annual periods beginning on or after)
IFRS 3	- Reference to conceptual framework — (Amendments)	1 January 2022
IAS 16	- Property, plant and equipment – (Amendments)	1 January 2022
IAS 37	- Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.	1 January 2022
IAS 1	- Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.	01 January 2022
IAS 1 and IFRS Practice Statement 2	- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by: Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies; and Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.	01 January 2023

Standard or Interpretation		IASB Effective date (annual periods beginning on or after)
IAS 8	- Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.	01 January 2023
IAS 12	- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.	01 January 2023
IFRS 10 & IAS 28	- Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	01 January 2023

The Company expects that the adoption of the amendments will have no material effect on the Company's financial statements.

In addition to the above new standards and amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after January 01, 2022:

IFRS 9	Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.
IFRS 1	As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.
IAS 41	Agriculture: Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards		IASB Effective date (annual periods beginning on or after)
IFRS 1	- First-time Adoption of International Financial Reporting Standard	01 July 2009
IFRS 17	- Insurance Contracts	01 January 2023

The Company expects that above mentioned standards will not have any material impact on the Company's financial statements in the period of initial application.

3 BASIS OF MEASUREMENT

3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention except that deferred liabilities are recognized on the basis mentioned in note 5.11 and inventories are stated at lower of cost and NRV.

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional currency. Figures have been rounded off to the nearest Pak Rupees, unless otherwise stated.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

4.1 Staff retirement benefits

The cost of retirement benefits is determined using actuarial valuations (Projected Unit Credit Actuarial Cost Method). The actuarial valuations involve making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates based on various economic and demographic factors and assumptions. Due to long term nature of these plans, such estimates are subject to uncertainty.

4.2 Useful lives, pattern of economic benefits and impairment

Estimates with respect to depreciable lives and pattern of flow of economic benefits are based on the analysis of the management of the Company based on similar transactions in the past and generally available market data. Further, the Company reviews the value of the asset for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effect on the depreciation charge and impairment.

4.3 Revaluation of land and building and investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognized in the statement of profit or loss. Investment properties are measured at market value. In addition, it measures land and building at revalued amounts, with changes in fair value being recognized in OCI. Both land and building and investment property were valued by reference to transactions involving properties of a similar nature, location and condition. The Company engaged an independent valuation specialist to assess fair values as at 30 June 2021.

Other areas where estimates and judgments are involved have been disclosed in respective notes to the financial statements.

5 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 periods presented, except as stated in note 2.2.

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land and building on freehold land which is stated at revalued amount less accumulated depreciation and accumulated impairment losses, if any. Valuations are performed by independent valuer with sufficient frequency to ensure that fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation is provided on straight line method at the rates given in schedule of property, plant and equipment and charged to statement of profit or loss to write off the depreciable amount of each asset over its useful life. Full depreciation on addition in property, plant and equipment is charged in the month of purchase while no depreciation is charged in the month of disposal.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment any be impaired. If such indication exists the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized, if any. Normal repairs and maintenance are charged to profit or loss as and when incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of profit or loss.

On 30 June 2021, the Company has elected to change the accounting policy for freehold land and building on freehold land to revaluation model. The Company had previously measured freehold land and building on freehold land using the cost model whereby, after initial recognition, the asset was stated at cost less accumulated depreciation and accumulated impairment losses, if any. The Company believes that the revaluation model for freehold land and building on freehold land provides more relevant information to the users of its financial statements. In addition, available valuation techniques provide reliable estimates of the revalued assets' fair value. The Company has applied the revaluation model in accordance with requirement of IAS 16. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

5.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the reporting date less accumulated impairment losses, if any. Capital work-in-progress is recognized as an operating fixed asset when it is made available for intended use.

5.2 Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

The useful lives, residual values, depreciation method and impairment loss are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis. Further, fair value determination for the purpose of impairment loss requires adjustments for any differences in nature, location and condition of the investment property, if any, which involves significant judgment.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment properties of the Company consist only of land, therefore no depreciation expense relates to the these properties.

5.3 Intangible assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and that the cost of such an asset can also be measured reliably. Intangible assets are stated at cost less accumulated amortization and any identified impairment loss. Costs associated with maintaining the assets are charged to the statement of profit or loss as and when incurred, however, costs that are directly attributable to the identifiable assets and have probable economic benefits exceeding one year, are recognized as intangible assets.

Intangible asset is estimated to have definite useful life and are amortized from the month it is acquired or made available for use, using straight line method. Intangible asset is reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of pervious impairment losses, if any. If any such indications exist, an estimate of the recoverable amount is calculated and impairment loss is recognized 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.

5.4 Leases

a) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

b) Lease liabilities - rented premises

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its market borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. Further, the Company does not have any interest bearing borrowings therefore incremental borrowing rate of the Company is not available. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

5.5 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at lower of cost and net realizable value except those in transit, which are stated at invoice value including other charges, if any, incurred thereon. Cost is determined at moving average method. Items considered obsolete are carried at nil value.

Provision for slow moving stores, spares and loose tools is made on the basis of management’s estimate of net realizable value and ageing analysis prepared on an item-by-item basis.

5.6 Stock-in-trade

All stocks are stated at lower of cost and net realizable value. Cost is determined by weighted average method except for those in transit where it represents invoice value and other charges incurred. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale. Cost of work in process and finished goods includes direct cost of materials, direct cost of labor and production overheads.

Provision for slow moving stock is made on the basis of management’s estimate of net realizable value and ageing analysis prepared on an item-by-item basis.

5.7 Contract balances

5.7.1 Trade receivables

A receivable is recognized if an amount of consideration that is unconditional, is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

5.7.2 Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognized as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

5.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost which appropriates its fair value. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

5.9 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.9.1 Financial assets - initial recognition

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include long-term security deposits, trade debts, loans and advances, other receivables and cash and bank balances.

Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at fair value through profit or loss
b) Financial assets at amortized cost (debt instruments)
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Company's financial assets at fair value through profit or loss include foreign exchange forward contracts and investment property.

b) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized costs includes trade debts, loans and advances, other receivables and bank balances.

The Company does not have any financial assets designated at fair value through OCI.

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through OCI. Designation at fair value through OCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

As at reporting date, the Company does not possess any equity instruments designated as at fair value through OCI.

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

Debt instruments that meet the following conditions are measured subsequently under this criteria:

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

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company does not have debt instruments recorded at fair value through OCI with recycling of cumulative gains and losses.

Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized when:

• The rights to receive cash flows from the asset have expired; or
• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial assets - Impairment

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset’s original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade debts, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in the statement of profit or loss.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

5.9.2 Financial liabilities

Financial liabilities - recognition

Financial liabilities are classified, at recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company’s financial liabilities include leases, short term borrowings, creditors, accrued and other liabilities.

Financial liabilities - subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

a) Financial liabilities at fair value through profit or loss
b) Financial liabilities at amortized cost (loans and borrowings)

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

b) Financial liabilities at amortized cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category applies to leases, short-term borrowings, creditors, accrued and other liabilities.

Financial liabilities - derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

5.10 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

5.11 Employee retirement and other long-term benefits

The Company operates an approved funded gratuity scheme for its permanent employees subject to completion of minimum period of service with a qualifying service period of one year. Provision is made in the financial statements to cover obligations on the basis of actuarial valuation carried out annually by an independent actuary.

Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions are charged to other comprehensive income in the period in which they arise. Current service cost and past service cost are recognized in the statement of profit or loss. Latest actuarial valuation was carried out at 30 June 2022 using the Projected Unit Credit Method with following significant assumptions:

•Discount rate 13.50% (2021: 10.25%)
•Expected rate of salary increase in future years 12.50% (2021: 9.25%)
•Expected mortality rate SLIC (2001-05) Mortality Table

Accruals are made annually to cover the obligation for accumulating compensated absences on the basis of accumulated leaves and the last drawn salary and are charged to statement of profit or loss.

5.12 Trade and other payables

Liabilities for trade creditors and other amounts payable are recognized at fair value of the consideration to be paid in future, for the goods and/or services received by the Company. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

5.13 Provisions

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

5.14 Revenue recognition

The Company is in the business of providing goods (i.e. finished garments) and services (i.e. processing services). Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Specific revenue recognition details are as follows:

Sale of goods

Revenue from the sale of goods is recognized upon the transfer of control of the goods to the customer when performance obligation is satisfied, usually at the time when bill of lading is prepared for exports and outward gate pass is approved in case of local sales, as agreed in the contract. Delivery of agreed goods to the customer is treated as single performance obligation according to IFRS 15. Payment is generally due within 30 to 120 days of satisfaction of performance obligation.

Income from processing services

Income from processing services is recognized upon the completion of performance obligation i.e. processing of required garments and dispatch of such garments to respective customer. Services of toll manufacturing are provided to local customers including related parties for which payment is generally due within 30 days of satisfaction of performance obligation.

Profit on bank deposit

Profit earned on savings and deposit accounts is accrued on time proportion basis by reference to the principal outstanding at the applicable rate of return.

5.15 Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

5.16 Taxation

Current

Provision for the current tax is based on the taxable income for the year determined in accordance with the provisions of the Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes at the reporting date.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantially enacted at the reporting date.

5.17 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognized in the statement of profit or loss as other expense or income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of profit or loss as other expense / other income.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

5.18 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current. Deferred tax liabilities are classified as non-current.

		Note	2022	2021
6	**PROPERTY, PLANT AND EQUIPMENT**		**Rupees**	Rupees
	Operating fixed assets	**6.1**	**2,471,967,258**	2,387,604,766
	Capital work-in-progress	**6.2**	**457,900,410**	91,609,860
			2,929,867,668	2,479,214,626

6.1 Operating fixed assets

2022	**COST** As at 01 July 2021	Additions	Transfer from CWIP	Revaluation surplus	Written off	Transfer out	Disposals	As at 30 June 2022	**DEPRECIATION** As at 01 July 2021	Charge for the year	Written off	Adjustment / Transfer	Disposals	As at 30 June 2022	**BOOK VALUE** As at 30 June 2022	Depreciation Rate
	(Rupees)															Percentage
Freehold land	**1,022,777,808**	**80,200,036**	**-**	**-**	**-**	**-**	**-**	**1,102,977,844**	**-**	**-**	**-**	**-**	**-**	**-**	**1,102,977,844**	**-**
Building on freehold land	**475,545,000**	**13,683,381**	**-**	**-**	**-**	**-**	**-**	**489,228,381**	**-**	**13,035,544**	**-**	**-**	**-**	**13,035,544**	**476,192,837**	**3**
Plant and machinery	**1,211,029,949**	**84,692,378**	**46,624,661**	**-**	**-**	**-**	**-**	**1,342,346,988**	**424,716,608**	**127,173,705**	**-**	**-**	**-**	**551,890,313**	**790,456,675**	**10**
Furniture and fittings	**7,531,505**	**6,333,845**	**-**	**-**	**-**	**-**	**-**	**13,865,350**	**1,772,389**	**1,297,976**	**-**	**-**	**-**	**3,070,365**	**10,794,985**	**10**
Vehicles	**35,313,501**	**24,281**	**-**	**-**	**-**	**-**	**-**	**35,337,782**	**11,305,944**	**5,174,433**	**-**	**-**	**-**	**16,480,377**	**18,857,405**	**20**
Office equipment	**2,252,180**	**27,500**	**-**	**-**	**-**	**-**	**-**	**2,279,680**	**1,307,174**	**141,829**	**-**	**-**	**-**	**1,449,003**	**830,677**	**10**
Electric installation	**46,073,783**	**4,940,395**	**-**	**-**	**-**	**-**	**-**	**51,014,178**	**18,085,635**	**4,306,083**	**-**	**-**	**-**	**22,391,718**	**28,622,460**	**10**
Tools and equipment	**54,236,166**	**7,762,048**	**-**	**-**	**-**	**-**	**-**	**61,998,214**	**22,062,283**	**5,160,966**	**-**	**-**	**-**	**27,223,249**	**34,774,965**	**10**
IT equipment	**29,955,982**	**2,890,255**	**-**	**-**	**-**	**-**	**(170,000)**	**32,676,237**	**17,861,075**	**6,483,249**	**-**	**-**	**(127,497)**	**24,216,827**	**8,459,410**	**33.33**
	2,884,715,874	**200,554,119**	**46,624,661**	**-**	**-**	**-**	**(170,000)**	**3,131,724,654**	**497,111,108**	**162,773,785**	**-**	**-**	**(127,497)**	**659,757,396**	**2,471,967,258**	

2021	COST As at 01 July 2020	Additions	Transfer from CWIP	Revaluation surplus	Written off	Transfer out	Disposals	As at 30 June 2021	DEPRECIATION As at 01 July 2020	Charge for the year	Written off	Adjustment / Transfer	Disposals	As at 30 June 2021	BOOK VALUE As at 30 June 2021	Depreciation Rate
	(Rupees)															Percentage
Freehold land	274,404,113	266,263,560	471,834,359	371,245,970	-	(221,335,130)*	(139,635,064)	1,022,777,808	-	-	-	-	-	-	1,022,777,808	-
Building on freehold land	447,245,058	11,794,253	18,652,389	82,402,363	-	(84,549,063)**	-	475,545,000	71,678,566	12,870,497	-	(84,549,063)	-	-	475,545,000	3
Plant and machinery	1,033,343,153	123,905,713	80,682,573	-	(60,700)	-	(26,840,790)	1,211,029,949	327,916,057	107,570,420	(33,503)	-	(10,736,366)	424,716,608	786,313,341	10
Furniture and fittings	13,631,392	-	-	-	(6,099,887)	-	-	7,531,505	6,508,923	1,150,418	(5,886,952)	-	-	1,772,389	5,759,116	10
Vehicles	15,510,295	22,003,206	-	-	-	-	(2,200,000)	35,313,501	10,475,860	1,416,751	-	-	(586,667)	11,305,944	24,007,557	20
Office equipment	8,335,575	650,000	-	-	(6,733,395)	-	-	2,252,180	7,349,250	520,039	(6,562,115)	-	-	1,307,174	945,006	10
Electric installation	36,757,565	9,316,218	-	-	-	-	-	46,073,783	14,588,218	3,497,417	-	-	-	18,085,635	27,988,148	10
Tools and equipment	58,669,468	4,563,590	-	-	(8,996,892)	-	-	54,236,166	23,378,048	4,632,707	(5,948,472)	-	-	22,062,283	32,173,883	10
IT equipment	23,993,517	7,726,411	-	-	(1,763,946)	-	-	29,955,982	14,138,050	5,486,971	(1,763,946)	-	-	17,861,075	12,094,907	33.33
	1,911,890,136	446,222,951	571,169,321	453,648,333	(23,654,820)	(305,884,193)	(168,675,854)	2,884,715,874	476,032,972	137,145,220	(20,194,988)	(84,549,063)	(11,323,033)	497,111,108	2,387,604,766	

* During last year, land measuring 171.6 Kanal amounting to Rs. 221,335,130 was transferred to investment property.

** This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

6.1.1 Revaluation of freehold land and buildings on freehold land was determined using the market comparable method. The valuation has been conducted on 30 June 2021 by M/s Surval (approved valuer of Pakistan Banks' Association) based on databases of prices of transaction for properties of similar nature, location and condition, creating revaluation surplus of Rs. 453,648,333 over net book value of these assets amounting to Rs. 960,125,412.

6.1.2 Had there been no revaluation, written down values of such assets as at 30 June 2022 would have been as follows:

	Cost	Net Book Value
	Rupees	Rupees
Freehold land	**651,531,838**	**651,531,838**
Buildings on freehold land	**406,826,018**	**310,219,964**
	1,058,357,856	**961,751,802**

6.1.3 Forced Sale Values of the assets under "Revaluation" are as follows:

	2022	2021
	Rupees	Rupees
Freehold land	**816,480,000**	816,480,000
Buildings on freehold land	**380,436,000**	380,436,000
	1,196,916,000	1,196,916,000

6.1.4 Company's immovable fixed assets are located at 20 km, Ferozepur Road, Anum Road, Glaxo Town, Lahore having area of 20.15 kanals and Village Bhuchoki Mahja, Tehsil Raiwind, District Lahore having area of 265.56 kanals of whcih of 17.16 kanals were purchased during the year.

6.1.5 Property, plant and equipment includes fully-depreciated assets having cost of Rs. 40,907,556 (2021: Rs. 39,204,427) that are still in use as at the reporting date.

6.1.6 The depreciation charge has been allocated as follows:

	Note	2022	2021
		Rupees	Rupees
Cost of sales	**29**	**155,653,770**	131,085,397
Administrative expenses	**30**	**3,916,008**	3,546,531
Selling and distribution expenses	**31**	**3,204,007**	2,513,292
		162,773,785	137,145,220

6.2 Capital work-in-progress

	Note	2022	2021
Civil works		**442,550,490**	54,477,451
Furniture and fixture		**13,491,173**	-
Electric installation		**1,858,747**	-
Plant and machinery		**-**	37,132,409
	6.2.1	**457,900,410**	91,609,860

6.2.1 The reconciliation of the carrying amount is as follows:

	2022	2021
Opening balance	**91,609,860**	544,120,948
Additions during the year	**412,915,211**	148,586,885
	504,525,071	692,707,833
Transferred during the year	**(46,624,661)**	(571,169,321)
Proceeds from dismantling of structure on land	**-**	(29,928,652)
Closing balance	**457,900,410**	91,609,860

7 RIGHT-OF-USE ASSETS

Building

	Note	2022	2021
Cost			
As at 1 July		**548,101,691**	244,441,465
Additions during the year		**-**	-
Lease modification		**(2,715,429)**	303,660,226
As at 30 June		**545,386,262**	548,101,691
Depreciation			
As at 1 July		**143,430,898**	51,879,690
Charge for the year	**7.1**	**93,444,285**	91,551,208
As at 30 June		**236,875,183**	143,430,898
Net book value		**308,511,079**	404,670,793
Lease term		**3.5 years to 10 Years**	3.5 years to 10 Years
Depreciation rate		**10% - 28.5%**	10% - 28.5%

		Note	2022	2021
7.1	Depreciation charge has been allocated as follows:		**Rupees**	Rupees
	Cost of sales	**29**	**74,755,429**	73,240,966
	Administrative and general expenses	**30**	**10,278,871**	10,070,633
	Selling and distribution expenses	**31**	**8,409,985**	8,239,609
			93,444,285	91,551,208
8	**INVESTMENT PROPERTY**			
	Freehold land	**8.1**	**298,728,000**	263,863,000
8.1	**Reconciliation of fair value:**			
	As at 1 July		**263,863,000**	-
	Additions during the year		**-**	27,736,000
	Reclassified from operating fixed assets		**-**	221,335,130
	Disposals during the year		**-**	-
	Gain from fair value remeasurement		**34,865,000**	14,791,870
	As at 30 June		**298,728,000**	263,863,000

The Company has applied fair value model for its investment properties measuring . Investment properties consist of three distinct pieces of land held for the purpose of long-term capital appreciation. As at 30 June 2022 the fair value of the investment properties aggregates to Rs. 298,728,000 and is based on valuations performed by Surval, an accredited independent valuer on panel of Pakistan Banks' Association. There is no income or expense relating to these investment properties.

Company's investment properties are located at Mouza sahukimalian, Quaid-E-Azam industrial estate, 6.2 Km off from Jouyanwala Morr, Sheihkupura having aggregate area of 66 kanals and Ijtamah area, Raiwind, Mouza Burhanpura, Lahore of 171.6 kanals respectively.

The Company has no restrictions on the realizability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment property are in note 41.

		Note	2022	2021
9	**INTANGIBLE ASSETS**		**Rupees**	Rupees
	IT licenses and software	**9.1**	**1,095,897**	2,583,643
9.1	**IT licenses and software**			
	Cost			
	As at 1 July		**15,017,085**	15,017,085
	Additions during the year		**-**	-
	As at 30 June		**15,017,085**	15,017,085
	Amortization			
	As at 1 July		**12,433,442**	10,112,976
	Charge for the year	**30**	**1,487,746**	2,320,466
	As at 30 June		**13,921,188**	12,433,442
	Net Book Value		**1,095,897**	2,583,643
	Amortization Rate		**20%**	20%
10	**LONG-TERM INVESTMENT**			
	Investment in Sapphire Bay Islamic Development RIET	**10.1**	**293,750,000**	-

10.1 This pertains to advance paid to Sapphire Bay Islamic Development Real Estate Investment Trust (REIT) for development in Ravi Riverfront City, governed by Ravi Urban Development Authority (RUDA). REIT will be responsible for development of commercial and residential housing on a single parcel of land of 2,000 Acres. Company is unit holder in REIT amongst 17 initial unit holders and units are to be allocated to the Company once REIT is provided with first tranche of land of 500 Acres for

		Note	2022	2021
11	**LONG-TERM DEPOSITS AND ADVANCES**		**Rupees**	Rupees
	Security deposits			
	- Utility companies	**11.1**	**42,717,377**	2,489,950
	- Others	**11.2**	**3,270,001**	3,080,001
	Advances to suppliers	**11.3**	**-**	5,912,110
			45,987,378	11,482,061

11.1 This consists of unsecured, non-interest bearing long-term security deposits paid to utility companies for the supply of electricity and refundable upon cessation of underlying facility. These balances have not been discounted as the impact of time value of money is considered to be immaterial.

11.2 This consists of unsecured, non-interest bearing long-term security deposits paid against low value lease agreements and adjustable against final settlement of lease agreements.

11.3 This consisted of advances paid against purchase of land, machines and furniture.

		Note	2022	2021
12	**STORES, SPARE PARTS AND LOOSE TOOLS**		**Rupees**	Rupees
	Stores, spare parts and loose tools		**44,932,013**	33,030,754
	Less: Provision for slow moving items	**12.1**	**(1,908,217)**	(2,226,234)
			43,023,796	30,804,520

12.1 Provision for slow moving stores, spare parts and loose tools

Opening balance	**2,226,234**	3,556,506
Less: Reversal during the year	**(318,017)**	(1,330,272)
Closing balance	**1,908,217**	2,226,234

13 STOCK-IN-TRADE

	Note	2022	2021
Raw material	**13.1**	**669,780,446**	626,921,326
Less: Provision for slow moving stock	**13.2**	**(36,208,283)**	(23,004,926)
		633,572,163	603,916,400
Work-in-process	**13.3**	**1,054,948,284**	518,508,302
Finished goods		**386,863,016**	489,522,822
		2,075,383,463	1,611,947,524

13.1 These includes fabric material amounting to Rs. Nil (2021: 91.7 million) held with related party, US Denim Mills (Private) Limited in the normal course of business.

		Note	2022	2021
13.2	**Provision for slow moving raw material**		**Rupees**	Rupees
	Opening balance		**23,004,926**	33,648,374
	Add: Provision for the year	**29.1**	**13,203,357**	-
	Less: Reversal during the year	**29.1**	**-**	(10,643,448)
	Closing balance		**36,208,283**	23,004,926

13.3 Includes semi-finished goods in cutting, stitching, washing and finishing department.

13.4 During the year an amount of Rs. 410.5 million (2021: Rs. 7.1 million) is recognized as an expense for inventories carried at net realizable value. This is recognized in cost of sales.

		Note	2022	2021
14	**TRADE DEBTS**		**Rupees**	Rupees
	Foreign - secured and considered good			
	- Export debtors		**1,666,204,829**	971,596,941
	Foreign - unsecured and considered doubtful			-
	- Export debtors		**920,705**	-
	Less: Trade debts write off		**(920,705)**	-
	Local - unsecured and considered good			
	- Related parties	**14.1**	**110,562,161**	1,409,980
	- Others		**3,210,895**	2,163,643
			1,779,977,885	975,170,564

14.1 Breakup of receivable from related parties is as follows:

U.S. Apparel And Textiles (Private) Limited	**110,562,161**	2,014,980

14.2 Maximum aggregate amount due from related parties at the end of any month during the year was as follows:

U.S. Apparel And Textiles (Private) Limited	**130,296,718**	94,561,137

		2022	2021
14.3	Age analysis of trade debts is as follows:	**Rupees**	Rupees
	Related Parties:		
	Not yet due	**110,562,161**	94,561,137
	Up to 30 days	**-**	-
	30 to 150 days	**-**	-
		110,562,161	94,561,137
	Others:		
	Not yet due	**1,652,852,601**	841,170,855
	Up to 30 days	**-**	39,438,572
	30 to 150 days	**16,563,123**	-
		1,669,415,724	880,609,427

14.4 This includes export debtors secured against letter of credit amounting to Rs. 894,614,843 (2021: Rs. 448,535,913).

		Note	2022	2021
15	**LOANS, ADVANCES, TRADE DEPOSITS AND PREPAYMENTS**		**Rupees**	Rupees
	Advances - considered good - unsecured			
	To employees against salary	**15.1**	**8,793,022**	8,465,569
	To employees against business expenses		**1,005,040**	502,842
	To suppliers		**254,026,032**	31,820,273
			263,824,094	40,788,684
	Prepayments		**-**	9,018,023
			263,824,094	49,806,707

15.1 This includes advance given to executives amounting to Rs. 6,109,522 (2021: Nil). No amount has been given to CEO or Directors.

		Note	2022	2021
16	**OTHER RECEIVABLES**		**Rupees**	Rupees
	Receivable from U.S Apparel and Textiles (Private) Limited (related party)	**16.1**	**29,122,011**	33,930,000
	Receivable from Automotive Plastics (Private) Limited (related party)	**16.2**	**16,040,330**	-
	Miscellaneous		**-**	1,183,000
			45,162,341	35,113,000

16.1 This relates to the sale of machinery (tumbler dryer and washing machines). Maximum aggregate amount due at the end of any month during the year was Rs. 107,542,820 (2021: Rs. 33,930,000).

16.2 This relates to loan provided to related party. Maximum aggregate amount due at the end of any month during the year was Rs. 16,040,330 (2021: Rs. Nil).

		Note	2022	2021
17	**DUE FROM THE GOVERNMENT**		**Rupees**	Rupees
	Income tax refundable - net	**17.1**	**75,137,189**	58,067,107
	Sales tax refundable		**740,926,379**	392,071,802
	Drawback of local taxes and levies receivable		**327,759,447**	588,950,223
	Export rebate receivable		**84,330,341**	42,418,904
			1,228,153,356	1,081,508,036

17.1 This represents the amount of income tax refundable from tax authorities net of current year provision for taxation amounting to Rs. 144,411,850 (2021: Rs. 124,706,884).

		Note	2022	2021
18	**CASH AND BANK BALANCES**		**Rupees**	Rupees
	Cash in hand		**2,307,517**	710,531
	At banks:			
	- Current accounts			
	Local currency		**75,301,802**	26,371,520
	Foreign currencies		**180,180,575**	116,660,040
			255,482,377	143,031,560
	- Savings accounts	**18.1**	**356,725,114**	206,777,305
			614,515,008	350,519,396
	Term deposit receipt	**18.2**	**-**	650,000,000
			614,515,008	1,000,519,396

18.1 The balances in savings accounts bear profit at 1.95% to 9.56% per annum (2021: 1.95% to 5.64% per annum).

18.2 This carries profit ranging from 6% to 7.5% (2021: 6.70% to 6.75%) and has maturity of one month.

	2022		2021	
19 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	**Number**	**Rupees**	Number	Rupees
- Against consideration in cash	**116,425,000**	**1,164,250,000**	116,425,000	1,164,250,000
- Against consideration other than cash	**314,062,420**	**3,140,624,200**	314,062,420	3,140,624,200
Closing share capital at Rs. 10 each	**430,487,420**	**4,304,874,200**	430,487,420	4,304,874,200

	Note	**2022**	2021
20 SHARE DEPOSIT MONEY		**Rupees**	Rupees
SAAS Enterprises (Private) Limited	**20.1**	**200,000,000**	-

20.1 Total investment made by SAAS Enterprises (Private) Limited was Rs. 200 million for the issuance of shares. No such shares have been issued till year end.

Reconciliation of share deposit money and share capital

	Note	**2022**	2021
		Rupees	Rupees
SAAS Enterprises (Private) Limited			
Total investment		**200,000,000**	-
Less: shares issued		**-**	-
Share deposit money		**200,000,000**	-

21 LEASE LIABILITIES

	Note	2022	2021
Lease liabilities		**393,785,817**	471,336,167
Less: Current maturity shown under current liabilities		**(120,850,050)**	(85,848,477)
	21.1	**272,935,767**	385,487,690

21.1 This includes payable to related party, against a lease agreement for building to Naimat Saleem Trust. The effective interest rate used as the discounting factor (i.e. market borrowing rate) is 9.17% to 10.07% (2021: 9.17%). The amount of future payments and the year during which they will become due are:

	2022	2021
	Rupees	Rupees
Period ending 30 June		
2022	**-**	120,091,706
2023	**127,781,688**	117,028,059
2024	**83,939,591**	79,170,377
2025	**41,656,969**	321,408,923
2026 onwards	**279,751,955**	-
	533,130,203	637,699,065
Less: Future finance charges	**(139,344,386)**	(166,362,898)
	393,785,817	471,336,167
Less: Current maturity shown under current liabilities	**(120,850,050)**	(85,848,477)
	272,935,767	385,487,690

21.2 Minimum Lease Payments (MLP) and their Present Value (PV) are as follows:	**2022**		2021	
	MLP	**PV of MLP**	MLP	PV of MLP
	(Rupees)	**(Rupees)**	(Rupees)	(Rupees)
Due not later than 1 year	**127,781,688**	**120,850,050**	120,091,706	85,848,477
Due later than 1 year but not later than 5 years	**221,824,157**	**174,436,487**	334,083,002	225,611,542
Due later than 5 years	**183,524,357**	**98,499,280**	183,524,357	159,876,148
	533,130,202	**393,785,817**	637,699,065	471,336,167

		Note	2022 Rupees	2021 Rupees
21.3	Set out below are the carrying amounts of lease liabilities and the movements during the year:			
	Opening balance		**471,336,167**	210,814,844
	Lease modification	**21.3.1**	**(2,715,429)**	303,660,227
	Finance cost on lease liabilities	**34**	**40,392,907**	42,668,837
			509,013,645	557,143,908
	Lease rentals paid		**(115,227,828)**	(85,807,741)
	Closing balance		**393,785,817**	471,336,167
22	**LEAVE ENCASHMENT**			
	Provision for leave encashment	**22.1**	**16,457,099**	35,208,131
22.1	Movement of provision for leave encashment:			
	Opening balance		**35,208,131**	31,960,900
	Add: Provision for the year		**(7,476,092)**	8,588,193
	Less: Payments during the year		**(11,274,940)**	(5,340,962)
	Closing balance		**16,457,099**	35,208,131
23	**DEFERRED TAXATION**			
	This comprises of:			
	Deferred tax liabilities on taxable temporary differences			
	Accelerated tax depreciation		**18,744,368**	3,403,858
	Revaluation surplus on property, plant and equipment		**-**	981,790
	Deferred tax assets on deductible temporary differences			
	Deferred and unpaid liabilities		**(1,400,291)**	(396,492)
			17,344,077	3,989,156
23.1	**Reconciliation of deferred tax liabilities - net**			
	Opening balance		**3,989,155**	-
	Tax expense recognized in statement of profit or loss	**35**	**14,905,877**	2,984,368
	Tax (income) / expense recognized in OCI		**(1,550,955)**	1,004,787
	Closing balance		**17,344,077**	3,989,155
24	**NET DEFINED BENEFIT ASSET / (LIABILITIES)**			
	Present value of defined benefit obligations	**24.5**	**(269,398,596)**	(276,576,954)
	Benefits payable		**(21,222,649)**	-
	Less: Fair value of plan assets	**24.6**	**311,630,386**	247,497,481
	Net defined benefit asset / (liabilities)		**21,009,141**	(29,079,473)

24.1 With effect from 01 January 2017, the Company initiated an unfunded gratuity scheme for all of its permanent employees, however, the Company changed unfunded gratuity scheme to a funded gratuity scheme effective from 01 July 2018 via an amendment in the Trust Deed. Provision has been made in the financial statements to cover the obligation of gratuity in accordance with the actuarial valuation carried out as at 30 June 2022.

		Note	2022 Rupees	2021 Rupees
24.2	**Reconciliation of net defined benefit liability**			
	Opening net defined benefit liability		**29,079,473**	40,319,948
	Cost chargeable to profit or loss during the year	**24.3**	**104,387,889**	102,689,772
	Remeasurements charged to other comprehensive income	**24.4**	**10,523,497**	(1,930,247)
	Contributions paid during the year		**(165,000,000)**	(112,000,000)
	Closing net defined benefit (asset) / liability		**(21,009,141)**	29,079,473
24.3	**The amounts recognized in the statement of profit or loss are as follows:**			
	Current service cost		**110,951,154**	101,481,284
	Interest (income) / expense on defined benefit obligation - net		**(6,563,265)**	1,208,488
	Expense recognized in the statement of profit or loss		**104,387,889**	102,689,772

		Note	2022	2021
24.4	**The amounts recognized in the statement of comprehensive income are as follows:**		**Rupees**	Rupees
	Actuarial losses / (gains) due to experience adjustments and financial assumptions		**9,928,733**	(8,818,367)
	Return on plan assets		**594,764**	6,888,120
	Remeasurements charged to other comprehensive income		**10,523,497**	(1,930,247)
24.5	**Movements in the present value of defined benefit obligation:**			
	Opening present value of defined benefits obligation		**276,576,954**	220,545,149
	Current service cost		**110,951,154**	101,481,284
	Interest on defined benefit obligation		**20,724,045**	17,879,319
	Benefits paid during the year		**(127,559,641)**	(54,510,431)
	Benefits payable		**(21,222,649)**	-
	Net liability transferred in		**-**	-
	Actuarial gains due to financial assumptions		**-**	-
	Actuarial losses / (gains) due to experience adjustment		**9,928,733**	(8,818,367)
	Closing present value of defined benefits obligation		**269,398,596**	276,576,954
24.6	**Movements in the fair value of plan assets:**			
	Fair value of plan assets at the beginning of the year		**247,497,481**	180,225,201
	Contributions made during the year		**165,000,000**	112,000,000
	Interest income during the year		**27,287,310**	16,670,831
	Benefits paid during the year		**(127,559,641)**	(54,510,431)
	Return on plan assets		**(594,764)**	(6,888,120)
	Fair value of plan assets at the end of year		**311,630,386**	247,497,481

		2022	2021
24.7	**Components of plan assets**	**Rupees**	Rupees
	Short-term investments (Mutual funds and TDRs)	**263,551,004**	247,497,481
	Bank balance	**46,252,387**	-
	Income receivable	**1,085,961**	-
	Advance income tax	**741,034**	-
		311,630,386	247,497,481
24.8	**Estimated expense to be charged to statement of profit or loss in next year**		
	Service cost	**138,837,339**	120,630,168
	Interest cost on defined benefit obligation - (net)	**(5,701,292)**	5,455,621
	Amount chargeable to profit or loss	**133,136,047**	126,085,789
24.9	**The charge has been allocated as follows:**		
	Cost of sales	**90,817,463**	87,295,919
	Administrative expenses	**8,351,031**	5,661,737
	Distribution expenses	**5,219,395**	9,732,116
		104,387,889	102,689,772

	2022	2021
Actuarial assumption		
Average expected remaining working lifetime of members	**12 Years**	11 Years
Average duration of liability	**11 Years**	10 Years

A quantitative sensitivity analysis for significant assumption on net defined benefit obligation is as shown below:

Sensitivity level	Assumption	Defined benefit obligation
+100 bps	Discount rate	241,471,317
-100 bps	Discount rate	300,562,440
+100 bps	Expected increase in salary	300,555,794
-100 bps	Expected increase in salary	241,468,351

25 TRADE AND OTHER PAYABLES

	Note	2022 Rupees	2021 Rupees
Trade creditors	25.1	**2,709,723,505**	1,816,048,588
Accrued liabilities		**458,463,147**	374,972,390
Contract liabilities	25.2	**56,661,581**	44,802,048
Workers' profit participation fund	25.3	**37,408,083**	42,058,213
Workers' welfare fund	25.4	**23,152,113**	34,816,145
Foreign exchange forward contracts - designated as hedging instruments	25.5	**13,547,872**	22,961,787
Sales tax withheld		**3,136,553**	2,444,821
Income tax deducted at source		**40,798,560**	7,553,133
Security deposits	25.6	**2,195,826**	1,100,000
		3,345,087,240	2,346,757,126

25.1 These include amount due to following related parties:

	2022 Rupees	2021 Rupees
US Denim Mills (Private) Limited	**76,905,685**	481,316,338
U.S. Apparel And Textiles (Private) Limited	**6,821,307**	4,379,355
SB Apparel (Private) Limited	**-**	2,806,000
Stylers Plus (Private) Limited	**-**	2,752,318
Descon Oxychem Limited	**-**	1,286,205
	83,726,992	492,540,216

25.2 Revenue recognized in the reporting year that was included in the contract liabilities balance at the beginning of the period amounts to Rs. 44,802,048 (2021: Rs. 32,494,997).

	Note	2022 Rupees	2021 Rupees
25.3 Workers' profit participation fund			
Opening balance		**42,058,213**	28,819,726
Provision for the year	32	**23,226,339**	42,066,150
		65,284,552	70,885,876
Less: Paid during the year		**(27,876,469)**	(28,827,663)
Closing balance		**37,408,083**	42,058,213
25.4 Workers' welfare fund			
Opening balance		**34,816,145**	9,977,427
Provision for the year	32	**16,726,914**	24,838,718
		51,543,059	34,816,145
Less: Paid during the year		**(28,390,946)**	-
Closing balance		**23,152,113**	34,816,145

25.5 This reflect the negative change in fair value of foreign exchange forward contracts, designated as fair value hedges to hedge foreign currency trade debts and highly probable forecast sales in US dollars (USD).

25.6 This consist of security deposits received from local contractors against sale of waste material. The Company has not utilized this amount for the purpose of its business and kept in separate bank account.

26 SHORT-TERM BORROWINGS - UNSECURED

	Note	2022 Rupees	2021 Rupees
U.S. Apparel And Textiles (Private) Limited		**-**	4,870,468
Mian Mohammad Ahsan - Director		**200,750,000**	20,750,000
Javed Arshad Bhatti - Shareholder		**100,000,000**	-
	26.1	**300,750,000**	25,620,468

26.1 These are interest free loans obtained from related parties which are repayable on demand. These are obtained for working-capital requirements.

27 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

a) For tax years 2014, 2017 and 2018, the income tax authorities issued refund orders dated August 26, 2020, August 26, 2020 and September 21, 2020 respectively to Advance Fashion (Pvt) Limited (now merged into Stylers International Limited) under section 170(4) of the Income Tax Ordinance, 2001 where in the taxation officer rejected income tax refund claims amounting to Rs. 626,432, Rs. 15,749,415 and Rs. 11,885,845 respectively. Being aggrieved, the Company filed appeal against the decision of the Commissioner Inland Revenue before the Commissioner Inland Revenue (Appeals). Appeals for tax year 2017 and 2018 are still pending adjudication whereas appeal for tax year 2014 was remanded back by Commissioner Inland Revenue (Appeals) on 28 July 2021. No provision has been recognized in the financial statements since the management expects favorable outcome.

b) Commissioner Inland Revenue (CIR) passed Orders on May 12, 2022 against the show cause notices dated April 01, 2022 and March 22, 2022 issued to the company for tax periods from July 2020 to June 2021 and July 2021 to November 2021 respectively, claiming that the company has adjusted input sales tax against output tax on the purchase of specific goods/items, mainly coal, accessories and spare parts for plant and machinery, that were not admissible under the law, resulting in short payments of sales tax amounting to Rs. 15,473,031 and Rs. 13,818,785 respectively as per section 8 of the Sales Tax Act, 1990, asserting that these goods were not used in taxable activity. On June 9, 2022, the Company filed appeal against the Orders of the CIR before the Commissioner Inland Revenue (Appeals)[CIR(A)] rejecting the Companies stance and passing Orders dated July 18, 2022 upholding the CIR's stance. Being aggrieved, Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) on July 28, 2022 and attained stay against recovery of tax demanded granted upto October 28, 2022. As per Company's Tax advisor, the Company has a strong case, accordingly, the appeal is likely to be decided in favor of the Company. Therefore, no provision has been made in the financial statements.

c) For Tax years 2016 and 2017, the Commissioner Inland Revenue (CIR) passed Order on May 31, 2022 against Advance Fashion (Pvt) Limited (AFL), now merged into Stylers International Limited (SIL), stating that the Company claimed tax credits under section 65(d) of the Income tax Ordinance, 2001 (ITO), whereby a company shall be given tax credit against tax payable arising on taxable income for a period of five years subject to the condition that the company will not discontinue its business in the subsequent five years after the credit has been allowed. As per CIR, AFL after merger with SIL effectively discontinued its operation before expiry of 5 years and hence violated the condition for eligibility of the credit thus, rejecting the tax credit claimed under section 65(d) of the ITO amounting to Rs 10,522,676 and creating an additional tax demand of Rs 312,287.The Company being aggrieved, filed appeal before the Commissioner Inland Revenue (Appeals)[CIR(A)], citing that despite the merger with SIL, AFL is still conducting business as an industrial undertaking. The hearing of the main appeal is still pending before CIR(A). The Company's Tax advisor believes that Company has a strong case, accordingly, the appeal is likely to be decided in favor of the Company. Hence, no provision has been made in the financial statements.

COMMITMENTS

(i) Guarantees of Rs. 36,242,400 (2021: Rs. 36,242,400) are issued by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, LESCO for electricity connections and Total PARCO Pakistan Limited against purchase of furnace oil. Breakup and expiry dates of above commitments are as follows:

	Rupees	Expiry Date
Total PARCO Pakistan Limited	17,000,000	10-Aug-22
Total PARCO Pakistan Limited	12,168,000	17-Mar-23
Sui Northern Gas	3,543,100	19-Jan-24
Lahore Electric	3,531,300	7-May-25
Lahore Electric	8,033,000	18-May-25

(ii) Letters of credit including capital expenditure are of Rs. 2800 million (2021: Rs. 997.34 million).

(iii) These represent commitments arising from short-term and immaterial leases recognized on a straight-line basis as expense under the practical expedients applied by the Company with respect to IFRS 16. The amount of future payments under these operating leases and the period in which these payments will become due are as follows:

	Note	2022 Rupees	2021 Rupees
Not later than one year		**8,178,017**	10,007,658
Later than one year and not later than five years		**631,620**	1,014,957
		8,809,637	11,022,615

28 REVENUE FROM CONTRACT WITH CUSTOMERS

Gross sales

	Note	2022	2021
Export sales		**13,359,475,150**	9,972,294,394
Local sales		**284,169,425**	188,806,686
Processing income		**448,733,587**	374,011,844
		14,092,378,162	10,535,112,924
Less: Sales tax		**(111,444,311)**	(80,906,648)
Less: Discounts		**(61,031,466)**	(35,063,910)
	28.1	**13,919,902,385**	10,419,142,366
Add: Export rebate		**166,204,064**	116,749,770
Add: Drawback of local taxes and levies		**-**	377,720,841
		14,086,106,449	10,913,612,977

28.1 Set out below is the disaggregation of the Company's revenue from contracts with customers:

Type of goods and services

	2022	2021
Clothing items	**13,536,367,881**	10,101,810,030
Processing services	**383,534,504**	317,332,336
	13,919,902,385	10,419,142,366

	Note	2022	2021
Geographical markets		**Rupees**	Rupees
Europe		**13,093,297,270**	9,792,156,948
Asia		**621,458,701**	481,911,882
Americas		**205,146,414**	145,073,536
		13,919,902,385	10,419,142,366
Timing of revenue recognition			
Revenue recognized at a point in time		**13,919,902,385**	10,419,142,366

29 COST OF REVENUE

	Note	2022	2021
Raw materials consumed	**29.1**	**8,828,731,483**	5,624,964,662
Salaries, wages and other benefits	**29.2**	**2,363,530,178**	2,104,431,750
Fuel and power		**407,481,071**	269,891,913
Stores, spares and loose tools consumed	**29.3**	**94,432,791**	79,975,343
Repairs and maintenance		**67,150,336**	55,094,287
Insurance		**3,459,944**	1,604,289
Depreciation on operating fixed assets	**6.1.6**	**155,653,770**	131,085,397
Depreciation on right-of-use asset	**7.1**	**74,755,429**	73,240,966
Processing charges		**521,821,798**	258,103,798
Freight and octroi - inward		**65,513,861**	101,846,187
Charge of provision for slow moving stock	**13.2**	**13,203,357**	-
Other expenses	**29.4**	**15,325,610**	9,192,543
Total manufacturing cost		**12,611,059,628**	8,709,431,135
Work-in-process			
Opening stock	**13**	**518,508,302**	431,079,540
Closing stock	**13**	**(1,054,948,284)**	(518,508,302)
		(536,439,982)	(87,428,762)
Cost of goods manufactured		**12,074,619,646**	8,622,002,373
Finished goods			
Opening stock	**13**	**489,522,822**	442,875,845
Closing stock	**13**	**(386,863,016)**	(489,522,822)
		102,659,806	(46,646,977)
		12,177,279,452	8,575,355,396

29.1 Raw materials consumed

	Note	2022	2021
Opening stock	**13**	**603,916,400**	369,282,986
Add: Purchased during the year		**8,858,387,246**	5,859,598,076
		9,462,303,646	6,228,881,062
Less: Closing stock	**13**	**(633,572,163)**	(603,916,400)
		8,828,731,483	5,624,964,662

29.2 Salaries, wages and other benefits include Rs. 90.82 million (30 June 2021: Rs. 82.48 million) in respect of staff retirement benefits.

29.3 Stores, spare parts and loose tools consumed

	Note	2022	2021
		Rupees	Rupees
Opening stock	**12**	**33,030,754**	21,031,709
Add: Purchased during the year		**106,334,050**	91,974,388
		139,364,804	113,006,097
Less: Closing stock	**12**	**(44,932,013)**	(33,030,754)
		94,432,791	79,975,343

29.4 This includes inadmissible input tax, chemical and garment inspection charges.

		Note	2022	2021
30	**ADMINISTRATIVE EXPENSES**		**Rupees**	Rupees
	Salaries, wages and other benefits	**30.1**	**194,387,307**	175,673,955
	Repairs and maintenance		**36,181,418**	47,242,349
	Legal and professional services		**34,442,385**	64,969,950
	Rent, rates and taxes		**24,565,270**	18,815,587
	Fee and subscription		**10,372,859**	6,442,086
	Postage, telephone and telegram		**13,385,865**	14,134,059
	Entertainment		**20,561,098**	15,665,503
	Depreciation on right-of-use asset	**7.1**	**10,278,870**	10,070,633
	Depreciation on operating fixed assets	**6.1.6**	**3,916,008**	3,546,531
	Vehicle running and maintenance		**6,510,109**	3,800,887
	Printing and stationery		**7,592,853**	6,359,174
	Amortization	**9**	**1,487,746**	2,320,466
	Travelling and conveyance		**1,878,800**	1,274,672
	Auditor's remuneration	**30.2**	**1,785,000**	1,958,750
	Insurance		**609,817**	329,436
	Trade debts write off		**920,705**	-
	Other expenses		**356,185**	3,442,165
			369,232,295	376,046,203

30.1 Salaries, wages and other benefits include Rs. 8.35 million (2021: Rs. 5.26 million) in respect of staff retirement benefits.

		Note	2022	2021
30.2	**Auditor's remuneration**		**Rupees**	Rupees
	Audit fee		**1,400,000**	900,000
	Certifications and half-yearly review		**-**	775,000
	Expenses reimbursed		**300,000**	200,000
			1,700,000	1,875,000
	Add: sales tax		**85,000**	83,750
			1,785,000	1,958,750

		Note	2022	2021
31	**SELLING AND DISTRIBUTION EXPENSES**			
	Salaries and other benefits	**31.1**	**132,747,016**	159,458,585
	Travelling and conveyance		**16,394,444**	1,527,117
	Advertisement and sales promotion		**33,701,291**	25,552,581
	Freight and octroi - outward		**208,671,527**	87,017,514
	Clearing and forwarding		**181,251,470**	81,702,294
	Commission to stockists and export agents		**33,680,628**	29,399,362
	Depreciation on right-of-use asset	**7.1**	**8,409,985**	8,239,609
	Depreciation on operating fixed assets	**6.1.6**	**3,204,007**	2,513,292
	Insurance - credit insurance		**478,212**	1,625,220
	Export Development Surcharge		**33,170,797**	25,110,825
	Other expenses		**389,457**	175,805
			652,098,834	422,322,204

31.1 Salaries, wages and other benefits include Rs. 5.22 million (30 June 2021: Rs. 9.22 million) in respect of staff retirement benefits.

		Note	2022	2021
32	**OTHER OPERATING EXPENSES**		**Rupees**	Rupees
	Workers' profit participation fund	**25.3**	**23,226,339**	42,066,150
	Workers' welfare fund	**25.4**	**16,726,914**	24,838,718
	Net exchange loss		**161,031,761**	112,760,142
	Loss on foreign exchange forward contracts		**-**	22,961,787
	Charity and donations	**32.1**	**48,754,890**	3,668,365
			249,739,904	206,295,163

32.1 Donation to following parties exceeds Rs. 1 million or 10% of total amount of donation:

	2022	2021
Naimat Saleem Trust (shareholder)	**42,500,000**	2,300,000
Abdul Sattar Edhi Foundation	**-**	360,000
Shaukat Khanum Memorial Trust	**-**	360,000
The Indus Hospital	**-**	600,000
	42,500,000	3,620,000

32.2 Naimat Saleem Trust is a related party on account of common directorship.

		Note	2022	2021
33	**OTHER OPERATING INCOME**		**Rupees**	Rupees
	Profit on bank deposits		**27,161,789**	31,545,972
	Gain from fair value remeasurement of investment property		**34,865,000**	14,791,870
	Gain on foreign exchange forward contracts		**235,780,244**	-
	Gain on disposal of property, plant and equipment		**31,872**	12,211,043
	Reversal of provision for slow moving stock		**-**	10,643,448
	Miscellaneous		**244,258**	-
			298,083,163	69,192,333
34	**FINANCE COSTS**			
	Bank charges and commission		**101,190,305**	73,437,531
	Finance cost on lease liabilities	**21.3**	**40,392,907**	42,668,837
			141,583,212	116,106,368
35	**TAXATION**			
	Current tax			
	- For the year		**134,253,385**	130,166,305
	- Prior year adjustment		**(4,747,412)**	(8,418,879)
			129,505,973	121,747,426
	Deferred tax	**23.1**		
	- Relating to origination and reversals of temporary differences		**14,604,932**	2,984,368
	- Relating to change in tax rate		**300,945**	-
		35.1	**144,411,850**	124,731,794

35.1 Numerical reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate is not presented as export and local sales of goods are taxed at 1% of the receipts against sales, while processing income is taxed at 29% of taxable profits arising from processing activities.

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, directors and executives of the Company is as follows:

	Chief Executive		**Directors**		**Executives**	
	2022	2021	**2022**	2021	**2022**	2021
	(Rupees)					
Remuneration	**26,672,730**	5,600,000	**-**	-	**213,754,101**	255,737,396
Fee	**-**	-	**6,300,000**	6,450,000	**-**	-
Bonus paid	**-**	-	**-**	-	**-**	46,051,210
Contribution to gratuity	**2,090,000**	466,667	**-**	-	**25,818,712**	22,543,688
Medical and others	**6,578,885**	1,295,000	**-**	-	**46,842,320**	30,844,235
	35,341,615	7,361,667	**6,300,000**	6,450,000	**286,415,133**	355,176,529
Number of persons	**1**	1	**6**	6	**96**	79

36.1 Fee paid to five (2021: five) Non-Executive Directors during the year for attending board meetings amounts to Rs. 2,700,000 (2021: Rs. 750,000).

36.2 Fee paid to three (2021: three) Non-Executive Directors during the year for attending audit committee meetings amounts to Rs. 1,500,000 (2021: Rs. 450,000).

36.3 Fee paid to three (2021: two) Non-Executive Directors during the year for attending human resource and remuneration committee meetings amounts to Rs. 1,800,000 (2021: Rs. 450,000).

36.4 Fee paid to two (2021: two) Non-Executive Directors during the year for attending project committee meeting amounts to Rs. 300,000 (2021: Rs. 300,000).

36.5 In addition to the above, The Chief Executive and Directors are provided with Company maintained cars and telephones for business use.

37 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise related group companies, local associates, staff retirement fund, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment (disclosed in Note No. 35) are as follows.

Name of related party	Relationship with the company	Nature of transactions	2022	2021
			Rupees	Rupees
U.S. Apparel and Textiles (Private) Limited	Associated Company (Common Directorship)	Purchase of fabric and materials	**54,800**	-
		Purchase of electricity	**3,278,477**	1,750,881
		Services provided	**376,248,022**	319,668,243
		Loan repaid	**-**	75,893,969
		Loan obtained	**-**	116,898,198
		Sale of plant and machinery	**-**	33,930,000
		Purchase of land	**-**	82,500,000
US Denim Mills (Private) Limited	Associated Company (Common Directorship)	Purchase of fabric and materials	**1,956,072,887**	1,774,691,258
AJ Holdings (Private) Limited	Associated Company (Common Directorship)	Loan repayment	**-**	80,000,000
Naimat Saleem Trust	Associated undertaking (Directors are Trustee)	Lease rentals paid	**23,710,230**	28,452,270
		Share capital issued	**-**	900,000,000
Mr. Javed Arshad Bhatti	Shareholder	Novation of loan	**-**	114,250,000
		Loan repayment	**-**	909,886
		Loan obtained	**100,000,000**	-
		Share capital issued	**-**	150,000,000
		Purchase of land	**-**	35,750,000
Mian Mohammad Ahsan	Director	Loan obtained	**180,000,000**	285,000,000
		Share capital issued	**-**	150,000,000
		Novation of loan	**-**	114,250,000
Openminds	Associated Company (Common Directorship)	Consultancy services	**3,966,833**	1,003,340
Automotive Plastics (Private) Limited	Associated Company (Common Directorship)	Loan advances	**16,040,330**	-
Employees' Gratuity Fund Trust	Staff retirement fund	Contributions paid	**165,000,000**	112,000,000

All transactions with the related parties and associated undertakings are entered into at agreed terms, determined in accordance with comparable uncontrolled price method.

No buying or selling commission has been paid to any associated undertaking.

38 NUMBER OF EMPLOYEES

	2022	2021
Total number of employees as at year end	**3,565**	3,640
Average number of employees during the year	**3,505**	3,518

39 PLANT CAPACITY AND ACTUAL PRODUCTION

	Capacity		Actual production	
	2022	2021	**2022**	2021
	No. of pieces		**No. of pieces**	
Garments	**9,900,000**	9,900,000	**9,447,472**	9,627,129

40 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

40.1 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares or sell assets to reduce debt. The Company finances its operations through equity and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. This ratio is calculated as debt divided by total capital. Debt is calculated as total borrowings including short term and long term borrowings.

Total capital is calculated as equity as shown in the statement of financial position plus debt. The gearing ratio as at year ended 30 June 2021 and 30 June 2022 are as follows:

	2022	2021
	Rupees	Rupees
Borrowings	**300,750,000**	25,620,468
	300,750,000	25,620,468
Total equity	**5,875,564,873**	5,034,693,349
Total capital	**6,176,314,873**	5,060,313,817
Gearing ratio - percentage	**4.87%**	0.51%

40.2 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effect of financial risk on the Company's financial performance. The Company's senior management oversees the policies covering specific areas such as foreign exchange risk and credit risk.

Risk management is carried out by the Board of Directors ('the Board'). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk. All treasury related transactions are carried out within the parameters of these policies.

40.2.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market price. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk such as equity risk. Financial instruments affected by market risk include trade debtors, trade payables and cash and bank balances.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Company is exposed to currency risk, primarily with respect to the United States Dollar (USD), Euro (EUR), Great Britain Pound (GBP), Hong Kong Dollar (HKD), Swedish Krona (SEK) and Arab Emirates Dirham (AED). Currently the Company's foreign exchange exposure is restricted to cash and bank balances, trade receivables and payables in foreign currency. The Company's exposure to currency risk is as follow:

	2022	2021
Cash in hand - USD	**-**	-
Cash in hand - EUR	**-**	160
Cash in hand - SEK	**-**	270
Cash in hand - GBP	**1.22**	504
Cash in hand - HKD	**9**	2,509
Cash in hand - AED	**-**	943
Cash at banks - USD	**877,425**	1,069,351
Cash at banks - EUR	**-**	-
Cash at banks - GBP	**-**	-
Trade debts - USD	**7,594,825**	6,163,545
Trade debts - EUR	**517,053**	-
Trade and other payables - USD	**(7,368,528)**	(1,386,254)
Trade and other payables - EUR	**(15,818)**	(554,886)
Trade and other payables - GBP	**-**	(772)
Net exposure - USD	**1,103,722**	5,846,642
Net exposure - EUR	**501,235**	(554,726)
Net exposure - GBP	**1**	504
Net exposure - HKD	**9**	2,509
Net exposure - SEK	**-**	270
Net exposure - AED	**-**	943

The following significant exchange rates were applied during the year:	**2022**	2021
Rupees per USD		
Average rate	**181.65**	159.55
Reporting date rate	**205.50**	157.80
Rupees per EUR		
Average rate	**201.68**	191.00
Reporting date rate	**215.23**	188.12
Rupees per GBP		
Average rate	**233.95**	216.47
Reporting date rate	**249.31**	218.58
Rupees per HKD		
Average rate	**23.35**	20.63
Reporting date rate	**26.29**	20.40
Rupees per SEK		
Average rate	**19.41**	18.75
Reporting date rate	**20.20**	18.62
Rupees per AED		
Average rate	**49.81**	43.52
Reporting date rate	**56.35**	43.27

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, EUR, GBP, HKD, SEK and AED with all other variables held constant, the impact on profit after taxation for the year would have been Rs. 16.73 million higher / lower (2021: Rs.40.92 million), mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. The Company has only interest free short-term borrowings from its related party.

(iii) Equity price risk

Equity price risk arises from the investments through profit and loss. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. At the reporting date the Company is not exposed to any equity price risk.

(iv) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date.

40.2.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposure, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Company applies approved credit limits to its customers.

The management monitors and limits the Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of expected credit loss.

(i) Exposure to credit risk

The Company is exposed to credit risk on deposits, trade debts, loans and advances and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	2022	2021
	Rupees	Rupees
Long-term deposit	**45,987,378**	11,482,061
Trade debts - Un-secured	**1,331,441,972**	539,826,201
Loans and advances	**8,793,022**	8,465,569
Other receivables	**-**	1,183,000
Bank balances	**612,207,491**	1,000,519,396
	1,998,429,863	1,561,476,227

The Company believes that it is not exposed to any specific credit risk in respect of trade debts since the maximum exposure to credit risk for trade debts is secured against letter of credit. Majority of the Company's local customers are related parties and are under common control, there is no history of default with any related party. Local debtors other than related parties have been transacting with the Company for many years, and none of these customers' balances have been written off, have had any default history or are credit-impaired at the reporting date. Therefore, expected credit loss allowance in respect of trade debtors is not required.

The sale to major three customers amounts to Rs. 7,696,046,210 (2021: Rs. 6,202,535,197) which represents more than 55% of total sales (2021: 59%).

(ii) Loans and advances

The summary of the maturity profile of the Company's loans and advances as at 30 June 2022 based on contractual undiscounted payment dates are as follows:

	2022	2021
	Rupees	Rupees
Up to one year	**8,793,022**	8,465,569

(iii) Hedging activities

Fair value hedge

At 30 June 2022, the Company has forward agreements in place with a notional amount of USD 1,000,000. The forward agreements are being used to hedge the exposure to changes in the fair value of its foreign currency trade debts.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the forward agreements match the terms of the foreign currency trade receivables. The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the forward agreement is identical to the hedged risk component. To test the hedge effectiveness, the Company uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk. The hedged item remains effective at year end and no ineffective hedge has been recognized in profit or loss.

The Company measures the fair value of hedging instruments, which are non-exchange-traded, based in price quotes obtained from the counterparties / broker dealers. The counterparty quotes reflect the amounts that the Company expects to receive or pay to terminate the contract at the reporting date, taking into account the current market conditions.

Bank	**Forward Contracts**	**Fair Values**	**Notional Amounts**	**Notional Amounts**
		Rupees	**USD**	**EUR**
Meezan Bank Limited	**4**	**139,515,000**	**700,000**	**-**
Bank Alfalah	**2**	**59,596,000**	**300,000**	**-**
Balances as at 30 June 2022	**6**	**199,111,000**	**1,000,000**	**-**

Bank	Forward Contracts	Fair Values	Notional Amounts	Notional Amounts
		Rupees	USD	EUR
Meezan Bank Limited	19	174,495,070	3,434,497	-
Habib Metropolitan Bank	16	418,968,493	1,640,275	-
Bank Alfalah	8	159,092,282	1,003,447	-
Balances as at 30 June 2021	43	752,555,845	6,078,219	-

(iv) Credit quality of major financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Ratings			**2022**	2021
	Short Term	**Long term**	**Agency**	**Rupees**	Rupees
Bank Alfalah Limited	A1+	AA+	PACRA	**308,724,929**	150,122,707
Bank AL Habib Limited	A1+	AAA	PACRA	**357,927**	111,002,881
Meezan Bank Limited	AAA	AA+	JCR-VIS	**239,692,789**	274,298,603
Habib Metropolitan Bank	A1+	AA+	PACRA	**1,085,968**	63,854,961
Telenor Microfinance	A1	A	PACRA	**1,577,138**	340,314
Bank Islamic Pakistan Limited	A1	A+	PACRA	**61,102,225**	400,189,399
				612,540,976	999,808,865

Due to the Company's business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(v) Trade receivables:

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Company, based on provision matrix, has created no provision for expected credit loss.

	2022		
	Percentage	**Rupees**	**Rupees**
Not yet due	**0.00%**	**1,763,414,762**	**-**
Up to 30 days	**0.00%**	**-**	**-**
30 to 150 days	**0.00%**	**16,563,123**	**-**
		1,779,977,885	**-**

	2021		
	Percentage	Rupees	Rupees
Not yet due	0.00%	935,731,992	-
Up to 30 days	0.00%	39,438,572	-
30 to 150 days	0.00%	-	-
		975,170,564	-

40.2.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The management believes that it is not exposed to any significant level of liquidity risk. Management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company's approach to managing liquidity is to ensure that, as far as possible, it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or risking damage to the Company's reputation.

The table below summarizes the maturity profile of financial liabilities based on contractual undiscounted payments.

	2022			
	On demand	**Maturity up to one year**	**Maturity after one year**	**Total**
	---------- (Rupees) ----------			
Short-term borrowings	**300,750,000**	**-**	**-**	**300,750,000**
Trade and other payables	**-**	**3,222,652,407**	**-**	**3,222,652,407**
Lease liabilities	**-**	**127,781,688**	**405,348,514**	**533,130,202**
	300,750,000	**3,350,434,095**	**405,348,514**	**4,056,532,609**

	2021			
	On demand	Maturity up to one year	Maturity after one year	Total
	---------- (Rupees) ----------			
Short-term borrowings	-	25,620,468	-	25,620,468
Trade and other payables	-	2,213,982,765	-	2,213,982,765
Lease liabilities	-	120,091,706	517,607,359	637,699,065
	-	2,359,694,939	517,607,359	2,877,302,298

40.2.4 Changes in liabilities arising from financing activities

	2022				
	01 July 2021	**Modification**	**Cashflows**	**Other**	**30 June 2022**
	---------- (Rupees) ----------				
Lease liability	**471,336,167**	**(2,715,429)**	**(115,227,828)**	**40,392,907**	**393,785,817**
Short-term borrowings	**25,620,468**	**-**	**280,000,000**	**(4,870,468)**	**300,750,000**
	496,956,635	**(2,715,429)**	**164,772,172**	**35,522,439**	**694,535,817**

	2021				
	01 July 2020	Modification	Cashflows	Other	30 June 2021
	---------- (Rupees) ----------				
Lease liabilities	210,814,844	303,660,227	(85,807,741)	42,668,837	471,336,167
Short-term borrowings	949,595,512	-	(154,191,371)	-	25,620,468
	1,160,410,356	303,660,227	(239,999,112)	42,668,837	496,956,635

		2022 Rupees	2021 Rupees
40.3	**Financial instruments by categories**		
	Financial Assets - amortized cost		
	Long-term investment	**298,728,000**	263,863,000
	Trade debts	**1,779,977,885**	975,170,564
	Loans and advances	**8,793,022**	8,465,569
	Other receivables	**-**	1,183,000
		2,087,498,907	1,248,682,133
	Financial liabilities - amortized cost		
	Trade and other payables	**3,168,186,652**	2,191,020,978
	Short-term borrowings	**300,750,000**	25,620,468
		3,468,936,652	2,216,641,446

40.4 Financial assets and financial liabilities subject to offsetting

There are no significant financial assets and financial liabilities that are subject to offsetting.

41 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy and has the following levels:

Level 1 Quoted market price (unadjusted) in an active market for identical instrument.

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

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

The main level of inputs used by the Company for its financial assets are derived and evaluated as follows:

30 June 2022	**Carrying amount**	**Fair Value**			
		Level 1	**Level 2**	**Level 3**	**Total**
	(Rupees)				
Assets measured at fair value:					
Investment properties					
- Freehold land	**298,728,000**	**-**	**-**	**298,728,000**	**298,728,000**
Revalued property, plant and equipment					
- Freehold land	**1,102,977,844**	**-**	**-**	**1,102,977,844**	**1,102,977,844**
- Building on freehold land	**476,192,837**	**-**	**-**	**476,192,837**	**476,192,837**
	1,877,898,681	**-**	**-**	**1,877,898,681**	**1,877,898,681**
Financial assets - not measured at fair value					
- Loans, advances, trade	**263,824,094**	**-**	**-**	**-**	**-**
- Cash and bank balances*	**614,515,008**	**-**	**-**	**-**	**-**
	878,339,102	**-**	**-**	**-**	**-**

30 June 2022	**Carrying amount**	**Fair Value Level 1**	**Level 2**	**Level 3**	**Total**
	---------- (Rupees) ----------				
Liabilities measured at fair value:					
Derivative financial liabilities					
- Foreign exchange forward contracts	**13,547,872**	**-**	**13,547,872**	**-**	**13,547,872**
- Short-term borrowings	**300,750,000**	**-**	**300,750,000**	**-**	**300,750,000**
	314,297,872	**-**	**314,297,872**	**-**	**314,297,872**
Financial liabilities - not measured at fair value					
- Creditors*	**2,709,723,505**	**-**	**-**	**-**	**-**
- Accrued liabilities*	**458,463,147**	**-**	**-**	**-**	**-**
- Contract liabilities*	**56,661,581**	**-**	**-**	**-**	**-**
- Security deposits*	**2,195,826**	**-**	**-**	**-**	**-**
	3,227,044,059	**-**	**-**	**-**	**-**

* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

30 June 2021	Carrying amount	Fair Value Level 1	Level 2	Level 3	Total
	---------- (Rupees) ----------				
Assets measured at fair value:					
Investment properties					
- Freehold land	263,863,000	-	-	263,863,000	263,863,000
Revalued property, plant and equipment					
- Freehold land	1,022,777,808	-	-	1,022,777,808	1,022,777,808
- Building on freehold land	475,545,000	-	-	475,545,000	475,545,000
	1,762,185,808	-	-	1,762,185,808	1,762,185,808
Financial assets - not measured at fair value					
- Loans, advances, trade deposits and prepayments*	49,806,707	-	-	-	-
- Cash and bank balances*	1,000,519,396	-	-	-	-
	1,050,326,103	-	-	-	-

30 June 2021	Carrying amount	Fair Value Level 1	Level 2	Level 3	Total
	---------- (Rupees) ----------				
Liabilities measured at fair value:					
Derivative financial liabilities					
- Foreign exchange forward contracts	22,961,787	-	22,961,787	-	22,961,787
- Short-term borrowings	25,620,468	-	25,620,468	-	25,620,468
	48,582,255	-	48,582,255	-	48,582,255
Financial liabilities - not measured at fair value					
- Creditors*	1,816,048,588	-	-	-	-
- Accrued liabilities*	374,972,390	-	-	-	-
- Contract liabilities*	44,802,048	-	-	-	-
- Security deposits*	1,100,000	-	-	-	-
	2,236,923,026	-	-	-	-

* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

41 GENERAL

Corresponding figures have been re-arranged as described below, for the purpose of better presentation:

Re-arranged from	Re-arranged to	30 June 2021 Rupees
Revenue from contract with customers	Selling and distribution expenses	
- Freight and octroi - outward	- Freight and octroi - outward	87,017,514
- Clearing and forwarding	- Clearing and forwarding	81,702,294
- Export Development Surcharge	- Export Development Surcharge	25,110,825
- Commission to stockists and export agents	- Commission to stockists and export agents	29,399,362
Cost of revenue	Other operating income	
- Reversal of provision for slow moving stock	- Reversal of provision for slow moving stock	10,643,448
Long-term deposits and advances	Loans, advances, trade deposits and prepayments	
- Advances to suppliers	- To suppliers	14,382,786

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 05 JANUARY 2023

Chief Executive

Director