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 2023 for your information.

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

Yours truly
For AEL Textiles Limited

AEL TEXTILES LIMITED

Company Secretary

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

Riaz Ahmad & Company
Chartered Accountants

STYLERS INTERNATIONAL LIMITED

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

30 JUNE 2023

A member of
Nexia
International

Riaz Ahmad & Company
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of Stylers International Limited

Report on the Audit of the Financial Statements

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 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2023 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

Management is responsible for the other information. The other information comprises the information included in the 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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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

Other Matter

The financial statements for the year ended 30 June 2022 were audited by another firm of Chartered Accountants whose auditor's report dated 23 January 2023 expressed unmodified opinion.

The engagement partner on the audit resulting in this independent auditor's report is Mubashar Mehmood.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 28 October 2023

UDIN: AR202310158qv5Adrf6U

STYLERS INTERNATIONAL LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	NOTE	2023 Rupees	2022 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
550,000,000 (2022: 550,000,000)			
ordinary shares of Rupees 10 each		5,500,000,000	5,500,000,000
Issued, subscribed and paid-up share capital	3	4,304,874,200	4,304,874,200
Reserves	4	4,980,785,610	1,370,690,673
Share deposit money	5	-	200,000,000
Total equity		9,285,659,810	5,875,564,873
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities	6	-	272,935,767
Leave encashment	7	11,440,218	16,457,099
Deferred taxation	8	5,492,569	17,344,077
		16,932,787	306,736,943
CURRENT LIABILITIES			
Trade and other payables	9	2,580,211,305	3,345,087,240
Short term borrowings	10	890,750,000	300,750,000
Current portion of lease liabilities	6	59,589,764	120,850,050
Taxation - net	24.1	5,455,375	-
		3,536,006,444	3,766,687,290
TOTAL LIABILITIES		3,552,939,231	4,073,424,233
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		12,838,599,041	9,948,989,106

	NOTE	2023 Rupees	2022 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	6,008,913,683	2,929,867,668
Right-of-use assets	13	19,042,922	308,511,079
Investment properties	14	408,485,000	298,728,000
Intangible assets	15	186,150	1,095,897
Long term investment	16	683,749,368	293,750,000
Long term deposits	17	45,329,378	45,987,378
		7,165,706,501	3,877,940,022
CURRENT ASSETS			
Stores, spare parts and loose tools	18	37,279,169	43,023,796
Stock-in-trade	19	1,434,477,603	2,075,383,463
Trade debts	20	1,468,042,322	1,779,977,885
Advances, deposits and prepayments	21	104,196,264	263,824,094
Other receivables	22	113,486,139	45,162,341
Net defined benefit asset	23	19,679,789	21,009,141
Accrued profit		2,695,890	-
Due from the Government	24	1,256,506,665	1,228,153,356
Cash and bank balances	25	1,236,528,699	614,515,008
		5,672,892,540	6,071,049,084
TOTAL ASSETS		12,838,599,041	9,948,989,106

The annexed notes 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 2023

	NOTE	2023 Rupees	2022 Rupees
REVENUE	26	15,215,230,383	14,168,974,876
COST OF SALES	27	(11,652,671,692)	(12,177,279,452)
GROSS PROFIT		3,562,558,691	1,991,695,424
DISTRIBUTION COST	28	(698,294,797)	(734,967,261)
ADMINISTRATIVE EXPENSES	29	(371,107,290)	(368,311,590)
OTHER EXPENSES	30	(448,673,663)	(250,660,609)
		(1,518,075,750)	(1,353,939,460)
		2,044,482,941	637,755,964
OTHER INCOME	31	895,116,051	298,083,163
PROFIT FROM OPERATIONS		2,939,598,992	935,839,127
FINANCE COST	32	(187,119,997)	(141,583,212)
PROFIT BEFORE TAXATION		2,752,478,995	794,255,915
TAXATION	33	(235,672,197)	(144,411,850)
PROFIT AFTER TAXATION		2,516,806,798	649,844,065

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

CHIEF EXECUTIVE

DIRECTOR

STYLERS INTERNATIONAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	2023 Rupees	2022 Rupees
PROFIT AFTER TAXATION	2,516,806,798	649,844,065
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified to profit or loss:		
Remeasurement loss on employees' retirement benefit	(11,462,488)	(10,523,497)
Deferred income tax relating to this item	61,421	1,550,956
	(11,401,067)	(8,972,541)
Surplus on revaluation of property, plant and equipment	1,108,390,195	-
Deferred income tax relating to this item	(3,700,989)	-
	1,104,689,206	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the year - net of tax	1,093,288,139	(8,972,541)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,610,094,937	640,871,524

The annexed notes 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 2023

	SHARE CAPITAL	RESERVES			SHARE DEPOSIT MONEY	TOTAL EQUITY
		CAPITAL RESERVE	REVENUE RESERVE	TOTAL		
		Surplus on revaluation of property, plant and equipment	Unappropriated profit			
	Rupees					
Balance as at 30 June 2021	4,304,874,200	452,666,544	277,152,605	729,819,149	-	5,034,693,349
Share deposit money received	-	-	-	-	200,000,000	200,000,000
Profit for the year ended 30 June 2022	-	-	649,844,065	649,844,065	-	649,844,065
Other comprehensive loss for the year ended 30 June 2022	-	-	(8,972,541)	(8,972,541)	-	(8,972,541)
Total comprehensive income for the year ended 30 June 2022	-	-	640,871,524	640,871,524	-	640,871,524
Transferred from surplus on revaluation of operating fixed assets	-	(2,472,071)	2,472,071	-	-	-
Balance as at 30 June 2022	4,304,874,200	450,194,473	920,496,200	1,370,690,673	200,000,000	5,875,564,873
Share deposit money repaid	-	-	-	-	(200,000,000)	(200,000,000)
Profit for the year ended 30 June 2023	-	-	2,516,806,798	2,516,806,798	-	2,516,806,798
Other comprehensive income for the year ended 30 June 2023	-	1,104,689,206	(11,401,067)	1,093,288,139	-	1,093,288,139
Total comprehensive income for the year ended 30 June 2023	-	1,104,689,206	2,505,405,731	3,610,094,937	-	3,610,094,937
Transferred from surplus on revaluation of operating fixed assets	-	(30,057,896)	30,057,896	-	-	-
Transferred from surplus on revaluation of operating fixed assets on disposal	-	(5,010)	5,010	-	-	-
Balance as at 30 June 2023	4,304,874,200	1,524,820,773	3,455,964,837	4,980,785,610	-	9,285,659,810

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

CHIEF EXECUTIVE

DIRECTOR

STYLERS INTERNATIONAL LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	3,172,041,764	639,795,183
Defined benefit liability paid		(150,231,666)	(165,000,000)
Leave encashment paid		(9,440,617)	(11,274,940)
Finance cost paid		(187,119,997)	(141,583,212)
Workers' profit participation fund paid		(37,407,410)	(27,876,469)
Workers' welfare fund paid		(21,308,345)	(28,390,946)
Income tax paid		(170,570,709)	(146,576,055)
Net decrease / (increase) in long term deposits		658,000	(34,505,317)
Net cash generated from operating activities		2,596,621,020	84,588,244
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,991,563,337)	(613,469,330)
Proceeds from disposal of operating fixed assets		10,023,343	74,375
Long term investment made		(389,999,368)	(293,750,000)
Net cash used in investing activities		(2,371,539,362)	(907,144,955)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share deposit money received		-	200,000,000
Share deposit money repaid		(200,000,000)	-
Short term borrowings obtained		740,000,000	280,000,000
Short term borrowings repaid		(150,000,000)	(4,870,468)
Repayment of lease liability		(109,425,657)	(74,834,921)
Net cash from financing activities		280,574,343	400,294,611
Net increase / (decrease) in cash and cash equivalents		505,656,001	(422,262,100)
Net foreign exchange difference on translating cash and bank balances		116,357,690	36,257,712
Cash and cash equivalents at the beginning of the year		614,515,008	1,000,519,396
Cash and cash equivalents at the end of the year		1,236,528,699	614,515,008

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

CHIEF EXECUTIVE

DIRECTOR

1. THE COMPANY AND ITS OPERATIONS

1.1 Stylers International Limited (the Company) was incorporated in Pakistan as a private limited company under the repealed 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.

1.2 Geographical location and addresses of all business units is as follows:

Sr. No.	Manufacturing units and offices	Address
1	Manufacturing units and registered office (The Company has total 3 manufacturing units at the same location)	20-KM., Ferozepur Road, Anum Road, Glaxo Town, Lahore
2	Manufacturing unit under construction	Village Bhuchoki Mahja, Tehsil Raiwind, Lahore

1.3 The Board of Directors of the Company on 07 June 2023 approved the Scheme of Arrangement for merger between the Company and AEL Textiles Limited - associated company (AEL) (the "Proposed Merger"). Pursuant to the Order of the Honourable Lahore High Court, Lahore dated 14 June 2023, the shareholders of the Company in their extraordinary general meeting duly held on 18 July 2023 also approved the Scheme of Arrangement. Order of the Honourable Lahore High Court, Lahore approving the Scheme of Arrangement is now awaited. In terms of the Scheme of Arrangement approved by directors and shareholders of the Company: (i) AEL (together with all its assets, rights, privileges (including status of listing on Pakistan Stock Exchange Limited and eligibility for induction with Central Depository Company) and all its liabilities and obligations) will be merged with and into the Company (the Proposed Merger); (ii) shares of the Company will be issued and allotted to the members of AEL as consideration for the Proposed Merger and the shares of the Company will stand listed on the Pakistan Stock Exchange ("PSX") as a result of the Proposed Merger by filing of requisite documents/information with the PSX; and (iii) as a consequence of the Proposed Merger and upon listing of the shares of the Company on PSX, AEL will be de-listed from the PSX and will be dissolved without winding up, as more particularly described in the Scheme of Arrangement, and each in accordance with the Scheme of Arrangement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

b) **Accounting convention**

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

c) **Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the 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 historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairment

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets 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 and investment properties with a corresponding effect on the depreciation charge and impairment.

Revaluation of land, buildings, plant and machinery 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, buildings and plant and machinery at revalued amounts, with changes in fair value being recognized in OCI. Land, buildings, plant and machinery and investment property were valued by reference to transactions involving properties and items of plant and machinery of a similar nature, location and condition. The Company engaged an independent valuation specialist to assess fair values as at the reporting date.

Inventories

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Allowance for expected credit losses

The allowance for Expected Credit Losses (ECLs) assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Employees' retirement benefit

Certain actuarial assumptions have been adopted for valuation of present value of defined benefit obligation. Changes in these assumptions in future years may affect the liability under this scheme in those years.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2022:

- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use'.
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract which amended IAS 1 'Presentation of Financial Statements'.
- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'.
- 'Reference to the Conceptual Framework (Amendments to IFRS 3)' published by the International Accounting Standards Board (IASB) with amendments to IFRS 3 'Business Combinations'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) **Amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2023 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 01 January 2024.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

The above amendments and improvements are likely to have no significant impact on the financial statements.

g) **Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company**

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2023 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 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 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 2023 using the Projected Unit Credit Method.

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.

2.3 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. 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. 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 accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.4 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. Figures are rounded off to the nearest of Pak Rupees.

2.5 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at 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 charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.6 Property, plant, equipment and depreciation

Operating fixed assets

Operating fixed assets except freehold land, buildings on freehold land and plant and machinery are stated at cost less accumulated depreciation and any identified impairment loss. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss and buildings on freehold land and plant and machinery are stated at revalued amount less accumulated depreciation and any identified impairment loss.

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

Change in accounting policy

Previously, plant and machinery was stated, under cost model, at cost less accumulated depreciation and recognized impairment loss, if any.

The Company has revised its accounting policy under IAS 16 'Property, Plant and Equipment', in respect of plant and machinery to fair value model under which plant and machinery is stated at revalued amount less accumulated depreciation and recognized impairment loss, if any.

Increases in the carrying amounts arising on revaluation of operating fixed assets are recognized, net of tax, in other comprehensive income and accumulated in surplus on revaluation of property, plant and equipment in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from surplus on revaluation of operating fixed assets to retained earnings. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation

Depreciation on operating fixed assets is charged to the statement of profit or loss applying the straight line method whereby cost of an asset is written off over its estimated useful life at the rates given in note 12. The Company charges the depreciation on additions from the month in which the asset is available for use and no depreciation is charged for the month in which the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of operating fixed assets is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

Capital work-in-progress

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

2.7 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. 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 a valuation performed by an accredited external independent valuer applying a valuation model.

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.

2.8 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.

2.9 Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses (if any). Cost comprises of the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

2.10 Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Currently, the Company uses market borrowing rate at the commencement date because the Company does not have any interest bearing borrowings. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.11 Investments and other financial assets

a) *Classification*

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) ***Measurement***

At initial recognition, the Company 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

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

Fair value through profit or loss

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

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

2.12 Financial liabilities – classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.13 Impairment of financial assets

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and

- Other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a 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. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

2.14 De-recognition of financial assets and financial liabilities

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.15 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.16 Inventories

Inventories, except for stock in transit and waste stock / rags, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

(i)	For raw materials:	Weighted average basis.
(ii)	For work-in-process and finished goods:	Includes direct cost of materials, direct labour cost and productions overheads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock / rags are valued at net realizable value.

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

2.17 Trade debts and other receivables

Trade debts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2.18 Borrowings from financial institutions

Financing and borrowings from financial institutions are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.19 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in statement of profit or loss.

2.20 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.21 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost and subsequently measured at amortized cost using the effective interest method.

2.22 Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Processing services

The Company provides processing services to local customers. These services are sold separately and the Company's contract with the customer for services constitute a single performance obligation.

Revenue from services is recognized at the point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Company's contracts with its customers.

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.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

2.23 Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

2.24 Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

2.25 Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

2.26 Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

2.27 Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.28 Refund liabilities

Refund liabilities are recognised where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.29 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.30 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.31 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.32 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.33 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.34 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

2.35 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.36 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. They are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the statement of profit or loss.

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2023 (Number of shares)	2022 (Number of shares)		2023 Rupees	2022 Rupees
116,835,000	116,835,000	Ordinary shares of Rupees 10 each fully paid-up in cash.	1,168,350,000	1,168,350,000
77,420	77,420	Ordinary shares of Rupees 10 each issued to shareholders of Advance Fashion (Private) Limited under the scheme of amalgamation.	774,200	774,200
310,000,000	310,000,000	Ordinary shares of Rupees 10 each issued as fully paid-up bonus shares.	3,100,000,000	3,100,000,000
3,575,000	3,575,000	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash against purchase of land.	35,750,000	35,750,000
430,487,420	430,487,420		4,304,874,200	4,304,874,200

3.1 Ordinary shares of the Company include 90,038,200 shares (2022: 90,038,200 shares) held by Naimat Saleem Trust (associated undertaking).

4 RESERVES

	2023 Rupees	2022 Rupees
Composition of reserves is as follows:		
Capital reserve		
Surplus on revaluation of property, plant and equipment - net of deferred income tax (Note 4.1)	1,524,820,773	450,194,473
Revenue reserve		
Unappropriated profit	3,455,964,837	920,496,200
	4,980,785,610	1,370,690,673

4.1 Surplus on revaluation of property, plant and equipment - net of deferred income tax

	2023	2022
Opening balance	450,194,473	452,666,544
Add: Surplus on revaluation incorporated during the year	1,108,390,195	-
Less: Incremental depreciation	(30,057,896)	(2,472,071)
Less: Surplus relating to assets disposed off	(5,010)	-
	1,528,521,762	450,194,473
Less: Related deferred income tax liability (Note 8.1)	(3,700,989)	-
Closing balance - net of deferred income tax	1,524,820,773	450,194,473

5 SHARE DEPOSIT MONEY

	2023 Rupees	2022 Rupees
SAAS Enterprises (Private) Limited (Note 5.1)	-	200,000,000

5.1 This share deposit money deposited by SAAS Enterprises (Private) Limited has been repaid during the year.

		2023 Rupees	2022 Rupees
6	**LEASE LIABILITIES**		
	Total lease liabilities	59,589,764	393,785,817
	Less: Current portion shown under current liabilities	(59,589,764)	(120,850,050)
		-	272,935,767

6.1 These include payable of Rupees 35.164 million (2022: Rupees 265.807 million) to Naimat Saleem Trust - associated undertaking against a lease agreement for building. The reconciliation of lease liabilities is as follows:

Opening balance	393,785,817	471,336,167
Add: Interest accrued on lease liabilities during the year	15,510,801	40,392,907
Less: Payments during the year	(124,936,458)	(115,227,828)
Less: Impact of lease modification	(203,998,477)	(2,715,429)
Less: Impact of lease termination	(20,771,919)	-
Closing balance	59,589,764	393,785,817
Less: Current portion shown under current liabilities	(59,589,764)	(120,850,050)
	-	272,935,767

6.2 Maturity analysis of lease liabilities is as follows:

Up to 6 months	43,851,168	63,075,831
6-12 months	18,934,986	64,705,857
1-2 years	-	83,939,591
More than 2 years	-	321,408,924
	62,786,154	533,130,203
Less: Future finance cost	(3,196,390)	(139,344,386)
Present value of lease liabilities	59,589,764	393,785,817

6.3 Amount recognized in the statement of profit or loss:

Interest expense on lease liabilities (Note 32)	15,510,801	40,392,907
'Expenses relating to short term leases (included in administrative expenses) (Note 29.2)	12,669,974	22,327,143
Total amount recognized in profit or loss	28,180,775	62,720,050

6.4 The interest expense on lease liabilities for the year is Rupees 15.511 million (2022: Rupees 40.393 million). The total cash outflow for leases for the year amounting to Rupees 124.936 million (2022: Rupees 115.228 million).

6.5 The Company uses market borrowing rate at the commencement date of lease because the Company does not have any interest bearing borrowings. Lease liabilities are recognised at discount rate range from 9.17% to 17.84% (2022: 9.17% to 10.07%) per annum.

		2023 Rupees	2022 Rupees
7	**LEAVE ENCASHMENT**		
	Provision for leave encashment (Note 7.1)	11,440,218	16,457,099

7.1 Movement of provision for leave encashment

Opening balance	16,457,099	35,208,131
Add / (Less): Provision / (reversal of provision) for the year	4,734,319	(7,476,092)
Less: Payments made during the year	(9,440,617)	(11,274,940)
Less: Benefits due but not paid	(310,583)	-
Closing balance	11,440,218	16,457,099

	2023 Rupees	2022 Rupees

8 DEFERRED TAXATION

Deferred income tax (asset) / liability arising due to:

Taxable temporary differences on:

	2023 Rupees	2022 Rupees
Accelerated tax depreciation and amortisation - net	3,720,805	23,170,127
Right-of-use assets	204,082	16,011,725
Revaluation surplus on property, plant and equipment	3,700,989	-
Net defined benefit asset	105,453	-
	7,731,329	39,181,852

Deductible temporary difference on:

	2023 Rupees	2022 Rupees
Lease liabilities	(638,619)	(20,437,484)
Leave encashment	(122,604)	(854,123)
Workers' welfare fund	(621,762)	-
Provisions and expected credit losses	(855,775)	-
Net defined benefit liability	-	(546,168)
	(2,238,760)	(21,837,775)
	5,492,569	17,344,077

8.1 Movement in deferred tax balances during the year is as follows:

	2023			
	Opening Balance	Recognised in Statement of profit or loss	Recognised in other comprehensive income	Closing balance
	Rupees			
Accelerated tax depreciation and amortisation - net	23,170,127	(19,449,322)	-	3,720,805
Right-of-use assets	16,011,725	(15,807,643)	-	204,082
Revaluation surplus on property, plant and equipment	-	-	3,700,989	3,700,989
Lease liabilities	(20,437,484)	19,798,865	-	(638,619)
Leave encashment	(854,123)	731,519	-	(122,604)
Workers' welfare fund	-	(621,762)	-	(621,762)
Provisions and expected credit losses	-	(855,775)	-	(855,775)
Net defined benefit asset	(546,168)	713,042	(61,421)	105,453
	17,344,077	(15,491,076)	3,639,568	5,492,569

	2022			
	Opening Balance	Recognised in Statement of profit or loss	Recognised in other comprehensive income	Closing balance
	Rupees			
Accelerated tax depreciation and amortisation - net	3,403,858	19,766,269	-	23,170,127
Right-of-use assets	-	16,011,725	-	16,011,725
Revaluation surplus on property, plant and equipment	981,790	(981,790)	-	-
Lease liabilities	-	(20,437,484)	-	(20,437,484)
Leave encashment		(854,123)	-	(854,123)
Net defined benefit liability	(396,492)	1,401,280	(1,550,956)	(546,168)
	3,989,156	14,905,877	(1,550,956)	17,344,077

	2023	2022
	Rupees	Rupees

9 TRADE AND OTHER PAYABLES

	2023	2022
Creditors (Note 9.1)	1,869,450,973	2,709,723,505
Accrued liabilities (Note 9.2)	432,822,497	458,463,147
Contract liabilities - unsecured (Note 9.3)	55,773,063	56,661,581
Securities from contractors - Interest free and repayable on completion of contracts (Note 9.4)	3,850,000	2,195,826
Sales tax withheld	1,400,211	3,136,553
Income tax deducted at source	6,226,949	40,798,560
Fair value of forward exchange contracts	-	13,547,872
Workers' profit participation fund (Note 9.5)	128,427,201	37,408,083
Workers' welfare fund (Note 9.6)	58,016,809	23,152,113
Retention money payable	24,243,602	-
	2,580,211,305	3,345,087,240

9.1 These include amounts due to following related parties:

	2023	2022
U.S. Denim Mills (Private) Limited - associated company	86,713,536	76,905,685
U.S. Apparel And Textiles (Private) Limited - associated company	14,060,809	6,821,307
Descon Oxychem Limited - associated company	602,362	-
US & Dynamo Mills (Private) Limited - associated company	945,888	-

9.2 These include amount due to following related party against expenses:

	2023	2022
A.J. Holdings (Private) Limited - associated company	4,380,654	-

9.3 These include advance received from following related party against sale of garments:

	2023	2022
AEL Textiles Limited - associated company	317,348	-

9.4 These security deposits are received from local contractors against sale of waste material.

	2023	2022
	Rupees	Rupees

9.5 Workers' profit participation fund

	2023	2022
Opening balance	37,408,083	42,058,213
Add: Provision for the year (Note 30)	128,426,528	23,226,339
	165,834,611	65,284,552
Less: Payments during the year	(37,407,410)	(27,876,469)
Closing balance	128,427,201	37,408,083

9.6 Workers' welfare fund

	2023	2022
Opening balance	23,152,113	34,816,145
Add: Provision for the year (Note 30)	56,173,041	16,726,914
	79,325,154	51,543,059
Less: Payments during the year	(21,308,345)	(28,390,946)
Closing balance	58,016,809	23,152,113

		2023 Rupees	2022 Rupees
10	**SHORT TERM BORROWINGS**		
	From related parties - unsecured		
	A.J. Holdings (Private) Limited - associated company (Note 10.1)	520,000,000	-
	Mian Muhammad Ahsan - Director (Note 10.2)	150,750,000	200,750,000
	Javed Arshad Bhatti - Director (Note 10.2)	60,000,000	100,000,000
	Ayesha Haroon - Related party (Note 10.2)	60,000,000	-
	Mian Salman Ahsan - Related party (Note 10.2)	100,000,000	-
		890,750,000	300,750,000

10.1 This is interest free loan obtained from A.J. Holdings (Private) Limited - associated company for making long term investment as defined in note 16 to these financial statements. This is repayable on demand.

10.2 These are interest free loans obtained from related parties which are repayable on demand.

11 CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) Guarantees of Rupees 45.277 million (2022: Rupees 36.242 million) are issued by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Lahore Electric Supply Company Limited for electricity connections, Total PARCO Pakistan Limited against purchase of furnace oil and State Bank of Pakistan against claims.

ii) For tax years 2014, 2017 and 2018, the income tax authorities issued refund orders dated 21 September 2020, 26 August 2020 and 26 August 2020 respectively to Advance Fashion (Private) Limited (now merged into Stylers International Limited) under section 170(4) of the Income Tax Ordinance, 2001 where in the Deputy Commissioner Inland Revenue rejected income tax refund claims amounting to Rupees 0.626 million, Rupees 15.749 million and Rupees 11.886 million respectively. Being aggrieved, the Company filed appeals before the Commissioner Inland Revenue (Appeals). Appeals for tax years 2017 and 2018 are still pending adjudication whereas appeal for tax year 2014 was remanded back by Commissioner Inland Revenue (Appeals) vide order dated 28 July 2021.

iii) Deputy Commissioner Inland Revenue (DCIR) passed Orders against the show cause notices dated 01 April 2022 and 22 March 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 Rupees 15.473 million (including penalty of Rupees 0.736 million and Rupees 13.819 million (including penalty of Rupees 0.658 million) respectively as per Sales Tax Act, 1990, asserting that these goods were not used in taxable activity. Being aggrieved, the Company filed appeal against the orders of the DCIR before the Commissioner Inland Revenue (Appeals)[CIR (A)] who vide order dated 18 July 2022 rejected the Company's stance and passed order by upholding the DCIR's stance. Being aggrieved, the Company preferred an appeal before Appellete Tribunal Inland Revenue who vide its order dated 03 August 2023 remand back the case for re-adjudication on merits after examination of the record.

iv) The Additional Commissioner Inland Revenue (ADCIR) passed orders on 31 May 2022 and 12 September 2022 for tax years 2016 and 2017 respectively against Advance Fashion (Private) Limited (AFL), now merged into Stylers International Limited (SIL), stating that the AFL claimed tax credits under section 65(D) of the Income tax Ordinance, 2001, 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 ADCIR, AFL after merger with the Company 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 Income Tax Ordinance, 2001 amounting to Rupees 10.523 million and 13.960 million for tax years 2016 and 2017 respectively and creating an additional tax demand of Rupees 0.312 million and Rupees 0.208 million for tax years 2016 and 2017 respectively. 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. For tax year 2016, the CIR (A) has confirmed the order of the ADCIR by confirming ground taken by the ADCIR while rejecting the tax credit claimed under section 65(D) of the Income Tax Ordinance, 2001 through appellate order dated 21 February 2023. Being aggrieved by the treatment meted out by the CIR (A), the Company preferred appeal before the Appellate Tribunal Inland Revenue, which is pending adjudication. For tax year 2017, the CIR(A) vide its order dated 09 June 2023 rejected the Company's stance and confirmed the amended order of the ADCIR. Being aggrieved, the Company has filed an appeal before ATIR which is pending adjudication.

v) The Additional Commissioner Inland Revenue (ADCIR) issued order dated 31 March 2021 under Section 122(5A) of the Income Tax Ordinance, 2001 and amended the original assessment on various grounds for tax year 2015 and created a tax demand of Rupees 48.288 million. Being aggrieved, the Company preferred an appeal before CIR (A) who vide order dated 16 July 2022 decided most of the grounds in favor of the Company except the matter relating to other income amounting to Rupees 1.435 million. Appeal effect order is awaited.

vi) The Additional Commissioner Inland Revenue passed order dated 04 October 2021 under Section 122(5A) of Income Tax Ordinance, 2001 and amended the original assessment on various grounds for tax year 2016 created a tax demand of Rupees 18.348 million. Being aggrieved, the Company filed an appeal before CIR (A) who vide order dated 10 March 2022 remanded back the issues relating to treatment of CMT sales, tax credit under Section 65(B) of the Income Tax Ordinance, 2001. Being aggrieved, the Company filed an appeal before ATIR which is pending adjudication.

vii) The Assistant Commissioner Inland Revenue issued notices to the Company under various Sections of Income Tax Ordinance, 2001 for the tax years 2018, 2019 and 2021 and required from the Company information / explanations / records. The Company has duly replied the notices. However, the proceedings are still pending to date.

The Company is actively pursuing the above matters at respective forums. Based on the advice of the legal counsel, the Company is hopeful for the favorable outcome of the matters. Hence, no provision has been made in these financial statements.

b) Commitments

i) Contracts for capital expenditure are approximately of Rupees 1,581.409 million (2022: Rupees 2,175.032 million).

ii) Letters of credit other than for capital expenditure are of Rupees 509.403 million (2022: Rupees 2,800 million).

iii) These represents commitments arising from short-term 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 leases and the period in which these payments will become due are as follows:

	2023 Rupees	2022 Rupees
Not later than one year	7,520,625	8,178,017
Later than one year and not later than five years	-	631,620
	7,520,625	8,809,637

12 PROPERTY, PLANT AND EQUIPMENT

	2023 Rupees	2022 Rupees
Operating fixed assets (Note 12.1)	4,127,891,320	2,471,967,258
Capital work-in-progress (Note 12.2)	1,881,022,363	457,900,410
	6,008,913,683	2,929,867,668

12.1 Operating fixed assets

	Freehold land	Buildings on freehold land	Plant and machinery	Electric installations	Tools and equipment	Office equipment	Furniture and fittings	IT equipment	Vehicles	Total
	(Rupees)									
At 30 June 2021										
Cost / revalued amount	1,022,777,808	475,545,000	1,211,029,949	46,073,783	54,236,166	2,252,180	7,531,505	29,955,982	35,313,501	2,884,715,874
Accumulated depreciation	-	-	(424,716,608)	(18,085,635)	(22,062,283)	(1,307,174)	(1,772,389)	(17,861,075)	(11,305,944)	(497,111,108)
Net book value	1,022,777,808	475,545,000	786,313,341	27,988,148	32,173,883	945,006	5,759,116	12,094,907	24,007,557	2,387,604,766
Year ended 30 June 2022										
Opening net book value	1,022,777,808	475,545,000	786,313,341	27,988,148	32,173,883	945,006	5,759,116	12,094,907	24,007,557	2,387,604,766
Additions	80,200,036	13,683,381	131,317,039	4,940,395	7,762,048	27,500	6,333,845	2,890,255	24,281	247,178,780
Disposals:										
Cost / revalued amount	-	-	-	-	-	-	-	(170,000)	-	(170,000)
Accumulated depreciation	-	-	-	-	-	-	-	127,497	-	127,497
	-	-	-	-	-	-	-	(42,503)	-	(42,503)
Depreciation charge	-	(13,035,544)	(127,173,705)	(4,306,083)	(5,160,966)	(141,829)	(1,297,976)	(6,483,249)	(5,174,433)	(162,773,785)
Closing net book value	1,102,977,844	476,192,837	790,456,675	28,622,460	34,774,965	830,677	10,794,985	8,459,410	18,857,405	2,471,967,258
At 30 June 2022										
Cost / revalued amount	1,102,977,844	489,228,381	1,342,346,988	51,014,178	61,998,214	2,279,680	13,865,350	32,676,237	35,337,782	3,131,724,654
Accumulated depreciation	-	(13,035,544)	(551,890,313)	(22,391,718)	(27,223,249)	(1,449,003)	(3,070,365)	(24,216,827)	(16,480,377)	(659,757,396)
Net book value	1,102,977,844	476,192,837	790,456,675	28,622,460	34,774,965	830,677	10,794,985	8,459,410	18,857,405	2,471,967,258
Year ended 30 June 2023										
Opening net book value	1,102,977,844	476,192,837	790,456,675	28,622,460	34,774,965	830,677	10,794,985	8,459,410	18,857,405	2,471,967,258
Additions	426,126,750	257,800,000	17,121,088	3,064,562	13,033,846	42,000	15,314,448	13,775,326	13,936,318	760,214,338
Disposals:										
Cost / revalued amount	-	-	(21,606,535)	-	-	-	-	(346,000)	(10,988,056)	(32,940,591)
Accumulated depreciation	-	-	15,242,172	-	-	-	-	157,151	2,747,014	18,146,337
	-	-	(6,364,363)	-	-	-	-	(188,849)	(8,241,042)	(14,794,254)
Depreciation charge	-	(17,034,209)	(157,305,110)	(4,489,719)	(5,595,727)	(143,834)	(1,616,008)	(7,615,702)	(4,085,908)	(197,886,217)
Surplus on revaluation	811,935,156	109,638,171	186,816,868	-	-	-	-	-	-	1,108,390,195
Closing net book value	2,341,039,750	826,596,799	830,725,158	27,197,303	42,213,084	728,843	24,493,425	14,430,185	20,466,773	4,127,891,320
At 30 June 2023										
Cost / revalued amount	2,341,039,750	856,666,552	1,524,678,409	54,078,740	75,032,060	2,321,680	29,179,798	46,105,563	38,286,044	4,967,388,596
Accumulated depreciation	-	(30,069,753)	(693,953,251)	(26,881,437)	(32,818,976)	(1,592,837)	(4,686,373)	(31,675,378)	(17,819,271)	(839,497,276)
Net book value	2,341,039,750	826,596,799	830,725,158	27,197,303	42,213,084	728,843	24,493,425	14,430,185	20,466,773	4,127,891,320
Annual rate of depreciation (%)	-	3	10	10	10	10	10	33.33	20	

12.1.1 Freehold land, buildings and plant and machinery of the Company were revalued as at 31 March 2023 by an independent valuer, Messrs. Surval (Private) Limited (approved valuer). Had there been no revaluation, the value of the assets would have been lower by Rupees 1,528.522 million (2022: Rupees 450.194 million). Forced sale value of freehold land, buildings and plant and machinery as on the date of valuation was Rupees 1,531.930 million, Rupees 459.184 million and Rupees 699.038 million respectively.

12.1.2 The book value of freehold land, buildings and plant and machinery on cost basis is Rupees 1,157.859 million, Rupees 640.930 million and Rupees 671.051 million (2022: Rupees 731.732 million, Rupees 397.244 million and Rupees 790.457 million) respectively.

12.1.3 Detail of operating fixed assets, exceeding the book value of Rupees 500,000, disposed of during the year is as follows:

Description	Quantity	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
	Nos.	-----	-----	(RUPEES)	-----	-----		
Plant and machinery								
Sewing machines	134	21,179,235	14,833,236	6,345,999	1,144,068	(5,201,931)	Negotiation	Pak Industrial Sewing Machines, Lahore.
Vehicle								
Toyota Fortuner	1	10,988,056	2,747,014	8,241,042	8,241,042	-	Company's Policy	Mr. Imran Qureshi, Ex-chief executive officer, Lahore.
		32,167,291	17,580,250	14,587,041	9,385,110	(5,201,931)		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000		773,300	566,087	207,213	638,233	431,020		
		32,940,591	18,146,337	14,794,254	10,023,343	(4,770,911)		

	2023 Rupees	2022 Rupees
12.1.4 Depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 27)	190,145,600	155,653,770
Distribution cost (Note 28)	3,483,278	3,204,007
Administrative expenses (Note 29)	4,257,339	3,916,008
	197,886,217	162,773,785

12.1.5 Property, plant and equipment includes fully-depreciated assets having cost of Rupees 51.801 million (2022: Rupees 40.908 million) that are still in use as at the reporting date.

12.1.6 Particulars of immovable properties (i.e. land and buildings) are as follows:

Manufacturing units and office	Address	Area of land	Covered area
		Kanal	Square feet
Apparel unit 3	20 K.M., Ferozepur Road, Anum Road, Glaxo Town, Lahore.	20.15	217,503
Raiwind unit	Village Bhuchoki Mahja, Tehsil Raiwind, District Lahore.	288.70	469,577
SB apparel unit	20 K.M., Ferozepur Road, Anum Road, Glaxo Town, Lahore.	16.97	130,822
		325.82	817,902

12.2 **Capital-work-in-progress**

	Advances against purchase of land	Civil works	Plant and machinery	Advance against purchase of vehicles	Tools and equipment	Advance against purchase of furniture and fixture	Electric installation	Total
	------	------	------	------(Rupees)	------	------	------	
At 30 June 2021	-	54,477,451	37,132,409	-	-	-	-	91,609,860
Add: Additions during the year	-	388,073,039	9,492,252	-	-	13,491,173	1,858,747	412,915,211
Less: Transferred to operating fixed assets during the year	-	-	(46,624,661)	-	-	-	-	(46,624,661)
At 30 June 2022	-	442,550,490	-	-	-	13,491,173	1,858,747	457,900,410
Add: Additions during the year	415,339,750	1,493,473,142	51,017,941	557,151	12,663,446	-	348,315	1,973,399,745
Less: Transferred to operating fixed assets during the year	(426,126,750)	(257,800,000)	(16,431,087)	(557,151)	(12,663,446)	(13,491,173)	(2,207,062)	(729,276,669)
Less: Charged to profit or loss during the year	-	(12,774,077)	-	-	-	-	-	(12,774,077)
Add / (Less): Reclassification / transferred	16,787,000	174,985,954	-	-	-	-	-	191,772,954
At 30 June 2023	6,000,000	1,840,435,509	34,586,854	-	-	-	-	1,881,022,363

13 RIGHT-OF-USE ASSETS

	2023 Rupees	2022 Rupees
Reconciliation of net carrying amount of right-of-use assets:		
Opening balance	308,511,079	404,670,793
Less: Impact of lease modification	(203,998,477)	(2,715,429)
Less: Impact of lease termination	(16,327,102)	-
Less: Depreciation expense for the year (Note 13.1)	(69,142,578)	(93,444,285)
Closing balance	19,042,922	308,511,079
Annual rate of depreciation %	20 - 28.57	10 - 28.57

Lease of building and factories

The Company obtained building and factories on leases for office use and manufacturing facilities. The contract duration ranges from 3.5 years to 5 years.

13.1 Depreciation charge for the year has been allocated as follows:		
Cost of sales (Note 27)	55,314,062	74,755,429
Distribution cost (Note 28)	6,222,832	8,409,985
Administrative expenses (Note 29)	7,605,684	10,278,871
	69,142,578	93,444,285

13.2 There is no impairment against right-of-use assets.

		2023 Rupees	2022 Rupees
14	**INVESTMENT PROPERTIES**		
	Opening balance	298,728,000	263,863,000
	Add: Gain arising on fair value adjustment during the year (Note 31)	109,757,000	34,865,000
	Closing balance	408,485,000	298,728,000

14.1 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 2023 the fair value of the investment properties aggregates to Rupees 408.485 million and is based on valuations performed by Messers Surval (Private) Limited, an accredited independent valuer on panel of Pakistan Banks' Association. There is no income or expense relating to these investment properties.

14.2 Forced sale value of these properties as at 30 June 2023 was Rupees 326.788 million (2022: Rupees 238.982 million).

14.3 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.

14.4 Particulars of investment properties (i.e. land) are as follows:

Description	Address	Area of land Kanal
Agricultural land	Mouza Sahukimalian, Near Quaid-E-Azam Industrial Estate, 6.2 K.M. off from Jouyanwala Morr, Sheihkupura.	66.00
Agricultural land	Ijtamah Area, Raiwind, Mouza Burhanpura, Lahore.	171.65

		2023 Rupees	2022 Rupees
15	**INTANGIBLE ASSETS**		
	IT Licences and softwares		
	Cost	15,017,085	15,017,085
	Accumulated amortisation:		
	Opening balance	13,921,188	12,433,442
	Add: Amortisation charged during the year (Note 29)	909,747	1,487,746
	Closing balance	14,830,935	13,921,188
	Book value at the end of the year	186,150	1,095,897
	Amortisation rate per annum	20%	20%

15.1 The amortisation charged during the year has been allocated to administrative expenses.

16	**LONG TERM INVESTMENT**		
	At fair value through other comprehensive income		
	Sapphire Bay Islamic Development Real Estate Investment Trust	683,749,368	293,750,000

16.1 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 project on a single parcel of land of 2,000 Acres. The 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.

	2023 Rupees	2022 Rupees
17 LONG TERM DEPOSITS		
Considered good		
Security deposits		
- Utility companies	42,717,377	42,717,377
- Others	2,612,001	3,270,001
	45,329,378	45,987,378
18 STORES, SPARE PARTS AND LOOSE TOOLS		
Stores, spare parts and loose tools	40,314,771	44,932,013
Less: Provision for slow moving, obsolete and damaged store items (Note 18.1)	(3,035,602)	(1,908,217)
	37,279,169	43,023,796
18.1 Provision for slow moving, obsolete and damaged store items		
Balance at the beginning of the year	1,908,217	2,226,234
Add / (Less): Provision / (reversal of provision) made during the year	1,127,385	(318,017)
Balance at the end of the year	3,035,602	1,908,217
19 STOCK-IN-TRADE		
Raw materials (Note 19.1, Note 19.2 and Note 19.3)	310,740,928	669,780,446
Less: Provision for slow moving raw materials (Note 19.4)	(27,413,014)	(36,208,283)
	283,327,914	633,572,163
Work-in-process	658,267,601	1,054,948,284
Finished goods (Note 19.5)	492,882,088	386,863,016
	1,434,477,603	2,075,383,463

19.1 Raw materials include fabric amounting to Rupees Nil (2022: Rupees 343.655 million) held with third party.

19.2 Raw material of Rupees 162.028 million (2022: Rupees 680.490 million) is being carried at net realizable value.

19.3 The aggregate amount of write-down of raw materials to net realizable value recognized as an expense during the year was Rupees Nil (2022: Rupees 410.50 million).

	2023 Rupees	2022 Rupees
19.4 Provision for slow moving raw materials		
Opening balance	36,208,283	23,004,926
Add: Provision charged / (reversed) during the year (Note 27)	(8,795,269)	13,203,357
Closing balance	27,413,014	36,208,283

19.5 Finished goods include stock in transit of Rupees 391.528 million (2022: Rupees Nil).

		2023 Rupees	2022 Rupees
20	**TRADE DEBTS**		
	Considered good:		
	Secured (against letter of credits)	704,665,005	894,614,843
	Unsecured:		
	- Related parties (Note 20.3 and Note 20.4)	7,651,744	110,562,161
	- Others	755,725,573	774,800,881
		1,468,042,322	1,779,977,885
	Considered doubtful:		
	Others - unsecured	20,354,064	920,705
	Less: Trade debts written off during the year (Note 30)	(20,354,064)	(920,705)
		-	-
		1,468,042,322	1,779,977,885

		2023 Rupees	2022 Rupees
20.1	**Foreign jurisdictions of trade debts**		
	Europe	1,455,983,263	1,666,204,829
20.2	**Types of counterparties**		
	Export		
	Corporate	1,455,983,263	1,666,204,829
	Local		
	Corporate	12,059,059	113,773,056
		1,468,042,322	1,779,977,885

20.3 This represents amounts due from following related parties. These are neither past due nor impaired:

U.S. Apparel And Textiles (Private) Limited - associated company	262,547	110,562,161
AEL Textiles Limited - associated company	7,389,197	-

20.4 The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:

U.S. Apparel And Textiles (Private) Limited - associated company	101,208,970	130,296,718
AEL Textiles Limited - associated company	8,363,845	-

		2023 Rupees	2022 Rupees
21	**ADVANCES, DEPOSITS AND PREPAYMENTS**		
	Considered good:		
	Advances to:		
	Employees - against salary (Note 21.1)	7,681,238	8,793,022
	Employees - against expenses	927,835	1,005,040
	Suppliers (Note 21.2)	62,666,672	254,026,032
	Margin against letter of credit	21,982,556	-
		93,258,301	263,824,094
	Prepayments	10,937,963	-
		104,196,264	263,824,094

	2023 Rupees	2022 Rupees
21.1 Advances to employees against salary		
Considered good:		
Executive	2,425,689	6,109,522
Others	5,255,549	2,683,500
	7,681,238	8,793,022
Considered doubtful:		
Others	517,789	-
Less: Expected credit loss against doubtful advances to employees (Note 30)	(517,789)	-
	-	-
	7,681,238	8,793,022
21.2 Advances to suppliers		
Considered good	62,666,672	254,026,032
Considered doubtful	1,680,452	-
Less: Provision for doubtful advances to suppliers (Note 30)	(1,680,452)	-
	-	-
	62,666,672	254,026,032

22 OTHER RECEIVABLES

Considered good:		
Receivable from related parties :		
U.S Apparel and Textiles (Private) Limited - associated company (Note 22.1)	482,571	29,122,011
Automotive Plastics (Private) Limited - associated company (Note 22.2)	106,859,244	16,040,330
Insurance claim receivable	6,144,324	-
	113,486,139	45,162,341

22.1 This represents receivable from U.S. Apparel and Textiles (Private) Limited - associated company against sharing of expenses. This is neither past due nor impaired. The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 61.671 million (2022: Rupees 107.542 million).

22.2 This represents loan provided to Automotive Plastics (Private) Limited - associated company. This is neither past due nor impaired. The maximum aggregate amount receivable from related party at the end of any month during the year was Rupees 106.859 million (2022: Rupees 16.040 million).

23 NET DEFINED BENEFIT ASSET

The latest actuarial valuation of the fund as at 30 June 2023 was carried out using the 'Projected Unit Credit Method'. Details of the fund as per the actuarial valuation are as follows:

	2023 Rupees	2022 Rupees
23.1 Amounts recognized in the statement of financial position are as follows:		
Present value of defined benefit obligations	(291,564,134)	(269,398,596)
Benefits payable	(14,732,552)	(21,222,649)
Less: Fair value of plan assets	325,976,475	311,630,386
	19,679,789	21,009,141

23.2 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 2023.

23.3 Movement in the present value of net defined benefit asset

	2023 Rupees	2022 Rupees
Net asset / (liability) at the beginning of the year	21,009,141	(29,079,473)
Current service cost	(114,825,547)	(110,951,154)
Net interest on defined benefit obligation	12,831,777	6,563,265
Net remeasurements for the year	(11,462,488)	(10,523,497)
Contributions made during the year	150,231,666	165,000,000
Liabilities transferred from U.S. Apparel and Textiles (Private) Limited - associated company	(38,104,760)	-
Net asset at the end of the year	19,679,789	21,009,141

23.4 Movement in the present value of defined benefit obligation

	2023 Rupees	2022 Rupees
Present value of defined benefit obligation at the beginning of the year	269,398,596	276,576,954
Benefits payable at the beginning of the year	21,222,649	-
Current service cost	114,825,547	110,951,154
Interest cost	27,359,647	20,724,045
Benefits paid during the year	(178,063,941)	(127,559,641)
Benefits payable	(14,732,552)	(21,222,649)
Remeasurements on obligation:		
Actuarial loss from changes in financial assumptions	(19,375,074)	-
Experience adjustments	32,824,502	9,928,733
Liabilities transferred from U.S. Apparel and Textiles (Private) Limited - associated company	38,104,760	-
Present value of defined benefit obligation at the end of the year	291,564,134	269,398,596

23.5 Movements in the fair value of plan assets

	2023 Rupees	2022 Rupees
Fair value of plan assets at the beginning of the year	311,630,386	247,497,481
Contributions made during the year	150,231,666	165,000,000
Interest income on plan assets	40,191,424	27,287,310
Benefits paid during the year	(178,063,941)	(127,559,641)
Return on plan assets	1,986,940	(594,764)
Fair value of plan assets at the end of the year	325,976,475	311,630,386

23.6 Fair value of plan assets

	2023 Rupees	2022 Rupees
Sukuk	45,000,000	-
Mutual funds and TDRs	193,553,408	263,551,004
Bank balance	84,378,814	46,252,387
Income receivable	2,303,219	1,085,961
Advance income tax	741,034	741,034
	325,976,475	311,630,386

23.7 Amounts recognized in the statement of profit or loss

	2023 Rupees	2022 Rupees
Current service cost	114,825,547	110,951,154
Interest cost	27,359,647	20,724,045
Interest income on plan assets	(40,191,424)	(27,287,310)
Net expense charged in the statement of profit or loss	101,993,770	104,387,889

23.7.1 Charge for the year has been allocated as follows:

	2023 Rupees	2022 Rupees
Cost of sales (Note 27.2)	86,700,756	90,817,463
Distribution cost (Note 28.1)	6,321,223	5,219,395
Administrative expenses (Note 29.1)	8,971,791	8,351,031
	101,993,770	104,387,889

23.8 Remeasurements charged to statement of comprehensive income

	2023 Rupees	2022 Rupees
Experience adjustments	32,824,502	9,928,733
Actuarial gains from changes in financial assumptions	(19,375,074)	-
Return on plan assets	(1,986,940)	594,764
Total remeasurements charged to statement of comprehensive income	11,462,488	10,523,497

23.9 Principal actuarial assumptions used

		2023	2022
Discount rate used for interest cost	% per annum	13.50	10.25
Discount rate used for year end obligation	% per annum	16.25	13.50
Future salary increase	% per annum	14.75	12.50

23.10 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption at the reporting date:

	Defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
	Bps	Rupees	Rupees
Discount rate	100	266,591,974	318,882,533
Future salary increase	100	318,875,482	266,588,699

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

23.11 Comparison of present value of defined benefit obligation and the fair value of plan assets for current period and previous four years is as follows:

	30 June 2023	30 June 2022	30 June 2021	30 June 2020	30 June 2019
	-----------	-----------	Rupees	-----------	-----------
Present value of defined benefit obligation	(291,564,134)	(269,398,596)	(276,576,954)	(220,336,880)	(121,623,234)
Benefits payable	(14,732,552)	(21,222,649)	-	-	-
Fair value of plan assets	325,976,475	311,630,386	247,497,481	180,225,201	136,986,228
Surplus / (deficit)	19,679,789	21,009,141	(29,079,473)	(40,111,679)	15,362,994
Remeasurement (loss) / gain on obligation	(13,449,428)	(9,928,733)	8,818,367	(4,708,941)	12,367,380
Remeasurement gain / (loss) on plan assets	1,986,940	(594,764)	(6,888,120)	(4,431,309)	(4,176,272)

23.12 Mortality was assumed to be based on SLIC 2001-2005 mortality table.

23.13 The average duration of the defined benefit obligation is 9 years.

23.14 Expected maturity profile of undiscounted defined benefit obligation:

Less than a year	Between 1- 2 years	Between 3 - 5 years	Between 6 - 10 years	Total
-----------	-----------	Rupees	-----------	-----------
36,175,514	42,940,369	159,367,934	325,251,217	563,735,034

		2023 Rupees	2022 Rupees
24	**DUE FROM THE GOVERNMENT**		
	Taxation - net (Note 24.1)	-	75,137,189
	Sales tax refundable (Note 24.2)	871,242,968	740,926,379
	Duty draw back receivable (Note 24.3)	315,683,982	327,759,447
	Export rebate receivable (Note 24.4)	69,579,715	84,330,341
		1,256,506,665	1,228,153,356
24.1	**Taxation - net**		
	Advance income tax	245,257,914	209,390,574
	Less: Provision for taxation	(250,713,289)	(134,253,385)
		(5,455,375)	75,137,189
24.2	**Sales tax refundable**		
	Considered good	871,242,968	740,926,379
	Considered doubtful	31,622,982	-
	Less: Provision for doubtful sales tax refundable (Note 30)	(31,622,982)	-
		-	-
		871,242,968	740,926,379
24.3	**Duty draw back receivable**		
	Considered good	315,683,982	327,759,447
	Considered doubtful	12,075,465	-
	Less: Provision for doubtful duty drawback receivable (Note 30)	(12,075,465)	-
		-	-
		315,683,982	327,759,447
24.4	**Export rebate receivable**		
	Considered good	69,579,715	84,330,341
	Considered doubtful	3,507,384	-
	Less: Provision for doubtful export rebate receivable (Note 30)	(3,507,384)	-
		-	-
		69,579,715	84,330,341

		2023 Rupees	2022 Rupees
25	**CASH AND BANK BALANCES**		
	With banks:		
	On current accounts	605,222,100	255,482,377
	On saving accounts (Note 25.1)	326,306,105	356,725,114
	Term deposit receipt (Note 25.2)	300,000,000	-
		1,231,528,205	612,207,491
	Cash in hand	5,000,494	2,307,517
		1,236,528,699	614,515,008

25.1 Rate of profit on saving accounts ranges from 3.40% to 10.34% (2022: 1.95% to 9.56%) per annum.

25.2 This term deposit receipt carry profit at the rate of 20.75% per annum. Maturity period of this term deposit receipt is three months.

		2023 Rupees	2022 Rupees
26	**REVENUE**		
	Revenue from contracts with customers:		
	-Export sales	14,576,443,472	13,442,343,577
	-Local sales (Note 26.1)	439,843,590	237,924,197
	-Processing income (Note 26.2)	90,058,850	383,534,504
		15,106,345,912	14,063,802,278
	Export rebate	175,902,327	166,204,064
		15,282,248,239	14,230,006,342
	Less: Discounts	(67,017,856)	(61,031,466)
		15,215,230,383	14,168,974,876
26.1	**Local sales**		
	Sales	517,871,497	284,169,425
	Less: Sales tax	(78,027,907)	(46,245,228)
		439,843,590	237,924,197
26.2	**Processing income**		
	Sales	105,368,855	448,733,587
	Less: Sales tax	(15,310,005)	(65,199,083)
		90,058,850	383,534,504

26.3 The amount of Rupees 56.662 million included in contract liabilities (Note 9) at 30 June 2022 has been recognised as revenue during the year (2022: Rupees 44.802 million).

26.4 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition:

Description	Garments	
	2023	2022
	------------(Rupees)------------	
Region		
Europe	14,634,590,730	13,342,369,761
America	50,737,213	205,146,414
Pakistan	529,902,440	621,458,701
	15,215,230,383	14,168,974,876
Timing of revenue recognition		
Products and services transferred at a point in time	15,215,230,383	14,168,974,876
Products and services transferred over time	-	-
	15,215,230,383	14,168,974,876
Major products / service lines		
Garments	15,125,171,533	13,785,440,372
Processing income	90,058,850	383,534,504
	15,215,230,383	14,168,974,876

26.5 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers.

		2023 Rupees	2022 Rupees
27	**COST OF SALES**		
	Raw materials consumed (Note 27.1)	8,078,952,723	8,828,731,483
	Processing charges	196,578,216	521,821,798
	Salaries, wages and other benefits (Note 27.2)	2,230,368,737	2,363,530,178
	Stores, spare parts and loose tools consumed	81,482,916	94,432,791
	Repair and maintenance	50,196,814	67,150,336
	Fuel and power	390,930,987	407,481,071
	Insurance	6,324,935	3,459,944
	Freight and octroi - inward	84,477,115	65,513,861
	Provision (reversed) / charged during the year (Note 19.4)	(8,795,269)	13,203,357
	Depreciation on property, plant and equipment (Note 12.1.4)	190,145,600	155,653,770
	Depreciation on right-of-use assets (Note 13.1)	55,314,062	74,755,429
	Other expenses	6,033,245	15,325,610
		11,362,010,081	12,611,059,628
	Work-in-process		
	Opening stock	1,054,948,284	518,508,302
	Closing stock	(658,267,601)	(1,054,948,284)
		396,680,683	(536,439,982)
	Cost of goods manufactured	11,758,690,764	12,074,619,646
	Finished goods		
	Opening stock	386,863,016	489,522,822
	Closing stock	(492,882,088)	(386,863,016)
		(106,019,072)	102,659,806
		11,652,671,692	12,177,279,452
27.1	**Raw materials consumed**		
	Opening stock	633,572,163	603,916,400
	Add: Purchased during the year	7,728,708,474	8,858,387,246
		8,362,280,637	9,462,303,646
	Less: Closing stock	(283,327,914)	(633,572,163)
		8,078,952,723	8,828,731,483

27.2 Salaries, wages and other benefits include Rupees 86.701 million (2022: Rupees 90.817 million) in respect of employees' retirement benefit.

28	DISTRIBUTION COST	2023 Rupees	2022 Rupees
	Salaries and other benefits (Note 28.1)	111,751,663	132,747,016
	Outward freight and handling	59,821,049	208,671,527
	Advertisement and sales promotion	47,714,539	33,701,291
	Claim on export sales	207,243,366	35,819,980
	Clearing and forwarding	92,882,289	181,251,470
	Commission to selling agents	95,023,511	80,729,075
	Export development surcharge	37,937,064	33,170,797
	Travelling and conveyance	35,196,459	16,394,444
	Insurance	311,683	478,212
	Depreciation on property, plant and equipment (Note 12.1.4)	3,483,278	3,204,007
	Depreciation on right-of-use assets (Note 13.1)	6,222,832	8,409,985
	Miscellaneous	707,064	389,457
		698,294,797	734,967,261

28.1 Salaries and other benefits include Rupees 6.321 million (2022: Rupees 5.219 million) in respect of employees' retirement benefit.

29	ADMINISTRATIVE EXPENSES	2023 Rupees	2022 Rupees
	Salaries and other benefits (Note 29.1)	196,675,867	194,387,307
	Vehicles' running and maintenance	8,698,373	6,510,109
	Travelling and conveyance	577,996	1,878,800
	Rent, rates and taxes (Note 29.2)	12,687,014	24,565,270
	Insurance	1,316,950	609,817
	Entertainment	22,885,747	20,561,098
	Legal and professional	35,839,348	34,442,385
	Auditor's remuneration (Note 29.3)	2,400,000	1,785,000
	Postage and telephone	12,419,582	13,385,865
	Printing and stationery	6,134,078	7,592,853
	Repair and maintenance	47,143,843	36,181,418
	Fee and subscription	11,380,538	10,372,859
	Amortization on intangible assets (Note 15)	909,747	1,487,746
	Depreciation on property, plant and equipment (Note 12.1.4)	4,257,339	3,916,008
	Depreciation on right-of-use assets (Note 13.1)	7,605,684	10,278,870
	Miscellaneous	175,184	356,185
		371,107,290	368,311,590

29.1 Salaries and other benefits include Rupees 8.972 million (2022: Rupees 8.351 million) in respect of employees' retirement benefit.

29.2 These include expense related to short term leases amounting to Rupees 12.670 million (2022: Rupees 22.327 million).

		2023 Rupees	2022 Rupees
29.3	**Auditor's remuneration**		
	Audit fee	1,485,000	1,485,000
	Special audit	315,000	-
	Reimbursable expenses	600,000	300,000
		2,400,000	1,785,000

30	**OTHER EXPENSES**		
	Workers' profit participation fund (Note 9.5)	128,426,528	23,226,339
	Workers' welfare fund (Note 9.6)	56,173,041	16,726,914
	Net exchange loss	48,928,269	161,031,761
	Loss on disposal of property, plant and equipment (Note 12.1.3)	4,770,911	-
	Trade debts written off (Note 20)	20,354,064	920,705
	Expected credit loss against doubtful advances to employees (Note 21.1)	517,789	-
	Provision against doubtful advances to suppliers (Note 21.2)	1,680,452	-
	Provision against doubtful sales tax refundable (Note 24.2)	31,622,982	-
	Provision against doubtful duty draw back receivable (Note 24.3)	12,075,465	-
	Provision against doubtful export rebate receivable (Note 24.4)	3,507,384	-
	Charity and donations (Note 30.1 and Note 30.2)	140,616,778	48,754,890
		448,673,663	250,660,609

30.1 The name of donee to whom donation amount exceeded Rupees 14.062 million (2022: Rupees 1 million) is as follows:

Naimat Saleem Trust - associated undertaking	116,113,428	42,500,000
Indus Hospital	22,250,000	-

30.2 There is no interest of any director or his spouse in the donees' fund except for Naimat Saleem Trust where four directors of the Company are the trustees.

		2023 Rupees	2022 Rupees
31	**OTHER INCOME**		
	Income from financial assets		
	Profit on deposits with banks	47,265,866	27,161,789
	Profit on term deposit receipt	2,695,890	-
	Gain on termination of lease liabilities	4,444,817	-
	Gain on foreign exchange forward contracts	730,125,891	235,780,244
		784,532,464	262,942,033
	Income from non-financial assets		
	Gain on remeasurement of investment properties at fair value (Note 14)	109,757,000	34,865,000
	Gain on disposal of property, plant and equipment	-	31,872
	Credit balances written back	826,587	-
	Miscellaneous	-	244,258
		110,583,587	35,141,130
		895,116,051	298,083,163

32	**FINANCE COST**		
	Bank charges and commission	171,609,196	101,190,305
	Finance cost on lease liabilities (Note 6.3)	15,510,801	40,392,907
		187,119,997	141,583,212

	2023 Rupees	2022 Rupees
33 TAXATION		
Current tax:		
For the year (Note 33.1)	250,713,289	134,253,385
Prior year	449,984	(4,747,412)
	251,163,273	129,505,973
Deferred tax	(15,491,076)	14,905,877
	235,672,197	144,411,850

33.1 Provision for current tax represents final tax on export and local sales of garments. Further, where income tax is applicable, provision is made under the relevant provisions of the Income Tax Ordinance, 2001. Tax charge reconciliation for the year is not presented being impracticable.

	2023 Rupees	2022 Rupees
34 CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,752,478,995	794,255,915
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	197,886,217	162,773,785
Depreciation on right-of-use assets	69,142,578	93,444,285
Amortization on intangible assets	909,747	1,487,746
Gain from fair value measurement on investment properties	(109,757,000)	(34,865,000)
Loss / (gain) on disposal of property, plant and equipment	4,770,911	(31,872)
Trade debts written off	20,354,064	920,705
Credit balances written back	(826,587)	-
Gain on termination of lease liabilities	(4,444,817)	-
Expected credit loss against doubtful advances to employees	517,789	-
Provision against doubtful advances to suppliers	1,680,452	-
Provision against doubtful sales tax refundable	31,622,982	-
Provision against doubtful duty draw back receivable	12,075,465	-
Provision against doubtful export rebate receivable	3,507,384	-
Provision for slow moving raw material	(8,795,269)	13,203,357
Provision / (reversal of provision) for slow moving stores, spare parts and loose tools	1,127,385	(318,017)
Charge / (reversal) of provision for leave encashment	4,734,319	(7,476,092)
Provision for defined benefit liability	101,993,770	104,387,889
Finance cost	187,119,997	141,583,212
Provision for workers' profit participation fund	128,426,528	23,226,339
Provision for workers' welfare fund	56,173,041	16,726,914
Net exchange (gain) / loss - unrealized	(82,888,678)	58,765,360
Gain on foreign exchange forward contracts - net	(730,125,891)	(235,780,244)
Working capital changes (Note 34.1)	534,358,382	(492,509,099)
	3,172,041,764	639,795,183

		2023 Rupees	2022 Rupees
34.1	**Working capital changes**		
	(Increase) / decrease in current assets:		
	- Stores, spare parts and loose tools	4,617,242	(11,901,259)
	- Stock-in-trade	649,701,129	(476,639,296)
	- Trade debts	1,027,008,074	(786,588,161)
	- Advances, deposits and prepayments	(34,343,365)	(214,017,387)
	- Other receivables	(30,219,038)	(10,049,341)
	- Accrued profit	(2,695,890)	-
	- Due from the government	(150,696,329)	(129,575,238)
		1,463,371,823	(1,628,770,682)
	(Decrease) / increase in trade and other payables	(929,013,441)	1,136,261,583
		534,358,382	(492,509,099)

34.2 Reconciliation of movement of liabilities to cash flows arising from financing activities.

	2023		
	Liabilities from financing activities		
	Share deposit money	**Lease liabilities**	**Short term borrowings**
	--------------------------(Rupees)--------------------------		
Balance as at 30 June 2022	200,000,000	393,785,817	300,750,000
Share deposit money repaid	(200,000,000)	-	-
Repayment of lease liabilities	-	(109,425,657)	-
Short term borrowings obtained	-	-	740,000,000
Short term borrowings repaid	-	-	(150,000,000)
Non - cash movement:			
Impact of lease modification	-	(203,998,477)	-
Impact of lease termination	-	(20,771,919)	-
Balance as at 30 June 2023	-	59,589,764	890,750,000

	2022		
	Liabilities from financing activities		
	Share deposit money	**Lease liabilities**	**Short term borrowings**
	--------------------------(Rupees)--------------------------		
Balance as at 30 June 2021	-	471,336,167	25,620,468
Share deposit money received	200,000,000	-	-
Repayment of lease liabilities	-	(74,834,921)	-
Short term borrowings obtained	-	-	275,129,532
Non - cash movement:			
Impact of lease modification	-	(2,715,429)	-
Balance as at 30 June 2022	200,000,000	393,785,817	300,750,000

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for remuneration including all benefits to Chief Executive and Executives of the Company is as follows:

	2023		2022	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees)			
Managerial remuneration	19,984,250	244,413,446	26,672,730	213,754,101
Medical and others	2,769,076	52,149,081	6,578,885	46,842,320
Contribution to gratuity fund	-	28,864,030	2,090,000	25,818,712
	22,753,326	325,426,557	35,341,615	286,415,133
Number of persons	1	111	1	96

35.1 Chief Executive Officer and certain executives of the Company are provided with Company maintained cars and telephones for business use and certain executives are also provided with free housing facility along with utilities.

35.2 During the year ended 30 June 2022, aggregate amount charged in these financial statements for meeting fee to five directors was Rupees 6.300 million. However, during the year, no remuneration was paid to directors of the Company.

36 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, associated undertaking, staff retirement fund trust, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties other than which have been specifically disclosed elsewhere in these financial statements are as follows:

Name of the related party	Nature of transaction	2023 Rupees	2022 Rupees
U.S. Apparel and Textiles (Private) Limited	Purchase of fabric and materials	529,082	54,800
	Purchase of electricity	3,667,939	3,278,477
	Services provided	59,610,190	376,248,022
	Services obtained	56,014,392	-
	Sale of fabric and materials	14,254,210	-
	Purchase of fixed asset	139,922	-
	Sale of fixed asset	166,950	-
	Balances of defined benefit obligation transferred to the Company	38,104,760	-
U.S. Denim Mills (Private) Limited	Purchase of fabric and materials	538,304,121	1,956,072,887
U.S. & Dynamo Mills (Private) Limited	Purchase of fabric and materials	70,991,793	-
Descon Oxychem Limited	Purchase of chemicals	21,423,918	-
A.J. Holdings (Private) Limited	Loan obtained	520,000,000	-
	Shared expenses charged	21,966,874	-
Naimat Saleem Trust	Lease rentals paid	34,427,247	23,710,230
Leeds Logistics (Private) Limited	Sale of fixed asset	338,983	-
Mr. Javed Arshad Bhatti	Loan obtained	60,000,000	100,000,000
	Loan repaid	100,000,000	-
Ms. Ayesha Haroon	Loan obtained	60,000,000	-
Mian Muhammad Ahsan	Loan obtained	-	180,000,000
	Loan repaid	50,000,000	-
Mian Salman Ahsan	Loan obtained	100,000,000	-
Openminds Consulting	Consultancy services	-	3,966,833
Automotive Plastics (Private) Limited	Loan given	90,818,914	16,040,330
AEL Textiles Limited	Sales of fabrics	28,540,103	-
Indus Hospital	Donations paid	22,250,000	-
Employees' Gratuity Fund Trust	Contributions paid	150,231,666	165,000,000

36.1 Detail of compensation to key management personnel comprising of chief executive, directors and executives is disclosed in note 35.

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

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year ended		Percentage of shareholding
		2023	2022	
U.S. Apparel and Textiles (Private) Limited	Common directorship	Yes	Yes	None
U.S. Denim Mills (Private) Limited	Common directorship	Yes	Yes	None
U.S. & Dynamo Mills (Private) Limited	Common directorship	Yes	No	None
Descon Oxychem Limited (Note 36.2.1)	Common directorship	Yes	No	None
A.J. Holdings (Private) Limited	Common directorship	Yes	No	None
Naimat Saleem Trust	Directors of the Company are the trustees of Naimat Saleem Trust	Yes	Yes	None
Openminds Consulting	Director of the Company is partner of Openminds Consulting	No	Yes	None
Automotive Plastics (Private) Limited	Common directorship	Yes	Yes	None
US Footwear (Private) Limited	Group company	No	No	None
US Apparel (UK) Ltd	Group company	No	No	None
US Apparel and Textiles (BD) Limited	Group company	No	No	None
US Fashion Turkey Tekstil Ticaret Anonim Sirketi	Group company	No	No	None
Denim Kumaşcılık	Group company	No	No	None
United Apparel (Private) Limited	Group company	No	No	None
Ravi Autos (Private) Limited	Group company	No	No	None
Ravi Sundar Plastic Innovations (Private) Limited	Group company	No	No	None
Nexus Fashion (Private) Limited	Group company	No	No	None
AJ Investments Limited	Group company	No	No	None
AJ Apparel (USA) Inc.	Group company	No	No	None
Sands Holdings Limited	Group company	No	No	None
Leeds Apparel (Private) Limited	Group company	No	No	None
Leeds Logistics (Private) Limited	Group company	Yes	No	None
AJ Foundation	Trust of the group	No	No	None
The Indus Hospital Trust	Trust of the group	Yes	No	None
Lahore Institute of Health Sciences	Trust of the group	No	No	None
Recep Tayyip Erdogan Hospital Trust	Trust of the group	No	No	None
AEL Textiles Limited	Common directorship	Yes	No	None
Employees' Gratuity Fund Trust	Staff retirement fund	Yes	Yes	None
Mr. Mustanser Ahmed	Chief executive	No	No	None
Mian Muhammad Ahsan	Director	Yes	Yes	None
Mian Salman Ahsan	Close relative of Director	Yes	No	None
Mr. Javed Arshad Bhatti	Director	Yes	Yes	None
Ms. Ayesha Haroon	Close relative of Director	Yes	No	None
Mr. Muhammad Saqib	Director	No	No	None
Mr. Muhammad Umer	Director	No	No	None
Mr. Muhammad Asif Malik	Director	No	No	None

36.2.1 Descon Oxychem Limited was related party of the Company uptill 14 December 2022.

37 PLANT CAPACITY AND ACTUAL PRODUCTION

	Production capacity		Actual production	
	2023	2022	2023	2022
	-----No of pieces-----			
Garments				
No of garments based on 312 days (2022: 330 days)	8,736,000	9,900,000	7,151,781	9,447,472

37.1 Reason for low production

The under utilization of available capacity is mainly due to low demand.

	2023 Rupees	2022 Rupees
38 NUMBER OF EMPLOYEES		
Number of employees at the reporting date	2,466	3,565
Average number of employees during the year	2,847	3,505

39 FINANCIAL RISK MANAGEMENT

39.1 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 programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Board of Directors. The Company's Board of Directors evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro, British Pound Sterling (GBP), Arab Emirates Dirham (AED), Hong Kong Dollar (HKD), Danish Krone (DKK) and São Tomé and Príncipe dobra (STD). Currently, the Company's foreign exchange risk exposure is restricted to cash and bank balances and the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2023	2022
Cash in hand - USD	1,517	-
Cash in hand - EURO	6,686	-
Cash in hand - GBP	1	1
Cash in hand - AED	13,980	-
Cash in hand - HKD	9	9
Cash in hand - STD	1,600,000	-
Cash in hand - DKK	382	-
Cash at banks - USD	2,096,095	877,425
Trade debts - USD	5,078,632	7,594,825
Trade debts – EUR	10,206	517,053
Trade and other payables - USD	(3,905,917)	(7,368,528)
Trade and other payables - EUR	(1,113)	(15,818)
Net exposure - USD	3,270,327	1,103,722
Net exposure - EURO	15,778.51	501,235
Net exposure - GBP	1	1
Net exposure - AED	13,980	-
Net exposure - HKD	9	9
Net exposure - STD	1,600,000	-
Net exposure - DKK	382	-

The following significant exchange rates were applied during the year:

	2023	2022
Rupees per US Dollar		
Average rate	252.58	181.65
Reporting date rate	286.60	205.50
Rupees per EURO		
Average rate	266.64	201.68
Reporting date rate	313.72	215.23
Rupees per GBP		
Average rate	306.15	233.95
Reporting date rate	364.77	249.31
Rupees per AED		
Average rate	69.26	49.81
Reporting date rate	78.59	56.35

	2023	2022
Rupees per HKD		
Average rate	32.35	23.35
Reporting date rate	36.75	26.29
Rupees per DKK		
Average rate	35.76	-
Reporting date rate	42.05	-
Rupees per STD		
Average rate	0.13	-
Reporting date rate	0.13	-

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, EURO, GBP, AED, HKD, DKK and STD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 43.875 million (2022: Rupees 15.563 million) higher / lower 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) 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 commodity price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from bank balances in saving and deposit accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2023 Rupees	2022 Rupees
Fixed rate instruments		
Financial assets		
Term deposit receipt	300,000,000	-
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	326,306,105	356,725,114

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 1.851 million (2022: Rupees 3.318 million) higher / lower, mainly as a result of higher / lower interest income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at the reporting dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023 Rupees	2022 Rupees
Long term investment	683,749,368	293,750,000
Long term deposits	45,329,378	45,987,378
Trade debts	1,468,042,322	1,779,977,885
Advances and deposits	7,681,238	8,793,022
Other receivables	113,486,139	45,162,341
Accrued profit	2,695,890	-
Bank balances	1,231,528,205	612,207,491
	3,552,512,540	2,785,878,117

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:

	Rating			2023	2022
	Short term	Long term	Agency	Rupees	Rupees
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	486,403,438	308,724,929
Bank AL Habib Limited	A1+	AAA	PACRA	4,411,655	357,927
Meezan Bank Limited	A-1+	AAA	VIS	729,099,191	239,692,789
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	4,537,352	1,085,968
Telenor Microfinance Bank Limited	A1	A	PACRA	779,730	1,243,653
Bank Islamic Pakistan Limited	A1	AA-	PACRA	6,296,839	61,102,225
				1,231,528,205	612,207,491

The Company's exposure to credit risk and expected credit loss related to trade debts, if any, is disclosed in note of trade debts in these financial statements.

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

Trade debts

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained, if any, from these customers to calculate the net exposure towards these customers. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

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 have no history of default except for balance of Rupees 1.037 million which has been written off during the period. Further, trade debts from export sales of Rupees 19.317 million has been written off during the year.

On that basis, the analysis of loss allowance as at 30 June 2023 and 30 June 2022 was as follows:

At 30 June 2023

	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	------------Rupees------------		%	------------Rupees------------	
Not past due	0%	12,059,059	-	0%	751,318,258	-
Up to 30 days	0.00%	-	-	0.00%	-	-
31 to 60 days	0.00%	-	-	0.00%	-	-
61 to 90 days	0.00%	-	-	0.00%	-	-
91 to 180 days	0.00%	-	-	0.00%	-	-
181 to 360 days	0.00%	-	-	100.00%	-	-
Above 360 days	0.00%	-	-	0.00%	-	-
		12,059,059	-		751,318,258	-
Trade debts which are not subject to risk of default		-	-		704,665,005	-
Total		12,059,059	-		1,455,983,263	-

At 30 June 2022

	Local sales			Export sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	(Rupees in thousand)		%	(Rupees in thousand)	
Not past due	0%	113,773,056	-	0%	771,589,986	-
Up to 30 days	0.00%	-	-	0.00%	-	-
31 to 60 days	0.00%	-	-	0.00%	-	-
61 to 90 days	0.00%	-	-	0.00%	-	-
91 to 180 days	0.00%	-	-	0.00%	-	-
181 to 360 days	0.00%	-	-	0.00%	-	-
Above 360 days	0.00%	-	-	100.00%	-	-
		113,773,056	-		771,589,986	-
Trade debts which are not subject to risk of default		-	-		894,614,843	-
Total		113,773,056	-		1,666,204,829	-

(c) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and bank balances. At 30 June 2023, the Company had Rupees 1,236.529 million (2022: Rupees 614.515 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2023

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 year	More than 2 years
		---------- (Rupees) ----------				
Non-derivative financial liabilities:						
Lease liabilities	59,589,764	62,786,154	43,851,168	18,934,986	-	-
Trade and other payables	2,330,367,072	2,330,367,072	2,330,367,072	-	-	-
Short term borrowings	890,750,000	890,750,000	890,750,000	-	-	-
	3,280,706,836	3,283,903,226	3,264,968,240	18,934,986	-	-

Contractual maturities of financial liabilities as at 30 June 2022

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 year	More than 2 years
		---------- (Rupees) ----------				
Non-derivative financial liabilities:						
Lease liabilities	393,785,817	533,130,203	63,075,831	64,705,857	83,939,591	321,408,924
Trade and other payables	3,170,382,478	3,170,382,478	3,170,382,478	-	-	-
Short term borrowings	300,750,000	300,750,000	300,750,000	-	-	-
Derivative financial liabilities	13,547,872	13,547,872	13,547,872	-	-	-
	3,878,466,167	4,017,810,553	3,547,756,181	64,705,857	83,939,591	321,408,924

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates effective at reporting date. The rates of interest have been disclosed in note 6 to these financial statements.

39.2 **Financial instruments by categories**

As at 30 June 2023

Assets as per statement of financial position

	Amortised cost	FVTOCI	Total
	(Rupees)		
Long term investment	-	683,749,368	683,749,368
Long term deposits	45,329,378	-	45,329,378
Trade debts	1,468,042,322	-	1,468,042,322
Advances and deposits	7,681,238	-	7,681,238
Other receivables	113,486,139	-	113,486,139
Accrued profit	2,695,890		2,695,890
Cash and bank balances	1,236,528,699	-	1,236,528,699
	2,873,763,666	683,749,368	3,557,513,034

Liabilities as per statement of financial position

	Amortized cost	FVTPL	Total
	(Rupees)		
Lease liabilities	59,589,764	-	59,589,764
Trade and other payables	2,330,367,072	-	2,330,367,072
Short term borrowings	890,750,000	-	890,750,000
	3,280,706,836	-	3,280,706,836

As at 30 June 2022

Assets as per statement of financial position

	Amortised cost	FVTOCI	Total
	(Rupees)		
Long term investment	-	293,750,000	293,750,000
Long term deposits	45,987,378	-	45,987,378
Trade debts	1,779,977,885	-	1,779,977,885
Advances and deposits	8,793,022	-	8,793,022
Other receivables	45,162,341	-	45,162,341
Cash and bank balances	614,515,008	-	614,515,008
	2,494,435,634	293,750,000	2,788,185,634

Liabilities as per statement of financial position

	Amortized cost	FVTPL	Total
	(Rupees)		
Lease liabilities	393,785,817	-	393,785,817
Trade and other payables	3,170,382,478	13,547,872	3,183,930,350
Short term borrowings	300,750,000	-	300,750,000
	3,864,918,295	13,547,872	3,878,466,167

39.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

	2023		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	Rupees		
Assets			
Long term investment	683,749,368	-	683,749,368
Long term deposits	45,329,378	-	45,329,378
Trade debts	1,468,042,322	-	1,468,042,322
Advances, deposits and prepayments	7,681,238	96,515,026	104,196,264
Other receivables	113,486,139	-	113,486,139
Accrued profit	2,695,890	-	2,695,890
Cash and bank balances	1,236,528,699	-	1,236,528,699
	3,557,513,034	96,515,026	3,654,028,060

	2023		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	------------------ Rupees ------------------		
Liabilities			
Lease liabilities	59,589,764	-	59,589,764
Trade and other payables	2,330,367,072	249,844,233	2,580,211,305
Short term borrowings	890,750,000	-	890,750,000
	3,280,706,836	249,844,233	3,530,551,069

	2022		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	------------------ Rupees ------------------		
Assets			
Long term investment	293,750,000	-	293,750,000
Long term deposits	45,987,378	-	45,987,378
Trade debts	1,779,977,885	-	1,779,977,885
Advances, deposits and prepayments	8,793,022	255,031,072	263,824,094
Other receivables	45,162,341	-	45,162,341
Cash and bank balances	614,515,008	-	614,515,008
	2,788,185,634	255,031,072	3,043,216,706

	2022		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	------------------ Rupees ------------------		
Liabilities			
Lease liabilities	393,785,817	-	393,785,817
Trade and other payables	3,183,930,350	161,156,890	3,345,087,240
Short term borrowings	300,750,000	-	300,750,000
	3,878,466,167	161,156,890	4,039,623,057

39.4 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

39.5 Capital risk 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. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent short term borrowings obtained by the Company as referred to in note 10. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The Company's strategy, remained unchanged from last year.

		2023	2022
Borrowings	Rupees	890,750,000	300,750,000
Total equity	Rupees	9,285,659,810	5,875,564,873
Total capital employed	Rupees	10,176,409,810	6,176,314,873
Gearing ratio	Percentage	8.75%	4.87%

The increase in the gearing ratio resulted primarily from increase in borrowings of the Company.

40 RECOGNIZED FAIR VALUE MEASUREMENT- FINANCIAL INSTRUMENTS

Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 June 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	--------------------	------Rupees------	--------------------	
Financial Instruments	-	-	-	-

Recurring fair value measurements At 30 June 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	--------------------	------Rupees------	--------------------	
Financial liabilities				
Derivative financial liabilities	-	13,547,872	-	-

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There was no transfer in and out of level 1 and level 3 measurements during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

1 FAIR VALUE MEASUREMENT- NON-FINANCIAL INSTRUMENTS

) Fair value hierarchy

Judgements and estimates are made for non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 30 June 2023	Level 1	Level 2	Level 3	Total
	---------------------------Rupees-------------------------			
Property, plant and equipment				
Freehold land	-	2,341,039,750	-	2,341,039,750
Buildings on freehold land	-	826,596,799	-	826,596,799
Plant and machinery	-	830,725,158	-	830,725,158
Investment properties	-	408,485,000	-	408,485,000
Total non-financial assets carried at fair value	-	4,406,846,707	-	4,406,846,707

At 30 June 2022	Level 1	Level 2	Level 3	Total
	---------------------------Rupees-------------------------			
Property, plant and equipment				
Freehold land	-	1,102,977,844	-	1,102,977,844
Buildings on freehold land	-	476,192,837	-	476,192,837
Investment properties	-	298,728,000	-	298,728,000
Total non-financial assets carried at fair value	-	1,877,898,681	-	1,877,898,681

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for the items of property, plant and equipment carried at revalued amounts every three years. The management updates the assessment of the fair value of each item of property, plant and equipment carried at revalued amount, taking into account the most recent independent valuations. The management determines the value of items of property, plant and equipment carried at revalued amounts within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new items of plant and machinery of similar nature and specifications.

The Company obtains independent valuations for its investment properties at least annually. At the end of each reporting period, the management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's investment properties and items of property, plant and equipment carried at revalued amount. As at 30 June 2023 and as at 31 March 2023, the fair value of the investment properties and items of property, plant and equipment respectively carried at revalued amount have been determined by Messers Surval (Private) Limited (approved valuer).

Changes in fair values are analyzed between the Chief Financial Officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on ________________ by the Board of Directors of the Company.

43 CORRESPONDING FIGURES

Correspondence has been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangement have been made except for the following for the purpose of better presentation and understanding:

Re-arranged from	Re-arranged to	30 June 2022
		Rupees
Revenue from contracts with customers	Distribution cost	
- Claim on export sales	- Claim on export sales	35,819,980
- Commission to selling agents	- Commission to selling agents	47,048,447
Administrative expenses	Other expenses	
- Trade debts written off	- Trade debts written off	920,705

44 GENERAL

Figures have been rounded off to the nearest of Rupee.

CHIEF EXECUTIVE

DIRECTOR