

Zephyr Textiles Limited
ANNUAL REPORT 2024

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BOARD OF DIRECTORS:	Mr. Mussaid Hanif	CEO
	Mr. Arbab Muhammad Khan	
	Mr. Sheikh Muhammad Iqbal	
	Ms. Tehniyat Mussaid	Chairperson
	Ms. Sabah Burhan	
	Ms. Sarah Naviwala	
	Ms. Ayesha Naweed	
AUDIT COMMITTEE:	Ms. Ayesha Naweed	Chairperson/Member
	Ms. Sarah Naviwala	Member
	Ms. Tehniyat Mussaid	Member
HR & REMUNERATION COMMITTEE:	Ms. Ayesha Naweed	Chairperson/Member
	Mr. Arbab Muhammad Khan	Member
	Ms. Sabah Burhan	Member
CHIEF FINANCIAL OFFICER:	Mr. Naveed Aleem	
COMPANY SECRETARY:	Mr. Abdul Jabbar	
AUDITORS:	BDO Ebrahim & Co.	Chartered Accountants
LEGAL ADVISOR:	Ahmad Law Firm Advocate High Court Suit No. 7, Block No. 9, Shabbir Town, Executive Suits, 2.5 Km Raiwind Road, Lahore-54000, Pakistan	
BANKERS TO THE COMPANY:	Habib Bank Limited	National Bank of Pakistan
	Allied Bank Limited	MCB Bank Limited
	Askari Bank Limited	The Bank of Punjab
	United Bank Limited	Faysal Bank Limited
	Habib Metropolitan Bank Limited	Meezan Bank Limited
	Bank Al Habib Limited	Silk Bank Limited

MILLS:	1 km, Balloki Bhai Pheru Road	(Weaving unit & Power plant)
	Bhai Pheru.	
	Phone : 0494 - 512007-9, 513103-5	
	Fax : 0494 - 512011	
	63 km, Gulshan Adda,	(Towel Unit)
	Jumber Khurd, District Kasur.	

REGISTERED & HEAD OFFICE:	3rd Floor, IEP Building, 97 B/D-I, Gulberg III, Lahore E-mail: info@zephyr.com.pk Website: www.zephyrtextiles.com Phone : 042 35782905 - 15 Fax : 042 35753202
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Note: Zephyr's Company Information & Financial Statements are also available at the above website.

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting of **Zephyr Textiles Limited** (“ZTL” or “the Company”) will be held at the Registered Office of the Company, 3rd Floor IEP Building, 97 B/D-I, Gulberg III, Lahore on Monday, October 28, 2024, at 10:30 AM to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Extra Ordinary General Meeting dated August 16, 2024.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2024 together with the Chairperson’s Review Report, Directors’ and Auditor’s report thereon.

In accordance with Section 223 of the Companies Act, 2017 (the Act) and pursuant to the S.R.O. 389(I)/2023 dated March 21, 2023, issued by the Securities and Exchange Commission of Pakistan (the SECP), the financial statements of the Company can be accessed through the following weblink and QR enabled code:


<https://zephyrtextiles.com/wp-content/uploads/2024/09/ZTLAnnual2024.pdf>



Scan QR Code for
Annual Report 2024

3. To appoint auditors for the year ending June 30, 2025 and to fix their remuneration. The Board of Directors, on recommendation of the Audit Committee has proposed the appointment of M/s. **BDO EBRAHIM & CO., Chartered Accountants**, as auditors for the year ending on June 30, 2025.
4. To transact any other business with the permission of the Chair.

By Order of the Board


Abdul Jabbar
Company Secretary
Lahore:
Sunday October 06, 2024.

NOTE:

➤ **BOOK CLOSURE NOTICE:**

Share transfer books of the company will remain closed from October 19, 2024 to October 28, 2024 (both days inclusive) and no transfer will be accepted during this period.

1. Instrument of Proxy

A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote. Proxies in order to be effective must be received by the company not less than 48 hours before the meeting. The CDC account holders are requested to bring their original CNIC and participant ID to attend the meeting. Form of proxy in English and Urdu languages is attached to the notice of meeting sent to the shareholders.

Notice of Annual General Meeting

➤ **Participation through video conferencing facility**

The Company will provide the video-link facility for participation in the meeting. The entitled shareholders interested in attending the Annual General Meeting (AGM) are requested to get themselves registered with the Company Secretary office at least Seven working days before the holding of the time of AGM at corporate.affairs@zephyr.com.pk by providing the following details:-

Name of Shareholder	CNIC Number	Folio Number	Cell Number.	Email Address

2. Upon receipt of the above information from interested shareholders, the Company will send the login details at their email addresses. On the AGM day, the shareholders will be able to login and participate in the AGM proceedings through their smart phone or computer devices from their any convenient location. The login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after identification process and verification process.
3. Members who have deposited their shares into Central Depository Company of Pakistan Limited (“CD C”) will further have to follow the applicable guidelines as laid down by the Securities and Exchange Commission of Pakistan in Circular No 1 of 2000.
4. Members are requested to be timely notified of any change in their addresses to our independent Share Registrar.
5. **Notice to Shareholders who have not provided CNIC:**

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

➤ **Transmission of audited financial statements / notices through email**

The Annual Audited Financial Statements / Annual Report and the Notice of AGM for the year ended June 30, 2024, have been placed on the Company’s website, which can be accessed / downloaded from the following link and QR enabled code:

<https://zephyrtextiles.com/wp-content/uploads/2024/09/ZTLAnnual2024.pdf>



Scan QR Code for
Annual Report 2024

In compliance with Section 223(6) of the Act and SECP Notice vide SRO787 (1)/2014 dated September 8,2014, soft copies of the Annual Report 2024 are being emailed to those members who opted to receive such communication via emailed. Other members who wish to receive the Annual Report 2024 via email may file an application as per the form provided on the Company’s website in compliance with the subject SRO.

Shareholders may request the Company Secretary or Share Registrar of the Company for transmitting the hard copy of Annual Report 2024 by filing a 'Standard Request Form' available on Company's website and the same will be provided at his / her registered address, free of cost, within one week of receipt of request.

➤ **Unclaimed Dividends:**

As per the provision of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. In this regards, a notice to shareholder was sent at their provided addresses and subsequently final notice was Published in newspapers having nationwide circulation.

Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged timely. In case, no claim is lodged with the Company in the given time, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244 (2) of companies Act, 2017.

➤ **Conversion of Shares into Book Entry Form (CDC)**

Pursuant to provisions of Section 72 of the Companies Act, 2017 (the Act), all shares holders who having their physical shares are requested to convert all physical shares into the book-entry-form (CDC).

➤ **Deposit of Physical Shares in CDC Accounts**

As per Section 72(2) of the Act, every existing company shall be required to replace its physical shares with book-entry form within four (4) years from the date of the promulgation of the Act. Further, vide its letter dated March 26, 2021, SECP has directed listed companies to pursue their such shareholders who are still holding shares in physical form to convert the same into book entry form. In order to ensure compliance with the aforementioned provision, all shareholders having physical shareholding are encouraged to open a CDC sub - account with any of the brokers or an Investor Account directly with CDC to place their physical shares into scripless form. This will facilitate them in many ways, including safe custody and sale of shares, at any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

For any query / information, the investors may contact the Company / Share Registrar at the following:

Company's Registered Office	Share Registrar
3 rd Floor I.E.P Building 97-B / D-1	THK Associate
Gulberg-III, Lahore	32-C, Jami Commercial Street 2
Phone : 042-35782905-15	DHA Phase-VII, Karachi
Fax : 042-35753202	UAN : 021-111-000-322
Email : info@zephyr.com.pk	Email : info@thk.com.pk
Website : www.zephyrtextiles.com	Website : www.thk.com.pk

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 an annual evaluation of the Board of Directors of Zephyr Textiles Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness are measured and benchmarked against expectations in the context of the objectives set for the Company.

Board Performance

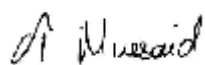
This fiscal year has been marked by unprecedented challenges and economic volatility. Despite these numerous obstacles, our team has demonstrated remarkable resilience and adaptability, navigating through Pakistan's low foreign exchange reserves, escalating energy costs, persistent inflationary pressures, elevated interest rates, and an increased tax burden. These factors, coupled with fluctuating global demand and reduced consumer purchasing power, have significantly impacted our business performance. Despite these potential challenges, we remain committed to maintaining the highest quality standards and implementing cost optimization strategies to maximize value for all stakeholders. We will prioritize safety, health, and ethical practices, fostering a corporate culture that emphasizes customer satisfaction, quality, sustainability, and excellence. These efforts are integral to delivering optimum results given the current situation.

The Board comprises of Seven (7) members that were elected at the Extra Ordinary General Meeting held on August 16, 2024, for the next term of three years, under the provisions of Section 159 of the Companies Act 2017. The board comprises members with vast experience and diversified knowledge that led to an effective decision-making process. The Board together with its committees was fully involved in the planning process and in developing the vision for the Company.

Key decisions made by the Board during the year included:

- Approval of capital expenditures (CAPEX);
- Review and approval of quarterly and annual financial statements;
- Examination of internal audit and audit committee findings;
- Oversight of related party transactions and;
- Appointment of external auditors.

The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions. I would like to extend my thanks and appreciation to all staff members, customers, suppliers, bankers, shareholders and Board of Directors for their commitment and hard work.



Tehniyat Mussaid
Chairperson

Lahore: September 25, 2024

Dear members,

The Directors of your Company takes pleasure in presenting before you the Annual Report along with audited financial statements and independent auditors' report thereon for the period ended June 30, 2024.

Financial Review

The Company recorded slightly increase in revenue which was driven by favorable quantity and rate benefits. However, the exceptional rise in cost of production, especially energy cost due to withdrawal of various subsidies, led to a substantial decline in gross profit by 26.60% as compared to the corresponding period last year. High cost of borrowing also impacted drastically to the profitability.

Description	2024	2023 (Restated)	% Increase / (Decrease)
Net sales	8,393,875,256	8,103,079,029	3.59
Gross profit	896,667,273	1,221,628,812	(26.60)
EBITDA	647,464,069	756,328,354	(14.39)
Depreciation	203,018,840	196,094,225	3.53
Finance cost	293,003,323	189,581,100	54.55
Pre-tax profit	151,441,906	370,653,029	(59.14)
After tax profit	45,653,646	237,958,441	(80.81)
EPS	0.77	4.00	(80.81)

Sales revenue represents PKR 5.729 billion and PKR 998 million direct and indirect exports respectively. Whereas local sales stand at PKR 1.606 billion in the period under review. Other income witnessed notable increase due to gain on sale of fixed assets and dividend from investment in CDC trustee NBP income fund. This proves the effectiveness of Company's investment policy which contributes to the profitability. The major reason for declining gross margins is high cost of fuel and power along with high borrowing cost for working capital which is life blood of every company. The third component is continuous increase in minimum wage by the government which is 28% (2023: 25%). The fuel cost increased from PKR 902.306 million to PKR 1,061.996 which is 17.71% higher than last corresponding period. The other major cost component is ocean freight which increased by PKR 38.440 million which is 21.74% higher than last corresponding period. Finance cost on short term borrowing increased from PKR 149.796 million to PKR 241.030 million, an increase of 60.91%. Provisions has been made for expected credit loss of PKR 15.80 million against DLT and receivable from debtors and the Government as required by the IAS12, although the Company believes it to be recoverable in near future. Other provision include surplus value of the asset disposed off during the period which was adjusted in retained earnings in half yearly review period ended December 31, 2023 now routed through profit and loss account due to change in disclosure requirement as per IAS12.

Capital Expenditures

The Company invested PKR 535.36 million in fixed capital expenditure (CAPEX) with cash generated from business operations, which is 44.84% above last year's CAPEX. This includes purchase of 2029 acre land from its directors and family members of directors, adjacent to the factory premises at Jumber. Total 56 acres land acquired. This land is being used for constructing additional production area and godowns for new garment business as well as expansion of existing manufacturing facility. Other CAPEX includes building of PKR 11.66 million, plant & machinery of PKR 388.19 million and solar power plant of PKR 30.30 etc.

Dividend

Keeping in view economic condition prevailing in the country, Company's needs and future ability of cash generation, the Board of Directors of the Company has not recommended dividend for the year ended June 30, 2024 (June 30, 2023: Nil).

Earnings per Share

The earning per share (EPS) stands at PKR 0.77 for the period ended June 30, 2024 as compared to PKR 4.00 corresponding previous year.

Market Review and Future Prospects

Considering the prevailing global economic dynamics, coupled with the ongoing increase in production costs in Pakistan, the next financial year is expected to remain challenging. Pakistan is expected to continue facing foreign exchange liquidity issues due to the persistent trade deficit and limited access to external financing. Even with the recent successful completion of the International Monetary Fund-SBA and continued rollovers, reserves are projected to remain low. Economic activity is therefore expected to remain subdued with real GDP projected to grow at 2-3% in FY25. Echoing these concerns, the Company anticipates facing further challenges. These include the low demand for textile products in international markets along with already rising energy costs. Adhering to the terms of the IMF's Stand by Facility, the government implemented substantial hikes in gas prices and vanishes all subsidies given to the export industry. This surge, coupled with inflationary pressures and elevated interest rates, markedly elevates the cost of conducting business compared to previous periods.

Company's Strategy

With a noted increase in demand of knitwear, towels and readymade garments, and a lower demand of raw cotton and cloth, Pakistan intends to shift its textile production to more value added products. This shift will result in growth in scope for business allowing them to tap into better margins, with a more diverse and sophisticated product range. The Company's decision of quitting grey fabric local market business has successfully implemented. The Company sold 32 flat fabric looms in 2023, 68 looms in 2024 and further 36 looms are being sold post balance sheet date. A partial capacity of 56 looms will continue to produce high value finished goods products for export and local market. Proceeds from these disposals are being used for production infrastructure of knit and garment business. Dyeing, cutting and stitching units are being established to cater export market in Europe and America. Management of the Company is optimistic about this opportunity will open great avenues in the international garment market.

Corporate Governance

Board of Directors

Mr. Rana Kamal Ud Din and Ms. Nuzhat Kamran have been completed their terms and retired on last election held on August 16, 2024 while Mr. Sheikh Muhammad Iqbal and Ms. Ayesha Naweed elected from data bank maintained by PICG. Following are the directors of the Company new appointment, Retired & re-elected:

1.	Ms. Tehniyat Mussaid	Director/Chairperson	Re-elected
2.	Mr. Mussaid Hanif	Executive Director/CEO	Re-elected
3.	Mr. Arbab Muhammad Khan	Executive Director	Re-elected
4.	Ms. Sabah Burhan	Director	Re-elected
5.	Ms. Sarah Naviwala	Director	Re-elected
6.	Ms. Ayesha Naweed	Independent Director	Elected
7.	Mr. Sheikh Muhammad Iqbal	Independent Director	Elected
8.	Ms. Nuzhat Kamran	Independent Director	Retired
9.	Mr. Rana Kamal Ud Din	Independent Director	Retired

Directors' Training Program

The Board of directors of the Company consist of 7 Directors out of which the following six directors have obtained a certificate for the Directors' Training Program offered by a local institution that meets the criteria specified by the Securities and Exchange Commission of Pakistan ("SECP"):

- Ms. Tehniyat Mussaid
- Ms. Sabah Burhan
- Mr. Arbab Muhammad Khan
- Mr. Sheikh Muhammad Iqbal
- Ms. Sarah Naviwala
- Ms. Ayesha Naweed

The remaining one directors including chief executive of the Company meet the exemption requirement of the DTP.

Corporate Briefing Session

Corporate Briefing Session is being held annually to brief investors regarding the performance of the Company and future outlook.

Compliance of Corporate and Financial Reporting Framework

We are committed to good corporate governance and do comply with the requirements of Code of Corporate Governance Regulation 2017 (CCG 2017) included in the listing regulations of Pakistan Stock Exchange Limited. The statement of compliance with the CCG 2017 is enclosed.

Board Committees

Audit Committee

During the year the Board has reconstitute Audit Committee. The Audit Committee is comprised of all three non-executive members of the board. The chairperson of the committee is an independent director. Ms. Ayesha Naweed appointed as chairperson of Audit Committee in replacement of Ms. Nuzhat Kamran while Ms. Sarah Naviwala appoint as a member in replacement of Mr. Rana Kamal Ud Din. The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. During the year under review, four audit committee meetings were held, attendance position was as under:

Name	Designation	Meetings attended
Ms. Ayesha Naweed (New Appointment)	Chairperson/Member	0
Ms. Nuzhat Kamran (Retired)	Chairperson/Member	4
Ms. Tehniyat Mussaid (Re-appoint)	Member	4
Mr. Rana Kamal Ud Din (Retired)	Member	4
Ms. Sarah Naviwala (New Appointment)	Member	0

Human Resource & Remuneration Committee

During the year the Board has also reconstitute the HR and remuneration committee. HR and remuneration committee comprised of three members of whom two are non-executive directors and the Chairperson is an independent director. Ms. Ayesha Naweed appointed as chairperson of HR and remuneration committee in replacement of Ms. Nuzhat Kamran. The Human Resource & Remuneration Committee is performing its duties in line with its terms of reference as determined by the Board of Directors. During the year under review, only one HR and Remuneration committee meeting were held and attendance position was as under:

Name	Designation	Meetings attended
Ms. Ayesha Naweed (New Appointment)	Chairperson/Member	0
Ms. Nuzhat Kamran (Retired)	Chairperson/Member	1
Mr. Arbab Muhammad Khan	Member	1
Ms. Sabah Burhan	Member	1

Meetings of the Board of Directors

During the year under review, four meetings of the Board of Directors of the Company were held and the attendance position is as follows:

S.No.	Name of Directors	No. of meetings attended
1.	Mr. Mussaid Hanif	4
2.	Mr. Arbab Muhammad Khan	4
3.	Mr. Rana Kamal Ud Din	4
4.	Ms. Nuzhat Kamran	4
5.	Ms. Tehniyat Mussaid	4
6.	Ms. Sabah Burhan	2
7.	Ms. Sarah Naviwala	2
8.	Mr. Sheikh Muhammad Iqbal	0
9.	Ms. Ayesha Naweed	0

Directors' Remunerations

The Board of Directors has approved Directors' Remuneration Policy. The main features of the policy are as follows:

- The Company shall not pay remuneration and meeting fee to its non-executive directors including independent directors.
- The Company will reimburse or incur expenses of travelling and accommodation of Directors in relation to attending meetings of the Board and its Committees.
- The Directors' Remuneration Policy will be reviewed and approved by the Board of Directors from time to time.

Refer to note 51 of financial statements of the Company for remuneration of Chief Executive Officer and Directors of the Company.

Directors' Statement

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial reporting framework:

1. Financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Corporate Social Responsibility

Following is the brief summary of corporate social responsibility initiative taken by the Company:

Equal Opportunity Employment

The Company provides equal employment opportunities to employees and applicants without regard to race, color, religion, gender and disability status.

Environmental Protection

The Company installed 945 kwh solar power plant to shift to renewable energy from conventional sources and committed to ensure environment sustainability and cheap energy. The Company also installed Effluent Water Treatment Plant to treat waste water before its discharge in order to preserve clean water sources. Further, the Company planted, at its premises, more than eight thousand different kind of trees to secure nature and environment.

Health Benefits to Employees

Health and social activities have been arranged at manufacturing facilities. The Company constructed gym and sports compound for the workers and employees of the Company to maintain their physical and mental health. Further, the Company regularly participates in a renowned local cricket tournament which helps the employees to maintain their health along with recreation.

External Auditors

BDO Ebrahim & Co., Chartered Accountants, current auditors will retire on the conclusion of Annual General Meeting of the Company. Being eligible, they have offered themselves for reappointment for the year ending June 30, 2025. As suggested by the Audit Committee, the Board of Directors has recommended reappointment of BDO Ebrahim & Co., Chartered Accountants for approval of shareholders in forth coming Annual General Meeting.

Acknowledgement

The board places on record its profound gratitude for its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the Company to strive for constant improvement. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation for the dedication, perseverance and diligence of the staff and workers of the Company.



Mussaid Hanif
Chief Executive

Lahore

September 25, 2024



Arbab Muhammad Khan
Director

Horizontal Analysis

(Rupees in Million)

	2024	Variance vs Last Year Increase/ (Decrease) (%)	2023	Variance vs Last Year Increase/ (Decrease) (%)	2022	Variance vs Last Year Increase/ (Decrease) (%)	2021	Variance vs Last Year Increase/ (Decrease) (%)	2020	Variance vs Last Year Increase/ (Decrease) (%)	2019	Variance vs Last Year Increase/ (Decrease) (%)
OPERATING RESULTS												
Sales - net	8,393.88	3.59	8,103.08	9.74	7,384.16	20.48	6,128.89	41.67	4,326.05	(15.03)	5,091.14	19.73
Cost of sales	7,497.21	8.95	6,881.45	3.56	6,645.02	24.87	5,321.34	35.60	3,924.32	(14.08)	4,567.40	20.61
Gross Profit	896.67	(26.60)	1,221.63	65.28	739.15	(8.47)	807.55	101.02	401.73	(23.30)	523.74	12.52
Distribution cost	488.68	11.22	439.38	31.37	334.45	58.60	210.88	60.60	131.31	(6.37)	140.24	38.42
Administrative expenses	131.19	13.37	115.72	17.66	98.35	9.87	89.52	5.98	84.47	(0.63)	85.00	23.77
Other operating expenses	84.47	(68.70)	269.88	485.98	46.06	(3.47)	47.71	113.02	22.40	128.22	9.81	(16.27)
Financial cost	293.00	54.55	189.58	92.93	98.26	(12.26)	111.99	(7.92)	121.62	(15.75)	144.36	(8.61)
Other operating income	252.12	54.12	163.59	64.90	99.20	633.38	13.53	(60.74)	34.45	697.29	4.32	26.70
Profit before taxation and levy	151.44	(59.14)	370.65	41.89	261.23	(27.63)	360.97	372.52	76.39	(48.61)	148.65	15.04
Provision for taxation and levy	105.79	(20.28)	132.69	67.85	79.05	34.24	58.89	176.24	21.32	(30.80)	30.81	18.32
PROFIT AFTER TAXATION	45.65	(80.81)	237.96	30.62	182.18	(39.69)	302.08	448.51	55.07	(53.26)	117.84	14.21
BALANCE SHEET												
NON-CURRENT ASSETS												
Property, plant and equipment	2,770.56	9.35	2,533.65	16.78	2,169.67	6.59	2,035.55	6.94	1,903.44	(0.33)	1,909.71	(3.62)
Capital work in progress	55.24	(26.55)	75.20	89.94	39.59	19.64	33.09	(47.73)	63.32	103.76	31.08	-
Long term deposits	25.33	(1.08)	25.60	3.30	24.78	8.99	22.74	1.22	22.47	0.03	22.46	(0.18)
TOTAL NON-CURRENT ASSETS	2,851.12	8.22	2,634.45	17.92	2,234.04	6.82	2,091.38	5.14	1,989.22	1.32	1,963.24	(2.03)
CURRENT ASSETS												
Stores, spare parts and loose tools	222.24	(14.86)	261.02	3.50	252.18	45.09	173.82	24.32	139.82	27.34	109.80	6.00
Stock in trade	1,539.27	5.66	1,456.79	8.58	1,341.66	(4.92)	1,411.06	27.82	1,103.93	20.70	914.62	(14.49)
Trade debts	557.81	0.11	557.18	(15.76)	661.41	(19.70)	823.67	16.20	708.87	(0.50)	712.46	8.18
Loans and advances	139.59	72.62	80.87	(10.70)	90.56	(32.33)	133.83	74.39	76.74	(23.64)	100.50	179.43
Trade deposits and short term prepayments	182.74	(65.84)	534.99	16.39	459.65	32.46	347.02	41.03	246.05	15.43	213.16	12.94
Other receivables	100.73	18.13	85.28	29.14	66.04	(51.95)	137.44	71.74	80.03	(7.93)	86.42	11.45
Investments	48.80	(54.80)	107.98	1581.34	6.42	61.93	3.97	(93.71)	63.08	6274.43	0.99	34.79
Cash and bank balances	57.80	(63.03)	156.35	141.66	64.70	(17.97)	78.87	9.87	71.79	29.06	55.62	91.86
TOTAL CURRENT ASSETS	2,848.99	(12.08)	3,240.44	10.12	2,942.63	(5.37)	3,109.68	24.87	2,490.30	13.53	2,193.59	1.38
TOTAL ASSETS	5,700.11	(2.98)	5,874.90	13.49	5,176.67	(0.47)	5,201.06	16.11	4,479.52	7.76	4,156.81	(0.26)
CURRENT LIABILITIES												
Trade and other payables	1,423.41	(12.63)	1,629.13	33.35	1,221.66	(2.50)	1,252.97	47.05	852.08	45.91	583.99	(11.95)
Accrued mark-up	27.38	(47.61)	52.27	214.80	16.60	(23.92)	21.82	(9.46)	24.10	5.65	22.82	5.27
Short term borrowings	1,371.16	4.46	1,312.66	1.37	1,294.91	2.05	1,268.83	(3.89)	1,320.19	5.61	1,250.02	7.88
Current portion of long term financing	32.90	(5.87)	34.95	(83.08)	206.64	(20.19)	258.92	295.44	65.48	(60.79)	167.01	1.28
TOTAL CURRENT LIABILITIES	2,854.86	(5.75)	3,029.02	10.56	2,739.81	(2.24)	2,802.55	23.91	2,261.85	11.76	2,023.84	0.76
WORKING CAPITAL	(5.87)	(102.78)	211.43	4.25	202.81	34.44	307.13	(51.03)	228.45	152.03	210.08	(69.15)
TOTAL CAPITAL EMPLOYED	2,845.25	(0.02)	2,845.88	16.78	2,436.86	1.60	2,398.51	8.15	2,217.67	3.97	2,132.97	(1.21)
NON-CURRENT LIABILITIES												
Long term financing	56.55	(36.07)	88.45	(28.32)	123.41	(48.94)	241.67	(30.96)	350.04	14.83	304.82	(26.77)
Deferred liabilities	213.79	(6.00)	227.43	8.09	210.41	8.00	194.83	(23.41)	254.37	5.51	241.10	(0.61)
TOTAL NON-CURRENT LIABILITIES	270.34	(14.42)	315.89	(5.37)	333.82	(23.52)	436.50	(27.78)	604.41	10.71	545.92	(17.13)
NET WORTH	2,574.91	1.78	2,529.99	20.30	2,103.03	7.19	1,962.01	21.62	1,613.26	1.65	1,587.05	5.78
NET WORTH REPRESENTED BY												
Issued, subscribed and paid-up capital	594.29	0.00	594.29	0.00	594.29	0.00	594.29	0.00	594.29	0.00	594.29	0.00
Accumulated Profit / Loss	1,493.87	9.71	1,361.64	19.38	1,140.57	16.48	979.20	36.68	716.44	7.45	666.74	20.16
Surplus on revaluation of property, plant and equipment	486.76	(15.21)	574.06	55.92	368.18	(5.24)	388.52	28.42	302.53	(7.21)	326.02	(7.18)
TOTAL NET WORTH	2,574.91	1.78	2,529.99	20.30	2,103.03	7.19	1,962.01	21.62	1,613.26	1.65	1,587.05	5.78
TOTAL LIABILITIES	5,700.11	(2.98)	5,874.90	13.49	5,176.67	(0.47)	5,201.06	16.11	4,479.52	7.76	4,156.81	(0.26)

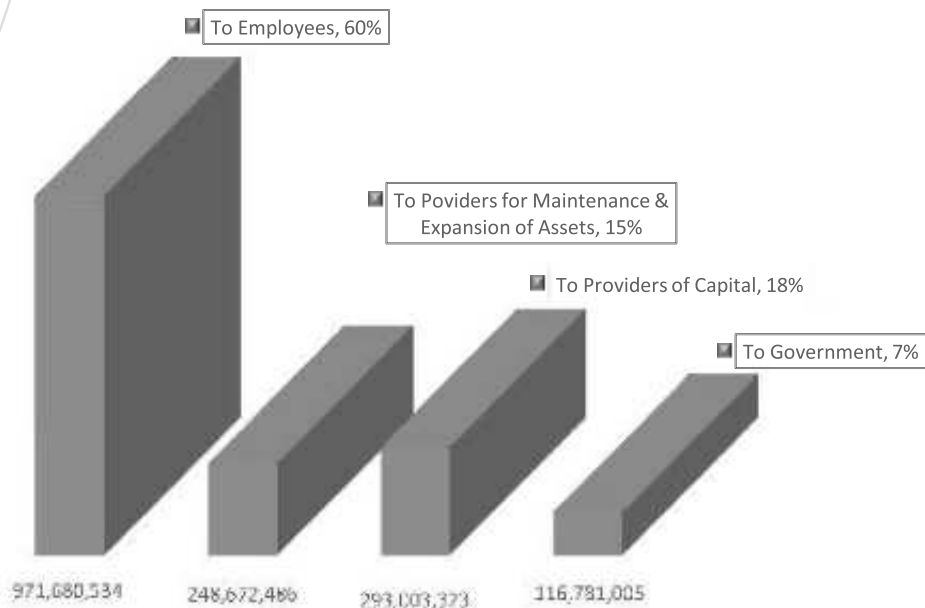
Virtical Analysis

(Rupees in Million)

	2024	% of Total Value	2023	% of Total Value	2022	% of Total Value	2021	% of Total Value	2020	% of Total Value	2019	% of Total Value
OPERATING RESULTS												
Sales - net	8,393.88	100.00	8,103.08	100.00	7,384.16	100.00	6,128.89	100.00	4,326.05	100.00	5,091.14	100.00
Cost of sales	7,497.21	89.32	6,881.45	84.92	6,645.02	89.99	5,321.34	86.82	3,924.32	90.71	4,567.40	89.71
Gross Profit	896.67	10.68	1,221.63	15.08	739.15	10.01	807.55	13.18	401.73	9.29	523.74	10.29
Distribution cost	488.68	5.82	439.38	5.42	334.45	4.53	210.88	3.44	131.31	3.04	140.24	2.75
Administrative expenses	131.19	1.56	115.72	1.43	98.35	1.33	89.52	1.46	84.47	1.95	85.00	1.67
Other operating expenses	84.47	1.01	269.88	3.33	46.06	0.62	47.71	0.78	22.40	0.52	9.81	0.19
Financial cost	293.00	3.49	189.58	2.34	98.26	1.33	111.99	1.83	121.62	2.81	144.36	2.84
Other operating income	252.12	3.00	163.59	2.02	99.20	1.34	13.53	0.22	34.45	0.80	4.32	0.08
Profit before taxation and levy	151.44	1.80	370.65	4.57	261.23	3.54	360.97	5.89	76.39	1.77	148.65	2.92
Provision for taxation and levy	105.79	1.26	132.69	1.64	79.05	1.07	58.89	0.96	21.32	0.49	30.81	0.61
PROFIT AFTER TAXATION	45.65	0.54	237.96	2.94	182.18	2.47	302.08	4.93	55.07	1.27	117.84	2.31
BALANCE SHEET												
NON-CURRENT ASSETS												
Property, plant and equipment	2,770.56	48.61	2,533.65	43.13	2,169.67	41.91	2,035.55	39.14	1,903.44	42.49	1,909.71	45.94
Capital work in progress	55.24	0.97	75.20	1.28	39.59	0.76	33.09	0.64	63.32	1.41	31.08	0.75
Long term deposits	25.33	0.44	25.60	0.44	24.78	0.48	22.74	0.44	22.47	0.50	22.46	0.54
TOTAL NON-CURRENT ASSETS	2,851.12	50.02	2,634.45	44.84	2,234.04	43.16	2,091.38	40.21	1,989.22	44.41	1,963.24	47.23
CURRENT ASSETS												
Stores, spare parts and loose tools	222.24	3.90	261.02	4.44	252.18	4.87	173.82	3.34	139.82	3.12	109.80	2.64
Stock in trade	1,539.27	27.00	1,456.79	24.80	1,341.66	25.92	1,411.06	27.13	1,103.93	24.64	914.62	22.00
Trade debts	557.81	9.79	557.18	9.48	661.41	12.78	823.67	15.84	708.87	15.82	712.46	17.14
Loans and advances	139.59	2.45	80.87	1.38	90.56	1.75	133.83	2.57	76.74	1.71	100.50	2.42
Trade deposits and short term prepayments	182.74	3.21	534.99	9.11	459.65	8.88	347.02	6.67	246.05	5.49	213.16	5.13
Other receivables	100.73	1.77	85.28	1.45	66.04	1.28	137.44	2.64	80.03	1.79	86.42	2.08
Investments	48.80	0.86	107.98	1.84	6.42	0.12	3.97	0.08	63.08	1.41	0.99	0.02
Cash and bank balances	57.80	1.01	156.35	2.66	64.70	1.25	78.87	1.52	71.79	1.60	55.62	1.34
TOTAL CURRENT ASSETS	2,848.99	49.98	3,240.44	55.16	2,942.63	56.84	3,109.68	59.79	2,490.30	55.59	2,193.57	52.77
TOTAL ASSETS	5,700.11	100.00	5,874.90	100.00	5,176.67	100.00	5,201.06	100.00	4,479.52	100.00	4,156.18	100.00
CURRENT LIABILITIES												
Trade and other payables	1,423.41	24.97	1,629.13	27.73	1,221.66	23.60	1,252.97	24.09	852.08	19.02	583.99	14.05
Accrued mark-up	27.38	0.48	52.27	0.89	16.60	0.32	21.82	0.42	24.10	0.54	22.82	0.55
Short term borrowings	1,371.16	24.05	1,312.66	22.34	1,294.91	25.01	1,268.83	24.40	1,320.19	29.47	1,250.02	30.07
Current portion of long term financing	32.90	0.58	34.95	0.59	206.64	3.99	258.92	4.98	65.48	1.46	167.01	4.02
TOATL CURRENT LIABILITIES	2,854.86	50.08	3,029.02	51.56	2,739.81	52.93	2,802.55	53.88	2,261.85	50.49	2,023.84	48.69
WORKING CAPITAL	(5.87)	(0.10)	211.43	3.60	202.81	3.92	307.13	5.91	228.45	5.10	169.73	4.08
TOTAL CAPITAL EMPLOYED	2,845.25	49.92	2,845.88	48.44	2,436.86	47.07	2,398.51	46.12	2,217.67	49.51	2,132.97	51.31
NON-CURRENT LIABILITIES												
Long term financing	56.55	0.99	88.45	1.51	123.41	2.38	241.67	4.65	350.04	7.81	304.82	7.33
Deferred liabilities	213.79	3.75	227.43	3.87	210.41	4.06	194.83	3.75	254.37	5.68	241.10	5.80
TOTAL NON-CURRENT LIABILITIES	270.34	4.74	315.89	5.38	333.82	6.45	436.50	8.39	604.41	13.49	545.92	13.13
NET WORTH	2,574.91	45.17	2,529.99	43.06	2,103.03	40.63	1,962.01	37.72	1,613.26	36.01	1,587.05	38.18
NET WORTH REPRESENTED BY												
Issued, subscribed and paid-up capital	594.29	10.43	594.29	10.12	594.29	11.48	594.29	11.43	594.29	13.27	594.29	14.30
Accumulated Profit / Loss	1,493.87	26.21	1,361.64	23.18	1,140.57	22.03	979.20	18.83	716.44	15.99	666.74	16.04
Surplus on revaluation of property, plant and equipment	486.76	8.54	574.06	9.77	368.18	7.11	388.52	7.47	302.53	6.75	326.02	7.84
TOTAL NET WORTH	2,574.91	45.17	2,529.99	43.06	2,103.03	40.63	1,962.01	37.72	1,613.26	36.01	1,587.05	38.18
TOTAL LIABILITIES	5,700.11	100.00	5,874.90	100.00	5,176.67	100.00	5,201.06	100.00	4,479.52	100.00	4,156.81	100.00

STATEMENT OF VALUE ADDITION

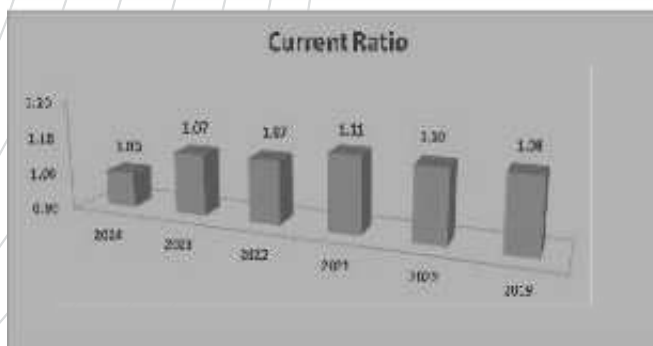
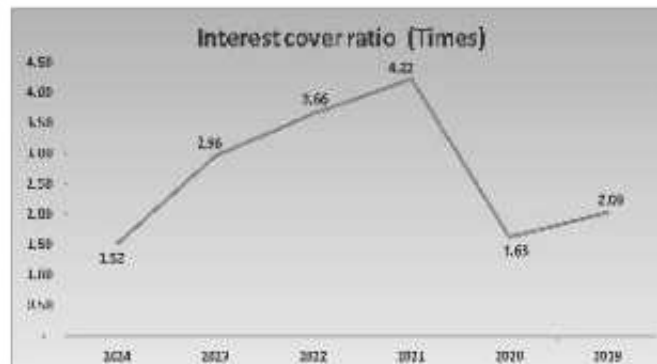
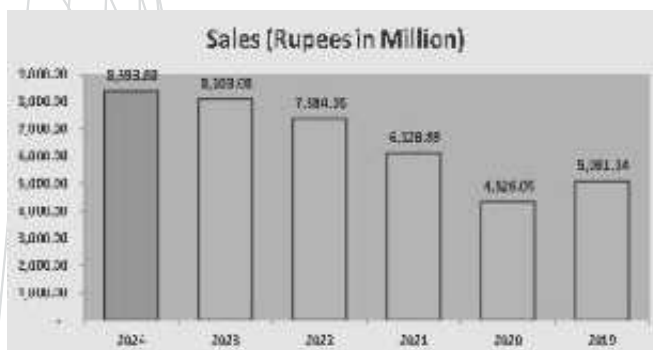
WEALTH GENERATED	2024		2023	
	Amount Rs.	%	Amount Rs.	%
			Restated	
Sales Revenue	8,393,875,256		8,103,079,029	
Other Income	252,116,327		163,586,404	
	8,645,991,583		8,266,665,433	
Less:				
Material & Services				
Material & Factory Cost	6,441,651,695		5,926,906,288	
Administrative Cost	58,613,985		52,865,886	
Distribution & Other Cost	515,588,555		644,420,574	
	7,015,854,235		6,624,192,748	
Total Wealth Generated	1,630,137,348	100	1,642,472,685	100
WEALTH DISTRIBUTED	2024		2023	
	Amount Rs.	%	Amount Rs.	%
To Employees				
Salaries & Benefits	971,680,534	59.61%	857,484,466	52.21%
To Government				
Tax and Levy	105,788,260	6.49%	132,694,588	8.08%
Worker Profit Participation Fund	8,121,733	0.50%	19,927,582	1.21%
Worker Welfare Fund	2,871,012	0.18%	7,971,033	0.49%
To Providers of Capital				
Dividends to Share Holders	-	0.00%	29,714,391	1.81%
Mark Up/Interest on Borrowed Funds	293,003,323	17.97%	189,581,100	11.54%
To Providers for Maintenance & Expansion of Assets				
Depreciation	203,018,840	12.45%	196,855,475	11.99%
Profit Retained	45,653,646	2.80%	208,244,050	12.68%
	1,630,137,348		1,642,472,685	



Key Operating and Financial Data of Last Six Years

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Rupees in Million						
PROFIT AND LOSS						
Sales	8,394	8,103	7,384	6,129	4,326	5,091
Cost of Sales	7,497	6,881	6,645	5,321	3,924	4,567
Gross Profit	897	1,222	739	808	402	524
Operating Profit	444	560	359	473	198	293
EBITDA	647	756	545	652	368	462
Financial & Other charges	293	190	98	112	122	144
Taxation and levy	106	133	79	59	21	31
Net Profit after tax	46	238	182	302	55	118
BALANCE SHEET						
Capital	594	594	594	594	594	594
Reserves	1,494	1,362	1,141	979	716	667
Surplus on revaluation of fixed assets	487	574	368	389	303	326
Net worth	2,575	2,530	2,103	1,962	1,613	1,587
Long Term Liabilities	57	88	123	242	350	305
Deferred liabilities	214	227	210	195	254	241
Current Liabilities	2,855	3,029	2,740	2,803	2,263	2,024
Total Liabilities	3,125	3,345	3,074	3,239	2,867	2,570
Total Equity & Liabilities	5,700	5,875	5,177	5,201	4,480	4,157
Fixed Assets	2,771	2,534	2,170	2,036	1,903	1,910
Capital Work in Progress	55	75	40	33	63	31
Long Term Deposits	25	26	25	23	22	22
Current Assets	2,849	3,240	2,943	3,111	2,490	2,194
Total Assets	5,700	5,875	5,177	5,201	4,480	4,157
INVESTOR INFORMATION						
Break up value per share (Rs.)	43.33	42.57	35.39	33.01	27.14	26.70
Bonus/Cash dividend (Rs. In Million)	-	29.71	-	29.71	29.71	-
Earning Per Share (Rs.)	0.77	4.00	3.07	5.08	0.93	1.98
Return on Equity (%)	1.77	9.41	8.66	15.40	3.41	7.43
Return on Assets (%)	0.80	4.05	3.52	5.81	1.23	2.83
FINANCIAL RATIOS						
Gross Margin (%)	10.68	15.08	10.01	13.18	9.29	10.29
Net Margin (%)	0.54	2.94	2.47	4.93	1.27	2.31
EBITDA (%)	7.71	9.33	7.39	10.64	8.51	9.08
Current Ratio	1.00	1.07	1.07	1.11	1.10	1.08
Long Term Debt to Equity ratio (%)	03:97	04:96	14:86	26:74	29:71	36:64
Interest cover ratio (Times)	1.52	2.96	3.66	4.22	1.63	2.03
Gearing ratio (%)	36:64	36:64	43:47	47:53	52:48	52:48

Graphical Representation



Pattern of Share Holding As on June 30,2024

Incorporation Number 0039902

The Companies Ordinance, 1984 (Section 236 (1) & 464) Form 34

Number of Shareholders	Shareholding		Total Shares held
	From	To	
88	1	100	1,049
143	101	500	70,426
53	501	1000	52,658
93	1001	5000	291,716
19	5001	10000	137,500
10	10001	15000	128,500
9	15001	20000	175,500
4	20001	25000	99,096
7	25001	30000	195,798
7	40001	45000	303,501
3	45001	50000	143,000
2	55001	60000	113,000
2	65001	70000	136,500
1	70001	75000	71,000
1	90001	95000	94,000
4	95001	100000	400,000
1	100001	105000	105,000
1	125001	130000	130,000
2	145001	150000	296,000
1	155001	160000	157,998
1	195001	200000	200,000
1	300001	305000	302,500
1	405001	410000	405,861
1	530001	535000	532,000
1	835001	840000	840,000
1	1560001	1565000	1,561,000
1	1945001	1950000	1,949,171
1	2165001	2170000	2,166,800
1	2465001	2470000	2,465,300
1	2640001	2645000	2,644,139
1	4410001	4415000	4,412,556
1	4485001	4490000	4,485,151
1	4930001	4935000	4,932,416
1	5285001	5290000	5,288,277
1	7315001	7320000	7,317,951
1	16820001	16825000	16,823,365
467			59,428,729

Categories of Shareholders

As on June 30, 2024

Shareholder's category	No. of shareholders	Share held	Percentage
1 Directors, Chief Executive Officer and their spouses and minor children			
Mr. Mussaid Hanif	3	21,611,016	36.3646
Ms. Sabah Burhan	4	11,965,922	20.1349
Mr. Arbab Muhammad Khan	1	5,288,277	8.8985
Ms. Tehniyat Mussaid	2	4,026,300	6.7750
Ms. Sarah Naviwala	1	50,000	0.0841
Ms. Nuzhat Kamran	1	500	0.0008
Mr. Rana Kamal Ud Din	1	2,500	0.0042
Total	13	42,944,515	72.26
2 Associated companies, undertaking and related parties	0	-	-
3 Executive	0	-	-
4 Public Sector Companies and Corporation	0	-	-
5 Banks, Development Financial Institutions, Non-Banking Financial Institutions	1	4,412,556	7.4250
6 General public - Local	433	11,858,505	19.9542
7 General public - Foreign	16	196,152	0.3301
8 Others	4	17,001	0.0286
Total	454	16,484,214.00	27.74
Grand Total	467	59,428,729.00	100.00
Shareholders holding 5% or more		Shares held	Percentage
Mr. Mussaid Hanif		21,611,016	36.3646
Ms. Sabah Burhan		11,965,922	20.1349
Mr. Arbab Muhammad Khan		5,288,277	8.8985
Ms. Tehniyat Mussaid		4,026,300	6.7750
Mr. Khitab Muhammad Khan		5,384,277	9.0601
The Bank of Punjab, Treasury Division		4,412,556	7.4250
General public		6,670,380	11.2242

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Company: ZEPHYR TEXTILES LIMITED (the “Company”)

For the year ended: June 30, 2024

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

1. The total number of Directors are “seven” as per the following:

- a) Male: 3
- b) Female: 4

2. The composition of the Board of Directors is as follow:

Category	Names
Independent Directors	1. Ms. Ayesha Naweed
	2. Mr. Sheikh Muhammad Iqbal
Executive Directors	3. Mr. Mussaid Hanif (CEO)
	4. Mr. Arbab Muhammad Khan
Non-Executive Directors	5. Ms. Tehniyat Mussaid (Chairperson)
	6. Ms. Sabah Burhan
	7. Ms. Sarah Nawiwala

Determination of number of independent Directors comes to 2.33 (rounded to 2.0) which is based on seven elected Directors. The Fraction of one-third is not rounded up, as the two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.

The Independent Directors meet the criteria of independence as defined under the Companies Act 2017.

3. The Directors have confirmed that none of them is serving as a Director of more than seven listed Companies (Excluding the listed subsidiaries of listed holding companies where applicable), including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensure that complete record of particulars of significant policies along with the date on which they were approved or amended has been maintained.

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / Shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a Director elected by the Board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of Meeting of Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. The Board of Directors of the Company consist of seven (7) Directors out of which the five (5) Directors have obtained a certificate for the Directors' Training Program offered by a local institution that meets the criteria specified by the Securities and Exchange Commission of Pakistan ("SECP"): The remaining two (2) Directors including chief executive of the Company meet the exemption requirement of the DTP.
10. During the year, there was no appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit.
11. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
12. The Board of Directors have formed committees comprising of the members given bellow:

Audit Committee:	Ms. Ayesha Naweed Ms. Tehniyat Mussaid Mr. Rana Kamal ud Din	Chairperson/ Member Member Member
Human Resource & Remuneration Committee:	Ms. Ayesha Naweed Mr. Arbab Muhammad Khan Ms. Sabah Burhan	Chairperson/ Member Member Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
 - a. **Audit Committee** 4 quarterly
 - b. **HR and Remuneration Committee** 1 annual meeting

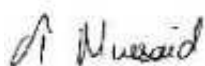
STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

15. The Board has set up an effective internal audit function and the persons involved are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the regulations 3,6,7,8,27,32,33 and 36 been complied with.
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr. No	Requirement	Explanation of Non-Compliance	Regulation Number
1.	<p>Policies</p> <p>The Board shall ensure that complete record of particulars of the significant policies along with their dates of approval or updating is maintained by the Company.</p> <p>As per regulations “Disclosure of significant policies on website” the Company may post the following on its website:</p> <ul style="list-style-type: none"> • Key element of its significant policies 	<p>The Company is in the process of developing significant policies in documented form and the same will be posted in the website.</p>	<p>10</p> <p>35</p>

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

	<ul style="list-style-type: none"> Brief synopsis of terms of reference of the Board Committees Key element of the directors' remuneration policy 		
2.	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	The responsibilities as prescribed for the nomination committee are being taken care of at board level as and when needed so a separate committee is not considered to be necessary.	29
3.	Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and senior officer of the Company performs the requisite functions and apprise the Board accordingly. When needed so a separate committee is not considered to be necessary.	30



Tehniyat Mussaid
Chairperson

Lahore:
September 25, 2024



Mussaid Hanif
Chief Executive

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Zephyr Textiles Limited for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

Further we highlight below instances of non-compliance with the requirement of the regulations as reflected in the paragraph reference where it is stated in the statement of Compliance:

Paragraph Reference	Description
I 10	The Company has not developed significant policies in documented form.
II 29	The board has not constituted a separate Nomination Committee.
III 30	The board has not constituted a separate Risk Management Committee.

LAHORE

DATED: 02 OCT 2024

UDIN: CR202410131uFSwtgaqK

Pero Eliza Linauw

CHARTERED ACCOUNTANTS

Engagement Partner: Muhammad Imran

Opinion

We have audited the annexed financial statements of **ZEPHYR TEXTILES LIMITED LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including material 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 cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit and other comprehensive loss, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No	Key audit matters	How the matters were addressed in our audit
1.	Trade receivable & revenue recognition	
	(Refer note 35 and 16 to the annexed financial statements) The Company is principally engaged in the production and sale of fabric, towels, knitting and other related items, in the local and export markets.	Our audit procedures in relation to the revenue, included the following: <ul style="list-style-type: none"> Understood and evaluated management controls over revenue and checked their validation; Performed verification of sales with underlying documentation including dispatch documents and sales invoices;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ZEPHYR TEXTILES LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

- Revenue from sale of goods is recognized when the performance obligation is satisfied by transferring control of promised goods to the customers.
- We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company. In addition, revenue was also considered as an area of an inherent risk of material misstatement and significant audit risk as part of the audit process.

Trade receivable:

As at June 30, 2024, the Company's gross trade receivables were Rs. 586.809 million against which provision of Rs. 29.001 million has been recognized.

We identified recoverability of trade receivables as key audit matter as it involves significant management judgement in determining the expected credit loss.

- Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period;
- Verified that sales prices are approved by the appropriate authority;
- Tested on a sample basis, specific discounts as per Company's policy;
- Performed analytical procedures to analyze variation in the price and quantity sold during the year;
- Tested journal entries relating to revenue recognized during the year based on identified risk criteria; and
- Assessed the adequacy of disclosures made in the financial statements related to revenue.

Our key audit procedures to valuation of trade receivables included:

- Obtained an understanding of the Company's processes and design and implementation of internal controls relating to credit control processes (credit limits), debt collection process and making expected credit loss for doubtful receivables.
- Testing the accuracy of aging report, on sample basis, by comparing individual balances in the report with underlying documentation.
- Assessing the appropriateness of assumptions and estimates made by management for the expected credit loss by comparing on sample basis, historic cash collection, actual write offs and cash receipts from customers subsequent to reporting date.
- Circulated external confirmations and performed alternative audit procedures in the absence of receipts of external confirmations.

<p>2. Inventory valuation</p>	<p>As at June 30, 2024, the Company held Rs. 1,539.272 million in inventories. Given the size of the inventory balance relative to the total assets of the Company and the estimates and judgements described below, the valuation of inventory required significant audit attention.</p> <p>As disclosed in Note 6.6, inventory is held at the lower of cost and net realizable value determined using the weighted average cost method / prime cost-plus appropriate production overheads determined on weighted average basis. At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost.</p> <p>The determination of whether inventory will be realized for a value less than cost requires management to exercise judgement and apply assumptions. Management undertakes the following procedures for determining the level of write down required:</p> <ul style="list-style-type: none"> • Use inventory aging reports together with historical trends to estimate the likely future salability of slow-moving and older inventory items; • The Company reviews the carrying amount of inventories on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related inventories. • Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realizable value and a specific write down is recognized if required. <p>Refer to Notes 6.6 & 14 of the financial statements.</p>	<p>Our audit procedures involved assessing the Company's accounting policies over recognizing and valuation of inventory in compliance with applicable accounting standards.</p> <ul style="list-style-type: none"> • We tested the costing of the inventory and performed net realizable value testing to assess whether the cost of the inventory exceeds net realizable value. • We performed an analytical review of the inventory to compare and investigate any unexpected or unusual variation between current year and prior year and discuss these with management and also corroborate with underlying record. • We checked final stock valuation sheet to physical stock taking sheet to ensure that all items are included. • We reconciled final stock valuation sheet to general ledger and stock ledger and checked amount to appropriate sources and investigate unusual items. • We assessed the Company's disclosures in the financial statements in respect of inventory. • We checked that the provision made is appropriate in the circumstances.
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Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

LAHORE

DATED: 02 OCT 2024

UDIN: AR202410131w9gMIsUPx

BDO Ebrahim & Co.

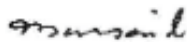
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION

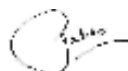
AS AT JUNE 30, 2024

	Note	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	8	2,674,565,278	2,420,908,614
Right of use asset	9	94,484,672	110,024,981
Capital work in progress	10	55,238,714	75,202,086
		<u>2,824,288,664</u>	<u>2,606,135,681</u>
Intangible assets	11	1,508,050	2,716,222
Long term deposits	12	25,325,624	25,602,294
		<u>2,851,122,338</u>	<u>2,634,454,197</u>
CURRENT ASSETS			
Stores, spares and loose tools	13	222,237,433	261,019,771
Stock in trade	14	1,539,271,888	1,456,787,939
Loans and advances	15	139,590,974	80,868,194
Trade debts	16	557,808,008	557,182,004
Trade deposits and prepayments	17	12,927,175	13,516,245
Tax refunds due from Government	18	167,568,980	521,469,078
Taxation / levy-net	19	2,248,840	-
Other receivables	20	100,734,730	85,275,159
Short term investments	21	48,802,438	107,975,933
Cash and bank balances	22	57,800,455	156,348,980
		<u>2,848,990,921</u>	<u>3,240,443,303</u>
		<u>5,700,113,259</u>	<u>5,874,897,500</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	23.1	625,000,000	625,000,000
Capital reserves			
Issued, subscribed and paid up share capital	23.2	594,287,290	594,287,290
Surplus on revaluation of property, plant and equipment	24	486,755,448	574,060,494
Revenue reserves			
Accumulated profit		1,493,865,963	1,361,643,813
		<u>2,574,908,701</u>	<u>2,529,991,597</u>
NON CURRENT LIABILITIES			
Long term financing	25	54,489,583	64,111,427
Deferred liabilities	26	213,791,826	227,434,587
Lease liabilities	27	-	21,388,890
Deferred grant	28	2,063,301	2,954,065
		<u>270,344,710</u>	<u>315,888,969</u>
CURRENT LIABILITIES			
Trade and other payables	29	1,412,617,994	1,602,937,009
Contract liabilities	30	9,964,970	17,880,030
Mark-up accrued	31	27,384,882	52,271,856
Short term borrowings	32	1,371,160,751	1,312,657,119
Taxation / levy-net	19	-	7,486,163
Unclaimed dividend		829,907	829,907
Current portion of long term liabilities	33	32,901,344	34,954,850
		<u>2,854,859,848</u>	<u>3,029,016,934</u>
		<u>5,700,113,259</u>	<u>5,874,897,500</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	34		

The annexed notes from 1 to 61 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



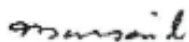
CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS

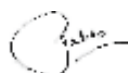
FOR THE YEAR ENDED JUNE 30, 2024

		June 30, 2024 (Rupees)	June 30, 2023 (Rupees) (Restated)
	Note		
Sales - net	35	8,393,875,256	8,103,079,029
Cost of sales	36	(7,497,207,983)	(6,881,450,217)
Gross profit		896,667,273	1,221,628,812
Distribution cost	37	(488,680,100)	(439,382,872)
Administrative expenses	38	(131,185,622)	(115,719,473)
Other operating expense	39	(84,472,649)	(269,878,742)
Other income	40	252,116,327	163,586,404
		(452,222,044)	(661,394,683)
Operating profit		444,445,229	560,234,129
Finance costs	41	(293,003,323)	(189,581,100)
Profit before taxation and levy		151,441,906	370,653,029
Levy	42	(91,692,484)	(64,205,508)
Profit before income tax		59,749,422	306,447,521
Taxation	42	(14,095,776)	(68,489,080)
Profit after taxation		45,653,646	237,958,441
Earnings per share - basic and diluted (Rupees)	43	0.77	4.00

The annexed notes from 1 to 61 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME

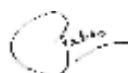
FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
Profit for the year		45,653,646	237,958,441
Other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss			
Loss on remeasurement of staff retirement benefit plan	26.2	(807,725)	(12,576,645)
Related deferred tax	26.1.1	71,183	1,097,752
		(736,542)	(11,478,893)
Revaluation surplus on property, plant and equipment	24.1	-	248,711,073
Related deferred tax liability on revaluation surplus	26.1.1	-	(18,518,314)
		-	230,192,759
Items that will be reclassified subsequently to profit or loss		-	-
Total comprehensive income for the year		<u>44,917,104</u>	<u>456,672,307</u>

The annexed notes from 1 to 61 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR




CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

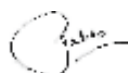
FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from operating activities before working capital changes	46	527,915,220	902,069,779
(Increase)/ decrease in current assets			
Stores, spare parts and loose tools		38,782,338	(8,834,915)
Stock in trade		(82,483,949)	(115,129,208)
Trade debts		51,507,852	33,067,387
Loans and advances		(61,460,342)	9,690,791
Trade deposits and prepayments		589,070	(818,493)
Other receivables		(18,502,315)	(19,239,797)
Tax refund due from government		378,666,719	(175,029,993)
		307,099,373	(276,294,228)
Increase / (decrease) in current liabilities			
Trade and other payables		(189,300,527)	379,151,524
Contract liabilities		(7,915,060)	(6,883,807)
		(197,215,587)	372,267,717
Cash flows generated from operations		637,799,006	998,043,268
Finance cost paid		(267,524,731)	(91,468,498)
Taxes and levy paid		(104,997,373)	(101,131,766)
Staff retirement benefits - gratuity paid		(122,214,458)	(30,261,785)
		(494,736,562)	(222,862,049)
Net cash generated from operating activities		143,062,444	775,181,219
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		211,524,793	21,243,326
Capital expenditure incurred		(535,359,038)	(369,608,282)
Refund of cost in right of use asset		3,995,000	(6,525,000)
Long term deposits		276,670	(818,493)
Purchase of short term investments-net		60,279,581	(101,553,919)
Net cash used in investing activities		(259,282,994)	(457,262,368)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend-net		-	(29,645,956)
Long term financing repaid		(9,621,844)	(183,304,247)
Lease liability paid		(31,067,820)	(31,067,820)
Short term borrowings - net		(68,661,119)	17,751,000
Net cash used in financing activities		(109,350,783)	(226,267,023)
Net increase in cash and cash equivalents		(225,571,333)	91,651,828
Cash and cash equivalents at the beginning of the year		156,348,980	64,697,152
Effect of exchange rate changes on cash and cash equivalents		(141,943)	-
Cash and cash equivalents at the end of the year	47	(69,364,296)	156,348,980

The annexed notes from 1 to 61 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

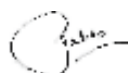
FOR THE YEAR ENDED JUNE 30, 2024

		Issued, subscribed and paid-up shares capital	Surplus on revaluation of fixed assets	Accumulated profit	Total
	Note	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at July 01, 2022		594,287,290	368,175,679	1,140,570,712	2,103,033,681
Transaction with owners:					
Final dividend @ Rs. 0.50 per share		-	-	(29,714,391)	(29,714,391)
Total comprehensive income for the year ended June 30, 2023					
Profit for the year		-	-	237,958,441	237,958,441
Other comprehensive income for the year					
Actuarial loss on staff retirement benefits - restated		-	-	(11,478,893)	(11,478,893)
Revaluation surplus on property, plant and equipment restated		-	230,192,759	-	230,192,759
Transfer of incremental depreciation from revaluation surplus on property, plant and equipment	24.1	-	(24,307,944)	24,307,944	-
Balance as at June 30, 2023		594,287,290	574,060,494	1,361,643,813	2,529,991,597
Total comprehensive income for the year ended June 30, 2024					
Profit for the year		-	-	45,653,646	45,653,646
Other comprehensive income for the year					
Actuarial loss on staff retirement benefits		-	-	(736,542)	(736,542)
Transfer of surplus on revaluation on disposal of property, plant and equipment - net of tax	24.1	-	(41,654,028)	41,654,028	-
Transfer of incremental depreciation from revaluation surplus on property, plant and equipment - net of tax	24.1	-	(35,926,283)	35,926,283	-
Effect of rate change related to revaluation surplus		-	(9,724,735)	9,724,735	-
Balance as at June 30, 2024		594,287,290	486,755,448	1,493,865,963	2,574,908,701

The annexed notes from 1 to 61 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

Zephyr Textiles Limited ("the Company") was incorporated in Pakistan on February 26, 1999 as a private limited Company under the Companies Ordinance, 1984 (now Companies Act, 2017). Subsequently on October 04, 2004, it was converted into a public limited Company and its shares are quoted on Pakistan Stock Exchange Limited (PSX). The Company is principally engaged in the manufacturing, dying and trading of woven cloth which also includes towels.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 3rd Floor, IEP Building, 97B/D-1, Gulberg III, Lahore, Punjab. The manufacturing facilities of the Company are located as follows:

Manufacturing Facilities	Address
Weaving Unit and Power plant Towel Unit	1 KM, Balloki Bhai Pheru Road, Bhai Pheru. 63 KM, Gulshan Adda, Jamber Khurd, District Kasur.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

3.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at fair values and / or amortized cost, staff retirement benefits - gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets and certain items of property, plant and equipment at revalued amounts. In these financial statements, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

3.3 Functional and presentation currency

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

4 CHANGE IN ACCOUNTING POLICY, RESTATEMENT AND RECLASSIFICATION

4.1 Change in accounting policy

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Company has changed its accounting policy to recognise minimum and final taxes as 'Levy' under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which were previously being recognised as 'Income tax'.

The Company has accounted for the effects of these changes in accounting policy retrospectively under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures have been restated in these financial statements. The effects of restatements are as follows:

	Had there been no change in accounting policy (Rupees)	Impact of change in accounting policy (Rupees)	After incorporating effects of change in accounting policy (Rupees)
As at June 30, 2023			
Effect on statement of profit or loss:			
Profit before income tax	370,653,029	(64,205,508)	306,447,521
Taxation	(132,694,588)	64,205,508	(68,489,080)
Profit after taxation	237,958,441	-	237,958,441

The related changes to the statement of cash flows with respect to the amount of profit before taxation have been made as well. There is no impact on profit after tax and earnings per share, basic and diluted.

Further, there is no deferred tax impact on account of the change in accounting policy in these financial statements.

4.2 Reclassification of commissions and claims expenses

Commissions and claims amounting to Rs. 177.14 million were previously disclosed as a separate line item deducted from revenue. However, in accordance with the guidance outlined in paragraphs 91 to 94 of IFRS 15, these amounts have been reclassified from revenue to distribution costs for better presentation. The effects of this reclassification are as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Before reclassification	Impact of re- classification	Post- reclassification
	(Rupees)	(Rupees)	(Rupees)
As at June 30, 2023			
Effect on statement of profit or loss:			
Sales - net	7,925,939,730	177,139,299	8,103,079,029
Distribution cost	(262,243,573)	(177,139,299)	(439,382,872)

4.3 Third statement of financial position has not been presented as there is no impact on the statement of financial position as at the beginning of the preceding period.

5 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

5.1 New accounting standards, amendments and IFRS interpretations that are effective for the period ended June 30, 2024

The following standards, amendments and interpretations are effective for the period ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after January 01, 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Management reviewed the accounting policies and updates to the information disclosed in Note 6 Material accounting policies (June 30, 2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

5.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026
IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).	
IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.	
IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

6 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented in these financial statements except as stated otherwise in notes to these financial statements.

6.1 Property, plant and equipment

a) Owned assets

Property, plant and equipment are initially recognized at acquisition cost. Subsequently, property, plant and equipment, except for free hold land, building on free - hold land and plant & machinery are stated at cost less accumulated depreciation and impairment, if any. Free - hold land, building on free - hold land and plant & machinery are stated at revalued amounts less subsequently accumulated depreciation and impairment allowance, if any.

Cost of property, plant and equipment consists of historical cost, borrowing costs pertaining to the erection and other directly attributable costs of bringing the assets to their working condition or for commencement of commercial production.

Depreciation on all the items of property, plant and equipment except for free - hold land is charged to income applying the reducing balance method at the rates specified in Note 8.1.

Depreciation on additions to property, plant and equipment is charged from the date the asset becomes available for use, while for disposals, depreciation is charged up to the date of disposal.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Gain/loss on disposal of property, plant and equipment is credited or charged to profit or loss account in the year of disposal.

Any surplus arising on revaluation of property, plant and equipment is credited to the surplus on revaluation of property, plant and equipment account. Revaluation is carried with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment is transferred directly to accumulated (loss)/profit. Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

b) Capital work in progress

Capital work in progress is stated at cost less impairment allowance, if any. Cost of property, plant and equipment consists of historical cost, borrowing costs pertaining to the erection/construction period and other directly attributable costs of bringing the assets to their working condition or for commencement of commercial production. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

c) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impaired assets are reviewed for possible reversal of the impairment at each statement of financial position date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognized. A reversal of impairment loss is recognized in the profit and loss account.

6.2 Intangible assets

Intangible assets (including computer software) acquired by the Company are stated at cost less accumulated amortization and impairment allowances, if any.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

Amortization is charged to statement of profit or loss on straight line basis over a period of five years. Amortization on addition is charged from the year the asset is put to use while no amortization is charged in the year the asset is disposed off.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

6.3 Investments

Investments are stated at fair value plus directly attributable transaction costs. Subsequently investments which are traded in active market, fair value is determined by reference to quoted market price and the investments for which a quoted market price is not available, or the fair value cannot be reasonably calculated, are measured at cost, subject to impairment review at each balance sheet date.

Any gain or loss arising from a change in fair value is recognized in the statement of profit or loss.

6.4 Leases

Right of use assets

The right of use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease prepayments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

The right of use asset is subsequently depreciated using reducing balance method from the date of recognition to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

Lease liability

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

Subsequently lease liabilities are measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of its assets (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

6.5 Stores, spares and loose tools

These are valued at lower of moving average cost and net realizable value less impairment, if any, except for items in transit, which are valued at cost comprising of invoice value plus other charges paid thereon till the statement of financial position date. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools. For items which are slow moving and / or identified as surplus to the company's requirements, adequate provision is made for any excess book value over estimated realisable value.

6.6 Stock-in-trade

Stock in trade is valued at lower of cost and net realizable value (NRV), except waste which is valued at net realizable value. Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Cost of major components of stock in trade is determined as follows:-

Raw materials	- at weighted average cost.
Work in process and	
Finished goods	- at prime cost plus appropriate production overheads determined on weighted average basis.
Stock in transit	Invoice value plus other charges paid thereon up to the reporting date.

Adequate provision is made for slow moving and obsolete items. Provision for obsolete and slow moving stock in trade is based on management's estimate and is recognised in financial statements whenever necessary.

Net realizable value represents the estimated selling prices in the ordinary course of business less expenses incidental to make the sale.

6.7 Trade debts and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. An impairment allowance i.e. expected credit loss is calculated based on actual credit loss experience over the past years. The Company applies a simplified approach in calculating Expected Credit Loss (ECL). The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company recognises a loss allowance based on lifetime ECLs at each reporting date. The impairment allowance is recognized in the statement of profit or loss. These assets are written off when there is no reasonable expectation of recovery.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

6.8 Taxation

a) Current

Current tax is the expected tax payable on the taxable income for the year based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

b) Deferred

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

Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited to the statement of profit or loss, except in case of items charged or credited directly to equity in which case it is included in the statement of comprehensive income. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

6.9 Levy

The amount calculated on gross amount of revenue or other basis (such as receipts or other values etc. as provided in law) as a levy within the scope of IFRIC 21/IAS 37 and recognise it as an operating expense. Any excess over the amount designated as a levy is then recognised as current income tax expense falling under the scope of IAS 12.

6.10 Borrowings

Borrowings 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 profit and loss account over the period of the borrowings using the effective interest method.

Short term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

6.11 Borrowing cost

Interest, markup and other charges on finances are capitalized up to the date of commissioning of respective qualifying asset acquired out of the proceeds of such finances. All other interest, markup and other charges are recognized in profit and loss account.

6.12 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company and subsequently measured at amortised cost. Exchange gains and losses arising on transaction in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

6.13 Provisions

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

6.14 Deferred grant

The deferred grant is measured upon initial recognition as the difference between fair value of the loan and loan proceeds. The fair value of the loan is the present value of the loan proceed received, discounted using the prevailing market rates of interest for a similar instrument. Subsequently, the grant is recognized in statement of profit or loss, in line with the recognition of interest expenses the grant is compensating.

6.15 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

6.16 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

6.17 Dividend and appropriation to reserve

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 approved.

6.18 Financial instruments

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

a) Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

Amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

- (i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

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

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Impairment

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company recognizes loss allowance for Expected Credit Losses (ECLs), except for the following, which are measured at 12-month ECLs, on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime 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).

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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

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 a financial asset in its entirety or a portion thereof.

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 applies the IFRS 9 simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Management uses actual credit loss experience over a past years to base the calculation of ECL.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI 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.

b) **Financial liabilities**

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Derecognition

The financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

6.19 Offsetting of financial assets and financial liabilities

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

6.20 Foreign currency transactions and translation

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

6.21 Staff retirement benefits

The Company's employees benefits comprise of gratuity fund.

a) Defined benefit plan - Gratuity Fund

The Company operates an unfunded gratuity scheme (defined benefit plan) covering all eligible employees, payable at the cessation of employment. Contribution is made in accordance with actuarial recommendations. Actuarial valuation is conducted by an independent actuary, annually using projected unit credit method related details of which are given in note 26.2 to the financial statements. The obligation at the balance sheet date is measured at the present value of the estimated future cash outflows. All contributions are charged to profit or loss for the year.

During the year from July 01, 2023, the Company has revised its retirement benefits policy. Under the new policy, all officers and above, both existing and newly hired, are entitled to participate in the Voluntary Pension Scheme (VPS). In line with this change, the Company has withdrawn gratuity on a permanent basis for officers and above. However, gratuity will continue to be provided to labor/workers in accordance with the current policy.

b) Defined contribution plan - Voluntary Pension Scheme (VPS)

Under the Voluntary Pension Scheme (VPS), the Company establishes individual pension accounts for all eligible employees with the NAFA Islamic Pension Fund, managed by NBP. The Company and its employees contribute equally to the pension fund at a rate of 8.33% of the employee's basic salary on a monthly basis. Staff is eligible for Voluntary Pension Scheme upon confirmation of their job. The Company's obligation under this defined contribution plan is limited to contributions made by the Company, which is recognized as an expense in the profit or loss account as and when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Moreover, employees are responsible for making their own investment decisions, including choosing from available investment options such as money market, stock market and debt instruments. Withdrawals from the pension fund against loan are permitted, subject to obtaining a No Objection Certificate (NOC) from the Company.

6.22 Revenue recognition

Revenue comprises the fair value for the sale of goods net of sales taxes and discounts. Revenue from the sale of goods is recognized when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods.

Revenue is recognized when specific criteria have been met for each of the Company's activities as described below.

Revenue from contracts with customers

Sale of goods

- Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.
- Local sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides with delivery of goods.
- Export sales are recognised as revenue when invoiced with the transfer of control of goods, which coincides either with the date of bill of lading or upon delivery to customer or its representative, based on the terms of arrangements.

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 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.

Others

- Scrap sales are recognized on delivery to customers.
- Return on deposits is accrued using effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS

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- Export and other rebates are accounted for on accrual basis. Investment and interest income is recognized on time proportion basis.
- Capital gains or losses arising on sale of investments are taken to income in the period in which they arise.
- Dividend income on ordinary shares is recognized when the right to receive dividend has been established.

6.23 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

6.24 Contingencies

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

6.25 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs, net of tax, directly attributable to the issue of new shares are shown as a deduction in equity.

6.26 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6.27 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company has only one reportable segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

6.28 Loans, advances, deposits, prepayments and other receivables

Loans, advances, deposits, prepayment and other receivables are carried at original amount less provision made for doubtful receivables based on a review of all outstanding amounts at the year end. Balance considered irrecoverable are written off.

7 USE OF JUDGMENTS AND ESTIMATES

The preparation of these financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements are:

- Property, plant and equipment	6.1
- Stock in trade	6.6
- Trade debts - unsecured	6.7
- Long term employee benefits	6.21
- Taxation	6.8
- Stores, spare parts and loose tools	6.5

a) Income taxes

The Company takes into account relevant provisions of the current income tax laws while providing for current and deferred taxes as explained in note 6.8 to these financial statements.

b) Defined benefit plan

Certain actuarial assumptions have been adopted by external professional valuer for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

c) Property, plant and equipment

The estimates for revalued amounts, if any, of different classes of property, plant and equipment, are based on valuation performed by external professional valuers and recommendation of technical teams of the Company. Further, the Company reviews the value of the assets for possible impairment on an annual basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment. As explained in note 8 to these financial statements, the Company has revalued its free hold land as on June 30, 2023.

d) Stores and spares

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding affect on amounts recognized in profit and loss account as provision / reversal.

e) Financial instrument

The fair value of the financial instrument that are not traded in an active market is determined by using valuation techniques based on assumption that are dependent on conditions existing at the balance sheet date.

f) Provision for doubtful receivables

The Company uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

g) Fair value measurement

A number of assets and liabilities included in the financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Establishment's financial and non- financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilised are (the fair value hierarchy):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

h) Provision and contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on its 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 balance sheet date.

i) Impairment of assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

j) Stock-in-trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

8 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

	Note	2024 Rupees	2023 Rupees
8.1 Operating fixed assets	8.1	2,674,565,278	2,420,908,614

8.1 Operating fixed assets

The following is the statement of property, plant and equipment:

Description	Freehold land	Buildings on freehold land	Link road	Non factory building	Plant and machinery	Furniture and fixtures	Vehicles	Electrical installation	Office and IT equipments	Total
	(Rupees)									
Net carrying value basis										
Year ended June 30, 2024										
Opening net book value (NBV)	402,042,000	465,841,100	13,964,029	70,700,000	1,357,025,500	5,773,339	50,714,151	41,798,036	13,050,459	2,420,908,614
Additions (at cost)	125,178,059	11,659,827	-	-	369,782,961	649,600	40,472,795	2,655,600	4,923,568	555,322,410
Disposals (NBV)	-	-	-	-	(111,024,808)	-	(375,579)	-	-	(111,400,387)
Depreciation charge	-	(23,293,668)	(698,196)	(7,070,004)	(136,235,060)	(584,118)	(13,219,703)	(4,286,133)	(4,878,477)	(190,265,359)
Closing net book value	527,220,059	454,207,259	13,265,833	63,629,996	1,479,548,593	5,838,821	77,591,664	40,167,503	13,095,550	2,674,565,278
Gross carrying value basis										
Year ended June 30, 2024										
Cost/revalued amount	527,220,059	556,538,307	30,953,318	105,096,079	2,301,402,461	12,789,149	144,562,937	100,826,679	42,930,624	3,822,319,613
Accumulated depreciation	-	(102,331,048)	(17,687,485)	(41,466,083)	(821,853,868)	(6,950,328)	(66,971,273)	(60,659,176)	(29,835,074)	(1,147,754,335)
Net book value	527,220,059	454,207,259	13,265,833	63,629,996	1,479,548,593	5,838,821	77,591,664	40,167,503	13,095,550	2,674,565,278
Net carrying value basis										
Year ended June 30, 2023										
Opening net book value (NBV)	176,946,000	332,067,313	14,698,978	66,052,084	1,348,842,119	5,698,398	57,297,034	26,612,090	21,682,146	2,049,896,162
Additions (at cost)	188,544,101	73,041,972	-	-	42,689,147	672,601	6,953,910	18,870,340	1,908,968	332,681,039
Transfer (NBV)	-	-	-	-	4,590,161	-	-	-	(4,590,161)	-
Disposals (NBV)	-	-	-	-	(26,625,367)	-	(1,214,071)	-	-	(27,839,438)
Depreciation charge	-	(16,910,844)	(734,949)	(6,605,209)	(135,733,950)	(597,660)	(12,322,722)	(3,684,394)	(5,950,494)	(182,540,222)
Revaluation during the year	36,551,899	77,642,659	-	11,253,125	123,263,390	-	-	-	-	248,711,073
Closing net book value	402,042,000	465,841,100	13,964,029	70,700,000	1,357,025,500	5,773,339	50,714,151	41,798,036	13,050,459	2,420,908,614
Gross carrying value basis										
Year ended June 30, 2023										
Cost/revalued amount	402,042,000	544,878,480	30,953,318	105,096,079	2,042,644,308	12,139,549	104,465,721	98,171,079	38,007,056	3,378,397,590
Accumulated depreciation	-	(79,037,380)	(16,989,289)	(34,396,079)	(685,618,808)	(6,366,210)	(53,751,570)	(56,373,043)	(24,956,597)	(957,488,976)
Net book value	402,042,000	465,841,100	13,964,029	70,700,000	1,357,025,500	5,773,339	50,714,151	41,798,036	13,050,459	2,420,908,614
Depreciation rate % per annum	-	5	5	10	10	10	20	10	33	

8.2 Land - freehold of the Company is located at Bhair Pharu and Jumber, Punjab, Pakistan, with an area of 1,091.25 kanals and 79.35 acres. Details of factory and residential buildings of the company constructed on this land are as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Location	Particulars	2024	2023
Weaving Unit, Bhai Pheru	Industrial: Lintals, pre stress, TR girder, power house/chiller area, looms shed, production area and godowns.	405,755	405,755
Towel Unit, Jumber	Industrial: Lintals, pre stress, TR girder, stitching & dyeing hall, godown hall, store, workshop and shed.	248,325	245,945

8.3 Vehicle includes a tractor for which title has not been transferred on the name of the Company. The transfer of title is in the process. This tractor has been purchased by the Company in prior year.

8.4 This includes transfer from capital work-in-progress amounting to Rs. 344.45 million (2023: Rs. 85.441 million).

8.5 The depreciation charge for the year has been allocated as follows:

	Note	2024 (Rupees)	2023 (Rupees)
Cost of sales	36	171,815,126	164,889,949
Distribution cost	37	9,224,997	7,355,465
Administrative expenses	38	9,225,236	10,294,808
		<u>190,265,359</u>	<u>182,540,222</u>

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

Description	Cost	Accumulated depreciation	Net Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
----- Rupees -----							
Vehicles							
Honda City LEC-12-3531	1,496,840	1,383,054	113,786	1,865,000	1,751,214	Negotiation	Rabia
Honda City LE-16-2676	1,695,840	1,434,047	261,793	2,600,000	2,338,207	Negotiation	Muhammad Awais
Plant and machinery							
34 Air Jet Picanol Looms	45,590,932	1,519,698	44,071,234	103,212,100	59,140,866	Negotiation	Naheed Fine Tex Ltd
34 Air Jet Picanol Looms	67,110,331	2,237,011	64,873,320	103,212,100	38,338,780	Negotiation	Naheed Fine Tex Ltd
Mario Crosta Fabric							
Brushing Machine	2,097,735	17,481	2,080,254	635,593	(1,444,661)	Negotiation	Sareena Textile
	<u>117,991,678</u>	<u>6,591,291</u>	<u>111,400,387</u>	<u>211,524,793</u>	<u>100,124,406</u>		Industries (Pvt) Ltd.
Total - 2024							
	<u>49,381,762</u>	<u>21,542,324</u>	<u>27,839,438</u>	<u>21,243,326</u>	<u>(6,596,112)</u>		
Total - 2023							

8.7 Allocation of gain/(loss) is as follows:

	Note	2024 Rupees	2023 Rupees
Other income			
Other operating expenses	40	101,569,067	9,069,128
Total-net	39	<u>(1,444,661)</u>	<u>(15,665,240)</u>
		<u>100,124,406</u>	<u>(6,596,112)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- 8.8 The freehold covering areas 10.44 acres has been purchased from the directors of the Company during the year as approved by members through EOGM held on April 13, 2023. The freehold land covering areas 9.845 acres has been purchased from other individual (relative of directors). The land has been purchased for expansion purposes.

8.9 Fair value measurement (revalued property, plant and equipment)

Fair value measurement of free hold land, building on free hold land and plant and machinery was based on the valuations carried out on June 30, 2023 by M/s Tristar International Consultant (Private) Limited an independent valuer not connected with the Company and is on the panel of Pakistan Bankers Association and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations.

8.10 Valuation techniques used to derive level 3 fair values

Valuations for buildings on freehold land and plant and machinery are based on the estimated gross replacement cost, depreciated to reflect the residual service potential of the assets taking into account of the age, conditions, and obsolescence. Land was valued on the basis of fair market value. The fair value measurement of the assets are categorized as Level 3. Reconciliation of fair value level 3 has been mentioned in note 8.1.

- 8.11 Land - freehold, buildings on freehold land, non factory building and plant and machinery represents values subsequent to revaluation as at June 30, 2023. Had there been no revaluation, the cost, accumulated depreciation, and book value of the revalued property, plant and equipment as on June 30, 2024 would have been as follows:

Description	Cost as at	Accumulated depreciation as at	Book value as at	Book value as at
	2024	2024	2024	2023
	Rupees	Rupees	Rupees	Rupees
Land-freehold	420,586,436	-	420,586,436	295,408,377
Buildings on freehold land	459,788,668	219,173,807	240,614,861	241,006,980
Non factory building	62,567,053	53,426,388	9,140,665	10,156,295
Plant and machinery	2,270,178,908	558,621,425	1,711,557,483	1,568,735,739
	<u>3,213,121,065</u>	<u>831,221,620</u>	<u>2,381,899,445</u>	<u>2,115,307,391</u>

- 8.12 The forced sale value of revalued assets as per latest available revaluation reports are as follows:

Particulars	Date of revaluation	2024	2023
	Note	Rupees	Rupees
Freehold Land	June 30,2023	321,633,600	321,633,600
Buildings	June 30,2023	429,232,880	429,232,880
Plant and machinery	June 30,2023	1,085,620,400	1,085,620,400
		<u>1,836,486,880</u>	<u>1,836,486,880</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

			2024 Rupees	2023 Rupees
9	RIGHT OF USE ASSETS (RoU)	Note		
	Generators	9.1	93,835,108	104,261,231
	Line rent - spun poles	9.3	649,564	5,763,750
			<u>94,484,672</u>	<u>110,024,981</u>
9.1	Generators			
	Net carrying value basis			
	Year ended June 30, 2024			
	Opening net book value (NBV)		104,261,231	115,845,812
	Additions (at cost)		-	-
	Depreciation charge		(10,426,123)	(11,584,581)
	Closing net book value		<u>93,835,108</u>	<u>104,261,231</u>
	Gross carrying value basis			
	Year ended June 30, 2023			
	Cost		116,819,306	116,819,306
	Accumulated depreciation		(22,984,198)	(12,558,075)
	Net book value		<u>93,835,108</u>	<u>104,261,231</u>
	Depreciation rate % per annum		10	10
9.2	The generators have been obtained on finance lease from Primus Leasing Limited.			
9.3	Line rent - spun poles			
	Opening net book value (NBV)		5,763,750	-
	Addition (at cost) during the year		-	6,525,000
	Refund / adjustment (at cost) during the year	9.3.2	(3,995,000)	-
	Amortization charge for the year		(1,119,186)	(761,250)
			<u>649,564</u>	<u>5,763,750</u>
9.3.1	The Company has a lease contract with the National Highway Authority for the use of spun poles. Lease liability against this right-of-use asset has been paid off at the start of the contract.			
9.3.2	During the year, the National Highway Authority reassessed the rent amount and determined that it had been overcharged. As a result, the overcharged amount was refunded to the Company. This reimbursement has been accounted for as a reduction in the cost of the right-of-use asset, without any reduction in the scope of the lease arrangement. Consequently, this transaction does not qualify as a lease modification under IFRS 16.			
10	CAPITAL WORK IN PROGRESS			
	Plant and machinery	10.1.1	55,038,714	74,042,086
	Building	10.1.2	200,000	-
	Advance against vehicle	10.1.3	-	1,160,000
			<u>55,238,714</u>	<u>75,202,086</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
10.1	Movement of carrying amount is as follows:		
10.1.1	Plant and machinery		
	Balance at start of the year	74,042,086	39,466,414
	Additions (at cost) during the year	312,624,053	46,975,285
	Transferred to operating fixed assets during the year	(331,627,425)	(12,399,613)
	Balance at the end of the year	<u>55,038,714</u>	<u>74,042,086</u>
10.1.2	Building		
	Balance at start of the year	-	125,462
	Additions (at cost) during the year	11,859,827	72,916,510
	Transferred to operating fixed assets during the year	(11,659,827)	(73,041,972)
	Balance at the end of the year	<u>200,000</u>	<u>-</u>
10.1.3	Advance against vehicle		
	Balance at start of the year	1,160,000	-
	Additions (at cost) during the year	-	1,160,000
	Transferred to operating fixed assets during the year	(1,160,000)	-
	Balance at the end of the year	<u>-</u>	<u>1,160,000</u>
10.1.3.1	An advance was provided to Mr. Sikander for the purchase of a vehicle (Tractor). The vehicle has been transferred to operating fixed assets, as it is currently in use for operational purposes. Although the registration process is still underway.		
11	INTANGIBLE ASSETS		
	Software	<u>1,508,050</u>	<u>2,716,222</u>
11.1	Software		
	Net carrying value as at July 01		
	Opening balance as on July 01,	2,716,222	3,924,394
	Addition during the year	-	-
	Amortization charge	(1,208,172)	(1,208,172)
	Net book value as at June 30,	<u>1,508,050</u>	<u>2,716,222</u>
	Gross carrying value as at 30 June		
	Cost	6,040,861	6,040,861
	Accumulated amortization	(4,532,811)	(3,324,639)
	Net book value	<u>1,508,050</u>	<u>2,716,222</u>
	Amortization % per annum	20%	20%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

			2024 Rupees	2023 Rupees
	The amortization charge for the year has been allocated as follows:			
	Administrative expenses	38	<u>1,208,172</u>	<u>1,208,172</u>
12	LONG TERM DEPOSITS			
	Security deposits-LESCO		9,795,502	9,795,502
	Security deposits-SNGPL		12,715,175	11,938,045
	Other security deposits	12.1	<u>2,814,947</u>	<u>3,868,747</u>
			<u>25,325,624</u>	<u>25,602,294</u>
12.1	This includes security deposit against rented premises. The said deposit is refundable at the expiry of the respective rent agreement or on vacation of the rented premises. These deposits do not carry any interest or mark-up and are not recoverable within one year. IFRS 9 requires long-term non interest bearing financial assets to be discounted at average borrowing rate of the Company. The impact of discounting is considered insignificant by the management.			
13	STORE SPARES AND LOOSE TOOLS			
	Stores:			
	in hand	13.1	82,455,421	112,453,560
	Spares:			
	in hand	13.1	120,057,428	114,356,736
	Packing material		<u>22,060,672</u>	<u>42,359,469</u>
			<u>224,573,521</u>	<u>269,169,765</u>
	Less: Provision for obsolete stores and spares	13.2	<u>2,336,088</u>	<u>8,149,994</u>
			<u>222,237,433</u>	<u>261,019,771</u>
13.1	Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.			
13.2	Movement of provision for obsolete stores and spares is as follows:			
	Opening balance		8,149,994	-
	Provision made during the year		-	8,149,994
	Reversal of provision during the year	13.2.1	<u>(5,813,906)</u>	<u>-</u>
			<u>2,336,088</u>	<u>8,149,994</u>
13.2.1	'This represents the reversal of a previously recognized provision for stores and spares, related to obsolete or slow-moving stock, upon the issuance of such inventory.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

			2024 Rupees	2023 Rupees
14	STOCK IN TRADE	Note		
	Raw materials:			
	in hand		380,576,318	410,786,050
	Work in process		131,348,823	114,052,797
	Finished goods:			
	in hand		994,964,689	829,830,812
	in transit	14.1	43,453,645	113,189,867
			1,038,418,334	943,020,679
	Less: Provision for slow moving and obsolete stock	14.2	11,071,587	11,071,587
			1,539,271,888	1,456,787,939
14.1	This represents stock in transit Rs. 43.453 million (2023 : Rs. 113.189 million) which was still on the way to port at the year end.			
14.2	Provision for stock in trade under the control of third party:			
	Opening balance	14.3	11,071,587	-
	Provision made during the year		-	11,071,587
			11,071,587	11,071,587
14.3	This represents a provision created against stock under the control of third party which was placed for processing/sale at third-party premises, however, due to conflict the customer has confiscated the stock. The Company has filed a case against the customer. However, on prudence basis a provision has been made in the books of account.			
14.4	Stock in trade includes stocks amounting to Rs. 39.970 million (2023: 127.116 million) which is placed at third party premises for toll manufacturing or other processing purposes.			
14.5	Stock-in-trade up to a maximum amount of Rs. 1,219.538 million (2023: Rs. 1,456.787 million) are under hypothecation of commercial banks as security for short term borrowings.			
15	LOANS AND ADVANCES			
	Unsecured			
	Considered good			
	To employees	15.1	11,412,496	26,856,435
	To director	15.2	-	-
	To suppliers		43,864,478	35,959,250
			55,276,974	62,815,685
	Considered doubtful			
	Suppliers		10,322,242	7,584,680
	Less: Allowance for expected credit losses (ECL)	15.3	(10,322,242)	(7,584,680)
			-	-
	Against letter of credits		84,314,000	18,052,509
			139,590,974	80,868,194

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- 15.1 These advances are provided for general purposes in accordance with the terms of their employment, which is not past due. These advances are unsecured, interest free and payable on demand. This includes advances provided to employees to meet business expenses and are settled as and when the expenses are incurred. These advances do not carry any interest or mark-up.

	Note	2024 Rupees	2023 Rupees
15.2	The movement of director advance is as follows:		
	Against expenses		
	Balance at start of the year	-	3,572,709
	Advance (adjusted) during the year	-	(3,572,709)
	Balance at the end of the year	-	-

- 15.3 Movement of allowance for ECL is as follows:

Balance at start of the year	7,584,680	-
Allowance charge during the year	2,737,562	7,584,680
Balance at the end of the year	10,322,242	7,584,680

16 TRADE DEBTS

Secured - Considered good - against letter of credit	236,002,122	259,603,079
Unsecured (local)		
Considered good	321,805,886	297,578,925
Considered doubtful	29,000,812	19,158,215
	350,806,698	316,737,140
	586,808,820	576,340,219
Less: Allowance for expected credit losses (ECL)	16.1 (29,000,812)	(19,158,215)
	557,808,008	557,182,004

- 16.1 Movement of allowance for ECL is as follows:

Balance at start of the year	19,158,215	544,911
Allowance charge during the year	9,842,597	18,613,304
Balance at the end of the year	29,000,812	19,158,215

17 TRADE DEPOSITS AND PREPAYMENTS

Prepayments	4,206,622	2,876,380
Margin deposits	8,720,553	10,639,865
	12,927,175	13,516,245

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
18	TAX REFUNDS DUE FROM GOVERNMENT		
Sales tax refundable - net		228,442,038	574,855,973
Less: Provision for sales tax refund due from government	18.1	100,648,813	100,648,813
		127,793,225	474,207,160
Income tax refund		39,775,755	47,261,918
		167,568,980	521,469,078
18.1	Movement of provision is as follows:		
Balance at start of the year		100,648,813	-
Allowance charge during the year	18.2	-	100,648,813
Balance at the end of the year		100,648,813	100,648,813
18.2	This represents a provision made against disallowed/deferred / missing claims/inputs which are not reconciled with the FBR system (Starr). The Company has processed and submitted manual claims and also planning to pursue the matter with FTO. However, on a prudence basis, a provision has been made for old outstanding balances.		
19	TAXATION / LEVY-NET		
Advance/prepaid taxes and taxes withheld		104,997,373	101,131,766
Adjustments for prior year	42	(2,811,870)	(10,298,033)
Taxation for the year	42	(8,244,179)	(34,114,388)
Levy for the year	42	(91,692,484)	(64,205,508)
Closing balance		2,248,840	(7,486,163)
20	OTHER RECEIVABLES		
Unsecured			
Considered good			
Export rebate receivable		56,915,744	34,285,966
Duty drawback receivable	20.1	43,619,988	49,574,125
Other receivables		198,998	1,415,068
Considered doubtful			
Duty drawback receivable		7,475,509	1,521,372
Less: Allowance for expected credit losses (ECL)	20.2	7,475,509	1,521,372
		-	-
		100,734,730	85,275,159

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- 20.1 This represents balances aggregating to Rs. 51.095 million are appearing in the books of accounts for more than one year against receivable on duty drawback under para 1(2) (b) of Textile Division Notification No. 1(42-B)/TID/18-TR-II and EPD Circular Letter No. 21 against 10% or more increase in export performance. This represents performance-based receivables against export is Rs. 44.123 million and regular receivable is Rs. 6.972 million.

	Note	2024 Rupees	2023 Rupees
20.2	Movement of allowance for ECL is as follows:		
	Balance at start of the year	1,521,372	-
	Allowance charge during the year	5,954,137	1,521,372
	Balance at the end of the year	<u>7,475,509</u>	<u>1,521,372</u>

21 SHORT TERM INVESTMENTS

	At amortised cost			
	Term deposits receipts - TDR	21.1	5,000,000	5,000,000
	Investment through profit or loss account	21.2	<u>43,802,438</u>	<u>102,975,933</u>
			<u>48,802,438</u>	<u>107,975,933</u>
21.1	This represents investment in Term Deposit Receipts (TDRs) with The Bank of Punjab, having a maturity period of less than one year and maturing on April 04, 2025. These carry mark-up ranging from 20% (2023: 19.5%) per annum.			
21.2	Investment through profit or loss account			
	Listed entities			
	Pak Electron Limited	21.3	23,326	8,543
	Attock Refinery Limited	21.3	4,571	2,231
	Samba Bank Limited	21.3	285,670	191,590
			313,567	202,364
	Mutual funds			
	Atlas Money Market Fund	21.3	81,548	68,492
	Faysal Money Market Fund	21.3	105,342	88,806
	JS Growth Fund	21.3	1,230,293	692,141
	NBP Cash Plan - II Fund	21.3	42,071,688	101,924,130
			<u>43,488,871</u>	<u>102,773,569</u>
			<u>43,802,438</u>	<u>102,975,933</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

21.3 Equity securities

	Note	2024 Rupees	2023 Rupees
Listed shares			
Cost/opening carrying value		202,364	258,365
Gain/(loss)/other adjustments on investments		111,203	(56,001)
Carrying value		313,567	202,364
Mutual funds			
Cost/opening carrying value		102,773,569	1,163,649
Gain/(loss)/other adjustments on investments		(59,284,698)	101,609,920
Carrying value		43,488,871	102,773,569
		43,802,438	102,975,933

Listed shares

	2024			2023		
	Number of shares/units	Cost/opening carrying value	Gain/(loss)/ adjustment	Carrying value	Number of shares/units	Cost/opening carrying value
Pak Electron Limited	944	8,543	14,783	23,326	944	15,000
Attock Refinery Limited	13	2,231	2,340	4,571	13	2,285
Samba Bank Limited	24,500	191,590	94,080	285,670	24,500	241,080
	25,457	202,364	111,203	313,567	25,457	258,365
Mutual funds						
Atlas Money Market Fund	160	68,492	13,056	81,548	134	59,708
Faysal Money Market Fund	1,022	88,807	16,535	105,342	866	71,321
JS Growth Fund	4,791	692,140	538,153	1,230,293	4,744	705,472
NBP Cash Plan - II Fund	4,202,798	101,924,130	(59,852,442)	42,071,688	9,591,143	327,148
	4,208,771	102,773,569	(59,284,698)	43,488,871	9,596,887	1,163,649
	4,234,228	102,975,933	(59,173,495)	43,802,438	9,622,344	1,422,014
Total equity securities						

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

			2024 Rupees	2023 Rupees
22	CASH AND BANK BALANCES	Note		
	Cash in hand		3,459,593	5,160,495
	Cash at banks - local currency			
	Current accounts		-	103,011,117
	Saving accounts	22.1	1,102,360	1,092,573
	Cash at banks - foreign currency	22.2	53,238,502	47,084,795
		22.3	<u>57,800,455</u>	<u>156,348,980</u>
22.1	This carries mark up at the rate ranging from 6.75% to 18.00% (2023: 5.48% to 18.50%) per annum.			
22.2	This carries mark up at the rate 3.92% (2023: 3.48%) per annum.			
22.3	This includes balance in dormant bank accounts amounting to Rs. 0.0323 millions.			
23	SHARE CAPITAL			
23.1	Authorized share capital			
	62,500,000 (June 30, 2023: 62,500,000) ordinary shares of Rs. 10/- each		<u>625,000,000</u>	<u>625,000,000</u>
23.2	Issued, subscribed and paid up share capital			
	51,901,483 (June 30, 2023: 51,901,483) ordinary shares of Rs. 10/- each fully paid in cash		519,014,830	519,014,830
	7,527,246 (June 30, 2023: 7,527,246) ordinary shares of Rs. 10/- each issued as fully paid bonus shares		<u>75,272,460</u> <u>594,287,290</u>	<u>75,272,460</u> <u>594,287,290</u>
23.2.1	There is no shareholder agreement for voting rights, board selection, rights of first refusal and block voting.			
24	SURPLUS ON REVALUATION OF PROPERTY PLANT AND EQUIPMENT			
	Surplus arising on revaluation	24.1	523,492,379	608,570,450
	Less: Related deferred tax liability	24.1	<u>36,736,931</u>	<u>34,509,956</u>
			<u>486,755,448</u>	<u>574,060,494</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
24.1	Surplus arising on revaluation		
	Balance brought forward	608,570,450	386,491,945
	Revaluation during the year	-	248,711,073
	Less: Transferred to equity in respect of incremental depreciation charged during the year - (net of deferred tax)	35,926,283	24,307,944
	Related deferred tax liability during the year transferred to profit and loss account	3,472,101	2,324,624
	Transfer of surplus on revaluation on disposal of PPE - (net of deferred tax)	41,654,028	-
	Transfer to profit or loss on disposal of PPE	4,025,659	-
		(85,078,071)	(26,632,568)
		523,492,379	608,570,450
	Less: Related deferred tax effect:		
	Balance as at July 01,	34,509,956	18,316,266
	Deferred tax impact for the year	-	18,518,314
	Effect of rate change	9,724,735	-
	Transfer to profit or loss on disposal of PPE	(4,025,659)	-
	Incremental depreciation charged during the year transferred to profit and loss account	(3,472,101)	(2,324,624)
		(36,736,931)	(34,509,956)
		486,755,448	574,060,494

- 24.2 The Company's freehold land, buildings on freehold land, plant and machinery have been revalued by M/s. Tristar International Consultants (Private) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA). The basis of revaluation for items of these fixed assets were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all other relevant factors as well.

Buildings on freehold land

Construction specifications were noted for each building and structure and new construction rates were applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

Plant and machinery

For the valuation of the plant and the machinery, a depreciation factor of 10% and an appreciation factor of 25% were applied due to inflation in prices of imported as well as local machinery. Value of plant and machinery assessed on lump sum basis to determine current replacement value.

- 24.3 The revaluation surplus on property plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with the section 241 of the Companies Act, 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

25 LONG TERM FINANCING

Secured:

Mark-up based financing from conventional bank:

The Bank of Punjab

Note	2024 Rupees	2023 Rupees
25.1	65,111,263	74,733,107
33	65,111,263	74,733,107
	10,621,680	10,621,680
	54,489,583	64,111,427

Less: Current portion shown under current liabilities

Repayment commencement	Mark-up	Sanctioned limit (million)	Number of installments
------------------------	---------	----------------------------	------------------------

25.1 The Bank of Punjab

Term finance L.T.F.F

Term finance - SBP

Renewable energy scheme

25.4	April-21	SBP rate +3%	67	08 Quarterly	43,904,139	50,660,031
25.2	Apr-21	SBP rate +4%	36.78	38 Quarterly	21,207,124	24,073,076
33					65,111,263	74,733,107
					10,621,680	10,621,680
					54,489,583	64,111,427

Less: Current portion shown under current liabilities

25.2 Movement of term finance - SBP Renewable energy scheme

Opening balance at start of the year
Disbursements during the year
Repayments during the year
Deferred grant recognized year
Unwinding of discount on liability
Closing balance at the end of the year

25.3					24,073,076	31,892,766
					-	-
					(3,865,789)	(3,865,788)
					-	(6,735,267)
					999,837	2,781,365
					21,207,124	24,073,076

25.3 The Company obtained a term finance facility under the 'SBP renewable energy scheme' introduced by the State Bank of Pakistan at the rate ranging of 6% from Bank of Punjab (BOP). ICAP issued the guidance for accounting of said financing through circular No. 11/2020 dated August 17, 2020 and based on that circular, referring to the requirement of IAS-20.

25.4 It represents long term financing from commercial banks (stated above) and the amounts claimed by such institutions. Markup is leviable along with installment (except interest free loans) as per schedule stated above. These loans are secured by a first-ranking pari passu charge over the Company's current assets amounting to Rs. 134 million and fixed assets amounting to Rs. 427 million executed through the joint pari passu agreement with the lenders of the Company and joint memorandum of deposit of title deeds, equitable mortgage charge on land and personal guarantees of the directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

			2024 Rupees	2023 Rupees
26	DEFERRED LIABILITIES	Note		
	Deferred tax liabilities	26.1	120,205,132	117,236,588.00
	Staff retirement benefits	26.2	93,586,694	110,197,999
			<u>213,791,826</u>	<u>227,434,587</u>
26.1	Deferred tax liabilities			
	Deferred tax liability comprises as follows:			
	Taxable temporary differences			
	Tax depreciation allowances		99,521,045	94,162,073
	Revaluation surplus		36,736,928	34,509,956
	Right of use		8,326,745	9,603,530
	Deductible temporary differences			
	Deferred tax related to actuarial loss (OCI)		71,183	1,097,752
	Provision for gratuity		8,247,608	13,703,377
	Lease liabilities		1,884,961	3,903,588
	Provision for doubtful debts (ECL)		3,214,585	1,672,225
	Provision for doubtful advances		909,678	662,029
	Provision for stocks		1,181,592	-
	Provision for sales tax refund due from government		8,869,979	-
			<u>120,205,132</u>	<u>117,236,588</u>
26.1.1	The gross movement in the deferred tax liability during the year is as follow:			
	Balance as at July 01,		117,236,588	75,739,367
	Charge to the statement of profit or loss	42	3,039,727	24,076,659
	Charge to the statement of OCI		(71,183)	17,420,562
	Balance as at June 30		<u>120,205,132</u>	<u>117,236,588</u>
26.1.2	Owing to uncertainty relating to future taxable profits, against which the Company can utilize its deferred tax asset, the Company has not recognized any deferred tax asset related minimum tax credits amounting to Rs. 47.388 million (2023: Rs. 31.331 million). Expiry of minimum tax and excess of corporate alternative tax carried forward is as follows:			
	Expiry tax year	Nature		
	2029	Alternative corporate tax -2019	14,240,620	14,240,620
	2026	Minimum tax-2021	5,936,958	5,936,958
	2027	Minimum tax-2022	11,154,088	11,154,088
	2028	Minimum tax-2024	15,758,365	-
			<u>47,090,031</u>	<u>31,331,666</u>
26.1.3	The tax rate includes the super tax rate based on the current taxable income. The deferred tax has been calculated based on a ratio of taxable income which is subject to normal tax regime.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

26.2 Staff retirement benefits

a) General description

The scheme provides for terminal benefits for all its permanent employees who qualify for the gratuity scheme. The defined benefit payable to each employee at the end of his service comprises of total number of years of his service multiplied by last drawn basic salary including cost of living allowance.

Annual charge is based on actuarial valuation carried out by an independent approved valuer M/s TRT Associates as at June 30, 2024 using the Projected Unit Credit method.

The Company faces the following risks on account of gratuity:

Interest rate risk - The present value of the defined benefit liability is calculated using a discount rate determined by reference to the market yields at the end of the reporting period on high quality corporate bonds, or where there is no deep market in such bonds, by reference to market yields on government bonds. Currencies and terms of bond yields used must be consistent with the currency and estimated term of the post-employment benefit obligations being discounted. A decrease in bond interest rates will increase the liability, and vice versa.

Salary risk - The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the liability and vice versa.

Withdrawal rate risk - The present value of the defined benefit liability is calculated by reference to the best estimate of the withdrawal rate / attrition rate of plan participants. As such, an increase in the withdrawal rate will decrease the liability and vice versa.

Mortality rate risk - The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during employment. An increase in the life expectancy of the participants will increase the liability and vice versa.

b) Significant actuarial assumptions	2024	2023
	Percentage Per annum	Percentage

Following are significant actuarial assumptions used in the valuation:

Discount rate	14.75%	16.25%
Expected rate of increase in salary	13.75%	15.25%
Withdrawal rates	9.5%	9.5%
Expected mortality rate	10.5%	10.5%
Retirement age	60	60

c) Reconciliation of payable to defined benefit plan

Present value of obligation and liability recognized in balance sheet		93,586,694	169,572,420
Less: Current portion shown under the current liabilities	29	-	59,374,421
		93,586,694	110,197,999

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
d)	Movement of the liability recognized in the statement of financial position		
	Balance sheet liability at the beginning of the year	169,572,420	134,674,090
	Amount recognized during the year	45,421,007	52,583,470
	Amount paid during the year	(122,214,458)	(30,261,785)
	Unrecognised actuarial loss	807,725	12,576,645
	Present value of defined benefit obligation	93,586,694	169,572,420
e)	Charge for the year		
	Current service cost	27,748,022	36,743,996
	Interest cost	17,672,985	15,839,474
	Charge for the year	45,421,007	52,583,470
f)	The expected charge in respect of defined benefit plan for the year ending June 30, 2025 will be Rs. 40.291 million.		
g)	Sensitivity analysis		
	The impact of 1% change in following variables on defined benefit obligation is as follows:		
		Rupees	
		Increase in assumption	Decrease in assumption
2024			
	Discount rate	86,104,413	102,993,324
	Salary increase	102,991,046	86,103,356
2023			
		Rupees	
		Increase in assumption	Decrease in assumption
	Discount rate	155,048,721	185,460,681
	Salary increase	185,456,580	155,048,721
h)	Maturity profile		
	Time in year		
	1	8,175,240	10,218,454
	2	10,269,108	15,092,482
	3	13,351,425	19,688,405
	4	16,517,119	25,689,384
	5	19,183,735	32,239,442
	6-10 onwards	117,326,562	172,669,854

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees			
i) Remeasurement chargeable to other comprehensive income						
Experience adjustment and actuarial loss on obligation		807,725	12,576,645			
Related deferred tax	26.1.1	(71,183)	(1,097,752)			
		736,542	11,478,893			
j) The charge for the year has been allocated as follows:						
Cost of sales	36.2	37,907,213	43,884,822			
Selling and distribution expenses	37.1	2,971,679	3,440,285			
Administrative and general expenses	38.1	4,542,115	5,304,363			
		45,421,007	52,629,470			
k) Historical information						
Present value of defined benefit obligation						
		2024 Rupees	2023 Rupees	2022 Rupees	2021 Rupees	2020 Rupees
		94,169,972	169,572,420	134,674,090	118,346,459	118,181,227
27 LEASE LIABILITIES						
Against right of use assets						
Lease liabilities			44,722,026		68,055,556	
Payments / adjustments during the year			(31,067,820)		(31,067,820)	
Interest expense during the year			7,734,694		7,734,487	
Less: Current portion	33		(21,388,900)		(23,333,333)	
			-		21,388,890	
27.1 Maturity analysis-contractual undiscounted cash flow						
Less than one year			28,478,835		31,067,820	
One to five year			-		28,478,835	
More than five year			-		-	
Total undiscounted lease liability			28,478,835		59,546,655	
27.2	When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 13.8% per annum.					
27.3	The above liabilities were obligations under leases with various lessors for lease of buildings.					
27.4	The lease agreement less than one year are not classified under IFRS-16 leases.					

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

			2024 Rupees	2023 Rupees
28	DEFERRED GRANT			
	Deferred Grant		2,954,065	3,953,902
	Current portion of grant	33	(890,764)	(999,837)
			<u>2,063,301</u>	<u>2,954,065</u>
28.1	This represents deferred grant recognised in respect of the benefit of below-market interest rate on long term finance facility as 'referred to in note 25.2. The benefit has been measured as the difference between the fair value of the loan and the proceeds received. The reconciliation of the carrying amount is as follows:			
28.2	Following is the movement in government grant during the year:			
	Opening balance as at July 01,		3,953,902	-
	Addition during the year	25.2	-	6,735,267
	Amortized during the year	40	(999,837)	(2,781,365)
	Closing balance as at June 30		<u>2,954,065</u>	<u>3,953,902</u>
29	TRADE AND OTHER PAYABLES			
	Creditors		827,922,875	969,673,650
	Accrued liabilities	29.1	210,436,627	238,360,522
	Pension fund payable	29.2	6,073,553	-
	Tax deduction at source		40,051,891	34,867,962
	Workers' Profit Participation Fund	29.3	79,033,932	61,813,284
	Workers' Welfare Fund	29.4	21,571,295	18,936,018
	Payable against purchase of land	29.5	186,589,686	170,699,040
	Gas infrastructure development cess payable	29.6	40,938,135	49,212,112
	Current portion of gratuity payable	26.2	-	59,374,421
			<u>1,412,617,994</u>	<u>1,602,937,009</u>
29.1	Employees Old-Age Benefits Institution has issued notification for EOBI contribution and deduction based on revised minimum wage rates. The industry has gone into litigation the decision of which is still pending. However, the Company has recorded the contribution/provision amounting to Rs. 80.624 million for EOBI as per the revised rates on a prudence basis based on the recommendation of the legal advisor as it may not eventually be decided in the industry/company's favor.			
29.2	Pension fund payable			
	Opening balance		-	-
	Contribution made by employees		11,051,826	-
	Contribution made by employer		11,051,826	-
	Transferred to final settlement account		-	-
	Payments made to fund by employer		(8,015,050)	-
	Deduction made from employees on the behalf of fund		(8,015,049)	-
			<u>6,073,553</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
29.3 Workers' Profit Participation Fund			
Opening balance as at July 01,		61,813,284	37,704,296
Expense for the year	39	8,121,733	19,927,582
Payment made during the year		-	-
Interest on funds utilized in Company's business	29.3.1	9,098,915	4,181,406
Closing balance as at June 30		<u>79,033,932</u>	<u>61,813,284</u>
29.3.1 Mark up on Workers' Profit Participation Fund has been provided at 14.72% per annum (2023: 11.09% per annum).			
29.4 Workers' Welfare Fund			
Opening balance as at July 01,		18,936,018	13,571,289
Expense for the year	39	2,871,012	7,971,033
Payment made during the year		(235,735)	(2,606,304)
Closing balance as at June 30		<u>21,571,295</u>	<u>18,936,018</u>
29.5 Payable against purchase of land			
To directors of the Company			
Mussaid Hanif	29.5.1	140,323,978	108,667,728
Arbab Muhammad Khan	29.5.1	40,554,326	29,460,576
Sabah Burhan	29.5.1	5,711,382	13,502,382
To family members of the directors			
Others		-	19,068,354
	44	<u>186,589,686</u>	<u>170,699,040</u>
29.5.1 This represents payable to directors against purchased of land during the year and in prior year. This is payable on demand.			
29.6 Pursuant to the order of Honorable Supreme Court of Pakistan in August, 2020 and its subsequent dismissal of review petition in November 2020, the Company is making accrual of levy as per GIDC monthly billing by Sui Northern Gas Pipeline Limited (SNGPL).			
However, due to stay order granted by the High Court of the Sindh, the Company is not paying the levy. Due to non-payment of the levy, SNGPL is charging surcharge on unpaid amount. As of June 30, 2024, the surcharge charged to the Company is Rs. 160.733 million against which the Company is not making any accrual and is confident based on the advice of its legal counsel, that no liability will raised to the Company relating to this surcharge.			
Provision for Gas infrastructure development cess			
Opening balance as at July 01,		49,212,112	49,212,112
Reclassified under accrued liabilities	30	(8,273,977)	-
Closing balance as at June 30		<u>40,938,135</u>	<u>49,212,112</u>
29.7 This represent the amount payable related to cost of supply which is tranfered to accured liabilities.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

			2024 Rupees	2023 Rupees
30	CONTRACT LIABILITIES	Note		
	Opening balance as at July 01,		17,880,030	24,763,837
	Advance received		223,580,977	133,216,370
	Income recongised		(231,496,037)	(140,100,177)
	Closing balance as at June 30		<u>9,964,970</u>	<u>17,880,030</u>
30.1	Contract balances primarily comprises of contract liabilities, representing advance consideration received from customers for the purchase of products. Balance as at reporting date amounted to Rs. 9.965 million (2023: 17.880 million). Revenue recognized during the reporting period which was included in the contract liabilities at the beginning of the period amounted to Rs. 231.496 million (2023: Rs. 140.100 million).			
31	ACCRUED MARK-UP			
	Long term financing		915,006	1,060,063
	Short term borrowings		26,469,876	51,211,793
			<u>27,384,882</u>	<u>52,271,856</u>
32	SHORT TERM BORROWINGS			
	Secured			
	Mark-up based borrowings from conventional banks			
	Running finances			
	The Bank of Punjab	32.1	529,996,000	565,000,000
	Habib Metropolitan Bank Limited	32.2	-	68,000,000
	National Bank of Pakistan Limited	32.3	420,000,000	420,000,000
	United Bank Limited	32.4	50,000,000	-
	Habib Bank Limited	32.5	237,000,000	237,000,000
			<u>1,236,996,000</u>	<u>1,290,000,000</u>
	Temporary bank overdraft			
	Bank over draft	32.7	<u>127,164,751</u>	-
	Unsecured			
	From related party			
	Loan from directors	32.8	7,000,000	22,657,119
			<u>1,371,160,751</u>	<u>1,312,657,119</u>
32.1	This represents short term export refinance facilities from Bank of Punjab aggregated to Rs. 565.00 million (2023: Rs. 565.00 million) and carries mark-up of SBP rate plus 1% on utilized limits. This facility is secured against first pari passu charge and joint pari passu charge over present and future current assets of the Company and also on exports documents.			
32.2	This represents short-term post-shipment working capital facilities from Habib Metropolitan Bank Limited aggregated to Rs. 150.00 million (2023: Rs. 150.00 million) and carries a markup of 3 months kibar rate plus 2% on utilized limits. This facility is secured against joint pari passu of Rs. 120.00 million on current assets of the company registered with SECP which will be upgraded to joint pari passu within 180 days of disbursement.			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- 32.3 This represents short term export refinance facilities from National Bank of Pakistan Limited aggregated to Rs. 420.00 million (2023: Rs. 420.00 million) and carries mark-up of SBP rate plus 1% on utilized limits. This facility is secured against first pari passu charge and joint pari passu charge over present and future current assets of the Company.
- 32.4 This represents short-term pre-shipment export financing facilities from United Bank Limited aggregated to Rs. 150.00 million (2023: Rs. 150.00 million) and carries a mark-up of 1 month kibar rate plus 1.5% on utilized limits. This facility is secured against joint pari passu over current and future fixed assets and present and future current assets of the company registered with SECP which will be upgraded to joint pari passu within 120 days of disbursement along with lien of exports documents.
- 32.5 This represents short term export refinance facilities from Habib Bank Limited aggregated to Rs. 237.00 million (2023: Rs. 237.00 million) and carries mark-up of SBP rate plus 1% on utilized limits. This facility is secured against joint pari passu over current and future fixed assets and present and future current assets of the company registered with SECP which will be upgraded to joint pari passu within 120 days of disbursement along with lien of exports documents.
- This facility is also secured against the personal guarantees of Mr. Mussaid Hanif, Mr. Arbab Muhammad Khan, Ms. Sabah Burhan and Ms. Tehniyat Mussaid along with personal net worth statements.
- 32.6 The Company has total credit facilities of Rs. 1,522 million (2023: Rs. 1,522 million) at the year end. Whereas the Company has availed credit facilities of Rs. 1,236.996 million (2023: Rs. 1,290.00 million) and unavailed credit facilities of Rs. 285.004 million (2023: Rs. 232 million) at the year end.
- 32.7 This balance represents temporary credit amounts arising from cheques issued to suppliers in advance of future purchases. These cheques were issued prior to the period end in anticipation of future deposits, but remain outstanding as of the reporting date.
- 32.8 This amount represents loan obtained from one director Rs. 7.00 million (2023: Rs. 22.657 million) which is interest free loan and repayable on demand.

	Note	2024 Rupees	2023 Rupees
33	CURRENT PORTION OF LONG TERM LIABILITIES		
	Current portion of deferred grant	28	890,764
	Current portion of lease liability	27	21,388,900
	Current portion of long term financing	25	10,621,680
		<u>32,901,344</u>	<u>34,954,850</u>

34 CONTINGENCIES AND COMMITMENTS

34.1 Contingent liabilities and assets

- 34.1.1 The Company has filed a recovery suit against the Punjab Cotton Mills Limited for Rs. 5.107 million along with interest. The execution was filed which is still pending.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- 34.1.2 M/s. M. J. Industries had filed a suit against the Company for declaration for Rs. 0.545 million. The case was dismissed by the Honorable Civil Judge, Lahore. M/s. M. J. Industries had filed an application for the restoration of the suit which was also rejected by the Civil Judge, Lahore. The Company has filed a recovery suit against the M/s M. J. Industries for Rs. 0.545 million. The summon and notices have been issued to the defendant and the case is pending due to non appearance of the defendant before the Honorable Civil Judge, Lahore. The Company is hopeful of settlement of the case in its favor.
- 34.1.3 The Company has filed a recovery suit against the M/s. Amtex Limited for Rs. 2.917 million. The case is decreed in favour of Zephyr Textiles Limited by the Honorable Judge, high Court, Lahore. The case is pending for execution.
- 34.1.4 M/s. Sitara Textiles has filed a suit against the Company for recovery of damages against non performance of contract no. LO417 for supply of fabric. According to legal confirmation status, suit is pending for framing of issues. The Company has filed a suit against M/s. Sitara Textiles Limited for financial loss, cost of sales loss, loss of business and loss due to breach of contract for Rs. 37.680 million. The Company is hopeful of settlement of the case in its favor. M/s. Sitara Textiles has filed an other suit against the Company for financial loss and loss due to breach of contract for Rs. 65.724 million. The case is pending before Supreme Court of Pakistan. The Company has again filed an other suit against M/s. Sitara Textiles Limited for financial loss and loss due to breach of contract for Rs. 65.724 million. The case is pending before Supreme Court of Pakistan.
- 34.1.5 The Company has filed suit for Recovery of Rs. 34.027 Millions for unauthorized sale of shares by First Pakistan Capital Limited. The case is pending before Senior Civil Judge Lahore.
- 33.1.6 The Company has filed a suit against old tenants for vacation of property purchased by the Company situated at Ek Moria Pull Lahore. The matter is pending for adjudication. Certain suits were filed against the Company regarding the said property which are as under:
- Muhammad Sajid (the plaintiff) has filed a suit for permanent injunctions and declaration against interfering the possession of plaintiff property by pretending that the suit property has been purchased by Zephyr Textiles Limited (the defendant) through registered sales deed bearing distavez no. 2775 dated 01-09-2010, whereas the purchased property of the defendant is separate and different from the suit property of the plaintiff. The case is dismiss by the Court during the year.
- Sh. Zafar IQBAL V/s. m/S Zephyr Textiles Limited. Sh. Zafar IQBAL has filed a suit for cancelation of registry with respect to the said property purchased by the Company. the case IS pending for adjudication. the company IS hopeful for settlement of the above stated suits in its favor.
- 34.1.7 The Company's declared taxable income and tax liability for tax year 2015 was amended by the Taxation Officer and raised a further demand of Rs. 119.552 million against the Company. This order was challenged by the Company with the Appellate Tribunal Inland Revenue, which is pending adjudication. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company, therefore no provision has been made in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

- 34.1.8 The Company's declared taxable income and tax liability for tax year 2017 was amended by the Taxation Officer and raised a further demand of Rs. 759.218 million against the Company. This order was challenged by the Company with the CIR(A), which is pending adjudication. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company, therefore no provision has been made in these financial statements.
- 34.1.9 The Company's declared taxable income and tax liability for tax year 2021 was amended by the Taxation Officer and raised a further demand of Rs. 33.260 million against the Company. This order was challenged by the Company with the Appellate Tribunal Inland Revenue, which is pending adjudication. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.
- 34.1.10 The Company's declared taxable income and tax liability for tax year 2014 was amended by the Taxation Officer and raised a further demand of Rs. 42.939 million against the Company. This order was challenged by the Company with the Appellate Tribunal Inland Revenue, which is pending adjudication. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.
- 34.1.11 The Company's declared taxable income and tax liability for tax year 2010 was amended by the Taxation Officer and raised a further demand of Rs. 198.239 million against the Company. This order was challenged by the Company with the Appellate Tribunal Inland Revenue, which is pending adjudication. The management, in consultation with their tax advisor, is of the view that these tax matters will eventually be decided in favor of the Company; therefore no provision has been made in these financial statements.
- 34.1.12 A consolidated demand of Rs. 57.570 u/s 122(5A) for the tax years 2011, 2012, and 2013 had been deleted by the Commissioner Appeals and Tribunal. The department (Deputy Commissioner Inland revenue) has filed a petition in the Honourable Lahore High Court against the decision by the Commissioner Appeals and Tribunal.
- 34.1.13 Post refund audit for the period July 2020, and November 2020 to April 2021 is also pending before Appellate Tribunal Inland Revenue. The case hearing has been concluded, and the decision is awaited.
- 34.1.14 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregate to Rs. 128.399 million (June 30,2023: Rs. 128.399 million).
- 34.1.15 The Company has filed a case against Chenone Stores for the recovery of Rs. 24.00 million pending in the Additional District Judge Lahore.
- 34.1.16 The Company has filed a case against Chenone Stores for the recovery of Rs. 13.00 million pending in the Civil Judge Lahore.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

34.2 Commitments

Commitments as on June 30, 2024 were as follows:

- a) Contracts for capital expenditure are Rs. 14.545 million (June 30, 2023: Rs. 1.1 million).
- b) Against letters of credit amounting to Rs. 131.146 million (June 30, 2023: Rs. 85.347 million).
- c) Contracts against sale of Rs. 911.032 million (June 30, 2023: Rs. 734.119 million).
- d) Contract against the purchase of land of Nil (June 30, 2023: 52.050 million).
- e) Commitments for lease payments has been made under the relevant note.
- f) Foreign bills purchased by banks amounting to Rs.227.693 million (June 30, 2023: Rs. 190.779 million).

	Note	2024 Rupees	2023 Rupees
35 SALES			
Gross local sales		3,036,746,115	3,354,179,689
Sales tax		(432,744,432)	(494,649,650)
Net local sales		2,604,001,683	2,859,530,039
Export sales		5,728,860,968	5,183,375,070
Total sales		8,332,862,651	8,042,905,109
Sales discount		(7,434,795)	(13,563,127)
Export rebate		68,447,400	73,737,047
		<u>8,393,875,256</u>	<u>8,103,079,029</u>
35.1	The entity is involved in manufacturing and trading of fabric, towels, knitting and other related items. The performance obligation is satisfied upon delivery of goods. The Company makes sales against advances as well as on credit terms. In case of credit sales, payment is generally due within 30 to 60 days from the date of delivery of goods.		
35.2 Timing of revenue recognition - net			
Goods and services transferred at a point in time		<u>8,393,875,256</u>	<u>8,103,079,029</u>
35.3 Geographical market			
Pakistan (local)-net		2,604,001,683	2,859,530,039
France		1,394,784,788	1,978,550,830
Italy		1,604,365,793	1,570,691,349
Germany		1,204,036,708	770,216,250
USA		520,506,538	603,841,953
Sri Lanka		475,569,025	103,111,225
Belgium		160,828,299	58,263,778
United Kingdom		70,675,741	24,433,815
Portugal		114,974,378	18,645,333
Sweden		17,824,922	17,205,202
Hong Kong		85,894,789	13,773,840
Greece		36,786,615	10,857,608
Spain		9,107,636	9,552,523
New Zealand		4,231,364	4,231,364
Lithuania		12,576,427	-
Czech Republic		2,442,408	-
Poland		14,255,537	-
		<u>8,332,862,651</u>	<u>8,042,905,109</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

			2024 Rupees	2023 Rupees
36	COST OF SALES	Note		
	Raw materials consumed	36.1	4,130,220,577	3,868,959,846
	Other overheads:			
	Salaries, wages and other benefits	36.2	872,195,853	776,546,899
	Freight		21,941,367	21,558,096
	Loading and unloading		9,916,301	9,503,015
	Store material consumed		210,334,687	172,644,829
	Packing, sizing and lubricants consumed		899,610,610	710,522,714
	Processing and conversion charges		134,992,229	98,973,649
	Fuel and power		1,061,995,616	902,306,034
	Insurance expense		12,673,999	11,229,249
	Rent expense		1,050,000	990,000
	Repair and maintenance		11,832,591	8,374,852
	Vehicle running and maintenance		16,634,878	13,955,556
	Communication charges		948,637	871,988
	Travelling, conveyance and entertainment		11,987,685	9,065,403
	Fee and subscription		21,453,881	10,027,787
	Printing and stationary		466,105	261,839
	Depreciation expense PPE	8.1	171,815,126	164,889,949
	Depreciation expense RoU	9	11,545,309	12,345,831
	Provision for doubtful stock in trade	14.2	-	11,071,587
	Provision for slow moving and obsolete stores	13.2	-	8,149,994
	Other expenses		8,286,213	5,287,077
			3,479,681,087	2,948,576,348
	Opening work in process		114,052,797	161,794,567
	Closing work in process		(131,348,823)	(114,052,797)
			(17,296,026)	47,741,770
	Cost of goods manufactured		7,592,605,638	6,865,277,964
	Opening stock of finished goods		943,020,679	959,192,932
	Closing stock of finished goods		(1,038,418,334)	(943,020,679)
			(95,397,655)	16,172,253
			7,497,207,983	6,881,450,217

36.1 Raw materials consumed

Raw material as at July 01,		410,786,050	220,671,232
Purchases of raw material		4,100,010,845	4,059,074,664
Less: Raw material as at June 30	14	380,576,318	410,786,050
Raw materials consumed		4,130,220,577	3,868,959,846

36.2 Salaries, wages, and other benefits include Rs. 44.997 million (2023: Rs. 43.884 million) in respect of staff retirement benefits.

36.3 The movement of finished goods produced for sale is as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
Finished goods as at July 01,		943,020,679	959,192,932
Add: Finished goods produced during the year		961,330,875	1,481,179,268
Less: Sale of finished goods during the year		920,458,452	1,497,351,521
Finished goods as at June 30		<u>983,893,102</u>	<u>943,020,679</u>
37 DISTRIBUTION COST			
Selling and distribution expense - local		4,485,440	4,598,627
Selling and distribution expense - export		215,275,402	176,834,863
Staff salaries and benefits	37.1	37,346,452	29,586,960
Commission and claims		176,110,821	177,139,299
Rent, rates and taxes		4,179,064	3,953,946
Communication charges		13,631,508	12,985,026
Travelling, conveyance and entertainment		2,700,943	1,917,730
Vehicle running and maintenance		7,280,659	6,159,526
Repair and maintenance		17,300	74,885
Office utilities charges		262,677	250,908
Insurance expense		1,664,660	1,164,284
Fees and subscription		7,170,824	9,700,721
Depreciation expense	8.1	9,224,997	7,355,465
Other selling and distribution expense		9,329,353	7,660,632
		<u>488,680,100</u>	<u>439,382,872</u>
37.1	Salaries, wages, and other benefits include Rs. 4.585 million (2023: Rs. 3.440 million) in respect of staff retirement benefits.		
38 ADMINISTRATIVE EXPENSES			
Directors remuneration	52	5,400,000	5,400,000
Staff salaries and benefits	38.1	56,738,229	45,950,607
Rent, rates and taxes		5,030,451	5,005,829
Communication charges		3,651,186	4,002,601
Printing and stationary		2,024,561	2,219,026
Travelling, conveyance and entertainment		9,745,178	8,394,167
Vehicle running and maintenance		9,405,841	8,710,119
Repair and maintenance		2,352,573	1,763,950
Auditor's remuneration	38.2	1,930,500	1,680,500
Legal and professional charges		4,466,052	4,928,298
Office utilities charges		8,107,269	5,663,483
Insurance expense		2,012,434	1,941,332
Fees and subscription		5,209,441	3,684,845
Depreciation expense	8.1	9,225,236	10,294,808
Amortization expense	11.1	1,208,172	1,208,172
Other administrative expenses		4,678,499	4,871,736
		<u>131,185,622</u>	<u>115,719,473</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

38.1 Salaries, wages, and other benefits include Rs. 6.274 million (2023: Rs. 5.304 million) in respect of staff retirement benefits.

	Note	2024 Rupees	2023 Rupees
38.2 Auditor's Remuneration			
Audit fee		1,500,000	1,250,000
Half yearly review		220,500	220,500
Out of pocket		60,000	60,000
Code of corporate governance review		150,000	150,000
		<u>1,930,500</u>	<u>1,680,500</u>

39 OTHER OPERATING EXPENSES

Loss on sale of fixed asset	8.6	1,444,661	15,665,240
Loss on investment - at fair value		180,203	121,974
Exchange loss and discounting factor		53,316,481	96,222,531
Workers' profit participation fund	29.3	8,121,733	19,927,582
Workers' welfare fund	29.4	2,871,012	7,971,033
Provision for sales tax refund	18.1	-	100,648,813
Expected credit loss against trade debtors	16.1	9,842,597	18,613,304
Expected credit loss against advances to suppliers	15.3	2,737,562	7,584,680
Provision against duty drawback	20.2	5,954,137	1,521,372
Other expenses		4,263	1,602,213
		<u>84,472,649</u>	<u>269,878,742</u>

40 OTHER INCOME

Income from financial assets

Profit on term deposits certificates		376,343	1,126,058
Capital refund income on investment		-	243
Profit on foreign currency account		207,483	11,127
Profit on investment - at fair value		1,286,289	646,430
Dividend income		26,854,354	1,159,427
Exchange gain		115,009,048	148,773,953

Income from non financial assets

Profit on sale of fixed asset	8.6	101,569,067	9,069,128
Unwinding - deferred grant - loan	25.2	999,837	2,781,365
Reversal of provision on stock		5,813,906	-
Other income		-	18,673
		<u>252,116,327</u>	<u>163,586,404</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

		2024 Rupees	2023 Rupees
41	FINANCE COSTS		
	Mark-up on long term loans	3,901,241	6,546,841
	Mark-up on short term loans	241,030,583	149,796,382
	Mark-up on WPPF	29.3.1 9,098,915	4,181,406
	Mark-up on delayed realization	1,586,552	1,356,064
	Mark-up on subsidized loan	28.2 999,837	2,781,365
	Mark-up on lease	7,734,694	7,734,487
	Bank charges and commission	28,651,501	17,184,555
		<u>293,003,323</u>	<u>189,581,100</u>

41.1 This represents discounting markup on export sales contracts during the year.

		2024 Rupees	2023 Rupees (Restated)
42	LEVY AND TAXATION		
	Final taxes	42.1 70,013,960	64,205,508
	Minimum tax differential	42.2 21,678,524	-
		<u>91,692,484</u>	<u>64,205,508</u>
	Current		
	- Current period	42.2 -	20,496,817
	- Super tax	8,244,179	13,617,571
	- prior year	42.6 2,811,870	10,298,033
		<u>11,056,049</u>	<u>44,412,421</u>
	Deferred		
	- current year	3,039,727	24,076,659
		<u>14,095,776</u>	<u>68,489,080</u>
	Net levy and tax charged	<u>105,788,260</u>	<u>132,694,588</u>

42.1 This represents final taxes paid under section 154 (1) of Income Tax ordinance (ITO, 2001) @ 1% representing levy in terms of requirements of IFRIC 21 and IAS 37.

42.2 This represents Minimum taxes paid under Section 113 of Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21/IAS 37.

42.3 The rate of tax has been fixed at 29% for Tax Year 2021 and onwards by taxation authorities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

42.4 Reconciliation of tax charge

Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the profit and loss account is as follows:

	Note	2024 Rupees	2023 Rupees (Restated)
Current tax liability for the year as per applicable tax laws		102,748,533	108,617,929
Portion of current tax liability as per tax laws, representing income tax under IAS 12		(11,056,049)	(44,412,421)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37		(91,692,484)	(64,205,508)
Difference		-	-

42.5 The aggregate of final tax and income tax amounting to Rs. 3.632 million (2023: Rs. 5.866 million) represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

42.6 This represents a difference between net taxation charged in the financials and the income tax return filed in the last year due to advance tax not taken into account and excess provision in previous years as disclosed in note 42.8.

42.7 Tax charge reconciliation

Relationship between tax expense and accounting profit:

Accounting profit	-	370,653,029
Applicable tax rate 29% (2023: 29%)	-	29%
Tax at the applicable rate of 29% (2023: 29%)	-	107,489,378
Tax effect of income subject to FTR	-	(31,596,734)
Effect of super tax	-	23,915,605
Effect of temporary difference	-	24,076,659
Other	-	8,809,680
Tax charge for the year	-	132,694,588

42.7.1 The tax charge for current year represents the minimum tax and final tax under the income Tax Ordinance, 2001, so numerical reconciliation between the average effective tax rate and the applicable tax rate is not prepared and presented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

42.8 Comparison of tax provision against tax assessments

<u>Years</u>	<u>Excess/ (Short)</u>	<u>Tax provision</u>	<u>Tax assessment/ tax return</u>
		Rupees	
2022-23	2,171,860	98,319,896	96,148,036
2021-22	(10,298,033)	79,077,923	89,375,956
2020-21	-	67,630,439	67,630,439

- 42.8.1 As at June 30, 2024, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

43 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2024	2023
Profit after taxation - in Rs.	45,653,646	237,958,441
Weighted average number of ordinary shares	59,428,729	59,428,729
Earnings per share -basic and diluted - (Rs.)	0.77	4.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

44 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of related staff retirement funds, directors and key management personnel. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

Name of parties	Nature of relationship	Nature of transactions	Note	June 30, 2024		June 30, 2023	
				Transactions during the year	Closing balance	Transactions during the year	Closing balance
				----- Rupees -----			
Directors/shareholders							
Mr. Mussaid Hanif		Purchase of land		31,656,250	-	108,667,728	-
		Payable against land	28.4	-	140,323,978	-	108,667,728
	Chief Executive	Payment of short term loan		15,657,119	-	10,249,000	-
		Addition of short term loan		7,000,000	-	10,000,000	-
		Short term loan	31.7	-	7,000,000	-	15,657,119
Mr. Arbab Muhammad Khan		Purchase of land		11,093,750	-	38,011,938	-
	Director	Payment against land		-	-	8,551,362	-
		Payable against land	28.4	-	40,554,326	-	29,460,576
Ms. Sabah Burhan		Purchase of land		3,937,500	-	13,502,382	-
	Director	Payment against land		11,728,500	-	-	-
		Payable against land	28.4	-	5,711,382	-	13,502,382
Ms. Hina Haq		Purchase of land		5,531,250	-	19,068,354	-
	Family member of directors	Payment against land		24,599,604	-	-	-
		Payable against land	28.4	-	-	-	19,068,354
Ms. Tehniyat Mussaid		Payment of short term loan		7,000,000	-	-	-
	Director	Short term loan	31.7	-	-	-	7,000,000
Mr. Khitab Muhammad Khan		Purchase of land		72,750,000	-	-	-
	Family member of directors	Payment against land		72,750,000	-	-	-
Directors	CEO	Remuneration paid	51	5,400,000	-	5,400,000	-
Executives	Key management personnel	Remuneration paid	51	57,222,360	-	36,668,760	-

44.1 The balances with related parties have also been disclosed in the relevant notes to the financial statements.

44.2 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 52)". There are no transactions with key management personnel other than under their terms of employment except otherwise stated.

44.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of its management team, including the Chief Executive Officer and the Directors to be key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

45 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Unclaimed dividend	Long term financing	Short term borrowing	Total
	Rupees			
As at June 30, 2023	829,907	74,733,107	1,312,657,119	1,388,220,133
Changes from financing cash flows				
Dividend paid	-	-	-	-
Short term borrowings - net	-	-	(68,661,119)	(68,661,119)
Long term financing	-	(9,621,844)	-	(9,621,844)
Total changes from financing cash flows	-	(9,621,844)	(68,661,119)	(78,282,963)
Other changes				
Adjustment of Government grant	-	-	-	-
Dividend declared	-	-	-	-
Total liability related other changes	-	-	-	-
As at June 30, 2024	829,907	65,111,263	1,243,996,000	1,309,937,170
As at June 30, 2022	761,498	261,991,256	1,294,906,119	1,557,658,873
Changes from financing cash flows				
Dividend paid	(29,645,956)	-	-	(29,645,956)
Short term borrowings - net	-	-	17,751,000	17,751,000
Long term financing	-	(183,304,247)	-	(183,304,247)
Total changes from financing cash flows	(29,645,956)	(183,304,247)	17,751,000	(195,199,203)
Other changes				
Adjustment of Government grant	-	(3,953,902)	-	(3,953,902)
Dividend declared	29,714,365	-	-	29,714,365
Total liability related other changes	29,714,365	(3,953,902)	-	25,760,463
As at June 30, 2023	829,907	74,733,107	1,312,657,119	1,388,220,133

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees (Restated)
46 CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		59,749,422	306,447,521
Adjustments for items not involving movement of funds:			
Depreciation on property, plant and equipment	8.5	190,265,359	182,540,222
Depreciation on Right of use asset	9	11,545,309	12,345,831
Amortization	11.1	1,208,172	1,208,172
Levy		91,692,484	64,205,508
Provision for expected credit loss		18,534,296	27,719,356
Provision for duty drawback		5,954,137	-
Provision for sales tax refund	18.1	-	100,648,813
Reversal of provision on stock	13.2	-	11,071,587
Loss/ (gain) on disposal property, plant and equipment	8.6	(100,124,406)	6,596,112
Gain on sale of investments	40	(1,106,086)	(524,699)
Staff retirement benefits - gratuity	26.2	45,421,007	52,583,470
Provision for WPPF & WWF	39	10,992,745	27,898,615
Interest on Workers' Profit Participation Fund	41	9,098,915	4,181,406
Unwinding of discount	40	(999,837)	(2,781,365)
Finance cost	41	247,518,213	160,480,652
Exchange gain		(61,834,510)	(52,551,422)
Net cash flow before working capital changes		<u>527,915,220</u>	<u>902,069,779</u>
47 CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	57,800,455	156,348,980
Bank over draft	32	(127,164,751)	-
		<u>(69,364,296)</u>	<u>156,348,980</u>

48 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

48.1 Risk management of financial instruments

The Company finances its operations through equity, borrowings and management of working capital with a view to obtain a reasonable mix between the various sources of finance to minimize the finance related risks to the entity.

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

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly.

48.1.1 Risk management framework

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect to changes in market conditions and the Company's activities. The Company through its training and management standards and procedures aims to maintain a disciplined and constructive control environment in which employees understand their roles and responsibilities.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

48.1.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if the counter party fail completely to perform as contracted and arise principally from trade debts, loans and advances, trade deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is as follows:

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

	Note	2024 Rupees	2023 Rupees
Long term deposits	12	25,325,624	25,602,294
Loans and advances	15	95,726,496	44,908,944
Trade debts	16	557,808,008	557,182,004

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
Trade deposits and prepayments	17	12,927,175	13,516,245
Other receivables	20	100,734,730	85,275,159
Short term investments	21	48,802,438	107,975,933
Bank balances	22	54,340,862	151,188,485
		<u>895,665,333</u>	<u>985,649,064</u>

Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

Trade debts	557,808,008	557,182,004
Banking companies and financial institutions	187,457,300	277,216,927
Others	234,714,025	169,302,642
	<u>979,979,333</u>	<u>1,003,701,573</u>

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Credit terms are approved by the approval committee. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 to 60 days to reduce the credit risk.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The maximum exposure to credit risk for trade debts at the balance sheet date by geographic region is as follows:

Export	236,002,122	259,603,079
Domestic	350,806,698	316,737,140
	<u>586,808,820</u>	<u>576,340,219</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Trade receivables by geographical split is as follows:

Country	Sales			Trade debts	
	LC	Others	Total	Outstanding balance	
	Rupees			2024	2023
Pakistan	-	2,604,001,683	2,604,001,683	350,806,698	316,737,140
France	1,394,784,788	-	1,394,784,788	12,564,067	156,869,321
Italy	1,604,365,793	-	1,604,365,793	43,277,613	65,575,036
Germany	1,204,036,708	-	1,204,036,708	13,740,449	15,613,905
USA	520,506,538	-	520,506,538	131,419,860	21,544,817
Sri Lanka	475,569,025	-	475,569,025	19,156,534	-
Belgium	160,828,299	-	160,828,299	-	-
United Kingdom	70,675,741	-	70,675,741	-	-
Portugal	114,974,378	-	114,974,378	1,243,229	-
Sweden	17,824,922	-	17,824,922	1,625,962	-
Hong Kong	85,894,789	-	85,894,789	5,926,232	-
Greece	36,786,615	-	36,786,615	-	-
Spain	9,107,636	-	9,107,636	-	-
New Zealand	4,231,364	-	4,231,364	-	-
Lithuania	12,576,427	-	12,576,427	-	-
Czech Republic	2,442,408	-	2,442,408	7,048,176	-
Poland	14,255,537	-	14,255,537	-	-
Total	5,728,860,968	2,604,001,683	8,332,862,651	586,808,820	576,340,219

The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows:

	Note	2024 Rupees	2023 Rupees
Local Debtors		350,806,698	316,737,140
Foreign Debtors		236,002,122	259,603,079
	16	<u>586,808,820</u>	<u>576,340,219</u>

The aging along with loss allowance of trade receivable at the reporting date is as follows:

	Weighted average loss rate	Gross carrying amount	Loss allowance
June 30, 2024			
Past due 0 - 30 days	0.08%	443,741,505	347,756
Past due 31 - 60 days	0.80%	88,021,323	700,840
Past due 61 - 90 days	3.49%	17,604,265	613,714
Past due 91 - 120 days	5.58%	10,699,967	596,742
Past due over 120 days	100.00%	26,741,760	26,741,760
		<u>586,808,820</u>	<u>29,000,812</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
June 30, 2023			
Past due 0 - 30 days	0.13%	505,561,590	650,449
Past due 31 - 60 days	0.80%	50,058,140	398,260
Past due 61 - 90 days	1.92%	2,090,260	40,226
Past due 91 - 120 days	3.06%	578,642	17,693
Past due over 120 days	100.00%	18,051,587	18,051,587
		<u>576,340,219</u>	<u>19,158,215</u>

The company's most significant customers, are dealers from whom the receivable was Rs. 350.807 million (2023: Rs. 316.737 million) and foreign debtors amounting to Rs. 236.002 million (2023: Rs. 259.603 million) of the total carrying amount as at June 30, 2024.

Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that no impairment allowance is necessary in respect of trade debtors past due as some receivables have been recovered subsequent to the year end and for other receivables there are reasonable ground to believe that the amounts will be recovered in short course of time.

On the basis of expected credit loss an amount of Rs. 18.53 million (2023: 27.72 million) has been charged to profit and loss account and upto balance sheet an amount of Rs. 46.80 million (2023: Rs. 28.26 million) has been provided for as expected credit loss as fully explained on note 14.3 & 15.1.

The Company's bank balances can be assessed with reference to external credit ratings as follows:

Cash and bank balances

The Company held cash and cash equivalents in the form of temporary overdraft balance amounting to Rs. 72.824 million. These cash and cash equivalents are held with banks and financial institutions counterparties, which are rated A1+ to AAA, based on PACRA ratings. Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects short term maturities of the exposure. The Company considers its cash and cash equivalents have low credit risk based on the external ratings of the counterparties. 12 month probabilities of default are based on historical data supplied by PACRA and VIS rating agency for each credit rating. Loss given default (LGD) parameters generally reflect assumed recovery rates based on recovery rates assumed in Basel Guidelines for unsecured exposures.

Advances, deposits and other receivables

Advances, deposits and other receivables mainly comprise of advances to employees against salaries and deposits with government entities. The Company has assessed, based on historical experience and available securities, that the expected credit loss associated with these financial assets is trivial and therefore no impairment charge has been accounted for.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

	2024 Rupees	2023 Rupees
Bank balances	54,340,862	151,188,485
Short term investment	5,000,000	5,000,000
Other receivables	84,314,000	18,052,509
	<u>143,654,862</u>	<u>174,240,994</u>

Credit quality of financial assets

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

	Rating Agency	Ratings		2024	2023
		Short Term	Long Term	Rupees	Rupees
Bank Balances					
National Bank of Pakistan	JCR-VIS	A-1+	AAA	765,693	14,955,921
MCB Bank Limited	PACRA	A1+	AAA	-	-
Bank Alfalah Limited	PACRA	A1+	AA+	2,040,390	2,040,390
Askari Bank Limited	PACRA	A1+	AA+	33,542	33,574
United Bank Limited	JCR-VIS	A-1+	AAA	6,339,342	53,163
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A1+	AAA	-	49,490
Bank Overdraft Balances					
Habib Bank Limited	JCR-VIS	A-1+	AAA	(29,390,276)	17,835,697
The Bank of Punjab	PACRA	A1+	AA+	(7,703,776)	47,301,042
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	(13,196,326)	57,769,362
Bank Al Habib Limited	PACRA	A1+	AAA	(754,976)	2,410,545
Meezan Bank Limited	JCR-VIS	A-1+	AAA	(6,786,074)	8,050,473
Faysal Bank Limited	PACRA	A1+	AA	(24,171,428)	688,828
				(72,823,889)	151,188,485
Short term borrowings					
The Bank of Punjab	JCR-VIS	A-1+	AAA	529,996,000	565,000,000
Habib Metropolitan Bank Limited	JCR-VIS	A-1+	AAA	-	68,000,000
National Bank of Pakistan Limited	PACRA	A1+	AA+	420,000,000	420,000,000
United Bank Limited	PACRA	A1+	AA+	50,000,000	-
Habib Bank Limited				237,000,000	237,000,000
				1,091,348,222	1,592,376,970

The Company has not recognised an impairment allowance on bank balances during the year ended June 30, 2024, as the impact was immaterial.

48.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flow	Six months or less	Six to twelve months	One to two years	Two to five years
	----- 'Rupees -----					
2024						
Financial liabilities						
Long term financing	65,111,263	66,026,269	5,310,840	5,310,840	8,769,430	46,635,159
Lease liabilities	21,388,900	28,478,835	14,239,418	14,239,418	-	-
Trade and other payables	1,412,617,994	1,412,617,994	1,412,617,994	-	-	-
Mark-up accrued	27,384,882	27,384,882	27,384,882	-	-	-
Short term borrowing	1,371,160,751	1,371,160,751	1,371,160,751	-	-	-
	<u>2,897,663,790</u>	<u>2,905,668,731</u>	<u>2,830,713,885</u>	<u>19,550,258</u>	<u>8,769,430</u>	<u>46,635,159</u>
2023						
Financial liabilities						
Long term financing	74,733,107	78,687,008	5,310,840	5,310,840	8,769,430	59,295,898
Lease liabilities	44,722,223	59,546,599	15,533,910	15,533,910	28,478,779	-
Trade and other payables	1,602,937,009	1,602,937,009	1,602,937,009	-	-	-
Mark-up accrued	52,271,856	52,271,856	52,271,856	-	-	-
Short term borrowing	1,312,657,119	1,312,657,119	1,312,657,119	-	-	-
	<u>3,087,321,314</u>	<u>3,106,099,591</u>	<u>2,988,710,734</u>	<u>20,844,750</u>	<u>37,248,209</u>	<u>59,295,898</u>

48.1.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

a) Currency risk

The Company is exposed to currency risk on trade debts, import of raw materials and stores and spares and export sales that are denominated in a currency other than the respective functional currency of the Company, primarily in U.S. dollar. The Company's exposure to foreign currency risk is as follows:

	Note	2024 Rupees	2023 Rupees
Trade debts		236,002,122	259,603,079
Gross balance sheet exposure		236,002,122	259,603,079
Outstanding letters of credit	34.2	(131,146,000)	(125,857,560)
Net exposure		<u>104,856,122</u>	<u>133,745,519</u>

The following significant exchange rates applied during the year:

	Average rate		Reporting date rate	
	2024	2023	2024	2023
USD to PKR	284.35	246.05	278.80	287.10
Euro to PKR	308.15	314.27	298.41	264.39
GBP to PKR	358.10	365.40	351.85	306.80

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Sensitivity analysis

At reporting date, if the PKR had strengthened by 10% against the US dollar, Euro or Pound sterling with all other variables held constant, post tax profit for the year would have been lower by the amount shown below.

	2024	2023
Effect on profit or loss		
Loss	23,600,212	25,960,308

The weakening of the PKR against US dollar, Euro or Pound Sterling would have had an equal but opposite impact on the post tax profits / loss.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. These are benchmarked to variable rates which expose the Group to cash flow interest rate risk. At the balance sheet date the interest rate profile of the Group's interest - bearing financial instruments is as follows:

	Effective rate Percentage	2024 Rupees	2023 Rupees
Financial liabilities			
Variable rate instruments:			
Long term loans	SBP+1% to SBP+3%	65,111,263	74,733,107
Short term borrowings	SBP+1%	1,371,160,751	1,312,657,119
Lease liabilities	13.8%	21,388,900	44,722,223
		<u>1,457,660,914</u>	<u>1,432,112,449</u>

Effective interest rates are mentioned in the respective notes to the financial statements.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased/(increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit and loss	
	100 bp increase	100 bp decrease
As at June 30, 2024		
Cash flow sensitivity - Variable rate financial liabilities	(14,576,609)	14,576,609
As at June 30, 2023		
Cash flow sensitivity - Variable rate financial liabilities	(14,321,124)	14,321,124

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

48.1.5 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 since it has a diverse portfolio of commodity suppliers.

In case of 1% increase / decrease in the net asset values of the investments subject to price risk the profit for the year and total comprehensive income of the Company would be higher / lower by Rs. 0.438 million (2023: Rs. 1.029 million).

49 RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for establishment and over sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee. The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

50 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

51 FINANCIAL INSTRUMENTS BY CATEGORY

On-Balance sheet financial instruments

As at June 30, 2024

Financial assets measured at fair value

Investments classified as FVTPL

Financial assets at amortised cost

	Financial assets at amortised cost	Carrying value FVTPL - equity instrument	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
Short term investments	5,000,000	-	-	43,802,438	43,802,438	-	-	43,802,438
Loan and advances	11,412,496	-	-	5,000,000	-	-	-	-
Long-term deposits	25,325,624	-	-	11,412,496	-	-	-	-
Trade debts	557,808,008	-	-	25,325,624	-	-	-	-
Trade deposits	8,720,553	-	-	557,808,008	-	-	-	-
Other receivable	100,734,730	-	-	8,720,553	-	-	-	-
Cash and bank balances	57,800,455	-	-	100,734,730	-	-	-	-
	766,801,866	43,802,438	-	57,800,455	-	-	-	-
				810,604,304	43,802,438	-	-	43,802,438

Financial liabilities at amortised cost

Long term financing - secured

Trade and other payables

Lease liability

Accrued markup

Short-term borrowings - secured

	-	-	65,111,263	65,111,263	-	-	-	-
	-	-	1,265,887,323	1,265,887,323	-	-	-	-
	-	-	21,388,900	21,388,900	-	-	-	-
	-	-	27,384,882	27,384,882	-	-	-	-
	-	-	1,371,160,751	1,371,160,751	-	-	-	-
	-	-	2,750,933,119	2,750,933,119	-	-	-	-

As at June 30, 2023

Financial assets measured at fair value

Investments classified as FVTPL

Financial assets at amortised cost

	-	102,975,933	-	102,975,933	102,975,933	-	-	102,975,933
Short term investments	5,000,000	-	-	5,000,000	-	-	-	-
Loan and advances	26,856,435	-	-	26,856,435	-	-	-	-
Long-term deposits	25,602,294	-	-	25,602,294	-	-	-	-
Trade debts	557,182,004	-	-	557,182,004	-	-	-	-
Trade deposits	10,639,865	-	-	10,639,865	-	-	-	-
Other receivables	85,275,159	-	-	85,275,159	-	-	-	-
Cash and bank balances	156,348,980	-	-	156,348,980	-	-	-	-
	866,904,737	102,975,933	-	969,880,670	102,975,933	-	-	102,975,933

Financial liabilities at amortised cost

Long term financing - secured

Trade and other payables

Lease liability

Accrued markup

Short-term borrowings - secured

	-	-	74,733,107	74,733,107	-	-	-	-
	-	-	1,427,945,324	1,427,945,324	-	-	-	-
	-	-	21,388,890	21,388,890	-	-	-	-
	-	-	52,271,856	52,271,856	-	-	-	-
	-	-	1,312,657,119	1,312,657,119	-	-	-	-
	-	-	2,888,996,296	2,888,996,296	-	-	-	-

51.1 The Company has revalued certain fixed assets at fair value and classified under property, plant and equipment. The carrying value and level of fair value of these non - financial assets have been disclosed in the relevant note to the condensed interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

52 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	2024	2023	2024	2023	2024	2023
	Rupees					
Managerial remuneration	2,000,000	2,000,000	1,600,000	1,600,000	38,148,240	24,447,062
House rent allowance	800,000	800,000	640,000	640,000	15,259,296	9,779,558
Utilities	200,000	200,000	160,000	160,000	3,814,824	2,442,140
	3,000,000	3,000,000	2,400,000	2,400,000	57,222,360	36,668,760
Number of persons	1	1	7	7	23	14

52.1 The Company also provides the Chief Executive and some of the Directors and Executives with Company maintained cars and mobiles phones in accordance with their terms of employment.

52.2 No meeting fee was paid to the directors for attending the meetings of the board. Some of the directors and executives are provided with free use of company cars.

52.3 Retirement and other long term benefits include benefits provided under provident fund, gratuity, pension and accumulated compensated absences.

53 CAPACITY AND PRODUCTION

Measuring Unit	Installed capacity		Actual production		Reason for shortfall
	2024	2023	2024	2023	
Square meter in millions @ 50 picks	49.10	81.94	36.63	58.85	Cautious
Greige fabric unit					production
Towel unit	5,362	4,835	4,397	3,992	strategy based on
Towel dyeing unit	6,799	6,372	5,339	4,393	actual demands.
Yarn dyeing unit	738	783	483	446	

53.1 It is difficult to determine precisely the production capacity in textile weaving mills since it fluctuates widely depending on various factors such as speed, width and construction of cloth woven etc.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

		2024 Number	2023 Number
54	NUMBER OF EMPLOYEES		
	Number of employees at June 30,		
	Permanent		
	Head office	66	62
	Factory	1037	1156
	Average number of employees during the year		
	Permanent		
	Head office	63	63
	Factory	1034	1182

55 CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. 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.

The management at all times seeks to earn returns higher than its weighted average cost of capital, by increasing efficiencies in operations, so as to increase profitability.

	2024 Rupees	2023 Rupees
The proportion of debt to equity at the year end was:		
Long term loans	65,111,263	74,733,107
Short term borrowings	1,371,160,751	1,312,657,119
Total debt	1,436,272,014	1,387,390,226
Total equity	2,574,908,701	2,529,991,597
Total equity and debt	4,011,180,715	3,917,381,823
Gearing ratio (Debt:Equity)	33:67	35:65

56 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All other significant transactions and events that have affected the Company's financial position and performance during the period have been adequately disclosed in the notes to these financial statements.

57 CORRESPONDING FIGURES

57.1 Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the year except followings for better or correct presentation:

Item description	From	To	Amount Rupees
Commission and claims	Sales	Distribution cost	177,139,299
Final taxes	Current tax	Final taxes	64,205,508
Lease liability paid	Cash flows generated from operations	Cash Flows from financing activities	(31,067,820)

58 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

With reference to circular no. 14 of 2016 dated April 21, 2016, issued by the Securities and Exchange Commission of Pakistan relating to "All Shares Islamic Index", the Company does not have investment, bank balance or other operations having Islamic mode therefore, individual items required by circular no. 14 of 2016 have not been disclosed.

59 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

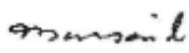
There are no significant adjusting or non adjusting event after the reporting date requiring adjustment or disclosure in financial statements except elsewhere disclosed in these financial statements.

60 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 25, 2024 by the Board of Directors of the Company.

61 GENERAL

Amounts have been rounded off to the nearest rupees unless otherwise stated.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

لیے پر عزم ہے۔ کمپنی نے صاف پانی کے ذرائع کو محفوظ رکھنے کے لیے فصلے کے پانی کو خارج کرنے سے پہلے ٹریٹ کرنے کے لیے ایسفلوئٹ واٹر ٹریٹمنٹ پلانٹ بھی لگایا۔ مزید برآں، کمپنی نے فطرت اور ماحول کو محفوظ بنانے کے لیے اپنے احاطے میں آٹھ ہزار سے زیادہ مختلف قسم کے درخت لگائے۔

ملازمین کو صحت کے فوائد

مینوفیکچرنگ سہولیات پر صحت اور سماجی سرگرمیوں کا اہتمام کیا گیا ہے۔ کمپنی نے کمپنی کے کارکنوں اور ملازمین کی جسمانی اور ذہنی صحت کو برقرار رکھنے کے لیے جم اور اسپورٹس کمپاؤنڈ تعمیر کیا۔ اس کے علاوہ، کمپنی باقاعدگی سے ایک مشہور مقامی کرکٹ ٹورنامنٹ میں حصہ لیتی ہے جس سے ملازمین کو تفریح؟؟ کے ساتھ ساتھ ان کی صحت کو برقرار رکھنے میں مدد ملتی ہے۔

بیرونی آڈیٹرز

BDO ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، موجودہ آڈیٹرز کمپنی کی سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔ اہل ہونے کے ناطے، انہوں نے 30 جون 2025 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کے لیے خود کو پیش کیا ہے۔ جیسا کہ آڈٹ کمیٹی نے تجویز کیا، بورڈ آف ڈائریکٹرز نے آئندہ سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری کے لیے BDO ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

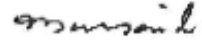
اعتراف

بورڈ اپنے قابل قدر شیئر ہولڈرز، بینکوں، مالیاتی اداروں اور صارفین کا تہہ دل سے شکریہ ادا کرتا ہے، جن کے تعاون، مسلسل حمایت اور سرپرستی نے کمپنی کو مسلسل بہتری کے لیے کوشش کرنے کے قابل بنایا ہے۔

زیر جائزہ مدت کے دوران، انتظامیہ اور ملازمین کے درمیان تعلقات خوشگوار رہے اور ہم کمپنی کے عملے اور کارکنوں کی لگن، استقامت اور مستعدی کے لیے اپنی تعریف ریکارڈ پر رکھنا چاہتے ہیں۔



محترم ارباب محمد خان
ڈائریکٹر



محترم مسعود حنیف
چیف ایگزیکٹو

لاہور

25 ستمبر 2024

زیر نظر سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز کی چار میٹنگیں ہوئیں اور حاضری کی پوزیشن درج ذیل ہے:

نمبر	ڈائریکٹرز کے نام	میٹنگز کی تعداد
1.	جناب مسعود حنیف	4
2.	جناب ارباب محمد خان	4
3.	جناب رانا کمال الدین	4
4.	محترمہ زہت کامران	4
5.	محترمہ تہنیت مسعود	4
6.	محترمہ صباح ربان	2
7.	محترمہ سارہ نیوی والا	2
8.	جناب شیخ محمد اقبال	0
9.	محترمہ عائشہ نوید	0

ڈائریکٹرز کے معاوضے

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضے کی پالیسی کی منظوری دے دی ہے۔ پالیسی کی اہم خصوصیات درج ذیل ہیں:

- کمپنی اپنے غیر ایگزیکٹو ڈائریکٹرز بشمول آزاد ڈائریکٹرز کو معاوضہ اور میٹنگ فیس ادا نہیں کرے گی۔
- کمپنی بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں ڈائریکٹرز کے سفر اور رہائش کے اخراجات کی ادائیگی یا برداشت کرے گی۔
- ڈائریکٹرز کے معاوضے کی پالیسی کا بورڈ آف ڈائریکٹرز وقتاً فوقتاً جائزہ لے گا اور اس کی منظوری دے گا۔
- کمپنی کے چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کے معاوضے کے لیے کمپنی کے مالیاتی بیانات کے نوٹ 51 کا حوالہ دیں۔

ڈائریکٹرز کا بیان

کارپوریٹ گورننس کے ضابطہ کی تعمیل میں، ہم کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر ذیل میں بیانات دیتے ہیں:

1. مالیاتی بیانات، جو کمپنی کی انتظامیہ کے ذریعہ تیار کیے گئے ہیں، اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو کافی حد تک پیش کرتے ہیں۔
2. کمپنی کے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔
3. مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
4. بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور وہاں سے کسی بھی رواں گئی کا مناسب طور پر انکشاف کیا گیا ہے۔
5. اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
6. ایک جاری تشریح کے طور پر جاری رکھنے کی کمپنی کی صلاحیت پر کوئی خاص شک نہیں ہے۔
7. کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی خارج نہیں ہوا ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی کی طرف سے کارپوریٹ سماجی ذمہ داری کے اقدام کا مختصر خلاصہ درج ذیل ہے:

مساوی مواقع روزگار

کمپنی نسل، رنگ، مذہب، جنس اور معذوری کی حیثیت کے بغیر ملازمین اور درخواست دہندگان کو روزگار کے مساوی مواقع فراہم کرتی ہے۔

ماحولیاتی تحفظ

کمپنی نے روایتی ذرائع سے قابل تجدید توانائی کی طرف منتقل کرنے کے لیے 945 kwh کا شش ماہی توانائی پلانٹ نصب کیا اور ماحول کی پائیداری اور سستی توانائی کو یقینی بنانے کے

کارپوریٹ بریفنگ سیشن

کارپوریٹ بریفنگ سیشن ہر سال سرمایہ کاروں کو کمپنی کی کارکردگی اور مستقبل کے نقطہ نظر سے آگاہ کرنے کے لیے منعقد کیا جاتا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کی تعمیل

ہم اچھی کارپوریٹ گورننس کے لیے پرعزم ہیں اور پاکستان اسٹاک ایکسچینج لمیٹڈ کے لسٹنگ ریگولیشنز میں شامل کوڈ آف کارپوریٹ گورننس ریگولیشن 2017 (CCG) کے تقاضوں کی تعمیل کرتے ہیں۔ CCG 2017 کی تعمیل کا بیان منسلک ہے۔

بورڈ کمیٹیاں

آڈٹ کمیٹی

سال کے دوران بورڈ نے آڈٹ کمیٹی کی تشکیل نو کی ہے۔ آڈٹ کمیٹی بورڈ کے تینوں نان ایگزیکٹو ممبران پر مشتمل ہے۔ کمیٹی کا چیئر پرسن ایک آزاد ڈائریکٹر ہے۔ محترمہ زہت کامران کی جگہ عائشہ نوید کو آڈٹ کمیٹی کی چیئر پرسن مقرر کیا گیا ہے جبکہ محترمہ سارہ نیوی والا کو رانا کمال الدین کی جگہ ممبر مقرر کیا گیا ہے۔ آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ شرائط کے مطابق اپنے فرائض سرانجام دے رہی ہے۔

زیر نظر سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے، حاضری کی پوزیشن حسب ذیل تھی۔

نام	عہدہ	اجلاس میں شرکت
محترمہ عائشہ نوید (نئی تقرری)	چیئر پرسن / ممبر	0
محترمہ زہت کامران (ریٹائرڈ)	چیئر پرسن / ممبر	4
محترمہ تنہیت مسعود (دوبارہ تعیناتی)	ممبر	4
جناب رانا کمال الدین (ریٹائرڈ)	ممبر	4
محترمہ سارہ نیوی والا (نئی تقرری)	ممبر	0

انسانی وسائل اور معاوضہ کمیٹی

سال کے دوران بورڈ نے HR اور معاوضہ کمیٹی کی تشکیل نو کی ہے۔ HR اور معاوضہ کمیٹی تین ممبران پر مشتمل ہے جن میں سے دو نان ایگزیکٹو ڈائریکٹر ہیں اور چیئر پرسن ایک آزاد ڈائریکٹر ہے۔ محترمہ عائشہ نوید کو محترمہ زہت کامران کی جگہ HR اینڈ ریمنڈیشن کمیٹی کی چیئر پرسن مقرر کر دیا گیا۔ ہیومن ریسورس اینڈ ریمنڈیشن کمیٹی بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ شرائط کے مطابق اپنے فرائض انجام دے رہی ہے۔ زیر نظر سال کے دوران، صرف ایک HR اور معاوضہ کمیٹی کا اجلاس ہوا اور حاضری کی پوزیشن حسب ذیل تھی:

نام	عہدہ	اجلاس میں شرکت
محترمہ عائشہ نوید (نئی تقرری)	چیئر پرسن / ممبر	0
محترمہ زہت کامران (ریٹائرڈ)	چیئر پرسن / ممبر	1
جناب ارباب محمد خان	ممبر	1
محترمہ صبا برہان	ممبر	1

کمپنی نے 2023ء میں 32 فلیٹ فیبرک لومز، 2024 میں 68 لومز اور مزید 36 لومز بیلنس شیٹ کی تاریخ کے بعد فروخت کیے جا رہے ہیں۔ 56 لومز کی جزوی صلاحیت برآمد اور مقامی مارکیٹ کے لیے اعلیٰ قیمت کے تیار شدہ سامان کی پیداوار جاری رکھے گی۔ ان ڈسپوزلز سے حاصل ہونے والی آمدنی کو بزنس اور گارمنٹس کے کاروبار کے پروڈکشن انفراسٹرکچر کے لیے استعمال کیا جا رہا ہے۔ یورپ اور امریکہ میں برآمدی منڈی کو پورا کرنے کے لیے رنگنے، کاٹنے اور سلائی کرنے کے پونٹ قائم کیے جا رہے ہیں۔ کمپنی کی انتظامیہ پر امید ہے کہ یہ موقع بین الاقوامی ملبوسات کی مارکیٹ میں بڑی راہیں کھولے گا۔

کارپوریٹ گورننس

بورڈ آف ڈائریکٹرز

جناب رانا کمال الدین اور محترمہ مزہت کامران اپنی مدت پوری کر چکے ہیں اور 16 اگست 2024 کو ہونے والے آخری الیکشن میں ریٹائر ہو گئے ہیں جبکہ جناب شیخ محمد اقبال اور محترمہ عائشہ نوید PICG کے زیر انتظام ڈیٹا بینک سے منتخب ہوئے۔ کمپنی کی نئی تقرری، ریٹائرڈ اور دوبارہ منتخب ہونے والے ڈائریکٹرز درج ذیل ہیں:

1.	محترمہ تہنیت مسعود	ڈائریکٹر/چیئر پرسن	دوبارہ منتخب
2.	جناب مسعود حنیف	ایگزیکٹو ڈائریکٹر/سی ای او	دوبارہ منتخب
3.	جناب ارباب محمد خان	ایگزیکٹو ڈائریکٹر	دوبارہ منتخب
4.	محترمہ صباح برہان	ڈائریکٹر	دوبارہ منتخب
5.	محترمہ سارہ نیوی والا	ڈائریکٹر	دوبارہ منتخب
6.	محترمہ عائشہ نوید	آزاد ڈائریکٹر	منتخب
7.	جناب شیخ محمد اقبال	آزاد ڈائریکٹر	منتخب
8.	محترمہ مزہت کامران	آزاد ڈائریکٹر	ریٹائرڈ
9.	جناب رانا کمال الدین	آزاد ڈائریکٹر	ریٹائرڈ

ڈائریکٹرز کا تربیتی پروگرام

کمپنی کا بورڈ آف ڈائریکٹرز 7 ڈائریکٹرز پر مشتمل ہے جن میں سے مندرجہ ذیل چھ ڈائریکٹرز نے مقامی ادارے کی جانب سے پیش کردہ ڈائریکٹرز کے تربیتی پروگرام کے لیے ایک سرٹیفکیٹ حاصل کیا ہے جو کہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ("SECP") کے بیان کردہ معیار پر پورا اترتا ہے۔):

- محترمہ تہنیت مسعود
- محترمہ صباح برہان
- جناب ارباب محمد خان
- جناب شیخ محمد اقبال
- محترمہ سارہ نیوی والا
- محترمہ عائشہ نوید

باقی ایک ڈائریکٹر بشمول کمپنی کے چیف ایگزیکٹو ڈی ٹی پی کی استثنیٰ کی ضرورت کو پورا کرتے ہیں۔

دیگر پرویشن میں اس مدت کے دوران نمٹائے گئے اثاثے کی زائد قیمت شامل ہے جسے 31 دسمبر 2023ء کو ختم ہونے والی ششماہی جائزے کی مدت میں برقرار رکھی گئی آمدنی میں ایڈجسٹ کیا گیا تھا جواب IAS 12 کے مطابق انکشاف کی ضرورت میں تبدیلی کی وجہ سے منافع اور نقصان کے اکاؤنٹ کے ذریعے روٹ کیا گیا ہے۔

سرمائے کے اخراجات

کمپنی نے کاروباری کارروائیوں سے حاصل ہونے والی نقد رقم کے ساتھ فیکسڈ کیپیٹل اخراجات (CAPEX) میں 535.36 ملین روپے کی سرمایہ کاری کی، جو گزشتہ سال کے CAPEX سے %44.84 زیادہ ہے۔ اس میں جنرل فیکٹری کے احاطے سے متصل اس کے ڈائریکٹرز اور ڈائریکٹرز کے اہل خانہ سے 120.29 ایکڑ زمین کی خریداری شامل ہے۔ کل 156 ایکڑ اراضی حاصل کی گئی۔ یہ زمین اضافی پیداواری رقبہ اور نئے گارمنٹس کے کاروبار کے لیے گوداموں کی تعمیر کے ساتھ ساتھ موجودہ مینوفیکچرنگ سہولت کی توسیع کے لیے استعمال کی جارہی ہے۔ دیگر CAPEX میں 11.66 ملین روپے کی عمارت، 388.19 ملین روپے کی پلانٹ اور مشینری اور 30.30 ملین روپے کا سولر پاور پلانٹ وغیرہ شامل ہیں۔

ڈیویڈنڈ

ملک میں موجودہ معاشی حالت، کمپنی کی ضروریات اور مستقبل میں کیش جنریشن کی صلاحیت کو مد نظر رکھتے ہوئے، کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2024 (30 جون 2023: صفر) کو ختم ہونے والے سال کے لیے ڈیویڈنڈ کی سفارش نہیں کی ہے۔

فی شیر آمدنی

30 جون 2024 کو ختم ہونے والی مدت کے لیے فی شیر کمائی (EPS) 0.77 روپیہ ہے جو پچھلے سال کے 4.00 روپے کے مقابلے میں ہے۔

مارکیٹ کا جائزہ اور مستقبل کے امکانات

موجودہ عالمی اقتصادی حرکیات کو مد نظر رکھتے ہوئے، پاکستان میں پیداواری لاگت میں مسلسل اضافے کے ساتھ، اگلے مالی سال کے چیلنجز رہنے کی توقع ہے۔ توقع ہے کہ پاکستان کو مسلسل تجارتی خسارے اور بیرونی فنانشنگ تک محدود رہنے کی وجہ سے زرمبادلہ کی لیکویڈٹی کے مسائل کا سامنا رہے گا۔ بین الاقوامی مالیاتی فنڈ - SBA کی حالیہ کامیاب تکمیل اور مسلسل رول اور کے باوجود، ذخائر کم رہنے کا امکان ہے۔ اس لیے مالی سال 25 میں حقیقی جی ڈی پی کے 2-3 فیصد کی شرح سے بڑھنے کی پیش گوئی کے ساتھ اقتصادی سرگرمی کے پست رہنے کی توقع ہے۔ ان خدشات کی بازگشت کرتے ہوئے، کمپنی کو مزید چیلنجز کا سامنا کرنے کی توقع ہے۔ ان میں پہلے سے بڑھتی ہوئی توانائی کی قیمتوں کے ساتھ بین الاقوامی منڈیوں میں ٹیکسٹائل مصنوعات کی کم مانگ بھی شامل ہے۔ آئی ایم ایف کی اسٹینڈ بائی فیسلیٹی کی شرائط پر عمل کرتے ہوئے، حکومت نے گیس کی قیمتوں میں خاطر خواہ اضافہ کیا اور برآمدی صنعت کو دی جانے والی تمام سبسڈی ختم کر دی۔ یہ اضافہ، افراط زر کے دباؤ اور بلند شرح سود کے ساتھ، گزشتہ ادوار کے مقابلے میں کاروبار کرنے کی لاگت کو نمایاں طور پر بڑھا دیتا ہے۔

کمپنی کی حکمت عملی

نٹ ویئر، تو لیے اور ریڈی میڈ گارمنٹس کی مانگ میں نمایاں اضافے اور خام کپاس اور کپڑے کی کم مانگ کے ساتھ، پاکستان اپنی ٹیکسٹائل کی پیداوار کو مزید ویلیو ایڈڈ مصنوعات کی طرف منتقل کرنے کا ارادہ رکھتا ہے۔ اس تبدیلی کے نتیجے میں کاروبار کے دائرہ کار میں اضافہ ہوگا جس سے وہ زیادہ متنوع اور نفیس پروڈکٹ رینج کے ساتھ بہتر مارجن حاصل کر سکیں گے۔ کمپنی کے گروے فیبرک مقامی مارکیٹ کے کاروبار کو چھوڑنے کا فیصلہ کامیابی سے نافذ ہو گیا ہے۔

معزز اراکین

آپ کی کمپنی کے ڈائریکٹرز آپ کے سامنے 30 جون 2024ء کو ختم ہونے والی مدت کے لیے آڈٹ شدہ مالیاتی اسٹیٹمنٹ اور اس پر آزاد آڈیٹرز کی رپورٹ کے ساتھ سالانہ رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالیاتی جائزہ

کمپنی نے آمدن میں تھوڑا سا اضافہ ریکارڈ کیا جو کہ سازگار مقدار اور شرح کے فوائد سے چلایا گیا۔ تاہم، پیداواری لاگت میں غیر معمولی اضافہ، خاص طور پر مختلف سبسڈیز کی واپسی کی وجہ سے توانائی کی لاگت، گزشتہ سال کی اسی مدت کے مقابلے میں مجموعی منافع میں 26.60 فیصد کی خاطر خواہ کمی کا باعث بنی۔ قرض لینے کی زیادہ لاگت نے بھی منافع پر بہت زیادہ اثر ڈالا۔

تفصیل	2024ء	2023ء (ریٹیلڈ)	فیصد شرح میں اضافہ
خالص فروخت	8,393,875,256	8,103,079,029	3.59
مجموعی منافع	896,667,273	1,221,628,812	(26.60)
ای بی آئی ٹی ڈی اے	354,460,746	566,747,254	(37.46)
فرسودگی	203,018,840	196,094,225	3.53
مالی لاگت	293,003,323	189,581,100	54.55
منافع بمعہ ٹیکس	151,441,906	370,653,029	(59.14)
منافع علاوہ ٹیکس	45,653,646	237,958,441	(80.81)
فی حصص آمدنی	0.77	4.00	(80.81)

سیلز ریونیو بالترتیب 5.729 بلین روپے اور 998 ملین روپے براہ راست اور بالواسطہ برآمدات کی نمائندگی کرتا ہے۔ جبکہ زیر جائزہ مدت میں مقامی فروخت 1.606 بلین روپے ہے۔ سی ڈی سی ٹریڈ این بی پی انکم فنڈ میں سرمایہ کاری سے فکسڈ اثاثوں کی فروخت اور ڈیویڈنڈ کی وجہ سے دیگر آمدنی میں قابل ذکر اضافہ دیکھنے میں آیا۔ یہ کمپنی کی سرمایہ کاری کی پالیسی کی تاثیر کو ثابت کرتا ہے جو منافع میں معاون ہے۔ گراس مارجن میں کمی کی سب سے بڑی وجہ ایندھن اور بجلی کی زیادہ قیمت کے ساتھ ساتھ ورکنگ کپٹل کے لیے زیادہ قرض لینے کی لاگت ہے جو کہ ہر کمپنی کی جان ہے۔ تیسرا جزو حکومت کی طرف سے کم از کم اجرت میں مسلسل اضافہ ہے جو کہ 28% (2023: 25%) ہے۔ ایندھن کی لاگت 902.306 ملین روپے سے بڑھ کر 1,061.996 ملین روپے ہو گئی جو گزشتہ اسی مدت کے مقابلے میں 17.71 فیصد زیادہ ہے۔ لاگت کا دوسرا بڑا حصہ سمندری مال برداری ہے جس میں 38.440 ملین روپے کا اضافہ ہوا جو کہ گزشتہ اسی مدت کے مقابلے میں 21.74 فیصد زیادہ ہے۔ قلیل مدتی قرضے پر مالیاتی لاگت 149.796 ملین روپے سے بڑھ کر 241.030 ملین روپے ہو گئی، جو کہ 60.91 فیصد اضافہ ہے۔ DLT کے خلاف 15.80 PKR ملین کے متوقع کریڈٹ نقصان کے لیے انتظامات کیے گئے ہیں اور IAS 12 کی طرف سے مطلوبہ قرض دہندگان اور حکومت سے وصول کیے جاسکتے ہیں، حالانکہ کمپنی کا خیال ہے کہ یہ مستقبل قریب میں قابل وصول ہو جائے گا۔

ڈائریکٹرز رپورٹ

جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت ضرورت کے مطابق Zephyr Textiles Limited کے بورڈ آف ڈائریکٹرز کا سالانہ جائزہ لیا جاتا ہے۔ اس تشخیص کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور تاثیر کو کمپنی کے لیے مقرر کردہ مقاصد کے تناظر میں توقعات کے مطابق جائزہ لیا جائے اور معیار کا تعین کیا جائے۔

بورڈ کی کارکردگی

رواں مالی سال بے مثال چیلنجز اور معاشی اتار چڑھاؤ کا شکار رہا ہے۔ ان بے شمار رکاوٹوں کے باوجود، ہماری ٹیم نے پاکستان کے کم زرمبادلہ کے ذخائر، بڑھتی ہوئی توانائی کی لاگت، مسلسل افراط زر کے دباؤ، بلند شرح سود، اور ٹیکس کے بڑھتے ہوئے بوجھ کے ذریعے قابل ذکر چلک اور موافقت کا مظاہرہ کیا ہے۔ عالمی مانگ میں اتار چڑھاؤ اور صارفین کی قوت خرید میں کمی کے ساتھ ان عوامل نے ہماری کاروباری کارکردگی کو نمایاں طور پر متاثر کیا ہے۔ ان مکمل چیلنجز کے باوجود، ہم اعلیٰ ترین معیار کو برقرار رکھنے اور لاگت کو بہتر بنانے کی حکمت عملیوں کو لاگو کرنے کے لیے پرعزم ہیں تاکہ تمام اسٹیک ہولڈرز کے لیے قیمت کو زیادہ سے زیادہ بنایا جاسکے۔ ہم حفاظت، صحت، اور اخلاقی طریقوں کو ترجیح دیں گے، ایک کارپوریٹ کلچر کو فروغ دیں گے جو گاہک کی اطمینان، معیار، پائیداری، اور عمدگی پر زور دیتا ہے۔ یہ کوششیں موجودہ حالات کے پیش نظر بہترین نتائج کی فراہمی کے لیے لازمی ہیں۔

بورڈ سات (7) ممبران پر مشتمل ہے جو کمپنیز ایکٹ 2017 کے سیکشن 159 کے تحت 16 اگست 2024 کو ہونے والی ایکسٹرا آرڈینری جنرل میٹنگ میں تین سال کی اگلی مدت کے لیے منتخب کیے گئے تھے۔ وسیع تجربہ اور متنوع علم جو ایک مؤثر فیصلہ سازی کے عمل کا باعث بنتا ہے۔ بورڈ اپنی کمیٹیوں کے ساتھ منصوبہ بندی کے عمل میں اور کمپنی کے وژن کو تیار کرنے میں مکمل طور پر شامل تھا۔ سال کے دوران بورڈ کی طرف سے کئے گئے اہم فیصلوں میں شامل ہیں:

- سرمائے کے اخراجات کی منظوری (CAPEX)۔
- سہ ماہی اور سالانہ مالیاتی گوشواروں کا جائزہ اور منظوری۔
- اندرونی آڈٹ اور آڈٹ کمیٹی کے نتائج کی جانچ۔
- متعلقہ فریق کے لین دین کی نگرانی اور۔
- بیرونی آڈیٹرز کی تقرری۔

بورڈ اپنی ذمہ داریوں کو مناسب طریقے سے ادا کرنے کے لیے اکثر ملاقات کرتا ہے۔ اہم فیصلوں میں نان ایگزیکٹو اور آزاد ڈائریکٹرز برابر کے شریک ہوتے ہیں۔ میں تمام عملے کے اراکین، صارفین، سپلائرز، میٹکرز، شیئر ہولڈرز اور بورڈ آف ڈائریکٹرز کا ان کے عزم اور محنت کے لیے شکریہ اور تعریف کرنا چاہوں گی۔

A. Muneed

محترمہ تہنیت مسعود
چیر پرسن

لاہور








25 ستمبر 2024










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