



# ANNUAL REPORT 2023

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## COMPANY INFORMATION

<b>CHIEF EXECUTIVE OFFICER</b>	:	Mr. Muhammad Arshad Saeed
<b>DEPUTY MANAGING DIRECTOR</b>	:	Mr. Muhammad Ali Chaudhry
<b>DIRECTORS</b>	:	Ch. Rahman Bakhsh Mr. Muhammad Musharaf Khan Mrs. Salma Aziz Mr. Kamran Ilyas Ms. Kiran A. Chaudhry
<b>COMPANY SECRETARY</b>	:	Mr. Muhammad Javed
<b>AUDITORS</b>	:	M/s Crowe Hussain Chaudhry & Co. Chartered Accountants Lahore
<b>BANKERS</b>	:	National Bank of Pakistan Bank Alfalah Limited Askari Bank Limited Al Baraka Bank (Pakistan) Limited Meezan Bank Limited Faysal Bank Limited
<b>SHARE REGISTRAR</b>	:	Resham Textile Industries Limited
<b>LEGAL ADVISORS</b>	:	Mr. Shaukat Haroon (Advocate) Barrister Salman Rahim (Advocate High Court) Yousaf Islam Associates
<b>REGISTERED OFFICE</b>	:	36-A, Lawrence Road, Lahore
<b>UAN</b>	:	(042) 111-767-676
<b>WEBSITE</b>	:	<a href="http://www.reshamtextile.com">www.reshamtextile.com</a>
<b>MILLS</b>	:	1.5 Kilometer Habibabad, Chunian Road, Tehsil Chunian, District Kasur.

## **MISSION**

The management is committed to excellence in operations with the aim of achieving highest standards in product quality, customer satisfaction, Company growth, employees welfare and social responsibilities and is constantly striving to meet these objectives.



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Fourth (34<sup>th</sup>) Annual General Meeting of the Shareholders of Resham Textile Industries Limited will be held on 28<sup>th</sup> October, 2023 at 10:00 a.m. at the Registered Office of the Company i.e. 36-A, Lawrence Road, Lahore to transact the following business.

1. To confirm the minutes of the last meeting.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2023 together with the Directors' and Auditors' report thereon.
3. To appoint auditors and fix their remuneration for the year ending June 30, 2024. The retiring Auditor M/S Crowe Hussain Chaudhury & Co, Chartered Accountants who being eligible have offered themselves for re-appointment.
4. To elect seven (7) Directors of the company as fixed by the Board in accordance with the provision of Section 159(1) of the Companies Act, 2017, for a term of three (3) years commencing from the date of holding AGM i.e. 28<sup>th</sup> October, 2023. The names of retiring directors of the Company, also eligible to offer themselves for re-election, are as follows:
  - 1) Mr. Muhammad Arshad Saeed
  - 2) Ch. Rahman Bakhsh
  - 3) Mrs. Salma Aziz
  - 4) Ms. Kiran A. Chaudhry
  - 5) Mr. Kamran Ilyas
  - 6) Mr. Muhammad Ali Chaudhry
  - 7) Mr. Muhammad Musharaf Khan
5. To transact any other ordinary business with the permission of the Chair.

By Order of the Board

Muhammad Javed  
Company Secretary

Lahore: 06 October 2023

### NOTES:

1. The Share Transfer Books of the Company will remain closed from 22 October 2023 to 28 October 2023 (both days inclusive).
2. Notice to Members who have not Provided CNIC SECP vide Notification S.R.O. 19(1)/2014 dated 10th January 2014 read with Notification S.R.O 831(1)/2012 dated 5th July 2012 require that the dividend warrant(s) should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, in case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with the directives of SECP and therefore will be constrained under SECP order dated July 13, 2015 to withhold the dispatch of dividend warrants of such shareholders. The shareholders while sending CNIC must quote their respective folio number and name of the Company.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall be constrained to withhold the Dividend Warrants, which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

As per the provisions of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the company which have been 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 Securities and Exchange Commission of Pakistan for the credit of Federal Government after issuance of notices to the shareholders to file their claim. Shareholders

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are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged, 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 the companies Act, 2017, as prescribed.

3. The rates of deduction of income tax from dividend payments under Section 150 of the income tax from dividend payments under the Income Tax Ordinance 2001 shall be as follows:
  - i. Persons appearing in Active Tax Payers List (ATL) 15%.
  - ii. Persons not appearing in Active Tax Payers List (ATL) 30%.

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not appearing on Active Taxpayers' List (ATL) available on the website of FBR are advised to immediately make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on "Filer/ Non-Filer" status of principal shareholder as well as joint-holders (s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint holder(s) in respect of shares held by them to us, in writing, within 10 days of this notice, otherwise it will be assumed that the shares are equally held by principal shareholder and joint-holder(s).

4. Zakat is also deductible at source from the dividend at the rate of 2.5% of the face value of share other than corporate holders are individuals who have provided an undertaking for non- deduction of Zakat. To Claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarized copy of Zakat Declaration Form "CZ-50" on non-judicial stamp paper of Rs. 100 to us before the date of book closure.
5. Any person who seeks to contest election for the office of Director shall, whether he is a retiring director or otherwise, file following documents / information with the Company not later than fourteen (14) days before the date of meeting:
  - a) Notice of his/her intention to offer himself /herself for election of directors in terms of Section 159(3) of the Companies Act, 2017.
  - b) Consent to act as Director under section 167 of the Companies Act, 2017 on a duly filled and signed Form-28;
  - c) A detailed profile along with his/her office address for placement onto the Company's website as required under SECP's SRO 1196(I) / 2019 dated October 03, 2019.
6. A member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend and vote instead of him. A proxy form duly signed and stamped must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting. A form of proxy is attached here with in the Annual report.
7. The account holders of CDC are requested to bring their original CNIC/ Passport for the purpose of identification at the meeting, and Members are also requested to promptly notify the Company of any changes in their registered address.
8. The company's annual financial statements for the year ended 30<sup>th</sup> June, 2023 are also being circulated to the shareholders in compliance of section 223(6) of the companies Act. 2017. The annual financial statements has also been uploaded on the company's website and is readily accessible to the shareholders <http://www.reshamtextile.com>

## DIRECTORS' REPORT

It is my pleasure to present the Directors' Report and the audited accounts for the year ended June 30, 2023.

### Performance Review

Regrettably, this past year was challenging for our industry. Despite our best efforts, we incurred a post-tax loss of Rs. 29,024,039. The year was marked by significant uncertainty, but our preparedness through strategic reserves, anticipating global challenges and geopolitical tensions, especially between China and America, proved crucial. We are thankful to Almighty that we managed to navigate these difficulties successfully.

Several factors contributed to the challenges. There was crop failure in Pakistan due to floods, global recession, and the nation faced severe shortage of foreign exchange, which inhibited import of cotton as well as machinery and spares. Additionally, a very stringent monetary policy caused interest rates to spike from around 15% to 22%. The US Dollar appreciated significantly from Rs. 228 to Rs. 286, and as a result energy prices surged, not just in Pakistan but worldwide. Despite these hurdles, we weathered the storm.

The data for the period ended June 30, 2023 is given below in tabulated form. The details may be perused in other parts of this report:-

	2023	2022
	Rupees ('000)	
Sales	1,788,335	7,378,174
Cost of revenue	<u>(1,858,362)</u>	<u>(6,136,539)</u>
Gross (Loss) / Profit	(70,026)	1,241,635
Selling and distribution costs	(23,047)	(39,541)
Administrative expenses	(73,357)	(113,944)
Other operating expenses	-	(73,193)
	<u>(96,404)</u>	<u>(226,678)</u>
Operating (Loss) / Profit	(166,430)	1,014,957
Other income	150,174	38,769
Finance costs	<u>(15,029)</u>	<u>(57,162)</u>
(Loss) / Profit before taxation	(31,285)	996,564
Taxation	2,261	(382,720)
Net (Loss) / Profit for the year	<u><u>(29,024)</u></u>	<u><u>613,844</u></u>

## **Future Prospects:**

Although the first quarter performance is good by any standard but the picture for the year does not seem to be very bright due to inflation, rising cost of doing business, continuing tensions in the international relations and uncertainty abroad as well as in Pakistan. We apprehend many units, especially single units, closing down during the year and any forecast for the remaining three quarters is difficult to make. Inflation is hitting hard, especially on the lower strata of the society. International agencies are urging the government to tax everybody with Rs.50,000 income. The situation in health and education sector is even worse. We pray to Almighty to bring the country out of crisis and uncertainty.

## **Acknowledgements**

The Directors take this opportunity to thank the Company's Bankers, particularly National Bank of Pakistan, Bank Alfalah Limited, Askari Islamic Bank, Meezan Bank Limited, Bank of Punjab, Al Baraka Bank (Pakistan) Limited, Dubai Islamic Bank and other financial Institutions for their confidence in the Company and strong financial support. The Directors would also like to particularly mention the dedication and devotion displayed by the employees in performing their duties. In addition, thanks are also due to all Honorable Shareholders for their continuing support.

For and on behalf of the Board



Muhammad Arshad Saeed  
(Chief Executive Officer)

Lahore: October 06, 2023





## FINANCIAL INFORMATION

BALANCE SHEET	2023	2022	2021	2020	2019	2018	
(Rupees in thousand)							
Paid up Share Capital	360,000	360,000	360,000	360,000	360,000	360,000	
Unappropriated Profit	1,025,307	1,509,237	1,043,237	663,686	672,260	721,476	
Revaluation Surplus on Property, Plant and equipment-net of tax	528,047	540,886	593,650	379,953	403,294	429,200	
<b>Total Equity</b>	<b>1,913,354</b>	<b>2,410,123</b>	<b>1,996,887</b>	<b>1,403,639</b>	<b>1,435,554</b>	<b>1,510,676</b>	
Deferred Liabilities	254,821	320,294	301,113	224,109	272,502	289,316	
Current Liabilities	384,964	805,211	502,182	734,013	736,157	353,006	
	<b>2,553,139</b>	<b>3,535,628</b>	<b>2,800,182</b>	<b>2,361,761</b>	<b>2,444,213</b>	<b>2,152,998</b>	
Represented by:							
Fixed Assets	1,303,020	1,360,206	1,429,429	1,196,494	1,253,543	1,324,747	
Capital Work in Progress	-	-	1,200	-	-	-	
Long Term Deposits	3,716	3,716	3,711	3,708	3,702	3,699	
Current Assets	1,246,403	2,171,706	1,365,842	1,161,559	1,186,968	824,554	
	<b>2,553,139</b>	<b>3,535,628</b>	<b>2,800,182</b>	<b>2,361,761</b>	<b>2,444,213</b>	<b>2,153,000</b>	
<b>PROFIT OR LOSS</b>							
Sales	1,788,336	7,378,174	4,782,419	3,397,070	3,815,898	4,140,428	
Cost of Revenue	1,858,362	6,136,539	3,972,022	3,191,509	3,556,405	3,823,518	
Gross (Loss) / Profit	(70,026)	1,241,635	810,397	205,561	259,493	316,910	
Operating (Loss) / Profit	(166,430)	1,014,957	653,830	115,809	164,642	209,876	
(Loss) / Profit Before Taxation	(31,285)	996,564	623,562	49,548	97,381	166,497	
(Loss) / Profit After Taxation	(29,024)	613,844	432,405	30,365	67,402	126,663	
EPS	(0.77)	17.05	12.01	0.84	1.87	3.52	
Dividend %	100	75	30	20	20	30	
<b>PERCENTAGE TO SALES</b>							
Gross (Loss) / Profit	% age	(3.92)	69.43	16.95	6.05	6.80	7.65
(Loss) / Profit Before Taxation	% age	(1.75)	13.51	13.04	1.46	2.55	4.02
(Loss) / Profit After Taxation	% age	(1.62)	34.32	9.04	0.89	1.77	3.06
Admin & Selling Expenses	% age	5.39	2.08	2.25	2.49	2.25	2.30

## STATEMENT OF ETHICS AND BUSINESS PRACTICES

This Statement of Ethics and Business Practices is intended to document the principles of conduct and ethics to be followed by **Resham Textile Industries Limited** (the "Company") and its employees, officers and directors. Its purpose is to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest.

**CONFLICTS OF INTEREST** - Directors, officers and employees of the Company shall act at all times honestly and ethically, and shall avoid situations where their personal or outside business interests could conflict with the interests of the Company and its shareholders.

**DEALING WITH BUSINESS PARTNERS** - All purchases of goods and services by the Company will be made exclusively on the basis of price, quality, service and suitability to the Company's needs and in the interest of the Company alone. Directors, officers and employees are prohibited from accepting gifts from sellers or buyers in any form whatsoever.

**DISCLOSURE** - Each senior executive officer must provide full, fair, accurate and understandable information whenever communicating with the Company's stockholders or the general public.

**COMPLIANCE WITH LAWS, RULES AND REGULATIONS** - All directors, officers and employees must conduct Company business in compliance with all applicable laws, rules and regulations.

**HEALTH, SAFETY, AND ENVIRONMENTAL PROTECTION** - It is the Company's policy to ensure the safety of its employees, be extra careful in protecting Company property from fire and other hazards, and to maintain the state of environment.

**REPORTING OF VIOLATIONS** - It is each employee's responsibility to notify promptly his or her supervisor regarding any actual or potential violation of this Code and any applicable laws, rules and regulations by anyone in the Company.

**FAIR DEALING** - It is our policy that each director, officer and employee will endeavor to deal fairly with the Company's customers, suppliers, competitors and employees.

**CONFIDENTIALITY** - All directors, officers and employees are prohibited from revealing confidential information of the Company acquired by virtue of their association with the Company or in any other manner, disclosure of which may hurt the interests of the Company. This does not apply to disclosures required by laws, rules and regulations.

**PROPER USE OF COMPANY ASSETS** - All Directors, officers and employees should protect the Company's assets and ensure their efficient use. Employees must not participate in, or arrange, any activity that is not commensurate with Company interests.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

### Opinion

We have audited the annexed financial statements of **RESHAM TEXTILE INDUSTRIES LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2023, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

### Basis for Opinion

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

### Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

### Responsibilities of Management and Board of Directors for the Financial Statements

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

# Annual Report

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In preparing the financial statements, the 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

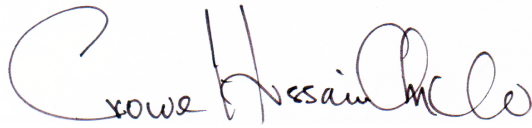
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Nasir Muneer.



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### **CROWE HUSSAIN CHAUDHURY & CO.**

*Chartered Accountants*

*Lahore October 06, 2023*

*UDIN: AR2023101692P9Y3zTCs*

## STATEMENT OF FINANCIAL

	Note	2023 Rupees	2022 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized share capital 36,000,000 (2022: 36,000,000) Ordinary shares of Rs. 10 each		<b>360,000,000</b>	360,000,000
Issued, subscribed and paid up share capital	4	<b>360,000,000</b>	360,000,000
Unappropriated profit		<b>1,025,306,856</b>	1,509,236,609
Revaluation surplus on property, plant and equipment - net of tax	5	<b>528,047,193</b>	540,885,931
		<b>1,913,354,049</b>	2,410,122,540
<b>Non Current Liabilities</b>			
Deferred liabilities	6	<b>254,820,970</b>	320,294,347
<b>Current Liabilities</b>			
Trade and other payables	7	<b>306,711,190</b>	399,016,871
Unclaimed dividend		<b>628,698</b>	581,803
Short term borrowings	8	-	-
Sales tax payable - net		-	15,636,978
Provision for income tax	9	<b>77,624,379</b>	389,975,596
		<b>384,964,267</b>	805,211,248
<b>Contingencies and Commitments</b>	10	-	-
		<b>2,553,139,286</b>	<b>3,535,628,135</b>

The annexed notes from 1 to 35 form an integral part of these financial statements.

**CHIEF EXECUTIVE OFFICER**



## POSITION AS AT JUNE 30, 2023

		2023	2022
	Note	Rupees	Rupees
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	11	1,303,019,581	1,360,205,974
Long term deposits		3,716,160	3,716,160
		<b>1,306,735,741</b>	<b>1,363,922,134</b>
<b>Current Assets</b>			
Stores and spares	12	118,493,514	94,489,251
Stock in trade	13	658,100,385	233,629,140
Trade receivables	14	60,553,476	108,067,462
Short term investments	15	11,014,081	-
Loans and advances	16	69,941,413	11,227,018
Trade deposits and short term prepayments	17	2,750,200	3,085,465
Sales tax receivable - net		111,766,315	-
Balance with statutory authorities	18	44,782,727	206,743,583
Cash and bank balances	19	169,001,434	1,514,464,082
		<b>1,246,403,545</b>	<b>2,171,706,001</b>
		<b>2,553,139,286</b>	<b>3,535,628,135</b>

*R. S. Akhanna*

**DIRECTOR**

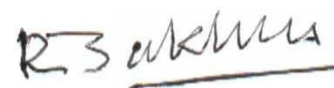
**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
Sales	20	1,788,335,665	7,378,174,544
Cost of sales	21	(1,858,362,074)	(6,136,539,351)
<b>Gross (Loss) / Profit</b>		<b>(70,026,409)</b>	1,241,635,193
<b>Operating Expenses</b>			
Selling and distribution costs	22	(23,047,268)	(39,540,624)
Administrative expenses	23	(73,356,505)	(113,943,931)
Other operating expenses	24	-	(73,193,509)
		<b>(96,403,773)</b>	(226,678,064)
<b>Operating (Loss) / Profit</b>		<b>(166,430,182)</b>	1,014,957,129
Other income	25	150,174,238	38,768,651
Finance costs	26	(15,029,432)	(57,161,749)
		<b>135,144,806</b>	(18,393,098)
<b>(Loss) / Profit before Taxation</b>		<b>(31,285,376)</b>	996,564,031
<b>Taxation</b>			
Taxation	27	(22,354,196)	(386,042,358)
Deferred tax		24,615,533	3,322,283
		<b>2,261,337</b>	(382,720,075)
<b>Net (Loss) / Profit for the Year</b>		<b>(29,024,039)</b>	<b>613,843,956</b>

The annexed notes from 1 to 35 form an integral part of these financial statements.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**





**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>2023</b> Rupees	<b>2022</b> Rupees
Net (loss) / profit for the year	<b>(29,024,039)</b>	613,843,956
<b>Other comprehensive income:</b>		
<i>Items that will not be re-classified subsequently to profit or loss</i>		
Re-measurement loss on post employment benefits obligations	-	(609,787)
Related deferred tax impact	-	201,230
	-	(408,557)
<i>Items that may be re-classified subsequently to profit or loss</i>	-	-
Other comprehensive loss for the year	-	(408,557)
<b>Total Comprehensive (Loss) / Income for the Year</b>	<b><u>(29,024,039)</u></b>	<b><u>613,435,399</u></b>

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

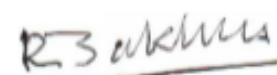
**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2023**

Particulars	Issued, Subscribed and Paid up Capital	Revenue Reserve - Unappropriated Profit	Capital Reserve - Revaluation Surplus on Property, Plant and Equipment	Total
	Rupees	Rupees	Rupees	Rupees
<b>Balance as at June 30, 2021</b>	360,000,000	1,043,236,870	593,649,958	1,996,886,828
Net profit for the year	-	613,843,956	-	613,843,956
Re-measurement loss on post employment benefits obligations through other comprehensive income	-	(408,557)	-	(408,557)
Total comprehensive income for the year	-	613,435,399	-	613,435,399
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment - net of deferred tax	-	32,564,340	(32,564,340)	-
Effect of change in rate	-	-	(20,199,687)	(20,199,687)
Final dividend paid for the year ended June 30, 2021 @ Rs. 1.0/- per share	-	(36,000,000)	-	(36,000,000)
1st interim dividend paid for the year ended June 30, 2022 @ Rs. 1.0/- per share	-	(36,000,000)	-	(36,000,000)
2nd interim dividend paid for the year ended June 30, 2022 @ Rs. 1.5/- per share	-	(54,000,000)	-	(54,000,000)
3rd interim dividend paid for the year ended June 30, 2022 @ Rs. 1.5/- per share	-	(54,000,000)	-	(54,000,000)
	-	(180,000,000)	-	(180,000,000)
<b>Balance as at June 30, 2022</b>	360,000,000	1,509,236,609	540,885,931	2,410,122,540
Net loss for the year	-	(29,024,039)	-	(29,024,039)
Re-measurement loss on post employment benefits obligations	-	-	-	-
Total comprehensive loss for the year	-	(29,024,039)	-	(29,024,039)
Incremental depreciation for the year on surplus on revaluation of property, plant and equipment - net of deferred tax	-	31,094,286	(31,094,286)	-
Effect of change in rate	-	-	18,255,548	18,255,548
<b>Transactions with owners recorded directly in equity</b>				
Final dividend paid for the year ended June 30, 2022 @ Rs. 3.50/- per share	-	(126,000,000)	-	(126,000,000)
Interim dividend paid for the year ended June 30, 2023 @ Rs. 10/- per share	-	(360,000,000)	-	(360,000,000)
	-	(486,000,000)	-	(486,000,000)
<b>Balance as at June 30, 2023</b>	<b>360,000,000</b>	<b>1,025,306,856</b>	<b>528,047,193</b>	<b>1,913,354,049</b>

The annexed notes from 1 to 35 form an integral part of these financial statements.



**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) / profit before taxation		(31,285,376)	996,564,031
Adjustments for:			
- Depreciation on property, plant and equipment	11	68,569,913	75,488,672
- Gain on disposal of property, plant and equipment	25	(3,253,614)	(1,615,833)
- Provision for post employment benefits	6.2.3	15,649,969	12,494,746
- Provision for workers' profit participation fund	24	-	53,820,331
- Provision for workers' welfare fund	24	-	19,373,178
- Interest income	25	(87,293,673)	(34,725,078)
- Finance costs	26	15,029,432	57,161,749
		<b>8,702,027</b>	<b>181,997,765</b>
<b>Operating (loss) / profit before working capital changes</b>		<b>(22,583,349)</b>	<b>1,178,561,796</b>
Effect on cash flows due to working capital changes (Increase) / decrease in current assets:			
- Stores and spares		(24,004,263)	(23,696,013)
- Stock in trade		(424,471,245)	306,692,646
- Trade receivables		47,513,986	29,478,851
- Loans and advances		(58,714,395)	(7,577,586)
- Trade deposits and short term prepayments		335,265	(233,532)
- Long term deposits		-	(5,000)
- Sales tax receivable		(127,403,293)	-
Increase / (decrease) in current liabilities			
- Trade and other payables		13,986,366	60,190,467
- Sales tax payable		-	(30,267,340)
		<b>(572,757,579)</b>	<b>334,582,493</b>
<b>Cash (Used in) / Generated from Operations</b>		<b>(595,340,928)</b>	<b>1,513,144,289</b>
Finance costs paid		(4,773,524)	(49,898,732)
Workers' profit participation fund paid		(97,174,777)	-
Workers' welfare fund paid		(19,373,178)	(15,110,863)
Gratuity paid		(38,252,265)	(10,599,541)
Income tax paid		(172,744,557)	(206,756,032)
Interest received on saving bank accounts		87,293,673	34,725,078
		<b>(245,024,628)</b>	<b>(247,640,090)</b>
<b>Net Cash (Used in) / Generated from Operating Activities</b>		<b>(840,365,556)</b>	<b>1,265,504,199</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property plant and equipment		(13,689,906)	(7,550,028)
Short term investments		(11,014,081)	-
Sale proceeds from disposal of property plant and equipment		5,560,000	2,900,000
<b>Net Cash Used in Investing Activities</b>		<b>(19,143,987)</b>	<b>(4,650,028)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings repaid		(835,273,178)	(1,884,883,256)
Short term borrowings obtained		835,273,178	1,884,883,256
Dividend paid		(485,953,105)	(180,258,556)
<b>Net Cash Used in Financing Activities</b>		<b>(485,953,105)</b>	<b>(180,258,556)</b>
<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>		<b>(1,345,462,648)</b>	<b>1,080,595,615</b>
Cash and cash equivalents at the beginning of the year		1,514,464,082	433,868,467
<b>Cash and cash equivalents at the end of the year</b>		<b>169,001,434</b>	<b>1,514,464,082</b>

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023**

Note 1

**The Company and its Operations****1.1 Legal status and nature of business**

Resham Textile Industries Limited (the Company) is a public unlisted company, incorporated in Pakistan on June 06, 1990 under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Company is domiciled in Pakistan and engaged in manufacturing and sale of yarn.

**1.2** The geographical locations and addresses of the Company's business units, including Mill's plant are as under:

<b>Business Unit</b>	<b>Geographical Location</b>
- Head Office / Registered	The Company's registered office address is 36 A - Lawrence Road, Lahore.
- Production Plant / Factory	The Company's mill address is 1.5 km Habibabad in the Kasur district, Punjab.

Note 2

**Basis of Preparation****2.1 Statement of compliance**

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

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

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

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except to the extent of following:

Deferred liabilities (Gratuity)	Note 6	(stated at present value)
Certain property, plant and equipment	Note 11	(stated at revalued amount)

**2.3 Functional and presentation currency**

These financial statements are prepared and presented in Pak Rupees (Rs.) which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest Rupee, unless otherwise stated.

**2.4 Key judgements and estimates**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

- 2.4.1** Provision for post employment benefits - Note 6.2.2 and 6.2.3
- 2.4.2** Estimate of useful lives and residual values of property, plant and equipment - Notes 3.1 and 11
- 2.4.3** Net realizable values of stock-in-trade and stores and spare parts - Notes 3.3, 3.4, 12 and 13
- 2.4.4** Income tax expense, provision for current tax and recognition of deferred tax liabilities - Note 27, 9 and 6

**2.5 Changes in accounting standards, interpretations and pronouncements****2.5.1 Standards, interpretations and amendments to approved accounting standards that are effective in the current year**

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. 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.

<b>Standard or Interpretation</b>	<b>Effective Date - Annual Periods Beginning on or After</b>
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 1, 2022
<b>2.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective</b>	
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, interpretations and the amendments 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.	
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - 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' - International Tax Reform — Pillar Two Model Rules	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale leaseback transactions	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' -	
'Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
IFRS 1 – First Time Adoption of International Financial Reporting Standards	
IFRS 17 – Insurance Contracts	
The Company has assessed that the impact of these amendments is not expected to be significant.	

Notes 3

### **Significant Accounting Policies**

#### **3.1 Property, plant and equipment**

##### ***Owned***

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses, if any, except freehold land, buildings, plant and machinery and electric installations. Land is stated at revalued amount while building on freehold land, plant and machinery and electric installations are stated at revalued amount less accumulated depreciation and impairment loss. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable costs of bringing assets to their working condition.

##### ***Depreciation***

Depreciation is charged to statement of profit or loss using reducing balance method at the rates specified in Note 11. Full month's depreciation is charged on additions during the month, whereas no depreciation is charged on assets disposed off during the month.

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

##### ***Revaluation***

Freehold land; buildings on freehold land; plant and machinery; and electric installation are revalued every three years. Latest revaluation of said assets was carried out by an independent valuer as at March 08, 2021. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss.

Any revaluation increase arising on the revaluation of land; buildings on freehold land; plant and machinery; and electric installation is recognized in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognized in statement of profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land and building on freehold land is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the Revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset.

Each year the incremental depreciation, i.e. the difference between depreciation based on revalued carrying amount of the asset and depreciation based on the asset's original cost, is transferred from surplus on revaluation of property, plant and equipment to retained earnings. All transfers from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

### ***Judgement and estimate***

Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting date and adjusted if impact on depreciation is significant.

### ***Impairment***

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

Subsequent cost is included in the carrying amount of an asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year's statement of profit or loss.

### ***Capital work-in-progress***

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

## **3.2 Balances from contract with customers**

### ***Contract assets***

A contract asset is the right to receive in exchange for goods transferred to the customer against which the invoice has yet to be raised.

### ***Trade receivables***

A receivable represents the Company's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

### ***Contract liabilities***

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

### ***Right of return assets***

Right of return assets represent the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

### ***Refund liabilities***

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

### 3.3 Stores and spares

These are valued at lower of moving average cost and net realizable value; whilst items considered obsolete are written off. Cost of items in transit comprises invoice value plus incidental charges paid thereon.

### 3.4 Stock in trade

#### Recognition and measurement

These are valued at lower of cost and net realizable value. Cost is determined as follows:

- Raw material	First in first out (FIFO)
- Raw material in transit	Invoice value plus other charges paid thereon
- Work in process	Average manufacturing cost
- Finished goods	Average manufacturing cost
- Waste	Net realizable value

Manufacturing cost in relation to work in process and finished goods comprises cost of materials, labor and appropriate manufacturing overheads. Net realizable value signifies estimated selling price in the ordinary course of business less necessary costs to make the sale.

#### Judgments and estimates

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

### 3.5 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprises cash in hand and cash at banks in current and savings accounts.

### 3.6 Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are not recognized for future operating losses.

### 3.7 Post employment benefits

#### Defined benefit plan

The Company operates a defined benefit plan and maintains an unfunded gratuity scheme for all of its permanent employees. Under this scheme, gratuity is paid to the retiring employees on the basis of their last drawn gross salary for each completed year of service.

Actuarial gains / (losses) arising from experience adjustments and changes in actuarial assumptions for the defined benefits plan are charged or credited to the statement of other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the statement of profit or loss.

Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out at each reporting date.

### 3.8 Taxation

Income tax expense for the year comprises current and deferred tax and is recognized in the statement of profit or loss except to the extent that relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

#### 3.8.1 Current

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001. Super tax applicable on the Company is also calculated as per applicable tax rates as per the Income Tax Ordinance, 2001.

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

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

Current tax for current and prior periods, to the extent unpaid, is recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

The Company offsets current tax assets and current tax liabilities if, and only if, it 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.

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **3.8.2 Deferred tax**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax is calculated at rates that are expected to apply to the period when the differences reverse based on the tax rates and tax laws that have been enacted or have been notified for subsequent enactment by the reporting date.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit (tax loss) of the periods in which temporary differences are expected to reverse.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### **3.9 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

### **3.10 Contingent liabilities**

A contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent liability is also disclosed when there is present 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.



### 3.11 Related party transactions

Transactions in relation to sales, purchases and services to / from related parties are made at arm's length prices determined in accordance with the Company's policy except for the allocation of expenses such as utilities, rental and common overheads shared with related parties, which are on actual basis. Amounts due to and due from related party are shown in respective notes to the financial statements.

### 3.12 Revenue recognition

Revenue is recognized when performance obligation is satisfied by applying following five steps of revenue recognition:

- i) Identify the contract with a customer
- ii) Identify the performance obligation in the contract
- iii) Determine the transaction price of the contract
- iv) Allocate the transaction price to each of the separate performance obligations in the contract
- v) Recognize the revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized at a point in time, when the Company satisfies performance obligations by transferring the promised goods to its customers and when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The normal credit term is 30 to 90 days upon delivery. Control is transferred to the customer on dispatch of goods and transaction price is fixed and decided mostly through tendering process. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). The contracts do not contain right of return as the goods are dispatched to customer after their inspection, and customer inspection process. The Company does not offer volume discount as price is agreed through tendering.

### 3.13 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.

### 3.14 Financial assets

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

#### ***Classification***

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. Currently, the Company classifies its financial assets at amortized cost only. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition.

#### ***Initial recognition and measurement***

All financial assets are initially measured at cost plus transaction costs that are directly attributable to its acquisition except for trade receivables. Trade receivables are initially measured at the transaction price, if these do not contain significant financing component as per IFRS - 15.

#### ***Subsequent measurement***

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss account.

#### ***Derecognition***

Financial assets are derecognized when the contractual rights to receive cash flows from the assets have expired. The difference between the carrying amount and the consideration received is recognized in profit or loss account.

#### ***Impairment of financial assets***

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortized cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

**3.15 Financial liabilities**

**a) Initial recognition and measurement**

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc.

**b) Subsequent measurement**

The Company measures its financial liabilities subsequently at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss account. Difference between carrying amount and consideration paid is recognized in the statement of profit or loss account when the liabilities are derecognized.

**3.15.1 Off-setting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**3.16 Dividend**

Dividends are recognized as a liability in the period in which these are approved.

**3.17 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Company has access at that date. There are three levels which are as under:

**Level 1**

The Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

**Level 2**

When there is no quoted price in an active market, the Company determines transaction price by applying valuation techniques. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received.

**Level 3**

If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is completed. The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

**3.18 Impairment of non-financial assets**

Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on fixed assets that offset available revaluation surplus are charged against this surplus, all other impairment losses are charged to the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date. Where impairment loss is recognized, the depreciation / amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value, over its remaining useful life. Any reversal of impairment loss of a revalued asset shall be treated as a revaluation increase.

Note 4  
**Issued, Subscribed and Paid up Share Capital**

	2023	2022		2023	2022
	Number of Shares			Rupees	
	<u>36,000,000</u>	<u>36,000,000</u>	Ordinary share of Rs. 10 each fully paid in cash (Rupees)	<u>360,000,000</u>	<u>360,000,000</u>

- 4.1** No shares were issued or cancelled during the year.
- 4.2** All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.
- 4.3** There are no agreements with shareholders for any specific voting rights, board selection, rights of first refusal and block voting etc.

Note 5  
**Revaluation Surplus on Property, Plant and Equipment - Net of Tax**

	Note	2023 Rupees	2022 Rupees
Surplus on revaluation of property, plant and equipment	5.1	<u>528,047,193</u>	<u>540,885,931</u>
<b>5.1</b> The movement in surplus on revaluation of property, plant and equipment is as under:			
Opening balance - Revaluation surplus		691,494,199	740,097,691
Surplus arising on revaluation during the year:			
- Land - freehold		-	-
- Building on freehold land - factory		-	-
- Building on freehold land - residential		-	-
- Plant and machinery		-	-
- Electric installation		-	-
		<u>691,494,199</u>	740,097,691
Related deferred tax		<u>(146,447,733)</u>	(146,447,733)
Effect of change in rate		<u>26,795,496</u>	(4,160,535)
		<u>(119,652,237)</u>	(150,608,268)
Transferred to unappropriated profit in respect of:			
- Surplus related to incremental Depreciation charged during the year - net of deferred		<u>(31,094,286)</u>	(32,564,340)
- Related deferred tax liability		<u>(12,700,483)</u>	(16,039,152)
		<u>(43,794,769)</u>	(48,603,492)
Closing balance - Surplus on revaluation		<u>528,047,193</u>	<u>540,885,931</u>

**5.2** The surplus on revaluation of property, plant and equipment is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

**5.3** Incremental depreciation charged on revalued property, plant and equipment has been transferred to retained earnings to record realization of surplus to the extent of incremental depreciation. Incremental depreciation represents the difference between actual depreciation based on revalued carrying amount of the asset and equivalent depreciation based on the original carrying amount of the asset.

Land - freehold	Market Value
Building on freehold land - factory	Market Value
Building on freehold land - residential	Market Value
Plant and machinery	Market Value
Electric installation	Market Value

- 5.4** This represents surplus over book value resulting from the revaluation of land, buildings, plant and machinery and electric installations adjusted by incremental depreciation arising on revaluation of the above-mentioned assets and related deferred tax assets except freehold land which is presented at revalued amount. Latest revaluation was carried out by an independent valuer as on On March 08, 2021 using current market price / replacement cost methods, wherever applicable for the respective assets.

Note 6

**Deferred Liabilities**

		<b>2023</b>	<b>2022</b>
		<b>Rupees</b>	<b>Rupees</b>
Deferred tax liability	<b>6.1</b>	<b>244,170,047</b>	287,041,128
Present value of defined benefit obligations	<b>6.2</b>	<b>10,650,923</b>	33,253,219
		<b>254,820,970</b>	<b>320,294,347</b>
<b>6.1 Deferred tax liability</b>			
<b>Taxable temporary differences</b>			
- Accelerated tax depreciation and amortization		<b>127,606,578</b>	147,406,422
- Surplus on revaluation of property, plant and equipment		<b>119,652,237</b>	150,608,268
		<b>247,258,815</b>	298,014,690
<b>Deductible temporary differences</b>			
- Staff retirement benefits - unfunded gratuity		<b>(3,088,768)</b>	(10,973,562)
		<b>244,170,047</b>	<b>287,041,128</b>
<b>6.1.1 Reconciliation of deferred tax liabilities / (assets) - Net</b>			
Opening balance		<b>287,041,128</b>	270,364,954
Deferred tax income recognized in profit or loss during the year		<b>(24,615,533)</b>	(3,322,283)
Deferred tax (income) / expense during the year recognised in other comprehensive income		-	(201,230)
Effect of change in tax rate		<b>(18,255,548)</b>	20,199,687
Tax credit utilized		-	-
Closing balance		<b>244,170,047</b>	<b>287,041,128</b>

- 6.1.2** Deferred tax assets / liabilities on temporary differences are measured at effective rate of 29% (2022: 33%). The Company has not adjusted the tax rate for exclusion of export related income since it is not certain whether the Company intends to export directly or indirectly in future.

**6.2 Post Employment Benefit Obligations**

The Company maintains a defined benefit plan and operates an unfunded gratuity scheme covering its permanent employees subject to completion of minimum prescribed period of service. Actuarial valuation of the scheme is carried out by an independent actuary and the latest actuarial valuation has been carried out as at June 30, 2022. The management has not carried the actuarial valuation during the year and has used the estimate for the year 2022 given in the actuarial valuation report to measure estimated change in present value of defined benefit obligations for this reporting period. Following key information is included in that actuarial report:

**6.2.1 Actuarial assumptions:**

Discount rate (per annum)	13.25%	13.25%
Expected rate of salary increase in future years	12.25%	12.25%
Average duration of liability		
Actuarial valuation method	Projected Unit Credit Method	
Mortality rate	As per SLIC (2001-2005) Mortality Table with one year setback	

### 6.2.2 Movement in the present value of defined benefit obligations

Opening balance	33,253,219	30,748,227
Current service cost	15,649,969	10,331,627
Interest cost on defined benefit obligations	-	2,163,119
Benefits paid during the year	(38,252,265)	(10,599,541)
Re-measurement loss on post employment benefits obligations	-	609,787
Closing balance	<u>10,650,923</u>	<u>33,253,219</u>

### 6.2.3 Company's liability

Opening balance	33,253,219	30,748,227
Charge for the year	15,649,969	12,494,746
Benefits paid to outgoing employees	(38,252,265)	(10,599,541)
Re-measurement loss on post employment benefits obligations	-	609,787
Closing balance	<u>10,650,923</u>	<u>33,253,219</u>

		<b>2023</b>	<b>2022</b>
	Note	Rupees	Rupees
<b>6.2.4 Charge for the year</b>			
Current service cost		15,649,969	10,331,627
Interest cost on defined benefit obligations		-	2,163,119
		<u>15,649,969</u>	<u>12,494,746</u>

### 6.2.5 Charge for the year has been allocated as under

Cost of revenue	21	11,956,185	9,545,673
Distribution cost	22	1,294,898	1,033,831
Administrative expenses	23	2,398,886	1,915,242
		<u>15,649,969</u>	<u>12,494,746</u>

### 6.2.6 Remeasurements chargeable in other comprehensive income

Re-measurement loss on post employment benefits obligations	<u>-</u>	<u>609,787</u>
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### 6.2.7 Estimated Charged for the next year - 2022 to 2023

Current service cost	-	11,700,567
Interest cost on defined benefit obligations	-	3,949,402
	<u>-</u>	<u>15,649,969</u>

### 6.2.8 Year end sensitivity analysis on defined benefit obligations

Reasonably possible changes as at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in defined benefit obligations as stated below:

Discount rate + 100 bps	-	31,230,603
Discount rate - 100 bps	-	35,559,639
Salary increase + 100 bps	-	35,615,811
Salary increase - 100 bps	-	31,116,270

The sensitivity analysis as above, have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the year end.

### 6.2.9 The Company does not have any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of defined benefit obligations	<u>10,650,923</u>	<u>33,253,219</u>	<u>30,748,227</u>	<u>26,554,963</u>	<u>40,853,772</u>

## Note 7

**Trade and Other Payables**

		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>Rupees</b>	Rupees
Trade creditors		27,160,286	29,943,701
Accrued liabilities	7.1	216,632,587	188,420,507
Contract liabilities	7.2	4,925,829	15,637,697
Unclaimed workers' profit participation fund		8,462,348	8,462,348
Workers' profit participation fund	7.3	35,111,106	122,029,975
Workers' welfare fund	7.4	14,415,796	33,788,974
Other payables		3,238	733,669
Loan from directors	7.5	-	-
		<u>306,711,190</u>	<u>399,016,871</u>

**7.1** This includes provision for Gas Infrastructure Development Cess (GIDC) amounting to Rs. 37,168,433 (2022: Rs. 37,168,433). The Company is contesting this levy with relevant authorities and judicial forums.

**7.2** An amount of Rs. 14,324,968 (2022: Rs. 13,505,945) was recognized in revenue from opening balance of contract liabilities.

		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>Rupees</b>	Rupees
<b>7.3</b> Opening balance		122,029,975	60,946,626
Interest on funds utilized in the Company's business	26	10,255,908	7,263,018
Add: Charge for the year	24	-	53,820,331
Less: payment made		(97,174,777)	-
Closing balance		<u>35,111,106</u>	<u>122,029,975</u>
<b>7.4</b> Opening balance		33,788,974	29,526,659
Add: Charge for the year	25	-	19,373,178
Less: payment made		(19,373,178)	(15,110,863)
Closing balance		<u>14,415,796</u>	<u>33,788,974</u>

**7.5** This represents loan from directors obtained amounting to Rs. 402,233,845 and it has been fully repaid during the year.

## Note 8

**Short Term Borrowings**

		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>Rupees</b>	Rupees
Running finance	8.1	-	-
Booked overdraft		-	-
		<u>-</u>	<u>-</u>

**8.1** The Company obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 2,320 million (2022: Rs. 1,958 million) towards working capital requirements and for retirement of local and foreign LCs. These facilities shall expire on various dates latest by December 31, 2023. Mark up on these facilities is charged from 1 to 3 months KIBOR plus a spread of 1% (2022: 1 to 3 months KIBOR plus a spread of 1% to 1.25%) payable quarterly. The aggregate short term finances are secured by ranking and hypothecation charge on certain fixed assets, current assets and stocks of the Company; lien over import documents and personal guarantee of sponsoring directors of the Company. Funded and unfunded facilities yet to be utilized is Rs. 2,320 million (2022: Rs. 1,958 million).

Note 9  
**Provision for Income Tax**

	<b>2023</b>	<b>2022</b>
	<b>Rupees</b>	<b>Rupees</b>
Opening balance	<b>389,975,596</b>	181,956,946
Current income tax	<b>22,354,196</b>	282,731,679
Super tax	-	103,310,679
Payments / adjustments during the year	<b>(334,705,413)</b>	(178,023,708)
	<b><u>77,624,379</u></b>	<b><u>389,975,596</u></b>

Note 10  
**Contingencies and Commitments**

**10.1 Contingencies**

- 10.1.1** In respect of Tax Year 2014, the Deputy Commissioner Inland Revenue (DCIR) amended the deemed assessment of the Company and raised the tax demand amounting to Rs. 781,049 on account of alleged inadmissibility of salary paid to some employees through cash, Hajj expense included in entertainment expense which are disallowed and short deduction of withholding tax on office rent. The Commissioner Inland Revenue, Appeals [CIR(A)] also upheld the view of the Department to the extent of partial amounts, for which the Company has preferred appeal before the Appellate Tribunal Inland Revenue (ATIR) for remaining items, which is pending adjudication. The Company expects favorable outcome and accordingly no provision has been recorded in these financial statements.
- 10.1.2** In respect of tax year 2015, the DCIR issued the notice for rectification dated 8 June 2015 under section 221 of the Income Tax Ordinance, 2001 and raised a demand of Rs. 4,614,372 for an alleged mistake in calculating the tax liability; on the basis of mistake being apparent from record and requiring rectification. On appeal, the Commissioner Inland Revenue (Appeals) remanded the case back to the Department. However, the name of the Company was selected for tax audit for the tax year 2015, and in pursuance thereof, the DCIR amended the deemed assessment for that tax year by passing order dated June 26, 2021 and creating tax demand of Rs. 8,446,107. The Company has filed appeal before Commissioner Inland Revenue (Appeals) against this order. The Appeal is heard and Commissioner Appeal remanded the case back to the department. The company has filed appeal before Appellate Tribunal Inland Revenue (ATIR). The appeal is pending adjudication. The Company expects favorable outcome based on the opinion of legal advisor, therefore no provision has been recorded in these financial statements.
- 10.1.3** In respect of tax year 2005, an order under section 124/129 was passed by the concerned Deputy Commissioner Inland Revenue (DCIR) and later confirmed by Commissioner Inland Revenue CIR (A) wherein tax demand of Rs. 6,652,858 was created on account of alleged incorrect proration of expenses on net sales (excluding sales tax) instead of gross sales (including sales tax). The Company has filed appeal before the Appellate Tribunal Inland Revenue (ATIR), against the order dated March 31, 2012 passes by the CIR (A) on the grounds that the Commissioner Inland Revenue was not justified to reject the contention of the appellant. The ATIR has decided the appeal in favor of the Company on 27 February 2017. The Department (FBR) has filed reference before Honorable Lahore High Court, against the order of ATIR. The Appeal is pending before Honorable Lahore High Court. The Company expects favorable outcome based on the opinion of legal advisor, therefore no provision has been recorded in these financial statements.

- 10.1.4** Vide order dated August 31, 2020 passed u/s 11 of the Sales Tax Act, 1990, the DCIR created a tax demand of Rs. 7,807,281 by rejecting the admissibility of input tax claimed by the Company for the period from September 2013 to October 2018. The Commissioner Inland Revenue (Appeals) upheld the inadmissibility to the extent of Rs. 5,770,828. The Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) against order dated November 20, 2020 passed by Commissioner Inland Revenue (CIR) and the appeal is pending adjudication. The Company expects favorable outcome and has not recorded a provision for contested tax demand.
- 10.1.5** In respect of tax year 2016, an order dated June 28, 2022 u/s 161 was passed by the Deputy Commissioner Inland Revenue (DCIR) and raised tax demand amounting to Rs.55,818,171 u/s 161/205. On appeal, the commissioner Inland Revenue (Appeals) remanded the case back to the department vide order dated August 04, 2022 against which the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) on August 12, 2022. The appeal is pending adjudication. The company expects favourable outcome hence no provision has been recorded in these financial statements.
- 10.1.6** Vide order dated November 18, 2022 passed u/s 11(2) of the Sales Tax Act, 1990, the Deputy Commissioner Inland Revenue (DCIR) created demand of Rs.1,073,567 by rejecting the admissibility of input tax, under provisions of section 8(1) of the Sales Tax Act, 1990, claimed by the company for the tax year 2019 to 2020. The Company filed an appeal before the commissioner Inland Revenue (Appeals) which was disposed of vide order dated January 25, 2023 against which the company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) on February 14, 2023. The appeal is pending adjudication. The company expects favourable outcome hence no provision has been recorded in these financial statements.

## 10.2 Guarantees

The Company is liable for Bank guarantees arranged from different banks amounting to Rs. 61 million (2022: Rs. 61million) that have been issued in favour of the following:

	<u>2023</u>	<u>2022</u>
	Rupees	Rupees
Sui Northern Gas Pipelines Limited	<b>50,000,000</b>	50,000,000
Excise and Taxation	<b>11,000,000</b>	11,000,000
	<b><u>61,000,000</u></b>	<b><u>61,000,000</u></b>

## 10.3 Commitments

- Letters of credit	<u>-</u>	<u>217,528,719</u>
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Note 11  
Property, Plant and Equipment

											2023	2022
											Rupees	Rupees
										Note		
Operating fixed assets										11.1	<b>1,303,019,581</b>	1,360,205,974
											<b>1,303,019,581</b>	1,360,205,974
<b>11.1 Operating Fixed Assets</b>												
<b>Year ended June 30, 2023</b>												
Description	Freehold Land	Building on Freehold Land - Factory	Building on Freehold Land - Residential	Plant and Machinery	Electric Installations	Mills Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Arms and Ammunition	Total	
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Cost / Revalued Amount</b>												
As at July 01, 2022	357,022,600	236,459,076	36,905,082	771,703,400	19,500,000	39,306,618	3,711,373	1,466,915	26,452,788	43,620	1,492,571,472	
Additions	-	-	-	7,599,851	-	391,899	1,140,156	45,000	4,445,000	68,000	13,689,906	
Disposals during the year	-	-	-	-	-	-	-	-	(3,866,418)	-	(3,866,418)	
Balance as at June 30, 2023	357,022,600	236,459,076	36,905,082	779,303,251	19,500,000	39,698,517	4,851,529	1,511,915	27,031,370	111,620	1,502,394,960	
<b>Accumulated depreciation</b>												
As at July 01, 2022	-	23,054,759	1,822,188	70,136,898	1,774,500	23,149,455	2,332,440	866,639	9,193,514	35,105	132,365,498	
Charge for the year	-	15,428,955	1,292,831	47,448,873	1,187,550	635,501	147,393	23,638	2,394,778	10,394	68,569,913	
Disposals during the year	-	-	-	-	-	-	-	-	(1,560,032)	-	(1,560,032)	
Balance as at June 30, 2023	-	38,483,714	3,115,019	117,585,771	2,962,050	23,784,956	2,479,833	890,277	10,028,260	45,499	199,375,379	
<b>Balance as at June 30, 2023</b>	<b>357,022,600</b>	<b>197,975,362</b>	<b>33,790,063</b>	<b>661,717,480</b>	<b>16,537,950</b>	<b>15,913,561</b>	<b>2,371,696</b>	<b>621,638</b>	<b>17,003,110</b>	<b>66,121</b>	<b>1,303,019,581</b>	
<b>Depreciation rates</b>	-	<b>10%</b>	<b>5%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>20%</b>	<b>10%</b>		
<b>Year ended June 30, 2022</b>												
<b>Cost / Revalued Amount</b>												
As at July 01, 2021	357,022,600	236,459,076	36,905,082	770,278,400	19,500,000	39,306,618	3,711,373	1,466,915	22,458,097	43,620	1,487,151,781	
Additions	-	-	-	1,425,000	-	-	-	-	6,125,028	-	7,550,028	
Disposals during the year	-	-	-	-	-	-	-	-	(2,130,337)	-	(2,130,337)	
Balance as at June 30, 2022	357,022,600	236,459,076	36,905,082	771,703,400	19,500,000	39,306,618	3,711,373	1,466,915	26,452,788	43,620	1,492,571,472	
<b>Accumulated depreciation</b>												
As at July 01, 2021	-	5,911,476	461,313	17,973,163	455,000	22,446,065	2,179,225	840,689	7,421,906	34,159	57,722,996	
Charge for the year	-	17,143,283	1,360,875	52,163,735	1,319,500	703,390	153,215	25,950	2,617,778	946	75,488,672	
Disposals during the year	-	-	-	-	-	-	-	-	(846,170)	-	(846,170)	
Balance as at June 30, 2022	-	23,054,759	1,822,188	70,136,898	1,774,500	23,149,455	2,332,440	866,639	9,193,514	35,105	132,365,498	
<b>Balance as at June 30, 2022</b>	<b>357,022,600</b>	<b>213,404,317</b>	<b>35,082,894</b>	<b>701,566,502</b>	<b>17,725,500</b>	<b>16,157,163</b>	<b>1,378,933</b>	<b>600,276</b>	<b>17,259,274</b>	<b>8,515</b>	<b>1,360,205,974</b>	
<b>Depreciation rates</b>	-	<b>10%</b>	<b>5%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>20%</b>	<b>10%</b>		

**11.2 Apportionment of depreciation charge for the year**

Depreciation charge for the year has been apportioned as follows:

	Note	2023 Rupees	2022 Rupees
Cost of sales	21	64,711,273	71,330,854
Administrative expenses	23	3,858,640	4,157,818
		<b>68,569,913</b>	<b>75,488,672</b>

**11.3** As per the valuation report of independent valuer as of March 08, 2021. The management believes that these values approximate to the values as on June 30, 2022. The forced sales value is as per the following.

	Market Value	Forced Sale Factor	Forced Sale
Land (Factory)	89,022,600	15%	75,669,210
Building (Factory)	264,495,144	25%	198,371,358
Plant and Machinery	770,278,400	30%	539,194,880
Electric Installation	19,500,000	30%	13,650,000
Land (Head Office)	268,000,000	15%	227,800,000
Building (Head Office)	8,869,014	25%	6,651,761
	<b>1,420,165,158</b>		<b>1,061,337,209</b>

**11.4 Revalued land, building plant and machinery and electric installations**

On March 08, 2021, the Company elected to measure land, buildings, plant and machinery and electric installations (classified as property, plant and equipment) using the revaluation model. The fair value of the Company land, buildings plant and machinery and electric installations are determined by an independent professionally qualified valuer.

**11.5 Had there been no revaluation, book values of revalued assets would have been as follows:**

	2023 Rupees	2022 Rupees
Freehold land	113,284,803	113,284,803
Building on freehold land	48,561,497	46,017,148
Plant and machinery	447,632,032	463,693,782
Electric installations	9,865,693	10,311,881
	<b>619,344,025</b>	<b>633,307,614</b>

**11.6 Detail of disposals - 2023**

Asset	Cost Rupees	Book value Rupees	Sale Price Rupees	Gain / (Loss) on disposal Rupees	Particulars of the purchaser	Mode of disposal	Relationship with the purchaser
<b>Vehicles</b>							
ABS -676	2,163,098	1,710,650	2,800,000	1,089,350	Century Insurance	Negotiation	Third Party
LES -8385	981,190	275,101	1,750,000	1,474,899	Rana Motors	Negotiation	Third Party
LEE -5811	722,130	320,635	1,010,000	689,365	Bilal Ashraf	Negotiation	Third Party
	<b>3,866,418</b>	<b>2,306,386</b>	<b>5,560,000</b>	<b>3,253,614</b>			

**11.7** As detailed in note 11, certain assets from property, plant and equipment have been presented for creating charge in respect of funded and unfunded facilities obtained from financial institutions.

Note 12  
**Stores and Spares**

	2023	2022
	Rupees	Rupees
Stores in hand	8,655,769	8,974,717
Stores in transit	8,640	-
Spares	<u>109,829,105</u>	<u>85,514,534</u>
	<u><b>118,493,514</b></u>	<u><b>94,489,251</b></u>

Note 13  
**Stock in Trade**

	2023	2022
	Rupees	Rupees
Raw material	339,023,475	128,614,308
Work in Process	62,780,753	17,880,739
Finished goods	<u>256,296,157</u>	<u>87,134,093</u>
	<u><b>658,100,385</b></u>	<u><b>233,629,140</b></u>
<b>13.1</b> Finished goods comprised of		
- Yarn	239,578,462	80,137,816
- Waste	<u>16,717,695</u>	<u>6,996,277</u>
	<u><b>256,296,157</b></u>	<u><b>87,134,093</b></u>

Note 14  
**Trade Receivables**

	2023	2022
	Rupees	Rupees
Local (Unsecured - Considered good)	60,553,476	108,067,462
Less: Loss allowance	-	-
	<u><b>60,553,476</b></u>	<u><b>108,067,462</b></u>

Note 15  
**Short Term Investments**

	2023	2022
	Rupees	Rupees
National Investment Trust	14,081	-
Term deposit certificate	<u>11,000,000</u>	<u>-</u>
	<u><b>11,014,081</b></u>	<u><b>-</b></u>

**15.1** This represented investment in term deposit certificates carrying mark-up at 14.50% to 19.90% per annum.

Note 16  
**Loans and Advances**

	2023	2022
	Rupees	Rupees
Advances to suppliers (Unsecured - Considered good)	64,421,057	6,490,170
Short term loans to employees (Secured - Considered good)	1,430,356	-
Advance against salary	<u>4,090,000</u>	<u>4,736,848</u>
	<u><b>69,941,413</b></u>	<u><b>11,227,018</b></u>

**16.1** This represents interest-free loans given to employees as per the Company's policy. These loans are recoverable from salary in monthly installments and are secured against gratuity.

Note 17  
**Trade Deposits and Short term Prepayments**

	2023	2022
	Rupees	Rupees
Bank guarantee margin	2,750,200	2,750,200
Short term prepayments	-	335,265
	<u><b>2,750,200</b></u>	<u><b>3,085,465</b></u>

Note 18  
**Balance with Statutory Authorities**

	2023	2022
	Rupees	Rupees
Tax deducted at source and advance tax	<u><b>44,782,727</b></u>	<u><b>206,743,583</b></u>

Note 19  
**Cash and Bank Balances**

	2023	2022
	Rupees	Rupees
Cash in hand	919,555	223,042
Balances with banks:		
- Current accounts	225,269	343,324
- Saving accounts	<u>167,856,610</u>	<u>1,513,897,716</u>
	<u><b>169,001,434</b></u>	<u><b>1,514,464,082</b></u>

**19.1** These carry interest at the effective rates ranging from 6% to 20% per annum (2022: 7.01% to 13.25% per annum).

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### Note 20 Sales

	2023 Rupees	2022 Rupees
Local sales		
- Yarn	1,754,877,639	7,052,533,775
- Cotton	297,512,576	1,276,427,561
- Waste	46,070,450	303,502,886
	<u>2,098,460,665</u>	<u>8,632,464,222</u>
Less: Sales tax	<u>(310,125,000)</u>	<u>(1,254,289,678)</u>
	<u>1,788,335,665</u>	<u>7,378,174,544</u>

**20.1** All the revenue is recognized at a point in time.

### Note 21 Cost of Sales

	Note	2023 Rupees	2022 Rupees
Raw material consumed	21.1	1,431,292,926	4,266,710,395
Stores and spares consumed	21.2	34,873,285	177,563,333
Salaries, wages and other benefits	21.3	122,106,919	279,108,057
Insurance		757,355	2,119,629
Fuel and power		189,041,126	496,825,754
Depreciation	11	64,711,273	71,330,854
Utilities and communication		152,489	164,128
Repair and maintenance		5,765,583	6,880,595
Other manufacturing expenses		3,084,354	3,955,075
		<u>1,851,785,310</u>	<u>5,304,657,820</u>
Work in progress			
- Opening stock		17,880,739	27,643,536
- Closing stock	13 & 21.4	<u>(62,780,753)</u>	<u>(17,880,739)</u>
		<u>(44,900,014)</u>	<u>9,762,797</u>
Cost of goods manufactured		1,806,885,296	5,314,420,617
Cost of raw material sold		220,638,842	825,537,964
Finished goods			
- Opening stock		87,134,093	83,714,863
- Closing stock	13 & 21.4	<u>(256,296,157)</u>	<u>(87,134,093)</u>
		<u>(169,162,064)</u>	<u>(3,419,230)</u>
		<u>1,858,362,074</u>	<u>6,136,539,351</u>
<b>21.1 Raw material consumed</b>			
Opening balance		128,614,308	428,963,387
Purchases		1,862,340,935	4,791,899,280
		<u>1,990,955,243</u>	<u>5,220,862,667</u>
Less: Cost of raw material sold		<u>(220,638,842)</u>	<u>(825,537,964)</u>
Less: Closing balance	13 & 21.4	<u>(339,023,475)</u>	<u>(128,614,308)</u>
		<u>(559,662,317)</u>	<u>(954,152,272)</u>
		<u>1,431,292,926</u>	<u>4,266,710,395</u>
<b>21.2 Stores and spares consumed</b>			
Opening balance		94,489,251	70,784,538
Purchases		58,868,908	201,268,046
		<u>153,358,159</u>	<u>272,052,584</u>
Less: Closing balance	12	<u>(118,484,874)</u>	<u>(94,489,251)</u>
Stores and spares consumed		<u>34,873,285</u>	<u>177,563,333</u>

**21.3** This includes post employment benefits amounting to Rs. 11,956,185 (2022: Rs. 9,545,673).

**21.4** Certain inventories have been written down to their net realizable value by Rs. 55,148,215.

Note 22

**Selling and Distribution Costs**

		2023	2022
	Note	Rupees	Rupees
Salaries and other benefits	22.1	16,142,731	16,314,515
Commission		5,547,324	21,989,265
Vehicle running and maintenance		1,202,749	959,308
Miscellaneous expenses		154,464	277,536
		<u>23,047,268</u>	<u>39,540,624</u>

**22.1** This includes post employment benefits amounting to Rs. 1,294,898 (2022: Rs. 1,033,831).

Note 23

**Administrative Expenses**

		2023	2022
	Note	Rupees	Rupees
Directors' remuneration		8,131,200	7,392,000
Salaries and other benefits	23.1	25,652,121	20,595,678
Charity and donations	23.2	22,600,000	70,225,000
Postage and telephone		670,298	597,690
Auditors' remuneration	23.4	565,000	540,000
Rent, rates and taxes		109,661	162,568
Electricity, gas and water		2,018,316	1,915,855
Legal and professional		1,763,583	765,181
Fee and subscription		1,623,955	1,420,815
Entertainment		1,440,377	1,431,124
Repairs and maintenance		379,404	919,836
Vehicle running and maintenance		2,466,701	1,527,600
Printing and stationery		467,676	430,371
Depreciation	11	3,858,640	4,157,818
Insurance		232,428	436,553
Others	23.5	1,377,145	1,425,842
		<u>73,356,505</u>	<u>113,943,931</u>

**23.1** This includes post employment benefits amounting to Rs. 2,398,886 (2022: Rs.1,915,242).

**23.2** The directors or their spouses have no interest in the donees.

**23.3** During the year charities and donations made are as follows:

Akhuwat Foundation	-	5,000,000
Alkhidmat Foundation Pakistan	20,000,000	5,500,000
Fatimid Foundation	-	3,000,000
Shaukat Khanam Memorial Cancer Hospital And Research Centre	-	2,500,000
Pakistan Red Crescent Society	-	2,000,000
The Indus Hospital	-	2,500,000
The Layton Rahmatulla Trust (LRBT)	-	3,500,000
Al-Ehsan Welfare Eye Hospital	-	1,500,000
Ali Zaib Foundation -Thalassemia, Hemophilic Center	-	1,250,000
Hijaz Social Welfare Society	-	2,250,000
Hope Up Lift Foundation	-	1,000,000
Jamia Ashrafia	100,000	1,250,000
Jamia Darululoom-Karachi	-	3,500,000
Shahid Afridi Foundation	-	750,000
Pakistan Eye Bank	-	1,000,000
Bin Qutab Foundation	-	1,750,000
Edhi Foundation	-	4,000,000
Patient Welfare Association Mayo Hospital-Lahore	-	500,000
Rising Sun Education and Welfare Society (For Special Children)	-	500,000
Sindh Institute of Urology and Transplantation -Karachi (Siut)	-	5,000,000
Sahara for Life Trust	-	4,500,000
Lahore Mental Health Association (Fountain House)	1,000,000	3,500,000
Leprosy Patients Welfare Trust	-	3,000,000
Marghzar Welfare Society (For Special Childrens)	-	700,000
National Society for Mentally and Emotionally Handicapped Children	-	1,750,000
Orphans House ( Social Responsible Society ) "SOS" Children's Villages	-	750,000
Pakistan Association of the Blind (Sindh)	-	1,000,000
Trust For Education and Development Of Deserving Students (TEDDS)	-	5,500,000
Sundas Foundation	-	1,250,000
Medibank Trust	500,000	-
Others	1,000,000	25,000
		<u>22,600,000</u>
		<u>70,225,000</u>

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23.4 Auditors' remuneration	2023	2022
	Rupees	Rupees
Audit fee	520,000	495,000
Out of pocket expenses	45,000	45,000
	<b>565,000</b>	<b>540,000</b>

23.5 This included information system charges amounting to Rs. 991,760 (2022: Rs. 991,680).

Note 24

### Other Operating Expenses

		2023	2022
	Note	Rupees	Rupees
Provision for:			
- Workers' profit participation fund	7.3	-	53,820,331
- Workers' welfare fund	7.4	-	19,373,178
		<b>-</b>	<b>73,193,509</b>

Note 25

### Other Income

	2023	2022
	Rupees	Rupees
Interest income	87,293,673	34,725,078
Gain on disposal of operating fixed assets - Vehicles	3,253,614	1,615,833
Rental income	2,287,365	2,427,740
Miscellaneous income	12,191,932	-
Dividend income	11,749,867	-
Liabilities written back	32,924,453	-
Gain on NIT Investment	473,334	-
	<b>150,174,238</b>	<b>38,768,651</b>

Note 26

### Finance Costs

	2023	2022
	Rupees	Rupees
Interest on:		
- Short term borrowings	3,077,894	48,651,929
- Workers' profit participation fund	10,255,908	7,263,018
Bank charges and commission	1,695,630	1,246,802
	<b>15,029,432</b>	<b>57,161,749</b>

Note 27

### Taxation

	2023	2022
	Rupees	Rupees
Current tax expense		
- Current year	22,354,196	282,731,679
- Super tax	-	103,310,679
- Adjustment for prior years	-	(3,933,237)
	<b>22,354,196</b>	<b>382,109,121</b>
Deferred tax	<b>(24,615,533)</b>	<b>(3,322,283)</b>
	<b>(2,261,337)</b>	<b>378,786,838</b>

### 27.1 Reconciliation of tax charge for the year

Profit before taxation	<b>(31,285,376)</b>	<b>996,564,031</b>
Tax @ 1.25% (2022: 29%) on profit before taxation	<b>(391,067)</b>	289,003,569
Super tax	-	103,310,679
Tax effect of add backs / allowed deductions	<b>22,745,263</b>	(6,271,890)
Adjustment for prior years	-	(3,933,237)
Deferred taxation	<b>(24,615,533)</b>	<b>(3,322,283)</b>
	<b>(2,261,337)</b>	<b>378,786,838</b>

<b>27.2 Tax expense on items recognized in other comprehensive income</b>	<b>2023</b>	<b>2022</b>
	<b>Rupees</b>	<b>Rupees</b>
Measurement of post employment benefits obligation	-	201,230
Revaluation of property, plant and equipment	-	-
	<u>-</u>	<u>201,230</u>

**27.3** The current tax expense for the year is calculated using minimum tax rate of 1.25% (2022: 29%) and super tax at rate of 0% (2022: 10%). Deferred tax assets and liabilities on temporary differences are measured at effective rate of 29% (2022: 33%).

Note 28

#### Balances and Transaction with Related Parties

Related parties comprise directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Outstanding balances at the reporting date are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. Significant balances and transactions with related parties are as follows:

<b>Related party</b>	<b>Relationship</b>	<b>Nature of Transaction</b>	<b>2023</b>	<b>2022</b>
			<b>Rupees</b>	<b>Rupees</b>
Mr. Muhammad Arshad Saeed	CEO	Interest free loan received during the year	<b>315,110,573</b>	165,228,742
		Interest free loan repaid during the year	<b>(315,110,573)</b>	(165,228,742)
Ms. Kiran A. Chaudhry	Director	Interest free loan received during the year	-	2,312,327
		Interest free loan repaid during the year	-	(2,312,327)
Mr. Muhammad Ali Chaudhry	Director	Interest free loan received during the year	<b>87,123,272</b>	23,093,145
		Interest free loan repaid during the year	<b>(87,123,272)</b>	(23,093,145)
Resham Enterprises	Associate	Rent received during the year	<b>2,287,365</b>	2,062,707
		Sale of vehicles	-	2,900,000
	Associate	Purchase of Operating fixed assets	<b>1,577,055</b>	-
		Purchase of Vehicles	<b>4,445,000</b>	-

**28.1** Following are the details of the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

<b>S.No.</b>	<b>Related Party</b>	<b>Basis of Relationship</b>	<b>% of Shareholding</b>
1	Mr. Muhammad Arshad Saeed	Chief Executive Officer	<b>51.84%</b>
2	Ms. Kiran A. Chaudhry	Director	<b>7.56%</b>
3	Mr. Muhammad Ali Chaudhry	Director	<b>7.56%</b>
4	Resham Enterprises	Associate due to one common director	<b>N/A</b>

Note 29

**Remuneration of Chief Executive Officer, Directors and Executives**

The aggregate amounts charged in the financial statements for the year as remuneration and benefits paid to the chief executive officer, directors and executives of the Company are as follows:

	Chief Executive Officer		Director		Executives		Total	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Managerial	3,097,600	2,816,000	2,323,200	2,112,000	17,674,222	14,409,291	23,095,022	19,337,291
Housing	1,239,040	1,126,400	929,280	844,800	7,069,689	5,763,716	9,238,009	7,734,916
Utilities	309,760	281,600	232,320	211,200	1,767,422	1,440,929	2,309,502	1,933,729
Gratuity paid	-	-	-	-	220,000	200,000	220,000	200,000
Vehicle running and maintenance	577,546	441,019	408,342	290,482	3,731,447	2,508,011	4,717,335	3,239,512
	<b>5,223,946</b>	<b>4,665,019</b>	<b>3,893,142</b>	<b>3,458,482</b>	<b>30,462,780</b>	<b>24,321,947</b>	<b>39,579,868</b>	<b>32,445,448</b>
Number of persons	1	1	1	1	6	6	8	8

- 29.1** An executive is defined as an employee, other than the chief executive officer and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

Note 30

**Financial Risk Management****30.1 Financial risk factors**

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

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, price risk, interest rate risk, credit risk and liquidity risk.

**(a) Market risk****(i) Currency risk**

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

The Company is exposed to currency risk arising primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts payable to foreign entities. As at the reporting date, the Company's exposure to currency risk was as follows:

	2023	2022
	Rupees in thousand	
Outstanding commitments against letters of credit	-	(217,529)

**Rupees per US Dollar**

Average exchange rate during the year	246.00	181.43
Reporting date rate	287.90	204.85

If the functional currency, at reporting date, had weakened / strengthened by 1% against the USD with all other variables held constant, the impact on profit before taxation for the year would have been Rs. Nil (2022: Rs. 2.175 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. This sensitivity analysis reflects exposure as at the reporting date and is unrepresentative of the exposure during the year.

**(ii) Price risk**

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 instrument traded in the market. The Company is not exposed to any price risk.

**(iii) Interest rate risk**

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



The Company's interest rate risk arises from balances with saving accounts and short term borrowings. As the rate of interest with saving accounts and borrowings made at variable rates, these expose the Company to cash flow interest rate risk. As at the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2023	2022
	Rupees in thousand	
<b>Floating rate instruments - Financial assets</b>		
Balances with saving bank accounts	<b>167,857</b>	1,513,898
<b>Floating rate instruments - Financial liabilities</b>		
Short term borrowings	-	-

**Cash flow sensitivity analysis for variable rate instruments**

As at June 30, 2023, if interest rates had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 0.167 million (2022: Rs. 1.513 million), mainly as a result of interest exposure on variable rate instruments.

**(b) Credit risk**

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

	2023	2022
	Rupees in thousand	
Long term deposits	3,716	3,716
Trade debts	60,553	108,067
Trade deposits and other receivables	2,750	3,085
Bank balances	168,082	1,514,241

The aging of trade debts as at the reporting date is as follows:

Neither past due nor impaired		
Past due but not impaired:	59,358	106,540
1-90 days		
91-180 days	107	850
180+ days	-	92
	1,088	585
	<b>60,553</b>	<b>108,067</b>

The Company's exposure relating to credit risk relating to trade debt is disclosed in relevant notes to the financial statement. There are no significant debtors that are past due as at the reporting date.

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

Bank Name	Rating		Rating Agency	2023	2022
	Short Term	Long Term			
				Rupees in thousand	
Faysal Bank Limited	A1+	AA	PACRA	29,934	26,796
Habib Bank Limited	A1+	AAA	VIS	724,363	35,278,946
MCB Bank Limited	A1+	AAA	PACRA	38,733	29,966,772
Meezan Bank Limited (Islamic)	A1+	AA+	VIS	24,296	500,032,326
Bank Alfalah Limited	A1+	AA+	PACRA	49,838,952	540,389,254
National Bank of Pakistan	A1+	AAA	PACRA	85,613	27,482
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	155,213	151,794,118
Habib Metropolitan Bank	A1+	AA+	PACRA	6,917,123	31,116,502
Askari Bank Limited (Islamic)	A1+	AA+	PACRA	4,254,177	223,822,409
The Bank of Punjab	A1+	AA	PACRA	106,008,474	1,786,435
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	5,001	-
				<b>168,081,879</b>	<b>1,514,241,040</b>

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

**(c) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages its liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the reporting date, the Company has yet to utilize available limit of Rs. 2,320 million (2022: Rs. 1,958 million) (both funded and unfunded) from financial institutions and Rs. 169.001 million (2022: Rs. 1,514.464 million) cash and bank balances. Following are the contractual maturities of financial liabilities:

**Contractual maturities of financial liabilities as at June 30, 2023:**

	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Year	2-5 Years	More than 5 years
----- Rupees in thousand -----						
Trade and other payable	243,792,873	243,792,873	243,792,873	-	-	-

**Contractual maturities of financial liabilities as at June 30, 2022:**

Trade and other payable	218,364,208	218,364,208	218,364,208	-	-	-
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The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at the reporting date. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

**30.2 Financial instruments by categories**

	2023	2022
Rupees in thousand		
<b>Financial assets at amortized cost as at June 30,</b>		
Long term deposits	3,716	3,716
Trade debts	60,553	108,067
Trade deposits and other receivables	2,750	3,085
Cash and bank balances	169,001	1,514,464
	<b>236,020</b>	<b>1,629,332</b>

The Company has no financial instruments held at fair value through profit or loss and other comprehensive income.

**Financial liabilities at amortized cost - Balance as at June 30,**

Trade and other payables	243,796	219,098
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**30.3 Fair values of financial assets and liabilities**

Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 31

**Capital Risk Management**

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt.



As at the reporting date, the Company was not geared as given below:

	2023	2022
	Rupees in thousand	
Total borrowings	-	-
Cash and bank balances	(169,001)	(1,514,464)
<b>Net exposure</b>	<b>(169,001)</b>	<b>(1,514,464)</b>
Equity	1,913,354	2,410,123
Total capital employed	1,744,353	895,659
<b>Gearing Ratio</b>	<b>Not Geared</b>	<b>Not Geared</b>

Note 32

**Plant Capacity and Production**

	2023	2022
Spindles installed / worked (Number)	38,448	38,448
Production at normal capacity based on 3 shifts per day (Kgs)	14,102,609	14,102,609
Actual production based on 3 shifts per day (Kgs)	2,045,192	9,137,727

Note 33

**Number of Employees**

	2023	2022
Average number of employees during the year	319	840
Total number of employees at the end of year	881	574

Note 34

**Authorization of Financial Statements**

These financial statements were approved and authorized by the Board of Directors of the Company for issue on October 06, 2023.

Note 35

**General**

Figures in these financial statements have been rounded off to the nearest Pakistani Rupee, unless otherwise stated.

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material re-arrangement / reclassification has been made in these financial statements.

Chief Executive Officer

Director

**PATTERN OF SHAREHOLDING**

1. Incorporation Number **21882**  
 2. Name of the Company **RESHAM TEXTILE INDUSTRIES LIMITED**  
 3. Pattern of holding of the shares held by the shareholders as at 30 June 2023.

4. No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
28	1	100	134
21	101	500	9,786
3	501	1,000	2,681
3	1,001	5,000	7,000
1	5,001	20,000	19,419
1	20,001	30,000	29,100
2	30,001	55,000	82,110
1	55,001	90,000	72,420
1	90,001	105,000	100,500
2	105,001	145,000	271,040
1	145,001	155,000	153,968
1	155,001	200,000	200,000
3	200,001	290,000	868,073
2	290,001	555,000	1,064,611
1	555,001	740,000	738,350
1	740,001	1,255,000	1,243,910
2	1,255,001	1,680,000	3,303,912
2	1,680,001	2,750,000	5,440,770
1	2,750,001	3,750,000	3,729,080
1	3,750,001	18,680,000	18,663,136
<b>78</b>			<b>36,000,000</b>
<b>5. Categories of shareholders</b>		<b>Share held</b>	<b>Percentage</b>
5.1 Directors, Chief Executive Officer, and their spouse and minor children		26,972,339	74.9232%
5.2 Banks Development Financial Institutions, Non Banking Financial Institutions.		119	0.0003%
5.3 Share holders holding 10% or more		22,390,716	62.1964%
5.4 General Public		9,007,437	25.0207%
5.5 Others (to be specified)			
1- Joint Stock Companies		5	0.0000%
2- Pension Funds		19,419	0.0539%
3- Others		681	0.0019%