AN
TEXTILE MILLS LIMITED

Annual Report 2023

بسم الله الرحمن الرحيم

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COMPANY INFORMATION

Board of Directors	Mrs. Nazma Amer	Chairperson
	Mr. Aizad Amer	Chief Executive Officer
	Khawaja Amer Khurshid	Director
	Mr. Anns Amer	Director
	Ms. Yusra Amer	Director
	Mr. Abdul Rauf	Director
	Syed Khalid Ali	Director
Audit Committee	Mr. Abdul Rauf	Chairman
	Ms. Yusra Amer	Member
	Syed Khalid Ali	Member
HR and Remuneration Committee	Syed Khalid Ali	Chairman
	Mr. Abdul Rauf	Member
	Mr. Anns Amer	Member
Nomination Committee	Mr. Abdul Rauf	Chairman
	Ms. Yusra Amer	Member
	Syed Khalid Ali	Member
Risk Management Committee	Mr. Anns Amer	Chairman
	Mr. Abdul Rauf	Member
	Syed Khalid Ali	Member
Chief Financial Officer	Mr. Muhammad Saqib Ehsan	
Company Secretary	Mr. Tahir Shahzad	
Auditors	Riaz Ahmad and Company Chartered Accountants 560-F, Raja Road, Gulistan Colony, Faisalabad	
Bankers	Bank Al Habib Limited Habib Metropolitan Bank Limited Habib Bank Limited Meezan Bank Limited National Bank of Pakistan	
Share Registrar	Corplink (Private) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore	
Registered Office & Mills	35 Kilometer, Sheikhupura Road, Faisalabad	

VISION STATEMENT

To be a customer oriented Company having wide and diversified customer base with a team of professionals working together to add value to all the stakeholders and contributing to society to help build a strong and progressive Pakistan.

MISSION STATEMENT

The mission of AN Textile Mills Limited is, recognition of its project as the most modern units, and to produce fine quality of product with the understanding of customer behavior. Build the Company on sound financial footings, increase earnings for handsome distribution of dividend to its shareholders.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of the members of AN Textile Mills Limited ("the Company") will be held on Friday, October 27, 2023 at 11:00 A.M. at its registered office situated at 35 K.M. Sheikhupura Road, Faisalabad to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of last Annual General Meeting held on October 20, 2022.
2. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2023 together with the Chairperson's review, Directors' and Auditors' reports thereon.
3. To appoint the auditors of the Company for the next financial year and to fix their remuneration. The retiring auditors M/s Riaz Ahmad and Company, Chartered Accountants, being eligible, have offered themselves for re-appointment.
4. To transact any other business that may be brought forward with the permission of the Chair.

By order of the Board

Shahzad

Tahir Shahzad
(Company Secretary)

Dated: October 05, 2023
Faisalabad

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS

The share transfer books of the Company shall remain closed from October 20, 2023 to October 27, 2023 (both days inclusive). Transfers received at the Share Registrar Office M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore by the close of business on October 19, 2023 will be considered in time.

2. PARTICIPATION IN ANNUAL GENERAL MEETING

A member entitled to attend and vote at the general meeting is entitled to appoint another member as proxy. The proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.

CDC account holders will further have to follow the under mentioned guidelines:

A. FOR ATTENDING THE MEETING:

In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account, and their registration details are uploaded as per the CDC Regulations, shall authenticate his identity by sharing scan copy his original CNIC or original passport at least 48 hours before the AGM.

B. FOR APPOINTING PROXIES

In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account, and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the requirements notified by the Company.

The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

Attested copies of CNIC or the passport, of the beneficial owners and the proxy shall be furnished with the proxy form.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted along with proxy form.
Form of proxy is annexed at the end of annual report as well as available at Company's website i.e., www.antextile.com.pk

3. CHANGE OF ADDRESS

Shareholders are requested to notify the change in their addresses if any, immediately.

4. COMPUTERISED NATIONAL IDENTITY CARD NUMBER / NATIONAL TAX NUMBER

In compliance with regulatory directives issued from time to time, members who have not yet provided their Computerized National Identity Card (CNIC) Numbers and/or National Tax Number (NTN), as the case may be, are requested to kindly provide copies of their valid CNIC and/or NTN certificates at the earliest.

5. UNCLAIMED SHARES / DIVIDEND

Shareholders of the Company are hereby informed that as per the record, there are some unclaimed/uncollected/ unpaid dividends and shares. Shareholders who could not collect their dividends/shares are advised to contact our Shares Registrars to collect enquire about their unclaimed dividend or shares, if any. In compliance with section 244 of the Companies Act, 2017, after having completed the stipulated procedure, of three years or more from the date due and payable, shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of share, shall be delivered to the Securities and Exchange Commission of Pakistan.

6. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT

As per section 72 of the Companies Act, 2017, every existing Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Securities and Exchange Commission of Pakistan (SECP), within a period not exceeding four years from the commencement of the Act. In this regard, SECP vide its Letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised all the listed companies to pursue their shareholders who still hold shares in physical form, requiring them to convert their shares in book-entry form. Holding shares in book-entry form has numerous benefits including secure custody of shares, instantaneous transfer of ownership and no risk of damaged, lost, forged or duplicate certificates. Accordingly, shareholders having physical shareholding are requested to convert their shares in book-entry form by opening CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-less form.

7. TRANSMISSION OF ANNUAL REPORT ELECTRONICALLY

SECP through its notification SRO 787(1)/2014 dated September 8, 2014 has allowed the circulation of audited financial statements along with the notice of Annual General Meeting electronically to the shareholders of the Company through email. Therefore, shareholders who wish to receive the soft copy of Annual Report are requested to send their e-mail addresses. The consent form for electronic transmission can be downloaded from the Company's website. The Company shall however, continue to provide hard copy of the audited financial statements to its shareholders, on request free of cost, within seven days of receipt of such request.

8. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE

In compliance with SECP notification No. 634(1)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for the year ended June 30, 2022 are being placed on the Company's website: www.antextile.com.pk for information and review of the shareholders

9. VIDEO LINK FACILITY

Pursuant to the provisions of the Companies Act, 2017 the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the AGM. The demand for video-link facility shall be received by the Share Registrar at the address given here in above at least seven days prior to the date of the meeting on the Standard Form available on the Company's website: www.antextile.com.pk

CHAIRPERSON'S REVIEW
For the year ended June 30, 2023

The Board of Directors of AN Textile Mills Limited ("the Company") is performing its duties in accordance with law and in the best interest of the Company and its shareholders as required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of the Company is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2023, the Board's overall performance and effectiveness has been assessed as satisfactory. This is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

AN Textile Mills Limited complies with all the requirements set out in the Law with respect to the composition, procedures and meetings of the Board of Directors and its committees. Necessary Board agenda and related supporting documents were duly made available to the board in sufficient time prior to the board and its committees' meetings. The Board has exercised all its powers in accordance with relevant laws and regulation and the non-executive and independent directors are equally involved in important decisions of the Board.

Nazma Amer

Mrs. Nazma Amer
Chairperson

DIRECTORS' REPORT TO THE SHARE HOLDERS

The Directors of the Company are pleased to present their 42nd Annual Report along with audited Financial Statements of the Company for the financial year ended June 30, 2023 along with Auditors' Report thereon and other required information prescribed under the Code of Corporate Governance. The comparative financial results of the Company are reproduced hereunder:

FINANCIAL RESULTS:

	2023	2022
	(RUPEES IN THOUSAND)	
REVENUE FROM CONTRACTS WITH CUSTOMERS	1,676,679	2,806,815
COST OF SALES	(1,760,996)	(2,615,112)
GROSS (LOSS) / PROFIT	(84,317)	191,703
DISTRIBUTION COST	(1,289)	(3,149)
ADMINISTRATIVE EXPENSES	(53,889)	(54,514)
OTHER EXPENSES	(228)	(8,385)
OTHER INCOME	3,913	10,832
FINANCE COST	(95,954)	(30,518)
(LOSS) / PROFIT BEFORE TAXATION	(231,764)	105,969
TAXATION	36,029	(9,472)
(LOSS) / PROFIT AFTER TAXATION	(195,735)	96,498
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	(20.26)	9.99

REVIEW OF OPERATING RESULTS

In the fiscal year under review, sales proceeds were Rupees 1,676.679 million as compared to previous year's sales amounting to Rupees 2,806.815 million. The cost of sales was Rupees 1,760.996 million as compared to Rupees 2,615.112 million to previous year. The company incurred loss after taxation of Rupees 195.735 million as compared to profit after taxation of Rupees 96.498 million of previous year.

During the year, the textile industry faced a difficult situation because of the global economic slowdown, escalating political turbulence and economic uncertainties in the Country. The period commenced with the floods in Pakistan, inflicting substantial damage and consequential economic losses. The industry has also been confronted with the dual challenges of reduced cotton crop yields and rising prices of raw materials due to sharp depreciation of Pak Rupee. The Country's foreign currency reserves have dipped to extremely low levels which is also affecting our raw material and spare part imports. Due to these factors, the Company temporarily closed its operations in July 2022 which were partially resumed in November 2022.

Moreover, the abrupt changes in the policies of the government have adversely affected the results of the Company. Initially, the government formalized a subsidized electricity rate of Rupees 19.99 per unit, covering the period from October 2022 to June 2023, offering relief for the industry. Regrettably, this subsidy has been withdrawn, effective March 01, 2023, as a stipulation of IMF program. Similarly increase in the General Sales Tax (GST) to 18% has imposed an augmented fiscal burden upon the Company. Interest rate at the start of the year was 13.70%, which kept increasing throughout the year and was 23.73% as of June 2023.

FUTURE OUTLOOK

The Company's future prospects are cautiously optimistic as the new fiscal year has opened on a positive note as Pakistan and IMF have struck the staff level agreement in bailout funds under a stand by agreement (SBA) for nine months. In the future, updates regarding the IMF program and financial inflows from both bilateral and multilateral sources will serve as a guiding roadmap for fiscal and monetary measures in the medium term.

The management remains cognizant of these challenges as it continues its efforts to regain its profitability by increasing its market efforts to increase in share of the market. We also remain focused on the challenge of reducing our operating costs and using our efficiencies to maximize our returns. Moreover, the Company will operate on its optimum capacity as it has support from interest free loans obtained from the directors of the Company and facility of borrowings from the banks to meet the liquidity requirements.

EARNINGS PER SHARE

The loss per share for the year ended June 30, 2023 is Rupees 20.26 as compared to earnings per share of Rupees 9.99 for the last year ended on June 30, 2022.

DIVIDEND

Since the company has incurred loss, therefore, the directors have not recommended any dividend for the year.

OUTSTANDING STATUTORY PAYMENTS

All outstanding payments are nominal and of routine nature.

PATTERN OF SHAREHOLDING

Pattern of shareholding as on June 30, 2023 is annexed. No trade in the shares of the company was carried out during the year by its Directors, CEO, CFO and Company Secretary and their spouses and minor children except for the sales / purchase of shares as mentioned on page no.__68__.

RELATED PARTY TRANSACTIONS

All transactions with related parties are carried out at arm's length. The prices are determined in accordance with comparable un-controlled price method. The Company has complied with best practices on transfer pricing as contained in listing regulations of the Stock Exchanges of Pakistan.

AUDITORS

The auditors M/s Riaz Ahmad & Company, Chartered Accountants retired and being eligible for re-appointment, the Board of Directors has been suggested by the Audit Committee, the re-appointment of M/s Riaz Ahmad & Company, Chartered Accountants, as auditors of your company for the next financial year.

RISK MANAGEMENT

Risk assessment is an on-going process that highlights numerous uncertainties that poses potential threats which may hinder the accomplishment of objectives of the Company. If these risks are not being addressed in timely manner, may culminate in loss. Such risks and uncertainties can arise both from external as well as internal factors within the Company. Various risks are being faced by the company and summarized as follow along with mitigating strategies.

STRATEGIC RISKS

The strategic risks such as critical availability of gas, electricity and alternate fuels for power generation, and changes in domestic competitive scenario are being continuously monitored. The Company's expansion plans and growth targets are revisited with changing market situation. Changes in macro-economic indicators, inconsistent / arbitrary changes in Government Policies and significant increase in natural gas, electricity and other fuel prices making cost of production substantially higher are also being closely monitored & duly considered. Appropriate mitigation strategies are formulated to reduce the impact of these risks to an acceptable level.

OPERATIONAL RISKS

Business continuity and disaster recovery plans are in place to ensure that continuity in production and sales operations; in case of major failures and outages to ensure continuity, sustainability and avoid any disruption to the business. Raw material sourcing, adequate segregation of duties, self- sufficiency in power generation at our plants, efficient supply chain and logistic operations have enabled us to mitigate operational risk to an acceptable level.

FINANCIAL RISKS

One of the major financial risks is the fluctuation of the exchange rate and adverse movements can directly affect our raw material costs and also lead to a rise in manufacturing costs. The Company is aware of this situation and monitors such movements carefully to ensure minimum shocks. Strict financial discipline, cash flow management and investment of available funds in best possible avenues aid us in minimizing Financial Risks.

COMPLIANCE RISKS

Due to effective compliance with laws and regulations and transparent financial reporting framework, compliance risk posed to the Company remains low. The Board promotes risk management and compliance culture in the Company. Litigation risks involving significant cases against the Company are handled through reputable Law firms with specialized expertise wherever required.

HEALTH SAFETY AND ENVIORNMENT

Company believes in and are fully committed to improve Health, Safety and Environment standards to achieve sustainable performance. Your Company was quick to implement the Standards Operating Procedures (SOPs) to combat any climate change.

CORPORATE SOCIAL RESPONSIBILITY

The Company admits its Corporate Social Responsibility (CSR) towards the society and believes in supporting the community.

CORPORATE GOVERNANCE

The Board recognizes that well defined corporate governance processes are vital to enhancing accountability. We are committed to ensuring high standards of corporate governance to maintain stakeholder value. The Board has been diligent and has contributed effectively in guiding the Company in all its strategic affairs. The Company keep close co-ordination with the Securities and Exchange Commission of Pakistan and the Pakistan Stock Exchange and complies with the Code of Corporate Governance in the letter and spirit. The statement of compliance with best practices of Code of Corporate Governance is annexed.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

In compliance to listing regulations of stock exchanges and as required under the Companies Act, 2017, your Directors are pleased to state as under:

1. The financial statements prepared by the Management of your Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates, which are based on reasonable and prudent judgment.
4. International Financial Reporting Standards and International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements. The system of internal control is sound in design and has been effectively implemented and monitored.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There is no doubt upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating financial data of last six years in summarized form is annexed.
9. The Company operates un-funded gratuity scheme for its employees as reflected in these financial statements.

COMPOSITION OF BOARD AND ITS COMMITTIES

The total number of Directors are seven as per the following:

Male: Five
Female: Two

The composition of the Board is as follows:

i. Independent Directors

Mr. Abdul Rauf
Syed Khalid Ali

ii. Non-executive Directors

Khawaja Amer Khurshid

iii. Executive Directors

Mr. Aizad Amer
Mr. Anns Amer

iv Female / Non-executive Directors

Mrs. Nazma Amer
Ms. Yusra Amer

The Board has formed committees comprising of members given below:

Audit Committee

Mr. Abdul Rauf	Chairman
Ms. Yusra Amer	Member
Syed Khalid Ali	Member

HR and Remuneration Committee

Syed Khalid Ali	Chairman
Mr. Abdul Rauf	Member
Mr. Anns Amer	Member

Nomination Committee

Mr. Abdul Rauf	Chairman
Ms. Yusra Amer	Member
Syed Khalid Ali	Member

Risk Management Committee

Mr. Anns Amer	Chairman
Mr. Abdul Rauf	Member
Syed Khalid Ali	Member

NO. OF BOARD AND OTHER COMMITTEES' MEETINGS HELD:

Sr. #	Name	Board Of Directors Meeting	Audit Committee Meeting	HR & Remuneration Committee Meeting	Nomination Committee	Risk Management Committee
1	Mrs. Nazma Amer	4/4	-	-	-	-
2	Mr. Aizad Amer	4/4	-	-	-	-
3	Khawaja Amer Khurshid	4/4				
4	Mr. Anns Amer	4/4	-	1/1	-	1/1
5	Mr. Abdul Rauf	4/4	4/4	1/1	1/1	1/1
6	Ms. Yusra Amer	4/4	4/4	-	1/1	-
7	Syed Khalid Ali	4/4	4/4	1/1	1/1	1/1

ACKNOWLEDGEMENT:

The Board places on record its appreciation for the cooperation, commitment and hard work extended to the Company by the customers, suppliers, bankers and all the employees of the Company.

On behalf of the Board

FAISALABAD.
Dated: October 05, 2023

(Aizad Amer)
Chief Executive Officer

(Khawaja Amer Khurshid)
Director

ڈائریکٹرز کی شیئر ہولڈروں کو رپورٹ

کمپنی کے ڈائریکٹرز بیالیسویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرر ہے ہیں، جو کہ مشتمل ہے سالانہ فنانس رپورٹ برائے مالیاتی سال 30جون 2023 بمعہ آڈیٹرز کی رپورٹ اورکوڈآف کارپوریٹ گورننس کے مطابق دیگرمعلومات فراہم کی گئی ہیں۔پچھلے مالیاتی سال کے نتائج موازنہ کے لئے یہاں دوبارہ دیئے جارہے ہیں۔

مالیاتی نتائج:

	2023(رقم ہزاروں میں)	2022(رقم ہزاروں میں)
آمدنی	1,676,679	2,806,815
فروخت کی لاگت	(1,760,996)	(2,615,112)
مجموعی(نقصان) / منافع	(84,317)	191,703
تقسیم کی لاگت	(1,289)	(3,149)
انتظامی اخراجات	(53,889)	(54,514)
دیگراخراجات	(228)	(8,385)
دیگرآمدنی	3,913	10,832
مالیاتی لاگت	(95,954)	(30,518)
ٹیکس سے پہلے(نقصان) / منافع	(231,764)	105,969
ٹیکس	36,029	(9,472)
ٹیکس کے بعد(نقصان) / منافع	(195,735)	96,498
(نقصان) / منافع فی حصہ اور بنیادی تنصیب(روپے)	(20.26)	9.99

کاروائی کے رزلٹ کا جائزہ:

مالی سال 2023 میں آمدنی 1,676.679 ملین رہی۔جبکہ اس کے مقابل پچھلے سال کی آمدنی 2,806.815 ملین تھی ۔جبکہ فروخت کی لاگت 1,760.996 ملین رہی ۔ جبکہ اس کے مقابل پچھلے سال کی فروخت کی لاگت

2,615.112 ملین تھی۔ کمپنیکو اس سال ٹیکس کے بعد 195.735 ملین کا مجموعی نقصان ہوا۔ جبکہ اس کے مقابل پچھلے سال ٹیکس کے بعد 96.498 ملین کا نفع ہوا تھا۔

سال کے دوران ٹیکسٹائل کی صنعت کو عالمی معاشی سست روی، بڑھتے ہوئے سیاسی انتشار اور ملک میں معاشی بے یقینی کی وجہ سے مشکل صورتحال کا سامنا کرنا پڑا۔ اس مدت کا آغاز پاکستان میں سیلاب سے ہوا جس سے کافی نقصان ہوا۔ اور اس کے نتیجے میں معاشی نقصان ہوا۔ صنعت کو کپاس کی فصل کی کم پیداوار اور پاکستانی روپے کی تیزی سے گراوٹ کی وجہ سے خام مال کی بڑھتی ہوئی قیمتوں کے دوہرے چیلنجز کا بھی سامنا ہے۔ ملک کے غیر ملکی کرنسی کے ذخائر انتہائی کم سطح پر آ گئے۔ جس سے ہمارے خام مال اور سپئیر پارٹس کی درآمدات بھی متاثر ہو رہی ہے۔ ان عوامل کی وجہ سے کمپنی نے جولائی 2022 میں اپنے آپریشنز عارضی طور پر بند کر دیئے تھے۔ جو جزوی طور پر نومبر 2022 میں دوبارہ شروع کر دیئے تھے۔

مزید یہ کہ حکومت کی پالیسیوں میں اچانک تبدیلیوں نے کمپنی کے نتائج کو بری طرح متاثر کیا ہے۔ ابتدائی طور پر حکومت نے باضابطہ طور پر 19.99 روپے فی یونٹ بجلی کی سبسڈی کی شرح مقرر کی۔ جس میں اکتوبر 2022 سے جون 2023 تک کی مدت کا احاطہ کیا گیا۔ جس سے صنعت کے لئے ریلیف پیش کیا گیا۔ افسوس کے ساتھ یہ سبسڈی واپس لے لی گئی ہے جو کہ یکم مارچ 2023 سے نافذ العمل ہے۔ آئی ایم ایف کی شرط کے طور پر اسی طرح جنرل سیلز ٹیکس میں 18% تک اضافے نے کمپنی پر ایک بڑھا ہوا بوجھ ڈال دیا۔ سال کے آغاز میں شرح سود 13.70% تھی جو سال بھر بڑھتی رہی اور جون 2023 میں 23.73% تھی۔

مستقبل کا ڈھانچہ:

کمپنی کے مستقبل کے امکانات محتاط طور پر پرامید ہے کیونکہ نئے مالی سال کا آغاز مثبت انداز میں ہوا ہے کیونکہ پاکستان اور آئی ایم ایف نے نو ماہ کے لئے سٹینڈ بائے ایگریمنٹ (SBA) کے تحت بیل آوٹ فنڈز میں عملے کی سطح کا معاہدہ کیا ہے۔ مستقبل میں آئی ایم ایف پروگرام کے بارے میں اپڈیٹس اور دوطرفہ اور کثیر جہتی دونوں ذرائع سے مالی آمدورفت درمیانی مدت میں مالیاتی اقدامات کے لئے ایک رہنما روڈ میپ کام کرے گی۔

انتظامیہ ان چیلنجز سے بخوبی واقف ہے کیونکہ مارکیٹ میں اپنا حصہ بڑھانے کے لئے اپنی مارکیٹ کی کوششوں کو بڑھا کر اپنے منافع کو دوبارہ حاصل کرنے کے لئے کوششیں جاری رکھے ہوئے ہے۔ہم اپنے آپریٹنگ اخراجات کو کم کرنے اور اپنے منافع کو زیادہ سے زیادہ کرنے کے لئے اپنی صلاحیتوں کو استعمال کرنے کے چیلنج پر بھی توجہ مرکوز کیے ہوئے ہے۔مزید براں کمپنی اپنی بہترین صلاحیت پر کام کرے گی۔کیونکہ اسے کمپنی کے ڈائریکٹرز سے حاصل کیے گئے بلاسود قرضوں اور مالی ضروریات کو پورا کرنے کے لئے بینکوں سے قرض لینے کی سہولت حاصل ہے۔

نفع فی حصہ دار:

فی حصہ دار نقصان مالی سال 30 جون 2023 کے اختتام پر مبلغ 20.26 روپے جبکہ مالی سال 30 جون 2022 کے اختتام پر نفع مبلغ 9.99 روپے فی حصہ دار تھا۔

منافع بخش:

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے مالی سال 30 جون 2023 کے اختتام پر کوئی منافع فی حصہ تجویز نہیں کیا ہے۔

بقایا قانونی ادائیگی:

تمام ادائیگی نارمل ہیں اور معمول کے مطابق ہیں۔

شیئر ہولڈرز کا نقشہ:

30 جون 2023 کا شیئر ہولڈرز کا نقشہ ساتھ لگا دیا گیا ہے۔کمپنی کے ڈائریکٹرز، CEO، CFO اور کمپنی کے سیکرٹری اور ان کی ازواج اور نابالغ بچوں کی طرف سے کوئی فروخت / خرید نہیں کی گئی ماسوائے اس خرید وفروخت کے جو کہ صفحہ نمبر 68 پر درج ہے۔

متعلقہ پارٹی کی لین دین:

متعلقہ پارٹیوں سے تمام لین دین بازار کے ریٹ کے مطابق ہیں جو کہ قابل موازنہ نا قابل کنٹرول طریقہ سے وضع کی گئیں۔

کمپنی نے پاکستان سٹاک ایکسچینج کے تمام قوانین کی اس معاملہ میں پابندی کی ہے۔

آڈیٹرز:

موجودہ آڈیٹرز میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائرڈ ہوئے اور یہ دوبارہ تعیناتی کے اہل ہیں۔ آڈٹ کمیٹی اورڈائریکٹرز کے بورڈ نے پیش آمدہ سالانہ اجلاس عام میں میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس آپ کی کمپنی کا بطور آڈیٹرز کی دوبارہ تعیناتی کی منظوری دی ہے۔

اہم خطرات

خطرات کا جائزہ لینا ایک جاری رہنے والا عمل ہے جس کے ذریعے ممکنہ غیر یقینی صورت حال کی نشاندہی ہوتی ہے۔ جو کمپنی کے اہداف کے حصول میں رکاوٹ بننے کا باعث بن سکتی ہے۔ اگر ان خطرات کا بروقت تدارک نہ کیا جائے تو اس کا نتیجہ نقصان کی صورت میں نکلتا ہے۔ ایسے خطرات کو غیر یقینی بیرونی عناصر کے ساتھ ساتھ کمپنی کے اندرونی عناصر کی وجہ سے پیدا ہوسکتے ہیں۔ وہ خطرات جو کمپنی کے معمولات پر اثر انداز ہوسکتے ہیں۔ وہ مندرجہ ذیل ہیں:

اسٹریٹجک خطرات

اسٹریٹجک خطرات جیسے کہ بجلی پیدا کرنے کے لئے گیس، بجلی اور متبادل ایندھن کی فراہمی، اور مقامی مسابقتی منظر نامے میں تبدیلیوں کی مستقل نگرانی کی جارہی ہے۔ مارکیٹ کی بدلتی صورتحال کے ساتھ کمپنی کے توسیعی منصوبوں اور نمو کے اہداف پر دوبارہ نظر ثانی کی گئی ہے۔ میکرو معاشی اشاروں میں بدلاؤ، حکومتی پالیسیوں میں متضاد/صوابدیدی تبدیلیاں اور قدرتی گیس، بجلی اور دیگر فیول کی قیمتوں میں نمایاں اضافے سے پیداوار کی لاگت میں اضافہ ہوا ہے۔ اور اس کی گہری نگرانی اور باقاعدہ غور بھی کیا جارہا ہے۔ ان خطرات کے اثرات کو قابل قبول سطح تک کم کرنے کے لئے مناسب تخفیف کی حکمت عملی مرتب کی گئی ہے۔

آپریشنل رسک

کاروباری تسلسل اور تباہی کی بحالی کے منصوبے زیر عمل ہے تاکہ پیداوار اور فروخت کے کاموں میں تسلسل کو یقینی بنایا جاسکے

۔اہم ناکامیوں اور بندش کی صورت میں تسلسل،استحکام اور کاروبار میں کسی قسم کی رکاوٹ سے بچنے کو یقینی بنانا،خام مال کی سورسنگ،فرائض کی مناسب تفریق ،ہمارے پلانٹوں میں بجلی کی پیداوار میں خود کفالت ،موثر سپلائی چین اور لاجسٹک آپریشنوں نے ہمیں قابل قبول سطح پر آپریشنل رسک کو کم کرنے میں مدد فراہم کی ہے۔

مالی خطرات

ایک بہت اہم مالی خطرہ ذرمبادلہ کی شرح میں اتار چڑھاؤ ہے اور منفی محرکات براہ راست ہمارے خام مال کے اخراجات کو متاثر کرسکتی ہے۔اور پیداواری لاگت میں اضافے کا باعث بھی بن سکتی ہے۔کمپنی اس صورت حال سے واقف ہے اور کم از کم شاکس یقینی بنانے کے لئے اس طرح کے محرکات پر نظر رکھتی ہے۔سخت مالی نظم وضبط،کیش فلو مینجمنٹ اور دستیاب فنڈز کی بہترین سرمایہ کاری سے ہمیں مالی خطرات کو کم سے کم کرنے میں مدد ملی ہے۔

تعمیل کے خطرات

قوانین اور ضوابط کی موثر تعمیل اور شفاف مالیاتی رپورٹنگ فریم ورک کی وجہ سے کمپنی کو درپیش تعمیل کے خطرات کو کم کیا گیا ہے بورڈ کمپنی میں رسک مینجمنٹ اور تعمیل کے کلچر کو فروغ دیتا ہے۔کمپنی کے خلاف اہم مقدمات میں ملوث قانونی چارہ جوئی کے خطرات کو جہاں بھی ضرورت ہو خصوصی ماہر معروف لاء فرموں کے ذریعے ہینڈل کیا جاتا ہے۔

صحت اور ماحولیات کی حفاظت

کمپنی کی پائیدار کارکردگی کے حصول کے لئے صحت اور ماحولیات کی حفاظت کے معیارات کو بہتر بنانے پر یقین رکھتی ہے۔اور پوری طرح پر عزم ہے آپکی کمپنی کسی بھی موسمیاتی تبدیلی سے نمٹنے کے لئے معیاری آپریٹنگ پروسیجر (SOPs) کو نافذ العمل کرنے کے لئے تیزی سے کام کررہی ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی معاشرے کے تیئں اپنی کارپوریٹ سماجی ذمہ داری (CSR) کو تسلیم کرتی ہے اور کمیونٹی کی حمایت میں یقین رکھتی ہے

کوڈ آف کارپوریٹ گورننس

بورڈ اس بات کو تسلیم کرتا ہے کہ کارپوریٹ گورننس کے اچھی طرح سے طے شدہ عمل احتساب کو بڑھانے کے لئے ضروری ہیں ہم اسٹیک ہولڈرز کی قدر کو برقرار رکھنے کے لئے کارپوریٹ گورننس کے اعلی معیار کو یقینی بنانے کے لئے پرعزم ہیں۔ بورڈ مستعد رہا ہے اور اس نے کمیٹی کو اس کے تمام اسٹریٹجک امور میں رہنمائی کرنے میں موثر طریقے سے تعاون کیا ہے۔ کمپنی سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کے ساتھ قریبی تال میل برقرار رکھتی ہے۔اور کوڈ آف کارپوریٹ گورننس کی مکمل طور پر تعمیل کرتی ہے۔کوڈ آف کارپوریٹ گورننس کے بہترین طریقوں کی تعمیل کا بیانیہ لف ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر بیان:

سٹاک ایکسچینج کے قوائد وضوابط اور کمپنیز ایکٹ 2017 کے مطابق ڈائریکٹرز آپ کو مندرجہ ذیل بیان کرتے ہوئے خوشی محسوس کرتے ہیں۔

1۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی سٹیٹمنٹس منصفانہ طور پر اس کے معاملات کی حالت، اس کے عوامل کے نتائج، کیش کا بہاؤ اور مساوات میں تبدیلی پر مشتمل ہے۔

2۔ اکاؤنٹس کی کتابیں مناسب طریقہ سے مرتب کی گئی ہیں۔

3۔ مالیاتی سٹیٹمنٹس کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور ٹھوس فیصلوں پر مبنی ہیں۔

4۔ مالیاتی سٹیٹمنٹس کی تیاری اور انٹرنیشنل فنانشل رپورٹنگ کے معیارات جیسے پاکستان میں لاگو ہیں، ان کی پیروی کی گئی ہے اور ان سے کسی بھی رخصت پر مناسب وضاحت دی گئی ہے۔

5۔ اندرونی کنٹرول کا نظام ڈیزائن میں محفوظ ہے اور اس کا نفاذ اور نگرانی موثر طریقے سے کی گئی ہے۔

6۔ کمپنی میں متعلقہ معاملات کو جاری رکھنے کے لئے ممکنہ صلاحیت موجود ہے۔

7۔ کارپوریٹ نظام کے بہترین تجربہ سے مادی طور پر روگردانی ممکن نہیں۔

8۔ پچھلے چھ سال کا مالیاتی ڈیٹا لف ہے۔

9۔ کمپنی اپنے ملازمین کی فلاح و بہبود کے لئے گریجویٹی سکیم چلارہی ہے جوکہ اس سٹیٹمنٹ میں بیان کی گئی ہے۔

بورڈ اور اس کی کمیٹیوں کا مرکّب

مندرجہ ذیل تفصیل کے مطابق سات ڈائریکٹرز ہیں:

مرد: پانچ

عورتیں: دو

بورڈ کا مرکّب مندرجہ ذیل ہے:

1۔ آزاد ڈائریکٹرز

عبدالرؤف

سید خالد علی

2۔ نان ایگزیکٹو ڈائریکٹرز

خواجہ عامر خورشید

3۔ ایگزیکٹو ڈائریکٹرز

ایزد عامر

انس عامر

4۔ مونث / نان ایگزیکٹو ڈائریکٹرز

مسز ناظمہ عامر

یسرٰی عامر

بورڈ نے جو کمیٹیاں بنائی ہیں ان کے ممبر مندرجہ ذیل ہیں:

آڈٹ کمیٹی

عبدالروٴف (چیئرمین)

یسریٰ عامر (ممبر)

سید خالد علی (ممبر)

HR اور معاوضہ کمیٹی میٹنگ

سید خالد علی (چیئرمین)

عبدالروٴف (ممبر)

انس عامر (ممبر)

نامینیشن کمیٹی

عبدالروٴف (چیئرمین)

یسریٰ عامر (ممبر)

سید خالد علی (ممبر)

رسک مینجمنٹ کمیٹی

انس عامر (چیئرمین)

عبدالروٴف (ممبر)

سید خالد علی (ممبر)

بورڈ اور دوسری کمیٹی میٹنگز کی تعداد

سیریل نمبر	نام	بورڈ آف ڈائریکٹرز میٹنگ	آڈٹ کمیٹی میٹنگ	HRاور معاوضہ کمیٹی میٹنگ	نامینیشن کمیٹی	رِسک مینجمنٹ کمیٹی
1	مسز ناظمہ عامر	4/4	-	-	-	-
2	جناب ایز دعامر	4/4	-	-	-	-
3	جناب انس عامر	4/4	-	1/1	-	1/1
4	خواجہ عامر خورشید	4/4	-	-	-	-
5	جناب عبدالرؤف	4/4	4/4	1/1	1/1	1/1
6	محترمہ یسریٰ عامر	4/4	4/4	-	1/1	-
7	سید خالد علی	4/4	4/4	1/1	1/1	1/1

اعتراف:

بورڈ اپنے گاہکوں سپلائرز بینکرز اور ملازموں کے تعاون، عزم اور محنت کی تعریف کرتا ہے اور اس کو اپنے ریکارڈ میں لاتا ہے۔

منجانب: بورڈ آف ڈائریکٹرز

ایز دعامر

چیف ایگزیکٹو آفیسر

خواجہ عامر خورشید

ڈائریکٹر

فیصل آباد

مورخہ 05 اکتوبر 2023

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: **AN Textile Mills Limited**
Year Ending: **30 June 2023**

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

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

    a. Male: Five
    b. Female: Two

2. The composition of the Board is as follows:

    i. Independent Directors

        Mr. Abdul Rauf
        Syed Khalid Ali

    ii. Non-executive Director

        Khawaja Amer Khurshid

    iii. Executive Directors

        Mr. Aizad Amer
        Mr. Anns Amer

    iv. Female / Non-executive Directors

        Mrs. Nazma Amer
        Ms. Yusra Amer

    * The fraction of independent directors is not rounded up as one because the fraction of 0.33 was less than 0.50.

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;

4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. Four directors, Mr. Aizad Amer, Mr. Anns Amer, Mr. Abdul Rauf and Syed Khalid Ali has already acquired the certification under Directors' Training Program (DTP) whereas another director, Khawaja Amer Khurshid meets the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence exempt from DTP. Moreover, the Board will arrange DTP for its remaining two directors in the next financial year. Furthermore, the Board will arrange DTP for its one Head of Department from next financial year.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

a) Audit Committee

Mr. Abdul Rauf	(Chairman)
Ms. Yusra Amer	(Member)
Syed Khalid Ali	(Member)

b) HR and Remuneration Committee

Syed Khalid Ali	(Chairman)
Mr. Abdul Rauf	(Member)
Mr. Anns Amer	(Member)

c) Nomination Committee

Mr. Abdul Rauf	(Chairman)
Ms. Yusra Amer	(Member)
Syed Khalid Ali	(Member)

d) Risk Management Committee

Mr. Anns Amer	(Chairman)
Mr. Abdul Rauf	(Member)
Syed Khalid Ali	(Member)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the committees were as follows-

Committee	Frequency
Audit committee	Quarterly
HR and remuneration committee	Yearly
Nomination committee	Yearly
Risk Management committee	Yearly

15. The Board has set up an effective internal audit function by appointing Head of Internal Audit who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19. All requirements other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied except for the non-compliances as given in Note 9 of the statement of compliance in which related compliance will be made in next financial year.

Nazma Amer

NAZMA AMER
Chairperson

AIZAD AMER
Chief Executive Officer

KEY OPERATING & FINANCIAL DATA
FOR LAST SIX YEARS

PARTICULARS	2023	2022	2021	2020	2019	2018
	……………………………......(Rupees in Thousand)……………………………..					
FINANCIAL POSITION						
Paid up capital	96,600	96,600	96,600	96,600	96,600	96,600
Share premium	17,250	17,250	17,250	17,250	17,250	17,250
Fixed assets at cost/revalued amount	2,093,101	1,839,197	1,758,151	1,554,811	1,481,947	1,431,460
Accumulated depreciation	826,745	780,085	731,980	692,754	653,241	613,088
Current assets	683,125	871,610	929,132	688,988	690,441	418,114
Current liabilities	876,706	843,447	956,477	840,786	773,391	556,464
INCOME						
Revenue	1,676,679	2,806,815	2,096,653	1,315,177	1,885,310	1,598,473
Other income	3,913	10,832	19,889	22,361	18,330	16,250
Pre tax (loss) / profit	(231,764)	105,969	239,024	(72,443)	61,527	3,417
Taxation	36,029	(9,472)	(119,529)	(7,884)	(42,507)	(11,020)
STATISTICS AND RATIOS						
Pre tax profit / (loss) to sales %	-13.82	3.78	11.4	(5.51)	3.26	0.21
Pre tax profit / (loss) to capital %	(239.92)	109.70	247.44	(74.99)	63.69	3.54
Current ratio	1:0.78	1:1.03	1:0.97	1:0.82	1:0.89	1:0.75
Paid up value per share (Rs.)	10	10	10	10	10.00	10.00
Earnings / (loss) after tax per share (Rs.)	(20.26)	9.99	12.37	(8.32)	1.97	(0.79)
Cash dividend %	-	-	7.00	-	4.00	-
Break up value per share (Rs.)	95.68	96.74	87.05	74.81	80.08	77.36

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AN Textile Mills Limited

Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of AN Textile Mills Limited (the Company) for the year ended 30 June 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2023.

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad
Date: October 05, 2023
UDIN: CR202310158bTY73Wlxc

INDEPENDENT AUDITOR'S REPORT

To the members of AN Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matters were addressed in our audit</th></tr>
<tr><td>1.</td><td>Inventory existence and valuation

Inventories as at 30 June 2023 amounting to Rupees 411.041 million, break up of which is as follows:

- Stores, spare parts and loose tools of Rupees 97.562 million
- Stock in trade of Rupees 313.479 million

Inventories are measured at the lower of cost and net realizable value.

We identified existence and valuation of inventories as a key audit matter due to its size, representing 21.02% of the total assets of the Company as at 30 June 2023, and the judgment involved in valuation.

For further information on inventories, refer to the following:

- Summary of significant accounting policies, Inventories (Note 2.7 to the financial statements).
- Stores, spare parts and loose tools (Note 16) and Stock in trade (Note 17) to the financial statements.</td><td>Our procedures over existence and valuation of inventories included, but were not limited to:

• To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on site. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.

• For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets.

• On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any.

• In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents.

• We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

• We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements.</td></tr>
</table>

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matters were addressed in our audit</th></tr>
<tr><td>2.</td><td>Revenue recognition

The Company recognized net revenue of Rupees 1,676.679 million for the year ended 30 June 2023.

We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.

For further information, refer to the following:

- Summary of significant accounting policies, Revenue from contracts with customers (Note 2.18 to the financial statements).

- Revenue from contracts with customers (Note 23 to the financial statements).</td><td>Our procedures included, but were not limited to:

• We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue.

• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents.

• We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period.

• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'.

• We also considered the appropriateness of disclosures in the financial statements.</td></tr>
</table>

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad
Date: October 05, 2023
UDIN: AR202310158SuWpmkwT0

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	NOTE	2023	2022
		(RUPEES IN THOUSAND)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
10 000 000 (2022: 10 000 000) ordinary shares of Rupees 10 each		100,000	100,000
Issued, subscribed and paid up share capital	3	96,600	96,600
Directors' loans	4	360,000	360,000
Reserves			
Capital reserves			
Premium on issue of shares	5	17,250	17,250
Equity portion of shareholders' loans		44,778	44,778
Surplus on revaluation of property, plant and equipment - net of deferred income tax	6	475,667	298,499
		537,695	360,527
(Accumulated loss) / unappropriated profit		(69,985)	117,360
Total reserves		467,710	477,887
TOTAL EQUITY		924,310	934,487
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income tax liability	7	112,714	121,601
Lease liability	8	1,218	1,528
Staff retirement gratuity	9	40,714	36,508
		154,646	159,637
CURRENT LIABILITIES			
Trade and other payables	10	252,073	220,468
Unclaimed dividend		1,023	1,023
Accrued mark-up on short term borrowings		16,365	5,443
Current portion of lease liability	8	365	295
Short term borrowings	11	585,922	581,133
Provision for taxation		20,958	35,085
		876,706	843,447
TOTAL LIABILITIES		1,031,352	1,003,084
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		1,955,662	1,937,571

	NOTE	2023	2022
		(RUPEES IN THOUSAND)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,266,356	1,059,112
Right-of-use asset	14	2,380	2,975
Long term deposits and prepayments	15	3,801	3,874
		1,272,537	1,065,961
CURRENT ASSETS			
Stores, spare parts and loose tools	16	97,562	83,668
Stock in trade	17	313,479	580,509
Trade debts	18	94,771	27,690
Loans and advances	19	1,931	4,115
Income tax		80,353	79,111
Short term deposits and prepayments	20	8,039	8,012
Other receivables	21	57,331	62,630
Cash and bank balances	22	29,659	25,875
		683,125	871,610
TOTAL ASSETS		1,955,662	1,937,571

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

AIZAD AMER
Chief Executive Officer

KHAWAJA AMER KHURSHID
Director

Muhammad Saqib Ehsan
Chief Financial Officer

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

	NOTE	2023	2022
		(RUPEES IN THOUSAND)	
REVENUE FROM CONTRACTS WITH CUSTOMER	23	1,676,679	2,806,815
COST OF SALES	24	(1,760,996)	(2,615,112)
GROSS (LOSS) / PROFIT		(84,317)	191,703
DISTRIBUTION COST	25	(1,289)	(3,149)
ADMINISTRATIVE EXPENSES	26	(53,889)	(54,514)
OTHER EXPENSES	27	(228)	(8,385)
OTHER INCOME	28	3,913	10,832
FINANCE COST	29	(95,954)	(30,518)
(LOSS) / PROFIT BEFORE TAXATION		(231,764)	105,969
TAXATION	30	36,029	(9,472)
(LOSS) / PROFIT AFTER TAXATION		(195,735)	96,498
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	31	(20.26)	9.99

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

AIZAD AMER
Chief Executive Officer

KHAWAJA AMER KHURSHID
Director

Muhammad Saqib Ehsan
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	(RUPEES IN THOUSAND)	
(LOSS) / PROFIT AFTER TAXATION	(195,735)	96,498
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement (loss) / gain arising on staff retirement gratuity	(280)	5,365
Related deferred income tax liability	81	(1,556)
	(199)	3,809
Surplus on revaluation of property, plant and equipment	233,938	-
Related deferred income tax liability	(48,181)	-
	185,757	-
	185,558	3,809
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of deferred income tax	185,558	3,809
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	(10,177)	100,307

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

AIZAD AMER	KHAWAJA AMER KHURSHID	Muhammad Saqib Ehsan
Chief Executive Officer	Director	Chief Financial Officer

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

	SHARE CAPITAL	DIRECTORS' LOANS	CAPITAL RESERVES				UNAPPROPRIATED PROFIT / (ACCUMULATED LOSS)	TOTAL EQUITY
			Premium on issue of shares	Equity portion of shareholders' loans	Surplus on revaluation of property, plant and equipment - net of deferred income tax	Total		
	(RUPEES IN THOUSAND)							
Balance as at 01 July 2021	96,600	360,000	17,250	44,778	307,540	369,568	14,774	840,942
Transaction with owners - Final dividend for the year ended 30 June 2021 at the rate of Rupee 0.70 per share	-	-	-	-	-	-	(6,762)	(6,762)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	(9,041)	(9,041)	9,041	-
Profit for the year	-	-	-	-	-	-	96,498	96,498
Other comprehensive income for the year	-	-	-	-	-	-	3,809	3,809
Total comprehensive income for the year	-	-	-	-	-	-	100,307	100,307
Balance as at 30 June 2022	96,600	360,000	17,250	44,778	298,499	360,527	117,360	934,487
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	(8,589)	(8,589)	8,589	-
Loss for the year	-	-	-	-	-	-	(195,735)	(195,735)
Other comprehensive income for the year	-	-	-	-	185,757	185,757	(199)	185,558
Total comprehensive loss for the year	-	-	-	-	185,757	185,757	(195,934)	(10,177)
Balance as at 30 June 2023	96,600	360,000	17,250	44,778	475,667	537,695	(69,985)	924,310

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

AIZAD AMER
Chief Executive Officer

KHAWAJA AMER KHURSHID
Director

Muhammad Saqib Ehsan
Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023	2022
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	32	156,394	(14,452)
Finance cost paid		(84,733)	(30,934)
Mark-up paid against lease liability		(299)	(119)
Income tax paid		(36,327)	(43,951)
Staff retirement gratuity paid		(17,284)	(11,135)
Net decrease / (increase) in long term deposits and prepayments		73	(115)
Net cash generated from / (used in) operating activities		17,824	(100,706)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(25,243)	(126,175)
Initial direct cost incurred on right-of-use asset		-	(85)
Proceeds from sale of property, plant and equipment		6,654	73,000
Short term investment redeemed		-	5,500
Profit on investment received		-	243
Net cash used in investing activities		(18,589)	(47,517)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		4,789	113,819
Repayment of lease liability		(240)	(1,460)
Dividend paid		-	(6,531)
Net cash from financing activities		4,549	105,828
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		3,784	(42,395)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		25,875	68,270
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 22)		29,659	25,875

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

AIZAD AMER
Chief Executive Officer

KHAWAJA AMER KHURSHID
Director

Muhammad Saqib Ehsan
Chief Financial Officer

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

1. THE COMPANY AND ITS OPERATIONS

1.1 AN Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office and mills premises are situated at 35-Kilometers Sheikhupura Road, Faisalabad. The principal activity of the Company is manufacturing, sale and trading of yarn and cloth. A liaison office is situated at 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi.

1.2 After the inception of financial year 2022-23, the Company temporarily closed its operations due to unforeseen downturn in the market and unavailability of good quality of cotton in local market because of heavy rain and flood. However the operations of the mills were resumed partially in November 2022. The Company will operate on its optimum capacity as it has support from interest free loans obtained from the directors of the Company and facility of borrowings from the banks to meet the liquidity requirements. Furthermore, the Company has plans to import raw material from foreign countries with the help of which production will increase in future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

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

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

b) Accounting convention

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

c) Critical accounting estimates and judgments

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

Useful lives, patterns of economic benefits and impairments

The estimates for revalued amounts of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Inventories

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

Income tax

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

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

Provisions

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

Contingencies

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

Revenue from contracts with customers involving sale of goods

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

Staff retirement gratuity

Certain actuarial assumptions have been adopted as disclosed in Note 9.5 to the financial statements for determination of present value of staff retirement gratuity. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

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

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

• Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract amends IAS 1 'Presentation of Financial Statements'

• Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use'

• Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.2 Property, plant, equipment and depreciation

All operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss, except those subject to revaluation which are stated at revalued amount less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss. Cost includes expenditure directly attributable to the acquisition of the asset and those incurred during installation and construction period. Transfers are made to relevant asset category as and when asset becomes available for intended use. Freehold land is stated at revalued amount less any identified impairment loss. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the construction / erection period of qualifying assets and other directly attributable costs of bringing the asset to working condition.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognized, net of deferred income tax, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of deferred income tax, is reclassified from surplus on revaluation of property, plant and equipment to unappropriated profit / (accumulated loss).

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

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 13. The Company charges the depreciation on additions from the month when the asset is available for use and on deletions up to the month preceding the month when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized while the related residual revaluation surplus on property, plant and equipment after taking in to account incremental depreciation is transferred directly to unappropriated profit / (accumulated loss).

2.3 Leases

Right-of-use assets

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

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

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

Lease liabilities

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

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

2.4 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.5 Share capital

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

2.6 Borrowing cost

Borrowing costs are recognized as expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (an asset that necessarily takes substantial period of time to get ready for its intended use or sale). Such borrowing costs are capitalized as part of the cost of that asset.

2.7 Inventories

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

Stores, spare parts and loose tools

Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. In transit stores, spare parts and loose tools are valued at invoice amount plus other charges incidental thereon.

Stock in trade

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

(i) For raw materials:	Weighted average cost.
(ii) For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads

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

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

2.8 Cash and cash equivalents

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

2.9 Staff retirement benefit

The Company operates an unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of the benefit, such estimates are subject to certain uncertainties. The latest actuarial valuation was conducted at the reporting date by a qualified professional firm of actuaries.

Remeasurements changes which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

2.10 Provisions

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

2.11 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

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

2.12 Dividend and other appropriations

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

2.13 Financial instruments

i) Classification and measurement of financial instruments

a) Classification

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

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest. Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments at amortized cost. Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense is recognized in the statement of profit or loss. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses).

ii) Impairment of financial assets

The Company recognizes allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost.

The Company measures allowance for ECLs at an amount equal to lifetime ECLs except for the bank balances and debt securities for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition. For this case ECLs are measured at 12-months basis.

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

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

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

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

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

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

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

iii) De-recognition of financial assets and financial liabilities

(a) Financial assets

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

(b) Financial liabilities

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

iv) Offsetting of financial intruments

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

2.14 Borrowings

Financing and borrowings are initially recognized at fair value, net of transaction costs. These are subsequently measured at amortized cost using the effective interest method while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the statement of profit or loss over the period of borrowings using the effective interest method.

2.15 Trade and other receivables

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

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.16 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value plus directly attributable costs, if any. These are subsequently measured at amortized cost using the effective interest method.

2.17 Functional and presentation currency along with foreign currency transactions and translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss.

2.18 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

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

Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental income

Revenue from rental income is recognized when rent is accrued.

Other revenue

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

ii) Contract assets

The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Right of return assets

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

iv) Contract liabilities

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

2.19 Earnings / (loss) per share

The Company presents Earnings Per Share (EPS) or Loss Per Share (LPS) data for its ordinary shares. EPS / LPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.20 Contingent assets

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

2.21 Contingent liabilities

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

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2023	2022		2023	2022
(NUMBER OF SHARES)			(RUPEES IN THOUSAND)	
9 060 000	9 060 000	Ordinary shares of Rupees 10 each fully paid in cash	90,600	90,600
600 000	600 000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	6,000	6,000
9 660 000	9 660 000		96,600	96,600

4. DIRECTORS' LOANS

These represent unsecured interest free loans obtained from the directors of the Company to meet the liquidity requirements of the Company. These loans are repayable at the discretion of the Company. Out of these loans, an amount of Rupees 300 million (2022: Rupees 300 million) is subordinated to the bank borrowings.

5. PREMIUM ON ISSUE OF SHARES

This reserve can be utilized by the Company only for the purpose specified in section 81 of the Companies Act, 2017.

	2023	2022
	(RUPEES IN THOUSAND)	
6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX		
Balance as at 01 July	298,499	307,540
Add: Increase in surplus on revaluation - net of deferred income tax	185,757	-
	484,256	307,540
Less: Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred income tax	8,589	9,041
Balance as at 30 June	475,667	298,499

6.1 Freehold land, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment of the Company were revalued by an independent valuer, Messrs Zafar Iqbal and Company on 27 June 2023 on the basis of present prevailing market prices. Previously these assets were revalued by independent valuers on 30 June 2020, 29 June 2019, 30 June 2016, 28 June 2013, 10 April 2007, 01 July 2003 and 30 September 2001.

7. DEFERRED INCOME TAX LIABILITY

This comprises the following:

	2023	2022
Taxable temporary differences		
Accelerated tax depreciation	235,061	189,369
Right-of-use asset	690	863
	235.751	190.232
Deductible temporary differences		
Staff retirement gratuity	(11,807)	(10,588)
Lease liability	(459)	(529)
Allowance for expected credit losses	(160)	(120)
Unused tax losses	(110,611)	(57,394)
	(123,037)	(68,631)
	112,714	121,601

		2023	2022
		(RUPEES IN THOUSAND)	
7.1	**Movement in deferred income tax liability balance is as follows:**		
	At beginning of the year	121,601	145,659
	Add / (less):		
	- accelerated tax depreciation	45,692	2,237
	- right-of-use asset	(173)	863
	- staff retirement gratuity	(1,219)	(542)
	- lease liability	70	(529)
	- allowance for expected credit losses	(40)	(120)
	- unused tax losses	(53,217)	(25,967)
	Net movement of temporary differences (Note 7.1.1)	(8,887)	(24,058)
		112,714	121,601
7.1.1	**Charged to the statement of profit or loss:**		
	Net movement of temporary differences (Note 7.1)	(8,887)	(24,058)
	- on remeasurement of staff retirement gratuity	81	(1,556)
	- on surplus on revaluation of property, plant and equipment	(48,181)	-
		(56,987)	(25,614)

8. LEASE LIABILITY

	2023	2022
Total lease liability	1,583	1,823
Less: Current portion shown under current liabilities	365	295
	1,218	1,528

8.1 Reconciliation of lease liability

	2023	2022
Balance as on 01 July	1,823	-
Add:		
Addition during the year	-	3,283
Interest accrued on lease liability (Note 29)	299	119
	2,122	3,402
Less: Payments made during the year	539	1,579
Balance as on 30 June	1,583	1,823

8.2 This represents vehicle acquired under finance lease agreement from Bank Al-Habib Limited and is secured against title of leased asset and demand promissory note. The implicit interest rate used to arrive at the present value of minimum lease payments is 6 months KIBOR + 1.50% per annum (2022: 6 months KIBOR + 1.50% per annum). Taxes, repairs and insurance costs are to be borne by the Company.

8.3 Maturity analysis of lease liability is as follows:

	2023	2022
Upto 06 months	378	290
06 to 12 months	328	290
01 to 02 years	656	580
More than 02 years	984	1,451
	2,346	2,611
Less: Future finance cost	763	788
Present value of lease liability	1,583	1,823

9. STAFF RETIREMENT GRATUITY

Latest actuarial valuation of the staff retirement gratuity was conducted as on 30 June 2023. Results of actuarial valuation are as under:

The amount included in the statement of financial position is as follows:

	2023	2022
	(RUPEES IN THOUSAND)	
Present value of defined benefit obligation	40,714	36,508

9.1 Movement in present value of defined benefit obligation

Balance as at 01 July	36,508	34,640
Add:		
Provision for the year (Note 9.3)	21,210	18,368
Remeasurements chargeable to other comprehensive income (Note 9.4)	280	(5,365)
	57,998	47,643
Less: Retirement benefit paid	(17,284)	(11,135)
Balance as at 30 June	40,714	36,508

9.2 Reconciliation of present value of defined benefit obligation as at 30 June is given below:

Present value of defined benefit obligation as at 01 July	36,508	34,640
Current service cost	15,753	13,410
Past service cost	1,765	2,051
Interest cost	3,692	2,907
Retirement benefit paid	(17,284)	(11,135)
Remeasurements chargeable to other comprehensive income (Note 9.4)	280	(5,365)
Present value of defined benefit obligation as at 30 June	40,714	36,508

9.3 Provision for the year

Current service cost	15,753	13,410
Past service cost	1,765	2,051
Interest cost	3,692	2,907
	21,210	18,368

9.4 Remeasurements chargeable to other comprehensive income

Actuarial loss from changes in financial assumptions	56	58
Experience adjustments	224	(5,423)
	280	(5,365)

9.5 Principal actuarial assumptions used

	2023	2022
Discount rate for interest cost in the statement of profit or loss charge (per ann	13.25%	10.00%
Discount rate for year end obligation (per annum)	16.25%	13.25%
Expected rate of increase in salaries (per annum)	15.25%	12.25%
Average duration of the benefit	5	5
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
Withdrawal rate	Age based	Age based
Retirement assumption	Age 60	Age 60

9.6 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2024 is Rupees 20.037 million.

9.7 Sensitivity analysis for actuarial assumptions:

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

	2023	2022
Discount rate	1.00%	1.00%
Increase in assumption (Rupees in thousand)	(1,967)	(1,844)
Decrease in assumption (Rupees in thousand)	2,211	2,082
Future salary increase	1.00%	1.00%
Increase in assumption (Rupees in thousand)	2,211	2,082
Decrease in assumption (Rupees in thousand)	(1,999)	(1,876)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit plan to significant actuarial assumptions, the same method (present value of the defined benefit plan calculated with the projected unit credit method at the end of the reporting period) has been applied.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year, except for certain changes as given in Note 9.5.

9.8 Expected benefit payments for future years:

	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	More than 4 years
	------RUPEES IN THOUSAND------				
2023	12,284	8,425	9,174	8,613	965,243
2022	10,412	8,185	6,603	7,707	522,633

9.9 Risks associated with the scheme

a) Final salary risk (linked to inflation risk)

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

b) Demographic risks

i) Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

ii) Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

10. TRADE AND OTHER PAYABLES

	2023	2022
	(RUPEES IN THOUSAND)	
Creditors	64,762	48,422
Accrued liabilities and other payables	74,769	89,319
Contract liabilities - unsecured	68,095	34,471
Income tax deducted at source	749	619
Sales tax payable	36,129	34,337
Workers' profit participation fund (Note 10.1)	-	5,731
Workers' welfare fund (Note 10.2)	7,569	7,569
	252,073	220,468

10.1 Workers' profit participation fund

	2023	2022
Balance as on 01 July	5,731	12,866
Add:		
Interest for the year (Note 29)	813	771
Provision for the year	-	5,731
	6,544	19,368
Less: Payments made during the year	6,544	13,637
Balance as on 30 June	-	5,731

10.2 Workers' welfare fund

	2023	2022
Balance as on 01 July	7,569	5,428
Provision for the year	-	2,141
Balance as on 30 June	7,569	7,569

	2023	2022
	(RUPEES IN THOUSAND)	
11. SHORT TERM BORROWINGS		
From banking companies - secured		
Running and cash finances (Note 11.1)	126,306	372,755
Others - unsecured		
Other related parties (Note 11.2)	459,616	208,378
	585,922	581,133

11.1 These finances are obtained from banking companies under mark-up arrangements and are secured against hypothecation of stocks and further secured against the pledge of cotton, tencel and yarn. These form part of total credit facility of Rupees 860 million (2022: Rupees 923 million). The rates of mark-up range from 13.70% to 23.73% (2022: 8.95% to 16.17%) per annum on the balance outstanding.

11.2 These represent interest free loans obtained from directors of the Company to meet the Company's working capital requirements. These are repayable on demand.

12. CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) An appeal has been filed by the Company before Appellate Tribunal Inland Revenue, Lahore dated 07 June 2017 against the demand of Rupees 22.378 million (2022: Rupees 22.378 million) by the tax department regarding disallowance of minimum tax adjustment for the tax year 2011. The Appellate Tribunal Inland Revenue disposed the appeal. Then the department filed a reference before the Lahore High Court, Lahore against this order on 04 December 2019. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

ii) An appeal has been filed by the Company before Appellate Tribunal Inland Revenue, Lahore dated 16 April 2019, against the order of Additional Commissioner Inland Revenue (Appeals) dated 14 November 2018, for demand of Rupees 14.663 million (2022: Rupees 14.663 million) by the tax department regarding disallowance of withholding taxes as adopted in income tax return for the tax year 2016. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

iii) The Company filed appeal before Appellate Tribunal Inland Revenue, Lahore as on 21 March 2019 against the order of Additional Commissioner Inland Revenue for demand of Rupees 114.118 million (2022: Rupees 114.118 million) by the tax department by nullifying the proration of the income between FTR and NTR as adopted by the Company for the tax year 2014. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

iv) An appeal has been filed by the Regional Tax Office (RTO) Faisalabad before Appellate Tribunal Inland Revenue, Lahore in March 2019 because Additional Commissioner Inland Revenue amended the assessment for the tax year 2007 and created a demand of Rupees 5.766 million (2022: Rupees 5.766 million) on the issue of proration of expenses and prorated the specific expenses related to normal tax regime to final tax regime. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

v) An appeal has been filed by the Company before Appellate Tribunal Inland Revenue, Lahore on 30 July 2021 against the order of Assistant Commissioner Inland Revenue (Appeals) for demand of Rupees 8.966 million (2022: Rupees 8.966 million). The original order was issued by the Assistant Commissioner Inland Revenue for non-deduction of withholding tax on certain parties under various clauses of section 153 of the Income Tax Ordinance, 2001. The related provision is not made in these financial statements in view of favorable outcome of the appeal.

vi) On 13 August 2020, the Supreme Court of Pakistan upheld the Gas Infrastructure Development Cess (GIDC) Act, 2015 to be constitutional and intra vires. In connection with this decision, the Company filed a writ petition in Lahore High Court, Lahore on 16 September 2020 against the charge of GIDC at the rate of captive power consumer instead of industrial consumer. Lahore High Court, Lahore suspended the payment of Rupees 26.344 million (2022: Rupees 26.344 million) related to this difference, subject to furnishing of post dated cheques which have been submitted by the Company. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds of favourable outcome of the petition.

vii) An appeal was filed in Lahore High Court, Lahore on 10 August 2017 against cost of supply of Re-Gasified Liquefied Natural Gas (RLNG) by Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rupees 12.224 million (2022: Rupees 12.224 million). This appeal was allowed by Lahore High Court, Lahore on 13 December 2019 by asking Oil and Gas Regulatory Authority (OGRA) to conduct a public hearing to determine the level of cost of supply of RLNG. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these financial statements as there are strong grounds that the decision of the proposed public hearing of OGRA will be decided in favour of the Company.

viii) Sindh High Court, Karachi made decision on 04 June 2021 about the levy of Sindh Infrastructure Cess, against which the Company was contingently liable for Rupees 3 million (2022: Rupees 3 million) although guarantees were submitted by the Company's Bank for the same amount. Against the decision, the Company lodged a constitution petition no. 4719/2021 dated 13 August 2021 in Supreme Court of Pakistan (SCP). Thereafter, on 01 September 2021, SCP allowed the petition, suspended the judgement of Sindh High Court, Karachi and leave to appeal was granted. However the case is not yet fixed for hearing by SCP. On advice of legal counsel, in view of possible favourable outcome, no provision is accounted for in these financial statements.

ix) Guarantees of Rupees 48.237 million (2022: Rupees 48.237 million) are given by the banks of the Company to SNGPL against gas connections and Faisalabad Electric Supply Company Limited (FESCO) against electricity connection.

b) Commitments

i) Letters of credit for capital expenditure are of Rupees Nil as at 30 June 2023 (2022: Rupees Nil).

ii) Letters of credit for other than capital expenditure are of Rupees Nil as at 30 June 2023 (2022: Rupees 429.314 million).

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings on freehold land		Plant and machinery	Electric installations / appliances	Factory equipment	Generators	Laboratory equipment	Furniture , fixtures	Office equipment	Computers	Vehicles	Total
		Mills	Other										
	(RUPEES IN THOUSAND)												
At 30 June 2021													
Cost / revalued amount	140,022	240,234	81,704	1,076,306	35,351	1,768	109,384	14,478	4,011	3,444	3,955	47,494	1,758,151
Accumulated depreciation	-	(67,198)	(22,146)	(513,714)	(16,646)	(1,507)	(66,634)	(6,404)	(3,136)	(2,935)	(3,875)	(27,785)	(731,980)
Net book value	140,022	173,036	59,558	562,592	18,705	261	42,750	8,074	875	509	80	19,709	1,026,171
Year ended 30 June 2022													
Opening net book value	140,022	173,036	59,558	562,592	18,705	261	42,750	8,074	875	509	80	19,709	1,026,171
Additions	-	2,635	-	132,055	10,046	-	-	-	-	-	-	95	144,831
Disposals:													
Cost / revalued amount	-	-	-	(63,785)	-	-	-	-	-	-	-	-	(63,785)
Accumulated depreciation	-	-	-	1,479	-	-	-	-	-	-	-	-	1,479
	-	-	-	(62,306)	-	-	-	-	-	-	-	-	(62,306)
Depreciation charge	-	(8,762)	(2,978)	(29,897)	(1,264)	(26)	(2,137)	(404)	(88)	(51)	(24)	(3,953)	(49,584)
Closing net book value	140,022	166,909	56,580	602,444	27,487	235	40,613	7,670	787	458	56	15,851	1,059,112
At 30 June 2022													
Cost / revalued amount	140,022	242,869	81,704	1,144,576	45,397	1,768	109,384	14,478	4,011	3,444	3,955	47,589	1,839,197
Accumulated depreciation	-	(75,960)	(25,124)	(542,132)	(17,910)	(1,533)	(68,771)	(6,808)	(3,224)	(2,986)	(3,899)	(31,738)	(780,085)
Net book value	140,022	166,909	56,580	602,444	27,487	235	40,613	7,670	787	458	56	15,851	1,059,112
Year ended 30 June 2023													
Opening net book value	140,022	166,909	56,580	602,444	27,487	235	40,613	7,670	787	458	56	15,851	1,059,112
Additions	-	-	-	16,754	-	-	-	-	-	-	-	8,489	25,243
Effect of surplus on revaluation	67,796	40,874	1,797	102,453	8,887	-	10,418	1,713	-	-	-	-	233,938
Disposals:													
Cost	-	-	-	-	-	-	-	-	-	-	-	(5,277)	(5,277)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	2,279	2,279
	-	-	-	-	-	-	-	-	-	-	-	(2,998)	(2,998)
Depreciation charge	-	(8,345)	(2,829)	(30,631)	(1,374)	(23)	(2,031)	(384)	(79)	(46)	(17)	(3,180)	(48,939)
Closing net book value	207,818	199,438	55,548	691,020	35,000	212	49,000	8,999	708	412	39	18,162	1,266,356
At 30 June 2023													
Cost / revalued amount	207,818	283,743	83,501	1,263,783	54,284	1,768	119,802	16,191	4,011	3,444	3,955	50,801	2,093,101
Accumulated depreciation	-	(84,305)	(27,953)	(572,763)	(19,284)	(1,556)	(70,802)	(7,192)	(3,303)	(3,032)	(3,916)	(32,639)	(826,745)
Net book value	207,818	199,438	55,548	691,020	35,000	212	49,000	8,999	708	412	39	18,162	1,266,356
Annual rate of depreciation (%)	-	5	5	5	5	10	5	5	10	10	30	20	

13.1 Forced sale value of revalued property, plant and equipment was Rupees 997.459 million.

13.2 Depreciation charge for the year is allocated as follows:

	2023	2022
	(RUPEES IN THOUSAND)	
Cost of sales (Note 24)	45,617	45,468
Administrative expenses (Note 26)	3,322	4,116
	48,939	49,584

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

Particulars	Location	Area	Covered area
		Kanals	Sq ft.
Manufacturing facility and Head Office	35-Kilometers, Sheikhupura Road, Faisalabad.	125.95	340 097

13.3.1 During the year covered area of the property has been reassessed by the Company and disclosed accordingly.

13.4 Had there been no revaluation, cost, accumulated depreciation and book value of the revalued assets would have been as follows:

	Cost	Accumulated depreciation	Net book value
	----------- (RUPEES IN THOUSAND) -----------		
Freehold land	13,299	-	13,299
Buildings on freehold land:			
Mills	121,939	83,475	38,464
Other	29,180	17,131	12,049
Plant and machinery	1,201,642	654,455	547,187
Electric installations / appliances	37,576	16,762	20,814
Generators	82,044	61,306	20,738
Laboratory equipment	11,533	7,762	3,771
2023	1,497,213	840,891	656,322
2022	1,480,459	807,396	673,063

		2023	2022
		(RUPEES IN THOUSAND)	
14.	**RIGHT-OF-USE ASSET**		
	Opening book value	2,975	-
	Add: Addition during the year	-	3,368
		2,975	3,368
	Less: Depreciation charged during the year (Note 26)	595	393
	Balance as on 30 June	2,380	2,975

14.1 The Company obtained vehicle on lease term of five years.

		2023	2022
15.	**LONG TERM DEPOSITS AND PREPAYMENTS**		
	Security deposits	3,726	3,726
	Prepayments	414	460
		4,140	4,186
	Less: Current portion shown under current assets (Note 20)	339	312
		3,801	3,874
16.	**STORES, SPARE PARTS AND LOOSE TOOLS**		
	Stores (Note 16.1)	20,424	22,003
	Spare parts	76,920	61,461
	Loose tools	218	204
		97,562	83,668

16.1 These include stores in transit of Rupees Nil (2022: Rupees 2.070 million).

		2023	2022
17.	**STOCK IN TRADE**		
	Raw materials (Note 17.1)	199,819	428,205
	Work-in-process	33,537	21,076
	Finished goods	70,991	108,336
	Waste	9,132	22,892
		313,479	580,509

17.1 Raw materials include stock in transit of Rupees Nil (2022: Rupees 150.946 million).

17.2 Stock in trade of Rupees 50.417 million (2022: Rupees 22.892 million) is being carried at net realizable value

17.3 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 8.153 million (2022: Rupees Nil)

		2023	2022
18.	**TRADE DEBTS**		
	Considered good:		
	Unsecured (Note 18.1)	95,323	28,105
	Less: Allowance for expected credit losses (Note 18.2)	552	415
		94,771	27,690

18.1 As at 30 June 2023, trade debts of Rupees 46.592 million (2022: Rupees 27.593 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2023	2022
	(RUPEES IN THOUSAND)	
Upto 1 month	43,066	26,726
1 to 6 months	3,508	754
More than 6 months	18	113
	46,592	27,593

18.2 Allowance for expected credit losses

Balance as on 01 July	415	-
Add: Recognized during the year (Note 27)	137	415
Balance as on 30 June	552	415

18.3 Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 30 to 90 days from delivery.

19. LOANS AND ADVANCES

	2023	2022
Considered good:		
Employees - interest free:		
Against salary (Note 19.1)	199	912
Against expenses:		
Executive	200	200
Other employees	245	235
	445	435
	644	1,347
Advances to suppliers / service providers	1,287	1,044
Letters of credit	-	1,724
	1,931	4,115

19.1 These represent short term loans and advances given to employees as per Company's policy for general purposes. These are secured against balance to the credit of employees in the staff retirement gratuity and are recoverable in equal monthly installments.

20. SHORT TERM DEPOSITS AND PREPAYMENTS

	2023	2022
Deposits	7,700	7,700
Current portion of long term deposits and prepayments (Note 15)	339	312
	8,039	8,012

		2023	2022
		(RUPEES IN THOUSAND)	
21.	**OTHER RECEIVABLES**		
	Considered good:		
	Sales tax and special excise duty refundable	55,547	60,024
	Miscellaneous	1,784	2,606
		57,331	62,630
22.	**CASH AND BANK BALANCES**		
	With banks:		
	In current accounts	28,798	25,093
	Cash in hand	861	782
		29,659	25,875
23.	**REVENUE FROM CONTRACTS WITH CUSTOMERS**		
	Sales of yarn	1,811,195	3,083,526
	Waste	169,419	219,269
		1,980,614	3,302,795
	Less: Sales tax	303,935	495,980
		1,676,679	2,806,815

23.1 The amount of Rupees 27.050 million included in contract liabilities as at 30 June 2022 has been recognized as revenue in 2023 (2022: Rupees 203.654 million)

23.2 Revenue is recognized at point in time as per the terms and conditions of underlying contracts with customers. Moreover all sales were made within Pakistan.

		2023	2022
24.	**COST OF SALES**		
	Raw materials consumed (Note 24.1)	1,086,263	1,828,905
	Loading, unloading and weighment charges	175	556
	Salaries, wages and other benefits	110,168	169,214
	Staff retirement benefit	19,513	16,899
	Stores, spare parts and loose tools consumed	38,028	88,112
	Packing materials consumed	15,531	30,280
	Repair and maintenance	717	1,066
	Fuel and power	401,960	512,528
	Insurance	3,206	2,451
	Other factory overheads	1,174	1,754
	Depreciation on property, plant and equipment (Note 13.2)	45,617	45,468
		1,722,352	2,697,233
	Work-in-process		
	Opening stock	21,076	32,053
	Closing stock	(33,537)	(21,076)
		(12,461)	10,977
	Cost of goods manufactured	1,709,891	2,708,210
	Finished goods		
	Opening stock	131,228	38,130
	Closing stock	(80,123)	(131,228)
		51,105	(93,098)
		1,760,996	2,615,112

		2023	2022
		(RUPEES IN THOUSAND)	
24.1	**Raw materials consumed**		
	Opening stock	428,205	466,513
	Add: Purchased during the year	857,877	1,790,597
		1,286,082	2,257,110
	Less: Closing stock	199,819	428,205
		1,086,263	1,828,905
25.	**DISTRIBUTION COST**		
	Salaries and other benefits	990	945
	Staff retirement benefit	71	57
	Outward freight and handling	33	781
	Commission to selling agents	195	1,366
		1,289	3,149
26.	**ADMINISTRATIVE EXPENSES**		
	Salaries and other benefits	23,727	23,343
	Staff retirement benefit	1,626	1,412
	Rent, rates and taxes	356	410
	Insurance	1,861	2,051
	Travelling and conveyance	3,197	2,914
	Vehicles' running	8,136	7,189
	Entertainment	1,196	1,637
	Auditor's remuneration (Note 26.1)	975	950
	Advertisement	137	192
	Postage and telephone	1,275	1,236
	Utilities	3,054	3,682
	Printing and stationery	411	310
	Repair and maintenance	883	1,213
	Fee and subscription	1,193	1,632
	Legal and professional	648	546
	Miscellaneous	1,297	1,288
	Depreciation on property, plant and equipment (Note 13.2)	3,322	4,116
	Depreciation on right-of-use asset (Note 14)	595	393
		53,889	54,514
26.1	**Auditor's remuneration**		
	Audit fee	800	800
	Half yearly review	125	100
	Other certification	50	50
		975	950
27.	**OTHER EXPENSES**		
	Allowance for expected credit losses (Note 18.2)	137	415
	Loans and advances written off	91	98
	Workers' profit participation fund	-	5,731
	Workers' welfare fund	-	2,141
		228	8,385
28.	**OTHER INCOME**		
	Income from financial assets		
	Profit on investment	-	138
	Income from non-financial assets		
	Gain on sale of property, plant and equipment	3,656	10,694
	Gain on sale of store, spare parts and loose tools	128	-
	Credit balances written back	129	-
		3,913	10,694
		3,913	10,832

	2023	2022
	(RUPEES IN THOUSAND)	

29. FINANCE COST

	2023	2022
Mark-up on:		
Short term borrowings	93,456	28,179
Lease liability (Note 8.1)	299	119
Bank charges and commission	1,386	1,449
Interest on workers' profit participation fund (Note 10.1)	813	771
	95,954	30,518

30. TAXATION

	2023	2022
Current (Note 30.1)	20,958	35,085
Deferred	(56,987)	(25,614)
	(36,029)	9,472

30.1 Provision for current taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001. The Company has unused tax losses of Rupees 381.418 million (2022: Rupees 197.910 million) representing unabsorbed depreciation of Rupees 200.880 million (2022: Rupees 197.910 million) and tax losses of Rupees 180.538 million (2022: Rupees Nil). The tax losses apart from unabsorbed depreciation will expire in 2029. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not presented in view of unused tax losses of the Company. Alternative corporate tax for the year ended 30 June 2021 amounting to Rupees 28.475 million is available for carry forward upto ten years under section 113C of the Ordinance. Total minimum tax available for carry forward under section 113 of the Ordinance as at 30 June 2023 is of Rupees 77.673 million. The Company has not recognised deferred income tax asset in respect of minimum tax available for carry forward and alternative corporate tax as sufficient taxable profits would not be available to utilise these in the forceable future. The minimum tax would expire as follows:

Accounting year to which the minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	RUPEES IN THOUSAND	
2023	20,958	2026
2022	19,851	2025
2020	16,498	2025
2019	20,366	2024
	77,673	

31. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic (loss) / earnings per share which is based on:

		2023	2022
(Loss) / profit for the year	(Rupees in thousand)	(195,735)	96,498
Weighted average number of ordinary shares	(Numbers)	9 660 000	9 660 000
(Loss) / earnings per share	(Rupees)	(20.26)	9.99

32. CASH GENERATED FROM / (USED IN) OPERATIONS

	2023	2022
	(RUPEES IN THOUSAND)	
(Loss) / profit before taxation	(231,764)	105,969
Adjustments for non-cash charges and other items:		
Depreciation on property, plant and equipment	48,939	49,584
Depreciation on right-of-use asset	595	393
Gain on sale of property, plant and equipment	(3,656)	(10,694)
Provision for staff retirement gratuity	21,210	18,368
Profit on investment	-	(138)
Finance cost	95,954	30,518
Allowance for expected credit losses	137	415
Loans and advances written off	91	98
Credit balances written back	(129)	-
Working capital changes (Note 32.1)	225,017	(208,965)
	156,394	(14,452)

32.1 Working capital changes

	2023	2022
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(13,894)	(11,229)
Stock in trade	267,030	(43,813)
Trade debts	(67,218)	60,771
Loans and advances	2,093	395
Short term deposits and prepayments	(27)	101
Other receivables	5,299	6,101
	193,283	12,326
Increase / (decrease) in trade and other payables	31,734	(221,291)
	225,017	(208,965)

32.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2023				2022			
	Short term borrowings	Lease liability	Unclaimed dividend	Total	Short term borrowings	Lease liability	Unclaimed dividend	Total
	(RUPEES IN THOUSAND)							
Balance as at 01 July	581,133	1,823	1,023	583,979	467,314	-	792	468,106
Borrowing obtained - net	4,789	-	-	4,789	113,819	-	-	113,819
Lease liability recognized	-	-	-	-	-	3,283	-	3,283
Dividend declared	-	-	-	-	-	-	6,762	6,762
Dividend paid	-	-	-	-	-	-	(6,531)	(6,531)
Repayment of lease liability	-	(240)	-	(240)	-	(1,460)	-	(1,460)
Balance as at 30 June	585,922	1,583	1,023	588,528	581,133	1,823	1,023	583,979

33. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to the executives of the Company is as follows:

	Executives	
	2023	2022
	(RUPEES IN THOUSAND)	
Managerial remuneration	3,200	3,200
Allowances		
House rent	1,516	1,516
Utilities	84	84
	4,800	4,800
Number of persons	2	2

33.1 Chief Executive Officer, some of the directors and executives of the Company are provided with free Company maintained vehicles and entitled to reimbursement of travelling expenses, electricity, gas and water bills.

33.2 No remuneration was paid to any director and Chief Executive Officer of the Company.

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements is as follows:

Particulars	Basis of relationship	Nature of transaction	2023	2022
			(RUPEES IN THOUSAND)	
Other related parties				
Directors	Members of board of directors	Borrowings obtained - net	251,238	5,000
Dividend paid to directors	Members of board of directors and their spouses	Dividend paid	-	5,558

34.1 Detail of compensation to key management personnel comprising of executives is disclosed in Note 33.

	2023	2022
	(NUMBER OF PERSONS)	
35. NUMBER OF EMPLOYEES		
Number of employees as at 30 June	421	544
Average number of employees during the year	419	541

36. PLANT CAPACITY AND ACTUAL PRODUCTION

		2023	2022
100% plant capacity converted to 20s count based on 3 shifts per day for 1 095 shifts (2022: 1 095 shifts)	(Kgs.)	14 275 000	14 275 000
Actual production converted to 20s count based on 3 shifts per day for 742 shifts (2022: 1 090 shifts)	(Kgs.)	4 523 952	9 490 011

36.1 REASONS FOR LOW PRODUCTION

The main reason for low production is adequately briefed in Note 1.2. Moreover, due to manufacturing of fine counts of yarn, the machines were run on slow speed. Furthermore, normal repair and maintenance was also the factor for low production.

37. ENTITY - WIDE INFORMATION

The Company constitues of a single reportable segment. All non-current assets of the Company at the reporting date are located and operating in Pakistan. There were two (2022: one) major customers of the Company representing revenue of Rupees 430.718 million during the year (2022: Rupees 612.117 million).

38. FINANCIAL RISK MANAGEMENT

38.1 Financial risk factors

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

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

(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 has no receivable / payable balance in foreign currency as at 30 June 2023 (2022: Nil).

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other 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 lease liability and short term borrowings. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

	2023	2022
	(RUPEES IN THOUSAND)	
Floating rate instruments		
Financial liabilities		
Lease liability	1,583	1,823
Short term borrowings	126,306	372,755

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, (loss) / profit after taxation for the year would have been Rupees 1.279 million higher / lower (2022: Rupees 3.487 million lower / higher) mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

(b) Credit risk

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

Loans and advances	199	912
Deposits	11,426	11,426
Trade debts	94,771	27,690
Other receivables	1,784	2,606
Bank balances	28,798	25,093
	136,978	67,727

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

	Rating			2023	2022
	Short Term	Long term	Agency	(RUPEES IN THOUSAND)	
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	2,611	1,148
Habib Bank Limited	A-1+	AAA	VIS	14,444	3,041
National Bank of Pakistan	A1+	AAA	PACRA	2	2
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	7,139	80
MCB Bank Limited	A1+	AAA	PACRA	88	89
Soneri Bank Limited	A1+	AA -	PACRA	6	6
Bank Al-Habib Limited	A1+	AAA	PACRA	4	4
Sindh Bank Limited	A-1	A+	VIS	10	10
Faysal Bank Limited	A-1+	AA	VIS	79	79
Meezan Bank Limited	A-1+	AAA	VIS	3,781	20,000
AlBaraka Bank (Pakistan) Limited	A-1	A+	VIS	634	634
				28,798	25,093

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Management uses actual historical credit loss experience, credit risk characteristics and past days due, adjusted for forward-looking factors specific to the debtors and the economic environment to determine expected credit loss allowance.

To manage exposure of credit risk in respect of trade debts, management performs credit reviews taking into account the customer’s financial position, past experience and other factors. Majority of the Company's revenue is earned from customers where advance payment is received. Sales contracts and credit terms are approved by the senior management. The management has set a maximum credit period limit for each type of customer in order to reduce the credit risk.

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 18.

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

(c) Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2023, the Company had Rupees 733.694 million (2022: Rupees 550.245 million) available borrowing limits from financial institutions and Rupees 29.659 million (2022: Rupees 25.875 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
	(RUPEES IN THOUSAND)					
Contractual maturities of financial liabilities as at 30 June 2023:						
Non-derivative financial liabilities:						
Lease liability	1,583	2,346	378	328	656	984
Trade and other payables	139,531	139,531	139,531	-	-	-
Unclaimed dividend	1,023	1,023	1,023	-	-	-
Accrued mark-up	16,365	16,365	16,365	-	-	-
Short term borrowings	585,922	593,368	593,368	-	-	-
	744,424	752,633	750,665	328	656	984
Contractual maturities of financial liabilities as at 30 June 2022:						
Non-derivative financial liabilities:						
Lease liability	1,823	2,611	290	290	580	1,451
Trade and other payables	137,741	137,741	137,741	-	-	-
Unclaimed dividend	1,023	1,023	1,023	-	-	-
Accrued mark-up	5,443	5,443	5,443	-	-	-
Short term borrowings	581,133	597,813	597,813	-	-	-
	727,163	744,631	742,310	290	580	1,451

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 30 June. The rates of interest / mark up have been disclosed in Note 8 and Note 11 to these financial statements.

38.2 Financial instruments by categories

	At amortized cost	
	2023	2022
	(RUPEES IN THOUSAND)	
Financial assets as per statement of financial position		
Loans and advances	199	912
Deposits	11,426	11,426
Trade debts	94,771	27,690
Other receivables	1,784	2,606
Cash and bank balances	29,659	25,875
	137,839	68,509
Financial liabilities as per statement of financial position		
Lease liability	1,583	1,823
Accrued mark-up	16,365	5,443
Unclaimed dividend	1,023	1,023
Short term borrowings	585,922	581,133
Trade and other payables	139,531	137,741
	744,424	727,163

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

	2023			2022		
	Financial assets	Other than financial assets	Assets as per statement of financial position	Financial assets	Other than financial assets	Assets as per statement of financial position
	(RUPEES IN THOUSAND)					
Long term deposits and prepayments	3,726	75	3,801	3,726	148	3,874
Loans and advances	199	1,732	1,931	912	3,203	4,115
Short term deposits and prepayments	7,700	339	8,039	7,700	312	8,012
Trade debts	94,771	-	94,771	27,690	-	27,690
Other receivables	1,784	55,547	57,331	2,606	60,024	62,630
Cash and bank balances	29,659	-	29,659	25,875	-	25,875
	137,839	57,693	195,532	68,509	63,687	132,196

	2023			2022		
	Financial liabilities	Other than financial liabilities	Liabilities as per statement of financial position	Financial liabilities	Other than financial liabilities	Liabilities as per statement of financial position
	(RUPEES IN THOUSAND)					
Lease liability	1,583	-	1,583	1,823	-	1,823
Trade and other payables	139,531	112,542	252,073	137,741	82,727	220,468
Unclaimed dividend	1,023	-	1,023	1,023	-	1,023
Accrued mark-up	16,365	-	16,365	5,443	-	5,443
Short term borrowings	585,922	-	585,922	581,133	-	581,133
	744,424	112,542	856,966	727,163	82,727	809,890

38.4 Offsetting financial assets and financial liabilities

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

38.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent lease liabilitiy and short term borrowings obtained by the Company as referred to Note 8 and Note 11 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The Company's strategy remained unchanged from last year.

		2023	2022
Borrowings	Rupees in thousand	587,505	582,956
Total equity	Rupees in thousand	924,310	934,487
Total capital employed	Rupees in thousand	1,511,815	1,517,443
Gearing ratio	Percentage	38.86	38.42

The increase in gearing ratio resulted due to loss after taxation of the Company.

39. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short-term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels. However as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

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

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

40. RECOGNIZED FAIR VALUE MEASUREMENTS - NON FINANCIAL ASSETS

(i) Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
	RUPEES IN THOUSAND			
At 30 June 2023				
Freehold land	-	207,818	-	207,818
Buildings on freehold land	-	254,986	-	254,986
Plant and machinery	-	691,020	-	691,020
Electric installations / appliances	-	35,000	-	35,000
Generators	-	49,000	-	49,000
Laboratory equipment	-	8,999	-	8,999
Total non-financial assets	-	1,246,823	-	1,246,823
At 30 June 2022				
Freehold land	-	140,022	-	140,022
Buildings on freehold land	-	223,489	-	223,489
Plant and machinery	-	602,444	-	602,444
Electric installations / appliances	-	27,487	-	27,487
Generators	-	40,613	-	40,613
Laboratory equipment	-	7,670	-	7,670
Total non-financial assets	-	1,041,725	-	1,041,725

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

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

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

The Company obtains independent valuation for its freehold land, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment (classified as property, plant and equipment). The management updates the assessment of the fair value of each property taking into account the most recent independent valuations. The management determines property's value within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same buildings. The best evidence of fair value of plant and machinery, electric installations / appliances, generators and laboratory equipment is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the value of new plant and machinery, electric installations / appliances, generators and laboratory equipment of the same specifications.

The Company engages external, independent and qualified valuers to determine the fair value of the Company's freehold land, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment. The fair value of the freehold land, buildings thereon, plant and machinery, electric installations / appliances, generators and laboratory equipment has been determined by Messrs Zafar Iqbal and Company as at 30 June 2023.

Changes in fair values are analyzed at each reporting date during discussion between the management of the Company and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

41. DATE OF AUTHORIZATION FOR ISSUE

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

42. CORRESPONDING FIGURES

Comparative figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

43. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

AIZAD AMER	KHAWAJA AMER KHURSHID	Muhammad Saqib Ehsan
Chief Executive Officer	**Director**	**Chief Financial Officer**

FORM 34

THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

1.1 Name of the Company **AN TEXTILE MILLS LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at **30-06-2023**

	------Shareholdings------		
2.2 No. of Shareholders	**From**	**To**	**Total Shares Held**
568	1	100	17,164
244	101	500	57,761
37	501	1,000	32,907
70	1,001	5,000	183,772
15	5,001	10,000	122,461
7	10,001	15,000	90,348
4	15,001	20,000	68,109
3	20,001	25,000	71,520
1	25,001	30,000	29,500
1	35,001	40,000	36,000
3	40,001	45,000	126,587
1	75,001	80,000	78,225
2	85,001	90,000	178,500
1	95,001	100,000	100,000
1	135,001	140,000	136,500
1	260,001	265,000	264,125
1	430,001	435,000	431,446
1	740,001	745,000	742,697
1	885,001	890,000	890,000
1	1,180,001	1,185,000	1,184,193
1	1,475,001	1,480,000	1,475,611
1	1,640,001	1,645,000	1,640,170
1	1,700,001	1,705,000	1,702,404
966			**9,660,000**

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	7,965,531	82.4589
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000
2.3.3 NIT and ICP	448,846	4.6464
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	559	0.0058
2.3.5 Insurance Companies	0	0.0000
2.3.6 Modarabas and Mutual Funds	6,600	0.0683
2.3.7 Shareholders holding 10% or more	7,071,075	73.1995
2.3.8 General Public		
a. Local	1,141,195	11.8136
b. Foreign	0	0.0000
2.3.9 Others (to be specified)		
1- Joint Stock Companies	43,733	0.4527
2- Investment Companies	200	0.0021
3- Pension Funds	40,587	0.4202
4- Others	12,749	0.1320

Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2023

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	0.0000
Mutual Funds (Name Wise Detail)			
1	CDC - TRUSTEE GOLDEN ARROW SELECTED STOCK FUND (CDC)	6,500	0.0673
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. AIZAD AMER	1,740,170	18.0142
2	MRS. NAZIMA AMER	1,926,890	19.9471
3	MR. ANNS AMER	1,475,611	15.2755
4	KHAWAJA AMER KHURSHID	1,928,404	19.9628
5	MISS YUSRA AMER	890,000	9.2133
6	MR. ABDUL RAUF	3,456	0.0358
7	SYED KHALID ALI	1,000	0.0104
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		41,246	0.4270

Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)

S. No.	Name	Holding	% AGE
1	MRS. NAZIMA AMER	1,926,890	19.9471
2	KHAWAJA AMER KHURSHID	1,928,404	19.9628
3	MR. AIZAD AMER	1,740,170	18.0142
4	MR. ANNS AMER	1,475,611	15.2755
5	MISS YUSRA AMER	890,000	9.2133

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	Name	Sale	Purchase
1	KHAWAJA AMER KHURSHID (CDC)	-	26,000

FORM OF PROXY

I/We____of
____being member(s) of
AN TEXTILE MILLS LIMITED holding __________ordinary shares as per Registered Folio No./CDC A/c No. (for members who have shares in CDS) ______________________
hereby appoint Mr./Mrs./Miss ____of (full address) ____or failing him/her Mr./Mrs./Miss____of (full address)____ (being member of the Company) as my/our Proxy to attend, act and vote for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company to be held on October 27, 2023 at 11:00 a.m. at its Registered Office 35 K.M. Sheikhupura Road, Faisalabad and/or any adjournment thereof.

As witness my/our hand seal this ________________day of ________________2023
Signed by ____in the presence of ____

Signatures on Rs.5/- Revenue Stamps

(Signature must agree with the specimen signatures registered with the Company)

Notes:

1. This proxy form duly completed and signed, must be received at the Office of the Share Registrar M/S Corplink (Pvt.) Limited, Wings Arcade, 01-K Commercial, Model Town, Lahore not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/she himself/herself is a member of the Company, except that a Corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his / her National Identity Card with him/her to prove his/her identity, and in case of proxy, must enclose an attested copy of his / her National Identity Card. Representatives of Corporate members should bring the usual documents required for such purpose.

پروکسی فارم

میں/ہم۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔از۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔بحیثیت **اے این ٹیکسٹائل ملز لمیٹڈ** کے ممبر اور عام حصص یافتہ مطابق شیئر

رجسٹر فولیو/سی ڈی سی اکاؤنٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔مقرر کرتا ہوں۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔فولیو/سی ڈی سی اکاؤنٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

سی این آئی نمبر یا پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔یا بصورت دیگر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔فولیو/سی ڈی سی اکاؤنٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

سی این آئی نمبر یا پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔جو کمپنی کے ممبر بھی ہیں، کو کمپنی کے بدھ 27 اکتوبر 2023ء کو دن 11:00 بجے منعقد ہونیوالے بیالیسویں

سالانہ اجلاس میں اپنی جانب سے شرکت اور رائے دہی کیلئے اپنا پروکسی مقرر کرتا ہوں۔

دستخط مورخہ ۔۔۔۔۔۔۔ 2023ء

گواہی:

1: دستخط ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

نام ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

پتہ ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

سی این آئی سی یا پاسپورٹ نمبر ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

2: دستخط ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

نام ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

پتہ ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

سی این آئی سی یا پاسپورٹ نمبر ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

5 روپے کا
محصول ٹکٹ

دستخط ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

(کمپنی کے پاس دستخط کے نمونے کے مطابق ہوں)

سی این آئی سی/پاسپورٹ نمبر۔۔۔۔۔۔۔۔۔۔۔۔

ضروری:

-1 پروکسی فارم ہذا مکمل اور دستخط کے ہمراہ اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی کے رجسٹرڈ آفس یا شیئر رجسٹرار کے آفس مین میں جمع کرا دیا جائے۔

-2 فارم پر ممبر یا اس کا تحریراً مقرر کردہ اٹارنی دستخط کریگا۔ ممبر کارپوریشن ہونے کی صورت میں اس کی مہر فارم پر ثبت کرنی ہوگی۔

-3 اجلاس میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کیلئے دوسرے ممبر کو اپنا پروکسی مقرر کرسکتا ہے تاہم کارپوریشن کسی بھی غیر ممبر کو اپنا پروکسی مقرر کرسکتی ہے۔

برائے سی ڈی سی اکاؤنٹ ہولڈرز/کارپوریشن اینٹٹی

مزید براں مندرجہ ذیل شرائط پر عمل کرنا ہوگا۔

(i) پروکسی فارم پر دو افراد کی گواہی ہونی چاہیئے جن کے نام اور سی این آئی سی یا پاسپورٹ نمبر فارم پر درج ہوں۔

(ii) ممبر اور پروکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پروکسی فارم کے ہمراہ منسلک کرنی ہوں گی۔

(iii) پروکسی اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔

(iv) کارپوریٹ اینٹٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی معہ نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کئے گئے ہوں) پروکسی فارم کے ہمراہ کمپنی کو پیش کرنے ہوں گے۔