



mtm

Masood Textile Mills

moving towards  
**sustainable future**

**Annual Report 2023**







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**mtm**  
Masood Textile Mills

01

company  
overview





# company overview

Masood Textile Mills Limited (MTM), is a public limited company incorporated in 1984 and listed on Pakistan Stock Exchange since 1988. MTM is a truly vertically integrated apparel manufacturing company endeavoring to provide quality products to its customers, focusing on value-added products. MTM is managed by a highly trained, qualified and experienced team comprising proven Industry Leaders to fulfill customers' orders across the globe.

MTM has a heritage of 38 years of serving the world's most iconic brands as its clients. Being one of the largest textile companies in Pakistan, we believe we are distinctively positioned to be a catalyst for change for the industry with our steadfast commitment to growing and expanding the company and serving clients across the globe around the intersection of our unique capabilities, decades-long partnerships, and delivering value to our clients and stakeholders with excellence.

Through our vision, strategic plans, and highly focused approach to balancing growth, value creation and innovation, the company has become one of the major textile players in Pakistan with state-of-the-art facilities to deliver for our clients anywhere in the world. Our relentless pursuit of business success is fueled by our desire to have a world-class workforce working 24/7 to honor our business commitments through complete excellence in our product, service, and relationship deliveries.

MTM has established itself as a leader in creating, developing, and manufacturing knitted apparel products from basic to highly fashioned, thus responding effectively to emerging trends in the global industry. MTM has been able to translate the conceptual ideas of customers into reality and shape them through technical bent and professional acumen.





MTM global business and design support services are spread across New York, Dallas, Amsterdam, and Hong Kong. MTM provides a comprehensive partnership with R&D, design, strategic planning, market intelligence, sales forecasting, and fully vertical production. We preserve a unique sense of craftsmanship in creating, developing, and manufacturing knitted apparel products, from basic to highly fashioned garments designed for everyday life.

MTM seek to evolve and expand with an eye toward the future continuously. Our efforts to keep us diversified in every endeavor that we undertake make us a preferred business partner for our clients. Across MTM there is a commitment to be more than just an apparel company. Therefore, we strive to be purpose-led and performance-driven in building the products, services, relationships, lifestyles, and experiences we create for each stakeholder globally.

# 1988

Listed in Pakistan Stock Exchange

# 38 Years

Dedicated to Global Service

# 24/7

World-Class Workforce Working



## our mission



To be a dynamic, profitable and growth-oriented company by providing a good return on investment to its shareholders and investors, quality products to its customers, a secure and friendly environment place of work to its employees and to project Pakistan's image in the international market.

## our vision



To be the  
World's Best Apparel  
Company.



# our core values



## leadership

To provide market leadership and brand coverage



## innovation

To pursue technological innovation



## productivity

To partner with operators for their maximum productivity

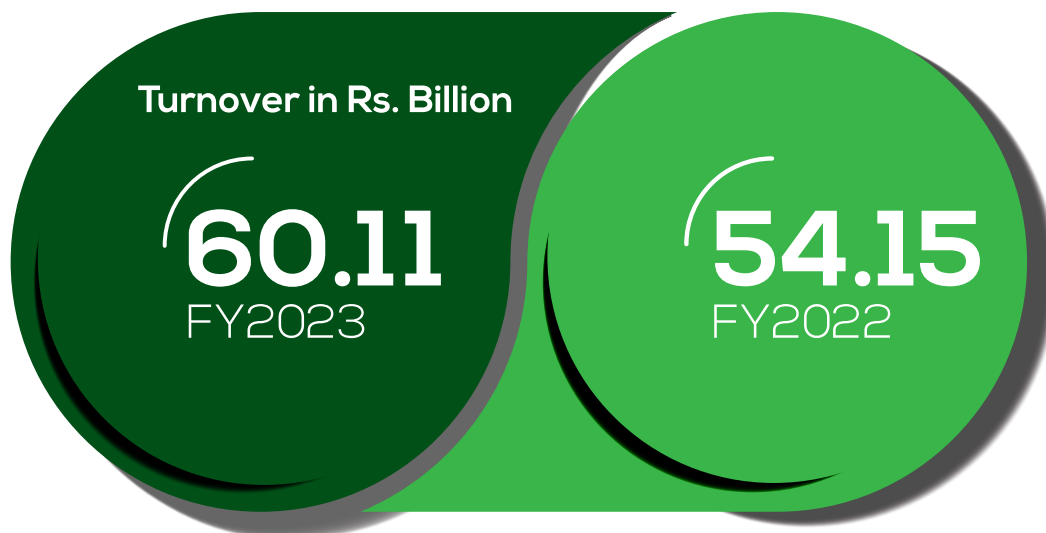


## integrity

To provide virtue to our customers, employees, communities and the environment



# key performance indicators



Profit after tax  
in Rs. Billion

**2.65**  
FY2023

**2.28**  
FY2022



Earnings Per Share  
Basic (Rupees)

**38.54**  
FY2023

**33.24**  
FY2022

Earnings Per Share  
Diluted (Rupees)

**34.72**  
FY2023

**30.22**  
FY2022



Return on Equity

**15.46%**  
FY2023

**16.99%**  
FY2022



Current Ratio in Times

**1.17**  
FY2023

**1.16**  
FY2022



Return on Fixed Assets

**17.28%**  
FY2023

**16.26%**  
FY2022



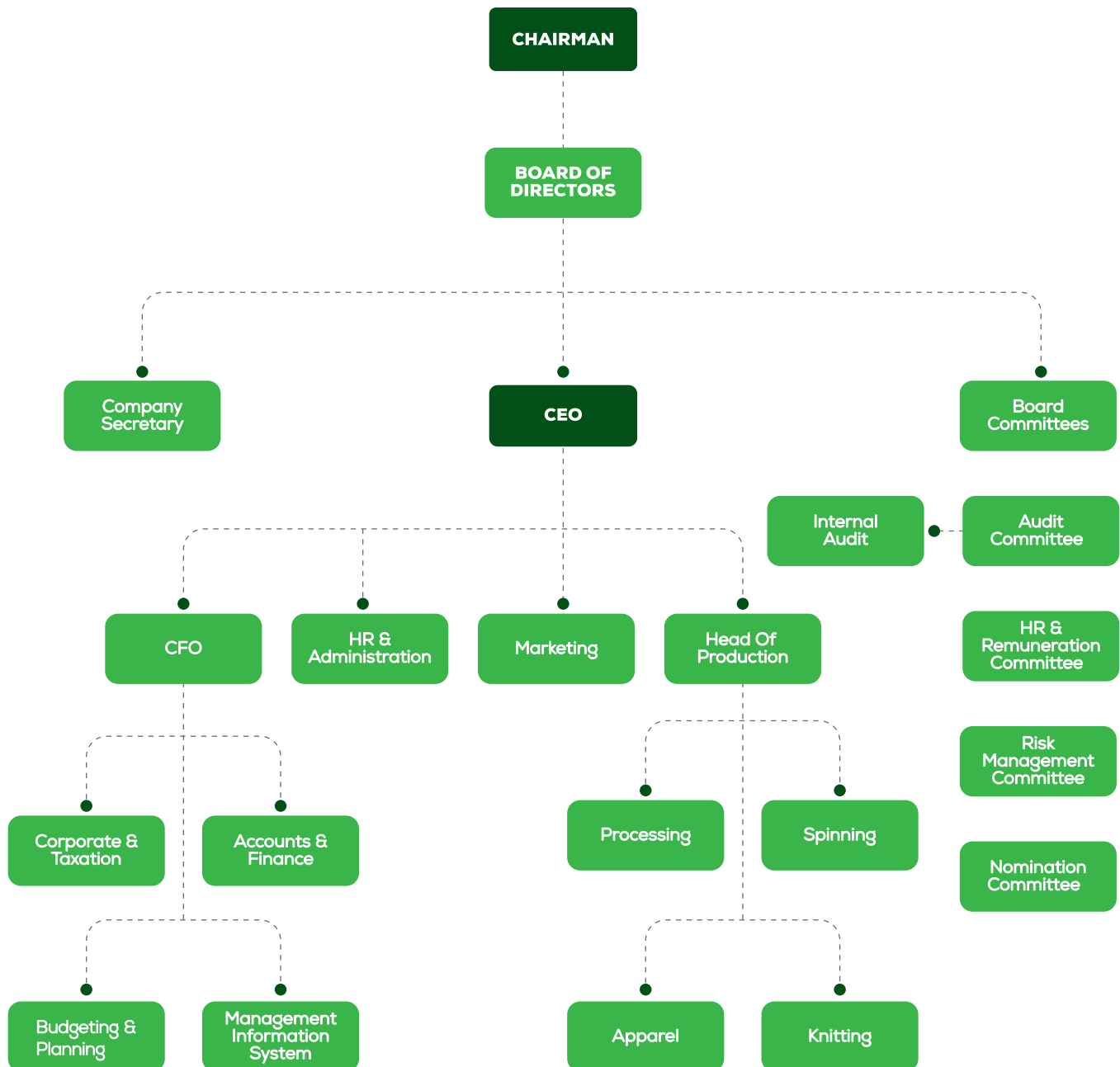
Return on Total Assets

**4.80%**  
FY2023

**4.70%**  
FY2022



# organizational structure



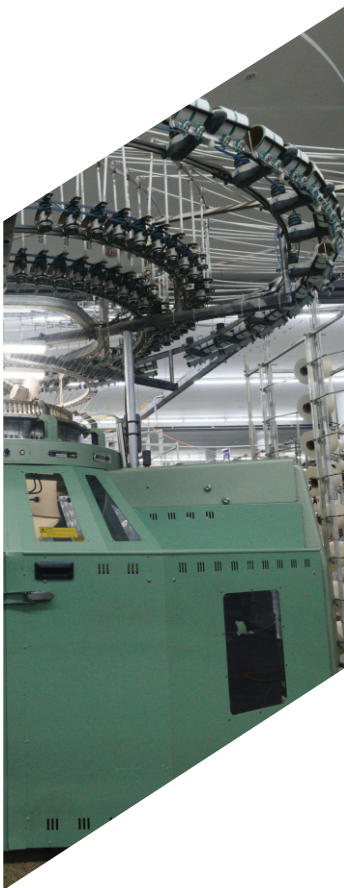


# business categories

## spinning

Textiles are all around us. We wear them, use them when we sleep and decorate our houses. But have you ever thought about how they are made? One of the basic steps is spinning the yarn. Spinning is the process of taking textile fibers and filament and making them into yarn. For thousands of years, people used to spin natural fibers into yarn by hand. Today, spinning involves advanced methods and state-of-the-art machines, depending on what kind of yarn is made.

Masood Textile Mills Limited (MTM) has an installed spinning capacity of 46,908 spindles, including 19,200 Spindles on a lease basis. Our production facilities have the capacity to spin all kinds of cotton. Decades of research & development and dedication to improving business processes have enabled MTM to create a clear-cut difference in the textile industry.



## knitting

Knitting technology has played a vital role in our lifestyle for centuries. Knowledge developed in the past, particularly in the last 50 years, in the field of knitting technology has contributed significantly to the development of state-of-the-art machinery on the one hand and highly sophisticated and specialized textile products on the other.

To produce knitted fabric of supreme quality, it is imperative that superior quality raw material is procured at competitive prices. At MTM, the finest quality yarn is produced for our in-house knitting with 777 active and 143 Seasonal knitting machines.



# dyeing

Our in-house and well-equipped Dyeing department, with a production capacity of around 110-120 tons dyeing/day allows us to meet our dyeing requirements fully. We have dyeing machines for dyeing cotton fabric and a fully computerized high-temperature jet-dyeing machine to dye all kinds of synthetic fabrics, including polyester. A well-equipped laboratory ensures all dyed fabric is properly checked, as per the buyer's requirements, for factors such as shrinkage, color fastness, etc.

# value added garments

Past are the days of traditional and conventional fabrics due to the changing consumer taste and trends. In view of this, MTM went into the details of changing designs, patterns, product development and a requisite change in production facilities for a variety of materials, production techniques, and related expertise to achieve a leadership position in the fast-growing competitive environment.

With continuous improvement in technology and application standards over the past few years, a gradual rise has been observed in consumer demands regarding value-added products. A product must be able to encompass something more with it and therefore, this has taken today's market to a level where it is challenging to market traditional products until the product satisfies the consumer with something new. To reach up to that mark, MTM has started offering value-added products to its customers. Following value addition services are offered by MTM:

## cutting

5 cutting units are working under the supervision of skilled unit managers, these cutting units are well equipped with the latest machinery, including Gerber Plotter, Auto Spreader, Auto-cutter & Band Knife machines with a capacity of 84.4 tons per day.

## stitching

MTM has a capacity of over 5,000 stitching machines, managed by the most skilled and expert operators. The Quality control and Quality Assurance departments are in place to ensure the company's zero-defect objective. Computerized Barcoding and BackTrack systems give Masood 100% predictability and tracking performance. Our sewing production capacity is 5-6 million garments per month.

## laundry

The laundry department at Masood Textile comprises automatic and turbo load washers. The laundry process is done above and below the room temperature to increase the activities of any chemicals used and the solubility of stains. Different Laundry units work under the supervision of skilled managers with a capacity of 22 tons per day for washing, garment dyeing and tumble (14.2 tons per day with mix process).

## finishing

The finishing department at Masood comprises of automatic hydro-extractors for the removal of moisture from dyed fabric, computerized tensionless dryers for instant fabric drying, soft-setting and calendaring machines for systematic soft-setting and rolling of fabric, fully computerized compaction machines for complete shrinkage control, and panel wash machines and tumble dryers for panel washing the fabric to give minimum shrinkage value. Again, personal attention ensures that all the fabric leaving the finishing department is properly inspected and thoroughly checked for relevant factors before being forwarded to the next production stage.

## embroidery

Being one of the few vertically integrated textile mills in Pakistan, MTM offers embroidery services with an approximate capacity of 44 million stitches daily.

## printing

With an approximate capacity of printing 113,770 pieces per day (Digital, Hybrid & Screen), MTM is also offering printing services to its clients.



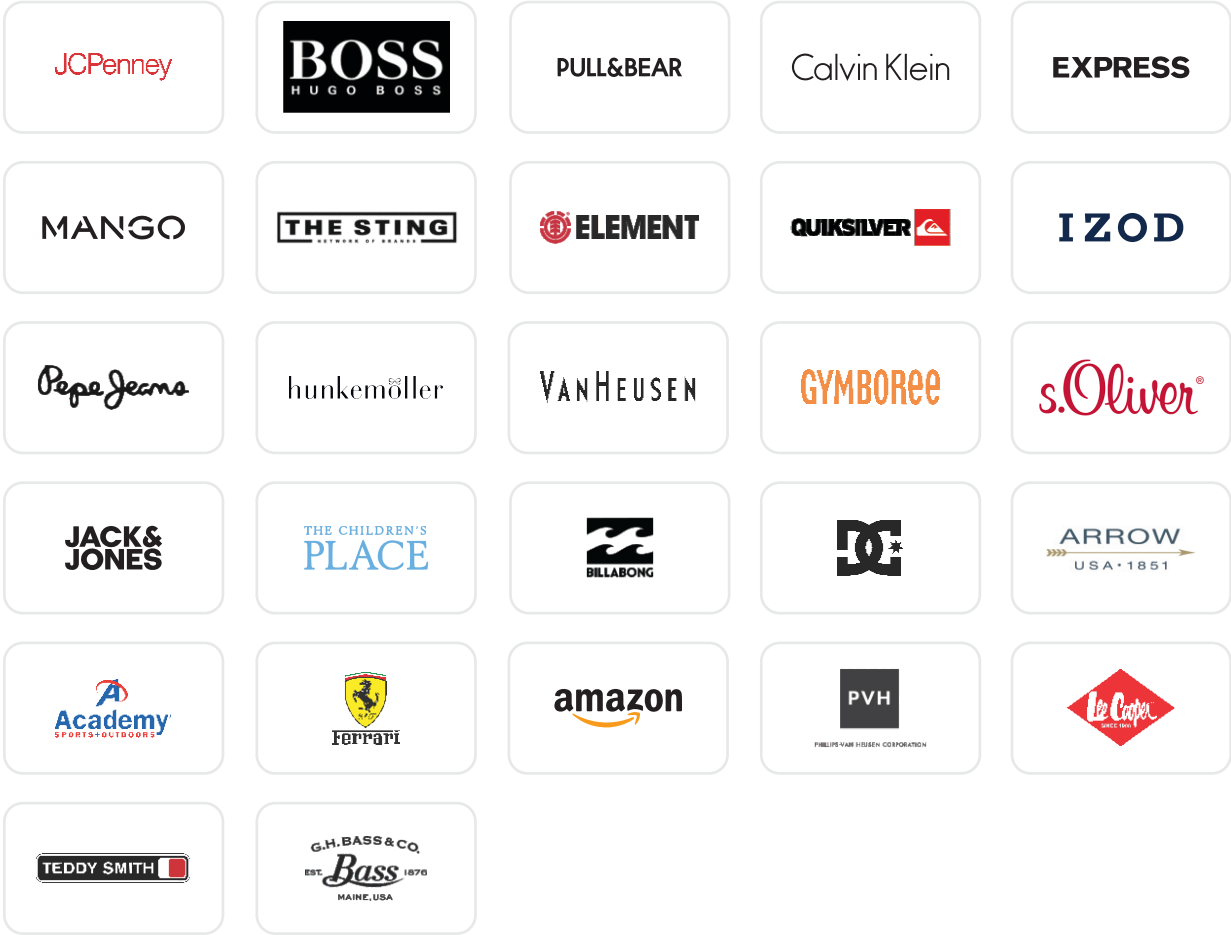


globally  
recognized  
brands



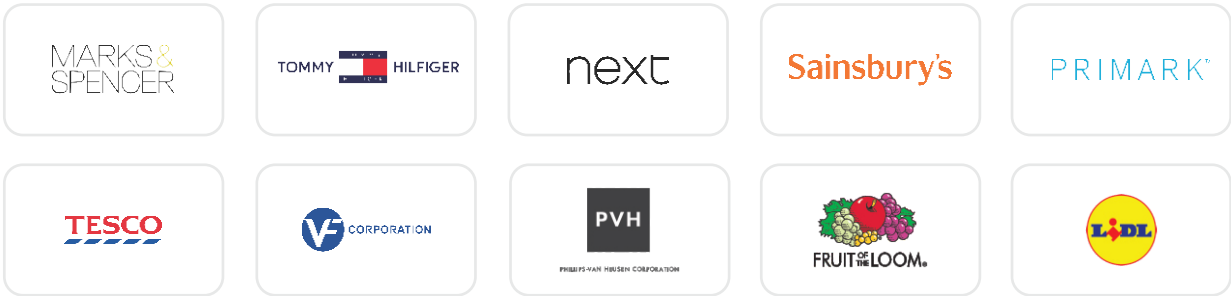
# major customers

## apparel base



# fabric base

approved vendor of key brands





# corporate information

## Board of Directors

**Naseer Ahmad Shah**  
Chairman/Non-Executive Director

**Shahid Nazir Ahmad**  
Chief Executive Officer/Executive  
Director

**Shabir Ahmad Abid**  
Independent Director

**Shahid Iqbal**  
Independent Director

**Shoaib Ahmad Khan**  
Nominee Director - NIT

**Chen Yan**  
Nominee Director - Shanghai  
Challenge Textile Co. Ltd.

**Shibin Yang**  
Nominee Director - Shanghai  
Challenge Textile Co. Ltd.

## Chief Financial Officer

**Muhammad Shahid Naveed**, FCA (ICAP), ACA (ICAEW)

## Company Secretary

**Nisar Ahmad Alvi**, ACA

## Audit Committee

**Shabir Ahmad Abid**  
Chairman

**Naseer Ahmad Shah**  
Member

**Shahid Iqbal**  
Member

## HR & Remuneration Committee

**Shahid Iqbal**  
Chairman

**Shahid Nazir Ahmad**  
Member

**Shabir Ahmad Abid**  
Member

## Risk Management Committee

**Shahid Nazir Ahmad**  
Chairman

**Naseer Ahmad Shah**  
Member

**Shahid Iqbal**  
Member

## Nomination Committee

**Naseer Ahmad Shah**  
Chairman

**Shabir Ahmad Abid**  
Member

**Shahid Iqbal**  
Member

## Auditors

**Riaz Ahmad & Company**  
Chartered Accountants

## Share Registrar

CorpTec Associates (Private) Limited  
503-E, Johar Town, Lahore  
Phone: 042-35170336-7  
Fax: 042-35170338  
Web: [www.corptec.com.pk](http://www.corptec.com.pk)

## Registered Office

Masood Textile Mills Limited  
Universal House, 17/1, New Civil Lines  
Bilal Road, Faisalabad  
Phone: 041-2600176-276  
Fax: 041-2600976  
Web: [www.masoodtextile.com](http://www.masoodtextile.com)

## Mills

Masood Textile Mills Limited  
32-KM, Sheikhpura Road Faisalabad





# 02

## governance





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Masood Textile Mills



# profile of board of directors

## Board of Directors

### Mr. Naseer Ahmad Shah (Chairman)

**Mr. Naseer Ahmad Shah** holds M.Sc. (Computer science) degree and various certifications in the field of IT. He has more than 37 years of professional experience in ERP implementation. In order to bolster his skills, he attended the training session conducted by Institute of Chartered Accountants of Pakistan and awarded the certification of Director Training Program. His contribution to the Board is of great improvement and is highly valued.

His vast experience and in-depth knowledge of the IT Sector is highly beneficial for Board Level. Mr. Naseer Ahmad Shah has excellent skills in implementing strategic plans and programs of the organization in research and development of organization.



Mr. Shahid Nazir Ahmad  
(Chief Executive Officer)

**Mr. Shahid Nazir Ahmad** is an MBA from London and has over 35 years of experience in the textile sector including spinning, knitting, dyeing, finishing and garments. Mr. Shahid Nazir is the CEO of Masood Textile Mills Limited and the main driving force along with professional experience behind the growth of the Company from a spinning unit to one of the largest vertically integrated business in Pakistan. He has extensive experience in production, IT, marketing and administration.

With keen interest in continuous innovation, Mr. Shahid Nazir's contribution has been pivotal in leading the Research & Development team at Masood Textile Mills Limited. His contribution toward the Board is a great achievement and is highly valued.

### **Mr. Shabir Ahmad Abid (Independent Director)**

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**Mr. Shabir Ahmad Abid** holds degree of MBA & MBE from University of the Punjab Lahore Pakistan. He is having more than 24 Years of versatile experience in Finance, Marketing, Sales, and production in Textile Industry. Has worked on the leading positions in different organizations. He has a good exposure of international and domestic markets and has potential of overcoming challenges in new environment quickly.

He is a member of Pakistan Institute of Corporate Governance and holds the certification of Director Training Program from the Institute of Cost and Management Accountants of Pakistan.

### **Mr. Shahid Iqbal (Independent Director)**

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**Mr. Shahid Iqbal** holds Graduation degree from University of the Punjab Lahore. He has more than 26 years of experience in finance, sales and marketing of textile sector and beverage industry. He is a member of Pakistan Institute of Corporate Governance.

His co-ordination with IT Team regarding development of different types of MIS relating to supply chain management, Exports orders follow up, Cost management system etc. has benefited the company in automating its processes. He has attended various seminars/workshops and awarded certification of Director Training Program from the Institute of Cost and Management Accountants of Pakistan.

### **Mr. Shoaib Ahmad Khan (Nit-Nominee)**

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**Mr. Shoaib Ahmad Khan** holds degree of MBA from Adamson University-Manila, Philippines and Bachelor of Science from Punjab University. He further holds DAIBP from Institute of Bankers, Pakistan and certificate course on Islamic Banking from Institute of Islamic Banking & Finance, Pakistan. He has more than 24 years of working experience at executive level in various companies. He is Nominated board member by National Investment Trust Limited (NIT).

### **Ms. Chen Yan (Nominee Shanghai Challenge Textile Co. Ltd.)**

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**Ms. Chen Yan** is a Chinese national. She works at higher managerial position of textile companies. She holds bachelor degree and has vast experience of 25 years in textile industry as senior executive. She has also served as Executive of sales and Marketing in Shanghai Jiale Corp Ltd. from 1998 to 2004.

Ms. Chen Yan was selected non-executive director and has a great experience in directorship in Masood Textile Mills Limited as well. She has excellent skills in implementing strategic plans and programs of the organization in order to maximize the value of entity. She devises and executes the highest-level strategies for directing overall growth and operational aspects of the company. She is Nominee board member of our associated company Shanghai Challenge Textile Company Limited.

### **Mr. Shibin Yang (Nominee Shanghai Challenge Textile Co. Ltd.)**

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**Mr. Shibin Yang** is a Chinese national. He is executive member of the board of Shanghai Challenge Textile Company Limited. He is post graduate and currently serving Shanghai Challenge Textile Company Limited. Mr. Shibin Yang has 33 years of experience in textile industry as senior executive. He had been employed with Ministry of Textile; China National Textile Council; State Bureau of textile Industry; China National Textile and Apparel Council and other companies.

He has exceptional proficiency in development of strategies and policies for global marketing and production processes in the spinning segment of textile industry which is a life blood for effectual running of the company and success in global markets. He is Nominee board member of our associated company Shanghai Challenge Textile Company Limited.



# notice of annual general meeting

Notice is hereby given that 39<sup>th</sup> Annual General Meeting of the members, holding Ordinary Shares of Masood Textile Mills Limited, will be held at its Registered Office, Universal House, 17/1 New Civil Lines, Bilal Road, Faisalabad on Saturday, 28<sup>th</sup> October, 2023 at 11.00 A.M. to transact the following business:

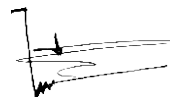
1. To confirm the minutes of the last Extraordinary General Meeting held on 21<sup>st</sup> June, 2023.
2. To receive, consider and adopt the Chairman's Review Report, Reports of Directors and Auditors together with Audited Annual Financial Statements of the Company for the year ended 30<sup>th</sup> June, 2023.
3. To appoint Auditors and to fix their remuneration for the financial year ending 30<sup>th</sup> June, 2024. M/s Riaz Ahmad & Company, Chartered Accountants, retire and being eligible offer themselves for their re-appointment.
4. To consider any other business that may be placed before the meeting with the permission of the chair.

## SPECIAL BUSINESS:

- 1- To consider and, if thought fit, to pass with or without modification(s), the resolutions appearing below as ordinary resolutions for the circulation of Annual Audited Financial Statements to their members through QR enabled code and weblink as recommended by the Directors.

"RESOLVED THAT the dissemination of information regarding annual audited financial statements to the shareholders through QR enabled code and weblink as notified by the Securities and Exchange Commission of Pakistan vide its SRO 389 (I)/2023 dated 21 March, 2023, be and is hereby approved while considering technological advancements and old technology becoming obsolete, the circulation of annual financial statements through CD/DVD/USB be discontinued."

## FOR AND ON BEHALF OF THE BOARD



(Nisar Ahmad Alvi ACA)  
Company Secretary

Faisalabad  
04<sup>th</sup> October, 2023



## NOTES:

1. Share Transfer Books for Ordinary Shares of the Company will remain closed from 21<sup>st</sup> to 28<sup>th</sup> October, 2023 (both days inclusive). Physical transfers / CDS Transactions IDs, received in order at Registered Office of the Company or our Share Registrar, by the close of business on 20<sup>th</sup> October, 2023 will be treated in time.
2. Share Transfer Books for Preference Shares of the Company will remain closed from 21<sup>st</sup> to 28<sup>th</sup> October, 2023 (both days inclusive) for determining the entitlement of Preferred Dividend calculated at average six months KIBOR+200 bps p.a. Rs. 1.82 per share. Physical transfers / CDS Transactions IDs, received in order at Registered Office of the Company or our Share Registrar, by the close of business on 20<sup>th</sup> October, 2023 will be treated in time.
3. A shareholder entitled to attend and vote at this meeting may appoint another shareholder as his/her proxy to attend and vote on his/her behalf. The instrument appointing a Proxy and Power of Attorney or other authority under which it is signed or notarially certified copy of the Power of Attorney must be received at the Registered Office of the Company, duly stamped, signed and witnessed not later than 48 hours before the meeting. An instrument of Proxy applicable for meeting is attached herewith. However, Preference Shareholders are not entitled to attend the meeting, since Preference Shares carry no voting rights.
4. Shareholders whose shares are deposited with Central Depository System (CDS) are requested to bring their Computerized National Identity Card (CNIC) along with their Account Number in CDS for verification. In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with specimen signatures of the nominee shall be produced (unless provided earlier) at the time of the meeting.
5. Pursuant to Finance Act, 2022, the Company is liable to withhold Income Tax @ 15 % from the Filers and 30 % from the Non-Filers under the provisions of Section 150 of the Income Tax Ordinance, 2001. Kindly ensure your status from Active Tax Payer's List, available at FBR's website, before disbursement of Dividend by the Company. Individuals without CNIC(s) will be treated Non-Filers, since their status cannot be verified from FBR.
6. The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980. Moreover, the shareholders who have not yet submitted their Computerized National Identity Cards to the Company are requested once again to send attested copies thereof at their earliest. Otherwise, their Dividend will be withheld for lack of complete information.
7. The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In case of non-submission, all future dividend payments may be withheld.
8. Shareholders who have not collected their Dividend/Physical shares so far are advised to contact our Share Registrar to collect/enquire about their Unclaimed Dividend or Share, if any.



9. As per Section 72 of The Companies Act, 2017 every existing company shall replace its physical shares with book-entry form in a manner as may be specified and from the date notified by The SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017. The shareholders holding shares in physical form are requested to please convert their shares in the book entry form. For this purpose, the shareholders may open CDC Sub-account with any of the brokers or investors account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares at any time they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Limited.

10. 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 hereinabove at least (7) days prior to the date of the meeting on the Standard Form available on the Company's website: [www.masoodtextile.com](http://www.masoodtextile.com)

11. Pursuant to the provision of Section 223(6) of the Companies Act, 2017, the Companies are permitted to circulate their annual financial statements, along with the Auditor's report, director review report etc. ("Annual Report") and the notice of Annual General Meeting ("Notice") to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and Notice of Annual General Meeting by E-mail are requested to provide the complete Electronic Communication Consent Form (available at the Company's Website) to the Company's Share Registrar.

### Statement of Material Facts Under Section 134(3) of the Companies Act, 2017

This statement set the material facts pertaining to the special business to be transacted at the Annual General Meeting of the company to be held on Saturday October 28, 2023 at 11:00 am.

### **Circulation of the Annual Audited Financial Statements to their members through QR enabled code and weblink**

The Securities and Exchange Commission of Pakistan has allowed listed companies, through its SRO No. 389(I)2023 dated March 21, 2023 to circulate the Annual Audited Financial Statements to their members through QR enabled code and weblink instead of transmitting the Annual Audited Financial Statements through CD/DVD/USB. The Company shall circulate Annual Audited Financial Statements through email address in case it has been provided by the members to the Company, and upon demand, supply hard copies of the Annual Audited Financial to the members free of cost.

# chairman's review report

## Dear Shareholders

On behalf of Board of Directors, I am pleased to present the "Chairman Review Report" for the year ended June 30, 2023. This review report is required under the provisions of section 192(4) of Companies Act, 2017 on overall performance and effectiveness of the board in achieving the Company objectives.

Overall economic indicators remained under pressure during the year under review. This was mainly due to continued political uncertainty, low foreign reserves, supply chain disruptions and rising inflation. Due to the effects of floods, rupee devaluation and revision in energy prices, inflation was recorded at an all-time high level. Domestic prices remained under pressure due to supply shortages of essential items and restrictions on imports.

Despite unexpected volatility and uncertainty, the economy has shown strong resilience, over the years. Furthermore, it is essential to sustain the reform momentum and focus on policies for securing stability and promoting sustainable growth. It is projected that the profitability in the next year will be affected due to an increase in prices of basic raw materials, utilities, wages, high finance costs and devaluation of the Pak Rupee.

Nevertheless, the management of the Company is determined to avail full benefits of any opportunities by continued focus on innovation, quality improvement, productivity and cost optimization, Board performance and effectiveness. Despite challenging business environment, your Company managed to achieve highest ever sales and profit after tax.

I extend my deepest gratitude to our valuable shareholders for their unwavering trust and confidence in our leadership team. Moreover, none of this would be possible without the enduring support of directors, and hard work of our management and employees.

FAISALABAD  
04th October, 2023

  
CHAIRMAN



# chairman's review report Urdu

## محترم حصص یافتگان:-

بورڈ آف ڈائریکٹرز کی جانب سے مجھے 30 جون 2023 کو ختم ہونے والے سال کے لئے چیئرمین کا جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔ یہ جائزہ رپورٹ کمپنیز ایکٹ 2017 کے سیکشن (4) 192 کی دفعات کے تحت کمپنی کے مقاصد کے حصول میں بورڈ کی مجموعی کارکردگی اور تاثیر پر درکار ہے۔

زیر جائزہ سال کے دوران مجموعی اقتصادی اشارے دباؤ کا شکار رہے۔ اس کی بنیادی وجہ مسلسل سیاسی غیر یقینی صورتحال، کم زرمبادلہ ذخائر، سپلائی چین میں خلل اور بڑھتی ہوئی مہنگائی تھی۔ سیلاب کے اثرات، روپے کی قدر میں کمی اور توانائی کی قیمتوں میں نظر ثانی کی وجہ سے مہنگائی تاریخ کی بلند ترین سطح پر ریکارڈ کی گئی۔ اشیائے ضروریہ کی سپلائی میں کمی اور درآمدات پر پابندیوں کی وجہ سے ملکی قیمتیں دباؤ میں رہیں۔

غیر متوقع اتار چڑھاؤ اور غیر یقینی صورتحال کے باوجود، معیشت نے کئی سالوں میں مضبوط چلک دکھائی ہے۔ مزید برآں، اصلاحات کی رفتار کو برقرار رکھنا اور استحکام کو محفوظ بنانے اور پائیدار ترقی کو فروغ دینے کے لئے پالیسیوں پر توجہ مرکوز کرنا ضروری ہے۔ یہ اندازہ لگایا جاتا ہے کہ بنیادی خام مال، یوٹیلٹیٹیز، اجرت، اعلیٰ مالیاتی اخراجات اور پاکستانی روپے کی قدر میں کمی کی وجہ سے اگلے سال منافع متاثر ہوگا۔

اس کے باوجود کمپنی کی انتظامیہ جدت، معیار میں بہتری، پیداواری صلاحیت اور لاگت کی اصلاح، بورڈ کی کارکردگی اور تاثیر پر مسلسل توجہ دے کر کسی بھی موقع سے بھرپور فائدہ اٹھانے کے لئے پرعزم ہے۔ مشکل کاروباری ماحول کے باوجود، آپ کی کمپنی اب تک سب سے زیادہ فروخت اور ٹیکس ادائیگی کے بعد منافع حاصل کرنے میں کامیاب رہی۔

میں اپنے قیمتی حصص یافتگان کا ہماری قیادت کی ہم پران کے غیر متزلزل بھروسے اور اعتماد کے لئے تہہ دل سے شکریہ ادا کرتا ہوں۔ مزید یہ کہ ڈائریکٹرز کے مستقل تعاون اور ہماری انتظامیہ اور ملازمین کی محنت کے بغیر اس میں سے کچھ بھی ممکن نہیں ہو سکتا تھا۔

چیئرمین

فیصل آباد

04 اکتوبر 2023

# director's report to the members

We have pleasure to present the Annual Report containing the Audited Financial Statements for the year ended June 30, 2023 along with other required information prescribed under the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Companies Act, 2017.

## Market Overview

### economic outlook

The value of textile and garment exports from Pakistan decreased by 15 per cent in fiscal year 2022-23. During this period, Pakistan earned \$16.501 billion from textile and apparel exports, compared to \$19.329 billion in 2021-22.

Pakistan's textile and garment exports had been experiencing numerous challenges during the fiscal year 2023. The global economic slowdown has adversely affected textile exports for major supplier countries, including Pakistan. Additionally, energy shortages, import restrictions, high costs and political unrest within the country has also disrupted economic activities.

Inflation is at the top of textile players' minds all over the world, more so in Pakistan where inflation is many times higher than in all textile-exporting economies. They foresee inflation undercutting consumer demand in economies that are major buyers of textiles and pushing shoppers to curtail fashion spending or trade down for less expensive products. The lumpy increase in electricity and gas tariffs and in Petrol, Oil & Lubricants prices are exerting a strong pressure on the price level.

Despite many challenges faced by Pakistan's economy on external and domestic fronts, during fiscal year 2023, policies to contain current account deficit remained effective as it significantly reduced in this fiscal year as compared to same period last year.

### company's performance

The Company's revenue increased by 11.01 % from Rs. 54.147 billion to Rs. 60.106 billion for the year ended 30 June 2023. Due to increase in revenue, gross profit for the year also increased to Rs. 8.088 billion from Rs. 6.542 billion last year. Company recorded profit before tax for the year ended 2023 amounting to Rs. 3.491 billion as compared to Rs. 3.011 billion for the last financial year. Profit after tax increased from Rs. 2.276 billion to Rs. 2.651 billion during financial year 2023. Earnings per share of the Company for the year ended 30 June 2023 increased to Rs. 38.54 as compared to Rs. 33.24 from the last year.

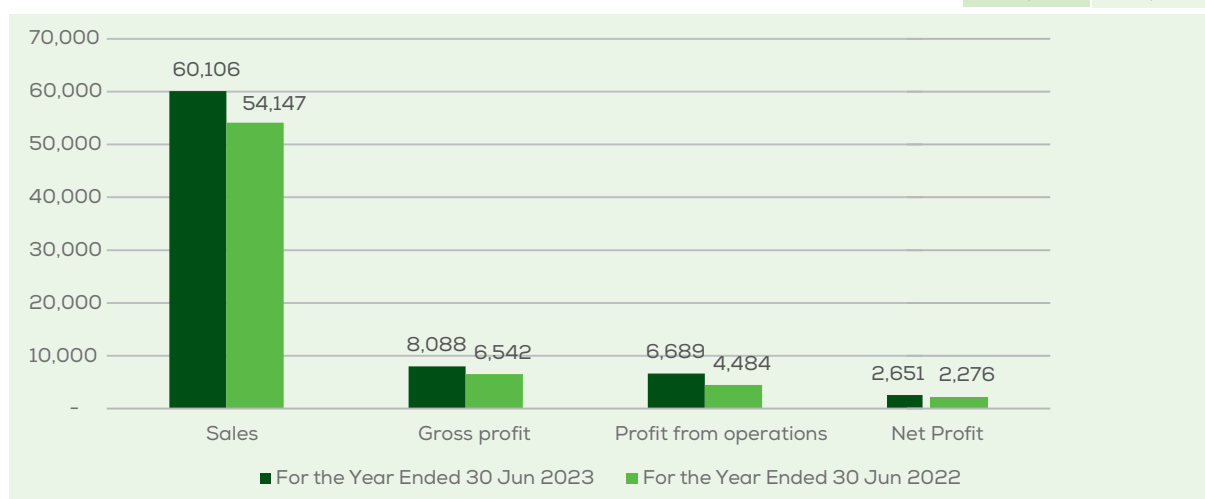
The comparative financial results of the Company are reproduced hereunder:



# financial highlights

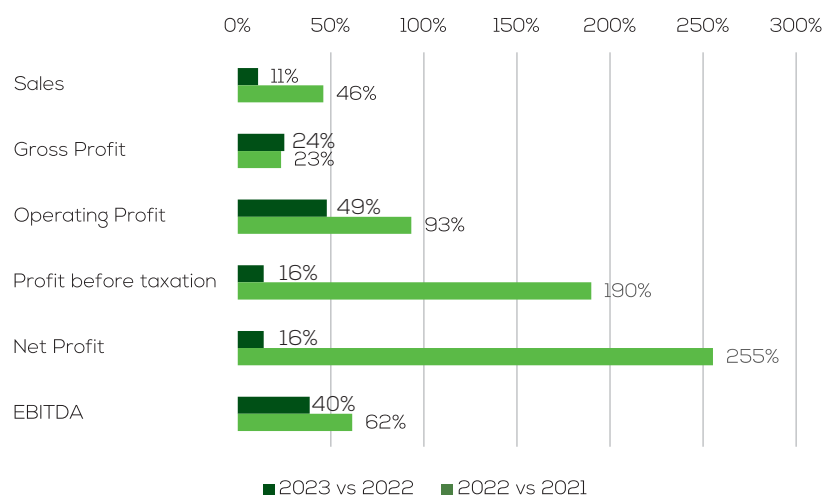
Description	2023 (Rupees in Thousand)	2022
Revenue	60,105,873	54,146,811
Cost of sales	(52,017,778)	(47,605,201)
Gross profit	8,088,095	6,541,610
Distribution cost	(3,815,010)	(3,349,959)
Administrative expenses	(1,234,004)	(997,696)
Other expenses	(191,037)	(115,099)
Other income	3,841,425	2,405,460
Finance cost	(3,198,821)	(1,473,334)
Profit before taxation	3,490,648	3,010,982
Taxation	(839,459)	(734,942)
Profit after taxation	2,651,189	2,276,040
Earnings per share - basic (rupees)	38.54	33.24
Earnings per share - diluted (rupees)	34.72	30.22

Particulars	2023 PKR in Million	2022
Sales	60,106	54,147
Gross profit	8,088	6,542
Profit from operations	6,689	4,484
Net Profit	2,651	2,276



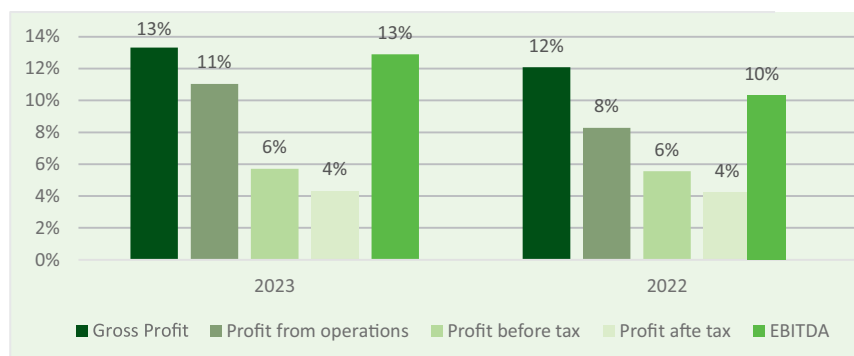
## Horizontal Analysis

Particulars	2023 vs 2022	2022 vs 2021
Sales	11%	46%
Gross Profit	24%	23%
Operating Profit	49%	93%
Profit before taxation	16%	190%
Net Profit	16%	255%
EBITDA	40%	62%



## Vertical Analysis

Particulars	2023	2022
Gross Profit	13%	12%
Profit from operations	11%	8%
Profit before tax	6%	6%
Profit after tax	4%	4%
EBITDA	13%	10%





# future outlook

The economy is still on the edge of stabilizing and hurdles are still prevailing. The government is trying to curtail the inflation during the upcoming fiscal year 2023-24. The country is also currently facing the toughest times to honor its foreign obligations and deal with depleting foreign exchange reserves.

With regards to the Company's operations, with the devaluation of the Pak Rupee, High-interest rates, increased volatility in the local and international cotton prices, and energy crisis, the cost of doing business may climb and resultantly the Company might face difficulty in passing on these costs to our customers.

The management is closely monitoring these potential impacts to hedge possible uncertainties by acquiring an efficient mix of raw materials, maximum capacity utilization, and cost rationalization, to continue business sustainability. Economic Challenges and global landscape persist, but the Company remains committed to growth and sustainability.

For FY2024, the government is taking various measures for domestic resource mobilization and has unveiled a comprehensive strategy for every sector of the economy in an effort to revive economic growth and move towards a higher inclusive and sustainable growth trajectory.



# dividend ordinary and preference

The Company had issued 60.000 million Preference Shares of the value of Rupees 600.000 million, redemption of these preference shares after the expiry of their maturity is at the option of the Company. Preference dividend is payable on the basis of the average six months KIBOR+200 bps per annum. Board of Directors of the Company has proposed preference dividend on the outstanding preference shares to the preference shareholders of the Company for the year ended 30 June 2023 of Rupees 1.82 per share.

Keeping in view liquidity position of the company and high interest rate scenario management has not proposed dividend to ordinary share holders.

## corporate governance

The board of directors and management are aware of their responsibilities under the Listed Companies (Code of Corporate Governance) Regulation 2019 and Rule Book of Pakistan Stock Exchange. The company remains committed to the principles of good corporate governance practices with emphasis on transparency and disclosures. Your Company is cognizant to monitor its operations and performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

In compliance of corporate laws, the Board Members / Directors are pleased to confirm the followings:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standard, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as going concern.
- Statement of pattern of Shareholding has been included as part of this annual report.



# key operating and financial data

The key operating and financial data for last six years is given in this report.

## composition of the board

In line with the requirements of the Code of Corporate Governance, the company encourages representation of independent and non-executive directors, as well as gender diversity on its Board.

The composition of the Board is as follows:

**06**  
Male 

**01**  
Female 

**02** Independent Directors  
**04** Non-Executive Directors  
**01** Executive Director

## board of directors meetings

Six meetings of the Board of Directors were held during the financial year, with the following attendance:

Sr.#	Name of Directors	Designation	No. of Meetings Attended
1-	Mr. Naseer Ahmad Shah	Chairman	5
2-	Mr. Shahid Nazir Ahmad	Chief Executive Officer	3
3-	Mr. Shabir Ahmad Abid	Independent Director	5
4-	Mr. Shahid Iqbal	Independent Director	5
5-	Mr. Shoaib Ahmad Khan (Nominee- NIT)	Director	4
6-	Ms Chen Yan (Nominee- Shanghai Challenge Tex.Co.Ltd.)	Director	4
7-	Mr. Shubin Yang (Nominee- Shanghai Challenge Tex.Co.Ltd.)	Director	3



# audit committee meetings

Five meetings of the Audit Committee were held during the financial year, with the following attendance:

Sr.#	Name of Members	Designation	No. of Meetings Attended
1-	Mr. Shabir Ahmad Abid	Chairman	5
2-	Mr. Naseer Ahmad Shah	Member	5
3-	Mr. Shahid Iqbal	Member	5

# human resource & remuneration committee

One meeting of the Human Resource & Remuneration Committee was held during the financial year, with the following attendance:

Sr.#	Name of Members	Designation	No. of Meetings Attended
1-	Mr. Shahid Iqbal	Chairman	1
2-	Mr. Shahid Nazir Ahmad	Member	1
3-	Mr. Shabir Ahmad Abid	Member	1

# risk management committee

One meeting of the Risk Management Committee was held during the financial year, with the following attendance:

Sr.#	Name of Members	Designation	No. of Meetings Attended
1-	Mr. Shahid Nazir Ahmad	Chairman	1
2-	Mr. Naseer Ahmad Shah	Member	1
3-	Mr. Shahid Iqbal	Member	1

# nomination committee

One meeting of the Risk Management Committee was held during the financial year, with the following attendance:

Sr.#	Name of Members	Designation	No. of Meetings Attended
1-	Mr. Naseer Ahmad Shah	Chairman	1
2-	Mr. Shabir Ahmad Abid	Member	1
3-	Mr. Shahid Iqbal	Member	1

The Board is responsible for making decisions with respect to important management matters, including the execution of important business activities and other matters as prescribed by law. These decisions are made after deliberating such matter according to the established criteria, assessing risks and giving such matters due consideration. The Board is also responsible for supervising and monitoring the conduct of duties.

## director's remuneration

The Board of Directors has devised the policy for the determination of remuneration. Following are its salient features.

The Company will not pay any remuneration to its Non-Executive Directors except as meeting fee for attending the Board and its committee meetings.

The remuneration of directors and meeting fee shall be determined and approved by the Board of Directors. Remuneration package is designed to attract suitable candidate and talent on the Board.

A Director is provided or reimbursed for all travelling, boarding, lodging and other expenses incurred by him for attending meetings of the Board and its committees.

## adequacy of internal & financial controls

The Board of Directors has established an effective system of Internal and Financial Controls that ensure:

- Effective and efficient conduct of operations
- Safeguarding company assets
- Compliance with applicable Laws and Regulations
- Reliable Financial Reporting

Internal audit function of the Company regularly appraises and monitors the implementation of Standard Operating Procedures and respective financial controls.

Internal audit reports are presented to the Audit Committee, as per internal audit plan. Accordingly, the Audit Committee reviews the effectiveness of the internal control framework and financial statements in its meetings.



## external auditors

The present Auditors M/s Riaz Ahmad & Company Chartered Accountants retired and offered themselves for re-appointment. They have confirmed achieving satisfactory OCR rating from Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the Guidelines on the Code of Ethics of International Federation of Accountants (IFAC) as adopted by ICAP. The Board of Directors has recommended their re-appointment as auditors of the company for the year ending June 30, 2024, at a fee to be mutually agreed.

## health, safety, environment and csr

Employees Health & Safety and Environmental protection are our core values and the Company regularly takes initiatives towards the improvement of environment and well-being of society. We carry out regular health and safety awareness programs. The Company has also provided firefighting equipment and vehicles at all of its manufacturing facilities. A dedicated clinic/dispensary is managed by the qualified team where 24/7 emergency services are provided. We also ensure the compliance of our production facility with all the environmental standards.

CSR is strategic, building long term relationships with neighboring communities and stakeholders. Relationships that are mutually beneficial enhance corporate reputation and respect for the Company's business and products, and provide a sustainable competitive advantage.



## acknowledgement

The Company remains grateful to its shareholders, employees, customers, suppliers, bankers and other stakeholders for their trust in the Company and supporting role in the growth and prosperity of the Company.

FAISALABAD  
04th October, 2023

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

# ڈائریکٹرز رپورٹ برائے حصص یافتگان

ہم 30 جون 2023ء کو اختتام پذیر ہونے والے سال کے آڈٹ شدہ مالیاتی گوشواروں پر مشتمل سالانہ رپورٹ کے ساتھ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اور کمپنیز ایکٹ 2017 کے تحت دیگر مطلوبہ معلومات فراہم کرتے ہوئے خوشی محسوس کر رہے ہیں۔

**مارکیٹ کا جائزہ۔**

**اقتصادی ظہور:-**

مالی سال 2022-23 میں پاکستان سے ٹیکسٹائل اور ملبوسات کی برآمدات میں 15 فی صد کمی واقع ہوئی ہے۔ اس عرصے کے دوران پاکستان نے ٹیکسٹائل اور ملبوسات کی برآمدات سے 16.501 ارب ڈالر کمائے جو کہ 2021-22 میں 19.329 ارب ڈالر تھے۔

پاکستان کی ٹیکسٹائل اور ملبوسات کی برآمدات کو مالی سال 2023 کے دوران متعدد چیلنجز کا سامنا رہا۔ عالمی اقتصادی سست روی نے پاکستان سمیت بڑے سپلائرز ملک کے لئے ٹیکسٹائل کی برآمدات کو بری طرح متاثر کیا ہے۔ مزید برآں، توانائی کی قلت، درآمدی پابندیاں، منگنے اخراجات اور ملک کے اندر سیاسی بد امنی نے بھی معاشی سرگرمیوں کو متاثر کیا ہے۔

مہنگائی پوری دنیا میں ٹیکسٹائل کی کمپنیز کے پلیئرز کے ذہنوں میں سرفہرست رہی، پاکستان میں اس سے بھی زیادہ مہنگائی ہے جو کہ ٹیکسٹائل برآمد کرنے والی تمام معیشتوں سے کئی گنا زیادہ ہے۔ پیشن گوئی ہے کہ مہنگائی ٹیکسٹائل کے بڑے خریداروں کو فیشن کے اخراجات کم کرنے یا کم ہنگی مصنوعات خریدنے پر مجبور کر رہی ہے۔ بجلی اور گیس کے نرخوں اور پٹرولیم آئل اینڈ لبریکنٹ کی قیمتوں میں بے تحاشہ اضافی قیمت کی سطح پر سخت دباؤ ڈال رہا ہے۔

بیرونی اور ملکی محاذوں پر پاکستان کی معیشت کو درپیش بہت سے چیلنجز کے باوجود، مالی سال 2023 کے دوران، کرنٹ اکاؤنٹ خسارے پر قابو پانے کی پالیسیاں کارگر رہیں۔ کیونکہ اس مالی سال میں گزشتہ سال کی اسی مدت کے مقابلے میں نمایاں کمی واقع ہوئی ہے۔

**کمپنی کی کارکردگی:-**

کمپنی کے 30 جون 2023 کو ختم ہونے والے مالی سال کی آمدن 11.01 فی صد اضافہ کے ساتھ 54.147 ارب روپے سے بڑھ کر 60.106 ارب روپے ہو گئی ہے۔ آمدنی میں اضافے کی وجہ سے مجموعی منافع پچھلے سال 6.542 ارب روپے سے بڑھ کر 8.088 ارب روپے ہو گیا۔ کمپنی نے 2023 کو ختم ہونے والے سال کے لیے قبل از ٹیکس منافع 3.491 ارب روپے ریکارڈ کیا۔ جو گزشتہ مالی سال 3.011 ارب روپے تھا۔ بعد از ٹیکس منافع 2.276 ارب روپے سے بڑھ کر مالی سال 2023 کے دوران 2.651 ارب روپے ہو گیا ہے۔ 30 جون 2023 کو ختم ہونے والے سال کے لئے فی حصص آمدنی 38.54 روپے ہے۔ جو پچھلے سال فی حصص آمدنی 33.24 روپے تھی۔

کمپنی کے تقابلی مالیاتی نتائج ذیل میں پیش کیے گئے ہیں۔



## مالی سرخیاں :-

2022	2023	تفصیل
روپے ہزاروں میں 54,146,811	روپے ہزاروں میں 60,105,873	آمدنی
(47,605,201)	(52,017,778)	لاگت سیلز
6,541,610	8,088,095	مجموعی نفع
(3,349,959)	(3,815,010)	ڈسٹری بیوشن خرچہ
(997,696)	(1,234,004)	کاروبار کے انتظامی اخراجات
(115,099)	(191,037)	دیگر اخراجات
2,405,460	3,841,425	دیگر آمدن
(1,473,334)	(3,198,821)	مالی لاگت
3,010,982	3,490,648	نفع ٹیکس سے پہلے
(734,942)	(839,459)	ٹیکسز
2,276,040	2,651,189	نفع ٹیکس کی ادائیگی کے بعد
33.24	38.54	آمدن فی حصص بنیادی (روپیہ)
30.22	34.72	آمدن فی حصص ڈائیونڈا کی کر کے (روپیہ)

## افقی تجزیہ

2022 vs 2021	2023 vs 2022	
46%	11%	سیلز
23%	24%	کل منافع
93%	49%	کاروباری منافع
190%	16%	منافع قبل از ٹیکس
255%	16%	بعد از ٹیکس خالص منافع
62%	40%	EBITDA

2022	2023	
12%	13%	کل منافع
8%	11%	کاروباری منافع
6%	6%	منافع قبل از ٹیکس
4%	4%	بعد از ٹیکس خالص منافع
10%	13%	EBITDA

## مستقبل کا جائزہ :-

معشیت اب بھی مستحکم ہونے کے دہانے پر ہے اور رکاوٹیں بھی غالب ہیں۔ حکومت آئندہ مالی سال 2023-24 کے دوران مہنگائی کو کم کرنے کی کوشش کر رہی ہے۔ ملک اس وقت اپنی غیر ملکی ذمہ داریوں کو پورا کرنے اور کم ہوتے زرمبادلہ کے ذخائر سے نمٹنے کے لیے بھی مشکل ترین دور کا سامنا کر رہا ہے۔

کمپنی کے آپریشنز کے حوالے سے، پاکستانی روپے کی قدر میں کمی، سود کی بلند شرح، مقامی اور بین الاقوامی کپاس کی قیمتوں میں اتار چڑھاؤ اور توانائی کے بحران سے کاروبار کرنے کی لاگت بڑھ سکتی ہے، جو نتیجتاً کمپنی کو گاہکوں پر ان اخراجات کو ڈالنے میں دشواری کا سامنا کرنا پڑ سکتا ہے۔

کاروبار کی پائیداری کو جاری رکھنے کے لئے انتظامیہ خام مال کی موثر آمیزش زیادہ سے زیادہ صلاحیت کے استعمال، لاگت کو معقول بنانے کے ذریعے ممکنہ غیر یقینی صورتحال کو روکنے کے لئے ان ممکنہ اثرات پر گہری نظر رکھے ہوئے ہیں۔ اقتصادی چیلنجز اور عالمی منظر نامے برقرار ہیں۔ لیکن کمپنی ترقی اور پائیداری کے لیے پرعزم ہے۔

حکومت مالی سال 2024 کے لئے ملکی وسائل کو متحرک کرنے کے لئے مختلف اقدامات کر رہی ہے۔ اور اقتصادی ترقی کو بحال کرنے اور اعلیٰ جامع اور پائیدار ترقی کے راستے کی طرف بڑھنے کی کوشش میں معشیت کے ہر شعبے کے لئے ایک جامع حکمت عملی کی نقاب کشائی کر رہی ہے۔



## حصہ ا منافع :-

کمپنی نے 600.000 ملین روپے کی مالیت کے 60.000 ملین ترجیحی حصص جاری کیے تھے ان ترجیحی حصص کی مدت پوری ہونے کے بعد ان کی واپسی کمپنی کے اختیار میں ہے۔ ترجیحی منافع سالانہ اوسط چھ ماہ کے KIBOR+200BPS کی بنیاد پر قابل ادائیگی ہے کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لئے بقایا ترجیحی حصص یا فنڈنگ کو 1.82 روپے فی حصص منافع تجویز کیا۔

کمپنی، لیکویڈیٹی پوزیشن اور شرح سود کے اضافے کو مد نظر رکھتے ہوئے عام حصص یافتگان کو منافع کے لئے تجویز نہیں کیا گیا۔

## کارپوریٹ گورننس :-

بورڈ آف ڈائریکٹرز اور انتظامیہ لیسٹیٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اور رول بک آف پاکستان اسٹاک ایکسچینج کے تحت اپنی ذمہ داریوں سے آگاہ ہیں۔ کمپنی شفافیت اور انکشافات پر زور دینے کے ساتھ کارپوریٹ انتظامیہ کی اچھی پریکٹس کے اصولوں کی پابندی ہے آپ کی کمپنی مالی اور غیر مالی معاملات کی درستگی، جامعیت اور شفافیت کو بڑھانے کے لئے اپنے کاموں اور کارکردگی کی نگرانی کرنے میں سنجیدہ ہے۔

کارپوریٹ قوانین کی تعمیل میں بورڈ ممبر ڈائریکٹرز نیچے بیان کیے گئے بیانات پر عمل پیرا رہتی ہے۔

1- کمپنی کی انتظامیہ کے پیش کردہ مالیاتی بیانات کی صورت حال، کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں بدلاؤ کے بارے میں ایک عمدہ نظریہ پیش کرتے ہیں۔

2- اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

3- مالیاتی بیانات کی تیاری میں اکاؤنٹنگ کی پالیسیاں مستقل طور لاگو ہوتی ہیں۔ اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔

4- مالیاتی بیانات کی تیاری کے سلسلے میں بین الاقوامی مالیاتی رپورٹنگ کے معیارات جو پاکستان میں قابل اطلاق ہیں، عمل کیا گیا ہے۔

5- انٹرنل کنٹرول کا نافذ نظام، بہترین انداز سے بنایا گیا ہے اور اسے موثر انداز میں لاگو کیا گیا ہے۔

6- کمپنی کے کاروبار کے رواں دواں رکھنے کی صلاحیت شکوک و شبہات سے بالاتر ہے۔

7- حصص یافتگان کا طریقہ کار کو بھی اس سالانہ رپورٹ میں شامل کیا گیا ہے۔

## کلیدی آپریٹنگ اور مالیاتی اعداد و شمار :-

اس رپورٹ میں پچھلے 6 سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار دیے گئے ہیں۔

## بورڈ کی تشکیل :-

کوڈ آف کارپوریٹ گورننس کی ضروریات کے مطابق کمپنی اپنے بورڈ میں آزاد اور نائٹ ایگزیکٹو ڈائریکٹرز کی نمائندگی کے ساتھ ساتھ صنعتی تنوع کی بھی حوصلہ افزائی کرتی ہے۔



بورڈ کی تشکیل کی پیروی:-

کل ڈائریکٹرز کی تعداد۔ 07

01

عورت



06

مرد



بورڈ کی تشکیل:-

02

آزاد ڈائریکٹرز

04

نان ایگزیکٹو ڈائریکٹرز

01

ایگزیکٹو ڈائریکٹرز

ڈائریکٹرز کا اجلاس:-

ڈائریکٹرز کی پانچ میٹنگز مالی سال کیلئے منعقد ہونی جو درج ذیل ہیں۔

نمبر شمار	ڈائریکٹر کا نام	عہدہ	اجلاس حاضری کی تعداد
1	جناب نصیر احمد شاہ	چیئر مین	5
2	جناب شاہد نذر احمد	چیف ایگزیکٹو آفیسر	3
3	جناب شبیر احمد عابد	آزاد ڈائریکٹر	5
4	جناب شاہد اقبال	آزاد ڈائریکٹر	5
5	جناب شعیب احمد خان (منتخب NIT)	ڈائریکٹر	4
6	مس چن یان (منتخب شنگھائی چینج ٹیکسٹائل کمپنی لمیٹڈ)	ڈائریکٹر	4
7	جناب شیابین یا نگ (منتخب شنگھائی چینج ٹیکسٹائل کمپنی لمیٹڈ)	ڈائریکٹر	3

## آڈٹ کمیٹی کا اجلاس :-

مالی سال کے دوران آڈٹ کمیٹی کے پانچ اجلاس منعقد ہوئے جس کی حاضری مندرجہ ذیل ہے

نمبر شمار	ممبرز کے نام	عہدہ	اجلاس حاضری کی تعداد
1	جناب شبیر احمد عابد	چیئر مین	5
2	جناب نصیر احمد شاہ	ممبر	5
3	جناب شاہد اقبال	ممبر	5

## انسانی وسائل اور معاوضے کی کمیٹی :-

مالی سال کے دوران انسانی وسائل اور معاوضے کی کمیٹی کا ایک اجلاس منعقد ہوا جس کی حاضری مندرجہ ذیل ہے۔

نمبر شمار	ممبرز کے نام	عہدہ	اجلاس حاضری کی تعداد
1	جناب شاہد اقبال	چیئر مین	1
2	جناب شاہد نذیر احمد	ممبر	1
3	جناب شبیر احمد عابد	ممبر	1

## ریسک مینجمنٹ کمیٹی :-

مالی سال کے دوران ریسک مینجمنٹ کمیٹی کا ایک اجلاس منعقد ہوا جسکی حاضری مندرجہ ذیل ہے۔

نمبر شمار	ممبرز کے نام	عہدہ	اجلاس حاضری کی تعداد
1	جناب شاہد نذیر احمد	چیئر مین	1
2	جناب نصیر احمد شاہ	ممبر	1
3	جناب شاہد اقبال	ممبر	1

## نامزدگی کمیٹی :-

مالی سال کے دوران نامزدگی کمیٹی کا ایک اجلاس منعقد ہوا جسکی حاضری مندرجہ ذیل ہے۔

نمبر شمار	ممبرز کے نام	عہدہ	اجلاس حاضری کی تعداد
1	جناب نصیر احمد شاہ	چیئر مین	1
2	جناب شبیر احمد عابد	ممبر	1
3	جناب شاہد اقبال	ممبر	1

بورڈ انتظامیہ کے اہم امور کے حوالے سے فیصلہ کرنے کا ذمہ دار ہے۔ بشمول اہم کاروباری سرگرمیوں پر عمل درآمد اور دیگر معاملات جو قانون کے ذریعہ تجویز کردہ ہیں یہ فیصلے طے شدہ معیارات کے مطابق اس طرح کے معاملے پر غور و فکر، خطرات کا جائزہ لینے اور اس طرح کے معاملات پر مناسب غور کرنے کے بعد کیے جاتے ہیں۔ بورڈ فرائض کی انجام دہی کے لئے بھی نگرانی کرنے کا ذمہ دار ہے۔

## ڈائریکٹرز کا معاوضہ :-

بورڈ آف ڈائریکٹرز نے معاوضے کے عزم کے لیے پالیسی مرتب کی ہے۔ اس کی نمایاں خصوصیات مندرجہ ذیل ہیں۔  
کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو مساوی بورڈ اور اس کی کمیٹی کے اجلاس کی فیس کے علاوہ کوئی معاوضہ ادا نہیں کرے گی۔ ڈائریکٹرز کے معاوضے اور اجلاسوں کی فیس کا تعین بورڈ آف ڈائریکٹرز کی منظوری کے ذریعہ دی جائے گی۔ معاوضہ پیکیج بورڈ میں مناسب امیدوار اور صلاحیتوں کو راغب کرنے کے لیے ڈیزائن کیا گیا ہے۔  
ایک ڈائریکٹر کو سفر کے اخراجات، بورڈنگ، رہائش اور دیگر اخراجات بورڈ کے اجلاس میں شرکت کے لئے ادا کیے جاتے ہیں۔

## داخلی اور مالیاتی کنٹرول کی قابلیت :-

بورڈ آف ڈائریکٹرز نے اندرونی اور مالیاتی کنٹرول کا ایک موثر نظام قائم کیا ہے جس کو اس طرح یقینی بنایا جاتا ہے۔

موثر اور پائیدار طرز عمل کو بروئے کار لانا

کمپنی کے اثاثوں کی حفاظت

قابل اطلاق قوانین اور ضوابط کی تعمیل

قابل اعتماد مالیاتی جائزے

کمپنی کا اندرونی آڈٹ فنکشن باقاعدہ طور پر معیاری آپریٹنگ طریقہ کار اور اس سے متعلقہ مالی کنٹرول کے نفاذ کی نگرانی کرتا ہے۔  
داخلی آڈٹ کی رپورٹ داخلی آڈٹ پلان کے مطابق، آڈٹ کمیٹی اپنے اجلاسوں میں اندرونی کنٹرول فریم ورک کا تازہ کاری اور مالی بیان کا جائزہ لیتی ہے۔



## آڈیٹر :-

موجودہ آڈیٹر زمیر ریاض احمد ایڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے اور خود کو دوبارہ تقرری کے لئے پیش کیا۔ انہوں نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) سے قابل اطمینان QRCR ریٹنگ حاصل کرنے اور ICAP کی طرف سے اپنائے گئے کوڈ آف ایتھلس آف انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے رہنماء خطوط کی تعمیل کی تصدیق کی ہے۔ بورڈ آف ڈائریکٹرز نے 30 جون 2024 کو ختم ہونے والے سال کے لئے کمپنی کے آڈیٹرز کے طور پر ان کی دوبارہ تقرری کی سفارش کی ہے۔ ایک فیس پر جو کہ باہمی رضامندی سے ہو۔

## صحت، حفاظتی اور ماحولیاتی ذمہ داری :-



ملازمین کی صحت، حفاظت اور ماحولیاتی ذمہ داری ہماری بنیادی قدر ہے اور کمپنی معاشرے کی فلاح و بہبود اور ماحول کی بہتری کے لئے باقاعدگی سے اقدامات کرتی رہی ہے۔ ہم صحت اور حفاظت سے متعلق آگاہی کے باقاعدہ پروگرام چلاتے رہتے ہیں۔ کمپنی نے اپنی تمام مینوفیکچرنگ سہولیات پر فائر فائٹنگ کا سامان اور گاڑیاں بھی فراہم کی ہیں، تعلیم یافتہ ٹیم کے ذریعہ ایک مرتب، کلینک / ڈسپنسری کا انتظام ہے۔ جہاں 24/7 ہنگامی خدمات کی جاتی ہیں۔ ہم تمام ماحولیاتی معیارات کے ساتھ اپنی پیداواری سہولت کی تعمیل کو بھی یقینی بناتے ہیں۔ کارپوریٹ سماجی ذمہ داری حکمت عملی ہے، ہمسایہ معاشروں اور اسٹیک ہولڈرز کے ساتھ طویل مدتی تعلقات استوار کرتا ہے۔ باہمی فائدہ مند ہونے والے تعلقات کارپوریٹ ساکھ میں اضافہ کے ساتھ ساتھ کمپنی کے کاروبار اور مصنوعات کے احترام میں اضافہ کرتے ہیں۔ اور ایک مستقل مسابقتی فائدہ مہیا کرتے ہیں۔

## اعتراف :-

کمپنی اپنے حصص یافتگان، عملے کے اراکین، صارفین، سپلائرز، بینکرز اور دیگر اسٹیک ہولڈرز کو کمپنی پر اعتماد اور کمپنی کی ترقی اور خوشحالی میں معاون شکر گزار ہے۔

چیف ایگزیکٹو آفیسر

ڈائریکٹر

فیصل آباد - 4 اکتوبر 2023

# statement of compliance with listed companies

(code of corporate governance) regulations 2019

Name of Company	Masood Textile Mills Limited
Year Ending	30 <sup>th</sup> June, 2023

The company has complied with the Requirements of the Regulations in the following manner:

1. The total number of directors are Seven (7) as per the following:

- a. Six (6) Male
- b. One (1) Female

2. The composition of board is as follows:

- |                           |                        |
|---------------------------|------------------------|
| 1) Mr. Shabir Ahmad Abid  | Independent Director   |
| 2) Mr. Shahid Iqbal       | Independent Director   |
| 3) Mr. Naseer Ahmad Shah  | Non-executive Director |
| 4) Mr. Shubin Yang        | Non-executive Director |
| 5) Mr. Shoaib Ahmad Khan  | Non-executive Director |
| 6) Mr. Shahid Nazir Ahmad | Executive Director     |
| 7) Ms. Chen Yan           | Female Director        |

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 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 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 Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

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

9. Following six Board members have already completed Directors' Training Program:

- Mr. Shabir Ahmad Abid
- Mr. Shahid Iqbal
- Mr. Naseer Ahmad Shah
- Mr. Shibin Yang
- Ms. Chen Yan
- Mr. Shoaib Ahamd Khan

Moreover one Board member, Mr. Shahid Nazir Ahmad is exempted from Directors' Training Program complying with the criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies.

The Board has arranged Directors' Training Program for one Female Executive and one Head of Department during the year named as

- Mr. Qasim Mehmood (Deputy General Manager Finance)
- Ms. Sidra tul Muntaha (Female Executive)

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
  - i) Mr. Shabir Ahmad Abid (Chairman)
  - ii) Mr. Naseer Ahmad Shah (Member)
  - iii) Mr. Shahid Iqbal (Member)
  
- b) HR and Remuneration Committee
  - i) Mr. Shahid Iqbal (Chairman)
  - ii) Mr. Shahid Nazir Ahmad (Member)
  - iii) Mr. Shabir Ahmad Abid (Member)
  
- c) Nomination Committee
  - i) Mr. Naseer Ahmad Shah (Chairman)
  - ii) Mr. Shabir Ahmad Abid (Member)
  - iii) Mr. Shahid Iqbal (Member)
  
- d) Risk Management Committee
  - i) Mr. Shahid Nazir Ahmad (Chairman)
  - ii) Mr. Naseer Ahmad Shah (Member)
  - iii) Mr. Shahid Iqbal (Member)

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



14. The frequency of meetings of the committee were as per following:

**a) Audit Committee:**

Five meetings of Audit Committee were held during the financial year ended June 30, 2023.

**b) HR and Remuneration Committee:**

One meeting of HR and Remuneration Committee was held during the financial year ended June 30, 2023.

**c) Nomination Committee:**

One meeting of Nomination Committee was held during the financial year ended June 30, 2023.

**d) Risk Management Committee**

One meeting of Risk Management Committee was held during the financial year ended June 30, 2023.

15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

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

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

18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the regulations have been complied with, except for the Independent directors in which fraction is not rounded up as one because the fraction (0.33) was less than 0.5.

Faisalabad

04<sup>th</sup> October, 2023



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Chief Executive Officer



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Chairman



# independent auditors review report on **statement of compliance with listed companies** (code of corporate governance) regulations 2019

To the members of Masood 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 Masood 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:** 04 OCTOBER, 2023

**UDIN:** CR2023101587EdUZRT5v



July 25, 2023



الحمد لله رب العالمين، والصلاة والسلام على سيد الأنبياء والمرسلين، وعلى آله وصحبه أجمعين، وبعد

The purpose of this report is to provide an opinion on the Shariah Compliance of the Secured Privately Placed Sukuk of PKR 2,500 million (Sukuk) issued by Masood Textile Mills Limited (Company).

It is the core responsibility of Masood Textile Mills Limited (Company) to Manage the Sukuk in such a manner which is in compliance with the Shariah principles as laid out in the Shariah guidelines. In the capacity of the Shariah Advisor, our responsibility lies in providing Shariah guidelines and ensuring compliance with the same by review of activities of the Sukuk. We express our opinion based on the review of the information, provided by the issuer, to an extent where compliance with the Shariah guidelines can be objectively verified.

Keeping in view the above; we certify that:

We have reviewed all the transactions, documents, procedures adopted by the issuer as well as the operational activities of the Sukuk which included the review of all transactions and source of earning. We have found them to be in compliance with the Shariah Guidelines.

On the basis of information provided by the company, all operations and affairs have been carried out in accordance with the rules and principles of Shariah for the sukuk year ended June 2023. The Sukuk is in compliance with the provided Shariah guidelines and there is no need to provide for any charity to purify the income. Therefore, it is resolved those investments in Secured Privately Placed Sukuk of PKR 2,500 million issued by Masood Textile Mills Limited is in accordance with Shariah principles as per the Shariah guidelines provided by the Shariah supervisory council.

May Allah (SWT) bless us and forgive our mistakes and accept our sincere efforts in accomplishment of cherished tasks and keep us away from sinful acts.

For and on behalf of Shariah Supervisory Council of Al-Hilal Shariah Advisors (Pvt.) Limited



**Mufti Irshad Ahmad Aijaz**  
Member Shariah Council



**Faraz Younus Bandukda, CFA**  
Chief Executive

# statement of compliance with the sukuk (privately placed) regulations 2017 and shariah governance regulations 2018

This statement is being presented to comply with the requirements under “Sukuk (Privately Placed) Regulations, 2017” (the Regulations) and Shariah Governance Regulations, 2018 issued by the Securities and Exchange Commission of Pakistan (SECP). This Statement of Compliance is for the year ended 30 June 2023.

Masood Textile Mills Limited entered into an arrangement for issue of Sukuk amounting to Rs. 2,500 Million inclusive of Green Shoe Option of PKR 1,000 Million, on December 09, 2019 for a period of 5 years including a grace period of 18 months. We state that the company is in compliance with the sukuk Features and Shariah Requirements in accordance with the Regulations.

**We specifically confirm that:**

The Company has established policies and procedures for all Sukuk related transactions to comply with Sukuk Features and Shariah Requirements.

The Company has implemented and maintained such internal control and risk management systems that are necessary to mitigate the risk of non compliances of the Sukuk Features and Shariah Requirements, whether due to fraud or error;

The Company has a process to ensure that the management and where appropriate the Board of Directors, and personnel responsible to ensure the Company’s compliance with the Sukuk Feature and Shariah Requirements are properly trained and systems are properly updated.

The Sukuk Feature and Shariah Requirements in accordance with issue of the Regulations comprises of the following:

- a. Requirements of Shariah Structure and Transaction Documents to issuance of Sukuk:
  - Trust Deed
  - Musharka Agreements
  - Payment Agreements
  - Purchase Undertaking
  - Asset Purchase Agreement
  - Investment Agency Agreement
  - Collection arrangement Agreement
  - Security Documents
- b. Guideline of the relevant Shariah Standards, issued by the Accounting and Auditing Organization of the Islamic Financial Institutions, as notified by the SECP;
- c. Requirements of the relevant Islamic Financial Accounting Standard as notified by the SECP; and
- d. Other compliance specified in the Regulations as issued by the SECP; and
- e. Payments were made on time and there was no delay.

The above Statement has been duly endorsed by the Board of Directors of the Company.



CHIEF EXECUTIVE OFFICER



DIRECTOR

# independent auditor's assurance report on statement of compliance **with the sukuk (privately placed) regulations 2017 and shariah governance regulations 2018**

**To the Board of Directors of Masood Textile Mills Limited**

**On the Statement of Compliance with Privately Placed Sukuk Features  
and Shariah Requirements**

## **Introduction**

We were engaged by the Board of Directors (the Board) of Masood Textile Mills Limited (the Company) to express an opinion on the annexed Statement of Compliance (Statement) prepared by the management for the year ended 30 June 2023, with Sukuk (Privately Placed) Regulations, 2017 (the Regulations), Shariah Governance Regulations, 2018 and Shariah Opinion (Fatwa) as issued by the Shariah Advisor and to the extent applicable, the guidelines of Shariah Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), in all material respects.

## **Applicable Criteria**

The criteria against which the subject matter information (the statement) is assessed comprises of the provisions of the Regulations and Shariah Opinion (Fatwa) as issued by the Shariah Advisor.



## Company's Responsibilities for Shariah Compliance

The Board and management of the Company are responsible for the preparation of the annexed Statement and to ensure that it is free from material misstatement. It is the responsibility of the Company's Board and management to ensure that all Sukuk related financial arrangements, contracts and transactions are in substance and in their legal form, in compliance with the Sukuk Features and Shariah Requirements as specified above. The Company's Board and management are also responsible for prevention and detection of fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its Sukuk related activities and also for designing, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant records and such risk management system as the management determines is necessary to mitigate the risk of non-compliance of Sukuk Features and Shariah requirements whether due to fraud or error. They are also responsible for ensuring that personnel involved with the compliance with the Sukuk Features and Shariah Requirements are properly trained and systems are properly updated.

## Our Independence and Quality Control

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. The firm applies International Standard on Quality Control (ISQC) 1, "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Our Responsibilities

Our responsibility is to examine the annexed Statement prepared by management and to report thereon in the form of independent assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standards on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. This Standard requires that we plan and perform the engagement to obtain reasonable assurance regarding the subject matter i.e. about whether the annexed Statement presents fairly the status of compliance with Sukuk Features and Shariah Requirements as required under the Regulation and Shariah Opinion (Fatwa) issued by Shariah Advisor and to the extent applicable, the guidelines of Shariah Standards issued by AAOIFI, in all material respects.

The procedures selected depend on our professional judgement including the assessment of the risk of the Company's non-compliance with the Sukuk Features and Shariah Requirements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to ensure compliance with Sukuk Features and Shariah Requirements, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of the Company's internal control over ensuring compliance with Sukuk Features and Shariah Requirements.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Sukuk Features and Shariah Requirements, and consequently cannot provide absolute assurance that the objective of compliance with Sukuk Features and Shariah Requirement will be met.

## The procedures performed included;

- Evaluation of the systems, procedures and practices in place with respect to compliance of Sukuk related transactions against the Features and Shariah Requirements;
- Verification that payments were made on time and there was no delay;
- Test for a sample of transactions to help ensure that these are carried out in accordance with the laid down procedures and practices; and
- Review of the Statement based on our procedures performed and conclusion reached.

## Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in the report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis of our conclusion.

In our opinion, the annexed Statement prepared by management, for the year ended 30 June 2023, presents fairly the status of compliance with Sukuk Features and Shariah Requirements as required under the Regulation and Shariah Opinion (Fatwa) issued by Shariah Advisor, and to the extent applicable, the guidelines of Shariah Standards issued by AAOIFI, in all material respects.



**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**

**Faisalabad**

**Date: 04 October 2023**





03

performance  
and position

# KEY FINANCIAL RATIOS

Particulars		2023	2022	2021	2020	2019	2018
<b>Profitability Ratios</b>							
Gross Profit Margin	%	13.46	12.08	14.31	4.76	11.09	12.49
EBITDA Margin to Sales	%	12.99	10.32	9.32	-3.48	11.04	9.38
Net Profit/(Loss) Margin	%	4.41	4.20	1.73	-14.37	3.89	3.61
Return on Equity	%	15.46	16.99	5.60	-48.88	11.68	10.85
Return on Fixed Assets	%	17.28	16.26	4.71	-30.27	11.94	11.10
Return on Total Assets	%	4.80	4.70	1.59	-11.14	3.59	3.45
<b>Liquidity Ratios</b>							
Current Ratio	Times	1.17	1.16	1.14	1.16	1.24	1.34
Quick Ratio	Times	0.68	0.61	0.56	0.64	0.77	0.89
<b>Investment / Market Ratios</b>							
Earnings/(Loss) Per Share - Basic	Rs.	38.54	33.24	9.06	(61.75)	19.24	16.11
Earnings/(Loss) Per Share - Diluted	Rs.	34.72	30.22	8.24	(56.90)	17.70	15.18
Market Price Per Share at year end	Rs.	45.57	49.77	55.58	60.00	55.00	83.01
Breakup / Intrinsic Value Per Share	Rs.	250.97	195.88	156.94	125.90	165.72	148.51
<b>Capital Structure</b>							
Indebtness Ratio	Times	3.19	4.28	6.61	-24.00	5.37	6.25
Leverage Ratio	Times	1.45	1.77	2.10	2.72	1.76	1.75
Interest Cover	Times	2.44	3.79	2.70	-0.59	3.14	3.23
<b>Activity / Turnover Ratios</b>							
Total Assets Turnover	Times	1.09	1.12	0.92	0.77	0.92	0.96
Fixed Assets Turnover	Times	3.92	3.87	2.73	2.11	3.06	3.08

# LAST SIX YEARS STATEMENT OF FINANCIAL POSITION

Particulars	2023	2022	2021	2020	2019	2018
	Rupees in Thousand					
<b>Assets</b>						
<b>Non-Current Assets</b>						
Property, plant and equipment	15,343,727	13,997,802	13,589,405	13,612,031	11,162,527	10,028,337
Right-of-use assets	58,605	128,998	204,109	320,505	-	-
Long term investment	-	-	-	-	476,076	-
Long term advances	17,174	13,744	7,469	8,060	660	1,814
Long term security deposits	75,560	105,601	97,881	98,775	75,511	47,110
<b>Total non-current assets</b>	<b>15,495,066</b>	<b>14,246,145</b>	<b>13,898,864</b>	<b>14,039,371</b>	<b>11,714,774</b>	<b>10,077,261</b>
<b>Current Assets</b>						
Stores, spare parts and loose tools	3,936,547	2,870,433	2,244,531	2,247,674	1,780,174	1,579,156
Stock in trade	12,703,259	13,251,629	11,283,501	8,125,166	7,746,252	5,810,871
Trade debts	16,726,515	12,424,837	7,435,280	7,763,851	10,708,309	9,276,084
Loans and advances	744,733	782,884	634,462	537,886	362,144	380,772
Income tax	1,061,618	1,003,167	883,994	933,016	-	-
Short term deposits and prepayments	298,453	254,007	226,054	139,727	1,171,004	939,770
Other receivables	3,252,398	2,903,378	3,163,017	1,834,186	3,171,331	3,536,704
Short term investments	8,630	7,572	106,771	203,218	100,000	-
Cash and bank balances	1,013,991	708,885	530,931	1,173,014	380,463	620,380
<b>Total current assets</b>	<b>39,746,144</b>	<b>34,206,792</b>	<b>26,508,541</b>	<b>22,957,738</b>	<b>25,419,677</b>	<b>22,143,737</b>
<b>Total Assets</b>	<b>55,241,210</b>	<b>48,452,937</b>	<b>40,407,405</b>	<b>36,997,109</b>	<b>37,134,451</b>	<b>32,220,998</b>
<b>Equity and Liabilities</b>						
<b>Equity</b>						
Issued, subscribed and paid up capital	950,000	950,000	986,666	986,666	986,666	986,666
Capital reserves	7,077,651	5,950,885	5,450,885	3,950,885	2,403,567	2,403,567
Revenue reserves	9,187,819	6,596,089	4,467,730	3,872,614	8,107,506	6,945,641
<b>Total Equity</b>	<b>17,215,470</b>	<b>13,496,974</b>	<b>10,905,281</b>	<b>8,810,165</b>	<b>11,497,739</b>	<b>10,335,874</b>
<b>Non current liabilities</b>						
Long term financing	2,356,062	4,006,065	5,007,611	7,254,526	4,299,484	4,650,568
Lease liabilities	11,438	44,718	94,777	210,712	21,701	6,816
Deferred liabilities	1,722,219	1,395,252	1,087,926	964,354	770,256	724,353
<b>Total Non current liabilities</b>	<b>4,089,719</b>	<b>5,446,035</b>	<b>6,190,314</b>	<b>8,429,592</b>	<b>5,091,441</b>	<b>5,381,737</b>
<b>Current liabilities</b>						
Trade and other payables	9,666,047	8,660,234	4,958,142	2,430,344	3,889,182	2,676,834
Unclaimed dividend	8,944	10,900	11,146	65,262	33,213	10,813
Unpaid dividend	-	-	47,682	-	-	-
Accrued mark up	787,782	222,858	160,164	394,784	257,624	191,768
Short term borrowings	20,607,236	17,821,275	15,011,000	15,835,860	14,280,366	11,962,878
Current portion of non-current liabilities	1,914,878	2,061,764	2,733,292	662,473	1,669,188	1,469,563
Provision for taxation	951,134	732,897	390,384	368,629	415,698	191,531
<b>Total current liabilities</b>	<b>33,936,021</b>	<b>29,509,928</b>	<b>23,311,810</b>	<b>19,757,352</b>	<b>20,545,271</b>	<b>16,503,387</b>
<b>Total equity and liabilities</b>	<b>55,241,210</b>	<b>48,452,937</b>	<b>40,407,405</b>	<b>36,997,109</b>	<b>37,134,451</b>	<b>32,220,998</b>



# HORIZONTAL ANALYSIS ON STATEMENT OF FINANCIAL POSITION

Particulars	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017
<b>Assets</b>						
<b>Non-Current Assets</b>						
Property, plant and equipment	10%	3%	0%	22%	11%	20%
Right-of-use assets	-55%	-37%	-36%	100%	0%	0%
Long term investment	0%	0%	0%	-100%	100%	0%
Long term advances	25%	84%	-7%	1121%	-64%	-78%
Long term security deposits	-28%	8%	-1%	31%	60%	-1%
<b>Total non-current assets</b>	<b>9%</b>	<b>2%</b>	<b>-1%</b>	<b>20%</b>	<b>16%</b>	<b>20%</b>
<b>Current Assets</b>						
Stores, spare parts and loose tools	37%	28%	0%	26%	13%	20%
Stock in trade	-4%	17%	39%	5%	33%	-16%
Trade debts	35%	67%	-4%	-27%	15%	65%
Loans and advances	-5%	23%	18%	49%	-5%	7%
Income tax	6%	13%	-5%	100%	0%	0%
Short term deposits and prepayments	17%	12%	62%	-88%	25%	36%
Other receivables	12%	-8%	72%	-42%	-10%	32%
Short term investments	14%	-93%	-47%	103%	100%	0%
Cash and bank balances	43%	34%	-55%	208%	-39%	-31%
<b>Total current assets</b>	<b>16%</b>	<b>29%</b>	<b>15%</b>	<b>-10%</b>	<b>15%</b>	<b>20%</b>
<b>Total Assets</b>	<b>14%</b>	<b>20%</b>	<b>9%</b>	<b>0%</b>	<b>15%</b>	<b>20%</b>
<b>Equity and Liabilities</b>						
<b>Equity</b>						
Issued, subscribed and paid up capital	0%	-4%	0%	0%	0%	0%
Capital reserves	19%	9%	38%	64%	0%	0%
Revenue reserves	39%	48%	15%	-52%	17%	17%
<b>Total Equity</b>	<b>28%</b>	<b>24%</b>	<b>24%</b>	<b>-23%</b>	<b>11%</b>	<b>11%</b>
<b>Non current liabilities</b>						
Long term financing	-41%	-20%	-31%	69%	-8%	-9%
Lease liabilities	-74%	-53%	-55%	871%	218%	-70%
Deferred liabilities	23%	28%	13%	25%	6%	19%
<b>Total Non current liabilities</b>	<b>-25%</b>	<b>-12%</b>	<b>-27%</b>	<b>66%</b>	<b>-5%</b>	<b>-6%</b>
<b>Current liabilities</b>						
Trade and other payables	12%	75%	104%	-38%	45%	36%
Unclaimed dividend	-18%	-2%	-83%	96%	207%	4%
Unpaid dividend	0%	-100%	100%	0%	0%	0%
Accrued mark up	253%	39%	-59%	53%	34%	51%
Short term borrowings	16%	19%	-5%	11%	19%	34%
Current portion of non-current liabilities	-7%	-25%	313%	-60%	14%	114%
Provision for taxation	30%	88%	6%	-11%	117%	80%
<b>Total current liabilities</b>	<b>15%</b>	<b>27%</b>	<b>18%</b>	<b>-4%</b>	<b>24%</b>	<b>40%</b>
<b>Total equity and liabilities</b>	<b>14%</b>	<b>20%</b>	<b>9%</b>	<b>0%</b>	<b>15%</b>	<b>20%</b>

# VERTICAL ANALYSIS ON STATEMENT OF FINANCIAL POSITION

Particulars	2023	2022	2021	2020	2019	2018
<b>Assets</b>						
<b>Non-Current Assets</b>						
Property, plant and equipment	28%	29%	34%	37%	30%	31%
Right-of-use assets	0%	0%	1%	1%	0%	0%
Long term investment	0%	0%	0%	0%	1%	0%
Long term advances	0%	0%	0%	0%	0%	0%
Long term security deposits	0%	0%	0%	0%	0%	0%
<b>Total non-current assets</b>	<b>28%</b>	<b>29%</b>	<b>34%</b>	<b>38%</b>	<b>32%</b>	<b>31%</b>
<b>Current Assets</b>						
Stores, spare parts and loose tools	7%	6%	6%	6%	5%	5%
Stock in trade	23%	27%	28%	22%	21%	18%
Trade debts	30%	26%	18%	21%	29%	29%
Loans and advances	1%	2%	2%	1%	1%	1%
Income tax	2%	2%	2%	3%	0%	0%
Short term deposits and prepayments	1%	1%	1%	0%	3%	3%
Other receivables	6%	6%	8%	5%	9%	11%
Short term investments	0%	0%	0%	1%	0%	0%
Cash and bank balances	2%	1%	1%	3%	1%	2%
<b>Total current assets</b>	<b>72%</b>	<b>71%</b>	<b>66%</b>	<b>62%</b>	<b>68%</b>	<b>69%</b>
<b>Total Assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Equity and Liabilities</b>						
<b>Equity</b>						
Issued, subscribed and paid up capital	2%	2%	2%	3%	3%	3%
Capital reserves	13%	12%	13%	11%	6%	7%
Revenue reserves	17%	14%	11%	10%	22%	22%
<b>Total Equity</b>	<b>31%</b>	<b>28%</b>	<b>27%</b>	<b>24%</b>	<b>31%</b>	<b>32%</b>
<b>Non current liabilities</b>						
Long term financing	4%	8%	12%	20%	12%	14%
Lease liabilities	0%	0%	0%	1%	0%	0%
Deferred liabilities	3%	3%	3%	3%	2%	2%
<b>Total Non current liabilities</b>	<b>7%</b>	<b>11%</b>	<b>15%</b>	<b>23%</b>	<b>14%</b>	<b>17%</b>
<b>Current liabilities</b>						
Trade and other payables	17%	18%	12%	7%	10%	8%
Unclaimed dividend	0%	0%	0%	0%	0%	0%
Unpaid dividend	0%	0%	0%	0%	0%	0%
Accrued mark up	1%	0%	0%	1%	1%	1%
Short term borrowings	37%	37%	37%	43%	38%	37%
Current portion of non-current liabilities	3%	4%	7%	2%	4%	5%
Provision for taxation	2%	2%	1%	1%	1%	1%
<b>Total current liabilities</b>	<b>61%</b>	<b>61%</b>	<b>58%</b>	<b>53%</b>	<b>55%</b>	<b>51%</b>
<b>Total equity and liabilities</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# LAST SIX YEARS

## STATEMENT OF PROFIT OR LOSS

Particulars	2023	2022	2021	2020	2019	2018
	Rupees in Thousand					
Sales	60,105,873	54,146,811	37,089,359	28,668,642	34,211,379	30,842,159
<b>Gross Profit</b>	<b>8,088,095</b>	<b>6,541,610</b>	<b>5,306,910</b>	<b>1,365,752</b>	<b>3,793,847</b>	<b>3,851,304</b>
Operating expenses - Net of other income	1,398,626	2,057,294	2,986,911	3,418,116	842,629	1,650,330
<b>Profit / (Loss) from operations</b>	<b>6,689,469</b>	<b>4,484,316</b>	<b>2,319,999</b>	<b>(2,052,364)</b>	<b>2,951,218</b>	<b>2,200,974</b>
Finance cost	3,198,821	1,473,334	1,281,812	1,699,286	1,203,112	896,395
<b>Profit / (Loss) before taxation</b>	<b>3,490,648</b>	<b>3,010,982</b>	<b>1,038,187</b>	<b>(3,751,650)</b>	<b>1,748,106</b>	<b>1,304,579</b>
Taxation	839,459	734,942	397,652	368,629	415,698	191,531
<b>Profit / (Loss) for the year</b>	<b>2,651,189</b>	<b>2,276,040</b>	<b>640,535</b>	<b>(4,120,279)</b>	<b>1,332,408</b>	<b>1,113,048</b>

### Horizontal Analysis

Particulars	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017
Sales	11%	46%	29%	-16%	11%	32%
<b>Gross Profit</b>	<b>24%</b>	<b>23%</b>	<b>289%</b>	<b>-64%</b>	<b>-1%</b>	<b>14%</b>
Operating expenses - Net of other income	-32%	-31%	-13%	306%	-49%	-6%
<b>Profit / (Loss) from operations</b>	<b>49%</b>	<b>93%</b>	<b>213%</b>	<b>-170%</b>	<b>34%</b>	<b>35%</b>
Finance cost	117%	15%	-25%	41%	34%	40%
<b>Profit / (Loss) before taxation</b>	<b>16%</b>	<b>190%</b>	<b>128%</b>	<b>-315%</b>	<b>34%</b>	<b>31%</b>
Taxation	14%	85%	8%	-11%	117%	80%
<b>Profit / (Loss) for the year</b>	<b>16%</b>	<b>255%</b>	<b>116%</b>	<b>-409%</b>	<b>20%</b>	<b>25%</b>

### Vertical Analysis

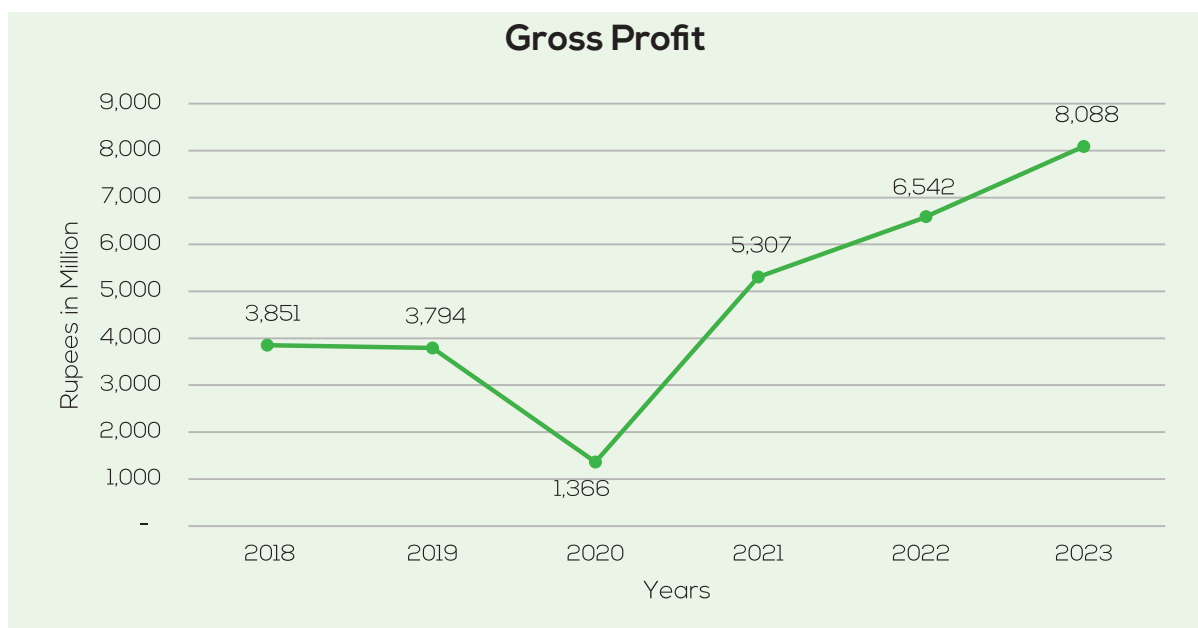
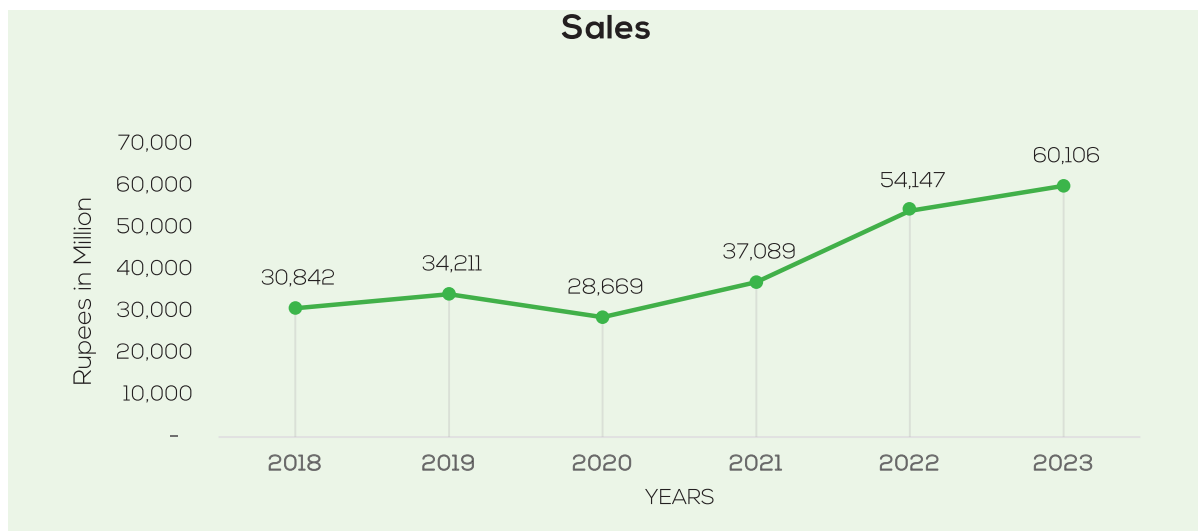
Particulars	2023	2022	2021	2020	2019	2018
Sales	100%	100%	100%	100%	100%	100%
<b>Gross Profit</b>	<b>13.46%</b>	<b>12.08%</b>	<b>14.31%</b>	<b>4.76%</b>	<b>11.09%</b>	<b>12.49%</b>
Operating expenses - Net of other income	2.33%	3.80%	8.05%	11.92%	2.46%	5.35%
<b>Profit/(Loss) from operations</b>	<b>11.13%</b>	<b>8.28%</b>	<b>6.26%</b>	<b>-7.16%</b>	<b>8.63%</b>	<b>7.14%</b>
Finance cost	5.32%	2.72%	3.46%	5.93%	3.52%	2.91%
<b>Profit/(Loss) before taxation</b>	<b>5.81%</b>	<b>5.56%</b>	<b>2.80%</b>	<b>-13.09%</b>	<b>5.11%</b>	<b>4.23%</b>
Taxation	1.40%	1.36%	1.07%	1.29%	1.22%	0.62%
<b>Profit/(Loss) for the year</b>	<b>4.41%</b>	<b>4.20%</b>	<b>1.73%</b>	<b>-14.37%</b>	<b>3.89%</b>	<b>3.61%</b>



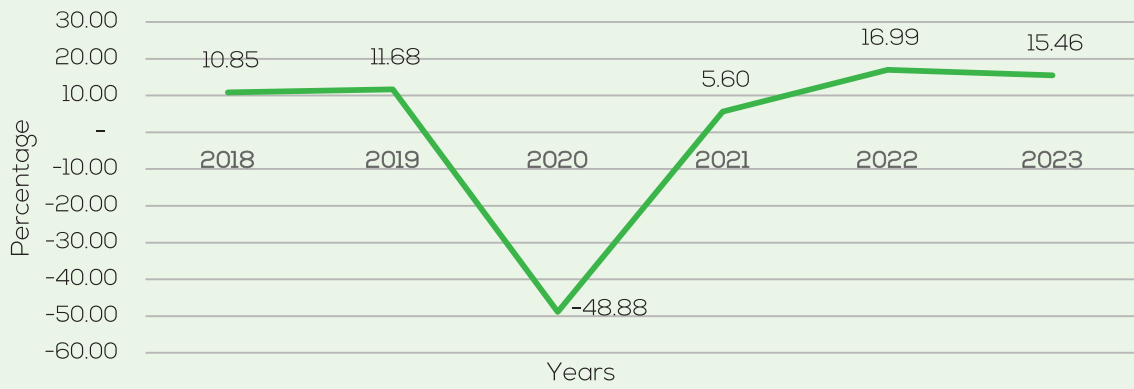
# LAST SIX YEARS

## STATEMENT OF CASH FLOWS

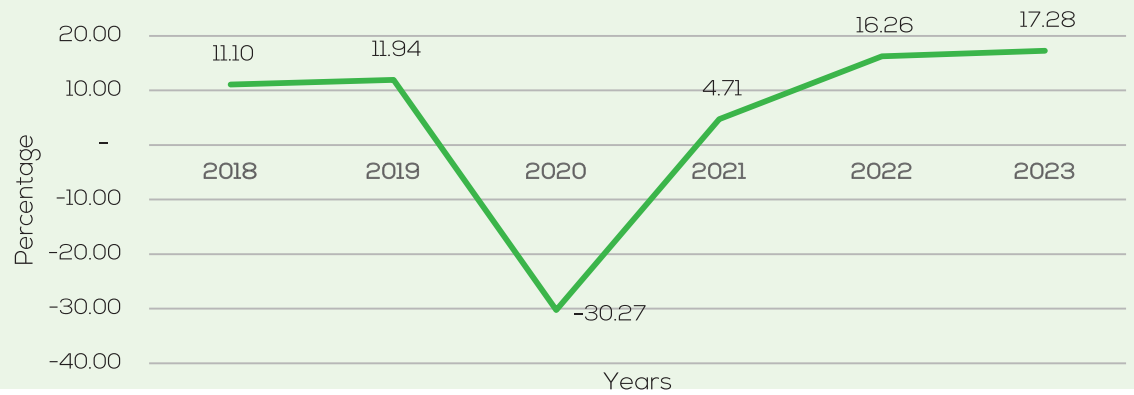
Particulars	2023	2022	2021	2020	2019	2018
	Rupees in Thousand					
Cash flows from operating activities	487,983	(37,709)	(165,817)	(526,685)	(382,110)	(1,289,806)
Cash flows from investing activities	(1,106,479)	(1,263,809)	(819,031)	(1,892,733)	(2,011,609)	(2,346,201)
Cash flows from financing activities	923,602	1,479,472	342,765	3,211,969	2,153,802	3,353,570
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>305,106</b>	<b>177,954</b>	<b>(642,083)</b>	<b>792,551</b>	<b>(239,917)</b>	<b>(282,436)</b>



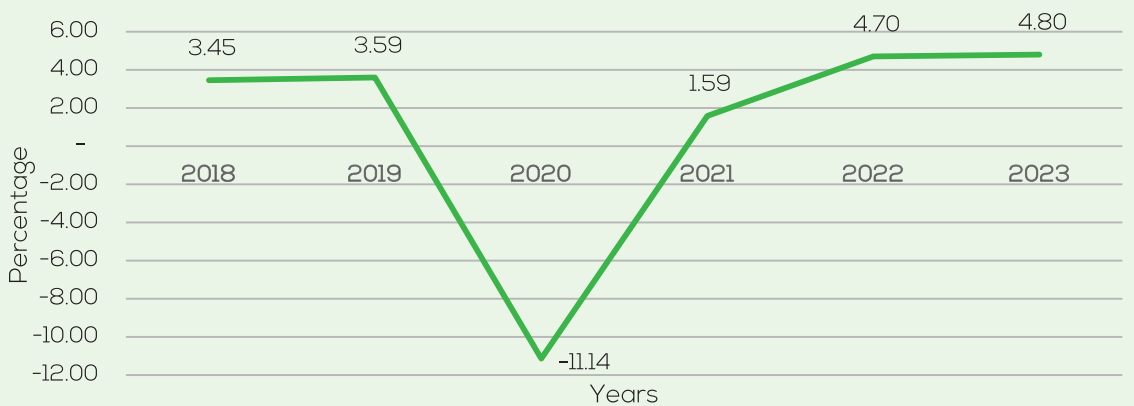
### Return on Equity

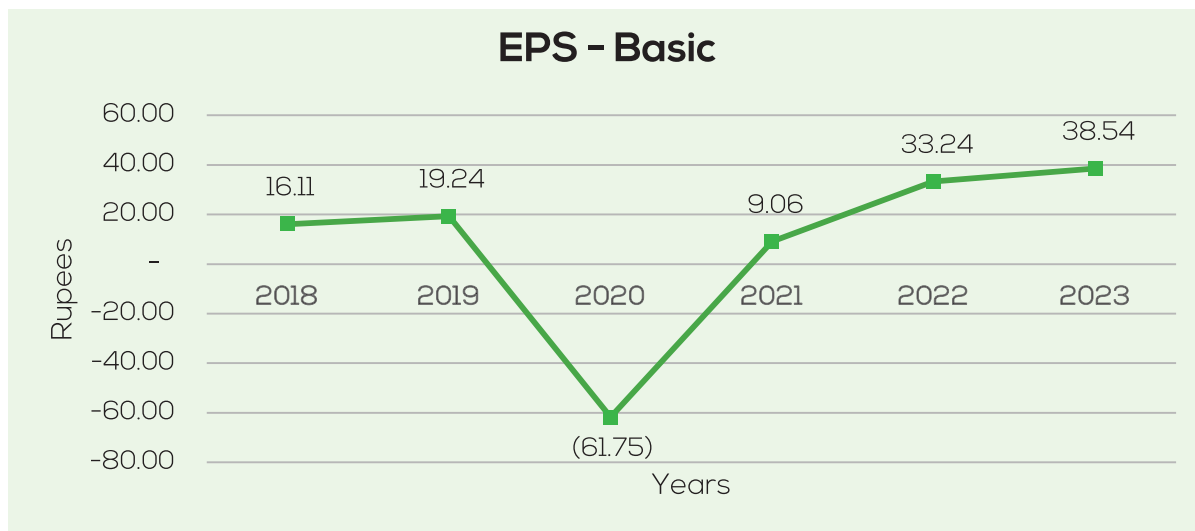
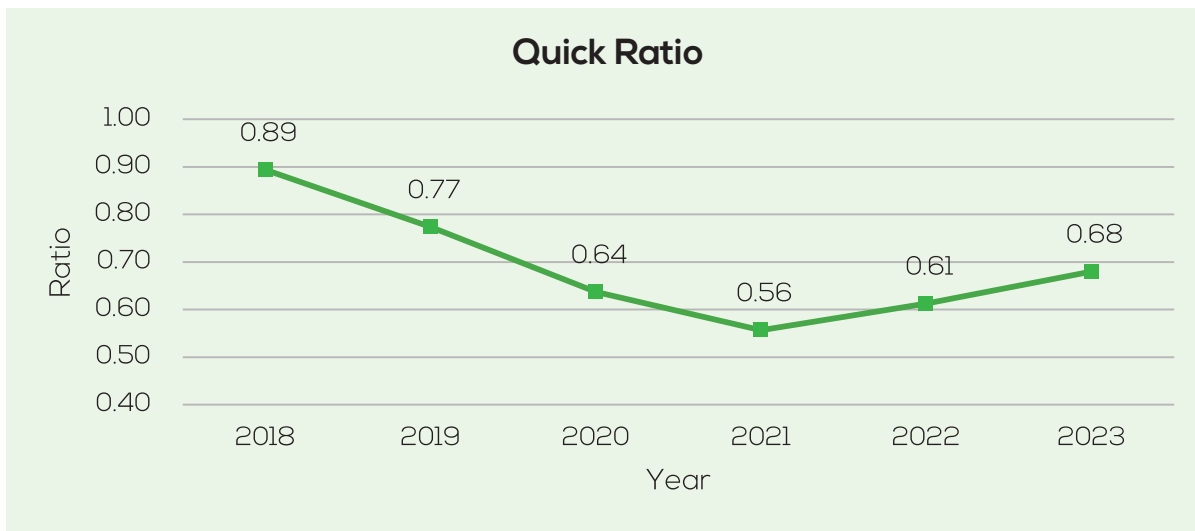
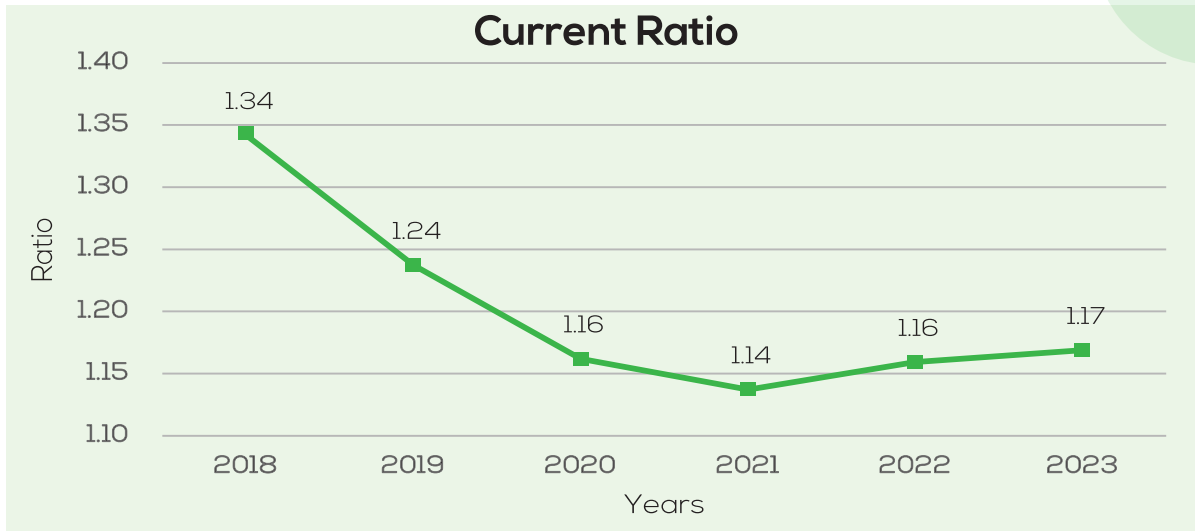


### Return on Fixed Assets

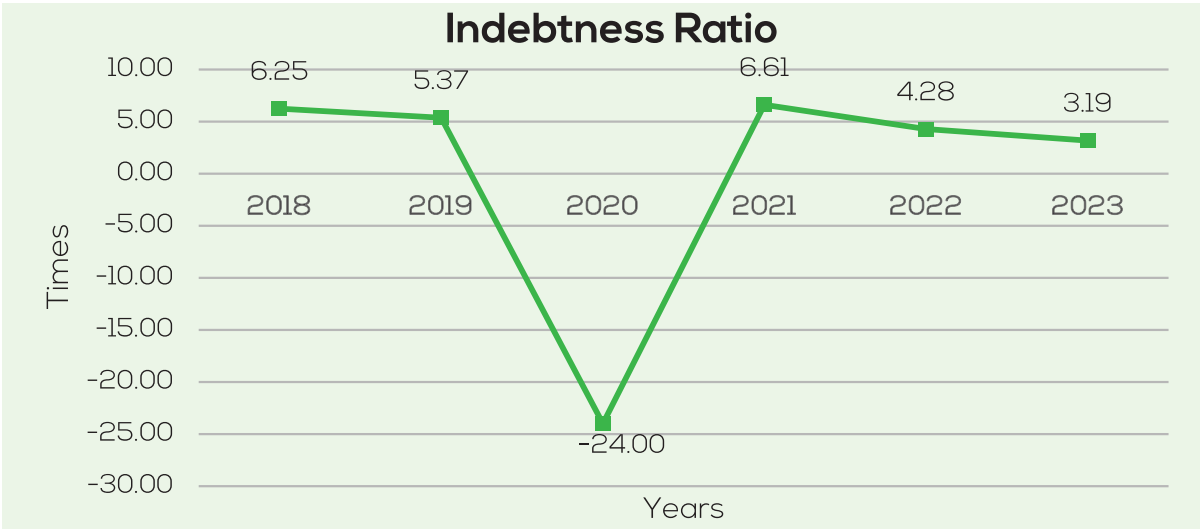
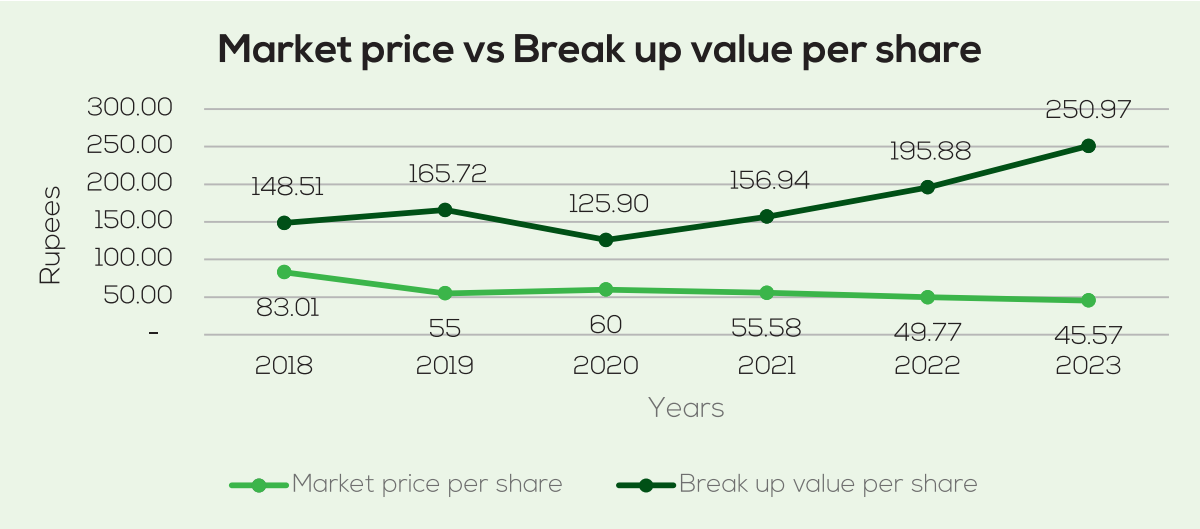
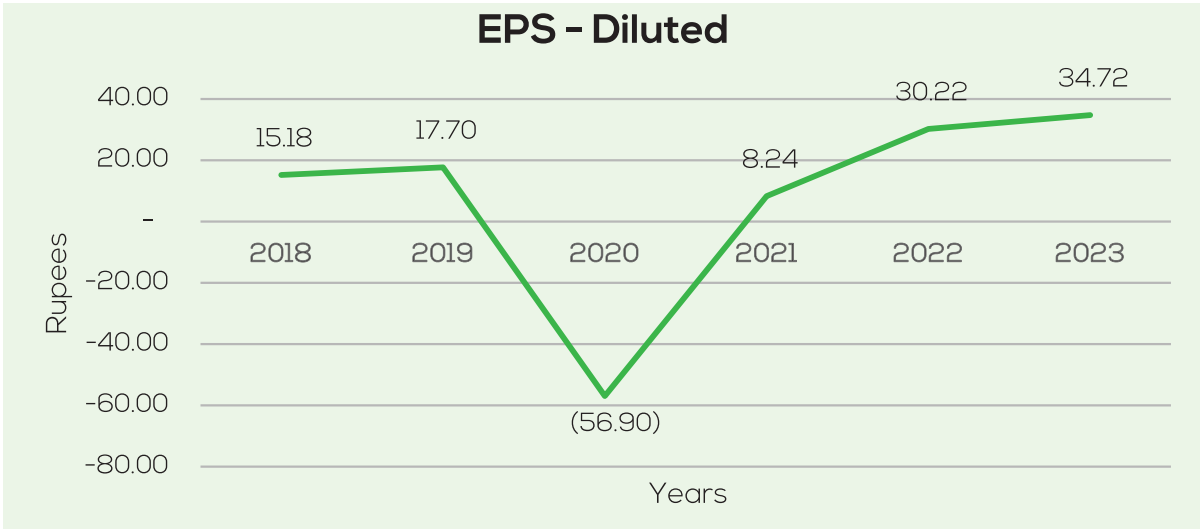


### Return on Total Assets

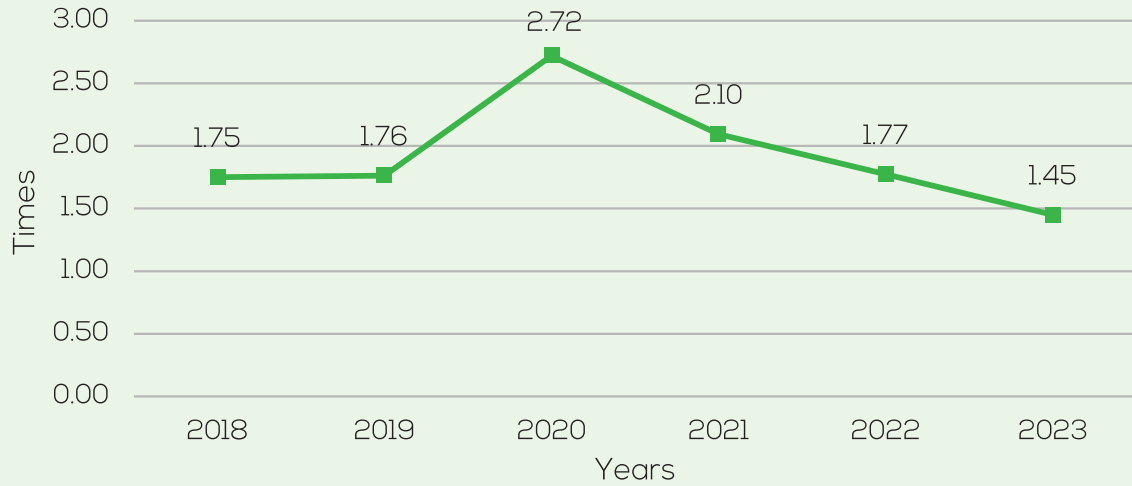




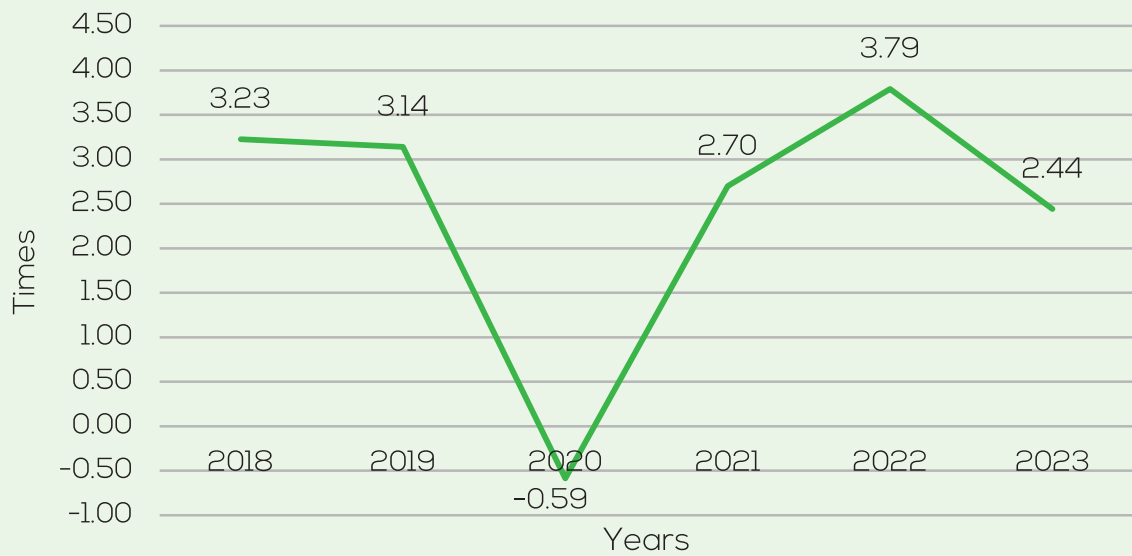




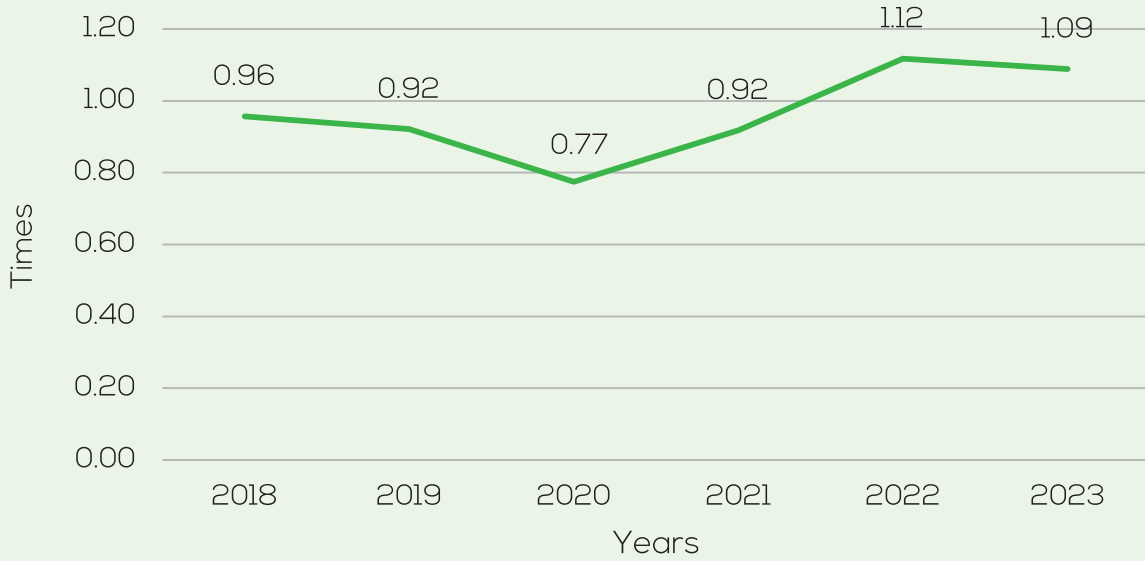
### Leverage Ratio



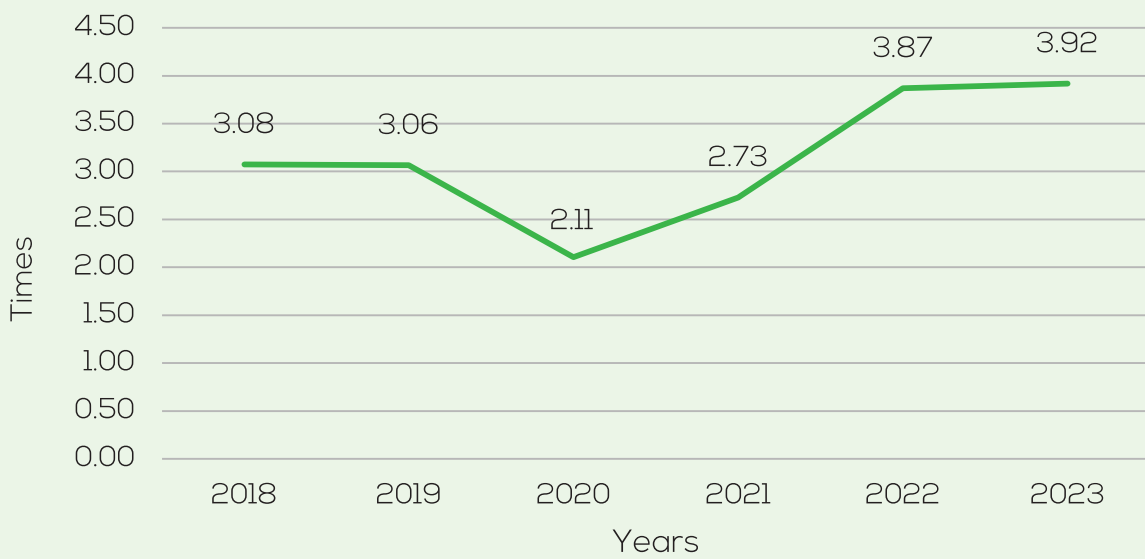
### Interest cover



### Total Assets Turnover



### Fixed Assets Turnover











04

**sustainability**  
and corporate  
social responsibility

# our sustainability journey

At MTM, we are committed to a sustainable future that benefits our business, the environment, and the communities we serve. Over the years, our sustainability journey has been marked by significant achievements and a steadfast dedication to reducing our environmental footprint and upholding corporate social responsibility.



## carbon emission reductions

One of our core sustainability objectives at MTM is the reduction of carbon emissions. We understand the urgent need to combat climate change and to that end, we have implemented various initiatives to minimize our carbon footprint. We have made substantial progress in reducing our greenhouse gas emissions through energy-efficient practices, investments in renewable energy sources, and optimized manufacturing processes.

MTM's significant reduction in greenhouse gas emissions by 11.09% from previous year demonstrates a clear commitment to combat climate change.

## elimination of coal usage (transition to biomass)

As part of our commitment to cleaner energy sources, we are actively working towards eliminating coal usage in our operations. We have made significant strides in transitioning to biomass, a sustainable and renewable energy source. This transition reduces our reliance on fossil fuels and significantly lowers our environmental impact.

In current year reducing coal usage by 67.32% and increasing biomass utilization by 54.51% highlight MTM's transition to cleaner and more sustainable energy sources.





# wastewater treatment

Our responsibility towards the environment extends to water conservation and pollution prevention. We have invested in state-of-the-art wastewater treatment facilities to ensure our manufacturing processes are environmentally responsible. This commitment helps us maintain the quality of local water resources and reduce our environmental footprint.

Investing in advanced wastewater treatment facilities demonstrates MTM's commitment to responsible manufacturing processes.



# zero discharge of hazardous chemicals (ZDHC) compliance

MTM is proud to have achieved 100% compliance with the Zero Discharge of Hazardous Chemicals (ZDHC) Standards in line with international standards and best practices. This accomplishment underscores our dedication to robust safety, environmental stewardship and the responsible management of chemicals in our textile production processes.

# alignment with core values

MTM's sustainability efforts align with its core values, emphasizing responsibility to future generations and the importance of environmental stewardship. This alignment reflects a genuine commitment to sustainability.

As we continue our sustainability journey, we remain dedicated to finding innovative solutions and best practices contributing to a more sustainable and responsible textile industry. MTM's commitment to sustainability is not just a corporate obligation; it's a promise to future generations, a testament to our values and a reflection of our vision for a cleaner, greener and more equitable world.



# corporate social responsibility & community engagement

CSR is deeply ingrained in our corporate culture. We believe that true success goes beyond financial performance and encompasses our impact on society and the well-being of all stakeholders. Our commitment to CSR is reflected in various initiatives and partnerships that leave a positive mark on the world.



## community engagement

We view the communities in which we operate as our partners in progress. Through our community engagement program, we actively support local development initiatives, education, healthcare and infrastructure improvement. We aim to create a lasting positive impact on the lives of those in our communities.

MTM's support for local communities through healthcare and education initiatives contributes positively to the well-being of these communities. By engaging with local institutions and organizations, MTM demonstrates its dedication to enhancing the lives of those living in the areas where it operates.

MTM has provided training for the capacity building of people comprising of transgender people, Widows, COVID affectees, females and differently-abled people.

## medical camp conducted at gilgit

3-days medical camp during June 2023 was conducted at Gilgit-Baltistan where 900 plus patients were examined by team of qualified doctors and paramedical staff.

Treatment and medicines of diseases like Melasma, Freckles, skin discoloration and sunburn, acne issue on the face and body, low body weight and delayed development issues, Asthma, Hypersensitivity and hypertension, Seasonal allergy resulting in shortness of breath, urinary tract infections, primary infertility, eye allergies, fatigue, misconception about leukorrhoea, general weakness, low blood pressure and high pulse rate, children with dermatitis and chicken pox, etc. had been provided in medical camp.



# flood relief activities

Thinking globally and acting locally is fundamental to our operating tradition and a cornerstone of our success. Our beloved country was severely hit by the worst flooding due to climate change. Pakistan is paying a heavy price, though having only a fractional contribution to this global situation. It is important to mention here that MTM did not shy away from being at the front to help the people of our country who were severely affected by these devastating floods.



MTM's compassionate response to the devastating floods affecting Baluchistan, South Punjab, Gilgit, Sindh, and Karachi is truly commendable. In this regard, the following efforts were ensured:

- Two flood relief camps were set up, one in Kalan and the other in Bahrain, swat. Local people were served with grocery/ food bags and garments. Local administration of swat, especially Assistant Commissioner Swat and his team, worked closely with the MTM team day and night to cover the maximum areas to help the deserving people.
- Rs. 25 million was presented to the prime minister of Pakistan for the prime minister's flood relief account.
- Employees of the MTM also donated generously, a substantial amount of Rs 20 Million to a local NGO i.e., Al-Khidmat Foundation. Al-Khidmat Foundation is one of the credible NGOs that has engaged itself in relief activities for flood-affected people.

By supporting the Al-Khidmat Foundation, MTM is contributing to communities for long-term recovery, helping them become more resilient to future disasters.

# employee well-being and support

MTM prioritizes the health, safety, and overall well-being of its employees. Providing a safe working environment, offering training and skills development opportunities, and promoting work-life balance are crucial to ensuring employee satisfaction and success.

Establishing the "Corporate Canteen" for subsidized meals and extensive employee training programs reflects a holistic approach to supporting the workforce.

Benefits that MTM's employees experience are:

- Free Medical Checkups
- Free Medical Treatment
- Scholarships for Higher Studies
- Marriage and Death Grants
- Subsidized and Standard Quality Food
- Hazardfree and Safe Workplace





# gender diversity

MTM has achieved a notable milestone in promoting gender diversity within its workforce, with 20% of its total workforce comprising females. This achievement reflects the company's commitment to creating an inclusive and equitable workplace where diversity is not just a goal but a reality. Gender diversity in the workforce is important for fostering innovation, creativity, and a broader range of perspectives.



## women empowerment

Women are at the core of the heart of MTM. Therefore, the efforts to empower them have always been a priority for MTM and full-fledged campaign has been initiated. The campaign offered regular tailor-made sessions with the women of MTM to give them awareness regarding their rights and empower them to act against any possible harassment in the workplace.

By Women empowerment and gender diversity programme, MTM's spinning department and Dyeing lab are being led by the Females.

A conference was conducted by Masood Textile Mills to highlight the importance of Women's Empowerment in our society, keeping in view the Islamic values, social norms and national laws.

## international women's day celebration

Women are our society's most important pillar, and we strongly believe in it. International Women's Day was celebrated at MTM with the 'Break The Bias' motto.

All female employees were invited to a colorful event that included singing and thematic dance performances by known artists, Q&A sessions, and many engagement activities. CEO of MTM, Mr. Shahid Nazir, acknowledged the strong women of the organization for being steadfast in contributing to the growth while accepting all the challenges.



## breast cancer awareness session

Keeping in mind the importance of women's health, MTM always plays an active role. In this regard, multiple informative sessions were organized on Breast Cancer awareness in collaboration with Shaukat Khanum Memorial Cancer Hospital. Medical doctors provided demonstrations for breast cancer awareness. Females from all over the company keenly participated in these sessions.





## family night gala

The family gala event was held in July 2022 to recognize and appreciate the commitment of our team members who have spent 10, 20 and 30 plus years with MTM and have contributed to creating value for the company in one way or the other. They were awarded shields for their services. The event was attended by a large number of employees along with their spouses. The event was filled with a number of audience engagement activities, such as standup comedy by the renowned comedian, drama skits, and dance performances, followed by the CEO's address and a delicious dinner.

## global citizenship

The company is a responsible global citizen, adhering to international standards and regulations. Upholding values of honesty, integrity, and fairness in all operations is crucial for ethical business conduct, building trust with stakeholders and ensuring sustainable operations.



## ethical business practices

We are committed to conducting business with the highest ethical standards. Our supply chain and procurement practices prioritize fair labor, human rights, and ethical sourcing. We ensure transparency and accountability in all our business dealings, fostering trust among our stakeholders.

## sustainability in action

Our sustainability initiatives are not only limited to reducing environmental impact but also extend to responsible product design and manufacturing. We aim to provide our customers with eco-friendly and sustainable textile solutions, contributing to a more sustainable fashion industry.

## partnerships for good

MTM's partnerships with charitable organizations, NGOs, and local institutions and training services funding organizations, including ILO, JICA, GIZ, WWF, PSDF, TEVTA, NAVTTC and others, showcase its dedication to addressing critical social and environmental issues. These collaborations enable MTM to leverage expertise and resources to make a meaningful impact in education, healthcare, environmental conservation, and disaster relief.



# controlling & managing waste



## effective management of hazardous waste

MTM recognizes that responsible waste management is integral to our commitment to sustainability and environmental stewardship. Our proactive waste control and management approach underscores our dedication to minimizing our environmental impact.

## pre-consumer fabric waste recycling plant

MTM operates its own pre-consumer fabric waste recycling plant. This facility is instrumental in reducing the amount of textile waste generated during the manufacturing process. By recycling and repurposing fabric waste, we minimize landfill contributions and contribute to a circular economy where resources are conserved and reused.

We understand the importance of responsible hazardous waste management. To ensure compliance with stringent environmental regulations, we engage EPA-certified third-party experts for the safe and proper handling, storage, and disposal of hazardous waste materials. This approach safeguards the environment and safety of our employees and the surrounding community.

Our waste management practices align with our broader sustainability goals, and we continuously seek ways to improve and innovate in this area. We are committed to reducing waste at its source, increasing recycling rates, and exploring innovative waste-to-resource solutions.

Through these initiatives, MTM is making a significant contribution to the reduction of textile waste in the industry and the responsible management of hazardous materials. We firmly believe that taking proactive steps in waste control and direction can create a more sustainable and environmentally conscious future.

# using resources responsibly

Our commitment to sustainability extends to the responsible use of natural resources. We recognize that efficient resource management benefits our business and minimizes our environmental footprint. We have implemented state-of-the-art technologies and innovative practices across our operations to achieve this.

## energy efficiency initiatives

MTM is dedicated to reducing energy consumption and increasing efficiency throughout our facilities. We have invested in cutting-edge power generators and machinery for optimal energy performance. Our low liquor ratio dyeing machines, waste heat recovery boilers, and condensate return systems help us maximize energy utilization and minimize wastage.

## resource efficiency

The company's efforts to decrease electricity consumption by 1.29% and water usage reduction by 6.01% showcase its dedication to resource efficiency, which is crucial for sustainable manufacturing.

## water conservation efforts

We understand that water is a precious resource thus, we are committed to its responsible use. Our adoption of low-liquor ratio dyeing machines reduces water consumption and minimizes the chemicals required in the dyeing process. Furthermore, we implement advanced systems to reuse water, allowing us to reuse cooling water and reduce water discharge into the environment.

## sustainable sourcing

We are mindful of the materials we use in our products. Our commitment to responsible sourcing extends to selecting environmentally friendly materials and suppliers who share our dedication to sustainability. This ensures that the resources we use align with our sustainability principles.

## reduction of environmental footprint

Our collective efforts in using resources responsibly have resulted in a tangible reduction of our environmental footprint. We measure and monitor our resource consumption and are committed to setting and achieving ambitious reduction targets year after year.

At MTM, we firmly believe that by using resources responsibly, we can simultaneously reduce costs, improve our competitive position and protect the environment. We view resource efficiency as an integral part of our commitment to sustainability and corporate social responsibility.



# accreditations and certifications

MTM takes great pride in its commitment to industry-leading standards and certifications. MTM has diligently pursued and attained numerous accreditations and certifications, reflecting our unwavering dedication to quality, sustainability and responsible business practices.

These certifications include ISO 9001:2015, underscoring our commitment to quality management systems.

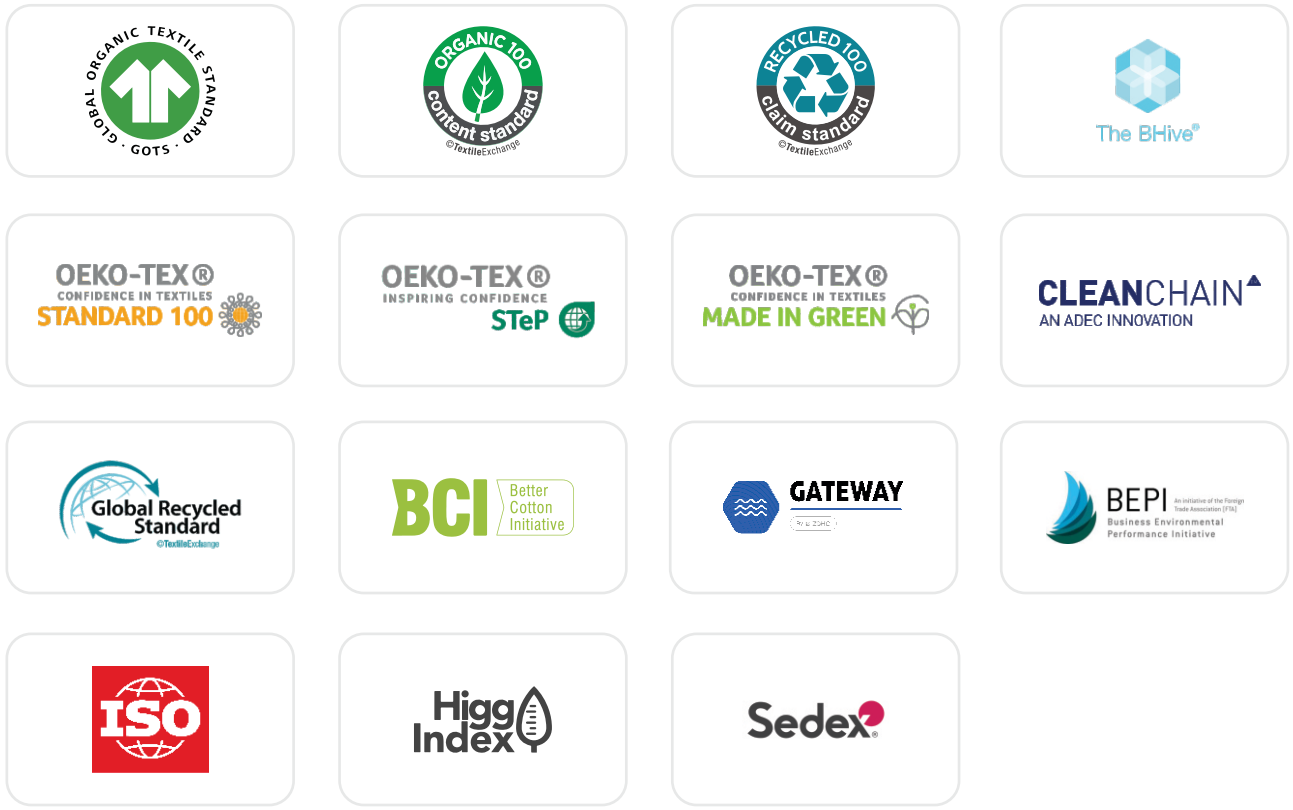
Our Oekotex STeP, Oekotex 100, and Oekotex Made in Green certifications validate our products' safety and environmental integrity.

Our adherence to the Higg FEM and Higg FSLM standards reinforces our commitment to sustainability across the textile supply chain. MTM is also SEDEX-certified, signifying ethical and responsible sourcing.

Our certifications extend to sustainability as well, including GOTS, RCS, GRCS, OCS, BCI, amfori BEPI, Clean Chain, ZDHC, and BHive, demonstrating our dedication to ecoconscious production practices and the well-being of our planet. These accreditations and certifications serve as a testament to our continuous pursuit of excellence in all facets of our operations, ensuring that our products meet the highest quality and sustainability standards.







## affiliation



# awards received

MTM has received several prestigious awards and recognitions, which further highlight the company's commitment to excellence in various aspects of its operations:

## Presidential Award for Occupational Safety, Health and Wellbeing - Employer Federation of Pakistan-EFP

This award reflects MTM's dedication to ensuring its employees' safety, health, and well-being. It acknowledges the company's efforts in maintaining a safe and healthy work environment.

## FPCCI Award for Women Empowerment

This award recognizes MTM's initiatives and practices to empower women in the workplace. It highlights the company's commitment to gender diversity and equality.

## Best Employer Award

Being recognized as the "Best Employer" is a significant achievement, indicating that MTM prioritizes its employees' well-being, professional development, and overall satisfaction. It showcases the company's dedication to fostering a positive work environment.









# 05

## financial statements

# INDEPENDENT AUDITOR'S REPORT

AS AT 30 JUNE 2023

**To the members of Masood Textile Mills Limited**

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the annexed financial statements of Masood 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 profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

### **Basis for Opinion**

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



## 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:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1.	<p><b>Capital expenditure</b></p> <p>The Company is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Company's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"><li>- Summary of significant accounting policies, property, plant, equipment and</li></ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"><li>• We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature.</li><li>• We evaluated the appropriateness of capitalization policies and depreciation rates.</li><li>• We performed tests of details on costs capitalized.</li><li>• We verified the accuracy of management's calculation used for the impairment testing.</li></ul>



Sr. No.	Key audit matters	How the matters were addressed in our audit
2.	<p>depreciation (Note 2.5 to the financial statements).</p> <ul style="list-style-type: none"> <li>- Property, plant and equipment (Note 14) to the financial statements).</li> </ul> <p><b>Inventory existence and valuation</b></p> <p>Inventories as at 30 June 2023 amounting to Rupees 16,639.806 million, break up of which is as follows:</p> <ul style="list-style-type: none"> <li>- Stores, spare parts and loose tools of Rupees 3,936.547 million</li> <li>- Stock-in-trade of Rupees 12,703.259 million</li> </ul> <p>Inventories are stated at lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventories as a key audit matter due to its size, representing 30.12% of total assets of the Company as at 30 June 2023, and the judgment involved in valuation.</p> <p>For further information on inventories, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Inventories (Note 2.8 to the financial statements).</li> <li>- Stores, spare parts and loose tools (Note 17) and Stock in</li> </ul>	<p>Our procedures over existence and valuation of inventories included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.</li> <li>• For a sample of inventory items, re-performed the cost calculation and compared the moving / annual average cost appearing on valuation sheets.</li> <li>• 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.</li> <li>• In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents.</li> <li>• We also made inquiries from management, including those outside</li> </ul>



Sr. No.	Key audit matters	How the matters were addressed in our audit
	<p>trade (Note 18) to the financial statements.</p>	<p>of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.</p> <ul style="list-style-type: none"> <li>• We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements.</li> </ul>
<p>3.</p>	<p><b>Revenue recognition</b></p> <p>The Company recognized revenue from contract with customers of Rupees 60,105.873 million for the year ended 30 June 2023.</p> <p>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.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Revenue from contracts with customers (Note 2.12 to the financial statements).</li> <li>- Revenue from contracts with customers (Note 25 to the financial statements).</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents.</li> <li>• 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.</li> <li>• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'.</li> </ul>

Sr. No.	Key audit matters	How the matters were addressed in our audit
		<ul style="list-style-type: none"> <li>We also considered the appropriateness of disclosures in the financial statements.</li> </ul>

### 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: 04 October 2023

UDIN Number: AR2023101586i3cBx57H

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
1 200 000 000 (2022: 125 000 000) ordinary shares of Rupees 10 each		12,000,000	1,250,000
60 000 000 (2022: 60 000 000) preference shares of Rupees 10 each		600,000	600,000
		<u>12,600,000</u>	<u>1,850,000</u>
<b>Issued, subscribed and paid up share capital</b>	3	950,000	950,000
<b>Reserves</b>			
<b>Capital reserves</b>			
Share premium	4.1	1,375,000	1,375,000
Redemption fund	4.2	128,333	128,333
Capital contribution	4.3	2,000,000	2,000,000
Surplus on revaluation of freehold land	4.4	3,574,318	2,447,552
		7,077,651	5,950,885
<b>Revenue reserves</b>	5	9,187,819	6,596,089
<b>Total reserves</b>		<u>16,265,470</u>	<u>12,546,974</u>
<b>Total equity</b>		<u>17,215,470</u>	<u>13,496,974</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	6	2,356,062	4,006,065
Lease liabilities	7	11,438	44,718
Staff retirement gratuity	8	1,722,219	1,395,252
		4,089,719	5,446,035
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	9,666,047	8,660,234
Unclaimed dividend		8,944	10,900
Accrued mark-up	10	787,782	222,858
Short term borrowings	11	20,607,236	17,821,275
Current portion of non-current liabilities	12	1,914,878	2,061,764
Provision for taxation		951,134	732,897
		33,936,021	29,509,928
<b>TOTAL LIABILITIES</b>		<u>38,025,740</u>	<u>34,955,963</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>55,241,210</u>	<u>48,452,937</u>

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023



	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	15,343,727	13,997,802
Right-of-use assets	15	58,605	128,998
Long term advances	16	17,174	13,744
Long term security deposits		75,560	105,601
		<u>15,495,066</u>	<u>14,246,145</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	17	3,936,547	2,870,433
Stock in trade	18	12,703,259	13,251,629
Trade debts	19	16,726,515	12,424,837
Loans and advances	20	744,733	782,884
Income tax		1,061,618	1,003,167
Short term deposits and prepayments	21	298,453	254,007
Other receivables	22	3,252,398	2,903,378
Short term investments	23	8,630	7,572
Cash and bank balances	24	1,013,991	708,885
		<u>39,746,144</u>	<u>34,206,792</u>
<b>TOTAL ASSETS</b>		<u><u>55,241,210</u></u>	<u><u>48,452,937</u></u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

# STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 (RUPEES IN THOUSAND)	2022
REVENUE FROM CONTRACTS WITH CUSTOMERS	25	60,105,873	54,146,811
COST OF SALES	26	(52,017,778)	(47,605,201)
GROSS PROFIT		8,088,095	6,541,610
DISTRIBUTION COST	27	(3,815,010)	(3,349,959)
ADMINISTRATIVE EXPENSES	28	(1,234,004)	(997,696)
OTHER EXPENSES	29	(191,037)	(115,099)
OTHER INCOME	30	3,841,425	2,405,460
FINANCE COST	31	(3,198,821)	(1,473,334)
PROFIT BEFORE TAXATION		3,490,648	3,010,982
TAXATION	32	(839,459)	(734,942)
PROFIT AFTER TAXATION		2,651,189	2,276,040
EARNINGS PER SHARE - BASIC (RUPEES)	33	38.54	33.24
- DILUTED (RUPEES)	33	34.72	30.22

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

2023 2022  
(RUPEES IN THOUSAND)

PROFIT AFTER TAXATION

2,651,189

2,276,040

OTHER COMPREHENSIVE INCOME / (LOSS)

Items that will not be reclassified subsequently to profit or loss:

Remeasurements arising on defined benefit obligation

(39,655)

(118,713)

Surplus on revaluation of freehold land

1,139,043

-

1,099,388

(118,713)

Items that may be reclassified subsequently to profit or loss

-

-

Other comprehensive income / (loss) for the year

1,099,388

(118,713)

TOTAL COMPREHENSIVE INCOME FOR THE YEAR

3,750,577

2,157,327

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	RESERVES									TOTAL EQUITY	
	SHARE CAPITAL	CAPITAL RESERVES				REVENUE RESERVES					TOTAL
		Share premium	Redemption fund	Capital contribution	Surplus on revaluation of freehold land	Sub total	General	Unappropriated profit	Sub total		
(RUPEES IN THOUSAND)											
<b>Balance as at 01 July 2021</b>	986,666	1,375,000	128,333	1,500,000	2,447,552	5,450,885	714,500	3,753,230	4,467,730	9,918,615	10,905,281
Transactions with owners:											
Contribution from director / shareholders	-	-	-	500,000	-	500,000	-	-	-	500,000	500,000
Redemption of preference shares	(36,666)	-	-	-	-	-	-	-	-	-	(36,666)
Transfer from capital redemption reserve fund	-	-	(36,666)	-	-	(36,666)	-	36,666	36,666	-	-
Transfer to capital redemption reserve fund	-	-	36,666	-	-	36,666	-	(36,666)	(36,666)	-	-
Dividend at the rate of Rupees 0.93 per share (Preference shares)	-	-	-	-	-	-	-	(28,968)	(28,968)	(28,968)	(28,968)
Profit for the year	-	-	-	-	-	-	-	2,276,040	2,276,040	2,276,040	2,276,040
Other comprehensive loss for the year	-	-	-	-	-	-	-	(118,713)	(118,713)	(118,713)	(118,713)
Total comprehensive income for the year	-	-	-	-	-	-	-	2,157,327	2,157,327	2,157,327	2,157,327
<b>Balance as at 30 June 2022</b>	950,000	1,375,000	128,333	2,000,000	2,447,552	5,950,885	714,500	5,881,589	6,596,089	12,546,974	13,496,974
Transactions with owners:											
Dividend at the rate of Rupees 1166569 per share (Preference shares)	-	-	-	-	-	-	-	(32,081)	(32,081)	(32,081)	(32,081)
Transfer from surplus on revaluation of freehold land on disposal of freehold land	-	-	-	-	(12,277)	(12,277)	-	12,277	12,277	-	-
Profit for the year	-	-	-	-	-	-	-	2,651,189	2,651,189	2,651,189	2,651,189
Other comprehensive income for the year	-	-	-	-	1,139,043	1,139,043	-	(39,655)	(39,655)	1,099,388	1,099,388
Total comprehensive income for the year	-	-	-	-	1,139,043	1,139,043	-	2,611,534	2,611,534	3,750,577	3,750,577
<b>Balance as at 30 June 2023</b>	950,000	1,375,000	128,333	2,000,000	3,574,318	7,077,651	714,500	8,473,319	9,187,819	16,265,470	17,215,470

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023



	NOTE	2023 (RUPEES IN THOUSAND)	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	<b>34</b>	<b>3,995,280</b>	<b>2,062,931</b>
Finance cost paid		(2,616,054)	(1,350,516)
Mark-up paid against lease liabilities		(11,442)	(15,836)
Income tax paid		(679,673)	(511,602)
Dividend paid to ordinary shareholders		(1,956)	(246)
Dividend paid to preference shareholders		(32,081)	(76,650)
Staff retirement gratuity paid		(192,702)	(175,974)
Net increase in long term advances		(3,430)	(6,275)
Net decrease / (increase) in long term security deposits		30,041	(7,720)
<b>Net cash generated from / (used in) operating activities</b>		<b>487,983</b>	<b>(81,888)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		483,451	69,302
Capital expenditure on property, plant and equipment		(1,662,773)	(1,425,310)
Proceeds from disposal of investment		-	92,199
Investment made		(1,058)	-
Profit on deposits with banks and TFCs received		73,901	44,179
<b>Net cash used in investing activities</b>		<b>(1,106,479)</b>	<b>(1,219,630)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		190,429	2,106,695
Repayment of long term financing		(1,939,108)	(3,748,698)
Capital contribution		-	500,000
Repayment of preference shares		-	(36,666)
Repayment of lease liabilities		(113,680)	(152,134)
Short term borrowings - net		2,785,961	2,810,275
<b>Net cash from financing activities</b>		<b>923,602</b>	<b>1,479,472</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>305,106</b>	<b>177,954</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>708,885</b>	<b>530,931</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 24)</b>		<b>1,013,991</b>	<b>708,885</b>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 1. THE COMPANY AND ITS OPERATIONS

Masood 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 (PSX). Its registered office is situated at Universal House, P-17/1, New Civil Lines, Bilal Road, Faisalabad. The main objects of the Company are manufacturing and sale of cotton / synthetic fiber yarn, knitted / dyed fabrics and garments.

**Geographical locations and addresses of all business units (except for the registered office) of the Company are as follows:**

Manufacturing units and offices	Address
Spinning, Knitting and Dyeing units	32 Kilometers, Sheikhpura Road, Faisalabad
Spinning and Knitting units	30 Kilometers, Sheikhpura Road, Faisalabad
Spinning Unit	3 Kilometers, Shorkot Road, Toba Tek Singh
Stitching Unit	Sargodha Road, Faisalabad
Stitching Units	Nishatabad, Faisalabad
Stitching Unit	Chak Jhumra Road, Nishatabad, Faisalabad
Stitching Units	Hajiabad, Sheikhpura Road, Faisalabad
Liaison office	13 Kilometers, Bhubatian Chowk, Defence Road, Lahore
Liaison office	Office No. 306 - 307, Gul Tower, II. Chundrigar Road, Karachi

## 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) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP), 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 and IFASs, 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 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 financial statements or where judgments were exercised in application of accounting policies are as follows:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



## **Staff retirement gratuity**

Certain actuarial assumptions have been adopted as disclosed in Note 8.4 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.

## **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 statement of financial position date.

## **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.

## **Useful lives, patterns of economic benefits and impairments**

The estimate for revalued amount of freehold land is 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. Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Any change in the estimates in future 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 month 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.

## **Allowance for expected credit losses**

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

## **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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

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

- Amendments to IAS 16 'Property, Plant and Equipment - Proceeds before Intended Use'
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of Fulfilling a Contract amends IAS 1 'Presentation of Financial Statements'
- 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 noncurrent 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.

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 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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 approved published 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 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 Company's obligation under this scheme is determined through actuarial valuation carried under Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2023. 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. Significant assumptions used to carry out the actuarial valuation have been disclosed in Note 8.4 to these financial statements.

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

## **2.3 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. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

## **2.4 Taxation**

### **Current**

The Company falls in the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made in the financial statements accordingly. However, provision for tax on other income is based on taxable income at the current rates after considering the rebates and tax credits available, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### **Deferred**

Deferred tax is 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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.

## 2.5 Property, plant, equipment and depreciation

### a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except freehold land which is stated at cost / revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use. Cost of property, plant and equipment signifies historical cost, revalued amount, borrowing cost pertaining to erection / construction period and directly attributable cost of bringing the assets to working condition.

Increases in the carrying amounts arising on revaluation of freehold land are recognized 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.

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

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. Maintenance and normal repairs are charged to the statement of profit or loss during the period these are incurred.

### b) Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method at the rates given in Note 14.1 to write off the cost over their expected useful life. The Company charges depreciation on additions from the date when the asset is available for use and on deletions up to the date when 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.

### c) 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 determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

## 2.6 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). 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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 statement of profit or loss 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.

## 2.7 Ijarah contracts

Under the Ijarah contracts, the Company obtains usufruct of an asset for an agreed period and for an agreed consideration. The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Company as a Mustajir (lessee) in the Ijarah contract recognizes the Ujrah (lease) payments as an expense in the statement of profit or loss on straight line lease over the Ijarah term.

## 2.8 Inventories

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

### Stores, spare parts and loose tools

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 cost comprising invoice value plus other charges paid thereon.

### Stock in trade

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

- |   |   |   |
|---|---|---|
| (i) For raw materials                       | - | Annual average basis.   |
| (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 / rags are valued at net realizable value.

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 2.9 Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other interests, mark-up and other charges are recognized in statement of profit or loss.

## 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 obligation and a reliable estimate of the obligation can be made.

## 2.11 Impairment of non-financial assets

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

## 2.12 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. Related Government grant is recognized when there is reasonable assurance that Company will comply with the conditions attached to it and grant will be received.

#### Rendering of services

The Company provides dyeing and knitting services to local customers. These services are rendered separately and the Company's contract with the customers for services constitutes a single performance obligation. Revenue from a contract to provide services is recognized at point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Company's contracts with its customers.

#### 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.

#### Dividend

Dividend on investments is recognized when right to receive the dividend is established.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



## **Other revenue**

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

### **ii) Contract assets**

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

### **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.

## **2.13 Share capital**

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

## **2.14 Financial instruments**

### **i) Recognition of financial instruments**

The Company initially recognizes financial assets on the date when these are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

### **ii) Classification and measurement of financial instruments**

#### **Investments and other financial assets**

#### **a) Classification**

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

- those to be measured subsequently at the fair value through profit or loss; and
- those to be measured at amortized cost.

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

For assets measured at fair value, gain and losses are recognized in statement of profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held. The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## **b) Measurement**

At initial recognition, the Company measures a financial asset at its fair value, in the case of a financial asset at its fair value plus transaction plus, in the case of a financial asset not at fair value through profit or loss, transaction cost that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

### ***Debt instruments***

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into following measurement category:

#### **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. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses.

### ***Equity Instruments***

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

#### **At fair value through profit or loss**

Changes in the fair value of equity instruments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit or loss as applicable. Dividends from such investments are recognized in profit or loss as other income when the Company's right to receive payments is established.

### **Financial liabilities**

#### **Classification and measurement**

Financial liabilities are classified at amortized cost. These are also subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

## **iii) Impairment of financial assets**

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

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

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

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

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

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

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

## iv) 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.

## v) Offsetting of financial instruments

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

## 2.15 Trade debts 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

## 2.16 Borrowings

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

## 2.17 Trade and other payables

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

## 2.18 Cash and cash equivalents

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

## 2.19 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized 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.

## 2.20 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its segments separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results that are reported to management include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable operating segments: i) Spinning (Producing different qualities of yarn), ii) Knitting (Producing knitted fabric from yarn), iii) Processing and Garments (Processing of greige fabric for production of dyed and white fabric and manufacturing of variety of garments from processed fabric).

Transactions among the operating segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

## 2.21 Earnings per share

The Company presents basic and diluted Earnings per Share (EPS). Basic EPS is calculated by dividing profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting profit attributable to shareholders and the weighted average number of ordinary shares outstanding with the effects of all dilutive potential ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



## 2.22 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.

## 2.23 Contingent liabilities

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

## 2.24 Government grants

The benefit of lower interest rate than market rate on borrowings obtained under State Bank of Pakistan (SBP) refinance scheme for payment of salaries and wages to the employees and workers of the Company, is accounted for as government grant which is the difference between loan received and the fair value of the loan. The differential amount is recognized and presented as deferred government grant.

In subsequent periods, the grant shall be amortized over the period of loan and amortization shall be recognized in the profit or loss.

## 3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2023 (NUMBER OF SHARES)	2022 (NUMBER OF SHARES)		2023 (RUPEES IN THOUSAND)	2022 (RUPEES IN THOUSAND)
67 500 000	67 500 000	Ordinary shares of Rupees 10 each fully paid in cash	675,000	675,000
27 500 000	27 500 000	Cumulative preference shares (non-voting) of Rupees 10 each fully paid in cash (Note 3.1)	275,000	275,000
<u>95 000 000</u>	<u>95 000 000</u>		<u>950,000</u>	<u>950,000</u>

3.1 The Company issued cumulative preference shares as at 30 June 2005, which are listed on Pakistan Stock Exchange Limited, to finance the working capital requirements and fixed capital expenditure.

### Terms of redemption

#### a) Conversion option

Preference shareholders have the option to serve a notice to the Company to convert one third of the preference shares along with accumulated dividend into ordinary shares of the Company after the expiry of four years from the date of issuance in any conversion year at a discount of 15 percent to immediately preceding 30 calendar days' average market value. Upon receiving the conversion notice, the Company will have the option to repay the preference shares along with the accumulated dividend for which conversion notice has been issued within one month of receiving thereof or issue ordinary shares to preference shareholders.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## b) Call option

The Company has the option to redeem the preference shares after four years of the issuance in part in multiples of 10 percent upto 100 percent from the preference shareholders. The call price would be Rupees 10 per share plus the entire accumulated preference share dividend, if any.

## c) Rate of dividend

The preference dividend is payable at the average rate of six months KIBOR plus 2 percent per annum on cumulative basis. According to the terms of issuance, dividend to ordinary shareholders could only be paid after the payment of preference dividend to preference shareholders.

## d) Sinking fund reserve

The Company has created a sinking fund reserve (capital redemption reserve fund) from the profits of the Company to make payments against any call option. The Company has built-up this sinking fund reserve to ensure that at the end of the fourth year from the issuance date, the reserve is equal to one third of the total amount of preference shares. This reserve account will subsequently be replenished to ensure that one third of the outstanding preference shares amount is available in the reserve account.

- 3.2 17 396 833 ordinary shares (2022: 17 396 833) of the Company are held by Shanghai Challenge Textile Company Limited, an associate.

## 4. CAPITAL RESERVES

Share premium (Note 4.1)  
Capital redemption reserve fund (Note 4.2)  
Capital contribution (Note 4.3)  
Surplus on revaluation of freehold land (Note 4.4)

2023  
2022  
(RUPEES IN THOUSAND)

1,375,000	1,375,000
128,333	128,333
2,000,000	2,000,000
3,574,318	2,447,552
<u>7,077,651</u>	<u>5,950,885</u>

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

- 4.2 The Company has created this reserve from its profits to make payments against any call option of preference shares.

### 4.3 Capital contribution

Balance as on 01 July  
Add: Contributions made during the year  
Balance as on 30 June

2,000,000	1,500,000
-	500,000
<u>2,000,000</u>	<u>2,000,000</u>

- 4.3.1 These represent unsecured interest free loans from director / shareholders of the Company as required by the banks in their sanction advices. These are repayable on Company's discretion. These include Rupees 200 million (2022: Rupees 200 million) received from the Chief Executive Officer and his spouse. These loans are treated as capital contribution in accordance with the guidelines provided by The Institute of Chartered Accountants of Pakistan (ICAP) vide Technical Release-32.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



## 4.4 Surplus on revaluation of freehold land

Opening balance	2,447,552	2,447,552
Add: Increase in surplus on revaluation (Note 4.4.1)	1,139,043	-
	<u>3,586,595</u>	<u>2,447,552</u>
Less: Surplus on revaluation of freehold land disposed of during the year	12,277	-
	<u>3,574,318</u>	<u>2,447,552</u>

**4.4.1** The latest revaluation of freehold land was carried out by an independent valuer Messrs Oceanic Surveyors (Private) Limited on 19 June 2023 as stated in Note 14.1.1.

## 5. REVENUE RESERVES

General	714,500	714,500
Unappropriated profit	8,473,319	5,881,589
	<u>9,187,819</u>	<u>6,596,089</u>

## 6. LONG TERM FINANCING

From banking companies - secured		
Long term loans (Note 6.1)	1,393,023	2,171,183
Syndicate term finance (Note 6.2)	1,466,667	1,650,000
Diminishing musharika / Sukuk (Note 6.3)	1,346,929	2,127,714
	<u>4,206,619</u>	<u>5,948,897</u>
Less: Current portion shown under current liabilities (Note 12)	1,850,557	1,942,832
	<u>2,356,062</u>	<u>4,006,065</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

6.1

Long term loans

LENDER	2023 (RUPEES IN THOUSAND)	2022 (RUPEES IN THOUSAND)	RATE OF INTEREST/ PROFIT PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST/ PROFIT REPRICING	INTEREST/ PROFIT PAYABLE	SECURITY
Standard Chartered Bank (Pakistan) Limited	-	97,353	2.00%	This facility was completely repaid on 03 October 2022	-	Quarterly	Joint pari passu charge on fixed assets and personal guarantee of Chief Executive Officer of the Company
Habib Bank Limited	-	121,245	1.00%	This facility was completely repaid on 03 October 2022	-	Quarterly	Joint pari passu charge over fixed assets of the Company and personal guarantee of some of the directors of the Company
United Bank Limited	91,929	175,403	4.50%	These are different loans repayable in sixteen quarterly installments starting from 29 March 2019 and ending on 08 January 2025	-	Quarterly	First charge on specific machinery
The Bank of Punjab	31,749	115,328	4.50%	These are different loans repayable in nineteen and twenty quarterly installments starting from 10 February 2018 and ending on 06 March 2024	-	Quarterly	First charge on specific machinery
Askari Bank Limited	37,044	105,547	4.50%	These are different loans repayable in sixteen to eighteen quarterly installments starting from 17 April 2019 and ending on 21 March 2025	-	Quarterly	First charge on specific machinery
National Bank of Pakistan	447,450	761,375	4.50%	These are different loans repayable in sixteen, eighteen, nineteen and twenty quarterly installments starting from 28 March 2018 and ending on 30 August 2025	-	Quarterly	First charge on specific machinery
Habib Metropolitan Bank Limited	154,751	219,914	4.50%	These are different loans repayable in sixteen and twenty quarterly installments starting from 12 May 2020 and ending on 07 April 2026	-	Quarterly	First charge on specific machinery and personal guarantee of certain directors of the Company
Bank Alfalah Limited	86,890	122,775	5.00%	These are different loans repayable in twenty quarterly installments starting from 04 December 2019 and ending on 19 November 2025	-	Quarterly	First exclusive charge on fixed assets of the Company and personal guarantee of Chief Executive Officer of the Company
Pakistan Kuwait Investment Company (Private) Limited	32,130	416,636	5.00%	These are different loans repayable in sixteen and eighteen quarterly installments starting from 02 August 2021 and ending on 01 April 2027	-	Quarterly	First charge on specific machinery
Pakistan Kuwait Investment Company (Private) Limited	31,651	35,607	7.00%	Eighteen quarterly installments starting from 06 March 2023 and ending on 06 June 2027	-	Quarterly	Ranking charge on plant and machinery
Saudi Pak Industrial and Agricultural Investment Company Limited	190,429	-	3 Month KIBOR+2.25%	Sixteen quarterly installments starting from 14 June 2024 and ending on 14 March 2028	Quarterly	Quarterly	Ranking hypothecation charge over plant and machinery of the Company and personal guarantee of CEO and director of the Company
	<b>1,393,023</b>	<b>2,171,183</b>					
<b>6.2 Syndicate term finance</b>							
Pakistan Kuwait Investment Company (Private) Limited	755,555	850,000					
Pak Libya Holding Company Limited	177,778	200,000					
Pak Oman Investment Company Limited	266,667	300,000					
PAIR Investment Company Limited	266,667	300,000	3 Month KIBOR+2%	Nine semi annual installments starting from 31 March 2023 and ending on 23 April 2027	Quarterly	Quarterly	Joint pari passu charge on fixed assets and personal guarantee of some directors of the Company
	<b>1,466,667</b>	<b>1,650,000</b>					
<b>6.3 Diminishing musharika / Sukuk:</b>							
QJP Modaraba	110,500	117,000	Base Rate+3.25%	Thirty six monthly installments starting from 28 April 2023 and ending on 28 March 2026	Semi annually	Monthly	First charge on specific machinery and personal guarantee of some directors of the Company
Meezan Bank Limited	165,000	225,000	3 Month KIBOR+1.50%	Twenty quarterly installments starting from 25 June 2021 and ending on 25 March 2026	Quarterly	Quarterly	First equitable charge over specific property
Shariah Compliant Sukuk (Note 6.3.1)	1,071,429	1,785,714	3 Month KIBOR+2%	Fourteen quarterly installments starting from 17 September 2021 and ending on 17 December 2024	Quarterly	Quarterly	First pari passu charge over all present and future fixed assets of the Company and equitable mortgage over the mortgaged properties
	<b>1,346,929</b>	<b>2,127,714</b>					

6.3.1

These represent redeemable capital in terms of 2 500 Shariah Compliant Sukuk Certificates issued in accordance with the provisions of section 66 of the Companies Act, 2017. These are issued to repay existing conventional debts and for meeting working capital requirement of the Company. Pakistan Kuwait Investment Company (Private) Limited was the lead financial advisor and arranger while Al-Hilal Shariah Advisors (Private) Limited is acting as Shariah structuring advisor for the Sukuk.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



	2023	2022
	(RUPEES IN THOUSAND)	
<b>7. LEASE LIABILITIES</b>		
Total lease liabilities (Note 7.1.1 and Note 7.1.2)	66,497	146,153
Less: Current portion shown under current liabilities (Note 12)	(55,059)	(101,435)
	<u>11,438</u>	<u>44,718</u>
<b>7.1 Reconciliation of lease liabilities</b>		
Opening balance	146,153	226,065
<b>Add:</b>		
Additions during the year (Note 15)	42,017	72,222
Interest accrued on lease liabilities (Note 31)	11,442	15,836
	<u>199,612</u>	<u>314,123</u>
<b>Less:</b>		
Termination of lease during the year	7,993	-
Payments during the year	125,122	167,970
	<u>133,115</u>	<u>167,970</u>
Closing balance	<u>66,497</u>	<u>146,153</u>
<b>7.1.1</b>	<p>The value of minimum lease payments of lease amounting to Rupees 10.180 million (2022: Rupees 16.642 million) has been discounted using implicit interest rate of 12.96% to 18.54% (2022: 8.85% to 12.96%) per annum. Balance rentals are payable in monthly installments. Taxes, repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, the Company shall pay entire amount of rentals for unexpired period of lease agreement. Lease agreement is renewable at the option of the lessor on such terms as may be agreed upon. Liabilities are secured against deposits of Rupees 5.450 million (2022: Rupees 6.778 million) included in long term security deposits.</p>	
<b>7.1.2</b>	<p>The value of minimum lease payments of lease amounting to Rupees 56.316 million (2022: Rupees 129.511 million) has been discounted using incremental borrowing rate of 8.30% to 9.78% (2022: 8.30% and 9.78%) per annum. Balance rentals are payable in monthly installments. Repairs and insurance costs are to be borne by the Company. In case of termination of the agreement, three months notice is to be given. Lease agreement is renewable at the mutual consent of both parties on such terms as may be agreed upon. Liabilities are secured against deposits of Rupees 23.064 million (2022: Rupees 21.769 million) included in long term security deposits.</p>	
<b>7.2 Maturity analysis of lease liabilities is as follows:</b>		
Upto 12 months	58,865	109,002
01 to 02 years	11,559	38,913
02 to 03 years	-	6,809
	<u>70,424</u>	<u>154,724</u>
Less: Un-amortized finance cost	3,927	8,571
<i>Present value of future minimum lease payments</i>	<u>66,497</u>	<u>146,153</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	(RUPEES IN THOUSAND)	
<b>8. STAFF RETIREMENT GRATUITY</b>		
Opening balance	1,395,252	1,078,919
Add:		
Provision for the year (Note 8.1)	553,433	406,469
Remeasurements recognized in other comprehensive income (Note 8.2)	39,655	118,713
Closing balance	1,988,340	1,604,101
Less:		
Payments made during the year	(192,702)	(175,974)
Increase in current liability - net	(73,419)	(32,875)
	(266,121)	(208,849)
	<u>1,722,219</u>	<u>1,395,252</u>
<b>8.1 Provision for the year</b>		
Current service cost	386,193	309,019
Interest cost	167,240	97,450
	<u>553,433</u>	<u>406,469</u>
<b>8.2 Remeasurements recognized in other comprehensive income</b>		
Actuarial gain from changes in financial assumptions	(9,571)	(8,739)
Experience adjustments	49,226	127,452
	<u>39,655</u>	<u>118,713</u>
<b>8.3 Reconciliation of present value of defined benefit obligation as at 30 June is given below:</b>		
Present value of defined benefit obligation as at 01 July	1,395,252	1,078,919
Current service cost	386,193	309,019
Interest cost	167,240	97,450
Benefits paid during the year	(192,702)	(175,974)
Increase in current liability - net	(73,419)	(32,875)
Remeasurements:		
Actuarial gain from changes in financial assumptions	(9,571)	(8,739)
Experience adjustment	49,226	127,452
	39,655	118,713
Present value of defined benefit obligation as at 30 June	<u>1,722,219</u>	<u>1,395,252</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



	2023	2022
	(RUPEES IN THOUSAND)	

## 8.4 Principal actuarial assumptions used

Discount rate for interest cost in profit or loss charge (per annum)  
 Discount rate for year end obligation (per annum)  
 Expected rate of increase in salary (per annum)  
 Average duration of the benefit (years)  
 Mortality rates

	13.25%	10.00%
	16.25%	13.25%
	15.25%	12.25%
	7	8
	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year
	Age based Age 60	Age based Age 60

Withdrawal rate  
 Retirement assumption

## 8.5 Sensitivity analysis for actuarial assumptions:

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

Discount rate  
 Increase in assumption (Rupees in thousand)  
 Decrease in assumption (Rupees in thousand)  
 Future salary increase  
 Increase in assumption (Rupees in thousand)  
 Decrease in assumption (Rupees in thousand)

	1.00%	1.00%
	(115,996)	(97,497)
	132,801	112,188
	1.00%	1.00%
	128,446	108,491
	(113,813)	(95,678)

## 8.6 Expected maturity profile

Followings are the expected distribution and timing of benefit payments at year end:

### Description

2023	-	236,979
2024	292,252	257,422
2025	317,891	264,112
2026 to 2030	1,713,997	1,379,934
2031 and onwards	59,080,476	28,900,685

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. 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 as when calculating the gratuity liability recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year except for certain changes as given in Note 8.4.

8.7 The estimated expenses to be charged to profit and loss account for the year ending on 30 June 2024 is Rupees 684.362 million.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 8.8 Risks associated with the scheme

### 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.

### Demographic risks

- **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.

- **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.

		2023	2022
		(RUPEES IN THOUSAND)	
<b>9.</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Creditors	5,991,566	5,157,894
	Contract liabilities - unsecured	762,116	730,285
	Accrued liabilities	2,526,702	2,554,585
	Income tax deducted at source	164,866	62,091
	Sales tax deducted at source	33,968	25,166
	Workers' profit participation fund (Note 9.1)	159,089	106,302
	Workers' welfare fund (Note 9.2)	27,740	23,911
		<u>9,666,047</u>	<u>8,660,234</u>
<b>9.1</b>	<b>Workers' profit participation fund</b>		
	Balance as on 01 July	106,302	-
	Add:		
	Interest for the year (Note 31)	4,468	-
	Provision for the year (Note 29)	154,621	106,302
		<u>265,391</u>	<u>106,302</u>
	Less: Payments made during the year	106,302	-
	Balance as on 30 June	<u>159,089</u>	<u>106,302</u>
<b>9.1.1</b>	Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds retained by the Company till the date of allocation to workers.		
<b>9.2</b>	<b>Workers' welfare fund</b>		
	Balance as on 01 July	23,911	21,189
	Add: Provision for the year (Note 29)	3,829	2,722
	Balance as on 30 June	<u>27,740</u>	<u>23,911</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



		2023	2022
		(RUPEES IN THOUSAND)	
<b>10.</b>	<b>ACCRUED MARK-UP</b>		
	Long term financing	108,472	57,217
	Short term borrowings	679,310	165,641
		787,782	222,858
<b>11.</b>	<b>SHORT TERM BORROWINGS</b>		
<b>11.1</b>	These represent the finances obtained from banking companies which are secured by way of first joint pari passu charge over current assets of the Company, pledge and personal guarantee of directors. Mark-up is paid at the rate of 2.50% to 24.17% per annum (2022: 2.50% to 16.65% per annum). The sanctioned credit facilities are Rupees 22,175 million (2022: Rupees 19,415 million).		
<b>12.</b>	<b>CURRENT PORTION OF NON-CURRENT LIABILITIES</b>		
	Long term financing (Note 6)	1,850,557	1,942,832
	Lease liabilities (Note 7)	55,059	101,435
	Deferred income - Government grant (Note 12.1)	-	6,401
	GIDC payable (Note 12.2)	9,262	11,096
		1,914,878	2,061,764
<b>12.1</b>	<b>Deferred income - Government grant</b>		
	Balance as on 01 July	6,401	43,689
	Amortized during the year (Note 30)	(6,401)	(37,288)
		-	6,401
<b>12.1.1</b>	This represented deferred government grant in respect of long term loans obtained by the Company under SBP Refinance Scheme for payment of wages and salaries which were completely repaid on 03 October 2022 as disclosed in Note 6.1 to these financial statements. These loans were recognized and measured in accordance with the IFRS 9 'Financial Instruments'. Fair value adjustment was recognized at discount rate of 9.23% per annum.		
<b>12.2</b>	<b>Gas Infrastructure Development Cess (GIDC) payable</b>		
	Balance as on 01 July	11,096	21,321
	Add: Unwinding of discount on GIDC payable (Note 31)	29	954
		11,125	22,275
	Less: Payments made during the year	1,863	11,179
		9,262	11,096
<b>12.2.1</b>	This represents Gas Infrastructure Development Cess (GIDC) which was levied through GIDC Act, 2015. Supreme Court of Pakistan vide judgement dated 13 August 2020 has upheld the GIDC Act, 2015 to be constitutional and intra vires. This liability was recognized at amortized cost in accordance with IFRS 9 'Financial Instruments' by using discount rate of 9.23% per annum.		

# NOTES TO THE FINANCIAL STATEMENTS

## 13. CONTINGENCIES AND COMMITMENTS

### a) Contingencies

- i) Guarantees of Rupees 403.495 million (2022: Rupees 278.495 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections, to Faisalabad Electric Supply Company (FESCO) against electricity connections and to Total Parco Pakistan Limited and Gas and Oil Pakistan Limited against fuel cards.
- ii) 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 14 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 23.625 million (2022: Rupees 23.625 million) related to this difference, subject to furnishing of post dated cheques which are being submitted by the Company. This writ petition was decided in favour of the Company. Against this decision, SNGPL filed an Intra Court Appeal No. 73521/2021 in Lahore High Court, Lahore on 27 September 2021 which is pending for adjudication. 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 favorable outcome of the petition.
- iii) The Company has filed a writ petition in the Lahore High Court, Lahore on 29 June 2022 against the demand of fifty percent increase on social security contribution as penalty having an amount of Rupees 137.713 million (2022: Rupees 137.713 million) by Punjab Employees Social Security Institution. Keeping in view of 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 favorable outcome of the petition.

### b) Commitments

- i) Contracts / letters of credit for capital expenditure are amounting to Rupees 241.975 million (2022: Rupees 45.578 million) and for other than capital expenditure are of Rupees 1,740.946 million (2022: Rupees 2,666.001 million).
- ii) Ijarah commitments - Company as lessee

The Company obtained vehicles under ijarah lease agreements. The lease terms are three to five years. The Company has given undertaking to purchase the leased vehicles on agreed purchase price at maturity.

The total of future ijarah payments under arrangements are as follows:

Not later than one year	156,574	61,677
Later than one year and not later than five years	332,023	88,606
	<u>488,597</u>	<u>150,283</u>

## 14. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 14.1)	14,806,641	13,704,433
Capital work-in-progress (Note 14.2)	537,086	293,369
	<u>15,343,727</u>	<u>13,997,802</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

14.1

## OPERATING FIXED ASSETS

	Freehold land	Buildings on freehold land	Plant and machinery	Electric and gas installations	Factory equipment	Telephone installations	Furniture and fixtures	Office equipment	Computer equipment	Vehicles	Total
<b>(RUPEES IN THOUSAND)</b>											
<b>At 30 June 2021</b>											
Cost / revalued amount	3,605,679	2,486,042	11,947,334	1,067,658	139,902	27,281	382,091	14,694	428,272	292,022	20,390,975
Accumulated depreciation	-	(792,110)	(5,122,210)	(439,881)	(79,761)	(20,437)	(203,437)	(8,226)	(292,879)	(200,892)	(7,159,833)
Net book value	3,605,679	1,693,932	6,825,124	627,777	60,141	6,844	178,654	6,468	135,393	91,130	13,231,142
<b>Year ended 30 June 2022</b>											
Opening net book value	3,605,679	1,693,932	6,825,124	627,777	60,141	6,844	178,654	6,468	135,393	91,130	13,231,142
Additions	22,952	57,958	919,143	218,139	38,243	1,185	43,574	285	28,902	159,823	1,490,204
Disposals:											
Cost	-	-	(162,983)	-	-	-	-	-	-	(37,272)	(200,255)
Accumulated depreciation	-	-	124,396	-	-	-	-	-	-	14,639	139,035
	-	-	(38,587)	-	-	-	-	-	-	(22,633)	(61,220)
Depreciation charge	-	(85,917)	(704,003)	(74,837)	(7,440)	(1,115)	(30,392)	(985)	(29,707)	(21,297)	(955,693)
Closing net book value	3,628,631	1,665,973	7,001,677	771,079	90,944	6,914	191,836	5,788	134,588	207,023	13,704,433
<b>At 30 June 2022</b>											
Cost / revalued amount	3,628,631	2,544,000	12,703,494	1,285,797	178,145	28,466	425,665	14,979	457,174	414,573	21,680,924
Accumulated depreciation	-	(878,027)	(5,701,817)	(514,718)	(87,201)	(21,552)	(233,829)	(9,211)	(322,586)	(207,550)	(7,976,491)
Net book value	3,628,631	1,665,973	7,001,677	771,079	90,944	6,914	191,836	5,788	134,588	207,023	13,704,433
<b>Year ended 30 June 2023</b>											
Opening net book value	3,628,631	1,665,973	7,001,677	771,079	90,944	6,914	191,836	5,788	134,588	207,023	13,704,433
Revaluation surplus	1,139,043	-	-	-	-	-	-	-	-	-	1,139,043
Additions	180,875	107,872	669,440	112,298	34,027	447	60,070	528	29,776	223,723	1,419,056
Transferred from right-of-use assets:											
Cost	-	-	-	-	-	-	-	-	-	5,313	5,313
Accumulated depreciation	-	-	-	-	-	-	-	-	-	(3,192)	(3,192)
Disposals:											
Cost	(408,974)	-	(1,634)	-	-	-	-	-	-	(60,754)	(471,362)
Accumulated depreciation	(408,974)	-	1,299	-	-	-	-	-	-	27,459	28,758
	-	(85,245)	(716,311)	(335)	-	-	-	-	-	(33,295)	(442,604)
Depreciation charge	-	-	(81,214)	(81,214)	(9,795)	(1,084)	(33,617)	(899)	(29,926)	(57,317)	(1,015,408)
Closing net book value	4,539,575	1,688,600	6,954,471	802,163	115,176	6,277	218,289	5,397	134,438	342,255	14,806,641
<b>At 30 June 2023</b>											
Cost / revalued amount	4,539,575	2,651,872	13,371,300	1,398,095	212,172	28,913	485,735	15,507	486,950	579,663	23,769,782
Accumulated depreciation	-	(963,272)	(6,416,829)	(595,932)	(96,996)	(22,636)	(267,446)	(10,110)	(352,512)	(237,408)	(8,963,141)
Net book value	4,539,575	1,688,600	6,954,471	802,163	115,176	6,277	218,289	5,397	134,438	342,255	14,806,641
<b>Annual rate of depreciation (%)</b>	-	5	10	10	10	15	15	15	20	20	

14.11

Value of freehold land of the Company has been determined by an independent valuer, Messrs Oceanic Surveyors (Private) Limited, on 19 June 2023 using market value method. Previously, it was revalued by an independent valuer as at 30 June 2020, 30 June 2016, 28 June 2013, 30 June 2007 and 30 September 1995. Had there been no revaluation, the value of freehold land would have been lower by Rupees 3,574,319 million (2022: Rupees 2,447,552 million). The book value of freehold land on cost basis is Rupees 965,257 million (2022: Rupees 1,181,079 million).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

2023  
(RUPEES IN THOUSAND)

2022

**14.1.2 Depreciation charged during the year has been allocated as follows:**

Cost of sales (Note 26)

Distribution cost (Note 27)

Administrative expenses (Note 28)

	2023	2022
Cost of sales (Note 26)	892,565	872,197
Distribution cost (Note 27)	1,050	965
Administrative expenses (Note 28)	121,793	82,531
	<u>1,015,408</u>	<u>955,693</u>

**14.1.3 Particulars of immovable properties (i.e. land and buildings) in the name of the Company are as follows:**

Particulars	Location	Area Acres	Covered Area Sq. ft.
Apparel Unit	Sargodha Road, Faisalabad	2.56	175 936 *
Spinning, Knitting and Dyeing Units	32-KM, Sheikhpura Road, Faisalabad	128.39	1 762 039
Freehold Land	194-R.B., Lathianwala, Sheikhpura Road, Faisalabad	33.59	- **
Spinning Unit	Satyana Road, Faisalabad	1.50	35 114
Office	New Civil Lines, Bilal Road, Faisalabad	0.225	52 484 *
Office	Regency Plaza, Mall Road, Faisalabad	-	3 654 ***

\* Covered area at these locations consists of multi-storey buildings.

\*\* No construction on this land.

\*\*\* Covered area at this location consists of building only, because of multi-storey plaza.

**14.1.4** Forced sales value of freehold land is Rupees 3,858.640 million.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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

Description	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchasers
----- (RUPEES IN THOUSAND) -----							
<b>Freehold land</b>							
194-RB, Lathianwala, Sheikhpura Road, Faisalabad, 3.64 acres	188,749	-	188,749	190,000	1,251	Negotiation	Mr. Muhammad Umar, Khayaban Colony No. 2, Faisalabad
193-RB, Sherianwala, Sheikhpura Road, Faisalabad, 9.57 acres	220,225	-	220,225	255,000	34,775	Negotiation	Beacon Impex (Private) Limited, Jail Road, Faisalabad
	408,974	-	408,974	445,000	36,026		
<b>Vehicles</b>							
Toyota - Corolla FDA-17-403	1,067	11	1,056	1,175	119	Company Policy	Mr. Nadeem Iqbal, Block G Muhammad Ali Johar Town, Lahore (Company's employee)
Toyota - Corolla FD-17-437	2,104	1,289	815	887	72	Negotiation	Mr. Muhammad Talha, Ward No. 10, Shahkot
Toyota - Corolla FD-17-113	1,500	455	1,045	1,162	117	Company Policy	Mr. Faisal Javed, Shalimar Park, Faisalabad (Company's employee)
Toyota - Land Cruiser Prado LEH-15-8338	10,515	4,436	6,079	6,200	121	Company Policy	Mr. Iftikhar Hussain, Defence Housing Authority Phase-I, Lahore (Company's employee)
Toyota - Corolla FDA-17-247	1,104	196	908	1,030	122	Company Policy	Mr. Munawar Hussain, Officers Colony, Cavalry Ground, Lahore (Company's employee)
Toyota - Corolla FDA-17-768	1,020	191	829	935	106	Company Policy	Mr. Fazal Elahi, Nazim Abad, Faisalabad (Company's employee)
Toyota - Corolla LE-18-4701	639	59	580	698	118	Company Policy	Mr. Ijaz Ahmad, Chak No 70 J.B. Mansooran, Faisalabad (Company's employee)
Toyota - Corolla FD-12-369	1,152	432	720	832	112	Company Policy	Mr. Hammad Masood, Nishat Colony, Ferozepur Road, Lahore (Company's employee)
Toyota - Corolla FD-12-412	959	414	545	662	117	Company Policy	Mr. Noor E Mustafa, Canal Garden, West Canal, Faisalabad (Company's employee)
Toyota - Land Cruiser Prado ABA-666	11,157	6,098	5,059	5,500	441	Negotiation	Mr. Zufiqar Ali, Nishatabad, Faisalabad
Honda - City FDA-17-387	2,131	1,021	1,110	1,229	119	Company Policy	Mr. Nouman Asghar, Town Ship, Lahore (Company's employee)
Toyota - Corolla ANG-370	2,850	968	1,882	2,000	118	Company Policy	Mr. Muhammad Ikram, Ghulam Muhammadabad, Faisalabad (Company's employee)
Toyota - Corolla FD-12-580	1,258	359	899	1,000	101	Negotiation	Beacon Impex (Private) Limited, Jail Road, Faisalabad
Toyota - Corolla FDA-17-474	807	9	798	920	122	Company Policy	Syed Hamid Raza Shah, Askari Villas, Lahore Cantt. (Company's ex-employee)
Toyota - Vitz FD-14-804	673	57	616	741	125	Company Policy	Mr. Sarfraz Gill, Chak No. 85 R.B., Tehsil Shahkot, District Nankana Sahib (Company's employee)
Toyota - Corolla FD-11-253	1,029	506	523	646	123	Company Policy	Mr. Muhammad Aslam, House No. 567-P, Ali Town, Sargodha Road, Faisalabad (Company's employee)
Suzuki - Cultus FDA-09-2699	892	292	600	714	114	Company Policy	Mr. Javed Rashid Pasha, Rustom Park, Multan Road, Lahore (Company's employee)
Toyota - Vitz FD-14-527	798	76	722	839	117	Company Policy	Mr. Azam Bashir, Chohang, Lahore (Company's employee)
Honda - Civic FD-10-325	1,545	625	920	1,043	123	Negotiation	Mr. Tahir Naeem, WAPDA Town, Lahore
Honda - City FDA-15-51	1,361	316	1,045	1,163	118	Company Policy	Mr. Muhammad Waqas Ashraf, Sitara Sapna City, Faisalabad (Company's employee)
Toyota - Corolla FDA-15-599	1,415	194	1,221	1,346	125	Company Policy	Mr. Zubair Umer, Sitara Valley Phase-I, Faisalabad (Company's employee)
	45,976	18,004	27,972	30,722	2,750		
<b>Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000</b>	16,412	10,754	5,658	7,729	2,071		
	471,362	28,758	442,604	483,451	40,847		

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 14.2 Capital work-in-progress

	Buildings on freehold land	Plant and machinery	Advances against purchase of machinery	Total
----- RUPEES IN THOUSAND -----				
As at 01 July 2021	36,191	60,941	261,131	358,263
Add: Additions during the year	55,160	51,350	86,989	193,499
Less: Transferred to operating fixed assets during the year	-	(17,362)	(241,031)	(258,393)
As at 30 June 2022	91,351	94,929	107,089	293,369
Add: Additions during the year	151,117	3,011	250,266	404,394
Less: Transferred to operating fixed assets during the year	(66,791)	(6,898)	(86,988)	(160,677)
As at 30 June 2023	175,677	91,042	270,367	537,086

14.3 Borrowing cost of Rupees 6.212 million (2022: Rupees 8.652 million) was capitalized during the year using with the capitalization rate of 23.34% to 24.31% per annum (2022: 5.00% to 17.49% per annum).

## 15. RIGHT-OF-USE ASSETS

	Buildings	Vehicles	Total
----- RUPEES IN THOUSAND -----			
As at 01 July 2021	188,730	15,379	204,109
Additions	72,222	-	72,222
Depreciation charge	(144,528)	(2,805)	(147,333)
As at 30 June 2022	116,424	12,574	128,998
Additions (Note 7.1)	42,017	-	42,017
Book value of assets transferred to operating fixed assets	-	(2,121)	(2,121)
Disposals	(7,393)	-	(7,393)
Depreciation charge	(100,766)	(2,130)	(102,896)
As at 30 June 2023	50,282	8,323	58,605

### Lease of buildings

The Company obtained buildings on lease for its office and business operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods are maximum of five years.

### Lease of vehicles

The Company obtained vehicles on lease for employees. The average contract duration is five years.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



		2023	2022
		(RUPEES IN THOUSAND)	
15.1	Depreciation charged during the year has been allocated as follows:		
	Cost of sales (Note 26)	100,766	144,528
	Distribution cost (Note 27)	906	1,031
	Administrative expenses (Note 28)	1,224	1,774
		<u>102,896</u>	<u>147,333</u>
16.	<b>LONG TERM ADVANCES</b>		
	<b>Considered good - secured</b>		
	Executives (Note 16.1)	30,976	25,300
	Other employees	1,264	460
		<u>32,240</u>	<u>25,760</u>
	Less: Current portion shown under current assets (Note 20)	15,066	12,016
		<u>17,174</u>	<u>13,744</u>

16.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 32.071 million (2022: Rupees 25.300 million).

16.2 These include the interest free advances given to company's executives and other employees for meeting their personal expenditure and are recoverable in equal monthly installments. These are secured against the gratuity payable of these employees.

16.3 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of advances to staff is not considered material and hence not recognized.

		2023	2022
		(RUPEES IN THOUSAND)	
17.	<b>STORES, SPARE PARTS AND LOOSE TOOLS</b>		
	Stores (Note 17.1)	2,852,075	1,967,525
	Spare parts	1,076,683	894,874
	Loose tools	7,789	8,034
		<u>3,936,547</u>	<u>2,870,433</u>

17.1 These include stores in transit of Rupees 215.599 million (2022: Rupees 319.610 million).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
		(RUPEES IN THOUSAND)	
<b>18.</b>	<b>STOCK IN TRADE</b>		
	Raw materials (Note 18.1 and Note 18.2)	5,805,051	4,542,088
	Work-in-process (Note 18.3)	2,312,037	2,974,898
	Finished goods (Note 18.4)	4,586,171	5,734,643
		<u>12,703,259</u>	<u>13,251,629</u>
<b>18.1</b>	These include stock in transit of Rupees 184.036 million (2022: Rupees 43.103 million).		
<b>18.2</b>	These include stock of Rupees 218.780 million (2022: Rupees 490.395 million) sent to external parties for conversion.		
<b>18.3</b>	These include stock of Rupees 207.758 million (2022: Rupees 363.651 million) sent to external parties for processing.		
<b>18.4</b>	These include stock of Rupees 312.715 million (2022: Rupees 430.487 million) sent to external parties for processing.		
<b>18.5</b>	Stock in trade includes stocks amounting to Rupees 196.254 million (2022: Rupees 489.364 million) valued at net realizable value.		
<b>18.6</b>	The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 151.031 million (2022: Rupees 269.068 million).		
<b>19.</b>	<b>TRADE DEBTS</b>		
	<b>Considered good:</b>		
	Secured (against letters of credit)	346,171	602,707
	Unsecured:		
	Related party (Note 19.2)	311,665	327,454
	Others - against contract	16,750,367	12,168,777
		<u>17,062,032</u>	<u>12,496,231</u>
		17,408,203	13,098,938
	Less: Allowance for expected credit losses (Note 19.4)	681,688	674,101
		<u>16,726,515</u>	<u>12,424,837</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



	2023	2022
	(RUPEES IN THOUSAND)	

19.1 Trade debts in respect of foreign and local jurisdictions are given below:

Australia	69,441	3,348
Belgium	738,577	160,871
Brazil	95	11,995
Canada	244,784	236,070
Chile	59,900	-
China	110,051	129,510
Egypt	-	33,773
France	88,944	666,846
Germany	1,817,660	313,777
Hong Kong	57,906	115,466
Indonesia	-	20,471
Italy	25,443	-
Japan	30,365	-
Kenya	139,485	-
Korea	14,516	4,363
Malaysia	24,167	-
Mexico	10,810	172,176
Netherlands	1,496,748	151,634
Panama	23,424	-
Peru	499	-
Poland	52,001	-
Russia	30,781	-
Singapore	20,357	-
Spain	185,606	104,753
Sri Lanka	650,626	576,768
Taiwan	22,002	-
United Kingdom	5,766	15,835
United States of America	9,532,106	8,270,300
Pakistan	1,274,455	1,436,881
	<u>16,726,515</u>	<u>12,424,837</u>

19.2 Trade debts due from the related party were from Challenge Apparels Limited.

19.3 The maximum aggregate amount due from the related party, Challenge Apparels Limited at the end of any month during the year was Rupees 327.454 million (2022: Rupees 340.358 million).

19.4 **Allowance for expected credit losses**

Opening balance	674,101	670,596
Add: Recognized during the year (Note 29)	7,587	6,075
	<u>681,688</u>	<u>676,671</u>
Less: Recovered during the year	-	2,570
Closing balance	<u>681,688</u>	<u>674,101</u>

19.5 Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 25 to 90 days from delivery in case of local sales, and 15 to 120 days in case of export sales.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
		(RUPEES IN THOUSAND)	
<b>20.</b>	<b>LOANS AND ADVANCES</b>		
	<b>Considered good - interest free</b>		
	Against salary		
	- Executives	11,308	2,160
	- Other employees	91,799	63,448
	Against expenses		
	- Executives	2,337	-
	- Other employees	40,121	113,380
		145,565	178,988
	Current portion of long term advances (Note 16)	15,066	12,016
	Advances to suppliers	584,102	591,880
		<u>744,733</u>	<u>782,884</u>
<b>21.</b>	<b>SHORT TERM DEPOSITS AND PREPAYMENTS</b>		
	Letters of credit	16,733	30,092
	Prepayments	6,484	28,643
	Margin deposits	210,428	163,428
	Security deposits including current portion	64,808	31,844
		<u>298,453</u>	<u>254,007</u>
<b>22.</b>	<b>OTHER RECEIVABLES</b>		
	<b>Considered good:</b>		
	Sales tax refundable	2,393,469	2,088,865
	Export rebate	264,579	220,355
	Duty drawback claims	573,474	573,474
	Others	20,876	20,684
		<u>3,252,398</u>	<u>2,903,378</u>
<b>23.</b>	<b>SHORT TERM INVESTMENTS</b>		
	<b>At fair value through profit or loss</b>		
	Al Meezan Investment Management Limited	8,630	7,572

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



		2023	2022
		(RUPEES IN THOUSAND)	
<b>24.</b>	<b>CASH AND BANK BALANCES</b>		
	<b>With banks:</b>		
	On current accounts including US\$ 119,585 (2022: US\$ 16,105)	653,790	495,977
	On saving accounts (Note 24.1)	349,722	211,404
		<u>1,003,512</u>	<u>707,381</u>
	<b>Cash in hand</b>	10,479	1,504
		<u>1,013,991</u>	<u>708,885</u>
<b>24.1</b>	Rate of profit on saving accounts ranges from 3.75% to 20.00% (2022: 2.75% to 13.25%) per annum.		
<b>25.</b>	<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
	Export sales	52,700,657	46,775,108
	Local sales (Note 25.1)	7,405,216	7,371,703
		<u>60,105,873</u>	<u>54,146,811</u>
<b>25.1</b>	<b>Local sales</b>		
	Yarn / finished fabric / garments	4,474,878	5,434,331
	Waste	1,105,586	1,339,290
	Knitting / dyeing income	3,118,711	1,835,515
		<u>8,699,175</u>	<u>8,609,136</u>
	Less: Sales tax	1,293,959	1,237,433
		<u>7,405,216</u>	<u>7,371,703</u>
<b>25.2</b>	The amount of Rupees 624.859 million included in contract liabilities (Note 9) at 30 June 2022 has been recognized as revenue in 2023 (2022: Rupees 118.548 million).		



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	(RUPEES IN THOUSAND)	
<b>26. COST OF SALES</b>		
Raw materials consumed	21,878,654	23,862,684
Salaries, wages and other benefits	9,454,953	8,048,242
Staff retirement benefit	392,676	296,405
Fuel and power	4,266,268	3,899,686
Dyes and chemicals consumed	4,052,651	3,682,020
Stores, spare parts and loose tools consumed	2,200,836	1,677,510
Packing materials and other charges	1,870,573	2,022,342
Outside knitting, dyeing and CMT charges	1,890,664	2,781,740
Vehicle running	496,287	263,892
Repair and maintenance	898,069	728,230
Insurance	177,215	164,884
Other factory overheads (Note 26.1)	1,634,268	1,136,384
Depreciation on property, plant and equipment (Note 14.1.2)	892,565	872,197
Depreciation on right-of-use assets (Note 15.1)	100,766	144,528
	<u>50,206,445</u>	<u>49,580,744</u>
Work-in-process:		
Opening stock	2,974,898	2,277,664
Closing stock	(2,312,037)	(2,974,898)
	<u>662,861</u>	<u>(697,234)</u>
Cost of goods manufactured	<u>50,869,306</u>	<u>48,883,510</u>
Finished goods:		
Opening stock	5,734,643	4,456,334
Closing stock	(4,586,171)	(5,734,643)
	<u>1,148,472</u>	<u>(1,278,309)</u>
	<u>52,017,778</u>	<u>47,605,201</u>
<b>26.1</b>	These include Ijarah rentals amounting to Rupees 91.027 million (2022: Rupees 40.627 million) of vehicles and Rupees 14.456 million (2022: Rupees 3.893 million) in respect of short term leases of buildings.	
<b>27. DISTRIBUTION COST</b>		
Salaries and other benefits	660,580	505,138
Staff retirement benefit	67,138	33,730
Commission to selling agents	1,019,008	879,492
Export development surcharge	126,851	112,759
Insurance	14,022	10,389
Travelling and conveyance	56,206	48,344
Vehicles' running	21,543	13,890
Printing and stationery	9,325	6,118
Communication	56,889	35,212
Outward freight and distribution	1,781,492	1,702,891
Depreciation on property, plant and equipment (Note 14.1.2)	1,050	965
Depreciation on right-of-use assets (Note 15.1)	906	1,031
	<u>3,815,010</u>	<u>3,349,959</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



	2023	2022
	(RUPEES IN THOUSAND)	

## 28. ADMINISTRATIVE EXPENSES

Salaries and other benefits	677,427	599,474
Staff retirement benefit	93,619	76,334
Rent, rates and taxes (Note 28.1)	112,974	57,401
Travelling and conveyance	23,901	19,868
Entertainment	19,048	12,817
Repair and maintenance	20,642	18,580
Vehicles' running	33,285	31,372
Printing and stationery	11,658	9,539
Communication	31,483	25,699
Legal and professional	2,835	2,300
Newspapers and periodicals	55	41
Electricity	37,097	21,395
Auditor's remuneration (Note 28.2)	6,325	5,515
Subscription and fee	8,146	7,044
Advertisement	6,319	960
Insurance	17,320	14,452
Miscellaneous	8,853	10,600
Depreciation on property, plant and equipment (Note 14.1.2)	121,793	82,531
Depreciation on right-of-use assets (Note 15.1)	1,224	1,774
	<u>1,234,004</u>	<u>997,696</u>

28.1 These include ljarah rentals amounting to Rupees 21.306 million (2022: Rupees 14.016 million) of vehicles.

## 28.2 Auditor's remuneration

Annual audit fee	5,000	4,300
Half yearly review fee	650	600
Other certifications	550	500
Reimbursable expenses	125	115
	<u>6,325</u>	<u>5,515</u>

## 29. OTHER EXPENSES

Allowance for expected credit losses (Note 19.4)	7,587	6,075
Workers' profit participation fund (Note 9.1)	154,621	106,302
Donation (Note 29.1)	25,000	-
Workers' welfare fund (Note 9.2)	3,829	2,722
	<u>191,037</u>	<u>115,099</u>

29.1 This represents donation given to 'Prime Minster Flood Relief Fund', and there is no interest of any director or his / her spouse in donee's fund.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
		(RUPEES IN THOUSAND)	
<b>30.</b>	<b>OTHER INCOME</b>		
	<b>Income from financial assets</b>		
	Profit on deposits with banks and TFCs	75,278	47,668
	Dividend income	1,245	942
	Reversal of allowance for expected credit losses	-	2,570
	Net exchange gain	3,641,726	2,229,518
		<u>3,718,249</u>	<u>2,280,698</u>
	<b>Income from non-financial assets</b>		
	Sale of scrap	22,786	27,213
	Gain on sale of property, plant and equipment	40,847	8,082
	Amortization of deferred income - Government grant (Note 12.1)	6,401	37,288
	Gain on termination of lease liability	600	-
	Others	52,542	52,179
		<u>123,176</u>	<u>124,762</u>
		<u>3,841,425</u>	<u>2,405,460</u>
<b>31.</b>	<b>FINANCE COST</b>		
	<b>Mark-up / interest on:</b>		
	Long term financing	739,230	587,250
	Short term borrowings	2,245,257	625,998
	Lease liabilities (Note 7.1)	11,442	15,836
	Interest on workers' profit participation fund (Note 9.1)	4,468	-
	Unwinding of discount on GIDC payable (Note 12.2)	29	954
	Bank charges and commission	198,395	243,296
		<u>3,198,821</u>	<u>1,473,334</u>
<b>32.</b>	<b>TAXATION</b>		
	Current (Note 32.1)	840,608	732,897
	Prior year adjustment	(1,149)	2,045
		<u>839,459</u>	<u>734,942</u>

- 32.1** The Company falls in the ambit of final tax regime under section 169 of the Income Tax Ordinance, 2001 (the Ordinance). Provision for income tax is made accordingly. Provision for super tax on income is calculated as per section 4C of the Ordinance. Further, provision for tax on other income is made under relevant provisions of the Ordinance. No provision for deferred taxation is required as the Company is chargeable to tax under section 169 of the Ordinance and no temporary differences are expected to arise in the foreseeable future. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not given in view of presumptive tax regime.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



		2023	2022
<b>33. EARNINGS PER SHARE</b>			
<b>Basic earnings per share</b>			
Profit attributable to ordinary shareholders	(Rupees in thousand)	2,651,189	2,276,040
Dividend on preference shares	(Rupees in thousand)	(50,017)	(32,081)
		<u>2,601,172</u>	<u>2,243,959</u>
Weighted average number of ordinary shares	(Numbers)	<u>67 500 000</u>	<u>67 500 000</u>
Earnings per share - Basic	(Rupees)	<u>38.54</u>	<u>33.24</u>
<b>Diluted earnings per share</b>			
Profit attributable to ordinary shareholders	(Rupees in thousand)	2,651,189	2,276,040
Dividend on preference shares	(Rupees in thousand)	(50,017)	(32,081)
		<u>2,601,172</u>	<u>2,243,959</u>
Weighted average number of ordinary shares	(Numbers)	<u>74 922 783</u>	<u>74 242 423</u>
Earnings per share - Diluted	(Rupees)	<u>34.72</u>	<u>30.22</u>

		2023	2022
		(RUPEES IN THOUSAND)	
<b>34. CASH GENERATED FROM OPERATIONS</b>			
<b>Profit before taxation</b>		3,490,648	3,010,982
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation on property, plant and equipment		1,015,408	955,693
Depreciation on right-of-use assets		102,896	147,333
Provision for gratuity		553,433	406,469
Profit on deposits with banks and TFCs		(75,278)	(47,668)
Allowance for expected credit losses		7,587	6,075
Reversal of allowance for expected credit losses		-	(2,570)
Gain on sale of property, plant and equipment		(40,847)	(8,082)
Amortization of deferred income - Government grant		(6,401)	(37,288)
Gain on termination of lease liability		(600)	-
Finance cost		3,198,821	1,473,334
Working capital changes (Note 34.1)		(4,250,387)	(3,841,347)
		<u>3,995,280</u>	<u>2,062,931</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

		2023	2022
		(RUPEES IN THOUSAND)	
<b>34.1</b>	<b>Working capital changes</b>		
	<b>(Increase) / decrease in current assets</b>		
	Stores, spare parts and loose tools	(1,066,114)	(625,902)
	Stock in trade	548,370	(1,968,128)
	Trade debts	(4,309,265)	(4,993,062)
	Loans and advances	38,151	(148,422)
	Short term deposits and prepayments	(44,446)	(27,953)
	Other receivables	(347,643)	263,128
		(5,180,947)	(7,500,339)
	Increase in trade and other payables	930,560	3,658,992
		<u>(4,250,387)</u>	<u>(3,841,347)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 34.2 Reconciliation of movements of liabilities to cash flows from financing activities:

	2023					2022				
	Long term financing	Short term borrowings	Lease liabilities	Capital contribution	Total	Long term financing	Short term borrowings	Lease liabilities	Capital contribution	Total
Balance as at 01 July	5,948,897	17,821,275	146,153	2,000,000	25,916,325	7,553,612	15,011,000	226,065	1,500,000	24,290,677
Lease liabilities obtained	-	-	42,017	-	42,017	-	-	72,222	-	72,222
Termination of lease liability	-	-	(7,993)	-	(7,993)	-	-	-	-	-
Proceeds from long term financing	190,429	-	-	-	190,429	2,106,695	-	-	-	2,106,695
Contribution from director / shareholders	-	-	-	-	-	-	-	-	500,000	500,000
Short term borrowings obtained - net	-	2,785,961	-	-	2,785,961	-	2,810,275	-	-	2,810,275
Repayment of long term financing	(1,939,108)	-	-	-	(1,939,108)	(3,748,698)	-	-	-	(3,748,698)
Other charges - non-cash movement	6,401	-	-	-	6,401	37,288	-	-	-	37,288
Repayment of lease liabilities	-	-	(113,680)	-	(113,680)	-	-	(152,134)	-	(152,134)
Balance as at 30 June	4,206,619	20,607,236	66,497	2,000,000	26,880,352	5,948,897	17,821,275	146,153	2,000,000	25,916,325

## 35. EVENTS AFTER THE REPORTING PERIOD

**35.1** Board of Directors of the Company has proposed a preference dividend for the preference shareholders of the Company to Rupees 1.82 (2022: Rupees 1.66) per share at their meeting held on 04 October 2023. However, these events have been considered as non-adjusting events under IAS-10 'Events after the Reporting Period' and have not been recognized in these financial statements.

## 36. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

Aggregate amount charged in these financial statements in respect of remuneration including all benefits to the Chief Executive Officer, Directors and Executives of the Company are given below:

DESCRIPTION	2023		2022	
	Chief Executive Officer	Executives	Chief Executive Officer	Executives
Managerial remuneration	12,000	310,584	9,000	239,619
<b>Allowances</b>				
House rent	4,800	1,24,233	3,600	95,848
Other allowances	1,200	31,058	900	23,962
Payment of staff retirement gratuity	-	11,258	-	5,626
	18,000	477,133	13,500	365,055
Number of persons	I	155	I	111

**36.1** The Chief Executive Officer and some of the executives are provided free use of Company maintained vehicles.

**36.2** Meeting fee amounting to Rupees 0.150 million (2022: Rupees 0.150 million) has been paid to three non-executive directors (2022: three non-executive directors).

**36.3** Apart from meeting fee as stated in Note 36.2, no remuneration was paid to any director of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 37. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associate, associated company, other related parties and key management personnel. Detail of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements are as follows:

		2023 (RUPEES IN THOUSAND)	2022
<b>Associated company</b>			
<b>Challenge Apparels Limited</b>			
	Purchase of goods	-	12,904
<b>Other related parties</b>			
	Sale of vehicles to executives	10,757	-

37.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, directors and executives is disclosed in Note 36.

37.2 Shanghai Challenge Textile Company Limited (SCTCL) is the associate due to 25.77% shareholding in the Company. SCTCL is incorporated in China.

37.3 Challenge Apparels Limited is the associated company by way of common directorship.

		2023	2022
<b>38. NUMBER OF EMPLOYEES</b>			
	Number of employees as on 30 June	17 580	19 946
	Average number of employees during the year	21 220	20 397

		2023 (FIGURES IN THOUSAND)	2022
<b>39. PLANT CAPACITY AND ACTUAL PRODUCTION</b>			
<b>SPINNING</b>			
	Production at normal capacity converted to 20s count based on three shifts per day	(Kgs.) 5 787	5 742
	Actual production converted to 20s count based on three shifts per day	(Kgs.) 5 204	5 163
<b>KNITTING</b>			
	Production at normal capacity based on three shifts per day	(Kgs.) 50 927	48 545
	Actual production based on three shifts per day	(Kgs.) 25 903	28 928

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



		2023	2022
		(FIGURES IN THOUSAND)	
<b>DYEING / FINISHING</b>			
Production at normal capacity on reactive dyeing basis at three shifts per day	(Kgs.)	45 166	46 834
Actual production converted on reactive dyeing basis at three shifts per day	(Kgs.)	24 548	30 429
<b>GARMENTS</b>			
Production at normal capacity of normal / average garments capacity based on single shift per day	(Dzn.)	3 960	4 689
Actual production of normal / average garments capacity basis on single shift per day	(Dzn.)	1 904	2 662

## 39.1 REASONS FOR LOW PRODUCTION

Under utilization of available capacity is due to normal maintenance. Machines are available for different types of fabric for which orders are based on seasonal basis. Moreover, the garments capacities are varied due to multi products having different and complex stitching process.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 40. SEGMENT INFORMATION

	Spinning		Knitting		Processing & Garments		Elimination of inter-segment transactions		Total-Company	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	(RUPEES IN THOUSAND)									
Revenue	3,917,043	4,533,182	1,190,086	537,623	54,998,744	49,076,006	-	-	60,105,873	54,146,811
External Intersegment	9,208,724	5,944,160	20,950,630	20,976,662	104,179	17,644	(30,263,533)	(26,938,466)	-	-
	13,125,767	10,477,342	22,140,716	21,514,285	55,102,923	49,093,650	(30,263,533)	(26,938,466)	60,105,873	54,146,811
Cost of sales	(12,795,598)	(10,159,066)	(21,674,977)	(21,085,848)	(47,810,736)	(43,298,753)	30,263,533	26,938,466	(52,017,778)	(47,605,201)
Gross profit	330,169	318,276	465,739	428,437	7,292,187	5,794,897	-	-	8,088,095	6,541,610
Distribution cost	(130,004)	(129,980)	(172,060)	(168,274)	(3,512,946)	(3,051,705)	-	-	(3,815,010)	(3,349,959)
Administrative expenses	(96,476)	(93,060)	(161,887)	(155,850)	(975,641)	(748,786)	-	-	(1,234,004)	(997,696)
	(226,480)	(223,040)	(333,947)	(324,124)	(4,488,587)	(3,800,491)	-	-	(5,049,014)	(4,347,655)
Profit before taxation and unallocated income and expenses	103,689	95,236	131,792	104,313	2,803,600	1,994,406	-	-	3,039,081	2,193,955
Unallocated income and expenses:										
Other expenses									(91,037)	(115,099)
Other income									3,841,425	2,405,460
Finance cost									(3,198,821)	(1,473,334)
Taxation									(839,459)	(734,942)
Profit after taxation									2,651,189	2,276,040

## 40.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Knitting		Processing & Garments		Total-Company	
	2023	2022	2023	2022	2023	2022	2023	2022
	(RUPEES IN THOUSAND)							
Segment assets	5,050,510	41,41,834	3,603,298	3,486,660	22,475,103	22,475,103	31,128,911	30,103,597
Unallocated assets							24,112,299	18,349,340
<b>Total assets as per statement of financial position</b>							55,241,210	48,452,937
Segment liabilities	1,383,788	675,726	2,399,921	2,702,018	8,392,355	6,900,601	12,176,064	10,278,345
Unallocated liabilities							25,849,676	24,677,618
<b>Total liabilities as per statement of financial position</b>							38,025,740	34,955,963

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



## 40.2 Geographical Information

The Company's revenue from external customers by geographical location is detailed below:

	Spinning		Knitting		Processing & Garments		Total-Company	
	2023	2022	2023	2022	2023	2022	2023	2022
	(RUPEES IN THOUSAND)							
Australia	-	-	-	-	234,527	146,297	234,527	146,297
Bangladesh	-	-	-	-	-	385	-	385
Belgium	-	-	-	-	2,029,620	2,386,870	2,029,620	2,386,870
Brazil	-	-	-	-	2,454	1,182	2,454	1,182
Canada	-	-	-	-	1,117,441	624,772	1,117,441	624,772
Chile	-	-	-	-	92,691	58,220	92,691	58,220
China	-	-	-	-	367,091	397,252	367,091	397,252
Costa Rica	-	-	-	-	-	2,053	-	2,053
Denmark	-	-	-	-	-	202,528	-	202,528
Egypt	19,846	47,895	-	-	-	50,121	19,846	98,016
Ethiopia	-	-	-	-	133,197	355,770	133,197	355,770
Finland	-	-	-	-	-	85,701	-	85,701
France	-	-	-	-	290,440	143,549	290,440	143,549
Germany	-	-	-	-	4,871,845	646,403	4,871,845	646,403
Hong Kong	-	-	-	-	603,488	46,635	603,488	46,635
Indonesia	19,584	13,617	-	-	-	10,780	19,584	24,397
Italy	-	-	-	-	25,654	-	25,654	-
Japan	-	-	-	-	67,862	28,299	67,862	28,299
Jordan	-	-	-	-	70,590	-	70,590	-
Kenya	-	-	-	-	664,362	551,157	664,362	551,157
Korea	19,408	-	-	-	36,394	31,404	55,802	31,404
Malaysia	-	-	-	-	105,522	57,188	105,522	57,188
Mexico	-	-	-	-	68,276	67,148	68,276	67,148
Netherlands	-	-	-	-	4,587,929	1,503,844	4,587,929	1,503,844
Panama	-	-	-	-	106,639	36,274	106,639	36,274
Peru	-	-	-	-	11,187	6,060	11,187	6,060
Poland	-	-	-	-	231,853	69,511	231,853	69,511
Russia	-	-	-	-	87,022	108,796	87,022	108,796
Serbia	-	-	-	-	1,176	-	1,176	-
Singapore	-	-	-	-	46,388	23,202	46,388	23,202
Sri Lanka	547,313	731,535	-	-	3,142,255	3,018,824	3,689,568	3,750,359
South Africa	-	-	-	-	7,878	6,653	7,878	6,653
Spain	-	-	-	-	786,638	446,533	786,638	446,533
Taiwan	-	-	-	-	36,322	30,553	36,322	30,553
United Arab Emirates	-	-	-	-	37,386	3,022	37,386	3,022
United Kingdom	-	-	-	-	360,705	166,197	360,705	166,197
United States of America	-	-	-	-	31,868,639	34,487,656	31,868,639	34,487,656
Vietnam	-	-	-	-	1,035	181,222	1,035	181,222
Pakistan	3,310,892	3,740,135	1,190,086	537,623	2,904,238	3,093,945	7,405,216	7,371,703
	3,917,043	4,533,182	1,190,086	537,623	54,998,744	49,076,006	60,105,873	54,146,811

## 40.3 The Company's revenue from external customers in respect of product is detailed below:

Yarn	3,864,428	4,468,225	257,865	177,238	-	-	4,122,293	4,645,463
Knitting / dyeing income	-	-	932,069	360,385	1,721,243	1,208,431	2,653,312	1,568,816
Finished fabric / garments	-	-	-	-	52,388,261	46,787,840	52,388,261	46,787,840
Waste	52,615	64,957	152	-	889,240	1,079,735	942,007	1,144,692
	3,917,043	4,533,182	1,190,086	537,623	54,998,744	49,076,006	60,105,873	54,146,811

## 40.4 All non-current assets of the Company as at reporting date are located and operating in Pakistan.

## 40.5 Revenue is recognized at the point of time as per terms and conditions of underlying contract with customers.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## 40.6 Revenue from major customers

Revenue from major customers of the Company's Processing and Garments segment includes three customers (2022: two) representing Rupees 22,449 million (2022: Rupees 17,293 million). Revenue from other segments of the Company does not include any major customer.

## 41. FINANCIAL RISK MANAGEMENT

### 41.1 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 of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro and Great Britain Pound (GBP). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2023	2022
	(RUPEES IN THOUSAND)	
Cash at banks - USD	119,585	16,105
Trade debts - USD	53,559,132	56,864,305
Trade debts - Euro	325,172	472,326
Trade debts - GBP	-	3,752
Trade and other payables - USD	(429,698)	(2,003,586)
Net exposure - USD	53,249,019	54,876,824
Net exposure - Euro	325,172	472,326
Net exposure - GBP	-	3,752
Following significant exchange rates were applied during the year:		
<b>Rupees per US Dollar</b>		
Average rate	247.98	177.59
Reporting date rate	286.60	205.50
<b>Rupees per Euro</b>		
Average rate	261.21	200.05
Reporting date rate	313.72	215.23
<b>Rupees per GBP</b>		
Average rate	-	235.80
Reporting date rate	-	249.31

#### Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 650.170 million (2022: Rupees 472.396 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## (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 instrument traded in the market. At the year end, 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

The Company's interest rate risk arises from long term financing, lease liabilities, short term borrowings and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments fixed rate expose the Company to fair value interest rate risk.

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

	2023	2022
	(RUPEES IN THOUSAND)	
<b>Fixed rate instruments</b>		
<b>Financial liabilities</b>		
Long term financing	1,202,594	2,171,183
Lease liabilities	56,316	129,511
Short term borrowings	15,382,914	15,817,731
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	349,722	211,404
<b>Financial liabilities</b>		
Long term financing	3,004,025	3,777,714
Lease liabilities	10,180	16,642
Short term borrowings	5,224,322	2,003,544

### Fair value sensitivity analysis for fixed rate instruments

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

### Cash flow sensitivity analysis for variable rate instruments

If interest rates, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 67.449 million (2022: Rupees 47.287 million) lower / higher, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming that amounts of liabilities 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:

Investments	8,630	7,572
Trade debts	16,726,515	12,424,837
Loans and advances	135,347	91,368
Deposits	322,282	273,352
Other receivables	20,876	20,684
Bank balances	1,003,512	707,381
	<u>18,217,162</u>	<u>13,525,194</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

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. The external credit rating of Company's bankers is given below.

	Rating			2023	2022
	Short term	Long term	Agency	(RUPEES IN THOUSAND)	
<b>Banks</b>					
National Bank of Pakistan	A-1+	AAA	VIS	97,279	190,476
Allied Bank Limited	A1+	AAA	PACRA	22	22
Askari Bank Limited	A1+	AA+	PACRA	351,442	55,256
Bank Alfalah Limited	A1+	AA+	PACRA	651	82,122
First Women Bank Limited	A2	A-	PACRA	47	25,154
Habib Bank Limited	A-1+	AAA	VIS	65,212	13,804
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	186,861	36,000
Bank Al-Habib Limited	A1+	AAA	PACRA	68,061	23,654
MCB Bank Limited	A1+	AAA	PACRA	5,088	-
The Bank of Punjab	A1+	AA+	PACRA	17,915	72,139
Dubai Islamic Bank Pakistan Limited	A-1+	AA	VIS	32,185	3,832
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	8,623	4,621
United Bank Limited	A-1+	AAA	VIS	4,203	55,696
AlBaraka Bank (Pakistan) Limited	A-1	A+	VIS	5,728	24,575
Soneri Bank Limited	A1+	AA-	PACRA	1,522	3,424
Samba Bank Limited	A1	AA	PACRA	1,199	50,696
Industrial and Commercial Bank of China	P-1	A-2	Moody's	297	1,415
Meezan Bank Limited	A-1+	AAA	VIS	22,079	11,871
Bank of Khyber	A1	A+	PACRA	7,026	52,556
Khushhali Microfinance Bank Limited	A-2	A-	VIS	46	41
FINCA Microfinance Bank limited	A-2	A-	VIS	30	27
BankIslami Pakistan Limited	A1	AA-	PACRA	15,001	-
Summit Bank Limited		Suspended	VIS	112,995	-
				<u>1,003,512</u>	<u>707,381</u>
<b>Short term investments</b>					
Al Meezan Investment Management Limited		AMI	PACRA	<u>8,630</u>	<u>7,572</u>

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Sales contracts and credit terms are approved by the senior management and where considered necessary, advance payments are obtained from certain parties. Export sales to major customers are secured through letters of credit. The management has set a maximum credit period limit for each type of customers in order to reduce the credit risk.

The Company applies the IFRS 9 simplified approach to measure expected credit loss allowance for its trade debts. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade.

Based on the past experience and deliberations management has recognized expected credit losses in respect of trade debts as given in Note 19.4 to the financial statements.

As at 30 June 2023, trade debts of Rupees 2,002.819 million (2022: Rupees 1,188.722 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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023



	2023 (RUPEES IN THOUSAND)	2022
<b>Related party</b>		
More than 6 months	311,665	327,454
<b>Others</b>		
Upto 1 month	1,261,664	607,550
1 to 6 months	236,025	233,289
More than 6 months	193,465	20,429
	1,691,154	861,268
	<u>2,002,819</u>	<u>1,188,722</u>

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, 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 1,755 million (2022: Rupees 1,594 million) available borrowing limits from financial institutions and Rupees 1,013.991 million (2022: Rupees 708.885 million) cash and bank balances. 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.

Following are the contractual maturities of financial liabilities as at 30 June 2023:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
----- (RUPEES IN THOUSAND) -----						
<b>Non-derivative financial liabilities:</b>						
Long term financing	4,206,619	5,500,648	1,323,700	1,196,839	1,597,004	1,383,105
Lease liabilities	66,497	70,424	31,151	27,714	11,559	-
Unclaimed dividend	8,944	8,944	8,944	-	-	-
Short term borrowings	20,607,236	21,246,210	18,231,210	3,015,000	-	-
Trade and other payables	8,518,268	8,518,268	8,432,504	85,764	-	-
Accrued mark-up	787,782	787,782	787,782	-	-	-
	<u>34,195,346</u>	<u>36,132,276</u>	<u>28,815,291</u>	<u>4,325,317</u>	<u>1,608,563</u>	<u>1,383,105</u>

Following are the contractual maturities of financial liabilities as at 30 June 2022:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	More than 2 years
----- (RUPEES IN THOUSAND) -----						
<b>Non-derivative financial liabilities:</b>						
Long term financing	5,948,897	7,452,888	1,358,715	1,258,684	2,276,739	2,558,750
Lease liabilities	146,153	154,724	57,690	51,312	38,913	6,809
Unclaimed dividend	10,900	10,900	10,900	-	-	-
Short term borrowings	17,821,275	17,984,379	15,416,879	2,567,500	-	-
Trade and other payables	7,712,479	7,712,479	7,658,840	53,639	-	-
Accrued mark-up	222,858	222,858	222,858	-	-	-
	<u>31,862,562</u>	<u>33,538,228</u>	<u>24,725,882</u>	<u>3,931,135</u>	<u>2,315,652</u>	<u>2,565,559</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up / profit rates effective as at 30 June. The rates of mark-up / profit have been disclosed in Note 6, Note 7 and Note 11 to these financial statements.

## (d) Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

The Company finances its expansion projects through equity, borrowings and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

## 41.2 Financial instruments by categories

2023			2022		
At fair value through profit or loss	At amortized cost	Total	At fair value through profit or loss	At amortized cost	Total
(RUPEES IN THOUSAND)					

As at 30 June

### Financial assets as per statement of financial position

Investments	8,630	-	8,630	7,572	-	7,572
Trade debts	-	16,726,515	16,726,515	-	12,424,837	12,424,837
Loans and advances	-	135,347	135,347	-	91,368	91,368
Deposits	-	322,282	322,282	-	273,352	273,352
Other receivables	-	20,876	20,876	-	20,684	20,684
Cash and bank balances	-	1,013,991	1,013,991	-	708,885	708,885
	<u>8,630</u>	<u>18,219,011</u>	<u>18,227,641</u>	<u>7,572</u>	<u>13,519,126</u>	<u>13,526,698</u>

At amortized cost

2023      2022  
(RUPEES IN THOUSAND)

### Financial liabilities as per statement of financial position

Long term financing	4,206,619	5,948,897
Lease liabilities	66,497	146,153
Unclaimed dividend	8,944	10,900
Short term borrowings	20,607,236	17,821,275
Trade and other payables	8,518,268	7,712,479
Accrued mark-up	787,782	222,858
	<u>34,195,346</u>	<u>31,862,562</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

41.3 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	Total as per statement of financial position	Financial assets	Other than financial assets	Total as per statement of financial position
----- (RUPEES IN THOUSAND) -----						
<b>Assets as per statement of financial position</b>						
Investments	8,630	-	8,630	7,572	-	7,572
Trade debts	16,726,515	-	16,726,515	12,424,837	-	12,424,837
Long term advances	17,174	-	17,174	13,744	-	13,744
Loans and advances	135,347	609,386	744,733	77,624	705,260	782,884
Long term security deposits	75,560	-	75,560	105,601	-	105,601
Short term deposits and prepayments	246,722	51,731	298,453	167,751	86,256	254,007
Other receivables	20,876	3,231,522	3,252,398	20,684	2,882,694	2,903,378
Cash and bank balances	1,013,991	-	1,013,991	708,885	-	708,885
	<u>18,244,815</u>	<u>3,892,639</u>	<u>22,137,454</u>	<u>13,526,698</u>	<u>3,674,210</u>	<u>17,200,908</u>
<b>Liabilities as per statement of financial position</b>						
Long term financing	4,206,619	-	4,206,619	5,948,897	-	5,948,897
Lease liabilities	66,497	-	66,497	146,153	-	146,153
Unclaimed dividend	8,944	-	8,944	10,900	-	10,900
Short term borrowings	20,607,236	-	20,607,236	17,821,275	-	17,821,275
Trade and other payables	8,518,268	1,147,779	9,666,047	7,712,479	947,755	8,660,234
Accrued mark-up	787,782	-	787,782	222,858	-	222,858
	<u>34,195,346</u>	<u>1,147,779</u>	<u>35,343,125</u>	<u>31,862,562</u>	<u>947,755</u>	<u>32,810,317</u>

41.4 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.

42. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements 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. An explanation of each level follows underneath the table:

	Level 1	Level 2	Level 3	Total
	----- (RUPEES IN THOUSAND) -----			
<b>Financial assets - recurring fair value measurement</b>				
<b>At 30 June 2023</b>				
At fair value through profit or loss	8,630	-	-	8,630
	<u>8,630</u>	<u>-</u>	<u>-</u>	<u>8,630</u>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

## At 30 June 2022

At fair value through profit or loss

7,572	-	-	7,572
<u>7,572</u>	<u>-</u>	<u>-</u>	<u>7,572</u>

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to 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.

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

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

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

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

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

## (ii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments includes the use of market prices.

## 43. 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)			
<b>At 30 June 2023</b>				
Freehold land	-	4,539,575	-	4,539,575
<b>At 30 June 2022</b>				
Freehold land	-	3,628,631	-	3,628,631



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

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

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

The Company obtains independent the valuation for its freehold land (classified as property, plant and equipment) at least in every three years. The management updates the assessment of the fair value of freehold land, taking into account the most recent independent valuation. The management determines freehold land's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar lands.

**Valuation processes**

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land. The fair value of the freehold land has been determined by Messrs Oceanic Surveyors (Private) Limited on 19 June 2023.

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

**44. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were approved and authorized for issue on 04 October 2023 by the Board of Directors of the Company.

**45. CORRESPONDING FIGURES**

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

**46. GENERAL**

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



06

shareholder's  
information

# PATTREN OF SHARE HOLDING

AS ON 30 JUNE, 2023

FORM 34

THE COMPANIES ACT, 2017  
THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2018  
[Section 227 (2)(f)]

PART - I  
0012223

1. Incorporation Number

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

PART - II

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

2.2 No. of shareholders	Shareholdings	Total shares
598	Shareholding from 1 to 100 Shares	40,857
453	Shareholding from 101 to 500 Shares	105,400
91	Shareholding from 501 to 1000 Shares	72,751
119	Shareholding from 1001 to 5000 Shares	287,203
24	Shareholding from 5001 to 10000 Shares	172,211
7	Shareholding from 10001 to 15000 Shares	83,399
2	Shareholding from 15001 to 20000 Shares	36,500
5	Shareholding from 20001 to 25000 Shares	117,112
1	Shareholding from 25001 to 30000 Shares	30,000
2	Shareholding from 30001 to 35000 Shares	66,250
3	Shareholding from 35001 to 40000 Shares	118,500
2	Shareholding from 40001 to 45000 Shares	83,587
3	Shareholding from 45001 to 50000 Shares	146,600
2	Shareholding from 55001 to 60000 Shares	114,350
1	Shareholding from 60001 to 65000 Shares	63,001
1	Shareholding from 75001 to 80000 Shares	79,500
1	Shareholding from 85001 to 90000 Shares	86,637
1	Shareholding from 90001 to 95000 Shares	92,605
1	Shareholding from 100001 to 105000 Shares	104,962
1	Shareholding from 120001 to 125000 Shares	121,374
1	Shareholding from 265001 to 270000 Shares	267,000
1	Shareholding from 390001 to 395000 Shares	392,750
1	Shareholding from 415001 to 420000 Shares	419,625
1	Shareholding from 635001 to 640000 Shares	639,000
1	Shareholding from 690001 to 695000 Shares	692,050
1	Shareholding from 785001 to 790000 Shares	785,100
1	Shareholding from 790001 to 795000 Shares	791,000
1	Shareholding from 1555001 to 1560000 Shares	1,556,718





2.2 No. of shareholders	Shareholdings	Total shares
1	Shareholding from 1670001 to 1675000 Shares	<b>1,673,987</b>
1	Shareholding from 1725001 to 1730000 Shares	<b>1,726,400</b>
1	Shareholding from 2210001 to 2215000 Shares	<b>2,214,169</b>
1	Shareholding from 4385001 to 4390000 Shares	<b>4,387,500</b>
1	Shareholding from 4535001 to 4540000 Shares	<b>4,536,019</b>
1	Shareholding from 7635001 to 7640000 Shares	<b>7,636,550</b>
1	Shareholding from 17395001 to 17400000 Shares	<b>17,396,833</b>
1	Shareholding from 20360001 to 20365000 Shares	<b>20,362,500</b>
<b>1334</b>	<b>Total</b>	<b>67,500,000</b>

**PREFERENCE SHARES:**

1	Shareholding from 245001 to 250000Shares	<b>250,000</b>
1	Shareholding from 2495001 to 2500000Shares	<b>2,500,000</b>
1	Shareholding from 4435001 to 4440000Shares	<b>4,440,000</b>
2	Shareholding from 4995001 to 5000000Shares	<b>10,000,000</b>
1	Shareholding from 10305001 to 10310000 Shares	<b>10,310,000</b>
<b>6</b>	<b>Total</b>	<b>27,500,000</b>

2.3 Categories of shareholders	shares held	Percentage
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**ORDINARY SHARES:**

2.3.1 Directors, Chief Executive Officer, and their spouse and minor children.	21,972,405	32.55
2.3.2 Associated Companies, undertakings and related parties.	17,396,833	25.77
2.3.3 NIT and ICP	2,218,269	3.29
2.3.4 Banks, Development Financial Institutions, Non Banking Financial Institutions.	4,536,588	6.72
2.3.5 Insurance Companies	400,444	0.59
2.3.6 Modarabas and Mutual Funds	4,100	0.01
2.3.7 Share holders holding 10%	45,395,883	67.25
2.3.8 General Public		
a. Local	6,098,355	9.03
b. Foreign	-	-
2.3.9 Others - Joint Stock Companies / Co-operative Societies.	7,236,456	10.72

**3- PREFERENCE SHARES:**

3.1 Banks.	16,940,000	61.60
3.2 Investment Companies.	10,560,000	38.40

Signature of Chief Executive/ Secretary

Name of Signatory

NISAR AHMAD ALVI

Designation

COMPANY SECRETARY

CNIC Number

3	3	1	0	4	-	2	6	9	3	4	6	0	-	9
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Date

Day	Month	Year
0 4	1 0	2 0 2 3

# NAME WISE CATEGORIES OF SHARE HOLDERS SUMMARY

AS ON 30 JUNE, 2023

Categories of shareholders	Shares Held	Total Shares	Percentage
<b>ORDINARY SHARES:</b>			
<b>2.3.1 Directors:</b>			
MR. SHAHID NAZIR AHMAD	Chief Executive Officer	1,556,718	
MR. NASEER AHMAD SHAH	Chairman	42,187	
MR. SHABIR AHMAD ABID	Director	6,000	
MR. SHAHID IQBAL	Director	5,000	
MR. SHOAIB AHMAD KHAN (NIT Nominee)	Director	-	
MR. SHIBIN YANG (Shanghai Challenge - Nominee)	Director	-	
MS. CHEN YAN (Shanghai Challenge - Nominee)	Director	-	
		<b>20,362,500</b>	<b>32.55</b>
<b>SPOUSE:</b>			
			<b>21,972,405</b>
<b>2.3.2 Associated Undertakings:</b>			
SHANGHAI CHALLENGE TEXTILE CO., LIMITED		-	<b>17,396,833</b>
			<b>25.77</b>
<b>2.3.3 NIT And ICP:</b>			
INVESTMENT CORPORATION OF PAKISTAN		850	
IDBL (ICP UNIT)		3,250	
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		2,214,169	
		<b>2,218,269</b>	<b>3.29</b>
<b>2.3.4 Financial Institutions:</b>			
<b>Banks:</b>			
NATIONAL BANK OF PAKISTAN		-	<b>4,536,588</b>
			<b>6.72</b>
<b>2.3.5 Insurance Companies:</b>			
AGRO GENERAL INSURANCE COMPANY LIMITED		7,594	
DELTA INSURANCE COMPANY LTD.		100	
STATE LIFE INSURANCE CORPORATION OF PAKISTAN		392,750	
		<b>400,444</b>	<b>0.59</b>
<b>2.3.6 Modarabas And Mutual Fund:</b>			
THIRD PRUDENTIAL MODARABA		2,900	
UNICAP MODARABA		200	
CDC - TRUSTEE AKD OPPORTUNITY FUND		1,000	
		<b>4,100</b>	<b>0.01</b>
<b>2.3.7 Shareholders Holding 10% or More:</b>			
MRS. NAZIA NAZIR		20,362,500	
ZHEJIANG XINAO INDUSTRY COMPANY LIMITED		7,636,550	
SHANGHAI CHALLENGE TEXTILE CO., LIMITED		17,396,833	
		<b>45,395,883</b>	<b>67.25</b>

# NAME WISE CATEGORIES OF SHARE HOLDERS SUMMARY

AS ON 30 JUNE, 2023

<i>Categories of shareholders</i>	<i>Shares Held</i>	<i>Total Shares</i>	<i>Percentage</i>
<b>2.3.8 General Public:</b>		<b>6,098,355</b>	<b>9.03</b>
<b>2.3.9 Joint Stock Companies And Others:</b>			
FORTRESS TEXTILES (PVT) LIMITED	2,616,462		
H M INVESTMENTS (PVT) LIMITED	4,900		
KOHISTAN CORPORATION (PVT) LTD.	4,387,500		
MAPLE LEAF CAPITAL LIMITED	1		
MRA SECURITIES LIMITED - MF	500		
N. U. A. SECURITIES (PRIVATE) LIMITED - MF	2,500		
NH SECURITIES (PVT) LIMITED.	5		
PAKISTAN KUWAIT INVST.(PVT) LTD	2,600		
PASHA SECURITIES (PVT) LTD.	100		
PRUDENTIAL CAP.MANAGEMENT LTD.	1,600		
SAVARI (Pvt) LIMITED	900		
SHAFFI SECURITIES (PVT) LIMITED	2,000		
SOFTWARE CREATIONS (PVT) LIMITED	121,374		
TRUSTEE NBP EMP Benevolent Fund Trust	3,249		
TRUSTEE NBP Employees Pension Fund	92,605		
Y.S. SECURITIES & SERVICES (PVT) LTD.	160		
		<b>7,236,456</b>	<b>10.72</b>

## **3. PREFERENCE SHARES:**

### **3.1 Banks:**

ASKARI BANK LIMITED	-	2,500,000	
HABIB BANK LIMITED	-	4,440,000	
MCB BANK LIMITED	-	5,000,000	
NATIONAL BANK OF PAKISTAN	-	5,000,000	
		<b>16,940,000</b>	<b>61.60</b>

### **3.2 Investment Companies:**

FORTRESS TEXTILES (PVT) LIMITED	-	5,000,000	
KOHISTAN CORPORATION (PVT) LTD.	-	250,000	
SUNDAR IMPEX (PVT) LIMITED	-	5,310,000	
		<b>10,560,000</b>	<b>38.40</b>

## FORM OF PROXY

No. of Ordinary Shares Held. \_\_\_\_\_ Folio No. \_\_\_\_\_ CDC A/c No. \_\_\_\_\_

I/We, \_\_\_\_\_

of \_\_\_\_\_

being a member of MASOOD TEXTILE MILLS LIMITED hereby appoint \_\_\_\_\_

\_\_\_\_\_ (NAME)

of \_\_\_\_\_ (ADDRESS)

(being a member of the Company) as my/our proxy to vote for me/us and on my/our behalf at the 39<sup>th</sup> Annual General Meeting of the Company to be held at its Registered Office at Universal House, 17/1, New Civil Lines, Bilal Road, Faisalabad, on Saturday, the 28<sup>th</sup> day of October, 2023 at 11.00 A.M. or any adjournment thereof.

As witnessed my hands this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Signed by me in the presence of witness: \_\_\_\_\_

(Signature of witness)

CNIC. \_\_\_\_\_

(Member's Signature)

CNIC. \_\_\_\_\_

(Signature of witness)

CNIC. \_\_\_\_\_



### Notes:

- 1- Proxies, in order to be effective, must be received at the Company's Registered Office Universal House, 17/1, New Civil Lines, Bilal Road, Faisalabad, not later than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
- 2- CDC beneficial owners and Proxy Holders must bring with them their Computerized National Identity Cards (CNIC)/Passports in Original to prove his/her identity and in case of proxy, CDC beneficial owners and Proxy Holders must enclose an attested copy of their CNIC/Passport with Proxy Form.
- 3- In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee (unless it has been provided earlier) should be attached with the proxy form or may be provided at the time of meeting.



## پراکسی فارم

حصص کی تعداد \_\_\_\_\_ فولیو نمبر \_\_\_\_\_ سی ڈی سی کھاتہ نمبر \_\_\_\_\_  
 میں / ہم مسمیٰ / مسماۃ \_\_\_\_\_ ساکن \_\_\_\_\_  
 نحشیت ممبر مسعود ٹیکسٹائل ملز لمیٹیڈ، مسمیٰ / مسماۃ \_\_\_\_\_ ساکن \_\_\_\_\_  
 کمپنی ممبر کو بطور (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کا 39 واں سالانہ اجلاس عام منعقدہ بروز ہفتہ بتاریخ 28 اکتوبر 2023 بوقت صبح ۱۰:۰۰ بجے بشمول التوا سالانہ اجلاس عام بابت مسعود ٹیکسٹائل ملز لمیٹیڈ یونیورسل ہاؤس ۱۷/۱، نیوسول لائین بلال روڈ فیصل آباد میں ووٹ ڈال سکے۔  
 دستخط بتاریخ \_\_\_\_\_ دن \_\_\_\_\_ 2023۔

بجودگی گواہ مسمیٰ / مسماۃ \_\_\_\_\_  
 نام \_\_\_\_\_  
 ولدیت / زوجیت \_\_\_\_\_  
 ساکن / سنہ \_\_\_\_\_

دستخط \_\_\_\_\_  
 گواہ کی موجودگی میں دستخط شدہ  
 (دستخط کمپنی میں موجود رجسٹرڈ کے مطابق ہونے چاہئیں)  
 دستخط گواہ \_\_\_\_\_  
 قومی شناختی کارڈ نمبر \_\_\_\_\_  
 دستخط گواہ \_\_\_\_\_  
 قومی شناختی کارڈ نمبر \_\_\_\_\_

پچاس روپے کی ریونیوسٹمپ  
 چسپاں کریں

اہم نوٹ:

- (۱) پراکسیز کے موثر ہونے کے لئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل ہمہ دستخط گواہان اور رسیدی ٹکٹ کمپنی کے رجسٹرڈ آفس واقعہ یونیورسل ہاؤس ۱۷/۱، نیوسول لائین بلال روڈ فیصل آباد پر موصول ہونی چاہئیں۔
- (۲) سی ڈی سی حصص داران اور پراکسی ہولڈرز اجلاس ہذا میں اپنی شناخت ثابت کرنے کے لئے اپنے اصلی کمیٹیڈ قومی شناختی کارڈ / پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں سی ڈی سی حصص داران اور پراکسی ہولڈرز اپنے کمیٹیڈ قومی شناختی کارڈ / پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ لگائیں۔
- (۳) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی ہمہ نمائندہ کے دستخط (اگر پہلے مہیا نہیں کی گئیں) پراکسی فارم کے ساتھ لف کرنے ہوں گے یا اجلاس ہذا کے وقت مہیا کر سکتے ہیں۔



## Registered Office

Masood Textile Mills Limited  
Universal House, 17/1, New Civil Lines  
Bilal Road, Faisalabad  
Phone: 041-2600176-276  
Fax: 041-2600976

## Mills

Masood Textile Mills Limited  
32-KM, Sheikhpura Road Faisalabad



Web: [www.masoodtextile.com](http://www.masoodtextile.com)