



# ANNUAL REPORT

---

# 2023

**HIRA TEXTILE MILLS  
L I M I T E D**



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## COMPANY INFORMATION

### CHAIRPERSON

Mr. Dr. Azhar Waheed

### CHIEF EXECUTIVE

Mr. Muhammad Tariq

### BOARD OF DIRECTORS

Mr. Dr. Azhar Waheed	<i>(Non-Executive/Chairperson)</i>
Mr. Muhammad Hussnain Saeed Sohbin	<i>(Executive Director)</i>
Mr. Muhammad Awais Qarni Chaudhry	<i>(Non-Executive)</i>
Mr. Muhammad Tariq	<i>(Executive Director)</i>
Mrs. Zainab Malik	<i>(Non- Executive / Independent Director)</i>
Mr. Saeed Ahmad Khan	<i>(Non-Executive)</i>
Mr. Shaukat Nazir Malik	<i>(Non- Executive / Independent Director)</i>

### AUDIT COMMITTEE

Mr. Shaukat Nazir Malik	<i>(Chairman)</i>
Mr. Muhammad Tariq	<i>(Member)</i>
Mrs. Zainab Malik	<i>(Member)</i>

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mrs. Zainab Malik	<i>(Chairperson)</i>
Mr. Saeed Ahmad Khan	<i>(Member)</i>
Mr. Muhammad Awais Qarni Chaudhry	<i>(Member)</i>

### COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. Muhammad Hussnain Saeed Sohbin

### AUDITORS

M/S H.A.M.D. & Co.  
*(Chartered Accountants)*  
Member of TIAG.

1st Floor, 2G (2/7), Mushtaq Ahmad Gurmani Road Gulberg II Lahore.

### LEGAL ADVISER

Salman Akram Raja.  
Raja Mohammad Akram & Co.,  
Advocates & Legal Consultants  
33-C Main Gulberg Lahore.

### REGISTRAR OF THE COMPANY

Vision Consulting Ltd.  
3 – C , 1st floor, LDA Flats, Lawrance Road Lahore.  
Ph: + 92 42 36283096-97

### REGISTERED OFFICE OF THE COMPANY

8 KM Manga Raiwind Road, Raiwind, District Kasur.

### BUSINESS OFFICE

19 Aibak Block New Garden Town, Lahore  
W: [www.hiratex.com.pk](http://www.hiratex.com.pk)

### MILLS

8 KM Manga Raiwind Road Raiwind District Kasur.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 32nd annual general meeting of the members of Hira Textile Mills Limited will be held on Wednesday, November 20, 2024 at 03.00 PM at Company's registered office situated 8KM Manag Raiwind Road Raiwind District Kasur to transact the following:

1. To confirm the minutes of the last General Meeting.
2. To receive and adopt the audited accounts of the company for the year ended on June 30, 2023 together with the Directors and auditor's reports thereon.
3. To consider appointment of external audits for the financial year ending June 30, 2024.
4. Special Business  
To approve transactions conducted with related parties for the year ending on June 30, 2023. "Resolved That the transactions conducted with related parties as disclosed in Note No.42 of the financial statements for year ended June 30, 2023 hereby approved and confirmed".
5. To transact any other business with the permission of the Chair.

(By the order of the Board)



**Muhammad Hassnain Saeed Sohbin**  
Company Secretary

Lahore: October 29, 2024

### Notes

- 1- The share transfer books of the Company will remain closed from November 13, 2024 to November 20, 2024 on the register of members.
2. A member entitled to attend and vote at the General Meeting may appoint any person as proxy to attend and vote instead of him/her. No person other than a member shall act as proxy. The instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notarially certified copy of such power or authority, in order to be valid, must be deposited at the registered office of the company at least 48 hours before the time of the meeting and must be duly stamped, signed and witnessed.
3. Any individual beneficial owner of CDC entitle to attend and vote at this meeting, must bring his/her original CNIC or passport, account and participants. ID numbers to prove his/her identity and incase of proxy it must enclose an attested copy of his/her CNIC of passport. Representatives of corporate members should bring the usual documents requires for such purpose.
4. In terms of sub section 1(b) of Section 134 of the Companies Act, 2017, Members can also attend and participate in the AGM through video conference facility, if members residing the vicinity, collectively holding 10% or more shareholding, provide their consent in writing, to participate in the AGM through video conference at least ten (10) days prior to date of AGM. After receiving the consent of the members in aggregate 10% or more shareholding, the Company will intimate members regarding venue of video conference facility at least five (5) days before the date of the AGM along with complete information necessary to enable them to access such facility.
5. The audited financial statements of the company for the year ended June 30, 2023 have been placed at the website: [www.hiratex.com.pk](http://www.hiratex.com.pk)
6. Shareholders are requested to immediately notify change in address. If any to the company share register M/s. Vision Consulting Ltd. 3-C, 1st floor, LDA Flats, Lawrence Road Lahore. And also furnish attested photocopy of their CNIC as per listing regulation, if not provided earlier.

## حرائیکسٹائل ملز لمیٹیڈ

### اطلاع سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ حرائیکسٹائل ملز لمیٹیڈ کے حصص داران کا تیسواں (32nd) سالانہ اجلاس عام 20 نومبر 2024ء (بروز بدھ) بوقت شام 03:00 بجے کمپنی کے رجسٹرڈ دفتر 8 کلومیٹر مانگا۔ رائیونڈ روڈ رابھوئہ ضلع قصور میں درج ذیل امور کی انجام دہی کے لئے منعقد ہوگا۔

1- پچھلے سالانہ اجلاس عام کی کارروائی کی توثیق۔

2- 30 جون 2023ء کو ختم ہونے والے سال کے لئے ڈائریکٹرز اور آڈیٹرز کی رپورٹ مع آڈٹ شدہ حسابات کی وصولی اور منظوری

3- 30 جون 2024ء کو ختم ہونے والے سال کے لئے کمپنی کے بیرونی آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین۔

4- خصوصی کاروبار۔

30 جون 2023ء کے دوران ختم ہونے والے سال کے دوران متعلقہ پارٹیوں کے درمیان لین دین سے متعلق معاملات کی منظوری

"قرار پایا ہے کہ جون 30 2023ء کو ختم ہونے والے سال کے دوران متعلقہ پارٹیوں کے درمیان لین دین سے متعلق معاملات جو کہ نوٹ نمبر 42 میں ظاہر کئے گئے ہیں کی تصدیق اور منظوری دی جاتی ہے۔"

5- چیئر پرسن کی اجازت سے دیگر امور کی انجام دہی۔

بحکم بورڈ

*M. Hashim*

محمد حسین سعید سوہاگن

کمپنی سیکرٹری

لاہور

29 اکتوبر 2024ء

نوٹس:

1- کمپنی کے حصص کے تبادلہ کی کتابیں 13 نومبر 2024ء سے 20 نومبر 2024ء تک بند رہیں گی۔

2- اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر اپنی بجائے شرکت اور ووٹ دینے کے لئے کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسیاں تا آئندہ مؤثر ہو سکیں اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر میں لازماً پہنچ جائیں۔

3- سی ڈی سی (CDC) کے حصہ داروں سے التماس ہے کہ اجلاس میں شرکت کے وقت پیش کرنے کے لئے اپنا اصل شناختی کارڈ، اکاؤنٹ نمبر یا پاسپورٹ ساتھ لائیں۔

4- حصص یافتگان اجلاس میں بذریعہ ووڈ یولنک سہولت شریک ہو سکتے ہیں کمپنی کو اجلاس کے انعقاد سے کم از کم دس روز قبل کسی دوسرے شہر میں مقیم دس فیصد یا زائد شیئر ہولڈرز کی جانب سے بذریعہ ووڈ یولنک اجلاس میں شرکت کی خواہش موصول ہونے کی صورت میں کمپنی متعلقہ مقام پر ووڈ یولنک سہولت کا اہتمام کرے گی اور کمپنی اجلاس کے انعقاد سے کم از کم پانچ دن پہلے ووڈ یولنک سہولت کے مقام سے ممبران کو مطلع کرے گی۔

5- کمپنی کے آڈٹ شدہ مالیاتی حسابات برائے سال ختم 30 جون 2023ء کمپنی کی ویب سائٹ [www.hiratex.com.pk](http://www.hiratex.com.pk) پر چسپاں کر دیئے گئے ہیں۔

6- حصص یافتگان سے درخواست ہے کہ وہ اپنے پتے میں تبدیلی سے متعلق اطلاع فوری طور پر کمپنی کے رجسٹرار میسرز ووٹن کنسلٹنگ لمیٹیڈ -C-3 فرسٹ فلور۔ ایل ڈی اے فلیٹس لائنس روڈ لاہور کو دیں۔ اسکے علاوہ جنھوں نے اپنے شناختی کارڈ کی کاپیاں مہیا نہیں کیں ہیں وہ بھی اپنے شناختی کارڈ کی مصدقہ کاپی بھیجیں۔

### **VISION STATEMENT**

A dynamic profitable and professionally managed successful business organization.

### **MISSION STATEMENT**

Hira Textile Mills Ltd is committed to the highest standards of integrity, honesty, openness and professionalism in all of its activities whenever they are undertaken.

We, the Management Team of HTML are striving to improve the quality of yarn by continuously improving its manufacturing facilities. We are committed to positioning the Company at the apex of the industry by satisfying our valued customers, archiving superior returns for shareholders, by providing congenial work environment where the employees feel part of the organization and be a good corporate citizen by fulfilling our social responsibilities.

## CHAIRPERSON'S REVIEW

It gives me pleasure to present you the annual review of the audited financial statement for the year ended June 30, 2023 and the overall performance of Board. I would take this opportunity to invite you for 32nd Annual General Meeting of the Company.

### Review of the Company's Performance

Due to decrease in sales during this financial year, performance of the company in term of profitability is in alarming position. Margins have been squeezed and it appears that they will be further compressed in time to come. I would like to appreciate the efforts of the management towards cost reduction, better utilization of capacities and product development. The Company has to work harder to compete with increasing competition. Plans of the Company should yield better efficiencies and reduce production cost. The Board is aware of the importance of its role in achieving objectives of the Company. The Board acknowledges its responsibility for corporate & financial reporting Framework and is committed to good Corporate Governance. Board is devoted and focused towards Company's value and mission. All the significant issue throughout the year were presented before The Board and its committees to strengthen and formulize the corporate decision-making process and partially all the related party transactions were approved by the Board on the recommendation of audit committee. The Board has prepared and approved the Director's report is published with the quarterly and annual financial statements of the company and the content of the Directors report are in accordance with the requirement of applicable law and regulations. The Board ensured that the adequate system of internal control is in place and has been effectively implemented and monitored. The Board of Directors met four times during the year to review the overall performance, appraise financial results and overall effectiveness of the role played by the Board in achieving the company's objectives. Meeting agendas and supporting papers were provided in timely manner for the Board meeting. Attendance of Board members in Board and committee meeting has been satisfactory. Board members do have the suitable knowledge, variety of expertise and experience that is required to successfully govern the business. Individual Board members are committed to perform for the betterment of the company. Areas of planning, risk management, policy development, budgeting, reporting, monitoring and approval have been appropriately given time and discussed with better outcomes.

On behalf of the Board, I appreciate the support of all financial institution. I express gratitude to our valued customers. It is hard work and dedication of all our employees that have made such results possible.

Lahore: October 29, 2024

A handwritten signature in black ink, appearing to read 'Azhar Waheed', written over a horizontal line.

**Mr. Dr Azhar Waheed**  
(Chairman)

## چیئر پرسن کی جائزہ رپورٹ

مجھے آپ کو 30 جون 2023 کو ختم ہونے والے سال کے آڈٹ شدہ مالیاتی بیان کا سالانہ جائزہ اور بورڈ کی مجموعی کارکردگی پیش کرتے ہوئے خوشی ہو رہی ہے۔ میں اس موقع پر آپ کو کمپنی کی 32 ویں سالانہ جنرل میٹنگ کے لیے مدعو کروں گا۔

### کمپنی کی کارکردگی کا جائزہ

اس مالی سال کے دوران فروخت میں کمی کی وجہ سے منافع کے لحاظ سے کمپنی کی کارکردگی تشویشناک حالت میں ہے۔ مارجن کو نچوڑا گیا ہے اور ایسا لگتا ہے کہ آنے والے وقت میں وہ مزید سکڑ جائیں گے۔ میں لاگت میں کمی، صلاحیتوں کے بہتر استعمال اور مصنوعات کی ترقی کے لیے انتظامیہ کی کوششوں کو سراہنا چاہوں گا۔ کمپنی کو بڑھتی ہوئی مسابقت کے ساتھ مقابلہ کرنے کے لیے مزید محنت کرنا ہوگی۔ کمپنی کے منصوبوں کو بہتر کارکردگی اور پیداواری لاگت کو کم کرنا چاہیے۔

بورڈ کمپنی کے مقاصد کے حصول میں اپنے کردار کی اہمیت سے واقف ہے۔ بورڈ کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک کے لیے اپنی ذمہ داری کو تسلیم کرتا ہے اور اچھی کارپوریٹ گورننس کے لیے پرعزم ہے۔ بورڈ کمپنی کی قدر اور مشن کی طرف وقف اور توجہ مرکوز ہے۔ سال بھر کے تمام اہم ایٹوز کو بورڈ اور اس کی کمیٹیوں کے سامنے پیش کیا گیا تاکہ کارپوریٹ فیصلہ سازی کے عمل کو مضبوط بنایا جاسکے اور جزوی طور پر تمام متعلقہ فریق لین دین کو آڈٹ کمیٹی کی سفارش پر بورڈ نے منظور کیا۔

بورڈ نے ڈائریکٹرز کی رپورٹ تیار اور منظور کی ہے جو کمپنی کے سہ ماہی اور سالانہ مالیاتی گوشواروں کے ساتھ شائع کی گئی ہے اور ڈائریکٹرز کی رپورٹ کا مواد قابل اطلاق قانون اور ضوابط کے تقاضوں کے مطابق ہے۔ بورڈ نے اس بات کو یقینی بنایا کہ داخلی کنٹرول کا مناسب نظام موجود ہے اور اسے مؤثر طریقے سے نافذ کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی کا جائزہ لینے، مالیاتی نتائج اور کمپنی کے مقاصد کے حصول میں بورڈ کی طرف سے ادا کیے گئے کردار کی مجموعی تاثیر کا جائزہ لینے کے لیے سال کے دوران چار مرتبہ ملاقات ہوئی۔ بورڈ میٹنگ کے لیے میٹنگ کا ایجنڈا اور معاون کاغذات بروقت فراہم کیے گئے۔ بورڈ اور کمیٹی کے اجلاس میں بورڈ ممبران کی حاضری تسلی بخش رہی۔ بورڈ کے اراکین کے پاس مناسب علم، مختلف قسم کی مہارت اور تجربہ ہوتا ہے جو کاروبار کو کامیابی سے چلانے کے لیے درکار ہوتا ہے۔ بورڈ کے انفرادی اراکین کمپنی کی بہتری کے لیے کارکردگی کا مظاہرہ کرنے کے لیے پرعزم ہیں۔ منصوبہ بندی، رسک مینجمنٹ، پالیسی ڈویلپمنٹ، بجٹ، رپورٹنگ، نگرانی اور منظوری کے شعبوں کو مناسب وقت دیا گیا ہے اور بہتر نتائج کے ساتھ تبادلہ خیال کیا گیا ہے۔

بورڈ کی جانب سے میں تمام مالیاتی اداروں کے تعاون کو سراہتا ہوں۔ میں اپنے قابل قدر صارفین کا شکریہ ادا کرتا ہوں۔ یہ ہمارے تمام ملازمین کی محنت اور لگن ہے جس نے ایسے نتائج کو ممکن بنایا ہے۔

*Azhar Wali*

ڈاکٹر اظہر وحید  
(چیئر مین)

2024-اکتوبر-29

## DIRECTORS REPORT TO THE MEMBERS

The Board of Directors feels pleasure in presenting the Company's Audited financial statements together with the auditor's report thereon for the year ended on June 30, 2023. Financial Statements have been endorsed by the Chief Executive Officer and the Chief Financial Officer in accordance with the Code of corporate Governance, having been recommended for approval by the Audit Committee of the Board and approved by the Board of Directors for presentation.

**Following are the operating & Financial results: -**

	<i>(Rupees in Million)</i>	
	2023	2022
Net Sale	<b>42.200</b>	319.751
Gross (Loss)	<b>(154.876)</b>	(557.550)
Selling, Administrative & Other Expenses	<b>(10.409)</b>	(28.101)
Finance cost	<b>(117.732)</b>	(115.531)
Share of (Loss) of Hira Terry	-	-
(Loss)/Profit before taxation	<b>(353.682)</b>	(505.057)
Provision for taxation	<b>(12.563)</b>	78.887
(Loss) for the year	<b>(366.245)</b>	(583.944)
(Loss)/Earning per Share	<b>(4.23)</b>	(6.74)

Our company after tax loss of Rs. 366.245 million as compared to loss of Rs. 583.94 million during the corresponding period. Loss per share for the year is Rs. 4.23 as compared to loss per share of Rs. 6.74 during the corresponding previous year. Gross loss for the year under review is 367% as compared to loss of 174.37%. Administrative expenses decreased 8.74% of sales to 2.47% of sales. Finance cost increased by 2.201% over the last year.

Due to the above factors, the Company faced severe liquidity crisis due to which it was unable to make timely repayments of loans and interest/mark-up thereon. Ten banks have filed recovery suits against the Company in Lahore High Court. Similarly, the Company has also filed recovery claims against these banks in Lahore High Court.

### Capital Expenditures

Due to liquidity crisis the Company did not incur any capital expenditure.

### Dividend

Due to Loss of the company and circumstances discussed above, the Board of Directors has not recommended dividend for the year ended June 30, 2023.

### Related Parties

All transactions between the related parties are made at arm's length prices determined in accordance with the comparable uncontrolled prices method. The company has fully complied with the best practices of the transfer pricing as contained in the listing regulation of Pakistan Stock exchanges. Related party transactions and transfer pricing policy were in line with Company's Act. 2017, the Listed Companies Code of Corporate Governance Regulations 2017 and Companies Related Parties Transactions and Maintenance of Related Records Regulations, 2018.

### Financial Statements Audit and Auditors Report

The auditors of the Company have issued a disclaimer report on the basis of the following matters:

- As reported in note 2.2, the Company has incurred gross loss of Rs. 154.876 million and loss after taxation of Rs.366.24 million during the year ended 30 June 2023. As at 30 June 2023, the Company has accumulated losses of Rs. 2859.562 million. Its current liabilities exceed current assets by Rs. 1344.768 million. The Company has not been able to make timely repayments of its debt finances and interest thereon. The providers of debt finances have filed recovery suits against the Company for Rs. 2077.45 million. All short-term borrowing facilities availed by the Company stand expired. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as ageing concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. While the Company has prepared and presented the annexed financial statements on going concern basis based on the factors explained in note 2.2, we consider that in the absence of any favorable settlement with the providers of debt finances, ability to obtain further financing and revival of its operations, the Company may not be able to settle its liabilities and realize its assets in the normal course of business. Consequently, the use of going concern assumption in the preparation of annexed financial statements is not appropriate and adjustments may be required to the amounts reported in the financial statements. The financial statements do not disclose this fact.

- 2- As referred to in note 11 to the annexed financial statements, the Company was unable to make timely repayments of long term finances and interest thereon. As a result, the Company breached provisions of long term financing agreements with Askari Bank Limited Note No. (11.1) MCB Bank Limited (see note 11.2 & 17.1), Habib Bank Limited (see note 11.5), The Bank of Punjab (see note 11.6 & 11.7), Bank Alfalah Limited (see note 11.9 & 11.10) and Faysal Bank Limited (see note 11.11) and SAMBA Bank Ltd (Note# 17.2) where by the entire liability under these agreements has become payable on demand. International Accounting Standard 'Presentation of Financial Statements' requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current. However, the Company continues to classify these finances as non-current liabilities. Had these been classified as current liabilities, the total current liabilities of the Company as at the reporting date would have been higher by Rs. 1586.268 million.
- 3- We have not received responses to our requests for direct confirmations from bankers of the Company for debt finances amounting to Rs. 2,003.66 million, accrued interest thereon amounting to Rs. 624.59 million and bank guarantees amounting to Rs. 29.54 million. We were unable to satisfy ourselves by alternative means concerning these liabilities and contingencies as at the reporting date. Accordingly, we were unable to determine whether any adjustments or disclosures might have been found necessary in respect of recorded or unrecorded debt finances and accrued interest thereon or disclosed or undisclosed contingencies and the elements making up the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 4- We were unable to send out requests for direct balance confirmations to trade creditors amounting to Rs. 180.765 million reported in 16, advances from customers amounting to Rs. 15.91 million reported in note 16. We were unable to satisfy ourselves by alternative means concerning these balances. Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of trade creditors, advances from customers and advances to suppliers and the elements making up the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 5- Accrued liabilities has been reported in note 16 at Rs.51.64 million. We were unable to satisfy ourselves concerning accrued liabilities due to non-availability of underlying records and information and accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded liabilities and the elements making up the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 6- Gas Infrastructure Development Cess ['GIDC'] payable has been reported in note 16 at Rs. 73.9 million. We were unable to satisfy ourselves concerning GIDC payable due to non-availability of underlying records and information and accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded liabilities pertaining to GIDC and the elements making up the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 7- The Company has reported Rs. 1.699 million as payable to employees' provident fund trust in note 16. The Company's contribution to the provident recognized in the profit or loss has been reported at Rs. NIL and Rs. NIL in note 31.1 and note 33.1 respectively. No information pertaining to these transactions and balances were made available to us for the purpose of audit. Audited financial statements of provident fund trust were also not available. We were unable to satisfy ourselves concerning the Company's and employees' contribution and payments to the provident fund and related liability and expenses recognized in the statement of financial position and statement of profit or loss respectively and thus we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded liabilities pertaining to the provident fund scheme and the elements making up the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 8- The Company management did not arrange for us to carry out physical verification of property, plant and equipment at mill premises at year end. Accordingly, we were unable to determine whether any adjustments might have been found necessary to the carrying amount of property, plant and equipment and the elements making up the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.

- 9- The Company has not disclosed financial information about its investment in Hira Terry Mills Limited, an associate, as required by paragraph 21(c) of International Financial Report Standard 12 - Disclosure of Interests in Other Entities.
- 10- Interest rebate receivable has been reported in note 27 at Rs. 18.99 million. We were unable to satisfy ourselves concerning Interest rebate receivable due to non-availability of underlying records and information and accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded Interest rebate receivable and the elements making up the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 11- The Company has recognized salaries, wages and benefits amounting to Rs. 25.074 million and Rs. 4.663 million in profit or loss reported in note 31 and note 33 respectively. We were unable to satisfy ourselves concerning these transactions due to non-availability of underlying records and information and accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded salaries, wages and benefits and the elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 12- We were unable to satisfy ourselves concerning power and fuel expense reported in note 31 at Rs. 36.347 (2022: Rs. 154.2) million due to non-availability of underlying record and information necessary for the purpose of our audit. Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded power and fuel expense the elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 13- The management did not arrange for us to observe and document cut-off data at the end of the reporting period. We were unable to determine whether transactions have been recorded in the correct accounting period and whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions in profit or loss and the elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows.

**We give below our opinion on the audit matters;**

1. The annexed financial statements have been prepared, ongoing concern basis, based on following:
  - a. The management of the company has entered into negotiation with the providers of debt finances for restructuring of long term and short-term debt including accrued interest thereon. The management successfully negotiated with some banks for restructuring of short-term debt and long-term finances, including accrued interest. Nego a on with some other banks is also undergoing.
  - b. The management is vigorously contesting the recovery suits filed by providers of debt finances. Further, the Company has filed countersuits against debt finance providers.
  - c. The company has continued financial support of its directors and sponsors. Up to 30th June 2023, the directors and sponsors of the company has provided financial support amounting to Rs. 528.758 million.
  - d. The company has shifted its product mix from manufacturing of coarse count yarn to fine count yarn. This will lead to lower cost of raw material (primarily cotton) and reduction in manpower requirements, reduction in per spindle cost through savings I energy costs as well as up to 60% savings in labor costs. This coupled with a company-wide cost-cutting drive, is expected to provide the much-needed breathing room in terms of liquidity.
2. The recovery of these finances is sub judice to Lahore High Court. The management intends to carry out restructuring negotiations with these bankers the results of which cannot be ascertained at this stage. Accordingly, the management has classified these liabilities as non-current. Due to long overdue liabilities outstanding in banks and the Company's account has been shifted to bank's SAM department/or in the court. Normally banks never respond to the direct confirmation. These liabilities represent old balances that were previously verified by the auditors along with direct confirmations in previous years apart from other audit procedures.
3. The matier is beyond our control as the party sends confirmation directly to auditor. However, the auditors could have performed alternate audit procedures in accordance with international standards on auditing.

4. Addresses of the suppliers were provided and confirmation letters were duly dispatched to the parties and. The matter is not in our control because parties send their confirmations directly to auditors. These balances primarily represent old balances that were previously verified by the auditors along with confirmations from creditors in relevant years apart from other substantive audit procedures. The auditors were free to perform alternate audit procedures as per applicable International Standard on Auditing where balance confirmations were not received.
5. All accrued liabilities were subsequently paid except for amount payable in lieu of EOBI, Social Security, Head office employees' salary, contribution to Provident fund.
6. Gas Infrastructure Development Cess matter is in the court and sub judice. Supreme Court of Pakistan vide order dated August 13, 2020 rejected all the appeals pertaining to GIDC and ordered the companies to pay the outstanding amount. Textile companies through APTMA, where the Company is a party, has filed review petition before the Honorable Supreme Court of Pakistan. The Company has recognized GIDC liability to the extent of Rs. 73.9 million in these financial statements as the Company is of the view that decision on review petition before Supreme Court of Pakistan shall be decided in favor of the textile industry.
7. Our all staff and workers were released from their duties due to temporarily Clouser of the Factory and hence no provident fund booked / paid.
8. Our all staff and workers were released from their duties due to temporarily Clouser of the Factory and hence no physical verification of property, plant and equipment took place provident.
9. Honorable Lahore High Court, Lahore vide Order dated September 10, 2021 has suspended the notice for holding of board meeting of Hira Terry Mills Limited wherein accounts for the year 2020 has to be discussed and approved therefore no accounts for the year June 2020, June 2021, June 2022, June 2023 has been presented for approval of the Board of Hira Terry Mills Limited. 10- We had applied interest rebate to federal govt out of which some portion has been received from federal govt in previous years. The balance amount is receivable from the Federal Govt and our case is not rejected by the Federal Govt and Rs. 10 million received during the year and Rs. 18.99 million is still receivable.

10. \*\*\*

11. Our key accounting staff was released from their duties when the mill was closed and were unable to provide Wages Sheets to Auditors. However, the Company had provided all salaries & wages ledger in Excel Form.
12. We have provided all sale tax return (July 2022 TO June 2023) to auditors. In monthly sales tax return Annexure, A showing all details of LESCO and SNPGL bills charged to Company. We were unable to understand why the auditor could not satisfy himself.
13. The auditor did not send audit team for observation and document cut off data at the end of reporting period.

#### **ISO 9001 - 2008 Certification**

The company continues to operate the high standard of quality and had obtained latest version of certification, which is renewed every year. The quality control certification will help to build up trust of new and old customers.

#### **Environments, Health and Safety**

The Company maintains safe working conditions without risk to the health of all employees and public at large. The management has maintained safe environment in all its operations throughout the year and is constantly upgrading their living facilities.

#### **Future Plans**

Although the performance of the company is not satisfactory during the year and the future market situation is changing to adversely due to decrease in the yarn prices. The management is formulating multi-dimensional strategy to tackle all these issues. We are focusing on diversification of our product range along with value addition and consolidating our efforts on quality improvements.

14. The present auditors were appointed in Aug-2023 by the Board and no Audit staff was deputed by the Auditors to obtain cut off data from the Company.

#### **Corporate & Financial Reporting Frame Work**

As required by the Code of Corporate Governance, Directors are pleased to report that:

- i. The financial statements prepared by the management of the Company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.
- ii. Proper books of account of the Company have been maintained.

- iii. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- iv. International Finance Reporting Standards (IFRS) as applicable in Pakistan have been followed in preparation of financial statements. Any departures therefrom has been adequately disclosed and explained.
- v. The system of internal control is sound and has been effectively implemented and monitored.
- vi. Operating and financial data and key ratio of six years are annexed.
- vii. The value of investment of contributory provident fund as at June 30, 2023 amount to Rs. NIL.
- viii. The pattern of shareholding as at June 30, 2023 is annexed.
- ix. No trade in the shares of the company were carried out by Directors, CEO, CFO, Company secretary, their spouses and minor children, during year 2022-2023.

#### Board Meeting

During the year under review Three (3) meetings were held. Attendance by each Director is as follows:

Name of Director	Attendance
Mr. Dr. Azhar Waheed	3 (Three)
Mr. Muhammad Awais Qarni	3 (Three)
Mr. Muhammad Tariq	3 (Three)
Mr. Shaukat Nazir Malik - <i>Independent Director</i>	1(One)
Mr. Saeed Ahmed Khan	1(One)
Mrs. Zainab Malik - <i>Independent Director</i>	1(One)
Mr. Muhammad Hasnain Saeed Sohbin	3 (Three)

Leave of absence was granted to Directors who could not attend some of the Board meetings.

#### Audit Committee

The Board of Directors in compliance with the code of corporate governance has established an audit committee which is fully functional. The committee comprises three members. Chairman of the committee is an Independent non-executive director. During the year One (1) meeting of Audit Committee were held. Attendance by each Director is as follows.

Name of Director	Attendance
Mr. Shaukat Nazir Malik (Chairman)	1 (One)
Mr. Muhammad Tariq	1 (One)
Mrs. Zainab Malik	1 (One)

#### Human Resource Committee

In compliance with the code of Corporate Governance, the Board of Directors has constituted a Human Resource Committee (HR Committee) whose members consist of three Directors of whom two are non-executive directors appointed by the Board of Directors. No meeting held during the year

Name of Director	Attendance
Mrs. Zainab Malik (Chairperson)	Nil
Mr. Saeed Ahmad Khan	Nil
Mr. Awais Qarni	Nil


#### Auditors

The present auditors H.A.M.D. & Co. (Chartered accountants), retire at the conclusion of the annual general meeting and being eligible for reappointment for the financial year ending June 30, 2024.

#### Acknowledgements

Continued diligence and devotion of the staff and workers of the company and good human relations at all levels deserve acknowledgement. The Directors also wish to place on record their thanks to the bankers and other stakeholders for their continued support to the company.

On Behalf of the Board

  
DR. MUHAMMAD AZHAR WAHEED  
(Director / Chairman)

  
MOHAMMAD TARIQ  
(Director/ Chief Executive Officer)

Lahore: October 29, 2024

## حرائیکسٹائل ملز لمیٹڈ

### ممبران کے لیے ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز 30 جون 2023 کو ختم ہونے والے سال کے لیے آڈیٹر کی رپورٹ کے ساتھ کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کو پیش کرنے میں خوشی محسوس کرتا ہے۔ مالیاتی بیانات کی توثیق چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر نے ضابطہ اخلاق کے مطابق کی کارپوریٹ گورننس، بورڈ کی آڈٹ کمیٹی کی منظوری کے لیے سفارش کی گئی ہے اور بورڈ آف ڈائریکٹرز نے پیشکش کے لیے منظوری دی ہے۔

### کمپنی کی کارکردگی

آپریٹنگ اور مالیاتی نتائج درج ذیل ہیں:-

	2023		2022
	(ملین روپے)		
نیٹ سیل	42.200		319.751
مجموعی (نقصان)	(154.876)		(557.550)
فروخت، انتظامی اور دیگر اخراجات	(10.409)		(28.101)
مالیاتی لاگت	(117.732)		(115.531)
ہیراٹھیری کا حصہ (نقصان)	-		-
(نقصان)/ٹیکس سے پہلے	(353.861)		(505.057)
ٹیکس لگانے کا انتظام	(12.563)		78.887
(نقصان) ٹیکس کے بعد	(366.245)		(583.944)
(نقصان)/فی شیئر کمائی	(4.23)		(6.74)

ہماری کمپنی کو ٹیکس کے بعد 366.245 ملین روپے کا نقصان ہوا جبکہ پچھلے سال اسی مدت کے دوران 583.94 ملین روپے کا نقصان ہوا۔ سال کے لیے فی حصص خسارہ روپے ہے۔ 4.23 روپے فی شیئر نقصان رہا جبکہ پچھلے سال کے دوران فی حصص خسارہ 6.74 روپے تھا۔ انتظامی اخراجات سیلز کا 8.74 فیصد کم ہو کر 2.47 فیصد ہو گئے۔ گزشتہ سال کے مقابلے میں مالیاتی لاگت میں 2.20 فیصد اضافہ ہوا۔

مندرجہ بالا عوامل کی وجہ سے، کمپنی کو لیکویڈیٹی کے شدید بحران کا سامنا کرنا پڑا جس کی وجہ سے وہ قرضوں کی بروقت ادائیگی اور اس پر سود/مارک اپ ادا کرنے سے قاصر رہی۔ دس بینکوں نے کمپنی کے خلاف لاہور ہائی کورٹ میں ریکوری سوٹ دائر کر رکھا ہے۔ اسی طرح کمپنی نے ان بینکوں کے خلاف لاہور ہائی کورٹ میں ریکوری کے دعوے بھی دائر کیے ہیں۔

سرمائے کے اخراجات

سال کے دوران، کمپنی سرمائے کے اخراجات میں کچھ نہ کر سکی۔

ڈیویڈنڈ

کمپنی کے نقصان اور اوپر بیان کردہ حالات کی وجہ سے، بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لیے منافع کی سفارش نہیں کی ہے۔

متعلقہ جمعیتیں

متعلقہ فریقوں کے درمیان تمام لین دین قیمتوں کی لمبائی کی قیمتوں پر کیے جاتے ہیں جو تقابلی بے قابو قیمتوں کے طریقہ کار کے مطابق طے کیے جاتے ہیں۔ کمپنی نے ٹرانسفر پرائسنگ کے بہترین طریقوں کی مکمل تعمیل کی ہے جیسا کہ پاکستان اسٹاک ایکسچینج کے سٹنگ ریگولیشن میں شامل ہے۔ متعلقہ پارٹی ٹرانزیکشنز اور ٹرانسفر پرائسنگ پالیسی کمپنی کے ایکٹ کے مطابق تھی۔ 2017، کارپوریٹ گورننس ریگولیشنز 2017 کا لسٹڈ کمپنیز کوڈ اور کمپنیز متعلقہ پارٹی ٹرانزیکشنز اور پیہ ٹیننس آف ریلٹڈ ریکارڈز ریگولیشنز، 2018۔

مالیاتی بیانات آڈٹ اور آڈیٹرز کی رپورٹ

کمپنی کے آڈیٹرز نے درج ذیل امور کی بنیاد پر ایک تردید کی رپورٹ جاری کی ہے۔

1. جیسا کہ نوٹ 2.2 میں اطلاع دی گئی ہے، کمپنی کا 30 جون 2023 کو ختم ہونے والے سال کے دوران مجموعی نقصان 154.876 ملین روپے ہوا ہے۔ اور ٹیکس کے بعد نقصان 366.245 ملین روپے رہا۔ 30 جون 2023 تک کمپنی کا کل نقصان 2859.562 روپے اور اسکی موجودہ واجبات موجودہ اثاثوں سے 1344.768 ملین روپے زیادہ ہے۔ کمپنی اپنے قرض کے مالیات اور اس پر سود کی بروقت ادائیگی کرنے میں کامیاب نہیں ہو سکی ہے۔ قرض کی مالی اعانت فراہم کرنے والوں نے کمپنی کے خلاف 2077.45 ملین روپے کے ریکوری سوٹ دائر کیے ہیں۔ تمام قلیل مدتی قرض لینے کی سہولتیں ختم ہو چکی ہیں۔ یہ عوامل مادی غیر یقینی صورتحال کی موجودگی کی نشاندہی کرتے ہیں جو کمپنی کی جاری تشویش کے طور پر جاری رکھنے کی صلاحیت کے بارے میں شکوک و شبہات کو جنم دیتے ہیں اور یہ کہ کمپنی اپنی ذمہ داریوں کو ادا کرنے اور کاروبار کے معمول کے دوران اپنے اثاثوں کا احساس کرنے کے قابل نہیں ہو سکتی ہے۔ جبکہ کمپنی نے نوٹ 2.2 میں بیان کردہ عوامل کی بنیاد پر تشویش کی بنیاد پر منسلک مالیاتی بیانات تیار اور پیش کیے ہیں، ہم سمجھتے ہیں کہ قرض کی مالی اعانت فراہم کرنے والوں کے ساتھ کوئی سازگار تصفیہ نہ ہونے کی صورت میں، مزید مالی اعانت حاصل کرنے کی صلاحیت اور اس کی بحالی آپریشنز، کمپنی اپنی ذمہ داریوں کا تصفیہ کرنے اور کاروبار کے معمول کے دوران اپنے اثاثوں کو حاصل کرنے کے قابل نہیں ہو سکتی ہے۔ نتیجتاً، منسلک مالیاتی گوشواروں کی تیاری میں گونگ تشویش مفروضے کا استعمال مناسب نہیں ہے اور مالیاتی گوشواروں میں بتائی گئی رقوم میں ایڈجسٹمنٹ کی ضرورت پڑ سکتی ہے۔ مالی بیانات اس حقیقت کو ظاہر نہیں کرتے ہیں۔ ہم سمجھتے ہیں کہ قرض کی مالی اعانت فراہم کرنے والوں کے ساتھ کوئی سازگار تصفیہ نہ ہونے کی صورت میں، مزید مالی اعانت حاصل کرنے کی صلاحیت اور اپنے آپریشنز کی بحالی کی صورت میں، کمپنی اپنی ذمہ داریوں کا تصفیہ کرنے اور کاروبار کے معمول کے دوران اپنے اثاثوں کا ادراک نہیں کر سکتی۔ نتیجتاً، منسلک مالیاتی گوشواروں کی تیاری میں گونگ تشویش مفروضے کا استعمال مناسب نہیں ہے اور مالیاتی گوشواروں میں بتائی گئی رقوم میں ایڈجسٹمنٹ کی ضرورت پڑ سکتی ہے۔ مالی بیانات اس حقیقت کو ظاہر نہیں کرتے ہیں۔ ہم سمجھتے ہیں کہ قرض کی مالی اعانت فراہم کرنے والوں کے ساتھ کوئی سازگار تصفیہ نہ ہونے کی صورت میں، مزید مالی اعانت حاصل کرنے کی صلاحیت اور اپنے آپریشنز کی بحالی کی صورت میں، کمپنی اپنی ذمہ داریوں کا تصفیہ کرنے اور کاروبار کے معمول کے دوران اپنے اثاثوں کا ادراک نہیں کر سکتی۔ نتیجتاً، منسلک مالیاتی گوشواروں کی تیاری میں گونگ تشویش مفروضے کا استعمال مناسب نہیں ہے اور مالیاتی گوشواروں میں بتائی گئی رقوم میں ایڈجسٹمنٹ کی ضرورت پڑ سکتی ہے۔ مالی بیانات اس حقیقت کو ظاہر نہیں کرتے ہیں۔ ہم سمجھتے ہیں کہ قرض کی مالی اعانت فراہم کرنے والوں کے ساتھ کوئی سازگار تصفیہ نہ ہونے کی صورت میں، مزید مالی اعانت حاصل کرنے کی صلاحیت اور اپنے آپریشنز کی بحالی کی صورت میں، کمپنی اپنی ذمہ داریوں کا تصفیہ کرنے اور کاروبار کے معمول کے دوران اپنے اثاثوں کا ادراک نہیں کر سکتی۔ نتیجتاً، منسلک مالیاتی گوشواروں کی تیاری میں گونگ تشویش مفروضے کا استعمال مناسب نہیں ہے اور مالیاتی گوشواروں میں بتائی گئی رقوم میں ایڈجسٹمنٹ کی ضرورت پڑ سکتی ہے۔ مالی بیانات اس حقیقت کو ظاہر نہیں کرتے ہیں۔

2. جیسا کہ منسلک مالیاتی بیانات کے نوٹ 11 میں حوالہ دیا گیا ہے، کمپنی طویل مدتی مالیات اور اس پر سود کی بروقت ادائیگی کرنے سے قاصر تھی۔ نتیجے کے طور پر، کمپنی نے عسکری بینک لمیٹڈ (دیکھیں نوٹ نمبر 11.1) ایم سی بی بینک لمیٹڈ (دیکھیں نوٹ 11.2 اور 17.1)، نیشنل بینک آف پاکستان (دیکھیں نوٹ 11.3 اور 11.8)، حدیب بینک لمیٹڈ (نوٹ 11.5 دیکھیں)، بینک آف پنجاب (نوٹ 11.6 اور 11.7 دیکھیں)، بینک الفلاح لمیٹڈ (نوٹ 11.9 اور 11.10 دیکھیں) کے ساتھ طویل مدتی مالیاتی معاہدوں کی خلاف ورزی کی۔ فیصل بینک لمیٹڈ (نوٹ 11.4، 11.11، 11.12) اور سامبا بینک لمیٹڈ (دیکھیں نوٹ نمبر 17.2) جس کے تحت ان معاہدوں کے تحت تمام ذمہ داری مانگ پر قابل ادائیگی ہو گئی ہے۔ بین الاقوامی اکاؤنٹنگ اسٹینڈرڈ 1 مالی بیانات کی پیشکش کا تقاضا ہے کہ اگر کوئی ادارہ رپورٹنگ کی مدت کے اختتام پر یا اس سے پہلے طویل مدتی قرض کے انتظامات کی خلاف ورزی کرتا ہے اس اثر کے ساتھ کہ ذمہ داری مطالبہ پر قابل ادائیگی ہو جاتی ہے، تو یہ ذمہ داری کی درجہ بندی کرتا ہے۔ موجودہ البتہ، کمپنی ان مالیات کو غیر موجودہ واجبات کے طور پر درجہ بندی کرتی رہتی ہے۔ اگر ان کو موجودہ واجبات کے طور پر درجہ بندی کیا جاتا تو، رپورٹنگ کی تاریخ تک کمپنی کی کل موجودہ واجبات 1586.28 ملین روپے سے زیادہ ہوتی۔
3. ہمیں کمپنی کے بینکرز سے قرض کی مالی اعانت کے لیے براہ راست تصدیق کے لیے ہماری درخواستوں کا جواب نہیں ملا ہے۔ جس کے مطابق کمپنی کے ذمہ واجبات الادا قرض 2,003.66 ملین، اس پر جمع شدہ سود 624.59 ملین روپے اور بینک گارنٹی کی رقم 29.54 ملین رپورٹنگ کی تاریخ کی طرح ہم ان ذمہ داریوں اور ہنگامی حالات سے متعلق متبادل ذرائع سے خود کو مطمئن کرنے سے قاصر تھے۔ اس کے مطابق، ہم اس بات کا تعین کرنے سے قاصر تھے کہ آیا ریکارڈ شدہ یا غیر ریکارڈ شدہ قرضوں کے مالیات اور اس پر جمع شدہ سود کے سلسلے میں کوئی ایڈجسٹمنٹ یا نکشافات ضروری پائے گئے ہیں یا ظاہر یا غیر ظاہر شدہ ہنگامی حالات اور منافع یا نقصان کا بیان، جامع آمدنی کے بیان کو بنانے والے عناصر۔ ایکویٹی میں تبدیلیوں کا بیان اور نقد بہاؤ کا بیان۔
4. ہم تجارتی قرض دہندگان کو نوٹ نمبر 16 میں 180.765 ملین روپے کی اطلاع دی گئی، صارفین کی جانب سے پیشگی روپے کی رقم۔ نوٹ 16 میں 15.912 ملین کی اطلاع دی گئی ہے اور سپلائی کرنے والوں کے لیے پیشگی روپے کی رقم ہے۔ نوٹ 27 میں 12.85 ملین کی اطلاع دی گئی ہے۔ ہم ان بیلنسز سے متعلق متبادل ذرائع سے خود کو مطمئن کرنے سے قاصر تھے۔ اس کے مطابق، ہم اس بات کا تعین کرنے سے قاصر تھے کہ آیا تجارتی قرض دہندگان، صارفین کی طرف سے پیش قدمی اور سپلائرز کو پیش قدمی اور منافع یا نقصان کا بیان، جامع آمدنی کا بیان، ایکویٹی میں تبدیلیوں کے بیان کے سلسلے میں کوئی ایڈجسٹمنٹ ضروری پائی گئی ہوگی یا نہیں۔ اور نقد بہاؤ کا بیان۔
5. نوٹ 16 میں جمع شدہ واجبات روپے میں بتائے گئے ہیں۔ 51.646 ملین بنیادی ریکارڈ اور معلومات کی عدم دستیابی کی وجہ سے ہم جمع شدہ واجبات کے بارے میں خود کو مطمئن نہیں کر سکے اور اس کے مطابق، ہم یہ تعین کرنے سے قاصر تھے کہ آیا ریکارڈ شدہ یا غیر ریکارڈ شدہ ذمہ داریوں کے سلسلے میں کوئی ایڈجسٹمنٹ ضروری پائی گئی ہوگی یا نہیں منافع یا نقصان، جامع آمدنی کا بیان، ایکویٹی میں تبدیلیوں کا بیان اور نقد بہاؤ کا بیان۔
6. نوٹ 16 میں قابل ادائیگی گیس انفراسٹرکچر ڈیولپمنٹ سیس [GIDC] روپے میں بتایا گیا ہے۔ 73.9 ملین ہم بنیادی ریکارڈ اور معلومات کی عدم دستیابی کی وجہ سے قابل ادائیگی GIDC کے بارے میں خود کو مطمئن نہیں کر سکے اور اس کے مطابق، ہم اس بات کا تعین کرنے سے قاصر تھے کہ آیا GIDC سے متعلق ریکارڈ شدہ یا غیر ریکارڈ شدہ ذمہ داریوں اور اس سے متعلق عناصر کے سلسلے میں کوئی ایڈجسٹمنٹ ضروری پائی گئی ہے۔ منافع یا نقصان کا بیان، جامع آمدنی کا بیان، ایکویٹی میں تبدیلیوں کا بیان اور نقد بہاؤ کا بیان۔
7. نوٹ 16 میں ملازمین کے پراویڈنٹ فنڈ ٹرسٹ کو قابل ادائیگی کے طور پر 1.699 ملین روپے ہے۔ نوٹ 31.1 اور نوٹ 33.1 میں بالترتیب NIL ہے۔ ان ٹرانزیکشنز اور بیلنس سے متعلق کوئی معلومات ہمیں آڈٹ کے مقصد کے لیے دستیاب نہیں کرائی گئیں۔
8. کمپنی نے فیکٹری کی مشینری اور دیگر پراپرٹیز کی جانچ پڑتال کا آڈیٹرز کے لئے بندوبست نہیں کیا۔ اس لئے ہم کمپنی کی مشینری اور دیگر پراپرٹی کے متعلق اپنی رائے نہیں دے سکتے۔

9. کمپنی نے ہیرا ٹیکسٹائلز میں اپنی سرمایہ کاری کے بارے میں مالی معلومات کا انکشاف نہیں کیا ہے، جو کہ ایک ایسوسی ایٹ ہے، جیسا کہ بین الاقوامی مالیاتی رپورٹ سٹیٹمنٹ 12 کے پیرا گراف 21(c) کی ضرورت ہے۔ دیگر اداروں میں دلچسپیوں کا انکشاف۔

10. نوٹ 27 میں قابل وصول سود کی چھوٹ 18.99 ملین روپے میں بتائی گئی ہے۔ ہم بنیادی ریکارڈ اور معلومات کی عدم دستیابی کی وجہ سے قابل وصول سود کی چھوٹ کے بارے میں خود کو مطمئن کرنے سے قاصر تھے اور اس کے مطابق، ہم یہ تعین کرنے سے قاصر تھے کہ آیا ریکارڈ شدہ یا غیر ریکارڈ شدہ سود کی چھوٹ کے حوالے سے کوئی ایڈجسٹمنٹ ضروری پائی گئی ہے یا نہیں منافع یا نقصان کا بیان، جامع آمدنی کا بیان، ایکویٹی میں تبدیلیوں کا بیان اور نقد بہاؤ کا بیان۔

11. کمپنی نے تنخواہوں، اجرتوں اور مراعات کو تسلیم کیا ہے۔ 25.074 ملین روپے نوٹ 31 اور نوٹ 33 میں بالترتیب 4.663 ملین منافع یا نقصان کی اطلاع دی گئی ہے۔ بنیادی ریکارڈ اور معلومات کی عدم دستیابی کی وجہ سے ہم ان لین دین کے بارے میں خود کو مطمئن نہیں کر سکے اور اس کے مطابق، ہم یہ تعین کرنے سے قاصر تھے کہ آیا ریکارڈ شدہ یا غیر ریکارڈ شدہ تنخواہوں، اجرتوں اور مراعات کے سلسلے میں کوئی ایڈجسٹمنٹ ضروری پائی گئی ہے یا نہیں مالی پوزیشن کا بیان، جامع آمدنی کا بیان، ایکویٹی میں تبدیلیوں کا بیان اور نقد بہاؤ کا بیان۔

12. ہم بجلی اور ایندھن کے اخراجات کے بارے میں خود کو مطمئن نہیں کر سکے جو نوٹ 31 روپے میں درج ہے۔ ہمارے آڈٹ کے مقصد کے لیے ضروری بنیادی ریکارڈ اور معلومات کی عدم دستیابی کی وجہ سے 36.34 ملین۔ اس کے مطابق، ہم اس بات کا تعین کرنے سے قاصر تھے کہ آیا ریکارڈ شدہ یا غیر ریکارڈ شدہ بجلی اور ایندھن کے اخراجات کے سلسلے میں کوئی ایڈجسٹمنٹ ضروری پائی گئی ہوگی جو عناصر مالیاتی پوزیشن، جامع آمدنی کا بیان، ایکویٹی میں تبدیلیوں کا بیان اور نقد بہاؤ کے بیان کو تشکیل دیتے ہیں۔

13. انتظامیہ نے ہمارے لیے رپورٹنگ کی مدت کے اختتام پر کٹ آف ڈیٹا کا مشاہدہ اور دستاویز کرنے کا بندوبست نہیں کیا۔ ہم اس بات کا تعین کرنے سے قاصر تھے کہ آیا لین دین درست اکاؤنٹنگ مدت میں ریکارڈ کیے گئے ہیں اور کیا منافع یا نقصان میں ریکارڈ شدہ یا غیر ریکارڈ شدہ لین دین کے سلسلے میں کوئی ایڈجسٹمنٹ ضروری پائی گئی ہوگی اور مالی پوزیشن کا بیان، جامع آمدنی کا بیان بنانے والے عناصر ایکویٹی میں تبدیلیوں کا بیان اور نقد بہاؤ کا بیان۔

ہم آڈٹ کے معاملات پر اپنی رائے ذیل میں دیتے ہیں۔

1. منسلک مالی بیانات درج ذیل کی بنیاد پر، جاری توثیق کی بنیاد پر تیار کیے گئے ہیں:

- کمپنی کی انتظامیہ نے طویل مدتی اور قلیل مدتی قرضوں کی تنظیم نو کے لیے قرضوں کی مالیت فراہم کرنے والوں کے ساتھ گفت و شنید کی ہے جس میں اس پر جمع شدہ سود بھی شامل ہے۔ انتظامیہ نے قلیل مدتی قرضوں اور طویل مدتی مالیت بشمول جمع شدہ سود کی تنظیم نو کے لیے کچھ بینکوں کے ساتھ کامیابی سے بات چیت کی۔ کچھ دوسرے بینکوں سے بھی بات چیت جاری ہے۔
- انتظامیہ قرض کی مالی اعانت فراہم کرنے والوں کی طرف سے دائر کیے گئے ریکوری سوٹ کا بھرپور طریقے سے مقابلہ کر رہی ہے۔ مزید یہ کہ، کمپنی نے قرضوں کی مالی اعانت فراہم کرنے والوں کے خلاف جوابی مقدمہ دائر کیا ہے۔
- کمپنی نے اپنے ڈائریکٹرز اور سپانسرز کی مالی مدد جاری رکھی ہے۔ 30 جون 2023 تک، کمپنی کے ڈائریکٹرز اور سپانسرز نے 528.758 ملین روپے کی مالی امداد فراہم کی ہے۔

d. کمپنی نے اپنے پروڈکٹ کس کو موٹے کاؤنٹ سوت کی تیاری سے باریک کاؤنٹ یارن میں منتقل کر دیا ہے۔ اس سے خام مال (بنیادی طور پر کپاس) کی کم لاگت اور افرادی قوت کی ضروریات میں کمی، توانائی کے اخراجات میں بچت کے ذریعے فی اسپنڈل لاگت میں کمی کے ساتھ ساتھ مزدوری کے اخراجات میں 60 فیصد تک کی بچت ہوگی۔ اس کے ساتھ کمپنی کی لاگت میں کمی کی ڈرائیو کے ساتھ، توقع کی جاتی ہے کہ یہ لیکویڈیٹی کے لحاظ سے انتہائی ضروری سانس لینے کا کمرہ فراہم کرے گا۔

2. ان مالیات کی وصولی لاہور ہائی کورٹ کے ماتحت ہے۔ انتظامیہ ان بینکرز کے ساتھ تنظیم نو کے مذاکرات کرنے کا ارادہ رکھتی ہے جس کے نتائج کا اس مرحلے پر تعین نہیں کیا جاسکتا۔ اس کے مطابق، انتظامیہ نے ان ذمہ داریوں کو نان کرنٹ کے طور پر درجہ بندی کیا ہے۔ بینکوں میں طویل عرصے سے واجب الادا واجبات کی وجہ سے اور کمپنی کا اکاؤنٹ بینک کے SAM ڈیپارٹمنٹ / یا عدالت میں منتقل کر دیا گیا ہے۔ عام طور پر بینک کبھی بھی براہ راست تصدیق کا جواب نہیں دیتے ہیں۔ یہ واجبات پرانے بینکس کی نمائندگی کرتے ہیں جن کی پہلے آڈیٹرز کے ساتھ تصدیق کی گئی تھی۔

3. ان مالیات کی وصولی لاہور ہائی کورٹ کے ماتحت ہے۔ انتظامیہ ان بینکرز کے ساتھ تنظیم نو کے مذاکرات کرنے کا ارادہ رکھتی ہے جس کے نتائج کا اس مرحلے پر تعین نہیں کیا جاسکتا۔ اس کے مطابق، انتظامیہ نے ان ذمہ داریوں کو نان کرنٹ کے طور پر درجہ بندی کیا ہے۔ بینکوں میں طویل عرصے سے واجب الادا واجبات کی وجہ سے اور کمپنی کا اکاؤنٹ بینک کے SAM ڈیپارٹمنٹ / یا عدالت میں منتقل کر دیا گیا ہے۔ عام طور پر بینک کبھی بھی براہ راست تصدیق کا جواب نہیں دیتے ہیں۔ یہ واجبات پرانے بینکس کی نمائندگی کرتے ہیں جن کی پہلے آڈیٹرز کے ساتھ تصدیق کی گئی تھی۔

4. فراہم کنندگان کے پتے فراہم کیے گئے تھے۔ تصدیقی خطوط صحیح طریقے سے فریقین کو بھیجے گئے اور۔ معاملہ ہمارے اختیار میں نہیں ہے کیونکہ فریقین اپنی تصدیق براہ راست آڈیٹرز کو بھیجتے ہیں۔ یہ بینکس بنیادی طور پر پرانے بینکس کی نمائندگی کرتے ہیں جن کی پہلے آڈیٹرز کے ذریعے تصدیق کی گئی تھی اور متعلقہ سالوں میں قرض دہندگان کی تصدیق کے علاوہ دیگر اہم آڈٹ طریقہ کار کے علاوہ۔ آڈیٹرز آڈٹ کے قابل اطلاق بین الاقوامی معیار کے مطابق تبادل آڈٹ کے طریقہ کار کو انجام دینے کے لیے آزاد تھے جہاں بینکس کی تصدیق موصول نہیں ہوئی تھی۔

5. تمام جمع شدہ واجبات بعد میں ادا کیے گئے ای او بی آئی، سوشل سیکورٹی، ہیڈ آفس کے ملازمین کی تنخواہ، پراویڈنٹ فنڈ میں شراکت کے واجبات۔

6. گیس انفراسٹرکچر ڈویلپمنٹ سیس کا معاملہ عدالت میں ہے اور زیر سماعت ہے۔ سپریم کورٹ آف پاکستان نے اپنے فیصلے کے آرڈر بتاریخ 13 اگست 2020 کو تمام ایپلوں کو مسترد کر دیا۔ اور تمام ایپلیں GIDC سے متعلق اور کمپنیوں کو بقایا رقم ادا کرنے کا حکم دیا۔ APTMA کے ذریعے ٹیکسٹائل کمپنیوں نے، جہاں کمپنی ایک فریق ہے، نے سپریم کورٹ آف پاکستان میں نظر ثانی کی درخواست دائر کی ہے۔ ٹیکسٹائل نے GIDC کو تسلیم کیا ہے۔ روپے کی حد تک ذمہ داری 73.9 ملین مالیا تی گوشا روں میں جیسا کہ کمپنی کا خیال ہے کہ سپریم کورٹ آف پاکستان میں نظر ثانی کی درخواست پر فیصلہ سنایا جائے گا۔

7. فیکٹری عارضی طور پر بند ہونے کی وجہ سے کمپنی نے اپنے تمام سٹاف اور ورکرز کو ملازمت سے فارغ کر دیا اور اس لئے پروویڈنٹ فنڈ کی کوئی بھی رقم نہ ادا ہوئی اور نہ ہی اس کا اندراج کیا گیا ہے۔

8. فیکٹری عارضی طور پر بند ہونے کی وجہ سے کمپنی نے اپنے تمام سٹاف اور ورکرز کو ملازمت سے فارغ کر دیا اور اس لئے کمپنی کے اثاثات کی تصدیق نہ کرا سکی۔

9. عزت دار لاہور ہائی کورٹ لاہور بذریعہ آرڈر تاریخ 10 ستمبر 2021 نے ہیرا ٹیکسٹائلز لمیٹڈ کے بورڈ میننگ کے انعقاد کے نوٹس کو معطل کر دیا ہے جس میں سال 2020 کے اکاؤنٹس پر بحث اور منظوری ہوئی ہے اس لیے جون 2020، جون 2021، جون 2022، جون 2023 کو ہیرا ٹیکسٹائلز لمیٹڈ کے بورڈ کی منظوری کے لیے پیش کیا گیا ہے۔ اس لیے ہیرا ٹیکسٹائلز لمیٹڈ نے ہمارے بیلنس کی تصدیق نہیں کی اور معاملہ ہمارے اختیار میں نہیں ہے۔

10. ہم نے وفاقی حکومت پر سود کی چھوٹ کا اطلاق کیا تھا جس میں سے کچھ حصہ پچھلے سالوں میں وفاقی حکومت سے وصول کیا گیا ہے۔ بقایا رقم وفاقی حکومت سے قابل وصول ہے اور ہمارا کیس وفاقی حکومت نے مسترد نہیں کیا اور اب 18.99 ملین قابل وصول ہے۔ اس سال کے دوران 10 ملین روپے کی رقم وصول ہوئی ہے۔

11. مل بند ہونے پر ہمارے اکاؤنٹنگ کے اہم عملے کو ان کی ڈیوٹی سے فارغ کر دیا گیا۔ جس کی وجہ سے کمپنی مزدوروں کی اجرت شیٹ آڈیٹر کو فراہم نہ کر سکی البتہ کمپنی نے آڈیٹر کو ادا شدہ اجرت کی تمام تفصیل اور جی ایل کو ایکسل فارم میں فراہم کر دی ہے۔

12. کمپنی نے ماہانہ سیل ٹیکس رپورٹ (ریٹرن) جو کہ جولائی 2022 سے جون 2023 تک کی ہیں فراہم کر دی ہیں۔ سیل ٹیکس رپورٹ کے شیڈول الف (A) لیکو اور سوئی نادرن گیس کمپنی کے بلوں کی تفصیل ظاہر کرتی ہے۔ ہم آڈیٹر کی طرف سے ظاہر کی گئی جانچ پڑتال کے طریقے کار کو سمجھنے سے قاصر ہیں۔

13. آڈیٹرز نے اپنی آڈیٹ ٹیم کو کٹ آف ڈیٹا سے متعلق تمام کاغذات کے مشاہدے کے لیے نہیں بھیجا۔

### ISO 9001-2008 سرٹیفیکیشن

کمپنی اعلیٰ معیار کے ساتھ کام کرتی رہتی ہے اور اس نے سرٹیفیکیشن کا تازہ ترین ورژن حاصل کیا تھا، جس کی ہر سال تجدید کی جاتی ہے۔ کوالٹی کنٹرول سرٹیفیکیشن نئے اور پرانے صارفین کا اعتماد بڑھانے میں مدد کرے گا۔

### ماحولیات، صحت اور حفاظت

کمپنی تمام ملازمین اور عوام کی صحت کے لیے خطرے کے بغیر کام کے محفوظ حالات کو برقرار رکھتی ہے۔ انتظامیہ نے سال بھر میں اپنے تمام آپریشنز میں محفوظ ماحول کو برقرار رکھا ہے اور اپنی رہائش کی سہولیات کو مسلسل اپ گریڈ کر رہی ہے۔

### مستقبل کے منصوبے

اگرچہ سال کے دوران کمپنی کی کارکردگی تسلی بخش نہیں ہے اور یارن کی قیمتوں میں کمی کی وجہ سے مستقبل کی مارکیٹ کی صورتحال منفی طور پر تبدیل ہو رہی ہے۔ انتظامیہ ان تمام مسائل سے نمٹنے کے لیے کثیر جہتی حکمت عملی بنا رہی ہے۔ ہم قیمت میں اضافے کے ساتھ ساتھ اپنی مصنوعات کی رینج میں تنوع اور معیار میں بہتری کے لیے اپنی کوششوں کو مستحکم کرنے پر توجہ مرکوز کر رہے ہیں۔

### کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

جیسا کہ کوڈ آف کارپوریٹ گورننس کی ضرورت ہے، ڈائریکٹرز یہ بتاتے ہوئے خوش ہیں کہ:

i. کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کی حقیقی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو پیش کرتے ہیں۔

ii. کمپنی کے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔

iii. مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

- .iv بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز (IFRS) جیسا کہ پاکستان میں لاگو ہوتا ہے مالی بیانات کی تیاری میں پیروی کی گئی ہے۔ وہاں سے کسی بھی روانگی کا مناسب طور پر انکشاف اور وضاحت کی گئی ہے۔
- .v اندرونی کنٹرول کا نظام درست ہے اور اسے موثر طریقے سے نافذ کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- .vi آپریٹنگ اور مالیاتی ڈیٹا اور چھ سال کا کلیدی تناسب منسلک ہے۔
- .vii 30 جون 2023 تک کنٹریبیوٹری پروویڈنٹ فنڈ کی سرمایہ کاری کی مالیت 1.255 ملین روپے ہے۔
- .viii 30 جون 2023 تک شیئر ہولڈنگ کا پیٹرن منسلک ہے۔
- .ix سال 2022-2023 کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، ان کی شریک حیات اور نابالغ بچوں کے ذریعے کمپنی کے حصص میں کوئی تجارت نہیں کی گئی۔

#### بورڈ کے اجلاس

زیر نظر سال کے دوران 3 (تین) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

حاضری	ڈائریکٹر کا نام
3 (تین)	مسٹر اظہر وحید
3 (تین)	جناب محمد اویس قرنی چوہدری
3 (تین)	مسٹر محمد طارق
1 (ایک)	جناب شوکت نذیر ملک - آزاد ڈائریکٹر
1 (ایک)	جناب سعید احمد خان
1 (ایک)	مسز زینب ملک - آزاد ڈائریکٹر
3 (تین)	جناب محمد حسنین سعید سوہن -

غیر حاضری کی چھٹی ان ڈائریکٹرز کو دی گئی جو بورڈ کے کچھ اجلاسوں میں شرکت نہیں کر سکے۔

#### حساب کتاب کا گروہ یا لوگ

بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے ضابطہ کی تعمیل میں ایک آڈٹ کمیٹی قائم کی ہے جو مکمل طور پر فعال ہے۔ کمیٹی تین ارکان پر مشتمل ہے۔ کمیٹی کا چیئرمین ایک آزادانہ ایگزیکٹو ڈائریکٹر ہے۔ سال کے دوران آڈٹ کمیٹی کا 1 (ایک) اجلاس ہوا۔ ہر ڈائریکٹر کی حاضری حسب ذیل ہے۔

حاضری	ڈائریکٹر کا نام
1 (ایک)	جناب شوکت نذیر ملک (چیئرمین)



محترمہ زینب ملک	1 (ایک)	
جناب محمد طارق	1 (ایک)	

ہیومن ریسورس کمیٹی

کارپوریٹ گورننس کے ضابطہ کی تعمیل میں، بورڈ آف ڈائریکٹرز نے ایک ہیومن ریسورس کمیٹی (HR) تشکیل دی ہے جس کے اراکین تین ڈائریکٹرز پر مشتمل ہیں جن میں سے دو غیر ایگزیکٹو ڈائریکٹرز ہیں جنہیں بورڈ آف ڈائریکٹرز نے مقرر کیا ہے۔ سال کے دوران کوئی میٹنگ نہیں ہوئی۔

1. محترمہ زینب ملک	(چیئر پرسن)	NIL
2. جناب سعید احمد خان		NIL
3. جناب اویس قرنی		NIL

آڈیٹرز

موجودہ آڈیٹرز اے۔ ایچ۔ ایم۔ ڈی اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس)، سالانہ عام اجلاس کے اختتام پر ریٹائر ہو جائیں گے اور 30 جون 2024 کو ختم ہونے والے مالی سال کے لیے دوبارہ تقرری کے اہل ہیں۔

اعترافات

کمپنی کے عملے اور کارکنوں کی مسلسل محنت اور لگن اور ہر سطح پر اچھے انسانی تعلقات تعریف کے مستحق ہیں۔ ڈائریکٹرز بھی بینکرز اور دیگر اسٹیک ہولڈرز کا شکریہ ادا کرنا چاہتے ہیں کہ وہ کمپنی کو مسلسل تعاون فراہم کر رہے ہیں۔

بورڈ کی جانب سے

M. Tariq  
محمد طارق

(ڈائریکٹر/ چیف ایگزیکٹو آفیسر)

Azhar Wali  
ڈاکٹر اظہر وحید

(ڈائریکٹر/ چیئر پرسن)

لاہور 29 اکتوبر 2024

## FINANCIAL SUMMARY

	Amount Rs. (000)					
	2023	2022	2021	2020	2019	2018
<b>Net Sales</b>	42,200	319,751	1,473,014	1,463,374	2,645,989	2,171,757
Cost of Sales	(197,076)	(877,301)	(1,607,207)	(1,529,789)	(3,707,501)	(2,325,426)
<b>Gross profit</b>	<b>(154,876)</b>	<b>(557,550)</b>	<b>(134,193)</b>	<b>(66,415)</b>	<b>(1,061,512)</b>	<b>(153,669)</b>
Administration Expenses	(10,409)	(27,946)	(36,053)	(42,630)	(35,938)	(47,838)
Selling Expenses	-	(50)	(39)	(36)	(2,893)	(12,364)
<b>Operating Profit</b>	<b>(165,285)</b>	<b>(585,545)</b>	<b>(170,285)</b>	<b>(109,081)</b>	<b>(1,100,343)</b>	<b>(213,872)</b>
Other Operating Income	64,117	60,628	54,271	45,920	30,229	3,327
<b>Profit before Interest &amp; Taxation</b>	<b>(101,168)</b>	<b>(524,917)</b>	<b>(116,014)</b>	<b>(63,161)</b>	<b>(1,070,114)</b>	<b>(210,545)</b>
Other Operating Expenses	-	(1,723)	(484)	(415)	(763)	(14)
Financial & Other Charges	(117,732)	(115,531)	(113,286)	(166,352)	(220,936)	(205,016)
Notional interest	(134,782)	137,113	9,505	7,597	-	-
Share of profit Hira Terry Mills Ltd.	-	-	-	(68,868)	(567,992)	(124,970)
<b>Profit before Taxation</b>	<b>(353,682)</b>	<b>(505,057)</b>	<b>(220,279)</b>	<b>(291,199)</b>	<b>(1,859,805)</b>	<b>(540,544)</b>
Provision for Taxation	(12,583)	(78,887)	47,716	(12,590)	(156,037)	(6,425)
<b>Profit after Taxation (Net Profit)</b>	<b>(366,245)</b>	<b>(583,944)</b>	<b>(172,563)</b>	<b>(303,789)</b>	<b>(2,015,842)</b>	<b>(546,969)</b>
<b>Financial Position</b>						
Current Assets	94,586	109,843	702,508	815,828	1,164,764	2,257,623
Current Liabilities	1,439,354	1,061,080	1,750,326	1,776,007	2,459,510	2,280,329
Operating Fixed Assets	2,905,739	3,036,412	3,162,598	2,295,738	2,380,082	2,506,220
Right of Use	51,765	54,962	58,446	62,260	66,459	-
Total Assets	3,101,699	3,250,826	3,973,223	3,221,975	3,713,199	5,434,614
Net Capital Employed	2,805,542	3,348,516	3,381,941	1,884,871	1,718,746	3,662,236
Long Term Debts	1,588,655	1,586,096	1,217,999	1,141,249	1,122,338	1,127,709
Share Holder,s Equity	(296,157)	70,088	627,840	68,982	(97,439)	1,947,860
Surplus on Revaluation on Fixed Assets	1,133,626	1,158,770	1,159,043	438,903	465,057	507,951
Break -up Value Per Share (Rupees)	(3.42)	0.81	7.25	0.80	(1.13)	22.50
Number of shares	86,577,920.00	86,577,920	86,577,920	86,577,920	86,577,920	86,577,920
<b>Financial Ratios Analysis (Annualized)</b>						
Current Ratio	0.07	0.10	0.40	0.46	0.47	0.99
Total Debt to Total Assets	51.22	48.79	30.66	35.42	30.23	20.75
Acid -Test Ratio	6.56	9.88	14.52	27.03	35.31	15.98
Debt Equity	(102.02)	96.04	66.34	94.06	110:(10)	37:63
Debt Coverage Ratio	(2.44)	(2.89)	(0.77)	(0.31)	(3.82)	(0.93)
Leverage Ratio	48.44	45.38	5.33	45.71	(39.11)	1.79
Interest Coverage Ratio	(8.59)	5.37	2.94	2.75	9.42	3.64
Fixed Assets Turnover	0.01	0.10	0.46	0.62	1.08	0.87
Total Assets Turnover	0.01	0.10	0.37	0.45	0.71	0.40
<b>Per Share Results &amp; returns</b>						
Earning per Share	(4.23)	(6.74)	(1.99)	(3.51)	(23.28)	(6.32)
Return on Capital employed- net	(13.05)	(17.44)	(5.10)	(16.12)	(117.29)	(14.94)
Gross Profit to Sales	367.00	(174.37)	-9.11	-4.54	-40.12	-7.08
Operating Profit To Sales	(391.67)	(183.13)	(11.56)	(7.45)	(41.59)	(9.85)
Net Income to Sale (Profit margin)	(867.88)	(182.62)	(11.71)	(20.76)	(76.18)	(25.19)
Return on Assets (ROA)	(11.81)	(17.96)	(4.34)	(9.43)	(54.29)	(10.06)

**INFORMATION UNDER CLAUSE XVI(J) OF THE CODE  
CORPORATE GOVERNANCE  
As at June 30, 2023**

Description	Shares Held	%
<b>Director, Chief Executive Officer, and their Spouse, and minor children.</b>		
DR. AZHAR WAHEED	1,700	0.0020
MUHAMMAD AWAIS QARNI	200	0.0002
MUHAMMAD HASNAIN SAEED SOHBIN	500	0.0006
MR. MOHAMMAD TARIQ	500	0.0006
MRS. ZAINAB MALIK (INDEPENDENT DIRECTOR)	500	0.0006
MR. SAEED AHMED KHAN	11	0.0000
MR. SHAUKAT NAZIR MALIK ( INDEPENDENT DIRECTOR )	967	0.0011
	<b>4,378</b>	<b>0.01</b>
<b>Associated Companies, undertakings and related parties.</b>		
Adamjee Insurance Co.	-	-
<b>Banks, Development Finance Institutions, Non Banking Financial Institutions.</b>		
	-	-
<b>Joint Stock Companies</b>		
	3,264,818	3.77
<b>Modarabas / P.FUND</b>		
	27,500	0.03
<b>Govt. Institution</b>		
	72,567	0.08
<b>General Public</b>		
Local		-
Foreign	Nil	-
	<b>86,577,920</b>	<b>100.00</b>
<b>Shareholders holding 5% or more</b>		
MR. MUHAMMAD UMAR VIRK	23,563,258	27.22
MRS. UMAIRA OMAR	8,603,922	9.94
MRS. SHAHNAZ UMAR	5,725,854	6.61
MRS. SADIYA UMAIR	5,637,933	6.51

## Pattern of Shareholding as at June 30, 2023

INCORPORATION No. 0023196

FORM 34

Share Holders	Shareholding			Total Shares Held
	From		To	
153	1	-	100	4,108
184	101	-	500	79,530
295	501	-	1000	252,537
571	1001	-	5000	1,720,862
219	5001	-	10000	1,747,209
119	10001	-	15000	1,557,729
82	15001	-	20000	1,527,914
56	20001	-	25000	1,324,245
34	25001	-	30000	982,035
22	30001	-	35000	743,600
24	35001	-	40000	921,901
14	40001	-	45000	599,500
27	45001	-	50000	1,333,500
4	50001	-	55000	215,000
13	55001	-	60000	772,000
11	60001	-	65000	678,216
4	65001	-	70000	274,250
8	70001	-	75000	595,067
5	75001	-	80000	392,500
11	80001	-	90000	943,950
3	90001	-	95000	282,500
21	95001	-	100000	2,091,000
9	100001	-	105000	920,548
3	105001	-	110000	323,500
3	110001	-	115000	343,500
8	115001	-	120000	942,560
3	120001	-	125000	369,563
1	125001	-	130000	130,000
7	130001	-	140000	965,000
2	140001	-	150000	300,000
2	150001	-	155000	309,000
2	155001	-	160000	316,500
2	160001	-	170000	332,000
3	170001	-	180000	534,500
3	180001	-	190000	564,275
1	190001	-	195000	194,480
1	200001	-	210000	210,000
1	210001	-	225000	225,000
4	225001	-	250000	987,500
5	250001	-	400000	1,834,000
6	400001	-	500000	2,842,000
1	500001	-	550000	544,000
2	550001	-	600000	1,200,000
2	600001	-	700000	1,209,250
2	700001	-	900000	1,733,500
1	900001	-	1000000	966,000
1	1000001	-	1050000	1,037,500
1	1050001	-	1150000	1,107,022
1	1150001	-	2000000	1,966,602
1	2000001	-	5700000	5,637,933
1	5700001	-	6000000	5,725,854
1	6000001	-	9000000	8,603,922
1	9000001	-	11500000	11,180,186
1	11500001	-	12385000	12,383,072
<b>1970</b>				<b>86,577,920</b>

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

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

1. The total number of directors are 07 as per the following:
  - a. Male: 06
  - b. Female: 01
2. The composition of Board is as follows:
  - a) Independent Directors: 02 as named hereunder:
    - i. Mr. Shaukat Nazir Malik
    - ii. Mrs. Zainab Malik
  - b) Non-executive Directors: 03 as named hereunder:
    - i. Mr. Dr. Azhar Waheed
    - ii. Mr. Muhammad Awais Qarni Chaudhry
    - iii. Mr. Saeed Ahmad Khan
  - c) Executive Directors: 02 as named hereunder:
    - i. Mr. Mohammad Tariq – Chief Executive Officer
    - ii. Mr. Muhammad Hassnain Saeed Sohbin
  - d) Female Directors: 01 as named hereunder:
    - i. Mrs. Zainab Malik
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 the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the 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. The company has not arranged training programs for its directors during the year. However, the company has planned training program for its directors in accordance with the requirements of PSX regulations. Three Directors who had completed their training had resigned and in place three new directors inducted who have 14 years education and vast business experience in finance, accounts and corporate.
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. Shaukat Nazir Malik (Chairman)
    - ii. Mrs. Zainab Malik
    - iii. Mr. Mohammad Tariq
  - b) **HR and Remuneration Committee:**
    - i. Mrs. Zainab Malik (Chairperson)
    - ii. Mr. Saeed Ahmad Khan
    - iii. Mr. Muhammad Awais Qarni Chaudhry
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 (quarterly/half yearly/yearly) of the committee were as per following: -
  - a) Audit Committee: 04 meetings held during the year ended June 30, 2023
  - b) HR and Remuneration Committee: NIL
15. The Board has set-up an effective internal Audit function. The staff is considered to be suitably qualified and experienced for the purpose and is fully conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with, except as explained at Sr. 19;
19. The Company, currently has two elected independent directors out of total seven directors on the Board. Both the independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations under which hereby fulfill the necessary requirements; therefore, not warrant the appointment of a third independent director. Accordingly, the fraction has not been rounded up as one under regulation 6(1).
20. We confirm that all other requirements of the Regulations have been complied with except for the requirement that the position of Chief Financial officer and Company Secretary has been held by the same person. The management is of the view, that the current CFO and Company Secretary is suitably qualified and professionally capable to act and fulfill the duties and responsibilities of both the roles. In addition, it is also a cost-effective measure that is in the better interest of the shareholders of the Company, therefore hiring a separate person for both position is not feasible.

For and on behalf of the Board



**MUHAMMAD AWAIS QARNI CHAUDHRY**  
(Director)

Lahore: October 15, 2024



## INDEPENDENT AUDITOR'S REVIEW REPORT

### To the members of HIRA TEXTILE MILLS LIMITED

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

We were engaged to 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 **HIRA TEXTILE MILLS LIMITED** 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required to ensure 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for the following, 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.

Further, we highlight below instances of non-compliances with the requirements of the Code of Corporate Governance as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Statement of Compliance para ref.	Regulation para ref.	Explanation for non-compliance
Paragraph 9	Regulation 19,	The company has not arranged training programs for its directors during the year.
Paragraph 10	Regulation 20	The Board has not appointed Head of Internal Audit of the Company.
Paragraph 15	Regulation 31,	the Board has not established Internal Audit function in the Company.
Paragraph 20	Regulation 24,	The offices of chief financial officer and company secretary are held by same person. Same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company.



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The Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, for the year ended June 30, 2022 was NOT reviewed by the predecessor firm of Chartered Accountants.

*[Handwritten signature]*



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H.A.M.D & Co.  
Chartered Accountants

Place: Lahore  
UDIN:



## INDEPENDENT AUDITOR'S REPORT

### To the members of HIRA TEXTILE MILLS LIMITED

### Report on the Audit of the Financial Statements

#### Disclaimer of Opinion

We were engaged to audit the annexed financial statements of **HIRA TEXTILE MILLS LIMITED** [the Company], which comprise the statement of financial position as at **30 June 2023**, 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.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the 'Basis for Disclaimer of Opinion' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for Disclaimer of Opinion

- 1) As reported in note 2.2, the Company has incurred gross loss of Rs. 154.876 (2022: Rs. 557.55) million and loss after taxation of Rs. 366.245 (2022: Rs. 583.94) million during the year ended 30 June 2023. As at 30 June 2023, the Company has accumulated losses of Rs. 2,859.562 (2022: Rs. 2,518.46) million. Its current liabilities exceed current assets by Rs. 1,344.768 (2022: Rs. 991.1) million. The Company has not been able to make timely repayments of its debt finances and interest thereon. The providers of debt finances have filed recovery suits against the Company for Rs. 277.45 (2022: Rs. 2,077.45) million. All short-term borrowing facilities availed by the Company stand expired. These factors indicate existence of material uncertainty that raises doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in the normal course of business. While the Company has prepared and presented the annexed financial statements on going concern basis based on the factors explained in note 2.2, we consider that in the absence of any favorable settlement with the providers of debt finances, ability to obtain further financing and revival of its operations, the Company may not be able to settle its liabilities and realize its assets in the normal course of business. Consequently, the use of going concern assumption in the preparation of annexed financial statements is not appropriate and adjustments may be required to the amounts reported in the financial statements. The financial statements do not disclose this fact.
- 2) As referred to in note 11 to the annexed financial statements, the Company was unable to make timely repayments of long-term finances and interest thereon. As a result, the Company breached provisions of long-term financing agreements with Askari Bank Limited (see note 11.1), MCB Bank Limited (see note 11.2 & 17.1), National Bank of Pakistan (see note 11.3 & 11.8), Habib Bank Limited (see note 11.5), The Bank of Punjab (see note 11.6 & 11.7), Bank Alfalah Limited (see note 11.9 & 11.10), Faysal Bank Limited (see note 11.4, 11.11 & 11.12) and SAMBABank Limited (see note 17.2) whereby the entire liability under these agreements has become payable on demand. International Accounting Standard 1 'Presentation of Financial Statements' requires that if an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current. However, the Company continues to classify these finances as non-current liabilities. Had there been classified as current liabilities, the total current liabilities of the Company as at the reporting date would have been higher by Rs. 1,586.268 (2022: Rs. 764.93) million.



- 3) We have not received responses to our requests for direct confirmations from bankers of the Company for debt finances amounting to Rs. 2,003.66 (2022: Rs. 2,003.66) million, accrued interest thereon amounting to Rs. 624.59 (2022: Rs. 201.36) million and bank guarantees amounting to Rs. 29.54 (2022: Rs. 29.54) million. We were unable to satisfy ourselves by alternative means concerning these liabilities and contingencies as at the reporting date. Accordingly, we were unable to determine whether any adjustments or disclosures might have been found necessary in respect of recorded or unrecorded debt finances and accrued interest thereon or disclosed or undisclosed contingencies and the elements making up the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 4) We have not received responses to our requests for direct balance confirmations to trade creditors amounting to Rs. 180.765 (2022: Rs. 198.38) million reported in 16, advances from customers amounting to Rs. 15.91 (2022: Rs. 37.48) million reported in note 16. We were unable to satisfy ourselves by alternative means concerning these balances. Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of trade creditors, advances from customers and advances to suppliers and the elements making up the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 5) Accrued liabilities has been reported in note 16 at Rs. 51.64 (2022: Rs. 40.451) million. We were unable to satisfy ourselves concerning accrued liabilities due to non-availability of underlying records and information and accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded liabilities and the elements making up the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 6) Gas Infrastructure Development Cess ['GIDC'] payable has been reported in note 16 at Rs.73.9 (2022: Rs. 73.9) million. We were unable to satisfy ourselves concerning GIDC payable due to non availability of underlying records and information and accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded liabilities pertaining to GIDC and the elements making up the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 7) The Company has reported Rs. 1.699 (2022: Rs. 1.699) million as payable to employees' provident fund trust in note 16. No information pertaining to these transactions and balances were made available to us for the purpose of audit. Audited financial statements of provident fund trust were also not available. We were unable to satisfy ourselves concerning the Company's and employees' contribution and payments to the provident fund and related liability and expenses recognized in the statement of financial position and statement of profit or loss respectively and thus we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded liabilities pertaining to the provident fund scheme and the elements making up the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 8) The Company management did not arrange for us to carry out physical verification of property, plant and equipment at mill premises at year end. Accordingly, we were unable to determine whether any adjustments might have been found necessary to the carrying amount of property, plant and equipment and the elements making up the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.



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- 9) The Company has not disclosed financial information about its investment in Hira Terry Mills Limited, an associate, as required by paragraph 21(c) of International Financial Report Standard 12 – Disclosure of Interests in Other Entities.
- 10) Interest rebate receivable has been reported in note 27 at Rs. 18.99 (2022: Rs. 28.99) million. We were unable to satisfy ourselves concerning Interest rebate receivable due to non-availability of underlying records and information and accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded Interest rebate receivable and the elements making up the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 11) The Company has recognized salaries, wages and benefits amounting to Rs. 25.074 (2022: Rs. 116.86) million and Rs. 4.663 (2022: Rs. 15.88) million in profit or loss reported in note 31 and note 33 respectively. We were unable to satisfy ourselves concerning these transactions due to nonavailability of underlying records and information and accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded salaries, wages and benefits and the elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 12) We were unable to satisfy ourselves concerning power and fuel expense reported in note 31 at Rs. 36.347 (2022: Rs. 154.2) million due to non-availability of underlying record and information necessary for the purpose of our audit. Accordingly, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded power and fuel expense the elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows.
- 13) The management did not arrange for us to observe and document cut-off data at the end of the reporting period. we were unable to determine whether transactions have been recorded in the correct accounting period and whether any adjustments might have been found necessary in respect of recorded or unrecorded transactions in profit or loss and the elements making up the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows.

#### **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.



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### Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the 'Basis for Disclaimer of Opinion' section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

### Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that we are unable to express an opinion as to whether:

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

### Other Matters

The financial statements for the year ended June 30, 2022 were audited by another firm of Chartered Accountants, who vide their audit report dated November 25, 2022 have expressed Disclaimer of Opinion respectively.

The engagement partner on the audit resulting in this independent auditor's report is **WASEEM ASHFAQ**.

H.A.M.D & CO.  
Chartered Accountants

Lahore:  
UDIN:



## STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2023

	Note	Audited 30-Jun-23 Rupees	Audited 30-Jun-22 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<i>Authorized share capital</i>	6	<b>870,000,000</b>	870,000,000
Issued share capital	7	<b>865,779,200</b>	865,779,200
Share premium	8	<b>82,500,000</b>	82,500,000
Revaluation reserve	9	<b>1,133,626,295</b>	1,158,769,554
Accumulated losses		<b>(2,859,562,232)</b>	(2,518,460,411)
Loan from sponsors	10	<b>481,500,000</b>	481,500,000
<b>TOTAL EQUITY</b>		<b>(296,156,737)</b>	70,088,343
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	11	<b>1,586,268,141</b>	1,583,041,055
Lease liabilities	12	<b>2,387,302</b>	3,054,544
Employees retirement benefits	13	-	-
Deferred interest	14	-	175,751,943
Deferred taxation	15	<b>369,846,477</b>	357,810,779
		<b>1,958,501,920</b>	2,119,658,321
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	<b>410,722,045</b>	455,090,627
Unclaimed dividend		<b>2,757,216</b>	2,757,216
Short term borrowings	17	<b>334,970,742</b>	334,970,742
Accrued interest/profit	18	<b>624,595,200</b>	201,952,331
Current portion of non-current liabilities	19	<b>66,308,883</b>	66,308,883
		<b>1,439,354,086</b>	1,061,079,799
<b>TOTAL LIABILITIES</b>		<b>3,397,856,006</b>	3,180,738,120
<b>CONTINGENCIES AND COMMITMENTS</b>	20		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,101,699,269</b>	3,250,826,463

The annexed notes from 1 to 58 form an integral part of these financial statements.

  
Director

  
Chief Financial Officer

  
Chief Executive

## STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2023

	Note	Audited 30-Jun-23 Rupees	Audited 30-Jun-22 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	21	2,905,738,616	3,036,411,814
Right-of-use assets	22	51,765,379	54,962,279
Investment in associate	23	-	-
Long term deposits	24	49,609,093	49,609,093
		<b>3,007,113,088</b>	<b>3,140,983,186</b>
<b>CURRENT ASSETS</b>			
Stores and spares		202,011	4,178,856
Stock in trade	25	-	-
Trade receivables	26	-	1,484,013
Advances and other receivables	27	65,884,433	80,463,104
Advance income tax/income tax refundable	28	22,596,744	22,842,494
Cash and bank balances	29	5,902,993	874,810
		<b>94,586,181</b>	<b>109,843,277</b>
<b>TOTAL ASSETS</b>		<b>3,101,699,269</b>	<b>3,250,826,463</b>

*The annexed notes from 1 to 58 form an integral part of these financial statements.*



Director



Chief Financial Officer



Chief Executive

## STATEMENT OF PROFIT OR LOSS

### FOR THE YEAR ENDED 30 JUNE 2023

	Note	Audited 30-Jun-23 Rupees	Audited 30-Jun-22 Rupees
<b>Revenue from contracts with customers - net</b>	30	42,200,000	319,751,481
Cost of sales	31	(197,076,016)	(877,301,080)
<b>Gross loss</b>		<b>(154,876,016)</b>	<b>(557,549,599)</b>
Selling and distribution expenses	32	-	(50,000)
Administrative expenses	33	(10,408,946)	(27,945,518)
Other expenses	34	-	(105,938)
		<b>(10,408,946)</b>	<b>(28,101,456)</b>
Impairment allowance for expected credit losses	45.1.6	-	(1,617,307)
		<b>(165,284,962)</b>	<b>(587,268,362)</b>
Other income	35	64,116,874	60,628,193
<b>Operating profit</b>		<b>(101,168,088)</b>	<b>(526,640,169)</b>
Finance cost	36	(117,732,172)	(115,530,581)
Notional interest	11.7.1	(134,781,622)	137,113,439
		<b>(252,513,794)</b>	<b>21,582,858</b>
<b>Loss before taxation</b>		<b>(353,681,882)</b>	<b>(505,057,311)</b>
Provision for taxation	37	(12,563,198)	(78,886,955)
<b>Loss after taxation</b>		<b>(366,245,080)</b>	<b>(583,944,266)</b>
<b>Loss per share - basic and diluted</b>	38	<b>(4.23)</b>	<b>(6.74)</b>

The annexed notes from 1 to 58 form an integral part of these financial statements.



Director



Chief Financial Officer



Chief Executive

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	<i>Note</i>	<b>Audited 30-Jun-23 Rupees</b>	<b>Audited 30-Jun-22 Rupees</b>
<b>Items that may be reclassified subsequently to profit or loss</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of defined benefit obligation	13.4	-	-
Related taxation attributable to:			
- origination and reversal of temporary differences	15.1	-	-
- changes in tax rates		-	-
Revaluation surplus recognized during the year	9	-	-
Related taxation attributable to:			
- origination and reversal of temporary differences	9	-	-
- changes in tax rates	9	-	26,193,084
		-	26,193,084
Share of other comprehensive loss of associate - <i>unrealized</i>		-	-
<b>Other comprehensive income</b>		-	26,193,084
<b>Loss after taxation</b>		<b>(366,245,080)</b>	<b>(583,944,266)</b>
<b>Total comprehensive (loss)/income</b>		<b>(366,245,080)</b>	<b>(557,751,182)</b>

*The annexed notes from 1 to 58 form an integral part of these financial statements.*



Director



Chief Financial Officer



Chief Executive

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 30 JUNE 2023

	Issued share capital	Share premium	Revaluation reserve	Accumulated losses	Loan from sponsors	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at 01 July 2021</b>	865,779,200	82,500,000	1,159,043,059	(1,960,982,734)	481,500,000	627,839,525
<b>Comprehensive income</b>						
Loss after taxation	-	-	-	(583,944,266)	-	(583,944,266)
Other comprehensive (loss)/income	-	-	26,193,084	-	-	26,193,084
<b>Total comprehensive (loss)/income</b>	-	-	26,193,084	(583,944,266)	-	(557,751,182)
<b>Other transactions</b>						
Incremental depreciation	-	-	(26,466,589)	26,466,589	-	-
<b>Transaction with owners</b>	-	-	-	-	-	-
<b>Balance as at 30 June 2022</b>	865,779,200	82,500,000	1,158,769,554	(2,518,460,411)	481,500,000	70,088,343
<b>Balance as at 01 July 2022</b>	865,779,200	82,500,000	1,158,769,554	(2,518,460,411)	481,500,000	70,088,343
<b>Comprehensive income</b>						
Loss after taxation	-	-	-	(366,245,080)	-	(366,245,080)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income/(loss)</b>	-	-	-	(366,245,080)	-	(366,245,080)
<b>Other transactions</b>						
Incremental depreciation	-	-	(25,143,259)	25,143,259	-	-
<b>Transaction with owners</b>	-	-	-	-	-	-
<b>Balance as at 30 June 2023</b>	865,779,200	82,500,000	1,133,626,295	(2,859,562,232)	481,500,000	(296,156,737)

The annexed notes from 1 to 58 form an integral part of these financial statements.



Director



Chief Financial Officer



Chief Executive

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2023

	<i>Note</i>	<b>Audited 30-Jun-23 Rupees</b>	<b>Audited 30-Jun-22 Rupees</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	39	5,097,175	18,948,508
Payments for:			
Employees retirement benefits		-	(28,710,151)
Interest on borrowings		-	(1,802,939)
Income tax		(281,750)	(907,115)
<b>Net cash (used in)/generated from operating activities</b>		<b>4,815,425</b>	<b>(12,471,697)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-	(1,859,780)
Proceeds from disposal of property, plant and equipment		880,000	18,000,000
<b>Net cash generated from/(used in) investing activities</b>		<b>880,000</b>	<b>16,140,220</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of long term finances		(0)	(9,421,667)
Payment of lease liabilities		(667,242)	(1,212,572)
<b>Net cash used in financing activities</b>		<b>(667,242)</b>	<b>(10,634,239)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>5,028,183</b>	<b>(6,965,716)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>874,810</b>	<b>7,840,526</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	40	<b>5,902,993</b>	<b>874,810</b>

*The annexed notes from 1 to 58 form an integral part of these financial statements.*



Director



Chief Financial Officer



Chief Executive

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2023

### 1 LEGAL STATUS AND OPERATIONS

Hira Textile Mills Limited ['the Company'] was incorporated in Pakistan as a Public Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn. The registered office and manufacturing facility of the Company is situated at 8 KM, Manga Raiwind Road, District Kasur in the Province of Punjab.

#### 1.1 Placement on defaulters segment

The Company has been placed on defaulters segment by Pakistan Stock Exchange Limited.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

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

#### 2.2 Appropriateness of the going concern assumption

The Company has been incurring losses for the past few years. During the year ended 30 June 2023, the Company has incurred gross loss of Rs. 154.876 million and loss after taxation of Rs. 366.245 million. As at 30 June 2023, the Company has accumulated losses of Rs. 2,859.562 million as at the reporting date and its current liabilities exceed its current assets by Rs. 1,344.768 million. The Company has failed to make timely repayments of its debt finances and interest thereon due to which lenders have filed recovery suits against the Company. All short / long term borrowing facilities availed by the Company stand expired. These factors raise doubts about the Company's ability to continue as a going concern and that the Company may not be able to discharge its liabilities and realize its assets in normal course of business. However, these financial statements have been prepared on going concern basis based on the following:

- a) The management of the company has entered into negotiation with the providers of debt finances for restructuring of long term and short term debt including accrued interest thereon. The management successfully negotiated restructuring of short term debt and long term finances, including accrued interest thereon with National Bank of Pakistan, whereby liabilities amounting to Rs. 646.788 million were converted into long term finance facilities (see note 11.3) with a grace period upto September 2023 and accrued interest thereon was deferred (see note 14) with repayments commencing from September 2030.

Further during the year, the management successfully negotiated restructuring of short term debt, including accrued interest thereon with Bank Alfalah Limited, whereby liabilities amounting to Rs. 242.695 million were converted into long term finance facilities (see note 11.9 & 11.10) and accrued interest thereon was deferred (see note 14) with repayments commencing from September 2024.

- b) The management is vigorously contesting the recovery suits filed by providers of debt finances. Further, the Company has filed countersuits claiming an aggregate recovery of 1,058.974 million (see note 20.1).
- c) The Company has continued financial support of its sponsors. Upto 30 June 2023, the sponsors of the Company has provided financial support amounting to Rs. 528.758 million.

The management believes that in view of the afore mentioned, the Company will be able to continue as a going concern.

## 2.3 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Amortized cost
Land, building and plant and machinery	Revalued amount
Employee retirement benefits	Present value

## 2.4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

### 2.4.1 Critical accounting judgements

Judgments made by management in the application of accounting and reporting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

#### (a) Business model assessment (see note 44.1)

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company determines the business model at a level that reflects how financial assets are managed to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortized cost or fair value that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

#### (b) Significant increase in credit risk (see note 45.1)

As explained in note 45.1, expected credit losses ['ECL'] are measured, based on the Company's risk grading framework, as an allowance equal to 12-month/lifetime ECL for 'performing' assets, or lifetime ECL for assets categorized as 'doubtful' or 'in default'. An asset is categorized as 'doubtful' when its credit risk has increased significantly since initial recognition. IFRS9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

### 2.4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

#### (a) Calculation of impairment allowance for expected credit losses on financial assets (see note 45.1.3)

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. Estimating expected credit losses and changes there in requires taking into account qualitative and quantitative forward looking information. When measuring expected credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical

data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. If the ECL rates on financial assets carried at amortized cost were higher (lower) by 10%, the loss allowance on those assets would have been higher (lower) by Rs.0.000 million(30-Jun-22: Rs. 000.000 million). Further information on the Company's credit risk management practices and credit quality and impairment of financial assets is referred to in note 45.1.3.

**(b) Present value of defined benefit obligation (see note 13)**

The determination of the Company's defined benefit obligation depends on certain assumptions, which include selection of the discount rate, average rate of increase in salaries and mortality rates. The discount rate is set by reference to market yields at the end of the reporting period on government bonds as there is no deep market for high quality corporate bonds in Pakistan. Average rate of increase in salary are based on market expectations, inflation and historical trends. Mortality rates are based upon SLIC(2001-05) mortality table. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's financial statements within the next year.

Present value of the Company's defined benefit obligation has been determined by an independent actuary, Najeeb Consultants (Private) Limited, and is stated in the statement of financial position at Rs. NIL (30-Jun-22: Rs. million). Further information on the carrying amounts of the Company's defined benefit obligation and the sensitivity of those amounts to changes in assumptions is referred to in note 13.

**(c) Taxation provisions (see note 37)**

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provisions for current tax and tax contingencies. The provision for current tax is estimated at Rs. 0.000 million(30-Jun-22: Rs.0.000 million). The management believes that the provision for current tax made in the financial statements is sufficient to discharge related tax liability.

Provision (30-Jun-23: Credit) for deferred tax of Rs. 0.000 million(30-Jun-22: Rs. 00.000 million) has been estimated after taking into account historical and future turnover and profit trends and their taxability under the current tax law.

Further information on the taxation provisions is referred to in note 37.

**(b) Deferred tax assets on unused tax losses and credits (see note 15.3)**

Deferred tax assets are recognized for unused tax losses and credits to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

If the Company was able to recognize all unrecognized deferred tax assets, deferred tax assets and equity as at the reporting date would have increased by Rs. 669.605 million (30-Jun-22: Rs. 606.512 million)

**2.5 Functional currency**

These financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these financial statements have been rounded to the nearest Rupees unless specified otherwise.

**2.6 Date of authorization for issue**

These financial statements were authorized for issue on October 29, 2024 by the Board of Directors of the Company.

**3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.**

The following amendments to accounting standards are effective for the year ended June 30, 2023. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework

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  
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)

#### 4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

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

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	01 January 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	01 January 2023
Amendments to IAS 12 'Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	01 January 2023
Amendments to IAS 12 'Income taxes' - International Tax Reform — Pillar Two Model	01 January 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	01 January 2024
Amendments to IFRS 16 'Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	01 January 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial Instruments Disclosures' - Supplier Finance Arrangements	01 January 2024
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investment in Associates and Joint Venture' - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Other than the aforesaid amendments in standards, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 17 - Insurance contracts

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will not have a material impact on the Company's financial statements other than in presentation/disclosures.

#### 5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

##### 5.1 Property, plant and equipment

Property, plant and equipment assets held for use in the production or supply of goods or services or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses, except for freehold land, which is not depreciated. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land, buildings and plant and machinery is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously

expensed. A decrease in carrying amount arising on the revaluation of such land, buildings and plant and machinery recognized as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

All other items or property, plant and equipment (electric installation, generator, power house, factory equipment, office equipment, telephone installation, tarpaulin, computers, furniture and fixtures and vehicles) are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes the cost of material, labour and appropriate overheads directly relating to the construction, erection and installation of the asset and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, determined on the same basis as other assets of the same class, commences when the assets are ready for their intended use.

Depreciation is recognized in profit or loss, using rates specified in note 21, so as to write off the cost or revalued amounts of assets (other than freehold land and assets under construction) over their useful lives, using the reducing balance method, with the exception of right-of-use assets, for which the lease does not transfer ownership of the underlying asset to the Company at the end of lease term, which are depreciated over the shorter of lease term and useful lives of the underlying assets, using straight line method.

Depreciation on an item of property, plant and equipment commences from the month in which the item is ready for intended use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Incremental depreciation being the difference between depreciation based on the revalued amounts recognized in profit or loss and depreciation based on the historical cost, net of tax, is reclassified from the revaluation reserve to retained earnings. On the subsequent disposal or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. The gain or loss arising on the disposal or retirement of such items is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

## 5.2 Leases as 'lessee'

The Company assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for the short-term leases and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

A right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent to initial recognition, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized using straight-line method over the shorter of lease term and useful life of the right-of-use asset, unless the lease transfers ownership of the underlying asset to the Company by the end of lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those of operating fixed assets. In addition, the right-of-use asset is adjusted for certain remeasurements of the related lease liability.

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in measurement of lease liability comprise:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Subsequent to initial recognition, lease liability is measured at amortized cost using effective interest method whereby the carrying amount of lease liability is increased to reflect the interest thereon and decreased to reflect lease payments made. Interest is recognized in profit or loss.

Lease liability is remeasured whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate, unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the related right-of-use asset, except where the carrying amount of right-of-use asset is reduced to zero. In that case, any adjustment exceeding the carrying amount of the right-of use asset is recognized in profit or loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

### 5.3 Investment in associates

Investments in associates are accounted for using the equity method of accounting. Under the equity method, an investment in an associate is recognized initially in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate, dividends received and impairment losses, if any. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

### 5.4 Stores and spares

These are generally held for internal use and are valued at cost. Cost is determined on the basis of weighted average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held exclusively for capitalization are classified as property, plant and equipment.

### 5.5 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

<b>Category</b>	<b>Basis of determination of cost</b>
Raw material	Moving average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

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

## 5.6 Employee benefits

### 5.6.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in statement of profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the accounting and reporting standards as applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

### 5.6.2 Post-employment benefits

The Company operates an unfunded gratuity scheme for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to statement of profit or loss with the exception of remeasurements which are recognized in statement of comprehensive income. The amount recognized on statement of financial position represents the present value of defined benefit obligation. The details of the scheme are referred to in note 13 to the financial statements.

## 5.7 Financial instruments

### 5.7.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

### 5.7.2 Classification

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial liabilities are classified in accordance with the substance of contractual provisions. The Company determines the classification of its financial instruments at initial recognition as follows:

#### **(a) Financial assets at amortized cost**

These are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **(b) Financial assets at fair value through other comprehensive income ['fair value through OCI']**

These are:

- (i) financial assets held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- (ii) investments in equity instruments, that are not held for trading nor contingent consideration recognized by the Company as acquirer in a business combination, for which the Company makes an irrevocable election at initial recognition to present changes in fair value on subsequent measurement in other comprehensive income.

#### **(c) Financial assets at fair value through profit or loss**

These are financial assets which have not been classified as 'financial assets at amortized cost' or as 'financial assets at fair value through other comprehensive income', are mandatorily measured at fair value through profit or loss or for which the Company makes an irrevocable election at initial recognition to designate as 'financial asset at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

#### **(d) Financial liabilities at amortized cost**

These are financial liabilities which are not derivatives, financial guarantee contracts, commitments to provide loans at below-market interest rate, contingent consideration payable to an acquirer in a business combination or financial liabilities that arise when transfer of a financial asset does not qualify for derecognition.

#### **(e) Financial liabilities at fair value through profit or loss**

These are financial liabilities which have not been classified as 'financial liabilities at amortized cost' or for which the Company makes an irrevocable election at initial recognition to designate as 'financial liabilities at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

### 5.7.3 Measurement

The particular measurement methods adopted are disclosed in individual policy statements associated with each financial instrument.

### 5.7.4 Derecognition

A financial asset is derecognized when the Company's contractual rights to the cash flows from the financial assets expire or when the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the financial asset. A financial liability is derecognized when the Company's obligations specified in the contract expire or a discharged or cancelled.

### 5.7.5 Off-setting

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

### 5.7.6 Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

## 5.8 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

## 5.9 Loans and borrowings

**5.9.1** Loans and borrowings, except for loans from directors and sponsors specified in note 5.9.2, are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective mark-up basis.

**5.9.2** Interest free loans from directors and sponsors, for which there is no agreed schedule or tenor for repayment and which are repayable at the Company's discretion, are recognized as equity. These, both on initial recognition and subsequently, are measured at cost.

### 5.10 Leases as 'lessor'

The Company enters into lease agreements as a lessor with respect to its investment property. The Company also leases out its machinery.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Company regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9 - Financial Instruments, recognizing an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortized cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Company applies IFRS15 – Revenue from Contracts with Customers to allocate the consideration under the contract to each component.

#### 5.11 Ijarah transactions

Ijarah payments under an Ijarah are recognized as an expense in the statements of profit or loss on a straight-line basis over the Ijarah terms unless another systematic basis are representative of the time pattern of the user's benefit, even if the payments are not on that basis.

#### 5.12 Trade and other payables

##### 5.12.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in statement of profit or loss.

##### 5.12.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

#### 5.13 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

#### 5.14 Trade and other receivables

##### 5.14.1 Financial assets

These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at fair value at the date of transaction, plus attributable transaction costs, except for trade receivables that do not have a significant financing component, which are measured at undiscounted invoice price. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

##### 5.14.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

#### 5.15 Contracts with Customers

##### 5.15.1 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue from a contract with customer when the Company satisfies an obligation specified in that contract. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Yarn, Raw cotton, Polyester, Waste	Performance obligations are satisfied when goods are dispatched to the customers. Invoices are generated at that point in time and are usually payable within a period ranging from 30 days to 120 days. There are no customer loyalty programs or warranty provisions. However, some contracts allow for return of goods if those do not meet the requirements or specifications provided in the contract.	Revenue is recognized at a point in time when the goods are dispatched to customers.

### 5.15.2 Contract assets

Contract assets represent work performed up to the reporting date which has not been invoiced to customers because the related performance obligations remain partially unsatisfied as at the reporting date.

### 5.15.3 Contract liabilities

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

### 5.16 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income ['OCI']. OCI comprises items of income and expense, including reclassification adjustments, that are not recognized in statement of profit or loss as required or permitted by accounting and reporting standards as applicable in Pakistan, and is presented in 'statement of comprehensive income'.

### 5.17 Borrowing costs

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 or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in statement of profit or loss as incurred.

### 5.18 Income tax

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

#### 5.18.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

#### 5.18.2 Deferred taxation

Deferred tax is accounted for using the 'balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 5.19 Earnings per share ['EPS']

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

## 5.20 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. Interest income on cash and cash equivalents is recognized using effective interest method.

## 5.21 Segment reporting

Segment reporting is based on the operating segments that are reported in the manner consistent with internal reporting 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 transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Company is a single operating segment based on internal reporting to the Chief Executive Officer of the Company.

## 5.22 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in statement of profit or loss.

## 5.23 Impairment

### 5.23.1 Financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset.

Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to twelve months' expected credit losses, with the exception of trade receivables, for which the Company recognizes lifetime expected credit losses estimated using internal credit risk grading based on the Company's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions, and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognized in profit or loss.

### 5.23.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

#### 5.24 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

#### 5.25 Fair value measurements

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its **non-performance risk**.

A number of the Company's accounting policies and disclosures require the measurement of fair values.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**6 AUTHORIZED SHARE CAPITAL**

30-Jun-23		30-Jun-22		30-Jun-23	30-Jun-22
No. of shares		No. of shares		Rupees	Rupees
<b>87,000,000</b>	87,000,000	Ordinary shares of Rs. 10 each		<b>870,000,000</b>	870,000,000
<b>87,000,000</b>	87,000,000			<b>870,000,000</b>	870,000,000

**7 ISSUED SHARE CAPITAL**

30-Jun-23		30-Jun-22		30-Jun-23	30-Jun-22
No. of shares		No. of shares		Rupees	Rupees
<b>Ordinary shares of Rs. 10 each</b>					
<b>48,000,000</b>	48,000,000	Issued for cash		<b>480,000,000</b>	480,000,000
<b>38,577,920</b>	38,577,920	Issued as fully paid bonus shares		<b>385,779,200</b>	385,779,200
<b>86,577,920</b>	86,577,920			<b>865,779,200</b>	865,779,200

**8 SHARE PREMIUM**

This represents premium on issue of ordinary shares recognized under Section 83(1) of the repealed Companies Ordinance, 1984 (now Section 81 of the Companies Act, 2017).

	30-Jun-23	30-Jun-22
	Rupees	Rupees

**9 REVALUATION RESERVE**

As at beginning of the year	<b>1,158,769,554</b>	1,159,043,059
Surplus recognized during the year		
Surplus for the year	-	-
Deferred taxation	-	-
	-	-
Incremental depreciation transferred to accumulated profits		
Incremental depreciation for the year	<b>(35,413,041)</b>	(37,276,886)
Deferred taxation	<b>10,269,782</b>	10,810,297
	<b>(25,143,259)</b>	(26,466,589)
Other adjustments		
Deferred tax adjustment attributable to changes in proportion of income taxation under final tax regime	-	26,193,084
<b>As at end of the year</b>	<b>1,133,626,295</b>	1,158,769,554

**10 LOAN FROM SPONSORS**

This represents loan obtained from sponsors. These are interest free and payable at the discretion of the Company subject to subordination arrangements with providers of debt finances. These loans are presented as equity as per "Technical Release 32 - Accounting for Directors' Loan" issued by The Institute of Chartered Accountants of Pakistan.

	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
<b>11 LONG TERM FINANCES</b>			
These represent secured long term finances utilized under interest arrangements from banking companies			
Term Finances ['TF']			
TF - I	11.1	<b>6,385,000</b>	6,385,000
TF - II	11.2	<b>316,088,000</b>	316,088,000
TF - III	11.3	-	-
TF - IV	11.4	-	-
TF - V	11.5	<b>40,000,000</b>	40,000,000
TF - VI	11.6	<b>229,453,080</b>	229,453,080
TF - VII	11.7	<b>13,729,706</b>	12,712,690
TF - VIII	11.8	<b>646,788,303</b>	646,788,303
TF - IX	11.9	<b>197,191,597</b>	197,191,597
TF - X	11.10	<b>29,835,956</b>	27,625,886
		<b>1,479,471,642</b>	1,476,244,556
Diminishing Musharaka ['DM']			
DM - I	11.11	<b>25,653,278</b>	25,653,278
DM - II	11.12	<b>146,703,000</b>	146,703,000
		<b>172,356,278</b>	172,356,278
		<b>1,651,827,920</b>	1,648,600,834
Current portion presented under current liabilities	19	<b>(65,559,779)</b>	(65,559,779)
		<b>1,586,268,141</b>	1,583,041,055

- 11.1** TF - I has been obtained from Askari Bank Limited to finance capital expenditure and is secured by charge over operating fixed assets of the "Company, subordination of loan from directors and personal guarantees of the Company's Directors. The finance carries interest at 5% per annum (30-Jun-22: 5% per annum) payable quarterly. The finance was originally repayable in twelve equal quarterly installments with the first installment due in February 2019. However, effective February 2020 the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in February 2021. The Company has defaulted in repayment of this finance and interest thereon and is under litigation. Amount of principal and interest thereon is overdue as at the reporting date.
- 11.2** TF - II has been obtained from MCB Bank Limited on conversion of short term borrowings and is secured by charge over operating fixed assets of the Company, "and" subordination of loan from directors and personal guarantees of the Company's Directors. The finance carries interest at 8% (30-Jun-22: 8%) per annum, payable quarterly. The finance is repayable in twenty equal quarterly installments with the first installment due in June 2020. The Company has defaulted in repayment of this finance and interest thereon and is under litigation. Amount of principal and interest thereon is overdue as at the reporting date.
- 11.3** TF - III was obtained from National Bank of Pakistan on conversion of short term borrowings and was secured by charge over operating fixed assets of the Company and personal guarantees of the Company's Directors and pledge of 25% shares of Hira Textile Mills Limited. The finance carried interest at rates ranging from 5% to 8% (30-Jun-22: 5% to 8%) per annum, payable quarterly. The finance was originally repayable in twenty equal quarterly installments with the first installment due in June 2020. However, during the year, entire outstanding principal liability amounting to Rs. 466.788 million and short term borrowings amounting to Rs. 180 million were converted into a demand finance facility (see note 11.8). As a result of this arrangement, the payment of accrued interest on TF - III is deferred whereby the interest payments are to be made in eight equal quarterly installments with first installment due in September 2030. (See note 14). The loan is currently under litigation

- 11.4** TF - IV was obtained from Faysal Bank Limited on conversion of short term borrowings and was secured by charge over operating fixed assets of the Company and personal guarantees of the Company's Directors. The finance carried interest at rates ranging from a fixed rate of 5.6% to three months KIBOR plus 1% (30-Jun-22: 5.6% to three months KIBOR plus 1%) per annum, payable quarterly. The finance was originally repayable in twenty equal quarterly installments with the first installment due in July 2020. During the previous year, entire outstanding liability amounting to Rs. 178.554 million was converted into diminishing musharakah facilities (see note 11.11 & 11.12). As a result of this arrangement, the payment of accrued interest on TF - IV is deferred whereby the interest payments are to be made in twenty three stepped up quarterly installments with first installment due in December 2020. (See note 14). The Company has defaulted in repayment of this finance and interest thereon is overdue as at the reporting date and is under litigation.
- 11.5** TF - V has been obtained from Habib Bank Limited on conversion of short term borrowings and is secured by charge over operating fixed assets of the Company and personal guarantees of the Company's Directors. The finance carries interest at one month KIBOR plus 1% per annum (30-Jun-22: one month KIBOR plus 1% per annum) payable monthly. The finance is repayable in forty equal monthly installments with the first installment due in April 2020. The Company, in previous years, has defaulted in repayment of this finance and interest thereon. Amount of principal and interest thereon is overdue as at the reporting date and is under litigation.
- 11.6** TF - VI has been obtained from The Bank of Punjab on conversion of short term borrowing, lease liability and restructuring of long term finance and is secured by charge over fixed and current assets of the company, existing ownership of leased assets and personal guarantees of Company's Directors. The finance carries interest at the lender's cost of funds, payable quarterly. The finance is repayable in twenty equal quarterly installments with the first installment due in December 2021. The Company has defaulted in repayment of this finance and interest thereon. Amount of principal and interest thereon is overdue as at the reporting date and is under litigation.
- 11.7** TF - VII represents accrued interest on short term borrowings and lease liability obtained from **The Bank of Punjab** frozen on the request of the management and converted into long term finance. The finance is secured by charge over current and fixed assets of the Company, existing ownership of leased assets and personal guarantee of the Company's Director. The finance carries **no interest**. The finance is repayable in four equal quarterly installments with the first installment due in December 2026. The finance has been carried at amortized cost which has been determined using a discount rate of 8%. The case is

	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
Face value of loan		<b>18,496,000</b>	18,496,000
Unamortized notional interest	<i>11.7.1</i>	<b>(4,766,294)</b>	(5,783,310)
<b>As at end of the year</b>		<b>13,729,706</b>	12,712,690

**11.7.1 Unamortized notional interest**

As at beginning of the year	<b>5,783,310</b>	6,724,990
Amortized during the year	<b>(1,017,016)</b>	(941,680)
<b>As at end of the year</b>	<b>4,766,294</b>	5,783,310

- 11.8** TF - VIII has been obtained from National Bank of Pakistan on restructuring of long term finance and conversion of short term borrowings and is secured by charge over operating fixed assets of the Company, and personal guarantees of the Company's Directors and pledge of 25% shares of Hira Textile Mills Limited. The finance carries interest at 7.9% per annum, whereby the interest payments are to be made in eight equal quarterly installments with the first installment due in September 2030 (see note 14). The finance is repayable in twenty eight equal quarterly installments with the first installment due in September 2023. The Company has defaulted in repayment of this finance and interest thereon. Amount of principal and interest thereon is overdue as at the reporting date and is under litigation.
- 11.9** TF - IX has been obtained from Bank Alfalah Limited on conversion of short term borrowings and is secured by charge over operating fixed assets, present and future current assets of the Company and personal guarantees of the Company's Directors. The finance carries interest at 6.06% per annum, whereby the interest payments are to be made in thirty six equal monthly installments with the first installment due in September 2024 (see note 14). The finance is repayable in seventy one step up monthly installments with the first installment due in October 2021. The Company has defaulted in repayment of this finance and interest thereon. Amount of principal and interest thereon is overdue as at the reporting date and is under litigation.

**11.10** TF - X represents accrued interest on short term borrowings obtained from **Bank Alfalah Limited** frozen on the request of the management and converted into long term finance. The finance is secured by charge over operating fixed assets, present and future current assets of the Company and personal guarantees of the Company's Directors. The finance carries **no interest**. The finance is repayable in twenty four equal monthly installments with the first installment due in September 2027. The finance has been carried at amortized cost which has been determined using a discount rate of 6.06%. The matter is under litigation.

	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
Face value of loan	18	<b>44,503,495</b>	44,503,495
Unamortized notional interest	11.10.1	<b>(14,667,539)</b>	(16,877,609)
<b>As at end of the year</b>		<b>29,835,956</b>	27,625,886

**11.10.1 Unamortized notional interest**

As at beginning of the year	<b>16,877,609</b>	-
Recognized during the year	-	18,593,753
Amortized during the year	<b>(2,210,070)</b>	(1,716,144)
<b>As at end of the year</b>	<b>14,667,539</b>	16,877,609

**11.11** DM - I has been obtained from Faysal Bank Limited on restructuring of long term finance and is secured by charge over operating fixed assets and current assets of the Company and personal guarantees of the Company's Directors. The finance carries interest at 5.6% (30-Jun-22: 5.6%) per annum, whereby the interest payments are to be made in fourteen equal quarterly installments with the first installment due in June 2026 (see note 14). The finance is repayable in eight equal quarterly installments with the first installment due in December 2020. The Company has defaulted in repayment of this finance and interest thereon. Amount of principal and interest thereon is overdue as at the reporting date and is under litigation.

**11.12** DM - II has been obtained from Faysal Bank Limited on restructuring of long term finance and is secured by charge over operating fixed assets and current assets of the Company, personal guarantees of the Company's Directors. The finance carries interest at 5.6% (30-Jun-22: 5.6%) per annum, whereby the interest payments are to be made in fourteen equal quarterly installments with the first installment due in June 2026 (see note 14). The finance is repayable in twenty eight equal quarterly installments with the first installment due in December 2022. The Company has defaulted in repayment of this finance and interest thereon. Amount of principal and interest thereon is overdue as at the reporting date and is under litigation.

**11.13** For mortgages and charges on assets as security for liabilities, refer to note 48 to the financial statements.

	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
<b>12 LEASE LIABILITIES</b>			
Present value of minimum lease payments	12.1 & 12.2	<b>3,136,406</b>	3,803,648
Current portion presented under current liabilities	12.1 & 12.2	<b>(749,104)</b>	(749,104)
		<b>2,387,302</b>	3,054,544

**12.1** These represent vehicles and machinery acquired under finance lease arrangements. The leases are priced at six months KIBOR plus 1.5% (30-Jun-22: ranging from six months KIBOR plus 1.5%) per annum. Lease rentals are payable monthly over a tenor ranging from 4 to 5 years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of their respective lease terms by adjusting the deposit amount against the residual value of the asset and intends to

**12.2** The amount of future payments under the finance lease arrangements and the period in which these payments will become due are as follows:

	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
Not later than one year		753,722	753,722
Later than one year but not later than five years		3,054,545	3,054,545
<b>Total future minimum lease payments</b>		<b>3,808,267</b>	3,808,267
Finance charge allocated to future periods		(671,861)	(4,619)
<b>Present value of future minimum lease payments</b>		<b>3,136,406</b>	3,803,648
Not later than one year	19	(749,104)	(749,104)
Later than one year but not later than five years		2,387,302	3,054,544

### 13 EMPLOYEES RETIREMENT BENEFITS

The Company operates an unfunded gratuity scheme, a defined benefit plan, for all its workers who have completed the minimum qualifying service period. Under the scheme, the Company pays a lump-sum benefit equal to last drawn monthly gross salary for each year of service to scheme members whereas the members of the scheme are not required to make any contributions to the scheme. The scheme is administered by the management of the Company under the supervision and directions of the Board of Directors of the Company. The amount recognized on statement of financial position represents present value of defined benefit obligation. The Company has paid all employee retirement benefits up to 30 June 2022.

	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
<b>13.1 Movement in present value of defined benefit obligation</b>			
As at beginning of the year		-	24,070,720
Charged to profit or loss for the year	13.2	-	4,639,431
Benefits paid during the year		-	(28,710,151)
Actuarial loss arising during the year		-	-
As at end of the year		-	-
<b>13.2 Charge to profit or loss</b>			
Current service cost		-	4,639,431
Interest cost		-	-
		-	4,639,431
<b>13.3 The charge to profit or loss has been allocated as follows</b>			
Cost of sales	31	-	4,639,431
		-	4,639,431
<b>13.4 Remeasurements recognized in statement of comprehensive income</b>			
Actuarial loss arising from changes in:			
Experience adjustments		-	-
		-	-
<b>13.5 Principal actuarial assumptions</b>			
Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at 30 June 2022 was based on actuarial valuation carried out by independent actuaries. The principal assumptions used in determining present value of defined benefit obligation are:			
		<b>30-Jun-23</b>	30-Jun-22
Discount rate		-	0.00%
Expected rates of increase in salary		-	0.00%

#### 14 DEFERRED INTEREST

This represents interest on long term finances accrued but not payable within twelve months from the reporting date. See note TF - III, TF - IV, TF - VIII, TF - IX, DM - I and DM - II.

	Note	30-Jun-23	30-Jun-22
		Rupees	Rupees
As at beginning of the year		175,751,943	54,396,317
Amortization of Notional Interest		131,554,536	-
Transferred from accrued interest	18	-	258,410,162
Transferred to accrued interest	18	(307,306,479)	(5,500,000)
		-	307,306,479
Unamortized notional interest	14.1	-	(131,554,536)
As at end of the year		-	175,751,943

The company has defaulted in repayment of the underlying loans. Therefore principal and interest are not repayable on demand. In absence of repayment period, interest will continue to accrue perpetually and there is no certain repayment amount and pattern for accrued interest. Therefore discounting can not be taken.

	Note	30-Jun-23	30-Jun-22
		Rupees	Rupees

##### 14.1 Unamortized notional interest

As at beginning of the year		131,554,536	10,377,026
Recognized during the year		-	123,573,194
Amortization for the year		(131,554,536)	(2,395,684)
As at end of the year		-	131,554,536

#### 15 DEFERRED TAXATION

Deferred tax liability on taxable temporary differences	15.1	538,661,311	499,377,051
Deferred tax asset on deductible temporary differences	15.1	(168,814,834)	(141,566,272)
		369,846,477	357,810,779

##### 15.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	30-June-23			
	As at 01-Jul-22 Rupees	Recognized in profit or loss Rupees	Recognized in OCI Rupees	As at 30-Jun-23 Rupees
<b>Deferred tax liabilities</b>				
Operating fixed assets	486,433,010	38,125,899	-	524,558,909
Right-of-used assets	12,944,041	1,158,361	-	14,102,402
Long term investment	-	-	-	-
	499,377,051	39,284,260	-	538,661,311
<b>Deferred tax assets</b>				
Employees retirement benefits	-	-	-	-
Impairment allowance for expected credit losses	(415,989)	415,989	-	-
Unused tax losses and credits	(141,150,283)	(27,664,551)	-	(168,814,834)
	(141,566,272)	(27,248,562)	-	(168,814,834)
Note 37	357,810,779	12,035,698	-	369,846,477

	30-Jun-22			
	As at 01-Jul-21 <i>Rupees</i>	Recognized in profit or loss <i>Rupees</i>	Recognized in OCI <i>Rupees</i>	As at 30-Jun-22 <i>Rupees</i>
<b>Deferred tax liabilities</b>				
Operating fixed assets	386,351,653	126,274,441	(26,193,084)	486,433,010
Right-of-used assets	10,392,737	2,551,304	-	12,944,041
Long term investment	-	-	-	-
	396,744,390	128,825,745	(26,193,084)	499,377,051
<b>Deferred tax assets</b>				
Employees retirement benefits	(4,682,086)	4,682,086	-	-
Impairment allowance for expected credit losses	(5,214)	(410,775)	-	(415,989)
Unused tax losses and credits	(83,087,893)	(58,062,390)	-	(141,150,283)
	(87,775,193)	(53,791,079)	-	(141,566,272)
	308,969,197	75,034,666	(26,193,084)	357,810,779

**15.2** Deferred tax arising from timing differences pertaining to income from business is provided for only that portion of timing differences that represent income taxable under normal provisions of the Income Tax Ordinance, 2001 [‘the Ordinance’] as revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 29% (30-Jun-22: 29%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

### 15.3 Unrecognized deferred tax assets

**15.3.1** Deferred tax asset on long term investment amounting to Rs. million (30-Jun-22: Rs. 22.275 million) has not been recognized as sufficient taxable profits are not expected to be available in future against which these could be utilized.

**15.3.2** The Company has Rs. 3,247.749 million (30-Jun-22: Rs. 2,578.144 million) of tax losses and credits carried forward as at the reporting date and available to the Company for utilization against future taxable profits. Out of these, deferred tax asset has been recognized on tax losses and credits amounting to Rs. 115.86 million (30-Jun-22: Rs. 486.725 million).

Unused tax losses and credits for which no deferred tax asset has been recognized expire as follows:

Tax year	Nature	30-Jun-23 <i>Rupees</i>	30-Jun-22 <i>Rupees</i>
2022		-	-
2023	Tax losses	153,141,550	153,141,550
2024	Tax losses	1,166,028,867	1,166,028,867
2025	Tax losses	96,909,873	96,909,873
2026	Tax losses	108,143,118	108,143,118
2027	Tax losses	519,046,933	519,046,933
2028	Tax losses	59,370,530	-
2029	Tax losses	2,102,640,871	2,043,270,341
2022	Tax credits	-	-
2023	Tax credits	-	21,726,161
2024	Tax credits	21,950,609	21,950,609
2025	Tax credits	3,996,894	3,996,894
2026	Tax credits	527,500	-
		26,475,003	47,673,664
		2,129,115,874	2,090,944,005

	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
<b>16 TRADE AND OTHER PAYABLES</b>			
Trade creditors		<b>180,765,534</b>	198,383,257
Accrued liabilities		<b>51,645,980</b>	40,451,414
Advances from customers		<b>15,912,024</b>	37,481,353
Gas infrastructure development cess	16.1	<b>73,900,000</b>	73,900,000
Payable to Provident Fund Trust		<b>1,699,457</b>	1,699,457
Sales tax payable		-	2,843,554
Due to related party	16.2	<b>36,278,887</b>	36,226,428
Workers' Profit Participation Fund		<b>781,124</b>	781,124
Workers' Welfare Fund	16.4	<b>2,480,053</b>	2,480,053
Other payables	16.3	<b>47,258,987</b>	60,843,987
		<b>410,722,045</b>	455,090,627

**16.1** This represents cess levied, through the Gas Infrastructure Development Cess [GIDC] Act, 2011 later re-imposed by the Gas Infrastructure Development Cess Act, 2015, the recovery of which has been stayed by the High Court of Sindh. (see note 20.1.2 ).

**16.2** This represents advances obtained from a related party, against rent on assets leased out to the related party under operating lease arrangement.

**16.3** This represents current account with a sponsor of the Company and includes amounts reimbursable to the sponsor against expenses paid for on behalf of the Company.

	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
<b>16.4 Workers' Welfare Fund</b>			
As at beginning of the year		<b>2,480,053</b>	2,400,115
Charged to profit or loss for the year	34	-	79,938
As at end of the year		<b>2,480,053</b>	2,480,053

## 17 SHORT TERM BORROWINGS

These represent short term finances utilized under interest arrangements from banking companies.

Running finances - SAMBA	17.1	<b>214,970,742</b>	214,970,742
Term loans - NIB (MCB)	17.2	<b>120,000,000</b>	120,000,000
		<b>334,970,742</b>	334,970,742

**17.1** These facilities have been obtained from SAMBA Bank Limited for working capital requirements and are secured by charge over all present and future current assets of the Company and personal guarantees of sponsors. These carry interest at one month KIBOR plus 2.25% per annum (30-Jun-22: 8% per annum), payable monthly. Short term borrowings amounting to Rs.198.192 million were converted into long term finances during 2022 (see note 11.9). The Company has defaulted in repayment of this finance and interest thereon. Amount of principal and interest thereon is overdue as at the reporting date and is under litigation.

**17.2** These facilities have been obtained from NIB Bank Limited (now, MCB Bank Limited) for working capital requirements and are secured by charge over all present and future current, fixed assets of the Company. These carry interest at rates ranging from 5% to 15.13% (30-Jun-22: 5% to 15.13%) per annum, payable quarterly. Short term borrowings amounting to Rs. 180 million during 2022 (2021: Rs. 86.396 million) were converted into long term finances (See note 11.8). The Company has defaulted in repayment of this finance and interest thereon. Amount of principal and interest thereon is overdue as at the reporting date and is under litigation.

17.3 All short term borrowing facilities stand expired as at the reporting date.

	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
<b>18 ACCRUED INTEREST/PROFIT</b>			
As at beginning of the year		<b>201,952,331</b>	385,832,537
Expense for the year	36	<b>115,336,390</b>	115,336,390
Transferred from short term borrowings		-	-
Converted to long term finances	11.10	-	(44,503,495)
Transferred to deferred interest	14	-	(258,410,162)
Transferred from deferred interest	14	<b>307,306,479</b>	5,500,000
Paid during the year		-	(1,802,939)
<b>As at end of the year</b>		<b>624,595,200</b>	201,952,331

18.1 Accrued interest is overdue as at the reporting date.

	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
<b>19 CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Long term finances	11	<b>65,559,779</b>	65,559,779
Lease liabilities	12	<b>749,104</b>	749,104
		<b>66,308,883</b>	66,308,883

## 20 CONTINGENCIES AND COMMITMENTS

### 20.1 Contingencies

20.1.1 The Company received a demand order in respect of detection bill amounting to Rs. 6.7 million. The Company has filed an appeal before Oil and Gas Regulatory Authority against the said detection bill. The appeal has not been fixed for hearing so far.

20.1.2 The Company vide petition 1085/2021 filed before the High Court of Sindh challenged the recovery of GIDC installments. The High Court of Sindh vide its order dated 03 May 2021 has suspended the recovery of GIDC installments. No further date is fixed for hearing. Further, the Company vide petition 000/2021 dated 27 July 2021 filed before the High Court of Sindh challenged the levy of GIDC on the ground of the Government's failure to comply with the Supreme Court's judgment dated 13 August 2020 in relation to commencement of work on specified projects. Date of hearing is fixed for 01 October 2021.

20.1.3 MCB Bank Limited filed a suit against the Company and others for recovery of Rs. 491.038 million, before the High Court of Lahore vide COS No. 28331/2019. This suit is presently pending adjudication. This case is being vigorously and diligently contested by the Company. Further, the Company has filed a counter suit for recovery of Rs. 908.801 million before the High Court of Lahore vide COS No. 41369/2019.

20.1.4 This had been a Suit filed by Bank Alfalah Ltd. against the Company and others vide COS No. 35823/2019 for the recovery of Rs. 214.991 Million. This case has been decreed on 12.06.2023 and now execution of same vide Ex.A.#44248/2023 is pending adjudication. The Company management has also filed an appeal against decree dated 12.06.2023 vide RFA No. 57170/2023 before the Division Bench of Lahore High Court Lahore, which is pending adjudication. Any final outcome of this case will be subjected to the final decision of Appeal.

20.1.5 National Bank of Pakistan filed a suit against the Company and others for recovery of Rs. 823.027 million, before the High Court of Lahore vide COS No. 13653/2020. This suit is presently pending adjudication. This case is being vigorously and diligently contested by the Company.

- 20.1.6** This had been a Suit filed by National Bank of Pakistan against the Company and others for Recovery of Rs.14.724 Million, before the Banking Courts Lahore filed on 14.01.2021 and remained pending adjudication before Banking Court No.V Lahore. This suit was decreed by the Banking Court on 11.10.2022. Execution of same is pending before the Banking Court No.V Lahore. Company has filed an appeal against said decree vide RFA No.75380/2022 before the Division Bench of Lahore High Court Lahore, which is pending adjudication. Bank has also filed an appeal vide RFA No.73568/2022, which is also pending. Any final outcome of this case will be subjected to the final decision of Appeals.
- 20.1.7** Samba Bank Limited filed a suit against the Company and others for recovery of Rs. 246.381 million, before the High Court of Lahore vide COS No. 1770/2020. This suit is presently pending adjudication. This case is being vigorously and diligently contested by the Company. Further, the Company has filed a counter suit for recovery of Rs. 150.173 million before the High Court of Lahore vide COS No. 25832/2020.
- 20.1.8** Habib Bank Limited filed a suit against the Company and others for recovery of Rs. 42.346 million, before the Banking Courts, Lahore dated 22 February 2022. This suit is presently pending adjudication. This case is being vigorously and diligently contested by the Company.
- 20.1.9** The Bank of Punjab filed a suit against the Company and others for recovery of Rs. 244.943 million, before the High Court of Lahore vide COS No. 55735/2022 dated 23 June 2022. This suit is presently pending adjudication. This case is being vigorously and diligently contested by the Company.
- 20.1.10** Various banking companies have issued guarantees on behalf of the Company as detailed below:

	<b>30-Jun-23</b>	30-Jun-22
	<i>Rupees</i>	<i>Rupees</i>
Bank guarantees	<b>29,542,428</b>	29,542,428

**20.2 Commitments**

There are no commitments as at 30 June 2023.

## 21 PROPERTY, PLANT AND EQUIPMENT

	30-Jun-23										Net book value as at 30-June-23 Rupees	
	COST / REVALUED AMOUNT					DEPRECIATION						
	As at 01-Jul-22 Rupees	Additions Rupees	Revaluation Rupees	Disposals Rupees	As at 30-June-23 Rupees	Rate %	For the year Rupees	Revaluation Rupees	Adjustment Rupees	As at 30-June-23 Rupees		
Freehold land	649,825,000	-	-	-	649,825,000	-	-	-	-	-	-	649,825,000
Buildings	468,558,586	-	-	-	468,558,586	5	17,297,757	-	-	-	139,901,195	328,657,391
Plant and machinery	2,436,076,337	-	-	-	2,436,076,337	5	93,147,095	-	-	-	666,281,548	1,769,794,789
Electric installation	192,475,135	-	-	-	192,475,135	10	7,381,230	-	-	-	126,044,065	66,431,070
Generator	82,377,884	-	-	-	82,377,884	10	6,268,507	-	-	-	49,214,869	33,163,015
Power house	175,883,898	-	-	-	175,883,898	10	5,799,450	-	-	-	123,688,852	52,195,046
Factory equipment	2,690,288	-	-	-	2,690,288	10	74,550	-	-	-	2,019,337	670,951
Office equipment	2,003,615	-	-	-	2,003,615	10	70,569	-	-	-	1,368,497	635,118
Telephone installation	1,576,022	-	-	-	1,576,022	10	34,470	-	-	-	1,265,795	310,227
Tarpaulin	382,057	-	-	-	382,057	10	3,718	-	-	-	348,597	33,460
Computers	6,432,021	-	-	-	6,432,021	10	229,881	-	-	-	4,363,091	2,068,930
Furniture and fixtures	5,839,048	-	-	-	5,839,048	10	149,004	-	-	-	4,498,008	1,341,040
Vehicles	8,736,447	-	-	(846,600)	7,889,847	20	165,909	-	(795,542)	-	7,277,268	612,579
	4,032,856,338	-	-	(846,600)	4,032,009,738		130,622,140	-	(795,542)	-	1,126,271,122	2,905,738,616

	30-Jun-22										Net book value as at 30-Jun-22 Rupees	
	COST / REVALUED AMOUNT					DEPRECIATION						
	As at 01-Jul-21 Rupees	Additions Rupees	Revaluation Rupees	Disposals Rupees	As at 30-Jun-22 Rupees	Rate %	For the year Rupees	Revaluation Rupees	Adjustment Rupees	As at 30-Jun-22 Rupees		
Freehold land	649,825,000	-	-	-	649,825,000	-	-	-	-	-	-	649,825,000
Buildings	468,388,566	170,030	-	-	468,558,596	5	18,203,692	-	-	-	122,603,438	345,955,148
Plant and machinery	2,411,023,242	25,053,095	-	-	2,436,076,337	5	97,611,211	-	-	-	573,134,453	1,862,941,884
Electric installation	190,992,135	1,483,000	-	-	192,475,135	10	8,053,070	-	-	-	118,662,835	73,812,300
Generator	123,215,005	-	-	(40,837,121)	82,377,884	10	5,993,107	-	(24,865,378)	-	42,946,362	39,431,522
Power house	175,883,898	-	-	-	175,883,898	10	6,443,833	-	-	-	117,889,402	57,994,496
Factory equipment	2,690,288	-	-	-	2,690,288	10	82,833	-	-	-	1,944,787	745,501
Office equipment	2,003,615	-	-	-	2,003,615	10	78,410	-	-	-	1,297,928	705,687
Telephone installation	1,576,022	-	-	-	1,576,022	10	38,300	-	-	-	1,231,325	344,697
Tarpaulin	382,057	-	-	-	382,057	10	4,131	-	-	-	344,879	37,178
Computers	6,225,271	206,750	-	-	6,432,021	10	245,851	-	-	-	4,133,210	2,298,811
Furniture and fixtures	5,839,048	-	-	-	5,839,048	10	165,560	-	-	-	4,349,004	1,490,044
Vehicles	8,736,447	-	-	-	8,736,447	20	207,387	-	-	-	7,906,901	829,546
	4,046,780,584	26,912,875	-	(40,837,121)	4,032,856,338		137,127,385	-	(24,865,378)	-	996,444,524	3,036,411,814

21.1 Free hold land of the Company is located at Kasur with a total area of 152 Kanal and 18 Marla (30-Jun-22: 152 Kanal and 18 Marla).

21.2 Plant and machinery includes stores and spares capitalized during the year amounting to Rs.

21.3 Disposals during the year ended 30 June 2023 are as follows:

	30-Jun-23				Mode of disposal	Particulars of buyer
	Accumulated depreciation Rupees	Net book value Rupees	Disposal proceeds Rupees	Gain on disposal Rupees		
Vehicle Cultus LEA-10-4227	795,542	51,058	880,000	828,942	Negotiation	Muhammad Naeem, Lahore.
	795,542	51,058	880,000	828,942		

	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
<b>21.4</b>	The depreciation charge for the year has been allocated as follows:		
Cost of sales	31	<b>131,142,660</b>	134,384,837
Administrative expenses	33	<b>2,676,380</b>	2,742,548
		<b>133,819,040</b>	137,127,385

**21.5** Most recent valuation of land, buildings and plant and machinery was carried out by an independent valuer Messrs Diamond Surveyors Pakistan as at 30 June 2021. For basis of valuation and other fair value measurement disclosures, refer to note 47.

Had there been no revaluation, the cost, accumulated depreciation and net book value of revalued items would have been as

	<b>30-Jun-23</b>		
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>
	<i>Rupees</i>	<i>depreciation</i>	<i>book value</i>
		<i>Rupees</i>	<i>Rupees</i>
Freehold land	<b>20,113,708</b>	-	<b>20,113,708</b>
Buildings	<b>282,516,493</b>	<b>167,353,780</b>	<b>115,162,713</b>
Plant and machinery	<b>2,682,271,287</b>	<b>1,371,829,592</b>	<b>1,310,441,695</b>
		<b>30-Jun-22</b>	
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>
	<i>Rupees</i>	<i>depreciation</i>	<i>book value</i>
		<i>Rupees</i>	<i>Rupees</i>
Freehold land	20,113,708	-	20,113,708
Buildings	282,516,493	161,292,585	121,223,908
Plant and machinery	2,682,271,287	1,302,858,976	1,379,412,311

**21.6** As per most recent valuation, forced sale values of freehold land, buildings and plant and machinery are as follows:

	<i>Rupees</i>
Freehold land	552,351,250
Buildings	309,390,489
Plant and machinery	1,645,175,000
	<b>2,506,916,739</b>

**21.7** Operating fixed assets include certain assets leased out under operating lease arrangements to a related party. The net book values of these assets as at reporting date are as follows:

	<b>30-Jun-23</b>	30-Jun-22
	<i>Rupees</i>	<i>Rupees</i>
Freehold land	<b>27,522,000</b>	27,522,000
Buildings	<b>28,731,311</b>	30,243,485
Plant and machinery	<b>247,334,895</b>	260,352,521
	<b>303,588,205</b>	318,118,006

The portion of land and building leased out has not been classified as investment property' under IAS 40 - Investment Property, as the portion leased out cannot be sold separately and the remaining portion held for manufacturing and administrative purposes is not insignificant in relation to total area/value of land and buildings owned by the Company.

22 RIGHT-OF-USE ASSETS

	30-Jun-23						Net book value as at 30-Jun-23 Rupees			
	COST			DEPRECIATION						
	As at 01-Jul-22 Rupees	Additions Rupees	Disposals Rupees	As at 30-Jun-23 Rupees	Rate %	As at 01-Jul-22 Rupees		For the year Rupees	Adjustment Rupees	As at 30-Jun-23 Rupees
Plant and machinery	79,402,549	-	-	79,402,549	5	27,432,172	2,598,520	-	30,030,692	49,371,857
Vehicles	7,061,025	-	-	7,061,025	20	4,069,123	598,380	-	4,667,503	2,393,522
	<b>86,463,574</b>	<b>-</b>	<b>-</b>	<b>86,463,574</b>		<b>31,501,295</b>	<b>3,196,900</b>	<b>-</b>	<b>34,698,195</b>	<b>51,765,379</b>

	30-Jun-22						Net book value as at 30-Jun-22 Rupees			
	COST			DEPRECIATION						
	As at 01-Jul-21 Rupees	Additions Rupees	Disposals Rupees	As at 30-Jun-22 Rupees	Rate %	As at 01-Jul-21 Rupees		For the year Rupees	Adjustment Rupees	As at 30-Jun-22 Rupees
Plant and machinery	79,402,549	-	-	79,402,549	5	24,696,889	2,735,283	-	27,432,172	51,970,377
Vehicles	7,061,025	-	-	7,061,025	20	3,321,148	747,975	-	4,069,123	2,991,902
	<b>86,463,574</b>	<b>-</b>	<b>-</b>	<b>86,463,574</b>		<b>28,018,037</b>	<b>3,483,258</b>	<b>-</b>	<b>31,501,295</b>	<b>54,962,279</b>

	Note	30-Jun-23 Rupees	30-Jun-22 Rupees
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22.1 The depreciation charge for the year has been allocated as follows:

Cost of sales	31	3,132,962	3,413,593
Administrative expenses	33	63,938	69,665
		<b>3,196,900</b>	<b>3,483,258</b>

**23 INVESTMENT IN ASSOCIATE**

This represents investment in ordinary shares of Hira Terry Mills Limited ['HTML'] an associate. HTML is incorporated in Pakistan as a Public Limited Company under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at 44-E/1, Gulberg III, Lahore. The principal activity of the Company is manufacturing and sale of towels. The project is located at Manga Raiwind Road, Tehsil and District Kasur in the Province of Punjab.

The investment has been accounted for by using equity method. Particulars of investment are as follows:

	<b>30-Jun-23</b>	30-Jun-22
Percentage of ownership interest	<b>46.90%</b>	46.90%
	<b>30-Jun-23</b>	30-Jun-22
	<i>Rupees</i>	<i>Rupees</i>
Cost of investment		
18,450,000 (30-Jun-22: 18,450,000) fully paid ordinary shares of Rs. 10 each	<b>184,500,000</b>	184,500,000
Bonus Issue @ 20%	<b>36,900,920</b>	36,900,920
Share of post acquisition losses - <i>unrealized</i>	<b>(221,400,920)</b>	(221,400,920)
	-	-

- 23.1** The Company's share of losses of associate has exceeded its interest in the associate. Accordingly, recognition of share of further losses has been discontinued.

	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
<b>24 LONG TERM DEPOSITS</b>			
Utility companies and regulatory authorities	24.1	<b>43,794,253</b>	43,794,253
Financial institutions - Leasing		<b>5,814,840</b>	5,814,840
		<b>49,609,093</b>	49,609,093

- 24.1** These have been deposited with various utility companies and regulatory authorities. These are classified as 'financial assets at amortized cost' under IFRS 9 which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost.

	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
<b>25 STOCK IN TRADE</b>			
Raw material		-	-
Packing material		-	-
Work in process		-	-
Finished goods	25.1 & 25.2	-	-
		-	-

	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>

**26 TRADE RECEIVABLES**

Gross amount due		-	3,128,124
Impairment allowance for expected credit losses	26.1	-	(1,644,111)
		-	1,484,013

	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
<b>26.1 Impairment allowance for expected credit losses</b>			
As at beginning of the year		<b>1,644,111</b>	26,804
Recognized during the year	45.1.6	-	1,644,111
Reversed during the year	45.1.6	<b>(1,644,111)</b>	(26,804)
As at end of the year		-	1,644,111
<b>27 ADVANCES AND OTHER RECEIVABLES</b>			
Advances to suppliers		-	12,851,350
Advances to employees	27.1	-	966,497
Advance against sale of vehicle		-	-
Letters of credit		-	-
Sales tax refundable		<b>35,695,110</b>	35,695,110
Excise duty refundable		<b>1,953,431</b>	1,953,431
Interest Recievable	27.2	<b>18,996,716</b>	28,996,716
Sales Tax on Purchase		<b>9,239,176</b>	-
		-	-
		<b>65,884,433</b>	80,463,104
<b>27.1</b> These represent advances to employees against future salaries and post employment benefits in accordance with the Company policy.			
<b>27.2</b> The represents interest rebate receivable against reimbursement on account of 5% interest subsidy through notification by Ministry of Commerce and Textile.			
	<i>Note</i>	<b>30-Jun-23</b>	30-Jun-22
		<i>Rupees</i>	<i>Rupees</i>
<b>28 ADVANCE INCOME TAX/INCOME TAX REFUNDABLE</b>			
Advance income tax/income tax refundable		<b>23,124,244</b>	26,839,388
Provision for taxation	37	<b>(527,500)</b>	(3,996,894)
		<b>22,596,744</b>	22,842,494
<b>29 CASH AND BANK BALANCES</b>			
Cash in hand		<b>887,514</b>	472,633
Cash at banks			
Current accounts - local currency		<b>5,015,479</b>	402,177
		<b>5,902,993</b>	874,810
<b>30 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET</b>			
Sales		<b>49,374,000</b>	359,272,523
Sales tax		<b>(7,174,000)</b>	(39,521,042)
		<b>42,200,000</b>	319,751,481



	<i>Note</i>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>31 COST OF SALES</b>			
Raw material consumed	31.1	-	205,814,276
Packing material consumed		-	10,211,528
Stores and spares consumed		<b>3,976,845</b>	12,721,680
Salaries, wages and benefits	31.2	<b>25,074,798</b>	116,859,392
Insurance		-	7,634,589
Power and fuel		<b>36,347,113</b>	154,202,076
Depreciation	21.4 & 22.1	<b>131,142,660</b>	137,798,430
Others		<b>534,600</b>	13,235,275
<b>Manufacturing cost</b>		<b>197,076,016</b>	658,477,246
Work in process			
As at beginning of the year		-	68,307,503
As at end of the year		-	-
		-	68,307,503
<b>Cost of goods manufactured</b>		<b>197,076,016</b>	726,784,749
Finished goods			
As at beginning of the year		-	150,516,331
As at end of the year		-	-
		-	150,516,331
<b>Cost of raw material sold</b>		-	-
		<b>197,076,016</b>	877,301,080
<b>31.1 Raw material consumed</b>			
As at beginning of the year		-	177,830,249
Purchased during the year		-	27,984,027
Sold during the year		-	-
As at end of the year		-	-
		-	205,814,276
<b>31.2</b> These include charge in respect of employees retirement benefits and contribution to provident fund amounting to Rs. NIL and Rs. NIL (30-Jun-22: Rs. 4.639 million and Rs. 0.673 million) respectively.			
	<i>Note</i>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>32 SELLING AND DISTRIBUTION EXPENSES</b>			
Commission		-	-
Others		-	50,000
		-	50,000

	<i>Note</i>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>33 ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	33.1	4,663,485	15,880,662
Rent, rates and taxes		-	-
Printing and stationery		11,000	109,390
Communication		200,191	741,406
Electricity, water and gas		98,254	1,615,861
Repair and maintenance		1,200	421,687
Vehicles running and maintenance		239,291	2,074,373
Traveling and conveyance		249,966	821,827
Legal and professional		804,022	1,437,486
Auditor's remuneration	33.2	500,000	740,000
Fee and subscription		734,510	354,124
Entertainment		7,320	40,880
Insurance		-	-
Depreciation	21.4 & 22.1	2,676,380	2,812,213
Others		223,327	895,609
		<b>10,408,946</b>	<b>27,945,518</b>
<b>33.1</b>	These include charge in respect of contribution to provident fund amounting to Rs. NIL (30-Jun-22: Rs. 0.614 million).		
	<i>Note</i>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>33.2 Auditor's remuneration</b>			
Annual statutory audit		200,000	300,000
Limited scope review		100,000	190,000
Review report on corporate governance		100,000	100,000
Out of pocket expenses		100,000	150,000
		<b>500,000</b>	<b>740,000</b>
<b>34 OTHER EXPENSES</b>			
Workers' Welfare Fund	16.4	-	79,938
Donations		-	26,000
		-	<b>105,938</b>
<b>35 OTHER INCOME</b>			
Rental income	35.1	63,287,932	58,599,936
Scrap Sale		-	-
Gain on disposal of property, plant and equipment		828,942	2,028,257
		<b>64,116,874</b>	<b>60,628,193</b>
<b>35.1</b>	This represents rental income against assets leased out to a related party. (See note 21.7).		
		<b>30-Jun-23</b>	<b>30-Jun-22</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>36 FINANCE COST</b>			
Interest on borrowings:			
long term finances		94,516,270	94,516,268
short term borrowings		20,820,120	20,820,122
		<b>115,336,390</b>	<b>115,336,390</b>
Bank charges and commission		2,395,782	194,191
		<b>117,732,172</b>	<b>115,530,581</b>

	<i>Note</i>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
		<i>Rupees</i>	<i>Rupees</i>
<b>37 PROVISION FOR TAXATION</b>			
Current taxation			
for current year	37.1	527,500	3,996,894
for prior year		-	(144,605)
		527,500	3,852,289
Deferred taxation	15	12,035,698	75,034,666
		<b>12,563,198</b>	<b>78,886,955</b>

**37.1** Provision for current tax has been made in accordance with section 113 (30-Jun-22: section 113) of the Income Tax Ordinance 2001 [‘the Ordinance’]. There is no relationship between the aggregate tax expense and accounting profit and accordingly, no numerical reconciliation has been presented.

**37.2** The income tax assessments of the Company up to and including tax year 2022 have been completed by the concerned income tax authorities or are deemed to have been so completed under the provisions of section 120 of the Ordinance.

	<i>Unit</i>	<b>30-Jun-23</b>	<b>30-Jun-22</b>
<b>38 LOSS PER SHARE - BASIC AND DILUTED</b>			
Loss attributable to ordinary shareholders	<i>Rupees</i>	<b>(366,245,080)</b>	(583,944,266)
Weighted average number of ordinary shares outstanding during the year	<i>No. of shares</i>	<b>86,577,920</b>	86,577,920
Loss per share	<i>Rupees</i>	<b>(4.23)</b>	(6.74)

There is no anti-diluting effect on the basic loss per share of the Company.

	<b>30-Jun-23</b>	<b>30-Jun-22</b>
	<i>Rupees</i>	<i>Rupees</i>
<b>39 CASH GENERATED FROM OPERATIONS</b>		
<b>Loss before taxation</b>	<b>(353,681,882)</b>	(505,057,311)
<b>Adjustments for non-cash and other items</b>		
Interest on borrowings	115,336,390	115,336,390
Gain on disposal of property, plant and equipment	(828,942)	(2,028,257)
Provision for employees retirement benefits	-	4,639,431
Depreciation	133,819,040	140,610,643
Notional interest	134,781,622	(137,113,439)
Impairment allowance for expected credit losses	-	1,617,307
	<b>383,108,110</b>	123,062,075
	<b>29,426,228</b>	(381,995,236)
<b>Changes in working capital</b>		
Long term deposits	(0)	62,951
Stores and spares	3,976,845	8,716,293
Stock in trade	-	402,628,302
Trade receivables	1,484,013	90,563,849
Advances and other receivables	14,578,671	54,174,691
Trade and other payables	(44,368,582)	(155,202,342)
	<b>(24,329,053)</b>	400,943,744
<b>Cash generated from operations</b>	<b>5,097,175</b>	18,948,508

**40 CASH AND CASH EQUIVALENTS**

Cash and bank balances	5,902,993	874,810
	<b>5,902,993</b>	<b>874,810</b>

#### 41 CHANGES FROM FINANCING CASH FLOWS

	30-Jun-23		30-Jun-22	
	Long term finances Rupees	Lease liabilities Rupees	Long term finances Rupees	Lease liabilities Rupees
As at beginning of the year	1,648,600,834	3,803,648	1,251,263,338	5,016,220
Repayment of long term finances	(0)	-	(9,421,667)	-
Notional Interest (income)/expense	3,227,086	-	(15,935,929)	-
Transferred from accrued interest	-	-	44,503,495	-
Transferred from short term borrowings	-	-	378,191,597	-
Payment of lease liabilities	-	(667,242)	-	(1,212,572)
As at end of the year	1,651,827,920	3,136,406	1,648,600,834	3,803,648

#### 42 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies, sponsors and their close relatives and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding
Hira Terry Mills Limited	Associated company	Investment	0.0000%
Muhammad Umer Virk	Sponsor	Shareholding	27.3612%
Shahnaz Umer	Sponsor	Shareholding	6.6135%
Sadiya Umair	Sponsor	Shareholding	6.5120%
Umair Umer	Close relative of Sponsor	Son of Sponsor	2.2794%
Umaira Umer	Close relative of Sponsor	Daughter of Sponsor	9.9378%
Saeed Ahmad Khan	Key management personnel	Director	0.0000%

Transactions with sponsors and their close relatives are limited to provision of long term and temporary short term loans to the Company. Transactions with key management personnel are limited to payment of short term employee benefits. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an orderly transaction between market participants at the date of transaction. Detail of transactions and balances with related parties is as follows:

		30-Jun-23	30-Jun-22
		Rupees	Rupees
<b>42.1 Transactions with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of transactions</b>		
Associated company	Sales		7,767,776
	Purchases		6,800,917
	Expenses charged	-	-
	Rental income	63,287,932	58,599,936
Provident fund trust	Contribution for the year	-	1,287,660
<b>42.2 Balances with related parties</b>			
<b>Nature of relationship</b>	<b>Nature of balance</b>		
Associated company	Advance against rent	36,278,887	36,226,428
	Trade receivables/ payable	-	-
Sponsors	Borrowings	481,500,000	481,500,000
	Current account	47,258,987	60,843,987
Key management personnel	Short term employee benefits payable	-	-

**43 CONTRACTS WITH CUSTOMERS****43.1 Contract balances**

The information about receivables and contract liabilities from contracts with customers is as follows:

Nature of balance	Presented in financial statements as	Note	30-Jun-23	30-Jun-22
			Rupees	Rupees
Receivables	Trade receivables	26	-	1,484,013
Contract liabilities	Advances from customers	16	15,912,024	37,481,353
			<b>15,912,024</b>	<b>38,965,366</b>

**43.2 Changes in contract liabilities**

Significant changes in contract liabilities are as follows:

	30-Jun-23	30-Jun-22
	Rupees	Rupees
As at beginning of the year	37,481,353	6,089,608
Revenue recognized against contract liability as at beginning of the year	(37,481,353)	(6,089,608)
Net increase due to cash received in excess of revenue recognized	15,912,024	37,481,353
As at end of the year	16	15,912,024

**43.3 Impairment losses**

The Company during the year has recognized Rs. NIL (30-Jun-22: Rs. 1,644,111) as impairment allowance for expected credit losses on receivables (trade receivables) arising from the Company's contracts with customers. Further, impairment allowance amounting to Rs. 1,644,111 (30-Jun-22: Rs. 26,804) was reversed during the year on actual recovery. See note 26.1.

**44 FINANCIAL INSTRUMENTS**

The carrying amounts of the Company's financial instruments by class and category are as follows:

	Note	30-Jun-23	30-Jun-22
		Rupees	Rupees
<b>44.1 Financial assets</b>			
<b>Cash in hand</b>	29	887,514	472,633
<b>Financial assets at amortized cost</b>			
Long term deposits	24	49,609,093	49,609,093
Trade receivables	26	-	1,484,013
Advances to employees	27	-	966,497
Bank balances	29	5,015,479	402,177
		<b>55,512,086</b>	<b>52,934,413</b>
<b>44.2 Financial liabilities</b>			
<b>Financial liabilities at amortized cost</b>			
Long term finances	11	1,651,827,920	1,648,600,834
Lease liabilities	12	3,136,406	3,803,648
Deferred interest	14	-	175,751,943
Short term borrowings	17	334,970,742	334,970,742
Accrued interest	18	624,595,200	201,952,331
Trade creditors	16	180,765,534	198,383,257
Accrued liabilities	16	51,645,980	40,451,414
Other payables	16	47,258,987	60,843,987
Unclaimed dividend		2,757,216	2,757,216
		<b>2,896,957,984</b>	<b>2,667,515,372</b>

## 45 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

### 45.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

#### 45.1.1 Credit risk management practices

In order to minimize credit risk, the Company has adopted a policy of only dealing with credit worthy counterparties and limiting significant exposure to any single counterparty. The Company only transacts with counterparties that have reasonably high external credit ratings. Where an external rating is not available, the Company uses an internal credit risk grading mechanism. Particularly for customers, a dedicated team responsible for the determination of credit limits uses a credit scoring system to assess the potential as well as existing customers' credit quality and assigns or updates credit limits accordingly. The ageing profile of trade receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading.

The Company reviews the recoverable amount of each financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each financial asset.

The Company considers a financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due in the normal course of business based on history with the counterparty.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. This is usually the case with various customers of the Company where the Company has long standing business relationship with these customers and any amounts that are past due by more than 30 days in the normal course of business are considered 'performing' based on history with the customers. Therefore despite the foregoing, the Company considers some past due trade receivables to have low credit risk where the debtor has a good history of meeting its contractual cash flow obligations and is expected to maintain the same in future.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

The Company considers 'default' to have occurred when the financial asset is credit-impaired. A financial asset is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery.

The Company's credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing ECL
Performing	The counterparty has low credit risk	Trade receivables: Lifetime ECL Other assets: 12-month ECL
Doubtful	Credit risk has increased significantly since initial recognition	Lifetime ECL
In default	There is evidence indicating the assets is credit-impaired	Lifetime ECL
Write-off	There is no realistic prospect of recovery	Amount is written-off

#### 45.1.2 Maximum exposure to credit risk

Credit risk principally arises from debt instruments held by the Company as at the reporting date. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	30-Jun-23 Rupees	30-Jun-22 Rupees
<b>Financial assets at amortized cost</b>			
Long term deposits	24	49,609,093	49,609,093
Trade receivables	26	-	3,128,124
Advances to employees	27	-	966,497
Bank balances	29	5,015,479	402,177
		<b>54,624,572</b>	<b>54,105,891</b>

#### 45.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to internal credit risk grading. The credit quality of the Company's financial assets exposed to credit risk is as follows:

	Note	External credit rating	Internal credit risk grading	12-month or life-time ECL	Gross carrying amount Rupees	Loss allowance Rupees
Long term deposits	24	N/A	Performing	12-month ECL	49,609,093	-
Trade receivables	26	N/A	Performing	Lifetime ECL	-	-
	26	N/A	Doubtful	Lifetime ECL	-	-
					-	-
Advances to employees	27	N/A	Performing	12-month ECL	-	-
Bank balances	29	A2 - A1+	N/A	12-month ECL	5,015,479	-
					<b>54,624,572</b>	<b>-</b>

##### (a) Long term deposits

Long term deposits comprise security deposits placed with various financial institutions and utility companies. These deposits are placed for an indefinite period without any fixed maturity and will be due for refund only if the Company ceases to use the underlying services. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

##### (b) Trade receivables

For trade receivables, the Company has applied the simplified approach in IFRS9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on trade receivables by using internal credit risk gradings. As at the reporting date, all trade receivables are considered 'performing' as there is no significant increase in credit risk in respect of these receivables since initial recognition except for trade receivables amounting to Rs. NIL (30-June-2022 Rs. 1,644,111) which are considered doubtful. The ageing analysis of trade receivables as at the reporting date is as follows:

	30-Jun-23 Rupees	30-Jun-22 Rupees
Neither past due nor impaired	-	185,013
Past due by up to 30 days	-	-
Past due by 31 days to 180 days	-	1,299,000
Past due by 181 days or more	-	1,644,111
	-	<b>3,128,124</b>

##### (c) Advances to employees

Advances to employees have been given against future salaries and post-employment benefits. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

**(d) Bank balances**

The bankers of the Company have reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

**45.1.4 Concentration of credit risk**

There are no significant concentrations of credit risk, except for trade receivables. The Company's NIL (30-Jun-22: two) significant customers account for Rs. 0 million (30-Jun-22: Rs. 2.943 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (30-Jun-22: 10%) of trade receivables as at the reporting date. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected.

**45.1.5 Collateral held**

The Company does not hold any collateral to secure its financial assets with the exception advances to employees which are secured against future salaries and post-employment benefits.

**45.1.6 Changes in impairment allowance for expected credit losses**

The changes in impairment allowance for expected credit losses are as follows:

	<i>Note</i>	<b>30-Jun-23</b> <i>Rupees</i>	<b>30-Jun-22</b> <i>Rupees</i>
As at beginning of the year		1,644,111	26,804
Impairment loss on trade receivables arising from contracts with customers			
- recognized during the year	26.1	-	1,644,111
- reversed during the year	26.1	(1,644,111)	(26,804)
Net change in impairment allowance		-	1,617,307
As at end of the year		-	1,644,111

**45.2 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

**45.2.1 Liquidity risk management**

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company also maintains various lines of credit with banking companies. Further, the Company has continued support of its sponsors and in respect of any temporary liquidity shortfalls.

**45.2.2 Exposure to liquidity risk**

The following presents the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The analysis have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay and includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the reporting date.



	30-Jun-23				
	Carrying amount <i>Rupees</i>	Contractual cash flows <i>Rupees</i>	One year or less <i>Rupees</i>	One to three years <i>Rupees</i>	More than three years <i>Rupees</i>
Long term finances	1,651,827,920	2,194,226,055	640,405,665	631,710,834	922,109,556
Lease liabilities	3,136,406	3,136,406	3,136,406	-	-
Deferred interest	-	306,806,479	-	34,902,181	271,904,298
Short term borrowings	334,970,742	334,970,742	334,970,742	-	-
Accrued interest	624,595,200	624,595,200	624,595,200	-	-
Trade creditors	180,765,534	180,765,534	180,765,534	-	-
Accrued liabilities	51,645,980	51,645,980	51,645,980	-	-
Other payables	47,258,987	47,258,987	47,258,987	-	-
Unclaimed dividend	2,757,216	2,757,216	2,757,216	-	-
	<b>2,896,957,984</b>	<b>3,746,162,598</b>	<b>1,885,535,729</b>	<b>666,613,015</b>	<b>1,194,013,854</b>

	30-Jun-22				
	Carrying amount <i>Rupees</i>	Contractual cash flows <i>Rupees</i>	One year or less <i>Rupees</i>	One to three years <i>Rupees</i>	More than three years <i>Rupees</i>
Long term finances	1,648,600,834	2,194,226,055	640,405,665	631,710,834	922,109,556
Lease liabilities	3,803,648	3,808,267	3,808,267	-	-
Deferred interest	175,751,943	306,806,479	-	34,902,181	271,904,298
Short term borrowings	334,970,742	334,970,742	334,970,742	-	-
Accrued interest	201,952,331	201,952,331	201,952,331	-	-
Trade creditors	198,383,257	198,383,257	198,383,257	-	-
Accrued liabilities	40,451,414	40,451,414	40,451,414	-	-
Other payables	60,843,987	60,843,987	60,843,987	-	-
Unclaimed dividend	2,757,216	2,757,216	2,757,216	-	-
	<b>2,667,515,372</b>	<b>3,344,199,748</b>	<b>1,483,572,879</b>	<b>666,613,015</b>	<b>1,194,013,854</b>

#### 45.2.3 Overdue financial liabilities

The Company is facing a temporary liquidity shortfall as a result of which it was unable to meet its obligations in respect of various debt finances. The details are as follows:

	Principal <i>Rupees</i>	Interest <i>Rupees</i>	Total <i>Rupees</i>
Long term finances	234,480,840	96,958,244	331,439,084
Short term borrowings	334,970,742	94,084,850	429,055,592
	<b>569,451,582</b>	<b>191,043,094</b>	<b>760,494,676</b>

#### 45.3 Market risk

##### 45.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency. The Company is not exposed to currency risk.

##### 45.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

**(a) Interest rate risk management**

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

**(b) Interest bearing financial instruments**

The effective interest rates for interest bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest bearing financial instruments as at the reporting date are as follows:

	30-Jun-23	30-Jun-22
	<i>Rupees</i>	<i>Rupees</i>
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	6,385,000	6,385,000
<b>Variable rate instruments</b>		
Financial assets	-	-
Financial liabilities	1,668,013,159	1,668,680,401

**(c) Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for its fixed rate instruments at fair value

**(d) Cash flow sensitivity analysis for variable rate instruments**

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. million (30-Jun-22: Rs. million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

**45.3.3 Other Price risk**

Other price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is not exposed to price risk since the fair values of the Company's financial instruments are not based on market prices.

**46 CAPITAL MANAGEMENT**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Any temporary shortfall is met through interest free loans from sponsors. The Board of Directors monitors the return on capital and seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances and lease liabilities including current maturity. Total capital employed includes total equity, as shown in the statement of financial position, plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	<i>Unit</i>	30-Jun-23	30-Jun-22
Total debt	<i>Rupees</i>	1,674,398,159	1,658,187,792
Total equity	<i>Rupees</i>	(296,156,737)	70,088,343
Total capital employed		1,378,241,422	1,728,276,135
Gearing	<i>% age</i>	121.49	95.94

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any other externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finance and subordination of loan from sponsors (see note 10).

#### 47 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value. The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

##### 47.1 Financial instruments measured at fair value

###### 47.1.1 Recurring fair value measurements

There are no recurring fair value measurements as at the reporting date.

###### 47.1.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

##### 47.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

##### 47.3 Assets and liabilities other than financial instruments

###### 47.3.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	30-Jun-23 <i>Rupees</i>	30-Jun-22 <i>Rupees</i>
Freehold land	-	649,825,000	-	<b>649,825,000</b>	649,825,000
Buildings	-	328,657,391	-	<b>328,657,391</b>	345,955,148
Plant and machinery	-	1,769,794,789	-	<b>1,769,794,789</b>	1,862,941,884

For fair value measurements categorized into Level 2 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
<b>Freehold land</b>	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 00.000 million (30-Jun-22: Rs. million).
<b>Buildings</b>	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in an increase in fair value of buildings by Rs. 00.000 million (30-Jun-22: Rs. million).
<b>Plant and machinery</b>	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in an increase in fair value of plant and machinery by Rs.00.000 million (30-Jun-22: Rs. million).

Reconciliation of fair value measurements categorized in Level 2 is presented in note 47.3.1.

There were no transfers between fair value hierarchies during the year.

#### 47.3.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

	30-Jun-23	30-Jun-22
	<i>Rupees</i>	<i>Rupees</i>
<b>48 RESTRICTION ON TITLE, AND ASSETS PLEDGED AS SECURITY</b>		
<b>Mortgages and charges</b>		
Charge over current assets	<b>3,007,000,000</b>	3,007,000,000
Charge over fixed assets	<b>2,744,384,404</b>	2,744,384,404

#### 49 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	30-June-23		
	Chief Executive <i>Rupees</i>	Directors <i>Rupees</i>	Executives <i>Rupees</i>
Managerial remuneration	-	-	1,680,635
House rent	-	-	336,127
Motor vehicle expenses	-	-	239,291
Utilities	-	-	-
Post employment benefits	-	-	-
	-	-	<b>2,256,053</b>
Number of persons	<b>1</b>	<b>1</b>	<b>2</b>
	30-Jun-22		
	Chief Executive <i>Rupees</i>	Directors <i>Rupees</i>	Executives <i>Rupees</i>
Managerial remuneration	1,026,669	971,304	3,272,034
House rent	373,331	533,336	803,905
Motor vehicle expenses	419,147	435,218	665,417
Utilities	27,980	9,929	50,838
Post employment benefits	77,750	8,146	147,019
	<b>1,924,877</b>	<b>1,957,933</b>	<b>4,939,213</b>
Number of persons	<b>1</b>	<b>1</b>	<b>2</b>

#### 50 NON-CASH FINANCING ACTIVITIES

During the year, short term borrowings amounting to Rs. million (30-Jun-22: Rs. 378.192 million) and accrued interest amounting to Rs. million (30-Jun-22: Rs. 44.503) were converted into long term finances and accrued interest amounting to Rs. million (30-Jun-22: Rs. 422.695 million) and Rs. (30-Jun-22: Rs. NIL million) as referred to in note 11.8, 11.9, 11.10, 17.1 and 17.2.

**51 SEGMENT INFORMATION**

- 51.1 The Company is a single reportable segment.
- 51.2 All non-current assets of the Company are situated in Pakistan.
- 51.3 All sales of the Company have originated from Pakistan.

**52 EMPLOYEES PROVIDENT FUND TRUST**

The Company operates a contributory provident fund for its employees where contributions are made by the Company and employees each at 8.33% (30-Jun-22: 8.33%) of the basic salary every month. The investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

**53 PLANT CAPACITY AND ACTUAL PRODUCTION**

	<i>Unit</i>	<b>30-Jun-23</b>	30-Jun-22
<b>Production capacity</b>			
Number of spindles installed	<i>No.</i>	<b>47,040</b>	47,040
Installed capacity after conversion into 20's count	<i>Kgs</i>	<b>15,493,933</b>	15,493,933
<b>Actual production</b>			
Actual production after conversion into 20's count	<i>Kgs</i>	<b>254,016</b>	1,840,793

Third party raw material was processed during the year. It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist per inch and raw materials used, etc. It also varies according to the pattern of production adopted. Difference of actual production with installed capacity is in normal course of business.

**54 MINIMUM LEASE PAYMENTS UNDER OPERATING LEASE**

The Company has leased out certain assets under operating lease arrangements to a related party, Hira Terry Mills Limited. Amounts of minimum lease payments receivable under the lease agreement are as follows:

	<b>30-Jun-23</b>	30-Jun-22
	<i>Rupees</i>	<i>Rupees</i>
- not later than one year	<b>63,287,931</b>	63,287,931
- later than one year but not later than five years	<b>27,209,779</b>	27,209,779
	<b>90,497,710</b>	90,497,710

**55 NUMBER OF EMPLOYEES**

	<b>30-Jun-23</b>	30-Jun-22
Total number of employees	<b>35</b>	225
Average number of employees	<b>35</b>	302

**56 EVENTS AFTER THE REPORTING PERIOD**

There are no significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements, except for those already disclosed in these financial statements.

**57 RECOVERABLE AMOUNTS AND IMPAIRMENT**

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

**58 GENERAL**

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.



Director



Chief Financial Officer



Chief Executive



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## PROXY FORM

The Company Secretary  
Hira Textile Mills Limited  
8 KM, Manga /Raiwind Road  
Raiwind – District Kasur.

I / We \_\_\_\_\_ of \_\_\_\_\_ being a member(s) of Hira Textile Mills Limited, and a holder of \_\_\_\_\_ Ordinary Shares as per Share Register Folio No. \_\_\_\_\_ (in case of Central Depository System Account Holder A/C No. \_\_\_\_\_ Participant I.D No. \_\_\_\_\_) hereby appoint \_\_\_\_\_ of \_\_\_\_\_ another member of the Company as per Share Register Folio No. \_\_\_\_\_ or (Failing him / her \_\_\_\_\_ of \_\_\_\_\_ another member of the Company) as my / our proxy to attend and vote for me / us and on my / our behalf at Annual General Meeting of the Company, to be held on November 20, 2024 Wednesday) at 11.00 AM at the Registered Office of the Company (8 KM, Manga /Raiwind Road Raiwind – District Kasur.) and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2024 signed by the said \_\_\_\_\_ in presence of \_\_\_\_\_

Witness

Signature

Signature

Affix  
Revenue  
Stamp

Notes:

- a. Proxies, in order to be effective, must be received at the Company's Registered Office / head Office not less than 48 hours before the meeting duly stamped, signed and witnessed.
- b. Signature must agree with the specimen signature registered with the Company.
- c. In case of Central Depository System Account Holder, an attested copy of identity Card should be attached to this proxy form.
- d. No person shall act as proxy unless he is member of the company.

**HIRA TEXTILE MILLS**  
L I M I T E D



8 KM, Manga /Raiwind Road, Raiwind – District Kasur.