



2024 ANNUAL REPORT



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COMPANY PROFILE

BOARD OF DIRECTORS	Sh. Naseem Ahmad Mr. Rehman Naseem Mr. Amir Naseem Sheikh Mr. Faisal Ahmed Mr. Muhammad Mukhtar Sheikh Mr. Abbas Mukhtar Mr. Babar Ali Mr. Masood Karim Shaikh Ms. Parveen Akhter Malik	Chairman/ Non - Executive Director Chief Executive Officer Non - Executive Director Non - Executive Director Executive Director Executive Director Independent Director Independent Director Independent Director
AUDIT COMMITTEE	Ms. Parveen Akhter Malik Mr. Sheikh Naseem Ahmad Mr. Amir Naseem Sheikh Mr. Babar Ali	Independent Director/Chairperson Non - Executive Director Non - Executive Director Independent Director
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mr. Babar Ali Mr. Amir Naseem Sheikh Mr. Faisal Ahmad	Independent Director/Chairman Non - Executive Director Non - Executive Director
STRATEGIC PLANNING COMMITTEE	Mr. Rehman Naseem Mr. Masood Karim Shaikh Ms. Parveen Akhter Malik	CEO/Chairman Independent Director Independent Director
COMPANY SECRETARY	Mr. Azher Iqbal, ACA	
CHIEF FINANCIAL OFFICER	Mr. Muhammad Azam, FCA & FCMA	
AUDITORS	ShineWing Hameed Chaudhri & Co., Chartered Accountants	
BANKERS	Bank Al Habib Limited National Bank of Pakistan Meezan Bank Limited The Bank of Punjab Habib Metropolitan Bank Limited Bank Alfalah Limited Habib Bank Limited Faysal Bank Limited Allied Bank Limited Bank Islami Pakistan Limited Soneri Bank Limited Industrial and Commercial Bank of China Ltd. United Bank Limited	Askari Bank Limited MCB Bank Limited The Bank of Khyber JS Bank Limited Dubai Islamic Bank Pakistan Limited Standard Chartered Bank (Pakistan) Limited Bank Makramah Limited Saudi Pak Industrial & Agricultural Inv. Company Limited Pak Oman Investment Company Limited Pak Brunei Investment Company Limited Pak Libya Holding Company (Pvt.) Limited Pakistan Kuwait Investment Company (Private) Limited PAIR Investment Company Limited
HEAD OFFICE & SHARES DEPARTMENT:	59/3, Abdali Road, Multan. Phone: (92), 4781637 Fax: (92) 61-4541832 E-mail: corporate@fazalcloth.com Shares@fazalcloth.com Website: www.fazalcloth.com	
SHARES REGISTRAR:	Vision Consulting Ltd. 5-C, LDA Flats, Lawrence Road, Lahore. shares@vcl.com.pk Phone: (92) 42-36283096, 36283097 Fax: (92) 42-36374839	
REGISTERED OFFICE:	69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. Phone: (92) 42-36684909	
MILLS:	i) Fazal Nagar, Jhang Road, Muzaffargarh - Pakistan Ph. (92) 66-2422216, 18 Fax: (92) 66-2422217 ii) Qadirpur Rawan Bypass, Khanewal Road, Multan - Pakistan Ph. (92) 61-6740041-43, Fax : (92) 61-6740052 iii) 13-Km, Mian Wali Road, Khanpur Bagga Sher. PH.+92 (662) 490183	





CORPORATE VISION / MISSION STATEMENT

VISION

The Company aims to establish a vertically integrated textile business producing finished products, processed and greige fabrics and yarn. The Company aims to produce high quality diversified products at competitive price to be marketed globally.

MISSION

The Company should provide a secure and rewarding investment to its shareholders and investors, quality products to its customers, a secure place of work to its employees and be an ethical partner with its business associates.



NOTICE OF 59th ANNUAL GENERAL MEETING

Notice is hereby given that 59th Annual General Meeting (“AGM” / “Meeting”) of Fazal Cloth Mills Limited (the “Company”) will be held on **Saturday the October 26, 2024 at 12:00 p.m.** at FG Head Office, E/110, Khayaban-e-Jinnah, Defence Chowk, Lahore to transact the following business:

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2024 together with the Auditors' and Directors' Report thereon and Chairman's Review Report.

The above Audited Financial Statements and other documents have been uploaded on the Company's website which can be viewed/downloaded using the following link and QR enabled code:



<https://fazalcloth.com/FinancialReports/annual-report-ended-30-2024.pdf>

2. To appoint auditors of the Company and to fix their remuneration. The members are hereby notified that the Board of Directors and Board Audit Committee have recommended the name of retiring auditors, M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants for reappointment as auditors of the Company.

B. SPECIAL BUSINESS

1. To ratify and approve the transactions carried out by the Company with related parties during the year ended June 30, 2024 under the authority of the special resolution passed in the last annual general meeting held on October 28, 2023 and to pass the special resolution with or without modification(s) as proposed in the statement of material fact.
2. To authorize the Board of Directors of the Company to approve all transactions with Related Parties (if executed) during the financial year ending June 30, 2025 and till the date of next annual general meeting and to further authorize him to take any and all necessary steps and to sign/execute any and all such documents/annexures on behalf of the Company as may be required and to pass the special resolution with or without modification(s) as proposed in the statement of material fact:

A statement of material facts along with draft special resolutions are annexed to this notice circulated to the members.

BY ORDER OF THE BOARD

اعجاز لعلہ انیس

Azher Iqbal
Company Secretary

MULTAN
Dated: October 04, 2024



NOTES:

1. CLOSURE OF MEMBERS REGISTER AND SHARE TRANSFER BOOKS

The Members Register and Share Transfer Books of the Company will remain closed from October 18, 2024 to October 26, 2024 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Vision Consulting Ltd, 5-C, LDA Flats, Lawrence Road, Lahore, at the close of business on October 17, 2024 will be considered in time for the purpose attending the Meeting.

2. APPOINTMENT OF PROXIES :

- i. A member is entitled to appoint a proxy in his/her place to attend, speak and vote instead of him/her. A member can appoint only one proxy in his/her place who can exercise all rights of a member in the meeting. The instrument appointing a proxy, duly stamped and signed, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the power of attorney or authority must be deposited at the Registered Office of the Company, FG Head Office, E/110, Khayaban-e-Jinnah, Defence Chowk, Lahore not later than 48 hours before the time of the meeting. A proxy must be a member of the Company. Form of proxy in English and Urdu Language is enclosed herewith and also available on Company's website: www.fazalcloth.com
- ii. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 of 2000 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting:

- i. In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/ her identity by showing his/ her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and/ or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/ her original CNIC or original passport at the time of the AGM.



3. PARTICIPATION IN THE AGM VIA THE VIDEO CONFERENCING FACILITY:

As per SECP instructions, the Company shall provide video link facility for attending the annual general meeting. The members / proxies who wish to attend the meeting via video link facility are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) to the Company Secretary through WhatsApp at 0306-7370337 or email ID; corporate@fazalcloth.com by October 17, 2024.

Name of member	CNIC No.	CDC Account No/Folio No.	Cell Number	Email address

The members who shall be registered after the necessary verification shall be provided a link in email to attend the meeting. The Login facility will remain open from start of the meeting till its proceedings are concluded.

4. ELECTRONIC VOTING AND POSTAL BALLOT

The members will be provided the facility of voting through e-voting and voting by post to for the special business (es) to be transacted at the Meeting.

i. E-VOTING PROCEDURE

- a. Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on October 17, 2024.
- b. The security codes will be communicated to members through SMS from the web portal of M/s. Vision Consulting Ltd. (being the e-voting service provider).
- c. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.

Members shall cast vote online at any time from October 23, 2024, 9:00 a.m. (PST) to October 25, 2024 till 5:00 p.m. (PST). Voting shall close on October 25, 2024, at 5:00 p.m. Once the vote on the resolution is cast by a Member, he/she shall not be allowed to change it subsequently.

ii. POSTAL BALLOT VOTING PROCEDURE

- a. Members may alternatively opt for voting through postal ballot. Ballot Paper is attached with this notice and is also available on the Company’s website www.fazalcloth.com within stipulated time to download.



- b. The members must ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the address, Chairman, Fazal Cloth Mills Limited, FG Head Office, E/110, Khayaban-e-Jinnah, Defence Chowk, Lahore, or email at corporate@fazalcloth.com one (01) day before the meeting, i.e., on October 25, 2024 before 05:00 p.m. A postal ballot received after this time/date shall not be considered for voting. The signature on the Ballot Paper shall match with signature on the CNIC.

5. UNCLAIMED DIVIDENDS AND BONUS SHARES

Shareholders, who for any reason, could not claim their dividend and/or bonus shares are advised to contact our Shares Registrar M/s. Vision Consulting Ltd, Lahore to collect/enquire about their unclaimed dividends and/or bonus shares if any.

6. E-DIVIDEND MANDATE

As per Section 242 of the Companies Act, 2017, in the case of a public-listed company, any dividend payable in cash shall only be remitted through electronic mode directly into the bank account designated by the entitled shareholders. Therefore, through this notice, all shareholders are requested to update their bank account number (IBAN) and details in the Central Depository System through respective participants. In case of physical shares, they are requested to provide bank account details to our Share Registrar, M/s. Vision Consulting Ltd, Lahore. Please ensure an early update of your particulars to avoid any inconvenience.

Members are also request to send zakat declaration to our Share Registrar to claim exemption from compulsory deduction of Zakat.

7. CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM

The Shareholders having physical shareholding may open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into script-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange. Further, Section 72 of the Companies Act, 2017 (the Act), states that after the commencement of the Act from a date notified by SECP, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the promulgation of the Act.

8. AVAILABILITY OF FINANCIAL STATEMENTS ON COMPANY'S WEBSITE

The annual report 2024 containing notice of AGM, audited financial statements alongwith directors and auditors reports and the Chairman Review and other document has been placed on the Company's website www.fazalcloth.com.

**STATEMENT OF MATERIA FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017.**

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company.

Special Business No. 1

The transactions carried out with the related parties were presented to the Board for their review and consideration as recommended by the Audit Committee on quarterly basis pursuant to provisions of applicable laws. All these related party transactions during the mentioned period were executed at Arm's Length Price and in the ordinary course of business in a fair and transparent manner. However, the majority of Directors of the Company were interested due to their common directorship and holding of shares in the associated companies, accordingly, the transactions were carried out under the authority of the special resolution passed by the shareholders in the last annual general meeting. These related party transactions are as under:

Name of parties	Relationship	Nature of Transaction	Amount (Rs.)	Pricing Policy
Fatima Fertilizer Company Ltd	Common Directorship and 3.29 % (2023: 3.29%) shareholding	Dividend Income	311,013,140	N/A
		Reimbursable expenses	124,584	Arm's Length
		Payments against expenses	6,628	N/A
Fatima Energy Limited	Sponsor / Associated undertaking	Purchase of electricity	6,173,113,185	Arm's Length
		Payment against purchase of goods - net	5,947,602,647	N/A
		Preference shares issued on conversion of long term advance - at cost	1,050,523,553	Arm's Length / under approved agreement with related party.
Reliance Weaving Mills Limited	Common Directorship	Purchase of goods	74,958,202	Arm's Length
		Sale of goods	472,612,876	Arm's Length
		Receipts against sale of goods - net	450,259,954	N/A
Ahmed Fine Textile Mills Limited	Common Directorship	Purchase of goods and services	2,643,892,138	Arm's Length
		Sale of goods	12,872,715,139	Arm's Length
		Receipts against sale of goods and services - net	10,039,927,575	N/A
Fazal-ur-Rehman Foundation	Common Directorship/ Trustees	Donations	2,798,500	N/A
Pak Arab Energy Limited	Common Directorship	Mark-up accrued on long term advance	6,183,968	Arm's Length
Fazal Farm (Private) Limited	Common Directorship	Purchase of goods	15,183,380	Arm's Length
		Payment against purchase of goods - net	14,903,7,05	N/A
Hussain Ginneries Limited	Common Directorship	Reimbursable expenses	13,250,970	Arm's Length
Fatima Management Company Ltd	Common Directorship	Reimbursable expenses	3,655,840	Arm's Length
		Payment against reimbursable expenses	3,655,840	N/A
Key Management Personnel	Key Management Personnel	Remuneration and other benefits	58,022,750	Under contract of remuneration / employment
Relative of director	Spouse	Lease rental paid	11,692,304	Arm's length/under approved agreement with related Party



The directors interest is only to the extent of common directorship / shareholding/ remunerations in related parties and they do not have any interest directly or indirectly.

The following resolution is proposed to be passed as special resolution:

“RESOLVED THAT the following related party transactions carried out by the Company during the year ended June 30, 2024 as detailed in note 45 to the audited financial statements be and are hereby ratified, confirmed and approved.

Special Business No.2

The Company shall be continuing to transact transactions with the related parties during the year ending June 30, 2025 and till the date of next annual general meeting on an arm's length basis as per approved policy with respect to 'transactions with related parties' in the ordinary course of business. The majority of the directors are interested in the related party transactions and the transactions shall be placed before the shareholders in next Annual General Meeting for their formal ratification / approval.

The interest of diductors has been mentioned hereinabove.

The following resolution is proposed to be passed as special resolution:

“RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be carried out with Related Parties as and when required in the ordinary course of business at arm's length basis during the financial year ending June 30, 2025 and till the next Annual General Meeting, without any limitation on the amounts to the transactions.”

“RESOLVED FURTHER THAT the related party transaction approved by the board shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval”.

“RESOLVED FURTHER THAT the Chief Executive, Chief Financial Officer and Company Secretary be and are hereby singly empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of agreement(s) with the Related Parties after approval of the transactions by the Chief Executive and to complete all legal formalities including filing of documents as may be necessary or incidental or expedient for the purpose of implementing the aforesaid resolutions.”



STATEMENT UNDER REGULATION 4 (2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

Name of Associated Company / Undertaking: Fatima Transmission Company Limited (FTCL)

Sr. No.	Description	Loans / advances	
		2023	2022
a)	Total investment approved	250,000,000	
b)	Amount of investment made to date	0	
c)	Reasons for not having made complete investment so far where resolution required it to be implemented in specific time.	Facility is in the nature of Sponsor Support Agreement and the Company as sponsor has committed with the NIB Bank, in case of default by FTCL, to pay the outstanding amount. Aforesaid facility shall remain valid and in full force and effect and shall be subject to the Company's obligations under Sponsors Support.	
d)	Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	----- Rupees -----	
i	Earnings (loss) per share - basic & diluted	1.32	(2.39)
ii	Net profit / (loss)	30,398,533	(55,082,820)
iii	Shareholders' Equity	304,415,694	274,017,161
iv	Total Assets	680,274,933	671,735,600
v	Break-up value	13.24	11.91



Name of Associated Company / Undertaking: Fatima Energy Limited (FEL)

Sr. No.	Description	Equity		Loans / advances	
		2023	2022	2023	2022
a)	Total investment approved	2,000,000,000	282,000,000	500,000,000	6,000,000,000
b)	Amount of investment made to date	1,050,523,553	0	442,077,112	400,000,000
c)	Reasons for not having made complete investment so far where resolution required it to be implemented in specific time	Conversion of future markup into preference shares of FEL on loans / advances. Period of Investment renew till Oct 31, 2025.	Amount will be invested in preference shares of FEL offered to the Company as right shares or otherwise than right shares in future. Period of Investment renew till Oct 31, 2025.	Further funds request has not yet been made by the investee company. Period of Investment till renew Oct 31, 2025.	Facility is in the nature of Sponsor Support Agreement and the Company as sponsor commits to pay FEL's lender Banks in case of default by FEL. Aforesaid facility shall remain valid and in full force and effect and shall be subject to the Company's obligations under Sponsors Support
d)	Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	2023	2022	2023	2022
i	Loss per share - Rupees	(4.65)	(18.68)	(4.65)	(18.68)
ii	Net Loss - Rs. In '000	(2,649,159)	(10,649,212)	(2,649,159)	(10,649,212)
lii	Shareholders' Equity - Rs. In '000	7,572,373	10,221,532	7,572,373	10,221,532
iv	Total Assets - Rs. In '000	29,762,754	29,614,628	29,762,754	29,614,628
v	Break-up value - Rs. In '000	13.28	17.93	13.28	17.93



POSTAL BALLOT PAPER

FOR VOTING THROUGH POST FOR SPECIAL BUSINESS AT ANNUAL GENERAL MEETING TO BE HELD ON SATURDAY, OCTOBER 26 October 2024 AT 12:00 P.M. AT FG HEAD OFFICE, E/110, KHAYABAN-E-JINNAH, DEFENCE CHOWK, LAHORE

Attention: Company Secretary designated email address: shares@fazalcloth.com

Ph: +92 61 4781637 Fax No. +92 61 4541832

Website: www.fazalcloth.com

Email address of the Chairman at which duly filled ballot paper may be sent: corporate@fazalcloth.com

Name of shareholder/joint shareholders	
Registered Address	
Number of shares held and folio number	
CNIC Number (copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government.)	

I/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the appropriate box below (delete as appropriate);

<u>Agenda item no. 1</u>	No of ordinary shares for which votes cast	I/We assent to the Resolutions (For)	I/We dissent to the Resolutions (Against)
<p>“Resolved that the following related party transactions carried out by the Company during the year ended June 30, 2024 as detailed in note 45 to the audited financial statements be and are hereby ratified, confirmed and approved.</p>			
<u>Agenda item no. 2</u>	No of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
<p>“RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be carried out with Related Parties as and when required in the ordinary course of business at arm’s length basis during the financial year ending June 30, 20 25 and till the next Annual General Meeting, without any limitation on the amounts to the transactions.”</p> <p>“RESOLVED FURTHER THAT the related party transaction approved by the board shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval”.</p> <p>“RESOLVED FURTHER THAT the Chief Executive, Chief Financial Officer and Company Secretary be and are hereby singly empowered and authorized to do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of agreement(s) with the Related Parties after approval of the transactions by the Board of Directors and to complete all legal formalities including filing of documents as may be necessary or incidental or expedient for the purpose of implementing the aforesaid resolutions.”</p>			



NOTES:

1. Dully filled postal ballot should be sent to chairman, Fazal Cloth Mills Ltd., FG Head Office, E/110, Khayaban-e-Jinnah, Defence Chowk, Lahore or email at corporate@fazalcloth.com
2. Copy of CNIC / Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Postal ballot forms should reach chairman of the meeting on or before October 25, 2024. Any postal ballot received after this date, will not be considered for voting.
4. Signature on postal ballot should match with signature on CNIC / Passport (in case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.
6. In case of corporate entity, Ballot Paper Form must be accompanied by the Board of Directors' resolution / power of attorney with specimen signature and copy of CNIC of the nominee etc. in accordance with Section(s) 138 or 139 of the Companies Act, 2017, as applicable.
7. Ballot Paper Form has also been placed on company's website i.e. www.fazalcloth.com. Members may download Ballot Paper Form from the website or use the original / photocopy as published in newspapers.



CHAIRMAN'S REVIEW

On behalf of the Board, I am pleased to present the Annual Report and Audited Financial Statement of the Company for the year ended June 30, 2024 including role of the Board of Directors in guiding the management to carry out its responsibility for the benefit of all its stakeholders.

The Company follows the best practices relating to corporate governance and complies with the relevant requirements of Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to composition, meetings and procedures of the Board of Directors (the "Board") and its Committees. The Directors of your company are well aware with their responsibilities, under the applicable regulations, for governance of the company in an effective and efficient manner. Evaluation of the board of Directors is aimed to measure the Board overall performance and conduct of the company's affairs in accordance with the best practices of corporate governance. For the year under review, based on the evaluation, the overall performance and effectiveness of the Board has been assessed as satisfactory.

The Board is actively involved in formulation of appropriate policies and procedures and ensures due compliance with all the regulatory requirements. It closely monitors the performance of its committees and is committed to uphold and stable operation.

The Board has nine members, with diverse background having core competencies, knowledge, skills and experience relevant to the business of the Company that were elected at the Extra Ordinary General Meeting held on May 30, 2023, for the next term of three years, under the provisions of Section 159 of the Companies Act, 2017. The Board together with its committees was fully involved in the planning process and in developing the vision for the Company. The board of directors met six times during the year to review the overall performance, appraise financial results, and the overall effectiveness of the role played by the board in achieving the company's objectives. Meeting agendas and supporting papers were received in a timely manner for the Board meetings.

I am thankful to the members of the Board of Directors of the Company, shareholders, bankers, financial institutions, our valued customers and suppliers for their support and assistance. I also thank the executives and other employees of the Company for their dedication and hard work and look forward to getting the same cooperation in future.

The Board looks forward to the next year with increased confidence in meeting the challenges ahead.

Multan:
Dated: September 30, 2024

(Sh. Naseem Ahmed)
Chairman



چیئرمین کا جائزہ

بورڈ کی جانب سے، مجھے 30 جون 2024 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارہ پیش کرتے ہوئے خوشی ہو رہی ہے جس میں انتظامیہ کو اس کے اسٹیک ہولڈرز کے فائدے کے لیے اپنی ذمہ داری نبھانے میں رہنمائی کرنے میں بورڈ آف ڈائریکٹرز کا کردار شامل ہے۔

کمپنی کارپوریٹ گورننس سے متعلق بہترین طریقوں کی پیروی کرتی ہے اور بورڈ آف ڈائریکٹرز کی تشکیل، بورڈ مینٹننگز اور اس کی کمیٹیاں اور طریقہ کار کے حوالے سے کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی متعلقہ ضروریات کی تعمیل کرتی ہے۔ آپ کی کمپنی کے ڈائریکٹر قابل اطلاق ضوابط کے تحت، کمپنی کو موثر اور موثر انداز میں چلانے کے لیے اپنی ذمہ داریوں سے بخوبی واقف ہیں۔ بورڈ آف ڈائریکٹرز کی تشخیص کا مقصد کارپوریٹ گورننس کے بہترین طریقوں کے مطابق بورڈ کی مجموعی کارکردگی اور کمپنی کے معاملات کے طرز عمل کی پیمائش کرنا ہے۔ زیر جائزہ سال کے لیے، تشخیص کی بنیاد پر، بورڈ کی مجموعی کارکردگی اور تاثیر کو تسلی بخش قرار دیا گیا ہے۔

بورڈ مناسب پالیسیوں اور طریقہ کار کی تشکیل میں سرگرم عمل ہے اور تمام ریگولیٹری تقاضوں کی مناسب تعمیل کو یقینی بناتا ہے۔ یہ اپنی کمیٹیوں کی کارکردگی پر کڑی نظر رکھتا ہے اور اسے برقرار رکھنے اور مستحکم آپریشن کے لیے پر عزم ہے۔

بورڈ کے نوارا کین ہیں، جن میں متنوع پس منظر کے ساتھ بنیادی قابلیت، علم، مہارت اور کمپنی کے کاروبار سے متعلقہ تجربہ ہے۔ جنہیں 30 مئی 2023 کو منعقدہ ایکسٹرا آرڈینری جنرل میٹنگ میں منتخب کیا گیا تھا، جو تین سال کی اگلی مدت کے لیے کمپنیز ایکٹ 2017 کے سیکشن 159 کی دفعات۔ بورڈ اپنی کمیٹیوں کے ساتھ مل کر منصوبہ بندی کے عمل میں اور کمپنی کے وژن کو تیار کرنے میں مکمل طور پر شامل تھا۔ بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی کا جائزہ لینے، مالیاتی نتائج کا جائزہ لینے اور کمپنی کے مقاصد کے حصول میں بورڈ کے ذریعے ادا کیے گئے کردار کی مجموعی تاثیر کا جائزہ لینے کے لیے سال کے دوران چھ بار ملاقات ہوئی۔ بورڈ کے اجلاسوں کے لیے میٹنگ کا ایجنڈا اور معاون کاغذات بروقت موصول ہوئے۔

میں کمپنی کے بورڈ آف ڈائریکٹرز کے ممبران، شیئر ہولڈرز، بینکرز، مالیاتی اداروں، ہمارے قابل قدر صارفین اور سپلائرز کا تعاون اور مدد کے لیے ان کا شکر گزار ہوں۔ میں کمپنی کے ایگزیکٹوز اور دیگر ملازمین کا بھی ان کی لگن اور محنت کے لیے شکر یہ ادا کرتا ہوں اور مستقبل میں بھی ایسا ہی تعاون حاصل کرنے کا منتظر ہوں۔

بورڈ آگے آنے والے چیلنجوں کا مقابلہ کرنے میں بڑھتے ہوئے اعتماد کے ساتھ اگلے سال کا منتظر ہے۔

شیخ نسیم احمد

شیخ نسیم احمد

چیئرمین

ملتان:

تاریخ: 30 ستمبر 2024

**DIRECTORS' REPORT**

On behalf of the Board of Directors of the Company, we are pleased to present the Directors' Report together with the 59th Annual Report of the Company along with the Annual Audited Financial Statements of the Company for the year ended June 30, 2024.

FINANCIAL RESULTS

A comparison of the key financial results of the Company for the year ended June 30, 2024, are as under:

Rupees in thousand	Year ended June, 30		Increase / (Decrease) %
	2024	2023	
Sales - net	97,160,875	77,696,980	25.05%
Cost of sales	(86,143,905)	(67,610,876)	27.41%
Gross Profit	11,016,971	10,086,103	9.23%
EBIDTA	13,385,820	8,422,182	58.94%
Depreciation	2,222,503	1,753,002	26.78%
Finance Cost	(8,337,428)	(5,074,372)	64.30%
Profit before taxation	2,825,889	1,594,808	77.19%
Profit after taxation	1,785,288	586,095	204.61%
Earnings per share - Rs.	59.51	19.54	204.61%

The sales revenue has increased during the year, the sales volume of yarn has improved whereas, fabric sales has declined in this year as compared to last year.

The significant portion of the cost of goods manufactured consists of Raw material, which is 75.67% and power cost is 11.84%, which has always been the concern for the management to control. The gross margins have declined from 12.98% to 11.34% mainly on account of increased raw material prices, power cost (on account of increase in gas tariff and electricity rates) and other conversion costs as compared to previous year.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

The operations of your Company are primarily divided into two operating segments:

- Spinning segment: manufacturing and sale of yarn
- Weaving segment: manufacturing and sale of fabric

The segment wise results of the reportable segments of the Company are as follows:

	Spinning	Weaving	Spinning	Weaving
	2024		2023	
	Rupees in thousand			
Revenue (net)	83,083,335	14,077,540	63,953,534	13,743,446
Profit / (loss) before tax	2,885,926	(60,037)	470,265	1,124,548



During the current period, the Company was able to increase its overall sales value, the overall sales volume slightly increased with almost same sales mix. The net profit margins for the spinning division have seen improvement as the Company was able to secure better sales prices. However, the weaving division has experienced loss before tax due to the aforesaid reasons.

EARNINGS PER SHARE

The Company has earned profit after tax of Rs. 1,785.288 million as compared to profit after tax of Rs. 586.095 million in same period of last year. This resulted in earnings per share of Rs. 59.51 in the current year as compared to earnings per share of Rs. 19.54 in the last year.

DIVIDENDS

Keeping in view debt profile and future demand cycle, the directors have not recommended any dividend as Company has to focus on expanding the business while maintaining solvency, steady cash flows, lowering outstanding debt, financial expenses and maximizing shareholders' wealth. The directors hope to resume the dividend payout in future.

Accordingly, the appropriation of profit will be as under:”

	Year ended June 30,	
	2024	2023
	---- (Rupees in '000) ----	
The profit after tax amounted to	1,785,288	586,095
Other comprehensive Loss - re-measurement of defined benefit liability	(80,631)	(23,710)
Total comprehensive income	1,704,657	562,385
Un-appropriated profit brought forward from last year	21,140,137	20,368,453
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	589,643	509,299
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	22,724	0
	<u>23,457,161</u>	<u>21,440,137</u>
APPROPRIATION:		
Cash Dividend Nil (2022: 100%)	0	300,000
Leaving un-appropriated profit	<u>23,457,161</u>	<u>21,140,137</u>
	<u>23,457,161</u>	<u>21,440,137</u>

The Company over the years had made significant investments in expanding its production facilities by utilizing unappropriated profits - revenue reserve. Accordingly, the unappropriated profits - revenue reserve as of June 30, 2024 are not entirely available for distribution as dividends. The board of directors of the Company in its meeting held on September 30, 2024 decided to reclassify and transfer a sum of Rs. 15.000 billion out of unappropriated profits - revenue reserve to a separate capital reserve against capacity expansion, not available for distribution as dividend, to more accurately reflect the nature of these reserves.



ECONOMY OVERVIEW

Pakistan's economy started FY2025 with firm positive developments, setting a positive tone for the months ahead. As in August 2024, a drop in CPI inflation suggested that the economy is on track to keep single-digit inflation in the coming months. Both the fiscal and external sectors have shown resilience, attributed to improved management. The current account has improved, and the FBR tax collection exceeded the target.

Large Scale Manufacturing (LSM) registered positive growth of 0.9 percent in FY2024 against the contraction of 10.3 percent last year. However, in June 2024, LSM slightly decreased by 0.03 percent on a year-on-year (Y-o-Y). CPI inflation recorded at 9.60 percent on Y-o-Y basis in August 2024 as compared to 11.1 percent in previous month, and 27.4 percent in August 2023. On a month-on-month (M-o-M) basis, it increased by 0.4 percent in August 2024 compared to an increase of 2.1 percent in the previous month.

FUTURE PROSPECTS

The LSM sector is projected to sustain positive growth trajectory in FY2025 on the back of improved external demand, stable exchange rate, receding inflation and easing of monetary policy. For agriculture outlook, Kharif 2024 production is dependent on the crops specific weather pattern, which will play critical role in crop yield. The recent and ongoing rainfall spells can have positive and negative impact on cotton. On the account of stability in economic indicators, inflation is expected to remain within the range of 9-10 percent in September and will further decline in October 2024. On external front, exports, imports and worker's remittances are following an upward trend. The stable outlook of external sector hinges upon stable exchange rate, revived domestic economic activities, better agriculture output, low domestic and global commodity prices and improved foreign demand.

Witnessing the diminishing inflationary pressures, the Monetary Policy Committee (MPC) cut the policy rate by further 200 basis points to 17.5%, effective from September 13, 2024. The policy rate adjustment will keep inflationary expectations well-anchored and will support the sustainable economic recovery in FY2025. On the domestic front, the economy is showing signs of progress, as seen by the stable currency, declining current account deficit, declining rate of inflation and increasing foreign exchange reserves. The favorable circumstances have resulted in positive real interest rates due to recent trends suggesting a decline in inflation, which have prompted the State Bank of Pakistan (SBP) to lower interest rates by 450 basis points. This suggests the possibility of additional cuts in the near future, which would encourage demand-led growth.

The global GDP growth is projected at 2.7% for both 2024 and 2025. However, a slow down for quarter-over-quarter in global growth is anticipated due to investment and global trade hindered by heightened uncertainty in the second half of 2024. The global economic expansion slowed further in July, but historical comparisons indicate that the Purchasing Managers Index (PMI) is broadly indicative of the global economy growing at an annualized rate of 2.8% in July, which remains robust and is among the strongest indicator over the past year. Recent indicators suggest that economic activity has continued to expand at a solid pace. Inflation has eased over the past year but remains somewhat elevated.

Building on the economic stability achieved under the 2023 Stand-by Arrangement (SBA), the Executive Board of the International Monetary Fund (IMF) in consultation with Pakistan approved a 37-month Extended Arrangement under the Extended Fund Facility (EFF) for Pakistan of about US\$7 billion. The new program aims to support the authorities' efforts to cement macroeconomic stability and create conditions for a stronger, more inclusive, and resilient growth. This includes steps to strengthen fiscal and monetary policy and reforms to broaden the tax base, improve State Owned Enterprises' (SOE)



management, strengthen competition, secure a level playing field for investment, enhance human capital, and scale up social protection through increased generosity and coverage in the Benazir Income Support Program (BISP). Continued strong financial support from Pakistan's development and bilateral partners will be critical for the program to achieve its objectives.

The new EFF program will bring opportunities for further borrowing from other international lenders and friendly nations, enhancing financial flexibility. However, it also presents numerous challenges for the economy and industries as the fresh EFF comes at the cost of a substantial increase in energy prices and the withdrawal of various subsidies, which may lead to a resurgence of inflation and exchange rate adjustment, impacting policy rates. The situation may further be compounded by the implications of recent budgetary measures on the textile industry, such as the withdrawal of zero-rating on local supplies under the Export Facilitation Scheme ("EFS"), imposition of duties on the import of certain raw materials, and change in taxation regime from FTR to NTR. These measures may not only exacerbate the cash flow issues and create unnecessary hassle but will potentially affect the export competitiveness of the industries. In terms of the Company's operations, intensive efforts are underway to maintain costs by maximizing capacity utilization, rationalizing expenses, and efficient working capital utilization. However, the availability of cheaper imported yarn is likely to pose a significant challenge for the Company. Further, the Company's profitability in the short term is also expected to be challenged by elevated finance and energy costs.

Cotton production in Pakistan is expected to decrease in 2024/25, with a forecast of 6.59 million bales, which is lower than the 2023/24 production. This is based on the average yield over the past five years, excluding the flood-affected yield in 2022/23. As of August 31, 2024, Pakistan's cotton production in Punjab and Sindh has dropped by 60%, severely impacting the textile industry. Only 1.226 million bales reached ginning factories, a significant decline from 3.04 million bales in the same period last year. The country will be able to earn a sizable amount of foreign exchange if the weather stays fair and the production target is met. This would assist stabilize cotton prices and encourage the growth of the local textile sector.

The country's textile group exports increased by around 0.93 percent during the fiscal year 2023-24 and remained at \$16.655 billion as compared to \$16.501 billion in 2022-23. The data of exports and imports revealed that the country's exports in the fiscal year 2023-2024 totaled \$30.677 billion (provisional) against \$27.724 billion during the corresponding period of last year showing an increase of 10.65 percent.

The management expects the sales revenue to grow during the year ending June 30, 2025 and the liquidity position will further strengthen to run the operations of the Company in a sustainable manner. Going forward, we remain committed to improve our operations, to be more innovative, efficient and profitable to deliver sustainable returns to our shareholders.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors confirm compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG Regulations) for the following matters:

1. The financial statements, prepared by the management of Fazal Cloth Mills Ltd., present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.



3. The Company has maintained proper books of account.
4. International accounting standards, as applied in Pakistan, have been followed in preparation of these financial statements and departures there from have been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as on-going process with objective to strengthen the controls and bring improvements in the system.
6. There are no doubts about the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of the CCG Regulations.
8. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at June 30, 2024, except for those disclosed in the financial statements.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has established an effective and efficient system of internal and financial controls to safeguard the assets of the Company, prevent and detect fraud and ensure compliance with all statutory and legal requirements. The internal control structure is regularly reviewed and monitored by the Internal Audit function duly established by the Board. Audit Committee reviews the internal control system on quarterly basis in accordance with the term of its reference.

COMPOSITION OF THE BOARD

The Directors of the Company were elected in Extraordinary General meeting of the Company held on May 30, 2023. On November 29, 2023, Mr. Fahd Mukhtar resigned as Director and Mr. Abbas Mukhtar was appointed in his place. The composition of the Board complies with the requirements of the CCG Regulations. The Board comprises of nine directors as follows:

- a) Female.....1
- b) Male..... 8

Composition

- Independent Directors..... 3
- Non-Executive Directors.....3
- Executive Directors..... 3

AUDIT COMMITTEE

The Audit Committee (AC) assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control, risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or advisors as considered appropriate. The Chief Financial Officer regularly attends the Audit Committee meetings by invitation to present the financial statements. After each meeting, the Chairperson of the Committee reports to the Board. The Committee met four (04) times during the year 2023-2024. The names of committee members are as follows:



- | | |
|--|-------------|
| i. Ms. Parveen Akhtar Malik (Independent Director) | Chairperson |
| ii. Sheikh Naseem Ahmad (Non-executive Director) | Member |
| iii. Mr. Amir Naseem Sheikh (Non-executive Director) | Member |
| iv. Mr. Babar Ali (Independent Director) | Member |

The Audit committee has reviewed the quarterly, half-yearly and annual financial statements, besides the internal audit plan, material audit findings and recommendation of internal audit department. In addition to above meetings, Audit Committee met with external auditors without Chief Financial Officer (CFO) and Head of Internal Audit (HIA). Audit Committee also met the head of internal audit and other members of the internal audit function without the CFO and the external auditors being present.

HR AND REMUNERATION COMMITTEE

The HR and Remuneration Committee (HR&RC) meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives' remuneration and to approve all matters relating to the remunerations of the executive directors. The CEO of the Company also attended the Human Resource and Remuneration Committee meeting held during the year. The Committee met one (01) time during the year 2023-2024. The names of committee members are as follows:

- | | |
|---|----------|
| i. Mr. Babar Ali (Independent Director) | Chairman |
| ii. Mr. Amir Naseem Sheikh (Non-executive Director) | Member |
| iii. Mr. Faisal Ahmad (Non-executive Director) | Member |

STRATEGIC PLANNING COMMITTEE

The Strategic Planning Committee (SPC) is an advisory committee to the Board of Directors that assists the Board in setting and maintaining the strategic direction of the Company by reviewing the Company's long-term strategic planning, significant changes in the operating environment, identifying new risks and opportunities and to provide opinions thereon. The Committee met one (01) time during the year 2023-2024. The names of committee members are as follows:

- | | |
|--|----------|
| i. Mr. Rehman Naseem (Chief Executive) | Chairman |
| ii. Mr. Masood Karim Sheikh (Independent Director) | Member |
| iii. Ms. Parveen Akhtar Malik (Independent Director) | Member |

MEETINGS OF BOARD AND ITS COMMITTEES IN 2023-24

During the year 2023-2024 four board meetings, four audit committee meetings, one HR & Remuneration Committee meeting and one Strategic Planning Committee meeting were held. The names of directors during the year and their attendance are given here under:



Sr. No.	Director	Status (BOD)	Committee Members			Attendance			
			AC	HR & RC	SPC	Board Meetings	AC	HR & RC	SPC
1	Mr. Sheikh Naseem Ahmad	Re-appointed on May 30, 2023	✓			4 / 4	4 / 4		
2	Mr. Aamir Naseem Sheikh	Re-appointed on May 30, 2023	✓	✓		3 / 4	4 / 4	1 / 1	
3	Mr. Rehman Naseem	Re-appointed on May 30, 2023			✓	4 / 4			1 / 1
4	Mr. Faisal Ahmed	Re-appointed on May 30, 2023		✓		3 / 4		1 / 1	
5	Mr. Muhammad Mukhtar Sheikh	Re-appointed on May 30, 2023				3 / 4			
6	Mr. Fahd Mukhtar	Re-appointed on May 30, 2023 and Resigned on November 29, 2023				0 / 2			
7	Mr. Babar Ali	Re-appointed on May 30, 2023	✓	✓		4 / 4	4 / 4	1 / 1	
8	Mr. Masood Karim Shaikh	Re-appointed on May 30, 2023			✓	4 / 4	-		1 / 1
9	Ms. Parveen Akhter Malik	Re-appointed on May 30, 2023	✓		✓	4 / 4	4 / 4		1 / 1
10	Mr. Abbas Mukhtar	Co-opted on November 29, 2023				2/2			

Leave of absence was granted to the directors unable to attend the board meetings.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

Pursuant to the CCG Regulations, the Board recognizes that it continually needs to monitor and improve its performance. The performance of the Board of our Company is evaluated annually along the following parameters, both individually and collectively:

1. Effectiveness in bringing in a mix of gender, talents, skills and diversified perspectives.
2. Integrity, credibility, trustworthiness and active participation of members.
3. Follow-up and review of annual targets set by the management.
4. Ability to provide guidance and direction to the Company.
5. Ability to identify aspects of the organization's performance requiring action.
6. Review of succession planning of management.
7. Ability to assess and understand the risk exposures of the Company.
8. Contribution and interest in regard to improving health safety and environment, employment and other policies and practices in the Company.
9. Safeguarding the Company against unnecessary litigation and reputational risk.



During the year, the Board has appraised the performance of Board as a whole as well as individual director and its committees. The overall conclusion of this year's review based on available feedback has been found satisfactory.

DIRECTORS' REMUNERATION

The Company has an approved 'Remuneration Policy for Directors'; the salient features and elements of which are:

- The Company will not pay any remuneration to its non-executive directors including independent directors except as meeting fee for attending the Board and its Committee meetings. As per the policy, Independent Directors are paid an after-tax remuneration of PKR 62,500 for attending each meeting of the Board or its committees.
- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.
- A Director shall be provided or reimbursed for all travelling, boarding, lodging and other expenses incurred by her / him for attending meetings of the Board and its Committees.
- Any Director who performs services which, in the opinion of the Board, are outside the scope of the statutory duties of a director, may be paid such extra remuneration.

DETAIL OF DIRECTORS REMUNERATION

The Company has three Executive Directors, including Chief Executive of the Company. Following are the details of remuneration paid to the Chief Executive of the Company during the year:

	2024				2023		
	Chief Executive	Muhammad Mukhtar Sheikh	Fahd Mukhtar	Abbas Mukhtar	Chief Executive	Muhammad Mukhtar Sheikh	Fahd Mukhtar
	----- Rupees in million -----						
Remuneration	13.800	13.800	5.750	8.050	12.000	12.000	12.000
House rent and utilities	5.233	0	0	0	8.318	0	0
Medical	0.259	0	0	0	1.756	0	0
	19.292	13.800	5.750	8.050	22.074	12.000	12.000

No remuneration has been paid to non-Executive Directors of the Company except meeting fee of Rs. 0.94 million (2023: Rs. 1.48 million) was paid to two independent directors. Further refer to note 43 of annexed financial statements.

PRINCIPAL RISKS & UNCERTAINTY

Businesses face numerous risks and uncertainties, which, if not properly addressed, might cause serious loss to the Company. The Board of Directors of the Company has carried out a vigilant and thorough assessment of both internal and external risks that the Company might face. Following are some of the risks which the Company is facing:



- Declining export sales due to geopolitical tensions (between US / China, Russia / Ukraine war) and decreased global demand due to global recessionary conditions.
- Increased competition at global as well as regional levels to be cost effective.
- Currency volatility causing Rupee devaluation, resulting in an increased cost of imported raw-material, stores & spares and plant & machinery.
- Implementation of Custom Duties / Regulatory Duties on import of Cotton / Man-made fibers making raw material more costly.
- Rising trend of conversion, power cost on account of increasing fuel / gas prices, natural gas curtailment and other inflationary impacts.
- Higher policy rates i.e., KIBOR resulting in higher financing costs.
- Uncertain taxation measures including the imposition of super tax. Further delay in processing sales tax and income tax refunds, increasing the liquidity crunch.
- Withdrawal of zero-rating on local supplies under the Export Facilitation Scheme (“EFS”), imposition of duties on the import of certain raw materials, and change in taxation regime from FTR to NTR.
- High inflation in preceding years impacted the purchasing power of common man thereby reducing the demand for the Company’s product.

SUBSEQUENT EVENTS

There have been no material changes and commitments affecting the financial position of the company since June 30, 2024 to the date of this report.

COMMUNICATION

The Company places great importance on the communication with the shareholders. Annual, half yearly and quarterly reports are communicated through electronic means to them within the time specified in the Companies Act, 2017. The Company’s activities are updated on its web site www.fazalcloth.com, on a timely basis.

HEALTH, SAFETY AND ENVIRONMENT

We strongly believe in maintaining the highest standards in health, safety and environment (HSE) to ensure the well-being of the people who work with us as well as of the communities where we operate. The Company is committed to run its business in an environmentally sound and sustainable manner and promote preservation of the environment. The Company shall prevent the wasteful use of natural resources and minimize any hazardous impact of the development, production, use and disposal of any of its products on the ecological environment in accordance with the applicable laws. Associates must adhere strictly to all applicable environmental laws and regulations that impact the Company’s operations, promote preservation and sustainability of the environment.

CORPORATE SOCIAL RESPONSIBILITY

The Company considers social, environmental and ethical matters in the context of the overall business environment. The Company is committed to make conscious effort to consider and balance the interest of all stakeholders, in particular the community in which we live and who form our customer base.



As a leading textile company in the spinning & weaving sector, the Company is committed ensuring Corporate Social Responsibility (CSR), integrating sustainable and ethical practices into our core operations. The company's main goals are to improve corporate practices, the environment and the communities it serves. The management assesses overall CSR activities, ensuring they support the Company's long-term goals of sustainability and inclusivity.

During the FY 23-24, the Company carried out several activities, some of which are disclosed below:

- As a part of the ongoing efforts to create a safe work environment, the Company organized a Diabetic Screening Camp at Head Office in collaboration with Mukhtar A. Sheikh Hospital.
- On the account of breast cancer awareness, the Company organized an insightful Breast Cancer Awareness session and in-house health checkup for the female employees and their families. The session was educational and interactive, based on crucial topics including early detection, self-examination, support initiatives, and the latest advancements in breast cancer research.
- To support the agenda of inclusivity and diversity on International Women's Day 2024, the Company by providing a platform devoted to exhibiting the amazing journey of women's empowerment and celebrating the accomplishments of women from all social statuses and professions.
- As a part of our green initiatives, the Company's management executed a Tree Plantation Drive at the factory area of Multan and Muzaffar Garh. This initiative aligns with our values of giving back to society and preserving the environment for future generations.
- To support the aim of quality education, the Company collaborated with Progressive Education Network (PEN). PEN pledged to support Aligarh Model High School, an institution with a history, for upgradation & transformation in collaboration with District Government, Multan and Fazal Cloth Mills Limited.
- We have teamed up with Police Khidmat Markaz, Multan to enhance traffic-related services at our head office. This new partnership ensures that our employees have seamless access to essential traffic management resources, fostering both safety and efficiency.
- Additionally, the Company collaborated with Nishtar Hospital, Multan, inaugurated a new pharmacy as a testament to our commitment to serving the community's healthcare needs by providing quality medicines at discounted prices.

SUSTAINABILITY-RELATED RISKS

Environmental, Social and Governance (ESG) considerations are part of the risks associated with sustainability. The Company hopes to contribute to a sustainable future through implementing green initiatives, renewable energy policies and best operating practices. The management has set specific and measurable ESG targets that align with the Company's strategic objective to achieve greater sustainable resilience and positive social impact. The Company has invested a large amount of money in innovative, environment friendly technologies that uphold the values of ethical production and consumption. Such sustainable activities may put pressure on short-term profitability or margins but the Company believes that in the long run, it will enhance business value through customer acquisition & retention and a competitive edge. The Company conducts a comprehensive analysis of both present and future sustainability related risks, identifying particular areas of concern and measures are taken to address the same.



Sustainability related risk & opportunities helps to identify and manage risks related to environmental, social, and governance (ESG) factors, which are increasingly important to investors, regulators, and consumers. Under the context of this approach, the Company is mainly exposed to the following sustainability risks.

Environmental Risks:

Carbon Emissions, Pollution, Water Usage, Waste Management and Chemical Use

Social Risks:

Labor Practices, Human Rights, Health, and Safety.

Governance Risks:

Regulatory Compliance, Supply Chain Transparency.

The aforesaid considerations present a danger to the company; non-compliance may result in penalties in the short term, but in the long term, it may cause significant fines, legal fees and reputational harm, including the loss of clients and business. Inadequate transparency and monitoring of sustainability policies may also eventually reduce investor confidence and restrict access to funding. Risks are opportunities, so taking advantage of the ones mentioned above by adopting sustainable practices and increasing energy efficiency can result in cost savings and boost a company's reputation. Long-term opportunities draw attention to the possibility of maintaining a competitive edge by adhering to ESG principles consistently. This can boost investor confidence, decrease financial volatility and guarantee long-term profitability.

In order to effectively discharge sustainability related duties, the Board will assign additional responsibilities to an existing Board Committee for sustainability related risks for review. The Board committee shall periodically monitors and reviews sustainability related risks, opportunities and initiatives and submit to the board a report, annually, on embedding sustainability principles into the organization's strategy and operations to increase corporate value.

DIVERSITY, EQUITY, & INCLUSION (DE&I)

The Company advocates for diversity, equity, and inclusion (DE&I) because of its varied workforce and community. The Company places a high priority on DE&I since it is essential to its ethical and sustainable business operations. A comprehensive strategy aimed at increasing gender and ethnic diversity and inclusion at all levels, with quantifiable and transparent goals, is now under development.

The Company views gender diversity as a strategic priority that enhances decision-making and problem-solving, contributing to a sustainable competitive advantage. Our commitment to DE&I has been central to our talent acquisition and engagement strategies. The Company promoted a culture of belonging and respect. This dedication was also reflected in its talent movements, ensuring diverse representation at all levels. Participation in career fairs and collaborations with reputable organizations further underscored the Company's commitment to creating an inclusive workplace where every individual is valued. During the year, gender representation was 0.25% of the total workforce. Our target is to increase women's representation on Board and will endeavor to increase female representation in workforce to 2% as soon as possible but not later than next three years.



The Company is committed to ensure that all employees feel valued, respected, and empowered and in this regard has established a comprehensive framework to regulate its DE&I agenda. The Company has various policies embedded within the organisation including maternity leave and a gender diversity policy, to foster an inclusive workplace environment.

Our Company is committed to keep a workplace free from gender discrimination and there is no salary disparities based on gender. The pay of an employee is determined by considering a number of factors, including the employees' performance, market conditions, tenure, education, professional experience and geographical location. The Company makes sure that there is no gender discrimination and that compensation is determined by objective, merit-based standards and no discrimination on the basis of gender. The workforce comprises of 0.25% females, with a 5.83% representation at Executive Management Team level and the Company is committed for increasing these numbers in order to broaden and enhance its pool of talent. The Company adheres to all relevant laws and regulations, ensuring compliance through systematic evaluations at key employment touchpoints, including:

- **Hiring:** Implementation of stringent, non-discriminatory assessment standards to guarantee gender parity in recruiting new staff members.
- **Salary Reviews:** Salary reviews are carried out strictly in accordance with fair standards, guaranteeing that any adjustments are free from gender prejudice.
- **Career Advancement:** Keep an equal chance while evaluating role changes and promotions using transparent and fair criteria, providing an equal opportunity for advancement to all employees. The company is unswerving in its commitment to giving all of its employees equal opportunities and is committed to openness in its pay practices.

KEY OPERATING AND FINANCIAL DATA (SIX YEARS SUMMARY)

Key operating and financial data of last six years in enclosed.

APPOINTMENT OF AUDITORS

The present External Auditors, M/s. ShineWing Hameed Chaudhri & Co., Chartered Accountants have completed the annual audit for the year ended June 30, 2024, and issued a clean audit report. The auditors will retire on the conclusion of the Annual General Meeting of the Company and, being eligible, have offered themselves for reappointment. As proposed by the Audit Committee, the Board recommends their re-appointment as auditors of the Company in the Annual General Meeting.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as at June 30, 2024 is annexed to this report.

TRANSACTION / TRADE IN COMPANY'S SHARES

All the trades in shares of the Company carried out by the Directors, Executives and their spouses and minor children (if any) during the financial year 2024 are disclosed in pattern of shareholding annexed to the Annual Report. Executives include Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary and certain other employees drawing salary of Rs. 8.000 million or more annually as per the threshold set by the Board of Directors are regarded as Executives.



THANKS AND APPRECIATION

We would like to place on record deep appreciation for the efforts of the executives, officers and other staff members and workers for their hard work, co-operation and sincerity to the Company in achieving the best possible results. The Board also wishes to place on record the appreciations to all banks, customers and suppliers for continued support to the Company with zeal and dedication. The Management is quite confident that these relations and co-operation will continue in the years to come.

On behalf of the Board of Directors

Sheikh Naseem Ahmed
(Director)

Multan | September 30, 2024

On behalf of the Board of Directors

Rehman Naseem
(Chief Executive)



ڈائریکٹرز رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے، ہمیں کمپنی کی 59 ویں سالانہ رپورٹ کے ساتھ 30 جون، 2024 کو ختم ہونے والے سال کے لئے کمپنی کے سالانہ آڈٹ شدہ مالیاتی تفصیلات کے ساتھ ڈائریکٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

مالی کارکردگی:

30 جون 2024 کو ختم ہونے والے سال کے لئے کمپنی کے اہم مالیاتی نتائج کا موازنہ حسب ذیل ہے:-

اضافہ / کمی %	30 جون کے اختتامی نتائج		-- روپے ہزاروں میں --
	30 جون 2024	30 جون 2023	
25.05%	97,160,875	77,696,980	خالص فروخت
27.41%	(86,143,905)	67,610,876	لاگت فروخت
9.23%	11,016,971	10,086,103	مجموعی منافع
58.94%	13,385,820	8,422,182	EBIDTA
26.78%	2,222,503	1,753,002	فرسودگی
64.30%	(8,337,428)	5,074,372	مالی لاگت
77.19%	2,825,889	1,594,808	ٹیکس سے پہلے (منافع)
204.61%	1,785,288	586,095	ٹیکس کے بعد (منافع)
204.61%	59.51	19.54	آمدنی فی حصص (روپے)

عالمی اقتصادی سست روی کے باوجود، رواں سال کے دوران فروخت آمدنی میں اضافہ ہوا ہے، جبکہ گزشتہ سال اسی مدت کے مقابلے اس عرصے میں یارن اور فیبرک دونوں کی مجموعی فروخت کا حجم قدرے بہتر ہوا ہے۔

تیار کردہ سامان کی لاگت کا اہم حصہ خام مال پر مشتمل ہے جو کہ 75.67% ہے، اور بجلی کا لاگت 11.84% ہے، جسے کنٹرول کرنا انتظامیہ کے لئے ہمیشہ تشویش کا باعث رہا ہے۔ مجموعی مارجن میں بنیادی طور پر خام مال کی قیمتوں میں اضافہ، بجلی کی قیمت (گیس ٹیرف اور بجلی کے نرخوں کی وجہ سے) اور دیگر تبادلوں کے اخراجات کی وجہ سے پچھلے سال کے مقابلے 12.98% سے 11.34% کی کمی آئی ہے۔

کاروباری کارکردگی کا قطعی جائزہ:

آپ کی کمپنی کے کاموں کو بنیادی طور پر دو آپریٹنگ حصوں میں تقسیم کیا گیا ہے۔

- سپننگ سیکمنٹ: سوت کی تیاری اور فروخت۔

- ویونگ سیکمنٹ: فیبرک کی تیاری اور فروخت۔

کمپنی کے قابل رپورٹ حصوں کے سیکمنٹ وائز نتائج درج ذیل ہیں:



ویونگ	سپنگ	ویونگ	سپنگ	
2024		2023		
-- روپے ہزاروں میں --				
14,077,540	83,083,335	13,743,446	63,953,534	ریونیو (خالص)
(60,037)	2,885,926	1,124,548	470,265	منافع / نقصان ٹیکس سے پہلے

موجودہ مدت کے دوران، کمپنی اپنی مجموعی سیلز ویلیو میں اضافہ کرنے میں کامیاب رہی، تقریباً اسی سیلز مکس کے ساتھ مجموعی فروخت کا حجم قدرے بڑھ گیا۔ اسپنگ ڈویژن کے خالص منافع کے مارجن میں نمایاں بہتری دیکھنے میں آئی ہے کیوں کہ کمپنی زیادہ فروخت کی قیمتیں حاصل کرنے میں کامیاب رہی ہے، تاہم ویونگ ڈویژن کو مذکورہ وجوہات کے باعث خالص منافع میں کمی کا سامنا کرنا پڑا ہے۔

فی شیئر آمدنی:

رواں سال کمپنی نے بعد از ٹیکس منافع 1,785.288 ملین روپے حاصل کیا، جو گزشتہ سال اسی مدت کے دوران، 586.095 ملین روپے تھا۔ اس کے نتیجے میں رواں سال فی حصص آمدنی 59.51 روپے رہی، جو کہ گزشتہ سال اسی مدت میں 19.54 روپے تھی۔

ڈیوڈنڈ:

قرض کے پروفائل اور مستقبل کی طلب کے چکر کو مد نظر رکھتے ہوئے، ڈائریکٹرز نے کسی بھی ڈیوڈنڈ کی سفارش نہیں کی ہے کیونکہ کمپنی کی سالوینسی، مستحکم نقد بہاؤ، بقایا قرض کو کم کرنے، مالی اخراجات اور شیئرز ہولڈرز کی دولت کو زیادہ سے زیادہ کرنے کے ساتھ کاروبار کو مزید بڑھانے پر توجہ دینی ہے۔ ڈائریکٹرز امید کرتے ہیں کہ مستقبل میں ڈیوڈنڈز کی ادائیگی دوبارہ شروع کر دی جائے گی۔

اس کے مطابق منافع کی تخصیص حسب ذیل ہوگی:

سال کا اختتام 30، جون	
2024	2023
روپے ہزاروں میں	
1,785,288	586,095
(80,631)	(23,710)
1,704,657	562,385
21,140,137	20,368,453
589,643	509,299
22,724	0
23,457,161	21,440,137
0	300,000
23,457,161	21,140,137
23,457,161	21,440,137

ٹیکس کے بعد کا خالص منافع

دیگر جامع نقصان

مجموعی جامع منافع

غیر مختص منافع (پچھلے سال سے لایا گیا)

سال کے دوران چارج کئے جانے والی اضافی فرسودگی کی وجہ سے

سرپلس غیر مختص شدہ منافع میں منتقل کیا گیا (ٹیکس کا بیٹ)

تصرف پر مقررہ اثاثوں کی دوبارہ تخصیص پر سرپلس سے منتقلی (ٹیکس کا بیٹ)

تخصیص:

کیش ڈیوڈنڈ 0% : (2022 : 100%)

غیر مختص منافع کی چھوٹ



کمپنی نے گزشتہ برسوں کے دوران غیر مناسب منافع ریونیوریز کو استعمال کرتے ہوئے اپنی پیداواری سہولیات کو بڑھانے میں اہم سرمایہ کاری کی ہے۔ اس کے مطابق، 30 جون 2024 تک غیر منقولہ منافع مہسولات کے ذخائر بطور ڈیویڈنڈ تقسیم کے لیے مکمل طور پر دستیاب نہیں ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز نے 30 ستمبر 2024 کو ہونے والی اپنی میٹنگ میں روپے کی دوبارہ درجہ بندی اور منتقلی کا فیصلہ کیا۔ غیر مناسب منافع میں سے 15,000 بلین ان ذخائر کی نوعیت کو زیادہ درست طریقے سے ظاہر کرنے کے لیے استعداد میں توسیع کے خلاف ایک علیحدہ کیپٹل ریزرو کیلئے ریونیوریز ڈیویڈنڈ کے طور پر تقسیم کے لیے دستیاب نہیں ہے۔

معاشی جائزہ:

پاکستان کی معیشت نے مالی سال 2025 کا آغاز مضبوط اور مثبت پیش رفت کے ساتھ کیا، جو آنے والے مہینوں کے لئے ایک مثبت انداز قائم کر رہا ہے۔ جیسا کہ اگست 2024 میں CPI افراط زر میں کمی نے تجویز کیا معیشت آنے والے مہینوں میں سنگل ہندسوں کی افراط زر کو برقرار رکھنے کے راستے پر ہے۔ مالیاتی اور بیرونی دونوں شعبوں نے چک دکھائی ہے، جس کی وجہ بہتر انتظام ہے۔ کرنٹ اکاؤنٹ میں بہتری آئی ہے اور FBR کی ٹیکس وصولی ہدف سے بڑھ گئی ہے۔ بڑے پیمانے پر مینوفیکچرنگ (LSM) نے مالی سال 2024 میں 0.9 فیصد کی مثبت نمودار ج کی جو کہ گزشتہ سال 10.3 فیصد تھی۔ تاہم جون، 2024 میں سال بہ سال

(Y-o-Y) میں 0.03 فیصد کی قدرے کمی واقع ہوئی۔ CPI مہنگائی اگست، 2024 میں Y-o-Y بنیادوں پر 9.60 فیصد ریکارڈ کی گئی جو کہ پچھلے مہینے میں 11.1 فیصد تھی اور اگست 2023 میں 27.4 فیصد تھی۔ ماہ بہ ماہ (M-o-M) کی بنیاد پر اگست، 2024 کے مقابلے میں اس میں 0.4 اضافہ ہوا ہے جبکہ پچھلے ماہ 2.1 فیصد کا اضافہ ہوا۔

مستقبل کے امکانات:

بہتر بیرونی مانگ، مستحکم شرح مبادلہ، گرانی میں کمی اور مانیٹری پالیسی میں نرمی کی وجہ سے LSM سیکٹر کے مالی سال 2025 میں مثبت ترقی کی رفتار کو برقرار رکھنے کا امکان ہے۔ زریعی نقطہ نظر سے، خریف 2024 کی پیداوار فصلوں کے مخصوص موسمی طرز پر منحصر ہے جو فصل کی پیداوار میں اہم کردار ادا کرے گی۔ حالیہ اور جاری بارشوں کے سپیلو کپاس پر مثبت اور منفی اثرات مرتب کر سکتے ہیں۔ اقتصادی اشاریوں میں استحکام کی وجہ سے ستمبر میں افراط زر 9-10 فیصد کی حد میں رہنے کی توقع ہے اور اکتوبر 2024 میں اس میں مزید کمی آئے گی۔ بیرونی محاذ پر، برآمدات، درآمدات اور کارکنوں کی ترسیلات زر میں اضافے کا رجحان ہے۔ بیرونی شعبے کا مستحکم نقطہ نظر، مستحکم شرح مبادلہ، ملکی اقتصادی سرگرمیوں کی بحالی، بہتر زرعی پیداوار، کم ملکی اور عالمی اجناس کی قیمتوں اور بہتر غیر ملکی مانگ پر منحصر ہے۔

مہنگائی کے کم ہوتے دباؤ کو دیکھتے ہوئے مانیٹری پالیسی کمیٹی (MPC) نے پالیسی ریٹ میں مزید 200 بیس پوائنٹس کی کمی کر کے 17.5 فیصد کر دی، جو 13 ستمبر 2024 سے لاگو ہوگی۔ پالیسی ریٹ ایڈجسٹمنٹ افراط زر کی توقعات کو اچھی طرح سے برقرار رکھے گی اور مالی سال 2025 میں پائیدار معاشی بحالی میں معاون ثابت ہوگی۔ ملکی محاذ پر معیشت ترقی کے آثار دکھا رہی ہے جیسا کہ مستحکم کرنسی، کرنٹ اکاؤنٹ خسارے میں کمی، مہنگائی کی گرتی ہوئی شرح اور بڑھتے ہوئے زرمبادلہ کے ذخائر سے ظاہر ہوتا ہے۔ سازگار حالات کے نتیجے میں مثبت حقیقی شرح سود میں اضافہ ہوا ہے کیونکہ حالیہ رجحانات افراط زر میں کمی کا مشورہ دیتے ہیں۔ جس نے سٹیٹ بینک آف پاکستان (SBP) کو شرح سود میں 450 بیس پوائنٹس کی کمی کا اشارہ کیا ہے۔ اس سے مستقبل قریب میں اضافی کٹوتیوں کے امکانات کا پتہ چلتا ہے۔ جس سے مانگ کی قیادت میں ترقی کی حوصلہ افزائی ہوگی۔



اور 2025 دونوں کے لئے عالمی شرح نمو 2.7 فیصد متوقع ہے تاہم، 2024 کی دوسری ششماہی میں بڑھتی ہوئی غیر یقینی صورتحال کی وجہ سے سرمایہ کاری اور عالمی تجارت کی وجہ سے عالمی نمو میں سہ ماہی کے مقابلے میں سست روی متوقع ہے۔ جولائی میں اقتصادی توسیع میں مزید سست روی آئی لیکن تاریخی موازنے بتاتے ہیں کہ پرچیز مینوفیکچرنگ مینجمنٹ انڈیکس (PMI) وسیع پیمانے کی عالمی معیشت کی جولائی میں 2.8 فیصد سالانہ شرح سے بڑھنے کا اشارہ ہے جو مضبوط رہتا ہے اور گزشتہ سال کے دوران سب سے مضبوط اشارے میں سے ایک ہے۔ حالیہ اشارے بتاتے ہیں کہ اقتصادی سرگرمیاں ایک ٹھوس رفتار سے بڑھ رہی ہیں، مہنگائی گزشتہ سال کے دوران کم ہوئی ہے لیکن کچھ حد تک بلند ہے۔

2023 کے سٹیٹمنٹس کے تحت حاصل ہونے والے معاشی استحکام کی بنیاد پر، IMF کے عملے اور پاکستانی حکام نے تقریباً 7 بلین امریکی ڈالر کے 37 ماہ کے توسیعی فنڈ سہولت انتظامات (EFF) پر عملے کی سطح پر معاہدہ کیا ہے، یہ معاہدہ IMF کے ایگزیکٹو بورڈ سے مشروط ہے۔ نئے پروگرامز کا مقصد مائیکرو واکناک، استحکام کو مستحکم کرنے، مضبوط، زیادہ جامع اور چمک دار ترقی کے لئے حالات پیدا کرنے کے لئے حکام کی کوششوں کی حمایت کرنا ہے۔ اس میں مالیاتی اور مانیٹری پالیسی کو مضبوط بنانے کے اقدامات اور ٹیکس کی بنیاد کو وسیع کرنے، ریاستی ملکیتی کاروباری اداروں (SOE) کے انتظام کو بہتر بنانے، انسانی سرمائے میں اضافہ اور بڑھتی ہوئی سخاوت کے ذریعے سماجی تحفظ کو بڑھانے کے اقدامات شامل ہیں اور بے نظیر انکم سپورٹ پروگرام (BISP) میں کوریج۔ پاکستان کی ترقی اور دو طرفہ شراکت داروں کی جانب سے مسلسل مضبوط مالی تعاون پروگرام کے مقاصد کے حصول کے لئے اہم ہوگا۔

نیا (EFF) پروگرام دیگر بین الاقوامی قرض دہندگان اور دوست ممالک سے مزید قرض لینے کے مواقع فراہم کرے گا۔ تاہم یہ معیشت اور صنعتوں کے لئے بہت سے چیلنجز بھی پیش کرتا ہے کیونکہ تازہ EFF توانائی کی قیمتوں میں خاطر خواہ اضافے اور مختلف سبسڈیز کی واپسی کی قیمت پر آتا ہے۔ جو افراط زر کی بحالی اور شرح مبادلہ میں ایڈجسٹمنٹ کا باعث بن سکتا ہے، جس سے پالیسی کی شرح متاثر ہو سکتی ہے۔ ٹیکسٹائل انڈسٹری پر حالیہ بجٹ کے اقدامات کے مضمرات سے صورتحال مزید پیچیدہ ہو سکتی ہے۔ جیسے ایکسپورٹ فیسیلیٹیشن سکیم (EFS) کے تحت مقامی سپلائرز پر زیوریننگ کی واپسی، بعض خام مال کی درآمد پر ڈیوٹیوں کا نفاذ اور FTR سے NTR میں ٹیکس کے نظام میں تبدیلی۔ یہ اقدامات نہ صرف نقد بہاؤ کے مسائل کو بڑھا سکتے ہیں اور غیر ضروری پریشانی پیدا کر سکتے ہیں بلکہ صنعتوں کی برآمدی مسابقت کو ممکنہ طور پر متاثر کر سکتے ہیں۔ کمپنی کے کاموں کے لحاظ سے، صلاحیت کے استعمال، اخراجات کو معقول بنانے اور کارگر سرمائے کے موثر استعمال کے ذریعے اخراجات کو برقرار رکھنے کے لئے بھرپور کوششیں جاری ہیں۔ تاہم، سستے درآمدی یارن کی دستیابی کمپنی کے لئے ایک اہم چیلنج کا باعث بن سکتی ہے۔ مزید برآں، قلیل مدت میں کمپنی کے منافع کو بھی بلند مالیاتی اور توانائی کے اخراجات کی وجہ سے چیلنج کرنے کی توقع ہے۔

پاکستان میں کپاس کی پیداوار 2024-25 میں 6.59 ملین گانٹھوں میں کمی کی پیشگوئی کے ساتھ متوقع ہے جو کہ 2023-24 کی پیداوار سے کم ہے۔ یہ 2022-23 میں سیلاب سے متاثرہ پیداوار کو چھوڑ کر پچھلے پانچ سالوں میں اوسط پیداوار پر مبنی ہے۔ 31 اگست 2024 تک پنجاب اور سندھ میں پاکستان کی کپاس کی پیداوار میں 60 فیصد کمی ہوئی جس سے ٹیکسٹائل کی صنعت بری طرح متاثر ہوئی ہے۔ جنگ فیکٹریوں میں صرف 1.226 ملین گانٹھیں پہنچیں جو گزشتہ سال کی اسی مدت میں 3.04 ملین گانٹھوں سے نمایاں کمی ہے۔ اگر موسم درست رہے اور پیداوار کا ہدف پورا ہو جائے تو ملک خاطر خواہ زر مبادلہ کما سکے گا۔ اس سے کپاس کی قیمتوں کو مستحکم کرنے اور مقامی ٹیکسٹائل سیکٹر کی ترقی کی حوصلہ افزائی میں مدد ملے گی۔



ملک کے ٹیکسٹائل گروپ کی برآمدات میں مالی سال 2023-2024 کے دوران تقریباً 0.93 فی صد اضافہ ہوا اور 2022-23 کے مقابلے میں 16.501 بلین ڈالر کے مقابلے میں 16.655 بلین ڈالر رہا۔ برآمدات اور درآمدات کے اعداد و شمار سے پتہ چلتا ہے کہ مالی سال 2023-24 کے دوران ملک کی برآمدات 30.677 بلین ڈالر (عارضی) تھیں جو گزشتہ سال کے اسی عرصہ کے دوران 27.724 بلین ڈالر تھیں جو کہ 10.65 فیصد اضافے کو ظاہر کرتی ہیں۔ انتظامیہ کو توقع ہے کہ 30 جون، 2025 کو ختم ہونے والے سال کے دوران سیلز ریونیو میں اضافہ ہوگا اور کمپنی کے آپریشنز کو پائیدار طریقے سے چلانے کے لئے لیکویڈیٹی کی پوزیشن مزید مضبوط ہوگی۔ آگے بڑھتے ہوئے ہم اپنے آپریشنز کو بہتر بنانے، اپنے شیئر ہولڈرز کو پائیدار منافع فراہم کرنے کے لئے مزید اختراعی، موثر اور منافع بخش بننے کے لئے پرعزم ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان:

ڈائریکٹرز مندرجہ ذیل معاملات میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور سٹاک ایکسچینج کمیشن (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (دی CCG ریگولیشنز) کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تعمیل کی تصدیق کی ہے کہ:

- 1- فضل کلاتھ ملز لمیٹڈ کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- 2- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- 3- کمپنی کے کھاتوں کا حساب کتاب مکمل طور پر برقرار رکھا گیا ہے۔
- 4- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے۔ کسی انحراف کی اچھی طرح سے وضاحت کی گئی ہے۔
- 5- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔ داخلی کنٹرول کی نگرانی کا عمل کنٹرول کو مضبوط بنانے اور نظام میں بہتری لانے کے مقصد کے ساتھ مسلسل عمل کو جاری رکھے گا۔
- 6- کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- 7- کوڈ آف کارپوریٹ گورننس کے بہترین عملوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- 8- ٹیکس، ڈیویڈنڈ، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو 30 جون 2024 میں بقایا ہوں، ماسوائے جن کا مالی حسابات میں انکشاف کیا گیا ہے۔

اندرونی مالیاتی کنٹرول کی مناسبت

کمپنی کے اثاثوں کی حفاظت، دھوکہ دہی کو روکنے اور اس کا پتہ لگانے اور تمام قانونی تقاضوں کی تعمیل کو یقینی بنانے کے لئے اندرونی اور مالیاتی کنٹرول کا ایک موثر نظام قائم کیا ہے۔ اندرونی کنٹرول کے ڈھانچے کا باقاعدگی سے جائزہ لیا جاتا ہے اور بورڈ کے ذریعے قائم کردہ اندرونی آڈٹ فنکشن کے ذریعے نگرانی کی جاتی ہے۔ آڈٹ کمیٹی اپنے ریفرنس کی مدت کے مطابق سہ ماہی بنیادوں پر انٹرنل کنٹرول سسٹم کا جائزہ لیتی ہے۔



اسٹریٹجک پلاننگ کمیٹی:

اسٹریٹجک پلاننگ کمیٹی (SPC) بورڈ آف ڈائریکٹرز کی ایک مشاورتی کمیٹی ہے جو کمپنی کے طویل مدتی اسٹریٹجک منصوبہ بندی، آپریٹنگ ماحول میں نمایاں تبدیلیوں، نئے خطرات کی نشاندہی کر کے کمپنی کی اسٹریٹجک سمت کو ترتیب دینے، موقع، اس پر رائے فراہم کرنے اور اسے برقرار رکھنے میں بورڈ کی مدد کرتی ہے۔ کمیٹی نے سال 2023-2024 کے دوران ایک (01) مرتبہ ملاقات کی، کمپنی کے ارکان کے نام درج ذیل ہیں:-

i- جناب رحمن نسیم (چیف ایگزیکٹو) چیئر مین

ii- جناب مسعود کریم شیخ (آزاد ڈائریکٹرز) ممبر

iii- مسز پروین اختر ملک (آزاد ڈائریکٹرز) ممبر

سال 2023-24 میں بورڈ اور اس کی کمیٹیوں کے اجلاس:

سال 2023-2024 کے دوران بورڈ کے چار اجلاس، آڈٹ کمیٹی کے چار اجلاس اور ایچ آر اینڈ ریمونریشن کمیٹی کا ایک، اور اسٹریٹجک پلاننگ کمیٹی (SPC) کا ایک اجلاس منعقد ہوا۔ ڈائریکٹرز کی حاضری حسب ذیل دی گئی ہے۔

شرکت			کمیٹی ممبرز			سٹیٹس (BOD)	ڈائریکٹرز	نمبر شمار
SPS	ایچ آر ایڈ آرسی	آڈٹ کمیٹی	بورڈ کے اجلاس	SPC	ایچ آر ایڈ آرسی			
		4/4	4/4			✓	جناب شیخ نسیم احمد	1
	1/1	4/4	3/4		✓	✓	جناب عامر نسیم شیخ	2
1/1			4/4	✓			جناب رحمن نسیم	3
	1/1		3/4		✓		جناب فیصل احمد	4
			3/4				جناب محمد مختار شیخ	5
			0/2				جناب فہد مختار اور 29 نومبر، 2023 کو مستعفی ہوئے	6
	1/1	4/4	4/4		✓	✓	جناب بابر علی	7
1/1			4/4	✓			جناب مسعود کریم شیخ	8
1/1		4/4	4/4	✓		✓	مسز پروین اختر	9
			2/2				جناب عباس مختار 29 نومبر، 2023 کو مشترکہ انتخاب کیا گیا۔	10

جوڈائری بیکٹرز بورڈ کے اجلاسوں میں شرکت نہیں کر سکے ان کو عدم حاضری کی بنیاد پر چھٹی دی گئی۔

بورڈ آف ڈائری بیکٹرز اور بورڈ کی کمیٹیوں کی کارکردگی کی تشخیص:

کوڈ آف کارپوریٹ ریگولیشنز کے مطابق، بورڈ تسلیم کرتا ہے کہ اسے اپنی کارکردگی کی مسلسل نگرانی اور بہتری کی ضرورت ہے۔ انکی لازمی ملازمت کے تقاضوں کے علاوہ، ہماری کمپنی کے بورڈ کی کارکردگی کا سالانہ انفرادی اور اجتماعی طور پر درج ذیل پیرامیٹرز کے ساتھ جائزہ لیا جاتا ہے۔

1. جنس، ہنر، مہارت اور متنوع نقطہ نظر کے امتزاج کو لانے میں تاثیر۔
2. دیانتداری، سادگی، اعتماد اور اراکین کی فعال شرکت۔
3. انتظامیہ کی طرف سے مقرر کردہ سالانہ اہداف کا فالو اپ اور جائزہ۔
4. کمپنی کو رہنمائی فراہم کرنے کی اہلیت۔
5. تنظیم کی کارکردگی کے ان پہلوؤں کی نشاندہی کرنے کی اہلیت جس کے لئے کارروائی کی ضرورت ہے۔
6. انتظامیہ کی جانیشی کی منصوبہ بندی کا جائزہ۔
7. کمپنی کے خطرے اور نمائش کا اندازہ لگانے اور سمجھنے کی صلاحیت۔
8. کمپنی میں صحت کی حفاظت، ماحولیات، روزگار اور دیگر پالیسیوں اور طریقوں کو بہتر بنانے کے سلسلے میں شرکت اور دلچسپی۔
9. غیر ضروری قانونی چارہ جوئی اور شہرت کے خطرے سے کمپنی کی حفاظت کرنا۔

سال کے دوران، بورڈ نے مجموعی طور پر بورڈ کے ساتھ ساتھ انفرادی ڈائری بیکٹرز اور اس کی کمیٹیوں کی کارکردگی کا جائزہ لیا ہے۔ دستیاب رائے پر مبنی اس سال کے جائزہ کا مجموعی نتیجہ اطمینان بخش پایا گیا ہے۔

ڈائری بیکٹرز کا معاوضہ:

کمپنی کے پاس ڈائری بیکٹرز کے معاوضے کی پالیسی منظور شدہ ہے؛ جن کی نمایاں خصوصیات یہ ہیں:

- پالیسی کے مطابق، کمپنی اپنے نان ایگزیکٹو ڈائری بیکٹرز کو بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کے لیے اجلاس فیس کے علاوہ کوئی معاوضہ ادا نہیں کرے گی۔
- آزاد ڈائری بیکٹرز کو بورڈ یا اس کی کمیٹیوں کے ہر اجلاس میں شرکت کے لئے 62,500 روپے بعد از ٹیکس معاوضہ دیا جاتا ہے۔
- بورڈ آف ڈائری بیکٹرز یا اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائری بیکٹر کا معاوضہ وقتاً فوقتاً بورڈ آف ڈائری بیکٹرز کے ذریعے طے اور منظور کیا جائے گا۔
- ایک ڈائری بیکٹر کو بورڈ اجلاسوں، اس کی کمیٹیوں اور/یا کمپنی کے عام اجلاسوں میں شرکت کے لیے ہونے والے تمام سفری، بورڈنگ، قیام اور دیگر اخراجات فراہم یا معاوضہ دیا جائے گا۔

• کوئی بھی ڈائری بیکٹر بورڈ کی رائے میں اگر ڈائری بیکٹر کے قانونی فرائض کے دائرہ سے باہر کوئی خدمات سرانجام دیتا ہے تو اس کا اضافی معاوضہ ادا کیا جاسکتا ہے۔



ڈائریکٹرز کے معاوضے کی تفصیل:

کمپنی کے 103 ایگزیکٹو ڈائریکٹرز ہیں جن میں کمپنی کے چیف ایگزیکٹو بھی شامل ہیں، سال کے دوران کمپنی کے چیف ایگزیکٹو کو ادا کئے جانے والے معاوضے کی تفصیلات درج ذیل ہیں:-

2023			2024			
فہد مختار	محمد مختار شیخ	چیف ایگزیکٹو	عباس مختار	فہد مختار	محمد مختار شیخ	چیف ایگزیکٹو
Rs. in Million						
12.000	12.000	12.000	8.050	5.750	13.800	13.800
0	0	8.318	0	0	0	5.233
0	0	1.756	0	0	0	0.259
12.000	12.000	22.074	8.050	5.750	13.800	19.292

کمپنی کے نان ایگزیکٹو ڈائریکٹرز کو مینٹنگ فیس کے علاوہ کوئی معاوضہ نہیں دیا گیا 0.94 ملین روپے (2023: 1.48 ملین روپے) دو آزاد ڈائریکٹرز کو ادا کئے گئے، مزید تفصیلات مالی بیانات کے نوٹ 43 میں درج ہیں۔

بنیادی خطرات اور غیر یقینی صورتحال:

کاروبار کو بے شمار اور غیر یقینی صورتحال کا سامنا ہے، جن سے اگر مناسب طریقے سے نہ نمٹا جائے تو کمپنی کو شدید نقصان پہنچ سکتا ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز نے کمپنی کو درپیش اندرونی اور بیرونی خطرات کا چوکس اور مکمل جائزہ لیا ہے۔ کمپنی کو جن خطرات کا سامنا ہے ان میں سے کچھ درج ذیل ہیں:-

* جغرافیائی سیاسی کشیدگی (امریکہ، چین، روس اور یوکرین جنگ کے درمیان) اور عالمی کساد بازاری کے حالات کی وجہ سے عالمی مانگ میں کمی کی وجہ سے برآمدی فروخت میں کمی۔

* لاگت سے موثر ہونے کے لئے عالمی اور علاقائی سطح پر مسابقت میں اضافہ۔

* کرنسی میں اتار چڑھاؤ، روپے کی غیر متوقع قدر میں کمی کا باعث بنتا ہے، جس کے نتیجے میں درآمد شدہ خام مال، سٹورز، اسپیریز، اور پلانٹ اور مشینری کی قیمت میں اضافہ ہوتا ہے۔

* کاٹن/انسانی ساختہ ریشموں کی درآمد پر کسٹم ڈیوٹی/ریگولیریٹی ڈیوٹی کا نفاذ، خام مال کو زیادہ مہنگا بنانا۔

* بتادلوں کا بڑھتا ہوا رجحان، ایندھن/گیس کی بڑھتی ہوئی قیمتوں، قدرتی گیس میں کمی اور دیگر افراط زر کے اثرات کی وجہ سے بجلی کی قیمت میں اضافہ۔

* اعلیٰ پالیسی کی شرحیں یعنی KIBOR کے نتیجے میں مالیاتی اخراجات زیادہ ہوتے ہیں۔

* غیر یقینی ٹیکس کے اقدامات بشمول سپر ٹیکس کا نفاذ، سیلز ٹیکس اور انکم ٹیکس ریفرنڈم کی کارروائی میں مزید تاخیر، لیکو ڈیٹی کی کمی میں اضافہ۔

* ایکسپورٹ فیسیلیٹیشن اسکیم (EFS) کے تحت مقامی سپلائرز پر زیورینٹنگ کی واپسی، بعض خام مال کی درآمد پر ڈیوٹی کا نفاذ اور FTR سے NTR میں ٹیکس کے نظام میں تبدیلی۔



* زیادہ افراتر، عام آدمی کی قوت خرید کو متاثر کرتا ہے جس سے کمپنی کی مصنوعات کی مانگ میں کمی واقع ہوتی ہے۔

بعد کے واقعات:

30 جون، 2024 سے رپورٹ کی تاریخ تک کوئی مادی تبدیلیاں نہیں ہوئی ہیں اور کمپنی نے اس عرصہ کے دوران کوئی ایسا عہد نہیں کیا جس سے کمپنی کی مالی حالت پر منفی اثر پڑے۔

مواصلات:

کمپنی شیئر ہولڈرز کے ساتھ رابطے کو بہت اہمیت دیتی ہے۔ سالانہ، ششماہی اور سہ ماہی رپورٹس کمپنیز ایکٹ، 2017 میں بیان کردہ وقت کے اندر الیکٹرانک ذرائع سے ان تک پہنچائی جاتی ہیں۔ کمپنی کی سرگرمیوں کو اس کی ویب سائٹ www.fazalcloth.com پر بروقت اپ ڈیٹ کیا جاتا ہے۔

صحت، حفاظت اور ماحولیات:

ہم کمیونٹی اور ہمارے ساتھ کام کرنے والے لوگوں کی بھلائی کو یقینی بنانے کے لئے صحت، حفاظت اور ماحولیات (HSE) میں اعلیٰ معیار کو برقرار رکھنے پر مضبوط یقین رکھتے ہیں۔ کمپنی اپنے کاروبار کو ماحول کے لحاظ سے درست اور پائیدار طریقے سے چلانے اور ماحولیات کے تحفظ کو فروغ دینے کیلئے پرعزم ہے۔ کمپنی قدرتی وسائل کے فضول استعمال کو روکے گی اور قابل اطلاق قوانین کے مطابق ماحول پر اپنی کسی بھی مصنوعات اور خدمات کی ترقی، پیداوار، استعمال اور ضائع کرنے کے مضر اثرات کو کم سے کم کرے گی۔ ایسوسی ایٹس کو تمام قابل اطلاق ماحولیاتی قوانین اور ضوابط پر سختی سے عمل کرنا چاہیے، جو کمپنی کے کاموں کو متاثر کرتے ہیں، ماحول کے تحفظ اور پائیداری کو فروغ دیتے ہیں۔

کارپوریٹ سماجی ذمہ داری:

کمپنی مجموعی کاروباری ماحول کے تناظر میں سماجی، ماحولیاتی اور اخلاقی معاملات کو زیر غور لاتی ہے۔ کمپنی تمام اسٹیک ہولڈرز، خاص طور پر کمیونٹی جس میں ہم رہتے ہیں اور جو ہماری کسٹمر ہیں تشکیل دیتے ہیں کے مفاد کو زیر غور لانے اور توازن کی شعوری کوشش کے لئے پرعزم ہیں۔

اسپینگ اور ویونگ سیکٹر میں ایک سرکردہ ٹیکسٹائل کمپنی کے طور پر، کمپنی کارپوریٹ سماجی ذمہ داری (CSR) کو یقینی بنانے کے لئے پرعزم ہے، پائیدار اور اخلاقی طریقوں کو ہمارے بنیادی کاموں میں ضم کرتی ہے، کمپنی کے بنیادی اہداف، کارپوریٹ طریقوں، ماحولیات اور ان کمیونٹی کو بہتر بنانا ہے جن کی یہ خدمت کرتی ہے۔ انتظامیہ مجموعی CSR سرگرمیوں کا جائزہ لیتی ہے، اس بات کو یقینی بناتے ہوئے کہ وہ کمپنی کے پائیداری اور شمولیت کے طویل مدتی اہداف کی حمایت کرتے ہیں۔

مالی سال 2023-24 کے دوران، کمپنی نے کئی سرگرمیاں کیں جن میں سے کچھ کا انکشاف درج ذیل ہیں:-

کام کا محفوظ ماحول پیدا کرنے کے لئے جاری کوششوں کے ایک حصے کے طور پر، کمپنی نے مختار اے شیخ ہسپتال کے تعاون سے ہیڈ آفس میں زیابٹس کی سکریننگ کیمپ کا انعقاد کیا ہے۔

چھاتی کے کینسر سے متعلق آگاہی کے سلسلے میں کمپنی نے خواتین ملازمین اور ان کے خاندانوں کے لئے ایک بصیرت انگیز بریسٹ کینسر آگاہی سیشن اور ان ہاؤس ہیلتھ چیک اپ کا اہتمام کیا۔ سیشن تعلیمی اور انڈرا کیٹیو تھا۔ جو ہم موضوعات پر مبنی تھا، جس میں ابتدائی پتہ لگانے، خود جانچ، معاون اقدامات اور چھاتی کے کینسر کی تحقیق میں تازہ ترین پیش رفت شامل ہیں۔



خواتین کے عالمی دن 2024 کے موقع پر شمولیت اور تنوع کے ایجنڈے کی حمایت کرنے کے لئے، کمپنی خواتین کے باختیار بنانے کے حیرت انگیز سفر کی نمائش اور تمام سماجی حیثیتوں اور پیشوں سے تعلق رکھنے والی خواتین کی کامیابیوں کا جشن منانے کے لئے وقف ایک پلیٹ فارم فراہم کر رہی ہے۔

ہمارے سبزاقدامات کے ایک حصے کے طور پر، کمپنی کی انتظامیہ نے ملتان اور مظفر گڑھ کے فیکٹری ایریا میں درخت لگانے کی مہم چلائی، یہ پہل معاشرے کو واپس دینے اور آنے والی نسلوں کے لئے ماحول کو محفوظ کرنے کی ہماری اقدار کے مطابق ہے۔

معیاری تعلیم کے مقصد کو سپورٹ کرنے کے لئے کمپنی نے پروگریسو ایجوکیشن نیٹورک (PEN) کے ساتھ تعاون کیا ہے۔ PEN نے ضلعی حکومت ملتان اور فضل کلاتھ ملز لمیٹڈ کے تعاون سے اپ گریڈیشن اور تبدیلی کے لئے ایک تاریخ کے حامل ادارے، علی گڑھ ماڈل ہائی سکول کی مدد کرنے کا عہد کیا ہے۔

ہم نے اپنے ہیڈ آفس میں ٹریفک سے متعلق خدمات کو بڑھانے کے لئے پولیس خدمت مرکز، ملتان کے ساتھ مل کر کام کیا ہے۔ یہ نئی شراکت داری اس بات کو یقینی بناتی ہے ہمارے ملازمین کو ٹریفک مینجمنٹ کے ضروری وسائل تک بغیر کسی رکاوٹ کے رسائی حاصل ہو، جس سے حفاظت اور کارکردگی دونوں کو فروغ ملے۔

مزید برآں، کمپنی نے نشتر ہسپتال، ملتان کے ساتھ ملکر رعایتی قیمتوں پر معیاری ادویات فراہم کر کے کمیونٹی کی صحت کی دیکھ بھال کی ضروریات کو پورا کرنے کے ہمارے عزم کے ثبوت کے طور پر ایک نئی فارمیسی کا افتتاح کیا۔

پائیداری سے متعلق خطرات:

ماحولیاتی، سماجی اور گورننس (ESG) تحفظات پائیداری سے وابستہ خطرات کا حصہ ہیں۔ کمپنی سبزاقدامات، قابل تجدید توانی کی پالیسیوں اور بہترین آپریشننگ پر عمل درآمد کے ذریعے ایک پائیدار مستقبل میں اپنا حصہ ڈالنے کی امید رکھتی ہے۔ انتظامیہ نے مخصوص اور قابل پیمائش ESG اہداف مقرر کئے ہیں جو زیادہ پائیدار لچک اور مثبت سماجی اثرات کو حاصل کرنے کے لئے کمپنی کے اسٹریٹجک مقصد سے ہم آہنگ ہیں۔ کمپنی نے جدید ترین ماحول دوست ٹیکنالوجیز میں خاطر خواہ سرمایہ کاری کی ہے جو اخلاقی پیداوار اور کھپت کو فروغ دیتی ہیں، اس طرح کی پائیدار سرگرمیاں مختصر مدت کے منافع یا مارجن پر اثر انداز ہو سکتی ہیں۔ کمپنی کا خیال ہے کہ وہ بالآخر کسٹمر کے حصول، برقرار رکھنے اور مسابقتی برتری کے ذریعے ہماری کاروباری قدر کو بڑھادیں گے۔ کمپنی تشویش کے مخصوص شعبوں کی نشاندہی کرتے ہوئے موجودہ اور مستقبل کے خطرات کا ایک جامع تجزیہ کرتے ہیں۔ پائیداری سے متعلق خطرے اور مواقع ماحولیاتی، سماجی، اور گورننس (ESG) عوامل سے متعلق خطرات کی شناخت میں مدد کرتے ہیں جو سرمایہ کاروں، ریگولیٹرز اور صارفین کے لئے تیزی سے اہم ہوتے جا رہے ہیں۔ اس نقطہ نظر کے تناظر میں کمپنی بنیادی طور پر درج ذیل پائیداری کے خطرات سے دوچار ہے۔

ماحولیاتی خطرات: کاربن کا اخراج، آلودگی، پانی کا استعمال، فضلہ کا انتظام اور کیمیائی عمل۔

سماجی خطرات: مزدوری کے طریقے، انسانی حقوق، صحت اور حفاظت۔

گورننس کے خطرات: ریگولیٹری تعمیل، سپلائی چین کی شفافیت

مذکورہ بالا تحفظات کمپنی کے لئے خطرہ ہیں، عدم تعمیل کے نتیجے میں مختصر مدت میں جرمانے لگ سکتے ہیں، لیکن طویل مدتی میں یہ اہم جرمانے، قانونی فیس اور ساکھ کو نقصان پہنچا سکتے ہیں۔ بشمول کلائینٹس اور کاروبار کا نقصان۔ پائیداری کی پالیسیوں کی ناکافی شفافیت اور نگرانی بھی سرمایہ کاروں کے اعتماد کو ختم کر سکتی ہے خطرات متوقع ہیں لہذا پائیدار طریقوں کو اپنا کر اور توانائی کی کارکردگی میں اضافہ کر کے، کمپنیاں لاگت کو کم کر سکتی ہیں اور اپنی ساکھ کو بڑھا سکتی ہیں۔ طویل مدتی مواقع (ESG) اصولوں پر مستقل طور پر عمل پیرا ہو کر مسابقتی برتری کو برقرار رکھنے کے عمل کی طرف توجہ مبذول کرواتے ہیں جو سرمایہ کاروں کے اعتماد کو بڑھا سکتا ہے۔ مالیاتی اتار چڑھاؤ کو کم کر سکتا ہے اور طویل مدتی منافع کو یقینی بنا سکتا ہے۔



پائیداری سے متعلق ذمہ داریوں کو موثر طریقے سے سنبھالنے کے لئے بورڈ، کمیٹی کو اضافی ذمہ داریاں تفویض کرے گا، جس کا جائزہ لیا جا رہا ہے اور اسے بورڈ کو منظوری کے لئے پیش کیا جائیگا۔ بورڈ کمیٹی وقتاً فوقتاً پائیداری سے متعلق خطرات، مواقع اور اقدامات کی نگرانی اور جائزہ لے گی اور کارپوریٹ ویلیو کو بڑھانے کے لئے تنظیم کی حکمت عملی اور کاروائیوں میں پائیداری کے اصولوں کو شامل کرنے کے بارے میں ایک سالانہ رپورٹ بورڈ کو پیش کرے گی۔

تنوع، مساوات اور شمولیت (DE&I):

کمپنی اپنی متنوع افرادی قوت اور کمیونٹی کی وجہ سے تنوع، مساوات اور شمولیت، (DE&I) کی وکالت کرتی ہے، کمپنی DE&I کو اعلیٰ ترجیح دیتی ہے کیونکہ یہ اس کی اخلاقی پائیدار اور کاروباری کاروائیوں کے لئے ضروری ہے۔ ایک جامع حکمت عملی جس کا مقصد صنفی اور نسلی تنوع کو بڑھانا اور تمام سطحوں پر قابل مقدار اور شفاف اہداف کے ساتھ شامل کرنا ہے، اب ترقی کے مراحل میں ہے۔

کمپنی صنفی تنوع کو ایک اسٹریٹجک اثاثہ کے طور پر دیکھتی ہے جو فیصلہ سازی اور مسائل کے حل کو بہتر بناتا ہے اور پائیدار مسابقتی فائدہ میں حصہ ڈالتی ہے۔ DE&I سے ہماری وابستگی ہمارے ٹیلنٹ کے حصول، مشغولیت اور فروغ کی حکمت عملیوں سے ظاہر ہوتی ہے۔ کمپنی نے تعلق اور احترام کا ایک کلچر بنایا ہے اس بات کو یقینی بناتے ہوئے کہ تمام ملازمین قابل قدر اور باختیار محسوس کریں۔ کیریئر میلوں میں شرکت اور معروف تنظیموں کے ساتھ تعاون نے ایک جامع کام کی جگہ بنانے کے لئے کمپنی کے عزم کو مزید واضح کیا جہاں ہر فرد کی قدر کی جائے۔ سال کے دوران صنفی نمائندگی کل افرادی قوت کے 0.25% سے کم تھی۔ ہمارا ہدف بورڈ میں خواتین کی نمائندگی کو 25% تک بڑھانا ہے۔ اور 2026 تک افرادی قوت میں خواتین کی نمائندگی ہو 2% تک بڑھانے کی اگلے تین سالوں میں جلد از جلد کوشش کریں گے۔

کمپنی اس بات کو یقینی بنانے کے لئے پر عزم ہے کہ تمام ملازمین قابل قدر، قابل احترام اور باختیار محسوس کریں اور اس سلسلے میں اس نے اپنے DE&I ایجنڈے کو منظم کرنے کے لئے ایک جامع فریم ورک قائم کیا ہے۔ کمپنی کے پاس تنظیم کے اندر متعدد پالیسیاں شامل ہیں جن میں زچگی کی چھٹی اور صنفی تنوع کی مشتمل شامل ہے۔ تاکہ کام کی جگہ کے ایک جامع ماحول کو فروغ دیا جاسکے۔

ہمارے کمپنی کام کی جگہ کو صنفی امتیاز سے پاک رکھنے کے لئے پر عزم ہے اور جنس کی بنیاد پر تنخواہ میں کوئی تفاوت نہیں ہے۔ ملازم کی تنخواہ کا تعین متعدد عوامل پر غور کرتے ہوئے کیا جاتا ہے۔ بشمول ملازم کی کارکردگی، مارکیٹ کے حالات، مدت ملازمت، تعلیم، پیشہ وارانہ تجربہ اور جغرافیائی محل وقوع۔ کمپنی اس بات کو یقینی بناتی ہے کہ کوئی صنفی امتیاز نہیں ہے اور معاوضے کا تعین معروضی، میرٹ پر مبنی معیارات سے ہوتا ہے اور صنف کی بنیاد پر کوئی امتیاز نہیں برتا جاتا ہے۔ افرادی قوت 0.25% خواتین پر مشتمل ہے جس میں ایگزیکٹو منجمنٹ ٹیم کی سطح پر 5.83% نمائندگی ہے اور کمپنی اپنے ٹیلنٹ کو وسیع اور بڑھانے کے لئے ان تعداد میں اضافے کے لئے پر عزم ہے۔ کمپنی تمام متعلقہ قوانین اور ضوابط کی پابندی کرتی ہے، بشمول، اہم روزگار ٹچ پوائنٹس پر منظم تشخیص کے ذریعے تعین کو یقینی بناتی ہے۔

ملازمت: نئے عملے کے ارکان کو بھرتی کرنے میں صنفی برابری کی ضمانت دینے کے لئے سخت، غیر امتیازی تشخیصی معیارات کا نفاذ۔

تنخواہ کے جائزے: تنخواہ کے جائزے منصفانہ معیارات کے مطابق سختی سے کئے جاتے ہیں، اس بات کی ضمانت دیتے ہیں کہ کوئی بھی ایڈجسٹمنٹ صنفی تعصب سے پاک ہے۔ کیریئر کی ترقی: شفاف اور منصفانہ معیارات کا استعمال کرتے ہوئے کردار کی تبدیلیوں اور ترقیوں کا جائزہ لیتے ہوئے، تمام ملازمین کو ترقی کا مساوی موقع فراہم کرتے ہوئے مطابقت رکھیں۔ کمپنی اپنے تمام ملازمین کو یکساں مواقع فراہم کرنے کے عزم پر قائم ہے اور اپنے تنخواہ کے طریقوں میں کھلے پن کے لئے پر عزم ہے۔

کلیدی آپریٹنگ اور فنانشل اعداد و شمار (چھ سالہ خلاصہ):

گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور فنانشل اعداد و شمار ہیں۔



آڈیٹرز کی تقرری:

کمپنی کے موجودہ آڈیٹرز شائین ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے 30 جون، 2024 کو ختم ہونے والے سال کا سالانہ آڈٹ مکمل کر لیا ہے اور شفاف آڈٹ رپورٹ جاری کی ہے۔ آڈیٹرز کمپنی کے سالانہ اجلاس عام کے اختتام پر ریٹائرڈ ہو جائیں گے اور اہل ہونے کی بناء پر اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ جیسا کہ آڈٹ کمیٹی نے سال 2024-25 کے لئے بطور کمپنی کے آڈیٹرز ان کی دوبارہ تقرری کی منظوری دے دی ہے۔

نمونہ حصص داری:

30 جون 2024 کے مطابق کمپنی کا نمونہ حصص داری رپورٹ ہذا کے ہمراہ منسلک ہے۔

کمپنی کے حصص میں لین دین / تجارت:

مالی سال 2024 کے دوران ڈائریکٹرز، ایگزیکٹوز اور انکی شریک حیات اور نابالغ بچوں (اگر کوئی ہیں) کے ذریعے کمپنی کے شیئرز کی تمام تجارتوں کا انکشاف سالانہ رپورٹ میں منسلک شیئر ہولڈنگ کے انداز میں کیا گیا ہے۔ ایگزیکٹوز میں چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، ہیڈ آئنٹرنل آڈٹ اور کمپنی سیکریٹری اور کچھ دوسرے ملازمین شامل ہیں جنکی تنخواہ روپے میں ہے۔ بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ حد کے مطابق سالانہ 8.000 ملین یا اس سے زیادہ کو ایگزیکٹوز کے طور پر شمار کیا جاتا ہے۔

اظہار تشکر اور اعتراف:

ہم، بہترین ممکنہ نتائج کے حصول کے لیے کمپنی کے ساتھ محنت، تعاون اور خلوص کے لیے ایگزیکٹوز، افسران اور عملہ کے دیگر ممبران اور کارکنوں کی سخت محنت کو خراج تحسین پیش کرنا چاہتے ہیں۔ بورڈ تمام بینکوں، گاہکوں اور سپلائرز کا کمپنی کے لئے جوش اور لگن کے ساتھ مسلسل حمایت اور بہتر نتائج حاصل کرنے پر شکر گزار ہے۔ انتظامیہ کو پورا یقین ہے کہ یہ تعلقات اور تعاون آنے والے سالوں میں بھی جاری رہے گا۔

منجانب بورڈ آف ڈائریکٹرز

(شیخ نسیم احمد)

ڈائریکٹر

ملتان: 30 ستمبر 2024

منجانب بورڈ آف ڈائریکٹرز

(رجن نسیم)

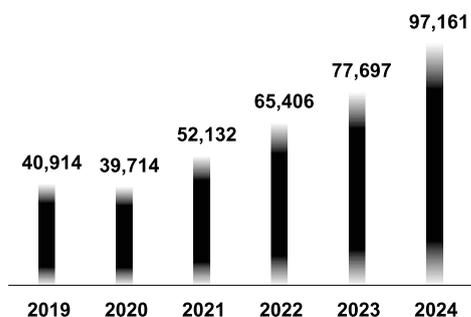
چیف ایگزیکٹو آفیسر



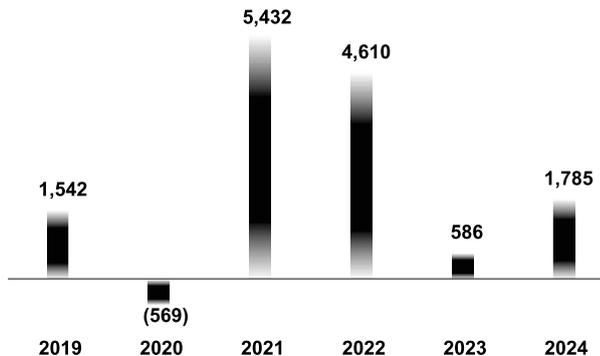
Key Financial Performance Indicators

	2024	2023	2022	2021	2020	2019
Rupees In Millions						
Sales	97,161	77,697	65,406	52,132	39,714	40,914
Gross Profit	11,017	10,086	11,168	8,005	4,561	5,015
EBIT	11,163	6,669	8,821	7,357	3,003	4,881
EBITDA	13,386	8,422	10,485	8,793	4,242	6,040
Profit Before Tax	2,826	1,595	5,899	5,563	58	2,547
Profit After Tax	1,785	586	4,610	5,432	(569)	1,542
Net Assets	44,321	44,647	40,529	34,697	20,680	21,739

SALES - RUPEES IN MILLIONS



PROFIT AFTER TAX - RUPEES IN MILLIONS

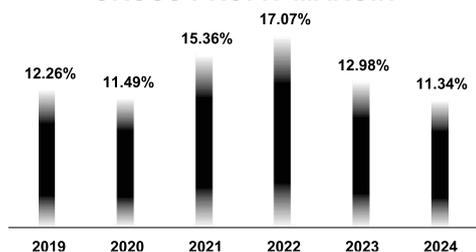




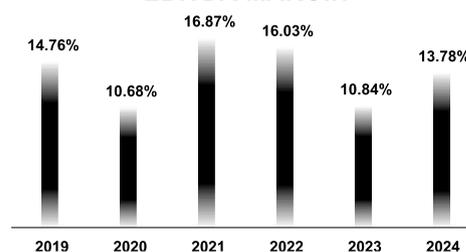
Profitability

	2024	2023	2022	2021	2020	2019
	Ratios					
Gross Profit Margin	11.34%	12.98%	17.07%	15.36%	11.49%	12.26%
EBITDA Margin	13.78%	10.84%	16.03%	16.87%	10.68%	14.76%
EBIT to Sales	11.49%	8.58%	13.49%	14.11%	7.56%	11.93%
Pre Tax Profit	2.91%	2.05%	9.02%	10.67%	0.15%	6.23%
Net Profit Margin	1.84%	0.75%	7.05%	10.42%	-1.43%	3.77%
Net Return on Equity	4.03%	1.31%	11.38%	15.65%	-2.75%	7.09%
Net Return on Asset	1.79%	0.54%	5.27%	8.09%	-1.03%	2.82%
Return on Capital Employed	16.08%	9.72%	14.48%	14.04%	7.81%	13.75%

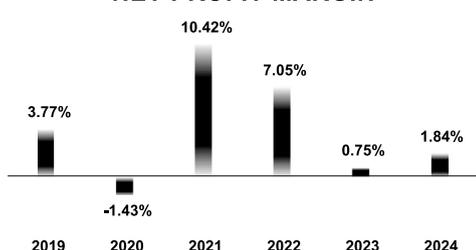
GROSS PROFIT MARGIN



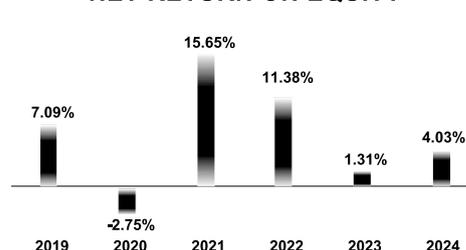
EBITDA MARGIN



NET PROFIT MARGIN



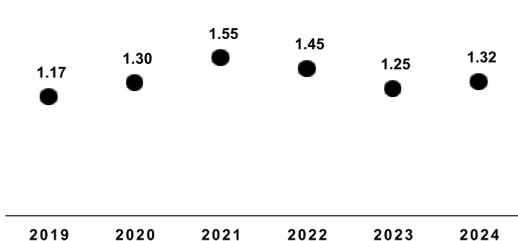
NET RETURN ON EQUITY



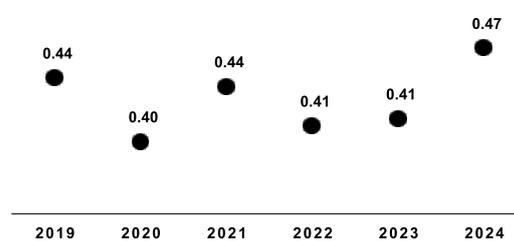
Liquidity

	2024	2023	2022	2021	2020	2019
	Ratios					
Current Ratio	1.32	1.25	1.45	1.55	1.30	1.17
Quick Ratio	0.47	0.41	0.41	0.44	0.40	0.44

CURRENT RATIO

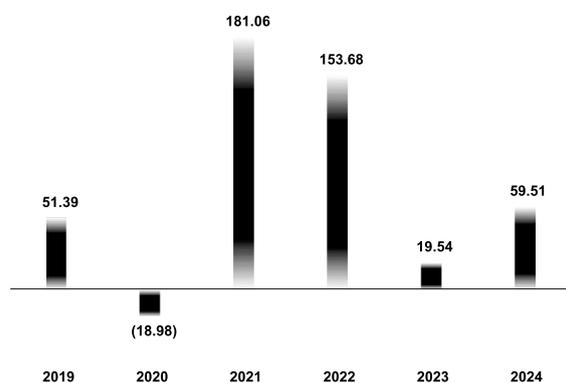
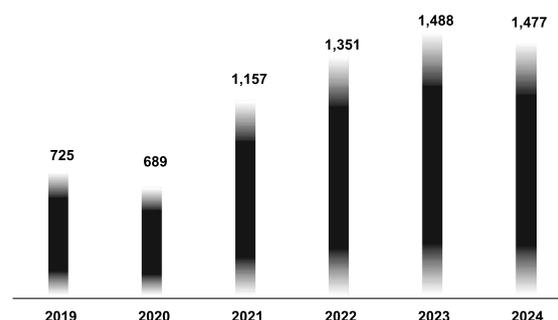


QUICK RATIO



**Investment**

		2024	2023	2022	2021	2020	2019
Earning Per Share	Rupees	59.51	19.54	153.68	181.06	(18.98)	51.39
Price Earning Ratio	Times	2.13	8.50	1.57	1.62	(7.36)	2.72
Dividend Yield Ratio	%	-	-	4.15	10.20	-	7.50
Dividend Payout Ratio	%	-	-	6.51	16.57	-	20.43
Dividend Cover Ratio	Times	-	-	15.37	6.04	-	4.89
Dividend Per Share	Rupees	-	-	10.00	30.00	-	10.50
Break-Up Value	Rupees	1,477	1,488	1,351	1,157	689	725
Proposed Dividend/Interim Dividend	Rupees In Millions	-	-	300	900	-	315
Market Value Per Share at Year End	Rupees	127	166	241	294	140	140

EARNINGS PER SHARE**BREAK UP VALUE PER SHARE****Activity /Turnover Ratios**

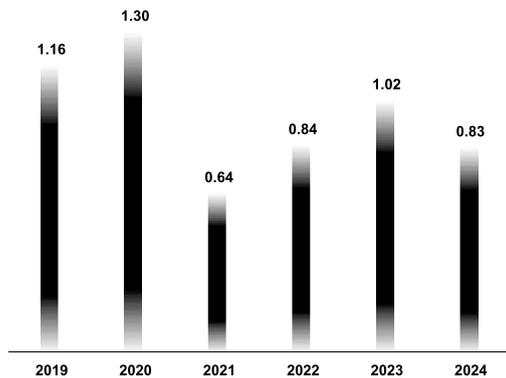
		2024	2023	2022	2021	2020	2019
Inventory Turnover Ratio	Times	3.13	2.33	2.57	2.94	2.55	3.07
No. of Days in Inventory	Days	116.62	156.91	142.27	123.97	142.96	118.91
Debtors Turnover Ratio	Times	8.29	8.34	10.90	10.55	7.04	7.20
No. of Days in Receivables	Days	44.04	43.78	33.50	34.60	51.83	50.72
Creditors Turnover Ratio	Times	8.22	7.52	8.93	8.69	7.68	9.25
No. of Days in Creditors	Days	44.41	48.54	40.88	42.02	47.56	39.45
Operating Cycle	Days	116.26	152.15	134.89	116.55	147.23	130.17
Total Assets Turnover Ratio	Times	0.97	0.72	0.75	0.78	0.72	0.75
Fixed Assets Turnover Ratio	Times	1.62	1.32	1.33	1.17	1.19	1.27



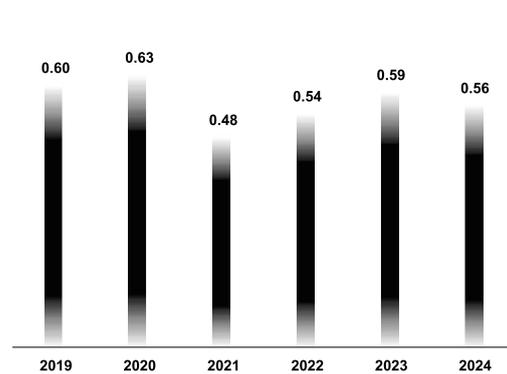
Capital Structure

		2024	2023	2022	2021	2020	2019
Debt to Equity Ratio	Times	0.83	1.02	0.84	0.64	1.30	1.16
Long Term Liabilities to Equity	Times	0.57	0.54	0.50	0.51	0.86	0.63
Interest Cover Ratio	Times	1.34	1.31	3.02	4.10	1.02	2.09
Debt Service Coverage	Times	1.16	1.03	1.56	2.82	0.91	1.35
Total Liabilities to Total Assets	Ratio	0.56	0.59	0.54	0.48	0.63	0.60
Gearing Ratio	%	53%	66%	56%	43%	70%	71%

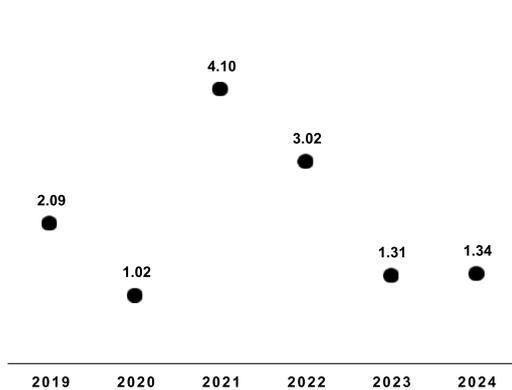
DEBT TO EQUITY RATIO-TIMES



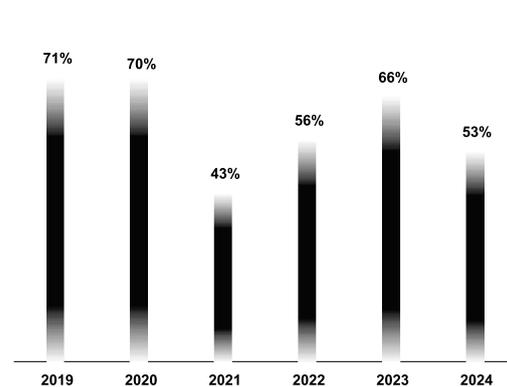
TOTAL LIABILITIES TO TOTAL ASSETS



INTEREST COVER RATIO TIMES

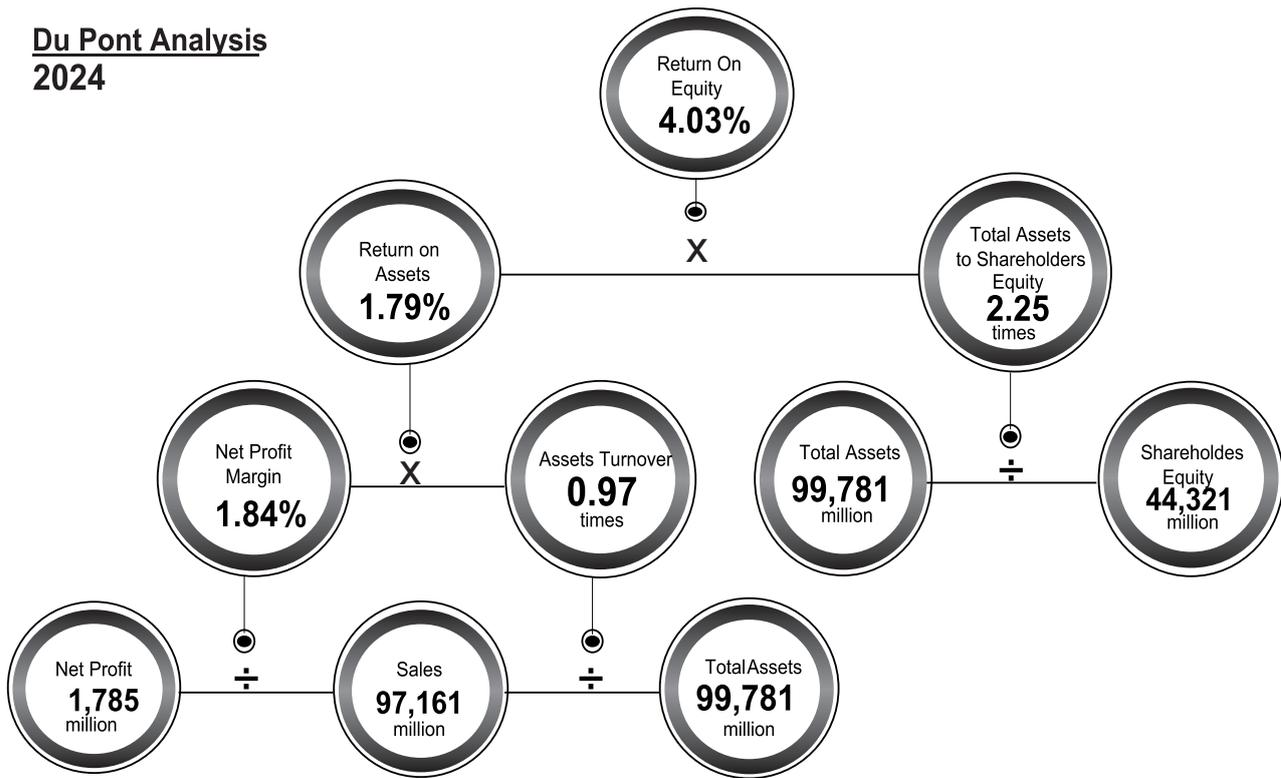


Gearing Ratio

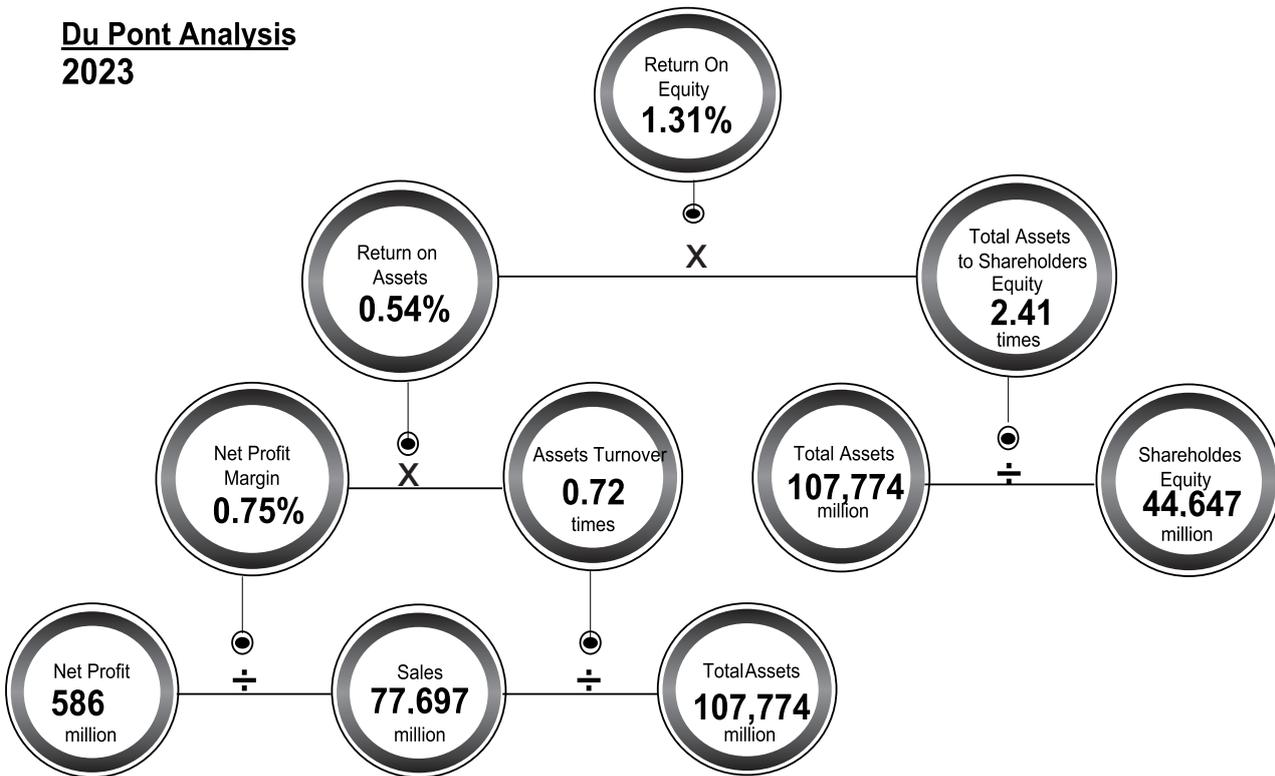




**Du Pont Analysis
2024**



**Du Pont Analysis
2023**





Horizontal Analysis

For The Last Six Financial Years
Statement of Financial Position

	2024		2023		2022		2021		2020		2019	
	%	Rs. in millions	%	Rs. in millions	%	Rs. in millions	%	Rs. in millions	%	Rs. in millions	%	Rs. in millions
Property, Plant and Equipment	(1)	52,090	27	52,833	8	41,518	36	38,416	4	28,197	6	27,229
Long Term Investments and Advances	27	7,639	(20)	5,999	26	7,485	15	5,929	2	5,151	13	5,068
Long Term Deposits	333	111	-	26	6	26	-	24	0	24	-	24
Total Non Current Assets	2	59,840	20	58,857	11	49,029	33	44,370	3	33,371	7	32,321
Stores, Spares and Loose Tools	43	2,047	77	1,430	(5)	807	22	850	(8)	699	40	762
Stock in Trade	(24)	23,730	17	31,318	73	26,813	7	15,470	11	14,504	26	13,033
Loans and Advances	(1)	217	(45)	218	77	400	10	226	121	205	(44)	93
Short Term Investments	73	316	(21)	182	31	231	8	176	(10)	164	(8)	183
Trade Debts	6	12,079	56	11,369	53	7,268	(8)	4,738	(16)	5,146	17	6,132
Other Current Assets	(65)	1,552	50	4,399	127	2,940	17	1,294	(47)	1,107	8	2,071
Total Current Assets	(18)	39,942	27	48,917	69	38,461	4	22,754	(2)	21,824	21	22,274
Non-Current Assets Held for Sale	-	-	-	-	-	54	-	-	-	-	-	-
Total Assets	(7)	99,781	23	107,774	30	87,543	22	67,124	1	55,196	12	54,595

	30		30		30		30		30		30	
	%	Rs. in millions	%	Rs. in millions	%	Rs. in millions	%	Rs. in millions	%	Rs. in millions	%	Rs. in millions
No. of Ordinary Shares												
Shareholder's Equity	(1)	44,321	10	44,647	17	40,529	68	34,697	(5)	20,680	5	21,739
Long Term Financing	(9)	15,225	8	16,755	22	15,538	(11)	12,689	37	14,261	13	10,445
Deferred Tax	38	9,234	50	6,682	2	4,445	39	4,357	3	3,126	38	3,039
Other Non-Current Liabilities	25	647	25	518	(38)	416	76	672	40	382	2	274
Total Non-Current Liabilities	5	25,106	17	23,956	15	20,399	(0)	17,717	29	17,769	18	13,758
Short Term Borrowings	(31)	17,718	66	25,569	156	15,371	(48)	6,007	(6)	11,537	15	12,300
Current Portion of Long Term Liabilities	18	3,835	5	3,239	(16)	3,095	263	3,664	(60)	1,011	14	2,518
Trade Payable and Bills Payable	(23)	6,387	12	8,279	56	7,369	29	4,721	(3)	3,669	29	3,786
Other Current Liabilities	16	2,414	167	2,084	145	780	(40)	318	8	531	49	494
Total Current Liabilities	(23)	30,354	47	39,172	81	26,615	(12)	14,710	(12)	16,747	18	19,098
Total Equity and Liabilities	(7)	99,781	23	107,774	30	87,543	22	67,124	1	55,196	12	54,595

Statement of Profit or Loss

	2024		2023		2022		2021		2020		2019	
	%	Rs. in millions	%	Rs. in millions	%	Rs. in millions	%	Rs. in millions	%	Rs. in millions	%	Rs. in millions
Sales	25	97,161	19	77,697	25	65,406	31	52,132	(3)	39,714	23	40,914
Cost of Sales	27	86,144	25	67,611	23	54,238	26	44,127	(2)	35,153	19	35,899
Gross Profit	9	11,017	(10)	10,086	40	11,168	76	8,005	(9)	4,561	57	5,015
EBITDA	59	13,386	(20)	8,422	19	10,485	107	8,793	(30)	4,242	54	6,040
Depreciation	27	2,223	5	1,753	16	1,664	16	1,436	7	1,239	13	1,159
EBIT	67	11,163	(24)	6,669	20	8,821	145	7,357	(38)	3,003	68	4,881
Other Income	345	1,665	(33)	374	(13)	561	(6)	644	(17)	685	70	823
Finance Cost	64	8,337	74	5,074	63	2,923	(39)	1,795	26	2,945	70	2,334
Profit Before Tax	77	2,826	(73)	1,595	6	5,899	9,514	5,563	(98)	58	66	2,547
Profit After Tax	205	1,785	(87)	586	(15)	4,610	(1,054)	5,432	(137)	(569)	21	1,542

**Vertical Analysis**

For The Last Six Financial Years

	2024		2023		2022		2021		2020		2019	
	%	Rs. in millions										
Property, Plant and Equipment	52	52,090	49	52,833	47	41,518	57	38,416	51	28,197	50	27,229
Long Term Investments and Advances	8	7,639	6	5,999	9	7,485	9	5,929	9	5,151	9	5,068
Long Term Deposits	0	111	0	26	0	26	0	24	0	24	0	24
Total Non Current Assets	60	59,840	55	58,857	56	49,029	66	44,370	60	33,371	59	32,321
Stores, Spares and Loose Tools	2	2,047	1	1,430	1	807	1	850	1	699	1	762
Stock in Trade	24	23,730	29	31,318	31	26,813	23	15,470	26	14,504	24	13,033
Loans and Advances	0	217	0	218	0	400	0	226	0	205	0	93
Short Term Investments	0	316	0	182	0	231	0	176	0	164	0	183
Trade Debts	12	12,079	11	11,369	8	7,268	7	4,738	9	5,146	11	6,132
Other Current Assets	2	1,552	4	4,399	3	2,940	2	1,294	2	1,107	4	2,071
Total Current Assets	40	39,942	45	48,917	44	38,461	34	22,754	40	21,824	41	22,274
Non-Current Assets Held for Sale	-	-	-	-	-	54	-	-	-	-	-	-
Total Assets	100	99,781	100	107,774	100	87,543	100	67,124	100	55,196	100	54,595
No. of Ordinary Shares		30		30		30		30		30		30
Shareholder's Equity	44	44,321	41	44,647	46	40,529	52	34,697	37	20,680	40	21,739
Long Term Financing	15	15,225	16	16,755	18	15,538	19	12,689	26	14,261	19	10,445
Deferred Tax	9	9,234	6	6,682	5	4,445	6	4,357	6	3,126	6	3,039
Other Non-Current Liabilities	1	647	0	518	0	416	1	672	1	382	1	274
Total Non-Current Liabilities	25	25,106	22	23,956	23	20,399	26	17,717	32	17,769	25	13,758
Short Term Borrowings	18	17,718	24	25,569	18	15,371	9	6,007	21	11,537	23	12,300
Current Portion of Long Term Liabilities	4	3,835	3	3,239	4	3,095	5	3,664	2	1,011	5	2,518
Trade Payable and Bills Payable	6	6,387	8	8,279	8	7,369	7	4,721	7	3,669	7	3,786
Other Current Liabilities	2	2,414	2	2,084	1	780	0	318	1	531	1	494
Total Current Liabilities	30	30,354	36	39,172	30	26,615	22	14,710	30	16,747	35	19,098
Total Equity and Liabilities	100	99,781	100	107,774	100	87,543	100	67,124	100	55,196	100	54,595
Statement of Profit or Loss												
	2024		2023		2022		2021		2020		2019	
	%	Rs. in millions										
Sales	100	97,161	100	77,697	100	65,406	100	52,132	100	39,714	100	40,914
Cost of Sales	89	86,144	87	67,611	83	54,238	85	44,127	89	35,153	88	35,899
Gross Profit	11	11,017	13	10,086	17	11,168	15	8,005	11	4,561	12	5,015
EBITDA	14	13,386	11	8,422	16	10,485	17	8,793	11	4,242	15	6,040
Depreciation	2	2,223	2	1,753	3	1,664	3	1,436	3	1,239	3	1,159
EBIT	11	11,163	9	6,669	13	8,821	14	7,357	8	3,003	12	4,881
Other Income	2	1,665	0	374	1	561	1	644	2	685	2	823
Finance Cost	9	8,337	7	5,074	4	2,923	3	1,795	7	2,945	6	2,334
Profit Before Tax	3	2,826	2	1,595	9	5,899	11	5,563	0	58	6	2,547
Profit After Tax	2	1,785	1	586	7	4,610	10	5,432	-1	(569)	4	1,542



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

Name of Company : Fazal Cloth Mills Limited
 Year Ended : June 30, 2024

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

1. The total number of directors are nine (9) as per the following:

- a. Male: Eight
- b. Female: One

2. The composition of board as at June 30, 2024 is as follows:

CATEGORY	NAMES
Independent Director	1. Mr. Babar Ali 2. Mr. Masood Karim Shaikh 3. Ms. Parveen Akhtar Malik
Non-Executive Directors	4. Mr. Sh. Naseem Ahmed 5. Mr. Faisal Ahmed 6. Mr. Aamir Naseem Sheikh
Executive Directors	7. Mr. Rehman Naseem 8. Mr. Muhammad Mukhtar Sheikh 9. Mr. Abbas Mukhtar

- 3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- 4. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
- 5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
- 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and these regulations;
- 7. The meetings of the Board of Directors 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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the board.
- 8. The Board of Directors has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and these Regulations.



9. Detailed as below; seven Directors have completed their Directors' Training Certification (DTC) and one director is exempt from this due to 14 years of education and 15 years of experience on the Board.

Director exempt from DTC - Mr. Faisal Ahmed.

Directors who have completed their DTC

- Mr. Sheikh Naseem Ahmed.
- Mr. Rehman Naseem.
- Mr. Masood Karim Shaikh
- Mr. Babar Ali
- Mr. Aamir Naseem Sheikh.
- Mr. Muhammad Mukhtar Sheikh.
- Ms. Parveen Akhter Malik

The Company will arrange directors training for Mr. Abbas Mukhtar who joined as a Director on November 29, 2023

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

A. Audit Committee

Ms. Parveen Akhter Malik (Independent Director)	Chairperson
Mr. Babar Ali (Independent Director)	Member
Mr. Sh Naseem Ahmed	Member
Mr. Aamir Naseem Sheikh	Member

B. Human Resource and Remuneration Committee

Mr. Babar Ali (Independent Director)	Chairman
Mr. Aamir Naseem Sheikh	Member
Mr. Faisal Ahmed	Member

C. Strategic Planning Committee

Mr. Rehman Naseem (CEO)	Chairman
Mr. Masood Karim Sheikh (Independent Director)	Member
Ms. Parveen Akhter Malik (Independent Director)	Member

13. The terms of reference of the aforesaid committee have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the Committees were as per following:
- a) Board Audit Committee: Quarterly
 - b) Human Resource and Remuneration Committee: Annually
 - c) Strategic Planning Committee: Annually



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

Pursuant to the amendment in Listed Companies (Code of Corporate Governance) Regulations, 2019 via Securities and Exchange Commission Pakistan's (SECP) notification (S.R.O. (1)/2024) dated June 12, 2024 a new regulation 10A and amendment to Regulation 10 has been inserted / added and accordingly, assigning additional responsibilities to an existing Board Committee for DE&I and sustainability related risks is under review and will be presented to the Board for its approval. The Company has formed an Anti-harassment policy and a committee as approved by the CEO is in place. The Anti-harassment policy is to be placed before the Board in the forthcoming meeting for approval.

Separate Nomination Committee and Risk Management Committee, as required under non-mandatory regulation no. 29 & 30, are not constituted as the functions of Nomination Committee are being dealt by Human Resource and Remuneration Committee and the functions of Risk Management Committee are being dealt by the Audit Committee which is headed by an Independent Director.

Sheikh Naseem Ahmed
(Director)

Multan. 30 September, 2024

Rehman Naseem
(Chief Executive)



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Fazal Cloth Mills Limited

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

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

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

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

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

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

Lahore:

Date: September 30, 2024

UDIN: CR20241010429n16Czew

Shinewing Hameed Chaudhri & co.

**SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS**

Audit Engagement Partner: Osman Hameed Chaudhri



SW PAKISTAN

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INDEPENDENT AUDITOR'S REPORT

To the members of Fazal Cloth Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Fazal Cloth Mills Limited (the Company), which comprise the statement of financial position as at June 30, 2024, the statement of profit or loss, the statement of other 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 material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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



Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
01	<p>Valuation of stock-in-trade</p> <p>The total value of stock in trade as at the reporting date amounted to Rs.23.730 billion, representing 59.41% of the Company's total current assets. Stock in trade as at reporting date included raw material and finished goods. Refer note 9 to the financial statements.</p> <p>The valuation of finished goods at cost has different components, which includes judgment and assumptions in relation to the allocation of labour and other various overheads which are incurred in bringing the inventories to its present location and conditions. Judgement has also been exercised by the management in determining the net realisable value (NRV) of raw material and finished goods and in determining the appropriate value of slow moving and obsolete stocks.</p> <p>We identified this matter as key in our audit due to the judgement and assumption applied by the Company in determining the cost and NRV of stock in trade at the year-end.</p>	<p>We assessed the appropriateness of management assumptions applied in calculating the value of stock in trade and validated the valuation by taking following steps:</p> <ul style="list-style-type: none"> Assessed whether the Company's accounting policy for inventory valuation is in line with the applicable financial reporting standards. Attended the inventory count at the year-end and reconciled the physical inventory with the inventory lists provided to ensure the completeness of the data. Assessed the historical costs recorded in the inventory valuation by checking purchase invoices on sample basis. Tested the reasonability of assumptions applied by the management in the allocation of labour and other various overhead costs to the inventories. Assessed the management determination of NRV of raw material thereon by performing tests on the subsequent purchase price. Tested the cost of inventories for finished goods and performed NRV test to assess whether the cost of inventories exceeds their NRV, calculated by detailed review of subsequent sales invoices. <p>We reviewed the Company's disclosure in the financial statement in respect of stock in trade.</p>
02	<p>Contingencies</p> <p>The Company is subject to material litigations including taxation and other matters at different courts which require management to make assessment and judgements with respect to likelihood and impact of such litigations on the financial statements of the Company.</p> <p>The details of contingencies along with management's assessment thereon are disclosed in note 28 to the financial statements.</p> <p>Management engaged independent legal consultants on these matters.</p> <p>The accounting for and disclosure of contingencies is complex and is a matter of significance in our audit because of the judgements required to determine the level of certainty on these matters.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Discussed legal cases with the legal department to understand the management's view point and obtained management's assessment regarding their implications on the Company. Obtained independent opinion of legal advisors dealing with such cases in the form of confirmations. Examined legal expense ledgers to assess any litigations or claims which may result in material misstatement of the financial statements. Reviewed the documents for legal and tax proceedings maintained by the management, including Judgements passed by different courts. Assessed the disclosures of legal exposures and provisions for completeness and accuracy.



Following are the Key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
	Due to the magnitude of amount involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts we have considered above referred contingencies as one of the key audit matters.	
03	<p>Revenue recognition</p> <p>The principal activity of the Company is to manufacture and sale of yarn and fabrics. Revenue from sale of goods is recognised as or when performance obligations are satisfied by transferring control of promised goods to customer, and control is transferred at a point in time. Revenue is measured at fair value of the consideration received or receivable and the payment is typically due on the satisfaction of performance obligation.</p> <p>We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and due to the reason that revenue increased significantly as compared to last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the design, implementation and operating effectiveness of the key internal controls involved in revenue recognition. Performed testing of revenue transactions on a sample basis with underlying documentation including dispatch documents and sales invoices. Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period. Performed audit procedures to analyse variation in the price and quantity sold during the year. Performed recalculations of discounts as per the Company's policy on test basis. Understood and evaluated the accounting policy with respect to revenue recognition. Assessed the adequacy of disclosures made in the financial statements related to revenue.

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

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

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

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



Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the 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 is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



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

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

Report on Other Legal and Regulatory Requirements

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

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

Other Matter

The financial statements for the Company for the year ended June 30, 2023 were audited by another firm of chartered accountants who expressed unmodified opinion on those financial statements on October 05, 2023.

The Engagement partner on the audit resulting in this independent auditors' report is Osman Hameed Chaudhri.

Lahore

Date: September 30, 2024

UDIN: AR202410104YR4P0mp5r

Shinewing Hameed Chaudhri & co.

**SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS**

Audit Engagement Partner: Osman Hameed Chaudhri





Fazal Cloth Mills Limited

Audited Financial Statements for the year ended 30 June 2024



Statement Of Financial Position As at June 30, 2024

	Note	2024 ----- Rupees -----	2023
Assets			
Non current assets			
Property, plant and equipment	5	52,090,033,687	52,832,730,189
Long term investments	6	7,639,002,089	5,999,151,286
Long term advances and mark up accrued	7	-	-
Long term deposits		110,640,293	25,540,293
		<u>59,839,676,069</u>	<u>58,857,421,768</u>
Current assets			
Stores, spare parts and loose tools	8	2,046,801,806	1,429,900,637
Stock-in-trade	9	23,730,084,196	31,318,157,974
Trade debts	10	12,079,342,689	11,368,620,770
Advances and other receivables	11	217,229,996	218,351,459
Deposits, prepayments and other receivables	12	269,417,471	601,492,755
Mark-up accrued	13	4,281,883	1,198,384
Short term investment	14	315,914,400	182,437,200
Sales tax refundable and adjustable		565,170,561	3,267,710,019
Cash and bank balances	15	713,418,102	528,641,818
		<u>39,941,661,104</u>	<u>48,916,511,016</u>
Total assets		<u>99,781,337,173</u>	<u>107,773,932,784</u>
Equity and Liabilities			
Share capital and reserves			
Authorised capital		<u>1,700,000,000</u>	<u>1,700,000,000</u>
30,000,000 ordinary shares of Rs.10 each			
Issued, subscribed and paid-up capital	16	300,000,000	300,000,000
Other capital reserves	17	2,009,381,395	1,075,745,157
Revaluation surplus on property, plant and equipment	18	18,554,848,169	22,130,639,044
Unappropriated profit - revenue reserves		<u>23,457,160,434</u>	<u>21,140,136,577</u>
Total equity		<u>44,321,389,998</u>	<u>44,646,520,778</u>
Non current liabilities			
Long term financing - secured	19	12,715,332,537	13,425,948,722
Long term musharka - secured	20	2,509,641,813	3,329,112,748
Lease liability - unsecured	21	70,677,725	73,111,588
Deferred liabilities:			
-Staff retirement benefit	22	576,427,439	445,220,674
-Deferred taxation	22	9,234,269,159	6,682,468,862
		<u>25,106,348,673</u>	<u>23,955,862,594</u>
Current liabilities			
Current portion of non-current liabilities	23	3,835,167,740	3,239,132,851
Short term borrowings - secured	24	17,717,675,277	25,569,248,195
Contract liabilities	25	438,053,016	760,038,983
Trade and other payables	26	6,387,042,998	8,279,059,663
Unclaimed dividend		22,002,980	22,551,264
Accrued mark-up	27	1,320,363,612	1,274,680,630
Provision for income tax and levies - net		<u>633,292,879</u>	<u>26,837,826</u>
		<u>30,353,598,502</u>	<u>39,171,549,412</u>
Total liabilities		<u>55,459,947,175</u>	<u>63,127,412,006</u>
Contingencies and commitments	28		
Total equity and liabilities		<u>99,781,337,173</u>	<u>107,773,932,784</u>

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

(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER

(SHEIKH NASEEM AHMAD)
DIRECTOR



Statement Of Profit Or Loss For the Year Ended June 30, 2024

	Note	2024 ----- R u p e e s -----	2023 (Restated)
Revenue from contracts with customers - net	29	97,160,875,498	77,696,979,894
Cost of sales	30	(86,143,904,773)	(67,610,876,404)
Gross profit		11,016,970,725	10,086,103,490
Selling and distribution expenses	31	(559,628,231)	(497,083,655)
Administrative expenses	32	(780,681,536)	(615,746,677)
Other income	33	1,665,202,999	373,827,473
Other expenses	34	(178,546,961)	(2,677,915,683)
Profit from operations		11,163,316,996	6,669,184,948
Share of loss from an associate	35	-	(5,539)
Finance cost	36	(8,337,427,848)	(5,074,371,862)
Profit before levies and income tax		2,825,889,148	1,594,807,547
Levies	37.1	(1,330,579,074)	(1,007,866,233)
Profit before income tax		1,495,310,074	586,941,314
Income tax	37.2	289,977,481	(846,595)
Profit after taxation		1,785,287,555	586,094,719
Earnings per share - basic and diluted		59.51	19.54

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


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER


(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER


(SHEIKH NASEEM AHMAD)
DIRECTOR



Statement Of Other Comprehensive Income For the Year Ended June 30, 2024

	2024	2023
	- - - - R u p e e s - - - -	
Profit after taxation	1,785,287,555	586,094,719
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss subsequently		
Revaluation surplus on property, plant and equipment		
- gross amount	-	7,700,479,505
- related deferred tax	-	(1,542,807,528)
	-	6,157,671,977
Re-measurement of defined benefit liability	(80,631,210)	(23,709,988)
Net change in fair value of financial assets at FVOCI		
- net of tax	933,636,238	(1,634,607,480)
Total comprehensive income for the year	2,638,292,583	5,085,449,228

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


(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER


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(SHEIKH NASEEM AHMAD)
DIRECTOR



Statement Of Changes In Equity For the Year Ended June 30, 2024

	Capital reserves					Revenue reserve		Total
	Share capital	Share premium	Capital redemption reserve	Fair value reserve - net of tax	Revaluation surplus on property, plant and equipment - net of tax	Unrealised	Unappropriated profit	
Balance as at July 01, 2022	300,000,000	77,616,000	175,000,000	2,457,736,637	17,150,488,830	19,860,841,467	20,368,453,281	40,529,294,748
Transaction with owners of the Company	-	-	-	-	-	-	(300,000,000)	(300,000,000)
Final dividend related to the year ended June 30, 2022 at the rate of Rs.10 per share	-	-	-	-	-	-	-	-
Total comprehensive income for the year ended June 30, 2023	-	-	-	(1,634,607,480)	6,157,671,977	4,523,064,497	(23,709,988)	586,094,719
Profit for the year	-	-	-	(1,634,607,480)	6,157,671,977	4,523,064,497	562,384,731	4,499,354,509
Other comprehensive (loss) / income	-	-	-	-	(668,223,198)	(668,223,198)	-	5,085,449,228
Change in effective tax rate	-	-	-	-	(509,298,565)	(509,298,565)	509,298,565	(668,223,198)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	(509,298,565)	(509,298,565)	509,298,565	-
Balance as at June 30, 2023	300,000,000	77,616,000	175,000,000	823,129,157	22,130,639,044	23,206,384,201	21,140,136,577	44,646,520,778
Total comprehensive loss for the year ended June 30, 2024	-	-	-	-	-	-	1,785,287,555	1,785,287,555
Profit for the year	-	-	-	933,636,238	-	933,636,238	(80,631,210)	853,005,028
Other comprehensive income / (loss)	-	-	-	933,636,238	-	933,636,238	1,704,656,345	2,638,292,583
Change in effective tax rate	-	-	-	-	(2,963,423,363)	(2,963,423,363)	-	(2,963,423,363)
Surplus transferred to un-appropriated profit on account of incremental depreciation charged during the year - net of tax	-	-	-	-	(589,643,452)	(589,643,452)	589,643,452	-
Transfer from surplus on revaluation of fixed assets on disposal - net of tax	-	-	-	-	(22,724,060)	(22,724,060)	22,724,060	-
Balance as at June 30, 2024	300,000,000	77,616,000	175,000,000	1,756,765,395	18,554,848,169	20,564,229,564	23,457,160,434	44,321,389,998

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

(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER

(SHEIKH NASEEM AHMAD)
DIRECTOR



Statement of Cash Flows For the year ended June 30, 2024

	2024	2023
	---- Rupees ----	
<u>Cash flows from operating activities</u>		
Profit before taxation	2,825,889,148	1,594,807,547
Adjustments for:		
Depreciation on property, plant and equipment	5.1.1 2,222,502,935	1,753,002,218
Unrealized (gain) / loss on re-measurement of short term investment	14.1 (133,477,200)	48,898,800
Loss allowance / (reversal) against trade debts	44,295,308	(19,608,957)
Net realizable value of stock in trade	-	24,168,748
Provision for gratuity	22.1.3 251,945,737	229,786,265
Provision for infrastructure cess	343,510,946	561,804,634
Provision for workers' profit participation fund	34 33,645,019	81,895,338
Provision for workers' welfare fund	34 56,984,574	31,200,712
Loss / (gain) on disposal of property, plant and equipment	5 15,503,332	(257,981)
Gain on disposal of non-current asset held for sale	-	(8,540,162)
Reversal of loss allowance against long term advance	(307,129,396)	-
Gain on de-recognition of mark-up upon conversion into preference shares	(451,348,607)	-
Dividend income	33 (311,013,140)	(241,899,109)
Share of loss from an associate	-	5,539
Finance income on Term finance certificate	(15,443,032)	(8,063,410)
Finance cost	8,337,427,848	5,074,371,862
Cash generated from operations before working capital changes	12,913,293,472	9,121,572,044
<u>Effect on cash flows due to working capital changes</u>		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(616,901,169)	(622,576,257)
Stock-in-trade	7,588,073,778	(4,529,371,010)
Trade debts	(755,017,227)	(4,080,621,958)
Advances and other receivable	1,121,463	141,934,257
Deposits, prepayments and other receivables	332,075,284	(415,124,259)
	6,549,352,129	(9,505,759,227)
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	(2,648,143,171)	787,562,087
Cash generated from operations	16,814,502,430	403,374,904
Gratuity paid to employees	22.1.2 (201,370,182)	(150,530,456)
Taxes paid - net	1,909,033,290	(1,964,255,096)
	1,707,663,108	(2,114,785,552)
Net cash generated from / (used in) operating activities	18,522,165,538	(1,711,410,648)
<u>Cash flows from investing activities</u>		
Fixed capital expenditure	(1,537,019,766)	(5,358,675,790)
Proceeds from non-current assets held for sale	-	53,562,500
Proceeds from sale of property, plant and equipment	5.2 41,710,000	547,600
Long term deposits	(85,100,000)	-
Finance income received	12,359,533	6,865,025
Dividend received from associated company	311,013,140	241,899,109
Net cash used in investing activities	(1,257,037,093)	(5,055,801,556)
<u>Cash flows from financing activities</u>		
Long term financing obtained	2,217,188,000	2,988,820,348
Long term financing repaid	(2,522,089,107)	(2,289,233,624)
Long term musharka obtained	77,739,800	1,454,206,302
Long term musharka repaid	(708,333,335)	(793,227,986)
Short term borrowings - net	(5,357,144,668)	7,506,639,423
Lease rentals paid	(11,692,302)	(10,629,367)
Finance cost paid	(8,281,044,015)	(4,340,092,644)
Dividend paid	(548,284)	(298,662,571)
Net cash (used in) / generated from financing activities	(14,585,923,911)	4,217,819,881
Net increase / (decrease) in cash and cash equivalents	2,679,204,534	(2,549,392,323)
Cash and cash equivalents at beginning of the period	(3,222,085,274)	(672,692,951)
Cash and cash equivalents at end of the period	(542,880,740)	(3,222,085,274)
Cash and cash equivalents at year end comprises of:		
Cash and bank balances	713,418,102	528,641,818
Running finance / running musharika	(1,256,298,842)	(3,750,727,092)
	(542,880,740)	(3,222,085,274)

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

(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER

(SHEIKH NASEEM AHMAD)
DIRECTOR



Notes to the Financial Statements For the Year Ended June 30, 2024

1. CORPORATE AND GENERAL INFORMATION

Fazal Cloth Mills Limited ("the Company") was incorporated in Pakistan in 1966 as a Public Limited Company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange ('PSX'). The registered office of the Company is situated at 69/7, Abid Majeed Road, Survey No. 248/7, Lahore Cantt, Lahore. The Company is principally engaged in manufacture and sale of yarn and fabric. The manufacturing facilities and warehouses are located at Fazal Nagar, Jhang Road, Muzaffargarh and Qadirpur Rawan Bypass, Khanewal Road, Multan in the province of Punjab.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain items of property, plant and equipment that are stated at revalued amounts (note 4.1), recognition of staff retirement benefits at present value (note 4.7) and revaluation of certain financial instruments at fair values (note 4.10). The methods used to measure fair values are discussed further in their respective policy notes.



2.3 Functional and presentation currency

These financial statements have been prepared in Pak Rupees ('Rs.') which is the Company's functional currency. All financial information has been rounded to the nearest rupee, except when otherwise indicated.

2.4 Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on a continuous basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods affected.

The areas where assumptions and estimates are relevant to the Company's financial statements or where judgement was exercised in application of accounting policies are as follows:

(a) Property, plant and equipment

The Company reviews the useful lives, residual values, depreciation method and rates for each item of property, plant and equipment on regular basis by considering expected pattern of economic benefits that the Company expects to derive from that item and the maximum period up to which such benefits are expected to be available.

Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

The management of the Company reviews carrying amounts of its assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.



Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. It may be necessary to revalue the item only every three to five years unless earlier required.

(b) Stores, spares, loose tools and stock-in-trade

The Company reviews the stores, spares, loose tools and stock-in-trade for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores, spares and loose tools and stock-in-trade with a corresponding effect on the provision.

(c) Expected credit loss (ECL)/ Loss allowance against trade debts, other receivables, loan, advances and deposits, mark up accrued and bank balances

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.



The Company reviews the recoverability of its trade debts, other receivables, loans advances and deposits, mark up accrued and bank balances to assess amount of loss allowance required on an annual basis.

(d) Provisions and Contingencies

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

(e) Employee benefits

The Company operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits. The Projected Unit Credit method used for the valuation of the scheme is based on assumptions stated in note 22.1. Calculations are sensitive to change in underlying assumptions.

(f) Taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Company also regularly reviews the trend of proportion of incomes between 'Final Tax Regime' income and 'Normal Tax Regime' income and the change in proportions, if significant, is accounted for in the year of change.

(g) Fair value of investments

The Company regularly reviews the fair value of investments including level 3 fair values. The estimate of fair values are based on both observable market data and unobservable inputs. Any change in estimate will effect the carrying value of investments with the corresponding impact on statement of profit or loss for investments carried at fair value through profit or loss and on other comprehensive income for investments carried at fair value through OCI.



3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES RESULTING FROM AMENDMENTS IN STANDARDS DURING THE YEAR

3.1 Standards, amendments to approved accounting standards and interpretations that are effective and have been adopted by the Company

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for following amendments to accounting standards which are effective for annual periods beginning on or after July 01, 2023 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

a) **IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2** **Effective: January 01, 2023**

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

b) **IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors** **Effective: January 01, 2023**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.



The amendments have no impact on the Company's financial statements.

There are number of other standards, amendments and interpretations to the approved accounting standards that are effective but are not relevant to the Company and therefore, have not been presented here.

3.2 Standards, amendments to approved accounting standards and interpretations that are not effective and have not been adopted by the Company

The following amendments with respect to the approved accounting standards, as applicable in Pakistan and would be effective from the dates mentioned below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

a) IAS 7 Statement of Cashflows and IFRS 7 Financial Instruments; Disclosures Effective: January 01, 2024

Amendments in IAS 7 Statement of Cashflows and IFRS 7 Financial Instruments; Disclosures; Supplier Finance Arrangements, disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.

The amendments are supplement requirements already in IFRS Accounting Standards and require a company to disclose:

- the terms and conditions;
- the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities sit on the balance sheet;
- ranges of payment due dates; and
- liquidity risk information.

b) IFRS 16 Leases Effective: January 01, 2024

Leases - Lease Liability in a Sale and Leaseback - Amendments requires a seller lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new



requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendments retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to sale and leaseback transactions entered into after the date of initial application.

c) IAS 1 Presentation of Financial Statements

Effective: January 01, 2024

Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current. In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification;
- Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The adoption of the above amendments to accounting standards did not have any material effect on the financial statement of the Company.

3.3 IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes (the Guidance) issued by ICAP

The Institute of Chartered Accountants of Pakistan (ICAP) issued the aforementioned Guidance through Circular No. 07 / 2024 dated May 15, 2024. In light of the said Guidance, as the minimum taxes and final taxes are not calculated on the 'taxable income' as defined in IAS 12 (Income Taxes) but calculated on turnover or other basis (as per relevant sections of the Income Tax Ordinance, 2001 (the Ordinance)); accordingly, minimum taxes and final taxes should be accounted for under IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) / IFRIC 21 (Levies) as levies (though these are charged under tax law) and not under IAS 12 as income taxes. Based on the Guidance, the minimum taxes under the Ordinance are hybrid taxes, which comprise of a component within the scope of IAS 12 and a component within the scope of IFRIC 21.



Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) - 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the Statement of Financial Position, Earnings per share and Statement of Changes in Equity as a result of this change

	As at June 30, 2024			As at June 30, 2023		
	Had there been no change in accounting policy	Impact of change in accounting policy	After change in accounting policy	Had there been no change in accounting policy	Impact of change in accounting policy	After change in accounting policy
----- Rupees -----						
Effect on profit or loss and other comprehensive income						
Final taxes - levy	-	(1,330,579,074)	(1,330,579,074)	-	(1,007,866,233)	(1,007,866,233)
Profit before income tax	2,825,889,148	(1,330,579,074)	1,495,310,074	1,594,807,547	(1,007,866,233)	586,941,314
Income tax expense	(1,040,601,593)	(1,330,579,074)	289,977,481	(1,008,712,828)	(1,007,866,233)	(846,595)

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 Property, plant and equipment

Owned assets

Freehold land is measured at revalued amount less impairment if any.

Factory building, 'non-factory building', 'plant and machinery', 'electric fitting and installations', 'tools', 'laboratory equipment, sui gas installations and arms' and 'fire extinguishing equipment and scales' are measured at revalued amount less accumulated depreciation and impairment if any.

Office equipment, furniture and fixture and vehicles are measured at cost less accumulated depreciation and impairment if any.

Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and other costs directly attributable to the acquisition or construction including expenditures on material, labour and overheads directly relating to construction, erection and installation of operating fixed assets.

Depreciation is charged on a systematic basis over the useful life of the assets, on reducing balance method, which reflects the patterns in which the economic benefits are consumed by the Company, at the rates specified in note 5.1. Depreciation on additions is charged when available for use and is discontinued when the asset is disposed off.



An item of property, plant and equipment is de-recognized when permanently retired from use. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the statement of profit or loss.

Major renewals and improvements to an item of property, plant and equipment are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss as incurred.

The asset's residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of residual values of property, plant and equipment as at June 30, 2024 does not require any adjustment as its impact is considered insignificant.

Capital work-in-progress

Capital work in progress is stated at cost less identified impairment loss, if any. Cost includes expenditures on material, labour, appropriate directly attributable overheads and includes borrowing cost in respect of qualifying assets if any, as stated in note 4.4. These costs are transferred to operating fixed assets as and when assets are available for their intended use.

4.1.1 Revaluation surplus on property, plant and equipment

Revaluation of items of property, plant and equipment measured at revalued amount is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Any revaluation increase arising on the revaluation is recognized, by restating gross carrying amounts and accumulated depreciation of respective assets being revalued in proportion to

the change in their carrying amounts due to revaluation, in other comprehensive income and presented as a separate component of equity as 'Revaluation surplus on property, plant and equipment', except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset.



The revaluation reserve is not available for distribution to the Company's shareholders. The revaluation surplus on item of property, plant and equipment measured at revalued amount, except land, is transferred to unappropriated profit to the extent of incremental depreciation charged (net of deferred tax). Upon disposal, any revaluation surplus is transferred to unappropriated profit (net of deferred tax).

4.2 Lease

At the inception of a contract, the Company assesses whether a contract is or contains lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The 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 cost incurred less any lease incentive received. The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability, if any. The right of use assets is depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or cost of the right of use asset reflects that the Company will exercise a purchase option.

In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. Right of use asset is disclosed in the property, plant and equipment as referred to in note 5.1 of the financial statements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company has used its incremental borrowing rate as the discount rate for leases where rate is not readily available. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.



The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero. Refer note 21 to these financial statements for disclosure of lease liability.

Short term leases and leases of low value assets

The Company has elected not to recognize right of use assets and liabilities for some leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

4.3 Intangible assets

Expenditure incurred on intangible asset is capitalized and stated at cost less accumulated amortization and any accumulated impairment losses. Finite life intangible assets are amortized using the straight-line method over the estimated useful life of three years. Amortization of intangible assets is commenced from the date an asset is capitalized.

4.4 Borrowing cost

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset, 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 to the extent the carrying amount of the assets does not exceed its recoverable value, until such time as the assets are substantially ready for their intended use or sale.

4.5 Taxation

Income tax expense comprises current tax and deferred tax. It is recognized in statement of 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 equity.



4.5.1 Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, 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.

The Company designates the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognises it as current income tax expense. The amount calculated not on the basis of taxable income, is recognized as a levy falling under the scope of IFRIC 21/IAS 37.

4.5.2 Deferred

Deferred tax is recognized using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at 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. Further, the Company recognizes deferred tax asset/ liability on deficit/ surplus on revaluation of property, plant and equipment which is adjusted against the related deficit/ surplus.

The Company accounts for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognized in statement of profit or loss, any related tax effects are also recognized in statement of profit or loss. For transactions and other events recognized outside statement of profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognized outside profit and loss (either in other comprehensive income or directly in equity, respectively).



4.6 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognized in the statement of profit or loss.

4.7 Employee retirement benefits

The Company operates an un-funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount. Calculation of defined benefit obligation is performed annually by a qualified actuary using the 'Projected Unit Credit Method'.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plan are recognized in the statement of profit or loss. Past service costs are immediately recognized in statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in statement of profit or loss. The Company recognizes gain and losses on the settlement of a defined benefit plan when the settlement occurs.



4.8 Provisions

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

4.9 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.10 Financial instruments

4.10.1 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

4.10.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.



Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, loan and advances, mark up accrued, trade debts and other receivables.

Debt Instrument - FVOCI

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

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

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss. However, the Company has no such instrument at the reporting date.

Equity Instrument - FVOCI

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

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

The Company's investments measured at FVOCI are included in note 6 of these financial statements.



Fair value through profit or loss (FVTPL)

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

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

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

Financial asset measured at FVTPL comprises of investment in term finance certificate and short term investments in equity instrument as detailed in note 6 and 14 of these financial statements.

Financial assets - Business model assessment:

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such



on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss or capitalized as stated in note 4.4. Any gain or loss on derecognition is also recognized in statement of profit or loss.

Financial liabilities comprises of trade and other payables, long term and short term financing, dividend payable, accrued markup and lease liability.

4.10.3 Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in statement of profit or loss.

4.10.4 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

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



The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The Company measured its long term advances and related markup to associated companies under the general approach.

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

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

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.



Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax 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 cost 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 assets 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 to determine 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.

4.10.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

4.11 Acquisition of assets that do not constitute a business

When the Company acquires an asset or a Company (including any liabilities assumed) that does not constitute a business, then the transaction is outside the scope of IFRS 03 'Business Combinations' since it does not meet the definition of a business combination.

Such transactions are accounted for by the Company as asset acquisitions in which the cost of acquisition is generally allocated between the individual identifiable assets and liabilities acquired based on their relative fair values at the date of acquisition. These transactions do not give rise to goodwill or a gain on a bargain purchase.

Assets acquired in an asset acquisition are recognized based on the cost of acquisition. The cost of an asset acquisition may comprise the following:



- cash or cash equivalent price at the date of acquisition;
- fair value of non-cash consideration (e.g. non-cash assets given up or liabilities assumed); and
- transaction costs directly attributable to the acquisition of the assets.

Under asset acquisition, for any identifiable asset or liability initially measured at an amount other than cost, the Company initially measures that asset or liability at the amount specified in the applicable IFRS Standard. The Company deducts from the transaction price, the amounts allocated to the assets and liabilities initially measured at an amount other than cost, and then allocates the residual transaction price to the remaining identifiable assets and liabilities based on their relative fair values at the date of the acquisition.

4.12 Investments in associates

Associates are the entities over which the Company has significant influence but not control. Significant influence is generally considered where shareholding percentage is between 20% to 50% of the voting shares. However, such significant influence can also arise where shareholding is lesser than 20% but due to other quantitative factors e.g. Company's representation on the Board of Directors of investee Company, the Company can exercise significant influence. Investments in associates are accounted for using the equity method of accounting in these financial statements and are initially recognized at cost. If the ownership interest is reduced but significant influence is retained, gain / loss on the partial disposal of ownership interest is recognized in the statement of profit or loss as the difference between the proceeds from the sale and the cost of investment sold. The cost of investment is disposed off on weighted average basis.

The Company's share of its associate's post-acquisition profits or losses, movement in other comprehensive income, and its share of post-acquisition movements in reserves is recognized in the statement of profit or loss, statement of comprehensive income and reserves respectively. When the Company's share of losses in associates / joint ventures equals or exceeds its interest in the associate including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions received from an associate reduce the carrying amount of the investment.

The carrying amount of equity accounted investments is tested for impairment in accordance with policy described for non-financial asset in note 4.10.4.



4.13 Stores, spares and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using the weighted average method. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

4.14 Stock-in-trade

These are stated at the lower of cost and net realizable value except for waste stock which is valued at net realizable value.

Cost has been determined as follows:

- | | |
|--------------------------------|---|
| - Raw materials | Weighted average cost |
| - Work-in-process and finished | Cost of direct materials, labour and appropriate manufacturing overheads. |

Materials in transit comprises of invoice value plus other charges paid thereon.

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 necessarily to be incurred in order to make a sale.

4.15 Trade Debts

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery

4.16 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for sale of goods, net of returns, allowances, trade discounts, rebates and sales tax. Revenue is recognized when or as performance obligations are satisfied by transferring control of a promised goods or services to a customer, and control either transfers over time or point in time.

4.17 Other income

Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Foreign currency gains and losses are reported on a net basis.

Dividend income and entitlement of bonus shares are recognized when the right to receive is established.

Gains and losses on sale of investments are accounted for on disposal of investments.

**4.18 Cash and cash equivalents**

Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand and cash at banks. Short term running finance facilities availed by the Company are also recorded as part of cash and cash equivalents. Cash and cash equivalents are carried in statement of financial position at amortised cost.

4.19 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

4.20 Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are regularly reviewed by the Company's 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 details related to operating segments are disclosed in note 46.

4.21 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 and loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

4.22 Dividend distribution

Dividend is recognized as a liability in the statement of financial position in the year in which it is declared and approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

5. PROPERTY, PLANT AND EQUIPMENT		2024	2023
	Note	- - - R u p e e s - - -	
Operating fixed assets	5.1	51,701,058,121	47,865,805,154
Right of use Asset	5.1	40,205,064	45,948,645
Capital work-in-progress	5.3	348,770,502	4,920,976,390
		<u>52,090,033,687</u>	<u>52,832,730,189</u>



5.1 Operating fixed assets

	Balance as at July 01, 2023			Cost/ revalued amount			Accumulated depreciation			Net book value		
	Balance as at July 01, 2023	Revaluation	Disposals	Reclassification	Reclassification	Disposals	Balance as at June 30, 2024	Revaluation	Reclassification	Disposals	Balance as at June 30, 2024	
	Rupees											
Freehold land	693,934,062	-	-	-	-	-	694,452,742	-	-	-	-	694,452,742
- cost	7,488,565,939	-	-	-	-	-	7,488,565,939	-	-	-	-	7,488,565,939
- revaluation surplus	8,182,500,001	-	-	-	-	-	8,183,018,681	-	-	-	-	8,183,018,681
Factory building on free hold land	3,074,244,192	-	-	-	-	-	3,872,439,132	-	-	-	-	3,872,439,132
- cost	7,982,678,558	-	-	-	-	-	7,982,678,558	-	-	-	-	7,982,678,558
- revaluation surplus	11,056,922,750	-	-	-	-	-	11,855,117,690	-	-	-	-	11,855,117,690
Non-factory building on free hold land	1,242,329,824	-	-	-	-	-	1,330,016,185	-	-	-	-	1,330,016,185
- cost	4,698,008,596	-	-	-	-	-	4,698,008,596	-	-	-	-	4,698,008,596
- revaluation surplus	5,940,338,420	-	-	-	-	-	6,028,024,781	-	-	-	-	6,028,024,781
Non-factory building on lease hold land	140,676,443	-	-	-	-	-	150,655,612	-	-	-	-	150,655,612
- cost	194,078,546	-	-	-	-	-	194,078,546	-	-	-	-	194,078,546
- revaluation surplus	334,754,989	-	-	-	-	-	344,734,158	-	-	-	-	344,734,158
Plant and machinery	23,957,647,105	-	-	-	-	-	28,515,866,610	-	-	-	-	28,515,866,610
- cost	18,867,857,923	-	-	-	-	-	18,906,382,608	-	-	-	-	18,906,382,608
- revaluation surplus	42,925,505,028	-	-	-	-	-	47,422,249,218	-	-	-	-	47,422,249,218
Electric fittings and installations	1,153,642,353	-	-	-	-	-	1,423,896,543	-	-	-	-	1,423,896,543
- cost	2,423,957,667	-	-	-	-	-	2,423,957,667	-	-	-	-	2,423,957,667
- revaluation surplus	3,577,600,020	-	-	-	-	-	3,847,854,210	-	-	-	-	3,847,854,210
Sui gas installations	21,785,018	-	-	-	-	-	21,785,018	-	-	-	-	21,785,018
- cost	36,867,296	-	-	-	-	-	36,867,296	-	-	-	-	36,867,296
- revaluation surplus	58,652,314	-	-	-	-	-	58,652,314	-	-	-	-	58,652,314
Tools, laboratory equipment and arms	168,016,230	-	-	-	-	-	190,219,108	-	-	-	-	190,219,108
- cost	367,376,264	-	-	-	-	-	367,376,264	-	-	-	-	367,376,264
- revaluation surplus	555,392,494	-	-	-	-	-	557,595,372	-	-	-	-	557,595,372
Fire extinguishing equipment and scales	34,160,832	-	-	-	-	-	49,519,708	-	-	-	-	49,519,708
- cost	64,163,405	-	-	-	-	-	64,163,405	-	-	-	-	64,163,405
- revaluation surplus	98,324,237	-	-	-	-	-	113,683,113	-	-	-	-	113,683,113
Office equipments	126,131,242	-	-	-	-	-	157,078,044	-	-	-	-	157,078,044
Furniture and fittings	34,470,327	-	-	-	-	-	42,041,523	-	-	-	-	42,041,523
Vehicles	449,372,028	-	-	-	-	-	663,606,591	-	-	-	-	663,606,591
Right of use asset - building	68,922,967	-	-	-	-	-	68,922,967	-	-	-	-	68,922,967
2024	73,388,886,817	-	-	-	-	-	85,533,808	-	-	-	-	85,533,808
		-	-	-	-	-		-	-	-	-	



	Cost/ revalued amount				Accumulated depreciation				Net book value			
	Balance as at July 01, 2022	Revaluation surplus	Additions	Reclassification	Disposals	Balance as at June 30, 2023	Rate %	Balance as at July 01, 2023	Revaluation surplus	Disposals	Balance as at June 30, 2023	
	Rupees											
Freehold land												
- cost	339,609,664	-	354,324,398	-	-	693,934,062		-	-	-	693,934,062	
- revaluation surplus	6,347,244,136	1,141,321,803	-	-	-	7,488,565,939		-	-	-	7,488,565,939	
	6,686,853,800	1,141,321,803	354,324,398	-	-	8,182,500,001		-	-	-	8,182,500,001	
Factory building on free hold land												
- cost	3,013,632,084	-	60,612,108	-	-	3,074,244,192	5	944,499,743	-	-	1,049,890,025	
- revaluation surplus	6,404,792,835	1,577,885,723	-	-	-	7,982,678,558		2,983,742,434	621,027,066	-	3,775,822,020	
	9,418,424,919	1,577,885,723	60,612,108	-	-	11,056,922,750		3,928,242,177	621,027,066	-	4,825,712,045	
Non-factory building on free hold land												
- cost	1,144,824,700	-	97,505,124	-	-	1,242,329,824	5	341,691,626	-	-	383,122,479	
- revaluation surplus	4,465,744,248	212,264,347	-	-	-	4,678,008,596		1,900,168,275	82,193,243	-	2,207,140,315	
	5,630,568,948	212,264,347	97,505,124	-	-	5,940,338,420		2,331,859,901	82,193,243	-	2,590,262,794	
Non-factory building on lease hold land												
- cost	85,284,154	-	55,392,289	-	-	140,676,443	15	44,321,558	-	-	51,158,351	
- revaluation surplus	59,205,926	124,872,620	-	-	-	194,078,546		35,745,848	54,691,074	-	95,455,934	
	154,490,080	124,872,620	55,392,289	-	-	334,754,989		80,067,406	54,691,074	-	146,614,285	
Plant and machinery												
- cost	23,005,157,841	-	952,489,264	-	-	23,957,647,105	5	6,790,933,551	-	-	7,619,818,794	
- revaluation surplus	10,914,562,830	8,053,294,983	-	-	-	18,967,857,923		4,888,116,774	2,887,655,083	-	8,077,079,135	
	33,919,720,771	8,053,294,983	952,489,264	-	-	42,925,505,028		11,679,050,325	2,887,655,083	-	15,696,897,929	
Electric fittings and installations												
- cost	1,143,332,870	-	18,468,949	-	-	1,161,801,819	5	333,627,062	-	-	372,904,986	
- revaluation surplus	2,109,395,047	314,562,620	-	-	-	2,423,957,667		990,571,619	143,619,347	(764,326)	1,370,860,640	
	3,252,727,917	314,562,620	18,468,949	-	-	3,585,759,486		1,324,198,681	143,619,347	(764,326)	1,563,037,127	
Soil gas installations												
- cost	21,745,018	-	40,000	-	-	21,785,018	5	10,290,003	-	-	10,854,920	
- revaluation surplus	54,466,922	2,400,369	-	-	-	56,867,287		18,787,651	1,225,783	-	20,797,398	
	56,211,945	2,400,369	40,000	-	-	58,652,304		29,067,654	1,225,783	-	31,662,318	
Tools, laboratory equipment and arms												
- cost	165,414,873	-	2,601,357	-	-	168,016,230	5	64,717,387	-	-	68,851,094	
- revaluation surplus	242,645,940	124,730,324	-	-	-	387,376,264		126,790,071	54,047,033	-	186,620,397	
	408,060,813	124,730,324	2,601,357	-	-	535,392,494		191,497,458	54,047,033	-	256,471,491	
Fire extinguishing equipment and scales												
- cost	34,080,832	-	80,000	-	-	34,160,832	5	9,520,296	-	-	10,753,459	
- revaluation surplus	57,113,152	7,050,253	-	-	-	64,163,405		31,908,269	3,444,918	-	36,613,431	
	91,193,984	7,050,253	80,000	-	-	98,324,237		41,428,565	3,444,918	-	47,366,890	
Office equipments												
- cost	85,374,783	-	33,140,803	-	-	126,131,242	10	35,212,759	-	-	43,117,896	
- revaluation surplus	33,800,314	-	670,013	-	-	34,470,327	10	19,173,695	-	-	20,685,151	
	306,356,261	-	143,015,767	-	-	449,372,028	20	189,452,081	-	-	232,340,774	
Right of use asset- building												
	68,922,967	-	-	-	-	68,922,967		17,230,742	-	-	22,974,322	
								19,866,481,444	3,857,903,545	(254,190)	25,477,133,018	
											47,911,753,799	



5.1.1 Depreciation for the year has	2024	2023
been allocated as under:	- - - R u p e e s - - -	
Cost of sales	2,103,708,635	1,683,626,156
Administrative expense	118,794,300	69,376,062
	<u>2,222,502,935</u>	<u>1,753,002,218</u>

5.1.2 All assets of the Company as at June 30, 2024 are located in Pakistan.

5.1.3 The latest valuation of the Company's assets was carried out on June 30, 2023. The Category wise gross revalued amounts along with forced sale values, as at that date, are given below:

	Gross revalued	Forced sales
	- - - - - R u p e e s - - - - -	
Freehold land	8,182,500,001	6,553,200,601
Factory building on free hold land	6,231,210,705	4,990,452,029
Non-factory building on free hold land	3,350,075,626	2,683,008,567
Non-factory building on lease hold land	188,140,704	150,678,127
Plant and machinery	27,228,607,099	21,806,846,853
Electric fittings and installations	2,014,562,897	1,613,423,133
Sui gas installations	26,999,996	21,623,757
Tools, laboratory equipment and arms	278,921,003	223,382,253
Fire extinguishing equipment and scales	50,957,347	40,810,720
	<u>47,551,975,378</u>	<u>38,083,426,041</u>



5.1.4 Had there been no revaluation of the freehold land, factory building on freehold land, non-factory building on free hold and leasehold land, thereon and plant and machinery, electric fittings and installations, sui gas installations, tools laboratory equipment and arms, fire fighting and weighing scales, the net book value as of June 30, 2024 would have been as follows:

	2024	2023
	- - - R u p e e s - - -	
Freehold land	694,452,742	693,934,062
Factory building	2,699,967,321	2,024,354,167
Non-Factory building - freehold land	902,373,055	859,207,345
Non-Factory building- leasehold land	84,990,760	89,518,092
Plant & machinery	20,019,965,974	16,337,828,311
Electric fitting & installations	1,003,357,810	780,737,367
Sui gas installations	10,383,593	10,930,098
Tools, lab equipments & arms	114,677,209	98,165,136
Fire extinguishing equipment & scale	37,155,912	23,407,373
	25,567,324,376	20,918,081,951

5.1.5 Particulars of immoveable fixed assets (i.e. land and building) in the name of the Company are as follows:

Particulars	Location	Total Area
Free hold land (Manufacturing Unit)	Jhang Road, Muzaffargarh	624 kanal and 16.5 marlas & 56 square yard
Free hold land (Residential Colony)	Jhang Road, Muzaffargarh	107 kanal and 15 marlas
Free hold land (Manufacturing Unit)	Moza Khanpur Shumali, Muzaffargarh	157 kanal and 19 marlas
Free hold land (Residential Colony)	Moza Khanpur Shumali, Muzaffargarh	13 kanal
Free hold land (Manufacturing Unit)	Qadirpur Rawan bypass Khanewal Road, Multan	576 kanal and 18 marlas
Free hold land (Residential Colony)	Qadirpur Rawan bypass Khanewal Road, Multan	92 kanal and 8 marlas
Free hold land (Administrative Storage Unit)	Sarwar Road, Multan	15 marlas
Free hold land	Bahawalpur Road, Multan	7 kanal and 9 marlas



Factory buildings, non-factory building, plant and machinery, electric fitting and installation and sui gas installation are located on above mentioned free hold land, whereas, building on leasehold land (Head office building) is constructed on land held under operating lease, measuring 7 kanal, 13 marla and 153 square feet, located at 59/3, Abdali Road, Multan.

5.2 The following assets were disposed of during the year

Particulars of assets	Cost/ revalued amount	Accumulated depreciation	Net book value	Sale proceeds/ Insurance claim	Gain/ (loss)	Mode of disposal	Particulars of purchaser	Relationship
----- Rupees -----								
Assets having net book value exceeding Rs.500,000 each								
Plant and machinery								
Air compressor ZR-355	10,137,945	4,383,007	5,754,938	2,500,000	(3,254,938)	Negotiation	M/s.Ahmed Fine Textile Mills Ltd	Related party
Air dryer FD1600	7,821,774	3,346,298	4,475,476	1,000,000	(3,475,476)	Negotiation	M/s.Ahmed Fine Textile Mills Ltd	Related party
03 nos Ring Machine RY4	23,585,283	15,910,919	7,674,364	1,874,000	(5,800,364)	Negotiation	M/s.Ahmed Fine Textile Mills Ltd	Related party
Murata 7V 60 drums	16,942,424	10,182,607	6,759,817	4,043,000	(2,716,817)	Negotiation	M/s.Ahmed Fine Textile Mills Ltd	Related party
Beater B34 Reiter (Bale Breaker)	8,974,403	4,743,889	4,230,514	3,440,000	(790,514)	Negotiation	M/s.Ahmed Fine Textile Mills Ltd	Related party
DK903 Truetzschler cards	35,556,493	21,886,763	13,669,731	14,000,000	330,269	Negotiation	M/s.Ahmed Fine Textile Mills Ltd	Related party
Murata 7V Machine	12,557,963	5,749,369	6,808,594	3,000,000	(3,808,594)	Negotiation	M/s.Ahmed Fine Textile Mills Ltd	Related party
Drawing Frame RSB D-30	6,954,559	4,174,408	2,780,151	1,200,000	(1,580,151)	Negotiation	M/s.Ahmed Fine Textile Mills Ltd	Related party
B11 Beater (Reiter)	4,113,645	2,958,983	1,154,662	2,500,000	1,345,338	Negotiation	M/s.Ahmed Fine Textile Mills Ltd	Related party
Vehicles								
Toyota Land Cruiser	13,544,656	12,365,965	1,178,691	5,250,000	4,071,309	Negotiation	Rehman Motors	Third party
Mercedes Benz	9,196,000	8,524,011	671,989	2,400,000	1,728,011	Negotiation	Syed Ameer Haider Gardezi	Third party
Various assets having net book value up to Rs. 500,000 each								
Ring Machine RY5	6,078,616	4,094,257	1,984,359	443,000	(1,541,359)	Negotiation	M/s.Ahmed Fine Textile Mills Ltd	Related party
Press machine U11	70,046	-	70,046	60,000	(10,046)	Negotiation	Muhammad Waseem	Third party
	155,533,808	98,320,475	57,213,333	41,710,000	(15,503,332)			
2024	155,533,808	98,320,475	57,213,333	41,710,000	(15,503,332)			
2023	543,810	254,191	289,619	547,600	257,981			

5.3 Capital work-in-progress - cost

	Note	2024	2023
--- Rupees ---			
Balance as at July 01,		4,920,976,390	1,272,077,500
Additions during the year		1,537,019,765	5,367,238,962
Transfers during the year	5.1	(6,109,225,653)	(1,718,340,072)
Balance as at July 30,	5.4	348,770,502	4,920,976,390



	Note	2024 --- Rupees ---	2023
5.4 Breakup of capital work-in-progress:			
Building on free hold land		19,429,843	585,547,931
Non-factory building on free hold land		163,687,695	124,081,106
Plant and machinery {(Including in transit aggregating Rs. 0.702 million)}		114,126,028	3,863,667,131
Electric fittings and installations		-	236,278,701
Fire fighting equipment & weigh scales		-	2,864,083
Tools, lab, equipment & arms		49,415	-
Furniture and fixtures		52,626	5,162,393
Office equipment		6,355,973	2,189,855
Advances to suppliers - unsecured, considered good	5.4.1	45,068,922	101,185,190
	5.4.2	<u>348,770,502</u>	<u>4,920,976,390</u>

5.4.1 These mainly includes advances against civil works, plant and machinery and vehicles and are in the normal course of business.

5.4.2 This includes borrowing cost capitalized amounting to Rs. 290 million (2023: 243 million) incurred on bank borrowings at an effective rate of 22.21% to 25.01% (2023: 16.49% to 24.91%).



6. LONG TERM INVESTMENT	Note	2024	2023
		--- Rupees ---	
At fair value through OCI			
Fatima Fertilizer Company Limited - quoted	6.1	3,251,751,880	1,877,852,064
Fatima Energy Limited - unquoted	6.2	3,926,005,673	3,663,963,847
Fatima Transmission Company Limited - unquoted	6.3	98,910,398	101,213,615
Multan Real Estate (Private) Limited - unquoted	6.4	322,334,138	316,121,760
		7,599,002,089	5,959,151,286
Associated companies - at equity method			
Fatima Transmission Company Limited - unquoted - Ordinary shares - unquoted	6.5	-	-
Fatima Electric Company Limited - unquoted - Ordinary shares - unquoted	6.5	-	-
At fair value through P&L			
Term finance certificates	6.7	40,000,000	40,000,000
		7,639,002,089	5,999,151,286

6.1 At fair value through OCI

	Note	Shares		Market value		Market value per share		Percentage of holding	
		2024	2023	2024	2023	2024	2023	2024	2023
		-----Number-----		-----Rupees-----					
Fatima Fertilizer Company Limited - related party, quoted	6.1.1	62,994,031	62,994,031	3,251,751,880	1,877,852,064	51.62	29.81	3.00%	3.00%



6.1.1 The investments in Fatima Fertilizer Company Limited 'FFCL' has been designated as fair value through OCI under IFRS 9. FFCL is an associated undertaking of the Company as per the Companies Act 2017, however, for the purpose of measurement it has been classified as investment at fair value through OCI. The Company does not have significant influence on FFCL. These shares are pledged as security with commercial bank as referred in note 24.

	Note	Shares		Fair value		Percentage of holding	
		2024	2023	2024	2023	2024	2023
Fatima Energy Limited - related party, unquoted		-----Number-----		-----Rupees-----			
Ordinary Shares - unquoted Non voting, non cumulative, redeemable,	6.2.1	108,300,000	108,300,000	776,511,000	896,724,000	19.00%	19.00%
		439,260,066	334,207,711	3,149,494,673	2,767,239,847	36.86%	31.41%
		547,560,066	442,507,711	3,926,005,673	3,663,963,847		

6.2.1 The Company holds 36.9% preference shares in FEL, however the Company believes that it does not have significant influence in the investee company. This investment in FEL (ordinary shares and preference shares) has been designated at fair value through OCI under IFRS 9. The fair value at reporting date has been determined by an independent valuer and has been designated at Level 3 as mentioned in note 39. Also refer note 7.1 to the financial statements.

Following major terms and conditions for issuance of preference shares are agreed by both companies.

- Preference shares are unlisted, perpetual, non cumulative, redeemable and convertible.
- A conversion option of preference shares into ordinary shares with ratio of 1:1 after a period of 5 years and a redemption option after 21.5 years stands with the issuer of preference shares i.e. FEL
- Preference shareholders have no voting rights and does not carry entitlement of ordinary shares, right issue or bonus issue.
- Preference shareholders will be entitled up to 60% of profit after tax subject to discretion of the Board of Directors and approval of shareholders of FEL.
- Preference will be given to preference shareholders before declaring dividend to ordinary shareholder.
- If the FEL has no surplus/distributable profits available at the end of any financial year, no dividend shall be declared. The dividend will also not accumulate.
- Preference shares shall be transferrable among the Preference shareholders.
- The face value of preference shares shall not be higher than the par value of existing ordinary shares i.e. Rupees 10 each.
- At the time of winding up, the holders of the preference shares are entitled to a pro rata share of FEL's available net assets.



Fatima Energy Limited - Preference Shares	Notes	2024 --- Rupees ---	2023
Balance as at 01 July		2,767,239,847	3,552,627,968
De-recognition of markup on long term advance		307,129,396	-
Gain on de-recognition of mark-up upon conversion into preference shares - recognized in P&L	7.1	451,348,607	-
		3,525,717,850	3,552,627,968
Fair value loss recognized in Statement of Comprehensive Income'		(376,223,177)	(785,388,121)
Balance as at June 30,		<u>3,149,494,673</u>	<u>2,767,239,847</u>

6.3

Fatima Transmission Company Limited
- unquoted (preference shares)Non voting, non cumulative, redeemable
convertible Preference Shares - unquoted

Note	Shares		Fair value		Percentage of holding	
	2024	2023	2024	2023	2024	2023
6.3.1	12,795,653	12,795,653	98,910,398	101,213,615	30.71%	30.71%

6.3.1 The Company holds 30.71% of preference shares in FTCL, however the Company believes that it does not have significant influence as preference shares currently do not carry any voting rights nor any current access to the returns associated with an underlying ownership interest. This investment in FTCL's preference shares has been designated at fair value through OCI under IFRS 9. The fair value at reporting date has been determined by an independent valuer and has been designated at Level 3 as mentioned in note 39.

Following major terms and conditions for issuance of preference shares are agreed by both companies:

- These preference shares are unlisted, perpetual, non cumulative, redeemable and convertible.
- A conversion option of preference shares into ordinary shares with ratio of 1:1 after a period of 5 years and a redemption option after 21.5 years stands with the issuer of preference shares i.e. FTCL.
- Preference shareholders have no voting rights and does not carry entitlement of ordinary shares, right issue or bonus issue.
- Preference shareholders will be entitled up to 60% of profit after tax subject to discretion of the Board of Directors and approval of shareholders of FTCL.



- Preference will be given to preference shareholders before declaring dividend to ordinary shareholder.
- If the FTCL has no surplus/distributable profits available at the end of any financial year, no dividend shall be declared. The dividend will also not accumulate.
- Preference shares shall be transferrable among the Preference shareholders.
- The face value of preference shares shall not be higher than the par value of existing ordinary shares i.e. Rupees 10 each.
- At the time of winding up, the holders of the preference shares are entitled to a pro rata share of FTCL's available net assets.

Fatima Transmission Company Limited - Preference Shares	2024 --- R u p e e s ---	2023
Balance as at July 01,	101,213,615	137,297,360
Fair value loss recognized in 'Statement of Comprehensive Income'	(2,303,217)	(36,083,745)
Balance as at June 30,	98,910,398	101,213,615

6.4 This represents 17.04% (2023: 17.04%) ordinary shares of Multan Real Estate (Private) Limited (MREPL), which is a dormant entity. The latest valuation is based on adjusted net asset value of MREPL as at June 30, 2024 and has been designated at level 3 as mentioned in note 39.

6.5 Associated companies with significant influence - *under equity method*

	Note	Shares		Carrying value		Percentage of holding	
		2024	2023	2024	2023	2024	2023
		-----Number-----		-----Rupees-----			
Fatima Transmission Company Limited - <i>unquoted</i>							
Ordinary Shares - unquoted	6.5.1	5,520,000	5,520,000	-	-	24.00%	24.00%
Fatima Electric Company Limited - <i>unquoted</i>	6.5.2	7,000	7,000	-	-	20.00%	20.00%
		5,527,000	5,527,000	-	-		



- 6.5.1** Fatima Transmission Company Limited (FTCL), was incorporated in Pakistan on December 26, 2014 as a public limited company under the repealed Companies Ordinance (now Companies Act, 2017). The principal activity of FTCL includes operation and maintenance of transmission lines, electrical transmission facilities, electrical circuits, transformers and sub-stations and the movement & delivery of electric power. The share of loss has been restricted to cost of investment.
- 6.5.2** Fatima Electric Company Limited (FECL) was incorporated in Pakistan on February 29, 2016 as a public limited company under the repealed Companies Ordinance (now Companies Act, 2017). The principal activity of FECL is to carry on supplying, generating, distributing and dealing in electricity and all forms of energy and power generated by any source.
- 6.6** Investments of the Company in associated companies has been accounted for under equity method of accounting based on their un-audited management financial statements for the year ended June 30, 2024.

- 6.6.1** Reconciliation of carrying value of investments in associated companies accounted for under equity method:

	Note	2024	
		FTCL	FECL
----- Rupees -----			
Cost of investment			
- Ordinary shares		55,200,000	70,000
		55,200,000	70,000
Company`s share of loss - post acquisition:			
Balance at July 01,		(55,200,000)	(70,000)
<i>Statement of profit or loss</i>			
- share of loss	35	-	-
- share of tax		-	-
		-	-
		(55,200,000)	(70,000)
Net investment at June 30,			
- Ordinary shares		-	-
		-	-
----- Rupees -----			
2023			
	Note	FTCL	FECL
Cost of investment		55,200,000	70,000
		55,200,000	70,000
Company`s share of loss - post acquisition:			
Balance at 01 July		(55,200,000)	(64,461)
<i>Statement of profit or loss</i>			
- share of loss	35	-	(5,539)
- share of tax		-	-
		-	(5,539)
		(55,200,000)	(70,000)
Balance at June 30,		-	-



6.6.2 Since the Company's investment in equity accounted investment has reduced to zero due to post acquisition losses and keeping in view the materiality of these investments, summarized financial information of these equity accounted investment has not been presented in these financial statements.

6.7 This represents investment in TFC of Bank Al Habib Limited (BAHL) and Bank of Punjab (BOP) of Rs. 25 million and Rs. 15 million respectively. These carry mark up at the rate of 6 months Kibor plus spread (2% for BOP and 1.65% for BAHL).

7. LONG TERM ADVANCES AND MARK UP ACCRUED		2024	2023
		- - - R u p e e s - - -	
Fatima Energy Limited - related party	Note 7.1	-	307,129,396
Fatima Transmission Company Limited - associate	7.2	13,748,696	13,748,696
Pak Arab Energy Limited - associate	7.3	25,904,160	25,904,160
		39,652,856	346,782,252
Less: Loss allowance for the year	7.5	(39,652,856)	(346,782,252)
		-	-

7.1 This represents the mark up accrued (after impact of discounting due to change in timing of cashflows in prior years) on advances disbursed to meet the working capital requirements, operational / capital needs of FEL in prior years. The advance carried mark-up at the rate of average borrowing cost of the Company. Till March 31, 2022, the loan and related markup (interest free) had been measured at fair value by discounting the cash flows at the rate of average borrowing cost of the Company. As of this date, the outstanding amount of advance was converted into preference shares and the closing balance represented markup accrued was fully provided for. During the previous year, the shareholders of the Company in their extraordinary general meeting held on June 20, 2023 approved to convert the outstanding amount of accrued mark up receivable from FEL into preference shares. During the year, FEL issued 105,052,355 preference share of Rs. 10 each to the company against the outstanding amount of accrued markup.

7.2 This represents the mark up accrued on advances disbursed to meet the working capital requirements, operational / capital nature needs of FTCL in prior year. This loan carried markup at the rate of average borrowing cost of the Company. The outstanding amount of advance of FTCL was converted into preference shares and the closing balance represented markup accrued was fully provided for.

7.3 This represents advances disbursed to Pak Arab Energy Limited to meet the working capital requirements, operational / capital nature needs. The loan carries mark up at the rate of average borrowing cost of the Company. Effective mark up rate charge by the Company during the year ranges from 23.60% to 24.27% per annum (2023: 16.85% to 23.54% per annum). Balance of advance and the related markup has been fully provided for being doubtful of recovery.



7.4 Maximum outstanding balance with reference to month end balances:

	2024 Month	2023 Month	2024 Rupees	2023 Rupees
Pak Arab Energy Limited	Jun-24	Jun-23	25,904,160	25,904,160
Fatima Transmission Company Limited	Jun-24	Jun-23	13,748,696	13,748,696
Fatima Energy Limited		Jun-23	-	307,129,396

7.5 The movement in loss allowance of long term advance and markup accrued is as follows.

	2024 --- Rupees ---	2023
Balance as at July 01,	346,782,252	346,782,252
Loss allowance reversal during for the year	(307,129,396)	-
Balance as at June 30,	<u>39,652,856</u>	<u>346,782,252</u>

This represents reversal of loss allowance against the amount due from FEL amounting to Rs. 307.13 million. The said advance and mark up have been provided for in accordance with the requirement of IFRS 09.

8. STORES, SPARES AND LOOSE TOOLS

	Note	2024 --- Rupees ---	2023
Stores		318,320,517	344,873,710
Spares [In-transit: Rs. 234.96 million (2023: Rs. 215.77 million)]		1,730,599,560	1,087,533,307
Loose tools		1,097,289	709,180
		<u>2,050,017,366</u>	<u>1,433,116,197</u>
Provision for slow moving items		(3,215,560)	(3,215,560)
		<u>2,046,801,806</u>	<u>1,429,900,637</u>



9. STOCK IN TRADE		2024	2023
--- Rupees ---			
Raw material [In-transit: Rs. 4,598.66 million (2023: Rs. 6,504.06 million)]	9.1	11,590,822,784	19,782,907,185
Work-in-process		1,170,146,399	855,950,907
Finished goods [In-transit: Rs. 56.21 million (2023: Rs. 60.38 million)]			
Yarn	9.2	8,696,511,663	8,751,475,267
Fabric		1,391,550,050	1,343,506,985
Waste		881,053,300	584,317,630
		10,969,115,013	10,679,299,882
		23,730,084,196	31,318,157,974

9.1 It includes stock amounting to Rs. 7.077 billion (2023: Rs.10.63 billion) pledged as security against borrowings from banking companies.

9.2 An amount of Rs.Nil (2023: Rs. 24.17 million) has been charged in the statement of profit or loss, on closing stock of greige fabric and yarn, as an adjustment of net realizable value (NRV) in accordance with the requirements of IAS 2.

10. TRADE DEBTS		2024	2023
--- Rupees ---			
Export debtors - secured against letters of credit:	Note		
Considered good		2,375,451,933	4,562,862,554
Local debtors - unsecured			
Related Parties - considered good	10.1 & 10.2	1,542,290,156	1,406,000,009
Others - considered good		8,161,600,600	5,399,758,207
Others - considered doubtful		96,600,225	52,304,917
		9,800,490,981	6,858,063,133
Loss allowance against trade debts	10.4	(96,600,225)	(52,304,917)
		12,079,342,689	11,368,620,770



10.1 Trade debts due from following related parties on account of trading activities.

	2024	2023
	--- Rupees ---	
Ahmad Fine Textile Mills Limited	1,479,547,608	1,290,652,180
Reliance Weaving Mills Limited	62,742,548	115,347,829
	1,542,290,156	1,406,000,009

10.2 Maximum outstanding balance with reference to month end balances:

	2024	2023	2024	2023
	Month	Month	Rupees	Rupees
Ahmad Fine Textile Mills Limited	Apr-24	Jun-23	2,577,860,801	1,290,652,180
Reliance Weaving Mills Limited	Sep-23	Jun-23	102,639,850	115,347,829

10.3 The ageing analysis of trade debts from related parties is as follows:

	2024	2023
	--- Rupees ---	
Not yet due	1,529,876,741	905,327,961
1 to 30 days	10,288,375	500,641,690
31 to 150 days	2,096,662	25,000
151 days and above	28,378	5,358
	1,542,290,156	1,406,000,009



10.4	The movement in loss allowance against trade debts is as follows:	Note	2024	2023
			--- R u p e e s ---	
	Balance as at July 01,		52,304,917	71,913,874
	Loss / (reversal) allowance for the year		44,295,308	(19,608,957)
	Balance as at June 30,		<u>96,600,225</u>	<u>52,304,917</u>
11.	ADVANCES AND OTHER RECEIVABLES			
	Considered good			
	Advances to suppliers and contractors - unsecured	11.1	203,281,276	201,393,737
	Advances to employees against salaries - secured		8,283,617	8,672,956
	Advance against letter of credit		5,665,103	8,284,766
			<u>217,229,996</u>	<u>218,351,459</u>
11.1	These are interest free in the normal course of business.			
12.	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
	Deposits against LC / guarantee margin		214,355,440	400,411,044
	Prepayments		1,375,443	48,154
	Import claim receivable		43,407,477	196,181,060
	Other receivable		10,279,111	4,852,497
			<u>269,417,471</u>	<u>601,492,755</u>
13.	MARK-UP ACCRUED			
	Mark-up accrued on:			
	Advance to associated company (Pak Arab)		25,336,886	19,152,918
	Less: Loss allowance on markup accrued	13.1	<u>(25,336,886)</u>	<u>(19,152,918)</u>
			-	-
	Term finance certificates and term deposit receipt	13.2	4,281,883	1,198,384
			<u>4,281,883</u>	<u>1,198,384</u>



13.1 This represents loss allowance on markup balance of advance to Associated Company (Pak Arab Energy Limited) in accordance with the requirements of IFRS 9. Mark-up is accrued on the basis as described in note 7.3 of these financial statements.

13.2 Mark-up is accrued on the basis as described in note 6.7 of these financial statements.

14. SHORT TERM INVESTMENT	2024	2023
	- - - R u p e e s - - -	
Investment at fair value through P&L		
Fatima Fertilizer Company Limited - quoted 6,120,000 (2023: 6,120,000) fully paid ordinary shares of Rs. 10 each Equity held 0.29% (2023: 0.29%) Market value per share Rs.51.62 (2023: Rs. 29.81)		
	<u>315,914,400</u>	<u>182,437,200</u>

14.1 Movement in short term investment at fair value through profit or loss is as follows :

Market value as at July 01,	182,437,200	231,336,000
Unrealized fair value gain / (loss) on re-measurement of investments	<u>133,477,200</u>	<u>(48,898,800)</u>
Market value as at June 30,	<u>315,914,400</u>	<u>182,437,200</u>

15. CASH AND BANK BALANCES	Note		
Cash in hand		39,455,989	46,610,665
Cash at banks			
Current accounts			
- foreign currency		68,166,428	89,310,136
- local currency		452,158,082	329,881,190
		520,324,510	419,191,326
Saving accounts	15.1	69,137,603	62,839,827
		589,462,113	482,031,153
Term deposit receipts	15.2	84,500,000	-
		<u>713,418,102</u>	<u>528,641,818</u>

15.1 Rate of interest and mark up on saving account is 0.15% to 20.5% (2023: 0.15% to 19.81%) per annum.

15.2 These carry mark-up at the rate ranging from 16.25% to 20.50% per annum.



16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2024 ----- (Number of shares) -----	2023	2024 ----- (Rupees) -----	2023
Ordinary shares of Rs. 10 each fully paid in cash	1,000,000	1,000,000	10,000,000	10,000,000
Ordinary shares of Rs. 10 each fully paid as right shares	9,187,200	9,187,200	91,872,000	91,872,000
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	19,812,800	19,812,800	198,128,000	198,128,000
	<u>30,000,000</u>	<u>30,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>

16.1 As at the statement of financial position date, ordinary shares held by associated companies, undertakings and related parties are as follows:

	2024 ----- (Number of shares) -----	2023	2024 --- (Percentage of holding) ---	2023
Fazal Holdings (Private) Ltd	7,352,041	7,352,041	24.51	24.51
Mr. Rehman Naseem	3,101,320	3,101,320	10.34	10.34
Mr. Fawad Ahmed Mukhtar	2,415,422	2,415,422	8.05	8.05
Mr. Fazal Ahmed Sheikh	2,041,611	2,041,611	6.81	6.81
Mr. Faisal Ahmed Mukhtar	2,039,865	2,039,865	6.80	6.80
Mr. Muhammad Yousaf Amir S/O Amir Naseem Sheikh	1,421,643	1,421,643	4.74	4.74
Mr. Abdullah Amir Fazal S/O Amir Naseem Sheikh	1,414,139	1,414,139	4.71	4.71
Mr. Asad Muhammad Sheikh S/O Fazal Ahmed Sheikh	1,012,970	1,012,970	3.38	3.38
Mr. Muhammad Mukhtar Sheikh S/O Fazal Ahmed Sheikh	1,012,969	1,012,969	3.38	3.38



	2024	2023	2024	2023
	----- (Number of shares) -----		--- (Percentage of holding) ---	
Mr. Muhammad Fazeel Mukhtar S/O Faisal Ahmed Muhktar	675,895	675,895	2.25	2.25
Mr. Ibrahim Mukhtar S/O Faisal Ahmed Muhktar	675,895	675,895	2.25	2.25
Mr. Mohid Muhammad Ahmed S/O Faisal Ahmed Mukhtar	675,895	675,895	2.25	2.25
Mr. Fahad Mukhtar	579,715	579,715	1.93	1.93
Mr. Ali Mukhtar S/O Fawad Ahmed Mukhtar	536,207	536,207	1.79	1.79
Mr. Abbas Mukhtar S/O Fawad Ahmed	536,206	536,206	1.79	1.79
Fatima Trading Company	392,283	392,283	1.31	1.31
Farrukh Trading Company	392,282	392,282	1.31	1.31
Fatima Management	392,282	392,282	1.31	1.31
Mr. Amir Naseem Sheikh	82,828	82,828	0.28	0.28
Mr. Sheikh Naseem Ahmad	8,820	8,820	0.03	0.03
Mrs. Mahnaz Amir Sheikh	4,447	4,447	0.01	0.01
Mr. Babar Ali	2,501	2,501	0.01	0.01
Ms. Parveen Akhter Malik	2,501	2,501	0.01	0.01
Mr. Masood Karim Sheikh	2,501	2,501	0.01	0.01
Reliance Commodities	500	500	0.002	0.002
Fatima Holding Limited	5	5	0.00002	0.00002



17. OTHER CAPITAL RESERVES	Note	2024	2023
		--- Rupees ---	
Share premium			
Issue of 3,168,000 ordinary shares of Rs. 10 each at premium of Rs. 20 per share issued during the year 2001		63,360,000	63,360,000
Issue of 2,851,200 ordinary shares of Rs. 10 each at premium of Rs. 5 per share issued during the year 2002		14,256,000	14,256,000
	17.1	77,616,000	77,616,000
Capital redemption reserve	17.2	175,000,000	175,000,000
Fair value reserve - net of tax	17.3	1,756,765,395	823,129,157
		<u>2,009,381,395</u>	<u>1,075,745,157</u>

17.1 This reserve can be utilized by the Company only for the purposes specified in section 81(2) of the Companies Act, 2017.

17.2 This represents capital redemption reserve created for the purpose of redemption of preference shares, and is not available for distribution to the shareholders.

17.3 This represents fair value adjustment on investments classified as fair value through OCI and is not available for distribution to the shareholders.

18. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

	2024	2023
	--- Rupees ---	
Gross surplus		
Balance at July 01,	26,633,893,401	19,599,350,175
Revaluation surplus arise during the year on property, plant and equipment - net of deferred tax	-	6,157,671,977
Related deferred tax liability	-	1,542,807,528
	-	7,700,479,505
Effect of disposal of operating fixed assets during the year - net of deferred tax	(22,724,060)	-
Related deferred tax liability	(14,528,498)	-
	(37,252,558)	-



Note	2024 --- Rupees ---	2023
Transferred to unappropriated profits in respect of incremental depreciation charge for the year - net of deferred tax	(589,643,452)	(509,298,565)
Related deferred tax liability	(376,985,158)	(156,637,714)
	(966,628,610)	(665,936,279)
Balance at June 30,	25,630,012,233	26,633,893,401
Deferred tax liability on revaluation surplus		
Balance at July 01,	4,503,254,357	2,448,861,345
Related deferred tax liability:		
- Revaluation surplus arise during the year on property, plant and equipment - net of deferred tax	-	1,542,807,528
- Effect of disposal of operating fixed assets during the year - net of deferred tax	(14,528,498)	-
- Transferred to unappropriated profits in respect of incremental depreciation charge for the year - net of deferred tax	(376,985,158)	(156,637,714)
	(391,513,656)	1,386,169,814
Effect of change in proration rate	2,963,423,363	668,223,198
Balance at June 30,	7,075,164,064	4,503,254,357
Revaluation surplus on property, plant and equipment - net of tax	18,554,848,169	22,130,639,044

- 18.1 Property, plant and equipment of the Company except office equipment, furniture and fittings and vehicles have been revalued on June 30, 2023 by Joseph Lobo (Private) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association 'any amount' category, resulting in recognition of additional surplus of Rs. 7,700 million. Previously, the revaluation of the Company was carried out on June 30, 2007, March 31, 2012, March 31, 2015, February 28, 2018 and January 01, 2021 by independent valuers resulting in additional surplus of Rs. 2,915 million, Rs. 2,028 million, Rs. 4,398 million Rs. 4,589 million and Rs. 10,558 million respectively.

**Freehold land**

Fair market value of freehold land is assessed through examining plot profile and purchase terms, independent inquiries from local active realtors, current and past occupants, of land, neighbouring areas, current asking prices for industrial used land in the vicinity, access roads and independent inquiries from other real estate sources to ascertain the selling prices for the properties of the same nature.

Factory and non-factory building

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, residual factors are applied based on estimate of balance useful life to determine the current assessed market value.

Plant and machinery and others fixed assets

Plant and machinery and other fixed assets (electric fittings and installations, sui gas installations, tools, laboratory equipment and arms, fire extinguishing equipment and scales) have been evaluated/ assessed by inspecting items of plant and machinery and fixed assets. The valuer also consulted industry related dealers, indenters and/ or manufactures in order to ascertain the current replacement values of imported and locally fabricated items. The value assigned reflects the present condition of items while considering age, condition and/ or obsolescence of the items.

19. LONG TERM FINANCING - SECURED

	Note	2024	2023
- - - R u p e e s - - -			
Long term financing:			
- banking companies	19.1	12,834,814,006	12,990,756,781
- other financial institutions	19.2	2,816,041,671	2,965,000,003
		15,650,855,677	15,955,756,784
Accrued mark up			
- banking companies	19.1	464,857,160	344,864,911
- other financial institutions	19.2	89,020,922	47,660,264
		553,878,081	392,525,175
Total long term financing including accrued mark up		16,204,733,758	16,348,281,959
Less:			
Current portion of long term financing	23.	(2,935,523,140)	(2,529,808,062)
Accrued mark up presented separately in the financial statements	27.	(553,878,081)	(392,525,175)
		12,715,332,537	13,425,948,722



19.1 Banking companies:

Lender	Rate of mark up per annum		Tenure and basis of principal repayments		Security
	2024	2023	2024	2023	
----- Rupees -----					
Askari Bank Limited					
- Term finance - TF	66,666,669	133,333,335	6 Months KIBOR + 1.00%	Balance principal amount is payable in two equal half yearly instalments ending on February 21, 2025.	1st joint pari passu charge/ mortgage of Rs.1,297 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.
- Term finance - TF	291,666,667	374,999,999	6 Months KIBOR + 1.00%	Balance principal amount is payable in seven equal half yearly instalments ending on November 26, 2027.	
- SBP's LTFF loan	331,601,735	414,502,169	SBP Rate + 1.00% (fixed rate)	Balance principal amount is payable in eight equal half yearly instalments ending on June 22, 2028.	
- Term finance - TF	1,188,299	3,564,901	6 Months KIBOR + 1.00%	Balance principal amount is payable in one equal half yearly instalments ending on November 09, 2024.	
- SBP's LTFF loan	30,956,730	61,913,462	SBP Rate + 1.00% (fixed rate)	Balance principal amount is payable in two equal half yearly instalments ending on January 13, 2025.	
Accrued markup on loan	24,469,351	28,022,464			
	746,549,451	1,016,336,330			
Soneri Bank Limited					
- Term finance - TF	400,000,000	500,000,000	6 Months KIBOR + 1.00%	Balance Principal amount is payable in eight equal half yearly instalments ending on April 01, 2028	1st joint pari passu charge/ mortgage of Rs.1,551 million over all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.
- SBP's LTFF loan	307,569,608	369,083,540	SBP rate + 1.10% (fixed rate)	Balance principal amount is payable in twenty equal quarterly instalments ending on June 20, 2029.	
Accrued markup on loan	24,812,827	25,445,269			
	732,382,435	894,528,809			



Lender	Rate of mark up per annum		Tenure and basis of principal repayments		Security
	2024	2023	2024	2023	
----- Rupees -----					
Habib Bank Limited					
- SBP's LTFF loan	187,436,801	240,990,175	SBP rate + 0.50% (fixed rate)	Balance principal amount is payable in seven equal half yearly instalments ending on September 29, 2027.	1st joint pari passu charge/ mortgage of Rs.1,147 million over all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.
Demand Finance	500,000,000	-	3 Month KIBOR + 0.75%	Principal amount is payable in twelve equal half yearly instalments beginning on March 13, 2025	
Accrued markup on loan	29,540,462	1,502,062			
	716,977,263	242,492,237			
National Bank of Pakistan					
- SBP's LTFF loan	600,000,000	700,000,000	SBP rate + 0.60% (fixed rate)	Balance principal amount is payable in twenty four equal quarterly instalments ending on April 08, 2030.	
- Demand finance - XI	1,000,000,000	1,000,000,000	6 Months KIBOR + 1.00%	Principal amount is payable in sixteen equal half yearly instalments beginning on May 02, 2025.	1st joint pari passu charge/ mortgage of Rs.4,600 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.
- SBP's LTFF loan	875,000,000	1,000,000,000	SBP rate + 0.80% (fixed rate)	Balance principal amount is payable in fourteen equal half yearly instalments ending on February 23, 2031	
- Demand finance - XI	225,000,000	207,812,000	6 Months KIBOR + 1.00%	Principal amount is payable in twelve equal half yearly instalments beginning on August 24, 2024.	
Accrued markup on loan	79,599,070	61,246,247			
	2,779,599,070	2,969,058,247			
United Bank Limited					
- SBP's LTFF loan	346,313,797	461,751,711	SBP rate + 0.50% (fixed rate)	Balance principal amount is payable in six equal half yearly instalments ending on December 31, 2026.	1st joint pari passu charge/ mortgage of Rs.2,036 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.
- Demand finance - III	-	37,500,000	6 Months KIBOR + 1.10%	Loan has been repaid during the year	
- Demand finance - V	1,000,000,000	-	3 Months KIBOR + 1.50%	Principal amount is payable in twenty equal quarterly instalments beginning on April 15, 2026	



Lender	2024		2023		Rate of mark up per annum	Tenure and basis of principal repayments	Security
	----- Rupees -----						
Accrued markup on loan	51,426,464	3,498,049					
MCB Bank Limited	1,397,740,261	502,749,760					
Accrued markup on loan	296,583	296,583					
Allied Bank Limited	296,583	296,583					
- Term loan - VII	221,313,991	276,642,489			6 Months KIBOR + 0.65%	Balance principal amount is payable in eight equal half yearly instalments ending on March 02, 2028.	
- SBP's LTFF loan	199,710,390	244,090,478			SBP Rate+0.50% (fixed rate)	Balance principal amount is payable in nine equal half yearly instalments ending on September 02, 2028.	
- SBP's LTFF loan	431,246,479	517,495,761			SBP rate + 0.50% (fixed rate)	Balance principal amount is payable in ten equal half yearly instalments ending on January 04, 2029.	
- SBP's LTFF loan	324,097,334	386,364,196			SBP rate + 0.75% (fixed rate)	Balance principal amount is payable in twelve equal half yearly instalments ending on March 27, 2030.	
- SBP's REPP loan	131,976,044	153,972,050			SBP rate + 0.75% (fixed rate)	Balance principal amount is payable in twelve equal half yearly instalments ending on March 25, 2030.	
- Term finance - XVI	450,000,000	-			6 Months KIBOR + 1.50%	Balance principal amount is payable in nine equal half yearly instalments ending on July 10, 2028	1st joint pari passu charge/ mortgage of Rs.2,809 million on all present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.
- Term finance - II	25,000,000	50,000,000			6 Months KIBOR + 1.25%	Balance principal amount is payable in two equal half yearly instalments ending on October 12, 2024.	
- SBP's LTFF loan	25,000,000	50,000,000			SBP Rate + 1.25% (fixed rate)		
- SBP's LTFF loan	28,125,000	34,375,000			SBP Rate + 1.00% (fixed rate)	Balance principal amount is payable in nine equal half yearly instalments ending on December 11, 2028.	
Accrued markup on loan	50,546,559	27,425,772					
	1,887,015,797	1,740,365,746					



Lender	Rupees		Rate of mark up per annum	Tenure and basis of principal repayments		Security
	2024	2023				
The Bank of Khyber						
- SBP's LTFF loan	175,000,000	245,000,000	SBP rate + 0.60% (fixed rate)	Balance principal amount is payable in five equal half yearly instalments ending on August 27, 2026.	1st joint pari passu charge/ mortgage of Rs.880 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.	
- SBP's LTFF loan	450,000,000	500,000,000	SBP rate + 1.50% (fixed rate)	Balance principal amount is payable in nine equal half yearly instalments ending on July 19, 2028		
Accrued markup on loan	5,278,569	6,184,944				
	630,278,569	751,184,944				
The Bank of Punjab						
- SBP's LTFF loan	250,000,008	312,500,006	SBP rate + 0.50% (fixed rate)	Balance principal amount is payable in eight equal half yearly instalments ending on December 05, 2027.	1st joint pari passu charge/ mortgage of Rs. 2,974 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.	
- Term finance	250,000,000	350,000,000	6 Months KIBOR + 0.75%	Balance principal amount is payable in five equal half yearly instalments ending on October 25, 2026 .		
- SBP's LTFF loan	281,201,233	343,690,385	SBP rate + 0.75% (fixed rate)	Balance principal amount is payable in nine equal half yearly instalments ending on October 12, 2028.		
- SBP's LTFF loan	336,817,816	398,057,410	SBP rate + 1.50% (fixed rate)	Balance principal amount is payable in eleven equal half yearly instalments ending on December 27, 2029.		
- Term finance	812,522,100	866,690,240	6 Months KIBOR + 1.75%	Balance principal amount is payable in fifteen equal half yearly instalments ending on November 29, 2031		
- SBP's LTFF loan	117,101,587	124,908,360	SBP rate + 1.75% (fixed rate)	Principal amount is payable in sixteen equal half yearly instalments beginning on July 24, 2024		
- SBP's LTFF loan	8,401,400	8,401,400	SBP rate + 2.25% (fixed rate)			
Accrued markup on loan	71,659,572	66,971,674				
	2,127,703,716	2,471,219,475				
JS Bank Limited						
- Term finance	-	75,000,000	6 Months KIBOR + 1.00%	Loan has been repaid during the year	1st joint pari passu charge/ mortgage of Rs. 400 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.	
Accrued markup on loan	-	3,373,233				
	-	78,373,233				



Lender	Rate of mark up per annum		Tenure and basis of principal repayments		Security
	2024	2023			
----- Rupees -----					
Bank Al Habib Limited					
- Term finance	200,000,000	300,000,000	6 Months KIBOR + 1.00%	Balance principal amount is payable in four equal half yearly instalments ending on January 17, 2026.	1st joint pari passu charge/ mortgage of Rs.2,846 million on all present and future fixed assets of the Company.
- Term finance	12,604,374	14,405,000	6 Months KIBOR + 2.00%	Principal amount is payable in fourteen equal half yearly instalments beginning on December 16, 2023.	
- SBP's LTFF loan	206,145,626	235,595,000	SBP rate + 2.00% (fixed rate)	Principal amount is payable in fourteen equal half yearly instalments beginning on December 16, 2023.	
- SBP's REPP loan	357,778,000	357,778,000	SBP rate + 1.75% (fixed rate)	Principal amount is payable in sixteen equal half yearly instalments beginning on December 14, 2024.	
Accrued markup on loan	18,404,195	20,816,071			
	794,932,195	928,594,071			
Bank Alfalah Limited					
- Term finance	490,000,000	630,000,000	6 Months KIBOR + 1.50%	Balance principal amount is payable in seven equal half yearly instalments ending on November 02, 2027.	1st joint pari passu charge/ mortgage of Rs.1,204 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.
- Term finance	-	54,645,269	6 Months KIBOR + 1.50%	Balance principal amount is payable in thirty one equal quarterly instalments ending on February 23, 2032.	
- SBP's REPP loan	274,872,318	255,694,445	SBP rate + 1.50% (fixed rate)		
Accrued markup on loan	32,641,797	35,893,694			
	797,514,115	976,233,408			
Habib Metropolitan Bank Limited					
- Term finance	612,500,000	700,000,000	6 Months KIBOR + 1.20%	Principal amount is payable in fourteen equal quarterly instalments beginning on January 15, 2024.	1st joint pari passu charge/ mortgage of Rs.1,275 million on all present and future fixed assets of the Company.
Accrued markup on loan	76,181,711	64,188,849			
	688,681,711	764,188,849			
	13,299,671,166	13,335,621,692			
Long term financing at year end	12,834,814,006	12,990,756,781			
Accrued mark up	464,857,160	344,864,911			



19.2 Other financial institutions:

Lender	Rate of mark up per annum		Tenure and basis of principal repayments		Security
	2024	2023			
Pak Brunei Investment Company Limited					
- Term finance	300,000,000	300,000,000	3 Months KIBOR + 2.00%	Principal amount is payable in twenty equal quarterly instalments beginning on November 18, 2024.	1st joint pari passu charge/ mortgage of Rs.667 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.
- Term finance	200,000,000	-	3 Months KIBOR + 2.00%	Principal amount is payable in twenty equal quarterly instalments beginning on February 27, 2026	
Accrued markup on loan	12,958,639	8,686,683			
	512,958,639	308,686,683			
Pak Oman Investment Company Limited					
- Term finance	17,500,000	87,500,000	3 Months KIBOR + 0.90%	Last installment is due on September 23, 2024.	1st joint pari passu charge/ mortgage of Rs.698 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.
- Term finance	175,000,000	275,000,000	6 Months KIBOR + 0.90%	Balance principal amount is payable in seven equal quarterly instalments ending on January 24, 2026.	
- Term finance	229,166,671	312,500,003	3 Months KIBOR + 2.00%	Balance principal amount is payable in eleven equal quarterly instalments ending on March 09, 2027.	
Accrued markup on loan	10,564,711	16,744,181			
	432,231,382	691,744,184			
Saudi Pak Industrial & Agricultural Investment Co. Limited					
- Term finance	150,000,000	200,000,000	6 Months KIBOR + 2.25%	Balance principal amount is payable in six equal half yearly instalments ending on January 23, 2027.	1st joint pari passu charge/ mortgage of Rs.854 million on all present and future fixed assets of the Company.
- SBP's LTFF loan	459,375,000	490,000,000	SBP rate + 1.50% (fixed rate)	Balance principal amount is payable in fifteen equal half yearly instalments ending on August 29, 2031	
Accrued markup on loan	19,196,324	21,546,934			
	628,571,324	711,546,934			



Lender	Rate of mark up per annum		Tenure and basis of principal repayments		Security
	2024	2023			
PAIR Investment Company Limited					
- Term finance	285,000,000	300,000,000	3 Months KIBOR + 1.90%	Balance principal amount is payable in eighteen quarterly instalments ending on October 03, 2028.	1st joint pari passu charge/ mortgage of Rs.400 million on all present and future fixed assets of the Company.
Accrued markup on loan	16,501,110	-			
	301,501,110	300,000,000			
Pak Libya Holding Company (Private) Limited					
- Term finance	500,000,000	500,000,000	3 Months KIBOR + 2.10%	Principal amount is payable in twenty four equal quarterly instalments beginning on April 02, 2025.	1st joint pari passu charge/ mortgage of Rs.667 million on all present and future fixed assets of the Company.
Accrued markup on loan	29,192,487	-			
	529,192,487	500,000,000			
Pakistan Kuwait Investment Company (Private) Limited					
- Term finance	500,000,000	500,000,000	3 Months KIBOR + 2.00%	Principal amount is payable in thirty two equal quarterly instalments beginning on March 29, 2025.	1st joint pari passu charge/ mortgage of Rs.667 million on all present and future fixed assets of the Company.
Accrued markup on loan	607,651	682,466			
	500,607,651	500,682,466			
	2,905,062,593	3,012,660,267			
Long term financing at year end	2,816,041,671	2,965,000,003			
Accrued mark up	89,020,922	47,660,264			



19.3 The above financing facilities have been obtained to meet capital expenditure including balancing, modernization and replacement of manufacturing facilities, balance sheet reprofiling and long term working capital requirements of the Company.

20. LONG TERM MUSHARKA - SECURED	Note	2024	2023
		--- Rupees ---	
<u>Islamic mode of financing</u>			
Long term musharika - banking companies	20.1	3,406,852,548	4,037,446,083
Accrued mark up	20.1	150,333,209	136,887,313
Total long term financing including accrued mark up		3,557,185,757	4,174,333,396
Less:			
Current portion of long term musharika	23.	(897,210,735)	(708,333,335)
Accrued mark up presented separately in the financial statements	27.	(150,333,209)	(136,887,313)
		2,509,641,813	3,329,112,748



20.1 Banking companies:

Lender	2024		2023		Rate of profit per Annum	Tenure and basis of principal repayments	Security
	----- Rupees -----						
Meezan Bank Limited							
- Diminishing musharika	62,500,000	187,500,000	6 Months KIBOR + 1.25%	Last installment is due on November 28, 2024.	1st joint pari passu charge/ mortgage of Rs.2,967 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.		
- Diminishing musharika	1,000,000,000	1,000,000,000	6 Months KIBOR + 1.25%	Principal amount is payable in twelve equal half yearly instalments beginning on October 22, 2024.			
- Diminishing musharika	700,000,000	800,000,000	6 Months KIBOR + 1.25%	Balance principal amount is payable in seven equal half yearly instalments ending on November 29, 2027.			
Accrued mark up on loans	59,506,335	65,746,554					
	1,822,006,335	2,053,246,554					
Dubai Islamic Bank Pakistan Limited							
- Diminishing musharika	75,000,000	225,000,000	6 Months KIBOR + 2.00%	Last installment is due on October 01, 2024.	1st joint pari passu charge/ mortgage of Rs.1,100 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors.		
- Diminishing musharika	225,000,000	325,000,000	3 Months KIBOR + 1.50%	Balance principal amount is payable in nine equal quarterly instalments ending on September 06, 2026.			
- Diminishing musharika	350,000,000	450,000,000	3 Months KIBOR + 1.50%	Balance principal amount is payable in fourteen equal quarterly instalments ending on December 27, 2027.			
Accrued mark up on loans	9,607,548	21,352,925					
	659,607,548	1,021,352,925					
Faysal Bank Limited							
- Diminishing musharika	-	83,333,335	3 Months KIBOR + 0.75%	Loan has been repaid during the year	1st joint pari passu charge/ mortgage of Rs.1,266 million over all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.		
- Diminishing musharika	744,352,548	666,612,748	3 Months KIBOR + 0.75%	Principal amount is payable in sixteen equal half yearly instalments beginning on December 30, 2024.			
Accrued mark up on loans	53,590,320	49,787,834					
	797,942,868	799,733,917					
National Bank of Pakistan							
- Diminishing musharika	250,000,000	300,000,000	6 Months KIBOR + 0.85%	Balance principal amount is payable in five equal half yearly instalments ending on July 02, 2026.	1st joint pari passu charge/ mortgage of Rs.4,600 million on all present and future fixed assets of the Company and personal guarantees of the sponsoring directors of the Company.		
Accrued profit on loan	27,619,811	-					
	277,619,811	300,000,000					
	3,557,185,757	4,174,333,396					
Long term financing at year end	3,406,852,548	4,037,446,083					
Accrued mark up	150,333,209	136,887,313					



20.2 The above financing facilities have been obtained to meet capital expenditure including balancing, modernization and replacement of manufacturing facilities, balance sheet reprofiling and long term working capital requirements of the Company.

21. LEASE LIABILITY - UNSECURED	Note	2024	2023
		--- Rupees ---	
Lease liability against right of use asset		73,111,590	74,103,042
Current portion of lease liability	23.	(2,433,865)	(991,454)
	21.1	<u>70,677,725</u>	<u>73,111,588</u>

2024			
	Minimum lease payments	Finance charge	Present value of minimum lease payments
Lease liability - unsecured	----- (Rupees) -----		
Not later than one year	12,861,533	10,427,668	2,433,865
Later than one year and not later than five years	65,659,411	33,189,035	32,470,376
Above five years	43,498,618	5,291,269	38,207,349
	<u>122,019,562</u>	<u>48,907,972</u>	<u>73,111,590</u>

2023			
	Minimum lease payments	Finance charge	Present value of minimum lease payments
Lease liability - unsecured	----- (Rupees) -----		
Not later than one year	11,692,304	10,700,850	991,454
Later than one year and not later than five years	59,690,374	37,346,723	22,343,651
Above five years	62,329,186	11,561,249	50,767,937
	<u>133,711,864</u>	<u>59,608,822</u>	<u>74,103,042</u>



21.1 The Company has recognized right of use on account of head office land obtained by the Company on lease. The remaining tenure of contract is 7 years and the rent is payable quarterly. Lease liability is calculated at discount rate of 15.11% per annum.

22. DEFERRED LIABILITIES:	Note	2024	2023
		--- Rupees ---	
Staff retirement benefit - Gratuity	22.1	576,427,439	445,220,674
Deferred taxation	22.2	9,234,269,159	6,682,468,862
		<u>12,452,887,886</u>	<u>7,127,689,536</u>

22.1 Staff retirement benefit - Gratuity

The latest actuarial valuation of the Company's defined benefit plan, was conducted at June 30 using 'Projected Unit Credit' method. Detail of obligation for defined benefit plan is as follows:

22.1.1 The amounts recognized in the 'Statement of financial position' is as follows:	2024	2023
	--- Rupees ---	
Present value of defined benefit obligation liability at June 30,	<u>576,427,439</u>	<u>445,220,674</u>

22.1.2 Movement in the liability for defined benefit obligation recognized in the 'Statement of financial position' is as follows:

	Note	2024	2023
		--- Rupees ---	
Liability for defined benefit obligation at July 01,		445,220,674	342,254,877
Current service cost	22.1.3	195,958,705	194,410,137
Interest cost on defined benefit obligation	22.1.3	55,987,032	35,376,128
Actuarial gain charged to 'Other Comprehensive Income'	22.1.5	80,631,210	23,709,988
Benefits paid during the year		(201,370,182)	(150,530,456)
Liability transferred in from Company			
Liability for defined benefit obligation at June 30,		<u>576,427,439</u>	<u>445,220,674</u>



2024 2023
 --- Rupees ---

22.1.3 The amounts recognized in the 'Statement of profit or loss' against defined benefit plan are as follows:

Current service cost	195,958,705	194,410,137
Interest cost	55,987,032	35,376,128
	<u>251,945,737</u>	<u>229,786,265</u>

22.1.4 Charge to 'Statement of profit or loss' against defined benefit plan has been allocated as under

Cost of sales	240,113,611	216,285,915
Selling and distribution expense	1,918,739	2,296,784
Administrative expense	9,913,387	11,203,566
	<u>251,945,737</u>	<u>229,786,265</u>

22.1.5 Remeasurement gain recognized in the 'Other comprehensive income' against defined benefit plan are as follows:

Remeasurement gain on defined benefit obligation due to:

- changes in financial assumptions	(1,035,001)	465,478
- change in experience adjustment	81,666,211	23,244,510
	<u>80,631,210</u>	<u>23,709,988</u>

22.1.6 Actuarial assumptions used for valuation of liability at June 30, against defined benefit obligation are as under :

The following are the principal actuarial assumptions at statement of financial position date:

	<u>2024</u>	<u>2023</u>
Discount rate used for interest cost	16.25% per annum	13.25% per annum
Discount rate used for year end obligation	14.75% per annum	16.25% per annum
Expected rate of growth per annum in future salaries	12.75% per annum	14.25% per annum
Mortality rates	SLIC (2001 - 05)	SLIC (2001 - 05)
Retirement assumption	Age 60	Age 60



22.1.7 Sensitivity analysis of defined benefit obligation to changes in the actuarial assumptions

Reasonably possible changes at the statement of financial position date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2024			2023		
	Impact on defined benefit obligation			Impact on defined benefit obligation		
	Change in assumption Percentage	Increase in assumption ----- Rupees -----	Decrease in assumption -----	Change in assumption Percentage	Increase in assumption ----- Rupees -----	Decrease in assumption -----
Discount rate	1.00%	<u>537,650,884</u>	<u>618,014,309</u>	1.00%	<u>415,270,462</u>	<u>477,341,515</u>
Salary growth rate	1.00%	<u>618,000,643</u>	<u>537,644,280</u>	1.00%	<u>477,330,960</u>	<u>415,265,361</u>

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

22.1.8 The Company expects to charge Rs. 230.30 million against current service cost and Rs. 85.02 million against net interest cost, aggregating to Rs. 315.33 million, to 'Statement of Profit or Loss' in respect of defined benefit plan in 2025.

22.1.9 The Company exposure to the actuarial risks are as follows:

a) **Salary risks**

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

b) **Demographic risks**

Mortality Risk

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

Withdrawal Risk

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

22.1.10 Gratuity scheme entitles members of staff retirement benefit plan on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based, on the Company's service rules, for staff gratuity. Gratuity is based on the last month basic salary for each year of service.



22.2 Deferred taxation

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		2024			
	Balance at July 01	Effect of change in proration rate		(Reversal from)/ charge to	
		Equity	'Statement of profit or loss'	'Statement of profit or loss'	'Statement of comprehensive income'
----- Rupees -----					
Taxable temporary differences arising in respect of :					
Revaluation surplus on property, plant and equipment	4,503,254,357	2,963,423,363	-	(391,513,656)	-
Long term investment	109,032,986	-	-	(52,263,438)	7,075,164,064
Tax depreciation allowance	2,783,862,778	-	1,831,956,017	(2,450,344,700)	56,769,548
	7,396,150,121	2,963,423,363	1,831,956,017	(2,841,858,356)	2,165,474,095
				(52,263,438)	9,297,407,707
Deductible temporary difference arising in respect of :					
Minimum tax carried forward - note 22.2.1	(612,431,572)	-	-	612,431,572	-
Provisions and others	(101,249,687)	-	(66,628,618)	104,739,757	(63,138,548)
Deferred tax liability	6,682,468,862	2,963,423,363	1,765,327,399	(2,124,687,027)	(52,263,438)
					9,234,269,159
		2023			
	Balance at July 01	Effect of change in proration rate		(Reversal from) / charge to	
		Equity	'Statement of profit or loss'	'Statement of profit or loss'	'Statement of comprehensive income'
----- Rupees -----					
Taxable temporary differences arising in respect of :					
Revaluation surplus on property, plant and equipment	2,448,861,345	668,223,198	-	(156,637,714)	1,542,807,528
Long term investment	-	-	-	-	109,032,986
Tax depreciation allowance	2,073,313,074	-	565,746,966	144,802,738	-
	4,522,174,419	668,223,198	565,746,966	(11,834,976)	1,651,840,514
					7,396,150,121
Deductible temporary difference in respect of :					
Minimum tax - note 22.2.1	-	-	-	-	-
Provisions and others	(77,217,134)	-	(21,787,339)	(612,431,572)	(612,431,572)
Deferred tax liability	4,444,957,285	668,223,198	543,959,627	(626,511,762)	(101,249,687)
				1,651,840,514	6,682,468,862



22.2.1 The management has not recognised deferred tax asset of Rs.955.777 on minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 based on its assessment that future taxable profits will not be available against which this asset may be utilised.

23. CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2024	2023
		--- Rupees ---	
Markup bearing finances from conventional banks:			
Long term financing - secured	19	2,935,523,140	2,529,808,062
Islamic mode of financing :			
Long term musharika - secured	20	897,210,735	708,333,335
Current portion of lease liability	21	2,433,865	991,454
		<u>3,835,167,740</u>	<u>3,239,132,851</u>

24. SHORT TERM BORROWINGS - SECURED

	Limits (in million)	Nominal interest rate %		
Banking Companies				
Mark-up based borrowings from conventional banks				
Cash finance	10,250	21.96 - 23.85	496,522,264	4,694,876,038
Running finance	10,950	22.30 - 23.92	408,800,942	2,302,187,607
Foreign currency export finance	5,775	3.00 - 12.00	3,808,515,426	752,424,702
Finance against imported merchandise	5,960	8.00 - 25.01	2,186,970,823	6,109,446,309
Finance against trust receipt	7,795	9.00 - 23.90	2,308,250,194	3,361,568,034
Money market loan	Sub- Limit	21.11 - 23.94	5,089,999,997	5,040,999,998
Accrued mark up			461,711,960	635,897,937
			<u>14,760,771,606</u>	<u>22,897,400,625</u>
Islamic mode of financing				
Running musharika	2,400	21.14 - 23.16	847,497,900	1,448,539,485
Karobar finance/ Import murabaha / Musawammah	4,551	20.49 - 24.95	2,571,117,731	1,859,206,022
Accrued mark up			154,440,362	109,370,205
			<u>3,573,055,993</u>	<u>3,417,115,712</u>
Total short term borrowings			<u>18,333,827,599</u>	<u>26,314,516,337</u>
Less: accrued mark up/profit			<u>(616,152,322)</u>	<u>(745,268,142)</u>
			<u>17,717,675,277</u>	<u>25,569,248,195</u>



- 24.1 The Company has limits for funded short term borrowing facilities of aggregate amount of Rs 47,681 million and facilities for opening of letters of credit of aggregate amount of Rs 1,350 million having aggregate sanctioned limit of Rs.49,031 million (2023: Rs.47,846 million). Further, the company has aggregate limit of bank guarantees of Rs.4,272 million (2023: Rs 4,423 million). These facilities are secured against different securities including pledge of stocks, hypothecation of stocks, stores and spares, hypothecation charge on all other current assets, lien on debtors, lien on imports and exports documents and personal guarantees of the sponsoring directors. The pledge based outstanding borrowings out of the above outstanding borrowings are secured against pledge of stocks amounting to Rs.7,077 million and 69 million shares of Fatima Fertilizer Company Limited. Short term borrowing funded facilities of aggregate amount of Rs.28,175 million and non-funded letters of credit facilities of aggregate amount of Rs. Nil having an aggregate of Rs.28,175 million (2023: Rs.15,455 million) remained unutilized at year end. Further, the bank guarantee facilities of aggregate amount of Rs.1,207 million (2023: Rs. 1,840 million) remained unutilized at year end. These facilities are expiring on various dates by May 31, 2025.



25. CONTRACT LIABILITIES	Note	2024	2023
		--- Rupees ---	
Contract liabilities	25.1	<u>438,053,016</u>	<u>760,038,983</u>

25.1 The amount of Rs 548.26 million included in contract liabilities as at June 30, 2023 has been recognized as revenue in the year ended June 30, 2024. (2023: Rs 195.39 million).

26. TRADE AND OTHER PAYABLES	Note	2024	2023
		--- Rupees ---	
Trade creditors		1,051,425,482	929,765,542
Accrued liabilities	26.1	1,775,460,506	1,664,430,988
Due to associated undertakings	26.2	258,503,042	45,845,843
Bills payable		1,228,556,665	3,583,591,783
Tax deducted at source		9,799,560	11,496,578
Infrastructure cess	26.3	1,965,068,457	1,621,557,511
Workers' profit participation fund	26.4	33,645,019	81,895,334
Workers' welfare fund	26.5	56,984,574	155,865,153
Loan from Director	26.6	299,693	299,693
Others		7,300,000	184,311,238
		<u>6,387,042,998</u>	<u>8,279,059,663</u>

26.1 The Honourable Supreme Court of Pakistan (SCP) vide its judgement dated August 13, 2020 decided the appeal against the Company and declared the GIDC Act, 2015 to be constitutional and recoverable from the gas consumer. A review petition was filed against the judgment which was also dismissed. SCP in its detailed judgment stated that the cess under GIDC Act, 2015 is applicable only to those consumers of natural gas who have passed on GIDC burden to their end customers for their business activities.

The Company has filed a civil suit before the Honourable Sindh High Court (SHC) on the grounds that the Company has not passed on the impact of GIDC to end consumers. SHC has granted stay order and has restrained SNGPL from taking any coercive action against the Company. The case is pending for adjudication. The Company has recognized the liability of GIDC under the GIDC Act, 2015 in these financial statements.



26.2	Due to associated undertakings		2024	2023
		Note	--- Rupees ---	
	Hussain Ginneries Limited		-	13,250,970
	Fatima Energy Limited		257,919,809	32,409,271
	Fatima Fertilizer Company Limited		123,558	5,602
	Fazal Farm (Private) Limited		279,675	-
	Fazal-ur-Rehman Foundation		180,000	180,000
		26.2.1	258,503,042	45,845,843

26.2.1 These are unsecured and in the normal course of business for goods and services.

26.3 This represent provision against 'Sindh Infrastructure Cess', levied under section 9 of 'Sindh Finance Act, 1994' and its subsequent versions including the final version i.e Sindh Development and Maintenance of Infrastructure Cess Act, 2017 at the rate specified of total value of goods as assessed by the 'Custom Authorities' while considering net weight and distance for carriage of goods through the province of 'Sindh'. The Company has filed an appeal before the 'Honourable Sindh High Court' against levy, which passed order dated June 04, 2021 against the Company and directed that bank guarantees should be encashed. Being agreed by the order, the Company along with others has filed petition for leave to appeal before Honourable Supreme Court of Pakistan against the Sindh High Court's judgment in relation to Sindh infrastructure development cess. The Supreme court in its order dated September 01, 2021 granted interim relief to the Company against the order of Honourable Sindh High Court subject to provision of bank guarantees equivalent of Cess amount. However, the probable amount has been fully recognized in the financial statements.

26.4	Workers' profit participation fund		2024	2023
		Note	--- Rupees ---	
	Balance as at July 01		81,895,334	318,406,192
	Provision for the year	34.	33,645,019	81,895,338
	Interest on funds utilized by the company		16,996,087	87,016,487
			132,536,440	487,318,017
	Payment made during the year		(98,804,987)	(405,026,569)
	Deposited in 'Government Treasury'		(86,434)	(396,114)
	Balance as at June 30		33,645,019	81,895,334
26.5	Workers' welfare fund			
	Balance as at July 01		155,865,153	190,592,828
	Adjustment during the year		(155,865,153)	(65,928,387)
	Allocation for the year	34.	56,984,574	31,200,712
	Balance as at June 30		56,984,574	155,865,153



26.6 This represents interest free loan from a director of the company. The loan is unsecured and repayable on demand.

27. ACCRUED MARK-UP

2024 2023

--- Rupees ---

Mark-up based loans from conventional bank:

Long term financing - secured	553,878,081	392,525,175
Short term borrowings - secured	461,711,960	635,897,937
	1,015,590,041	1,028,423,112

Islamic mode of financing:

Long term musharika - secured	150,333,209	136,887,313
Short term borrowings - secured	154,440,362	109,370,205
	304,773,571	246,257,518
	<u>1,320,363,612</u>	<u>1,274,680,630</u>

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

Income Tax

28.1.1 The officials of Large Taxpayer Unit (LTU) through order on July 27, 2022 under Section 170 of the Income Tax Ordinance, 2001 have curtailed income tax refunds on account of disallowance of the brought-forward minimum tax for tax years 2016 through tax year 2020 and the curtailment of taxes paid or suffered at source for tax year 2021 amounting to Rs. 854.14 million and Rs. 46.98 respectively. Being aggrieved, the company preferred an appeal against the said order before the Commissioner of Inland Revenue Appeals (CIR (A)). During the preceding year, the CIR (A) remand the case back to the assessing officer for denovo consideration. However, the company preferred an appeal before the Appellate Tribunal for Inland Revenue (ATIR). During pendency of the case with ATIR, the department through order u/s 170 dated July 29, 2024 has accepted refund of Rs. 350.10 million by adjusting against advance tax u/s 147 for tax year 2024. The company has preferred an appeal before ATIR on account of disallowance of the brought forward minimum tax for tax years 2016 through tax year 2020 amounting to Rs. 550,271,897 and disallowance of tax credit of Rs. 2.16 million on donations claimed under section 61 of the Ordinance. The case is pending before ATIR.



28.1.2 The officials of LTU, through a notice dated August 31, 2021, initiated proceedings under Section 4B of the Ordinance against the company, which was duly responded to by the company's tax advisor on the company's behalf. Such proceedings were concluded through an order dated September 17, 2021, passed under Section 4B of the Ordinance, whereby a tax demand of Rs 23.97 million imposing super tax and default surcharge was raised against the company. The company assailed the subject order in appeal before CIR(A), which was accepted and vacated against the departmental action by CIR(A) through an appellate order dated 13 April, 2022. The department preferred further appeal against the said appellate order before ATIR which is pending adjudication.

28.1.3 The officials of Large Taxpayers Unit, Lahore ('LTU - Lahore') raised income tax demands of Rs. 8.8 million for tax year 2013, Rs. 49.78 million for tax year 2016, and Rs. 93.49 million for tax year 2019 against the Company through separate orders, dated June 28, 2019, June 29, 2018, and December 29, 2020 respectively, under Section 161/205 of the Income Tax Ordinance, 2001 ('Ordinance') on grounds that income tax has not been deducted against certain payments during tax years 2013, 2016 and 2019 respectively. The Company agitated the orders in appeal before Commissioner Inland Revenue Appeals (CIR(A)). For tax year 2013, the Company's appeal against order was disposed of by CIR(A) for which the Company has filed appeal before ATIR which is pending adjudication. For tax year 2016, CIR(A) has vacated the departmental action to the extent of Rs. 39.12 million and for remaining amount of Rs. 10.78 million the Company has filed an appeal before the Appellate Tribunal Inland Revenue ('ATIR') which is pending adjudication. For tax year 2019, the Company's appeal against order was disposed of by CIR(A), through appellate order dated April 28, 2022. Through such order CIR(A) upheld the departmental action on all accounts. Company assailed the said appellate order in appeal before ATIR. ATIR, through order dated September 11, 2023, has decided the case in company's favor by deleting the demand.

28.1.4 The officials of LTU - Lahore, started proceedings against the company and FWML under Section 161/205 of the Income Tax Ordinance, 2001, by issuing notices dated December 29, 2020, and November 17, 2020. These notices were responded to by the company's tax advisor on behalf of the Company on March 01 and March 22, 2021. Proceedings concluded with an order passed on March 31, 2021, whereby a tax demand of Rs. 55.78 million was raised against the Company. The Company preferred an appeal against this order before the Commissioner of Inland Revenue Appeals (CIR(A)).

However, CIR(A), through an appellate order dated October 13, 2021, upheld the departmental action, affirming the tax demand. Subsequently, the Company preferred an appeal against the CIR(A)'s decision before the Appellate Tribunal for Inland Revenue (ATIR). ATIR's decision, dated April 29, 2022, vacated both the earlier orders and remitted the matter back to the tax department for consideration afresh. On June 23, 2023, the tax department maintained its previous decision and issued a tax demand of Rs 55.8 million against the Company. Being aggrieved, the Company preferred an appeal before the CIR(A). On August 3, 2023, CIR (A) upheld the department's decision and passed an order against the company. The company subsequently appealed against the said order before the ATIR which is pending adjudication.



- 28.1.5** The officials of LTU - Lahore raised income tax demands of Rs. 32.03 million against the Company through amendment order, dated June 28, 2019 under section 122(5A) of the Ordinance for tax year 2013. The Company has preferred appeal against the orders before CIR(A) which was disposed off by CIR(A) through appellate order dated December 31, 2021. Through such order CIR(A) has deleted/ annulled the departmental actions on all the issue except the issue regarding the time limitation of such proceedings and apportionment of expenses under rule 231 of the Income Tax Rules, 2002 ('the Rules'). Feeling aggrieved with the order, Company preferred an appeal before ATIR in accordance with the available remedial course. The department has also filed against the said appellate order before ATIR, both appeals are pending adjudication.
- 28.1.6** The officials of LTU-Lahore after concluding an income tax audit under Section 177 of the Ordinance, raised an income tax demand of Rs. 7.98 million against the company through an amended order dated April 26, 2018, under Section 122(5) of the Ordinance for the tax year 2014. The company has preferred an appeal against the orders before CIR(A). Through such an order, CIR(A) has deleted or annulled the departmental action on all issues except the ones regarding the time limitation of such proceedings and the apportionment of expenses under Rule 231 of the Income Tax Rules, 2002. Feeling aggrieved with the aforesaid action, the Company has preferred appeal before ATIR in accordance with the available remedial course. The department has also filed an appeal against the said appellate order before ATIR; both appeals are presently pending adjudication.
- 28.1.7** Consequent to the amendment of the deemed income tax assessment of tax years 2006 to 2012 via separate orders dated April 30, 2010, September 30, 2010, May 14, 2012, October 23, 2012, March 30, 2015, June 23, 2014 and January 29, 2016, respectively, involving an income tax of Rs. 324.80 million, the company has been extended significant relief by the CIR(A). The issues in respect of which CIR(A) did not allow relief have been taken up in appeals before the ATIR, and such appeals are pending adjudication.
- 28.1.8** The officials of LTU - Lahore, while giving effect to CIR-A's appellate orders under Section 124/129 of the Ordinance in the context of amendments made under Section 122(5A) of the Ordinance, have arbitrarily made disallowances/ increase in income (i.e. exchange loss, notional profit of associates etc.) for tax years 2010 and 2012 vide separate orders, dated June 30, 2018, involving sum of Rs. 657 million. The issue was taken up in appeals before CIR(A). CIR(A) has deleted the departmental action on all issues except for disallowance for exchange loss amounting to Rs. 122.97 million which was remanded back and for which the Company preferred appeal before ATIR which is pending adjudication.
- 28.1.9** Admissibility of 'payment to preference share-holders' has been disputed in income tax amendment orders, dated September 30, 2010, May 14, 2012, October 23, 2012, March 30, 2015, June 23, 2014 and January 29, 2016 respectively, for tax years 2007 to 2013 involving a sum of Rs. 209 million. The first appellate authority has maintained departmental stance, the Company's appeals are lying with ATIR except for tax year 2013 was furnished with CIR(A) which was decided in the favour of the Company.



- 28.1.10 Proceedings were initiated by officials of LTU-Lahore through orders dated December 29, 2018 under Section 122(5A) of the Ordinance regarding the apportionment of deductions claimed on account of WPPF to export income amounting to Rs. 16.12 million and Rs. 12.50 million for tax years 2015 and 2017, respectively. The Company filed an appeal before CIR(A), which was decided against the company by CIR(A) through an appellate order dated August 24, 2020. The Company has assailed the said appellate order in appeal before ATIR, which is pending for adjudication.
- 28.1.11 Through an order dated June 28, 2019 under Section 132/162/205 of the Ordinance, the LTU-Lahore officials raised an income tax demand of Rs. 10.11 million for the tax year 2009 on the grounds that tax under Section 148 of the Ordinance at the import stage was short paid. The Company filed an appeal before CIR(A), and through an appellate order dated October 23, 2019, the tax demand was vacated by CIR(A). The department has assailed the appellate order of CIR(A) in appeal before ATIR, which has not yet been fixed for hearing.

Sales Tax

- 28.1.12 The Deputy Commissioner of Inland Revenue (DCIR) initiated proceedings against the Company under Section 11 of the Sales Tax Act, 1990, for the subject tax periods through notice dated March 22, 2022, whereby intentions were shown to adjudge sales tax default in connection with the claim of input sales tax of Rs. 38.65 million, by relying on the provisions of section 8(1)(a), (f) to (m) of the Act. Such notice was duly responded by the Company's tax advisors on Company's behalf, and proceedings were concluded through Order-In-Original No. ('ONO') 64/2021-22 dated June 17, 2022, whereby the confronted default was adjudged against the Company. The Company preferred an appeal against the subject ONO before CIR(A) as per the available remedial course.

The proceedings concluded with the issuance of Order-In-Original No. 64/2021-22 dated June 17, 2022, where the alleged default was confirmed against the Company. Being aggrieved, the Company preferred an appeal against this order before the Commissioner of Inland Revenue Appeals (CIR(A)) following the available remedial course. CIR(A) issued Order No. 44 dated December 30, 2022, ruling in favour of the Company on most of the issues.

However, one specific issue regarding the inadmissibility of input tax was not accepted by CIR(A), and the case was remanded back to the assessing officer for further consideration. However, the tax department preferred an appeal before the Appellate Tribunal for Inland Revenue (ATIR) against the order passed by the Commissioner of Inland Revenue Appeals (CIR(A)), which is pending adjudication.

- 28.1.13 The Assistant Commissioner Inland Revenue ('ACIR') as a result of sales tax audit for tax year July 2013 to June 2014 raised a sales tax demand of Rs. 71.60 million through order dated July 31, 2017. The Company filed an appeal before CIR(A) which was disposed off through appellate order



dated March 06, 2019 passed under Section 45B of the Sales Tax Act ('Act') whereby such order was annulled, and the matter was remanded back to department for denovo consideration which is pending adjudication. Meanwhile, the Company preferred an appeal in ATIR for the disposal of the case as reasonable grounds exists, however, the matter is pending adjudication.

- 28.1.14** The Deputy Commissioner Inland Revenue ('DCIR') issued Order-In-Original No.14/2019-20 dated April 15, 2020 ('ONO') under Section 11 of the Sales Tax Act 1990, disallowing the input tax of Rs. 143.63 million claimed under various heads from tax periods July 2013 to August 2018. The Company preferred an appeal before CIR(A) which was disposed off through appellate order dated June 29, 2020 passed under Section 45B of the Act whereby ONO was annulled, and the matter was remanded back to department for denovo consideration. However, the Company preferred an appeal in ATIR and the matter is pending adjudication.
- 28.1.15** The Commissioner of Inland Revenue ('CIR') through an order dated December 28, 2017, rejected the admissibility of input tax aggregating to Rs 7.27 million, primarily on account of a mismatch between buyer and seller declarations and building materials, subsequent to the audit of the tax period from July 2013 to June 2014. The Company agitated for such an order in appeal before the CIR(A). The Company's appeal against the subject ONO, which was disposed of by CIR(A) through an appellate order dated October 29, 2020, annulling/ deleting the departmental action on the majority of the issues taken up in the appeal, while certain other matters were upheld by CIR(A). The Company has agitated for such an order in appeal before ATIR, which is pending adjudication.
- 28.1.16** The CIR-A, through its order dated April 14, 2016, has maintained departmental rejection of the input tax of Rs 18.10 million (primarily comprising building materials) in terms of the provisions contained in SRO 450(I)/2013 for the tax period March 2014, June 2014, October 2014, through February 2015. The Company has agitated for such an order in appeal before ATIR, which is pending adjudication.
- 28.1.17** The DCIR issued Order-In-Original No. 23/2019-20 dated June 11, 2021, under Section 11 of the Act, disallowing the input tax on construction/ building materials of Rs. 8.07 million for the tax periods July 2019 to June 2020. The Company agitated such order in appeal before the CIR(A). The Company's appeal against the subject ONO which was disposed of by CIR(A), through appellate order dated January 11, 2022. The Company assailed the said order in appeal before ATIR and case has been paid off during the year.
- 28.1.18** DCIR initiated proceedings against the company under section 11 of the Act, where intentions were shown to adjudge sales tax default in connection with claim of input by relying on sections 8 (Tax Credits Not Allowed).

CIR-A through order no. 2404-ST dated October 19, 2023 has upheld the impugned disallowance

**28.2.4 Commitments in respect of Fatima Energy limited (FEL):**

The Company through sponsors support agreement commits to lenders of FEL, in case of default by FEL, to pay amount outstanding up to Rs 6,000 million (2023: Rs 6,000 million), This commitment was already approved by the shareholders under section 199 of the Companies Act, 2017 in annual general meeting dated November 26, 2020.

28.2.5 Commitments in respect of Fatima Transmission Company Limited (FTCL):

The Company through sponsors support agreement commits to MCB Bank Limited, in case of default by FTCL, to pay amount outstanding up to Rs 250 million (2023: Rs. 250 million). This commitment was already approved by the shareholders under section 199 of the Companies Act, 2017 in extra ordinary general meeting held on March 25, 2017.

29. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	2024	2023
	--- Rupees ---	
Local:		
Yarn	55,190,129,423	52,475,740,577
Fabric	13,538,155,589	11,848,378,570
Waste	1,132,303,234	1,397,694,102
Comber noil	827,334,469	1,651,500,723
	70,687,922,715	67,373,313,972
Cotton and other products	204,481,443	82,819,498
	70,892,404,158	67,456,133,470
Less:		
Sales return	(326,965,687)	(497,111,720)
Sales tax	(10,987,045,435)	(10,100,784,839)
	(11,314,011,122)	(10,597,896,559)
Net local sales	59,578,393,036	56,858,236,911



Export Facilitation Scheme (EFS)	Note	2024	2023
		--- Rupees ---	
- Yarn		18,764,163,649	4,554,218,418
- Fabric		1,647,724,170	159,865,395
	29.1	20,411,887,819	4,714,083,813
Less: Sales return		(51,360,711)	(16,807,690)
Less: Sales tax on SPO sales		-	-
Less : Sales tax on DTRE sales		-	-
		20,360,527,108	4,697,276,123
Export:			
Yarn		16,393,116,918	12,724,149,451
Fabric		828,838,436	3,356,763,018
Comber noil		-	75,291,376
		17,221,955,354	16,156,203,845
Less: Sales return		-	(14,736,985)
		17,221,955,354	16,141,466,860
Revenue from contracts with customers - net		97,160,875,498	77,696,979,894

29.1 It includes sales made under EFS to a related party under S.R.O 957(1)/ 2021 dated July 30, 2021 amounts to Rs. 6,740.89 million (2023: Rs. 3,992.29 million).

29.2 All revenue is recognized by the Company at a point in time.



30. COST OF SALES	Note	2024	2023
		- - - R u p e e s - - -	
Raw material consumed	30.1	63,465,070,102	52,668,066,745
Packing material consumed		1,113,672,309	903,612,732
Salaries, wages and benefits	30.2	4,052,484,960	3,172,254,208
Freight outward charges	30.3	562,154,856	695,857,394
Travelling and conveyance		21,542,663	15,393,584
Vehicle running and maintenance		80,531,437	46,550,732
Power and fuel		9,930,561,051	6,666,813,812
Stores and spares consumed		2,041,629,413	1,368,909,847
Processing charges		521,117,053	324,562,386
Repair and maintenance		85,292,083	55,762,866
Insurance		177,107,444	145,617,704
Depreciation on property, plant and equipment	5.1.1	2,103,708,635	1,683,626,156
Others		30,687,219	9,317,100
		<u>84,185,559,225</u>	<u>67,756,345,266</u>
Work-in-process:			
Balance at July 01		855,950,908	774,506,142
Balance at June 30		(1,170,146,399)	(855,950,908)
		(314,195,491)	(81,444,766)
Cost of goods manufactured		<u>83,871,363,734</u>	<u>67,674,900,500</u>



	2024	2023
	--- Rupees ---	
Finished goods:		
Balance at July 01,	10,679,299,882	8,690,090,690
Finished goods purchased	2,338,563,583	1,742,157,952
Balance at June 30,	(10,969,115,013)	(10,679,299,882)
	2,048,748,452	(247,051,240)
Cost of goods sold	85,920,112,186	67,427,849,259
Cost of raw material sold	223,792,587	183,027,145
	<u>86,143,904,773</u>	<u>67,610,876,404</u>
30.1 Raw material consumed		
Raw material as at July 01,	19,782,907,185	17,348,358,879
Purchases and expenses	55,272,985,701	55,102,615,051
	75,055,892,886	72,450,973,930
Add:		
Raw material as at June 30,	(6,992,160,610)	(13,278,846,782)
Stock-in-transit	(4,598,662,174)	(6,504,060,403)
	(11,590,822,784)	(19,782,907,185)
	<u>63,465,070,102</u>	<u>52,668,066,745</u>
30.2	These include Rs. 240.11 million (2023: Rs. 216.29 million) in respect of staff retirement benefits.	
30.3	This represents freight on export sales amounting to Rs. 392.07 million (2023: Rs. 610.14 million) and freight on local sales amounting to Rs. 170.09 million (2023: Rs. 85.72 million).	



31. SELLING AND DISTRIBUTION EXPENSES	Note	2024	2023
		--- Rupees ---	
Export sales:			
Commission		157,839,948	241,752,046
Export development surcharge		48,243,362	32,459,654
Insurance		7,101,871	3,661,499
Local sales:			
Commission		266,368,071	155,263,626
Insurance		28,235,629	16,559,594
Salaries and benefits - marketing staff	31.1	51,839,350	47,387,236
		559,628,231	497,083,655

31.1 These include Rs. 1.92 million (2023: Rs. 2.30 million) in respect of staff retirement benefits.

32. ADMINISTRATIVE EXPENSES	Note	2024	2023
		--- Rupees ---	
Salaries and benefits	32.1	288,499,567	237,610,375
Travelling and conveyance	32.2	60,099,819	39,424,966
Vehicle running and maintenance		51,953,711	59,227,389
Rent, rates, taxes and fees		62,484,762	34,744,371
Electricity, gas and water		21,969,429	15,603,418
Entertainment / guest house expenses		20,467,725	28,733,821
Communication		19,893,053	21,982,581
Printing and stationery		14,189,371	13,104,970
Insurance		13,206,825	8,947,600
Repair and maintenance		74,853,193	49,340,650
Subscription/ advertisement		8,061,570	6,170,048
Auditors' remuneration	32.3	4,474,370	4,700,235
Legal and professional charges		8,231,535	12,013,753
Depreciation on property, plant and equipment	18.1.1	118,794,300	69,376,062
Others		13,502,306	14,766,438
		780,681,536	615,746,677



32.1 These include Rs. 9.91 million (2023: Rs. 11.20 million) in respect of staff retirement benefits.

32.2 These include Directors' traveling expense of Rs. 31.65 million (2023: Rs. 18.69 million).

32.3 **Auditors' remuneration**

	Note	2024	2023
--- Rupees ---			
Annual Audit fee		3,201,660	3,424,200
Half yearly review fee		995,000	945,000
Out of pocket expenses		277,710	331,035
		4,474,370	4,700,235

33. **OTHER INCOME**

Income from financial assets

Dividend income	33.1	311,013,140	241,899,109
Reversal of loss allowance against long term advances	7.5	307,129,396	-
Gain on de-recognition of mark-up upon conversion into preference shares	6.2.1	451,348,607	-
Income on investment in TFC		15,443,032	8,063,410
Exchange gain - net	33.2	407,448,955	-
Gain on remeasurement of short term investment	14.1	133,477,200	-
Reversal of loss allowance against trade debts	10.4	-	19,608,957
Liabilities written back		10,106,450	65,928,387
		1,635,966,780	335,499,863
From non-financial assets			
Scrap sales		29,236,219	29,529,467
Gain on disposal of non-current asset held for sale		-	8,540,162
Gain on disposal of property, plant and equipment		-	257,981
		1,665,202,999	373,827,473



33.1 This represents annual dividend for the year ended December 31, 2023 declared by Fatima Fertilizer Limited 'an associated undertaking'.

33.2 Breakup of exchange gain / (loss) is as follows:

	2024		
	Realized Rupees	Unrealized Rupees	Total Rupees
Exports	140,029,492	(347,695)	139,681,797
Imports	43,669,320	48,555	43,717,875
Foreign currency export finance	237,438,914	(25,211,314)	212,227,600
Foreign currency account	-	(2,774,113)	(2,774,113)
Forward contracts	14,595,796	-	14,595,796
	435,733,522	(28,284,567)	407,448,955

34. OTHER EXPENSES	Note	2024	2023
- - - R u p e e s - - -			
Workers' Profit participation fund	26.4	33,645,019	81,895,338
Workers welfare fund	26.5	56,984,574	31,200,712
Unrealized loss on re-measurement of short term investments at fair value through profit or loss		-	48,898,800
Loss on disposal of property, plant and equipment	5.2	15,503,332	-
Bad debts written off		6,388,370	103,964
Exchange loss - net		-	2,497,916,905
Donations	34.1	21,730,358	17,899,964
Loss allowance against trade debts	10.4	44,295,308	-
		178,546,961	2,677,915,683



	Note	2024	2023
		--- Rupees ---	
34.1	Donations for the year have been given to:		
Fazal Rehman Foundation	34.1.1	2,798,500	3,680,979
Taary Zameen Par		1,835,868	3,771,010
S.O.S Children Village Multan		1,050,000	972,500
Al-Noor Special Children School Multan		1,650,000	750,000
All Pakistan Women Association		1,000,000	-
All Pakistan Textile Mills Association (The Flood Relief Activities)		500,563	2,000,000
Progressive education network		4,373,427	-
Saleem Memorial Trust		2,000,000	-
Others	34.1.2	6,522,000	6,725,475
		21,730,358	17,899,964

34.1.1 Mr. Rehman Naseem Ahmad (Chief Executive Officer) and Mr. Naseem Ahmad (Chairman) are amongst the trustees of the Fazal Rehman Foundation.

34.1.2 Others' includes donations paid to various institutions. The aggregate amount paid during the current year and last year to a single institution does not exceed Rs. 0.5 million.



35. SHARE OF LOSS FROM AN ASSOCIATE		2024	2023
		--- Rupees ---	
Share of loss from associated company			
- Fatima Electric Company Limited		-	5,539
		<u>-</u>	<u>5,539</u>
36. FINANCE COST		2024	2023
		--- Rupees ---	
Mark-up based loans from conventional banks:			
- Long term financing - secured		2,078,307,819	1,384,603,790
- Short term borrowings - secured		4,340,331,899	2,495,912,016
		6,418,639,718	3,880,515,806
Islamic mode of financing:			
- Musharika - secured		833,241,903	635,670,621
- Short term borrowings - secured		921,545,904	367,133,311
		1,754,787,807	1,002,803,932
Bank charges		136,303,386	93,254,764
Interest on workers' profit participation fund	26.4	16,996,087	87,016,487
Markup on lease liability		10,700,850	10,780,873
		<u>8,337,427,848</u>	<u>5,074,371,862</u>
37. LEVIES AND INCOME TAXATION			
37.1 Final tax levy			
Levy:			
- for the year		1,328,268,242	1,007,866,233
- for prior year		2,310,832	-
		<u>1,330,579,074</u>	<u>1,007,866,233</u>



		2024	2023
		--- Rupees ---	
37.2	Income tax		
	Note		
	Current tax		
	- for the year	69,382,147	147,962,967
	- for prior year	-	(64,564,237)
	Deferred tax	(359,359,628)	(82,552,135)
		<u>(289,977,481)</u>	<u>846,595</u>

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

	2024	2023
	--- Rupees ---	
Current tax liability for the year as per applicable tax laws	1,399,961,221	1,155,829,200
Portion of current tax liability as per tax laws, representing income tax under IAS 12	69,382,147	147,962,967
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21 / IAS 37	1,330,579,074	1,007,866,233
Difference	<u>-</u>	<u>-</u>



37.4 Numerical reconciliation between tax expense and accounting profit:

	2024	2023
Profit before taxation	<u>2,825,889,148</u>	<u>1,594,807,547</u>
Applicable tax rate	29%	29%
Tax at the applicable tax rate	819,507,853	462,494,188
Tax effect of amounts that are:		
- Change in effective tax rate due to change in proration of local and export sales and super tax	1,765,327,399	543,959,627
- Difference between normal tax and minimum tax / final tax regime	356,761,434	(33,865,875)
- Effect of super tax @ 10%	230,078,228	148,034,668
- Effect of prior year tax	2,310,832	(64,564,237)
- Temporary differences	-	26,357,651
- Others	(2,133,384,153)	(73,703,195)
	<u>1,040,601,593</u>	<u>1,008,712,827</u>

38. EARNINGS PER SHARE - BASIC AND DILUTED

38.1 Basic earnings per share

	2024	2023
Profit after taxation	<i>Rupees</i> <u>1,785,287,555</u>	<u>586,094,719</u>
Weighted average number of ordinary shares	<i>No. of shares</i> <u>30,000,000</u>	<u>30,000,000</u>
Earnings per share	<i>Rupees</i> <u>59.51</u>	<u>19.54</u>

38.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the current year as the Company has no such commitments.

39. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

A. Accounting classifications and fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.



Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted price is readily and regularly available from an exchange dealer, broker, industry Company, pricing service, or regulatory agency, and that price represents actual and regularly occurring market transactions on an arm's length basis.

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

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

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

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



	Financial assets at amortized cost	Fair value through Profit or loss	Carrying amount		Fair value			
			Fair value through OCI	Other financial liabilities	Total	Level 1	Level 2	Level 3
As at June 30, 2024								
<u>Financial assets - measured at fair value</u>								
Short term investment	-	315,914,400	-	-	315,914,400	-	-	315,914,400
Long term investments	-	40,000,000	7,599,002,089	-	3,291,751,880	-	4,347,250,209	7,639,002,089
<u>Financial assets - measured at amortized cost</u>								
Long term deposits	110,640,293	-	-	-	-	-	-	-
Trade debts	12,079,342,689	-	-	-	12,079,342,689	-	-	-
Deposits and other receivables	268,042,028	-	-	-	268,042,028	-	-	-
Mark-up accrued	4,281,883	-	-	-	4,281,883	-	-	-
Cash and bank balances	713,418,102	-	-	-	713,418,102	-	-	-
	13,175,724,995	355,914,400	7,599,002,089	-	21,130,641,484	3,607,666,280	4,347,250,209	7,954,916,489
<u>Financial liabilities - measured at amortized cost</u>								
Long term financing - secured	-	-	-	15,650,855,677	15,650,855,677	-	-	-
Long term musharika - secured	-	-	-	3,406,852,548	3,406,852,548	-	-	-
Trade and other payables	-	-	-	4,321,545,388	4,321,545,388	-	-	-
Unclaimed dividend	-	-	-	22,002,980	22,002,980	-	-	-
Short term borrowings - secured	-	-	-	17,717,675,277	17,717,675,277	-	-	-
Accrued mark-up	-	-	-	1,320,363,612	1,320,363,612	-	-	-
	-	-	-	42,439,295,482	42,439,295,482	-	-	-



39.1 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

B. Measurement of fair values

I. Valuation techniques and significant unobservable inputs

The following table shows valuation techniques used in measuring Level 3 fair values for financial instruments of financial position, as well as the significant unobservable inputs used. Related valuation process have been described below:

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<u>Long term investments - Ordinary and preference shares</u> - Fatima Energy Limited	Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted using risk-adjusted discount rate.	<ul style="list-style-type: none"> - Expected cash flows: Rs. nil to Rs. 30,948 million (2023: Rs. nil to 31,771 million). - Risk-adjusted discount rate including specific risk premium: 22.81% (2023: 30.57%). 	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> - the expected cash flows were higher (lower); or - the risk-adjusted discount rate were lower (higher).
<u>Long term investments - preference</u> - Fatima Transmission Company Limited	Discounted cash flows: The valuation model considers the present value of the expected future payments, discounted using risk-adjusted discount rate.	<ul style="list-style-type: none"> - Expected cash flows: Rs. 32.24 million to Rs. 428 million (2023: nil to Rs 474 million). - Risk-adjusted discount rate including specific risk premium: 20.99% (2023: 22.42%). 	<ul style="list-style-type: none"> - the expected cash flows were higher (lower); or - the risk-adjusted discount rate were lower (higher)
Long term investments - Multan Real Estate (Private) Limited	Market comparison technique: The valuation is based on market multiples derived from comparable investments/properties, adjusted for the effect of non-marketability of the equity	<ul style="list-style-type: none"> - Adjusted market multiple. 	The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower).

II. Level 3 recurring fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from opening balances to the closing balances for Level 3 fair values.

Long term investments - under income approach (FEL + FTCL)

	2024	2023
	--- R u p e e s ---	
Balance at July 01	3,765,177,462	4,841,154,328
Additions	758,478,003	-
Fair value gain / (loss) recognized in Statement of Comprehensive Income	(498,739,394)	(1,075,976,866)
Balance as at June 30	4,024,916,071	3,765,177,462



2024 2023

--- Rupees ---

Long term investments - under market comparison technique (MREL)

Balance at July 01	316,121,760	262,397,082
Additions	-	-
Fair value gain recognised in Statement of Comprehensive Income	6,212,378	53,724,678
Balance as at June 30	322,334,138	316,121,760

Sensitivity analysis

The effect of changes in the unobservable inputs used in the fair value of long term investment in Multan Real Estate (Private) Limited cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented. For the fair value of long term investment in Fatima Energy Limited and Fatima Transmission Company Limited, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	2024			2023		
	Long term investments			Long term investments		
	Change in assumption	Increase in assumption	Decrease in assumption	Change in assumption	Increase in assumption	Decrease in assumption
	Percentage	----- Rupees -----		Percentage	----- Rupees -----	
As at June 30, 2024						
Expected cash flows (Discounted)	10.00%	398,620,299	(404,095,900)	10.00%	124,169,227	(124,169,227)
Risk adjusted discount rate	1.00%	(416,938,919)	466,860,109	1.00%	(107,595,096)	120,490,606

39.2 FAIR VALUE MEASUREMENT OF PROPERTY, PLANT AND EQUIPMENT

Freehold land, buildings on freehold land and plant and machinery have been carried at revalued amounts determined by professional valuers (Level 3) based on their assessment of market value as disclosed in note 18. The valuations are conducted by the valuation experts appointed by the company. The valuation experts used a market based approach to arrive at the fair value of the company's properties. This revaluation was carried out by Joseph Lobo (Private) Limited (Independent valuers). The most significant input into this valuation approach is price per acre for land, price per square foot for buildings and present operational condition and age of plant and machinery and other assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a disclosure of sensitivity has not been presented in these financial statements.



40. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

40.1 Risk management framework

The Board of Directors has overall responsibility for establishment and over-sight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

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

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

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

40.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counterparty. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To



mitigate the risk, the Company has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Most of the customers are also secured, where possible, by way of letters of credit.

Total financial assets of Rs. 13,137.64 million (2023: Rs. 12,478.83 million) are subject to credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date is:

Financial assets at amortized cost	2024	2023
	- - - R u p e e s - - -	
Trade debts	12,079,342,689	11,368,620,770
Bank balances	673,962,113	482,031,153
Deposits and other receivables	269,417,471	601,444,601
Mark-up accrued	4,281,883	1,198,384
Long term deposits	110,640,293	25,540,293
	13,137,644,449	12,478,835,201

40.2.1 Counterparties with external credit rating

Credit risk is considered minimal since the counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:



Bank	Rating		Rating agency	2024	2023
	Short term	Long term		Rupees	Rupees
Allied Bank Limited	A-1+	AAA	PACRA	6,589,789	23,611,781
National Bank of Pakistan	A-1+	AAA	PACRA	86,958,053	69,436,673
MCB Bank Limited	A-1+	AAA	PACRA	2,666,330	770,952
Meezan Bank Limited	A-1+	AAA	JCR-VIS	41,142,561	61,514,731
UBL Bank Limited	A-1+	AAA	JCR-VIS	106,606,061	5,366,769
Standard Chartered Bank Pakistan Limited	A-1+	AAA	PACRA	6,616,657	2,389,403
Habib Bank Limited	A-1+	AAA	JCR-VIS	2,317,231	11,055,676
Soneri Bank Limited	A-1+	AA-	PACRA	43,339,497	5,749,332
Bank Al Falah Limited	A-1+	AAA	PACRA	42,605,184	98,317,411
Askari Bank Limited	A-1+	AA+	PACRA	51,004,356	85,695,947
The Bank of Punjab	A-1+	AA+	PACRA	6,755,242	4,978,994
The Bank of Khyber	A-1	A+	JCR-VIS	17,737,717	30,355,299
Bank Al Habib Limited	A-1+	AAA	PACRA	72,059,184	66,414,647
Bank Islamic Limited	A-1	AA-	PACRA	39,580,163	4,144,196
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	1,528,973	1,294,803
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	17,350,469	3,993,678
Faysal Bank Limited	A-1+	AA	PACRA	1,535,520	1,450,030
Samba Bank Limited	A-1	AA	JCR-VIS	4,659	1,259
Silk Bank Limited	A-2	A-	JCR-VIS	73,295	73,295
AlBaraka Bank Pakistan Limited	A-1	A+	JCR-VIS	40,872	41,873
Summit Bank Limited	A-1	A+	JCR-VIS	1,614,538	1,488,455
JS Bank Limited	A-1+	AA	PACRA	41,189,782	3,738,389
Industrial Commercial Bank of China	F1+	A-	Fitch	145,980	147,560
				589,462,113	482,031,153



40.2.2 Counterparties without external credit rating

These mainly include customers which are counter parties to local and foreign trade debts against sale of yarn and fabric. The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. The management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. The Company has used three years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. Out of total trade debts of Rs. 12,175.94 million (2023: Rs. 11,420.93 million), Rs. 2,375.45 million (2022: Rs. 4,562.86 million) are majorly secured against letter of credits. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at June 30, 2024 was determined as follows:

	2024		2023	
	Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
The aging of trade debts at the reporting date is:	----- Rupees -----		----- Rupees -----	
Export debtors - secured				
Not past due	2,375,451,933	-	4,562,862,554	-
Local debtors				
Not past due	6,664,994,544	5,353,014	4,378,234,309	3,723,652
Past due				
1- 90 days	2,779,925,336	2,221,058	2,192,493,585	2,515,942
91 - 180 days	243,163,301	455,409	229,920,348	5,377,561
181 - 270 days	14,784,665	339,488	17,010,664	8,312,819
271 - 365 days	14,784,665	5,357,887	17,010,664	10,686,885
366 - above days	82,838,470	82,873,369	23,393,562	21,688,058
	12,175,942,914	96,600,225	11,420,925,687	52,304,917

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and shipments to the export customers are generally covered by letters of credit or other form of credit insurance.



Credit risk on loans and advances and related markup accrued from related parties are measured under General Approach based on assessment of factors related to increase in significant risk and impairment at reporting date. These loans were given to related parties to meet their operational and financial needs after approval of shareholders and the board of directors after assessing the business case, financial vulnerability and credit worthiness. In the financial year 2022, the outstanding advances to FEL and FTCL have been converted into preference shares. During the year, markup has been converted into preference shares and based on assessment of factors related to credit risk under IFRS 09 have been provided for.

Other receivables and deposit are mostly from utility companies and insurance. Impairment on the assets has been measured on a 12 months expected credit loss basis and reflect the shortest maturities. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets.

40.2.3 Concentration of credit risk

Concentration of credit risk exists when the changes in economic or industry factors similarly affect Company's of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and all other transactions are entered into with credit-worthy counterparties there-by mitigating any significant concentrations of credit risk.

40.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations/ commitments of the Company are restricted to the extent of available liquidity. In addition, the Company has obtained various short term facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.



Exposure to liquidity risk

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	Weighted average effective rate	2024					Total
		Carrying value	Contractual cash flows	Less than one year	One to five years	Above five years	
----- Rupees -----							
Financial liabilities							
Long term financing	2.50% to 25.38%	19,057,708,225	27,846,483,742	6,587,848,741	17,522,156,431	3,736,478,570	27,846,483,742
Short term borrowings	3.01% to 25.01%	17,717,675,277	18,333,824,196	18,333,824,196	-	-	18,333,824,196
Lease liability		73,111,590	122,019,562	12,861,533	65,659,411	43,498,618	122,019,562
Trade and other payables		4,321,545,388	4,321,545,388	4,321,545,388	-	-	4,321,545,388
Unclaimed dividend		22,002,980	22,002,980	22,002,980	-	-	22,002,980
Accrued markup		1,320,363,612	1,320,363,612	1,320,363,612	-	-	1,320,363,612
		53,205,143,772	64,902,677,158	40,210,569,089	19,335,780,607	5,356,327,462	64,902,677,158
----- Rupees -----							
	Weighted average effective rate	2023					Total
		Carrying value	Contractual cash flows	Less than one year	One to five years	Above five years	
----- Rupees -----							
Financial liabilities							
Long term financing	1.50% to 24.91%	19,856,315,554	30,748,971,976	6,178,883,467	19,276,090,233	5,293,998,276	30,748,971,976
Short term borrowings	1.75% to 23.57%	25,569,248,195	26,314,516,337	26,314,516,337	-	-	26,314,516,337
Lease liability		74,103,042	133,711,864	11,692,304	59,690,374	62,329,186	133,711,864
Trade and other payables		6,408,245,087	6,408,245,087	6,408,245,087	-	-	6,408,245,087
Unclaimed dividend		22,551,264	22,551,264	22,551,264	-	-	22,551,264
Accrued markup		1,274,680,630	1,274,680,630	1,274,680,630	-	-	1,274,680,630
		53,205,143,772	64,902,677,158	40,210,569,089	19,335,780,607	5,356,327,462	64,902,677,158

It is not expected that the cash flows on the maturity analysis could occur significantly earlier, or at significant different amount.

40.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. Market risk comprises of currency risk, interest rate risk and other price risk.

40.4.1 Currency risk

Pakistani Rupee is the functional currency of the Company and exposure arises from transactions and balances in currencies other than Pakistani Rupee as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which borrowings, sales and purchases and bank balances are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

**Exposure to currency risk**

The Company's exposure to foreign currency risk at the reporting date is as follows:

	2024		
	Total	USD to Rupees	EUR to Rupees
Statement of financial position items			
Finance against imported merchandise	2,092,498,099	2,092,498,099	-
Foreign currency export finance	3,808,515,426	3,808,515,426	-
Bank balance	(68,166,427)	(66,986,286)	(1,180,141)
Foreign debtors	(2,375,451,933)	(2,293,565,067)	(81,886,866)
Exposure at reporting date	3,457,395,165	3,540,462,172	(83,067,007)

Off statement of financial position items

Outstanding letters of credit	3,138,309,936	2,648,294,990	490,014,946
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	2023		
	Total	USD to Rupees	EUR to Rupees
Statement of financial position items			
Finance against imported merchandise	197,929,160	197,929,160	-
Foreign currency export finance	752,424,702	752,424,702	-
Bank balance	(89,310,136)	(88,065,061)	(1,245,075)
Foreign debtors	(4,562,862,554)	(4,379,719,328)	(183,143,226)
Exposure at reporting date	(3,701,818,828)	(3,517,430,527)	(184,388,301)



	2023		
	Total	USD to Rupees	EUR to Rupees
Off statement of financial position items			
Outstanding letters of credit	4,928,257,464	4,928,257,464	

The following significant exchange rate has been applied:

Average and spot rate

	Average rate		Spot rate	
	2024	2023	2024	2023
	----- Rupees -----			
USD to Rupee	278.14	252.12	278.30	286.59
EUR to Rupee	297.45	260.44	297.88	313.30

Sensitivity analysis of on balance sheet items:

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, (loss) / profit for the year would increase / (decrease) by the amount shown below, mainly as a result of net foreign exchange loss on translation of on balance sheet items exposure in foreign currency as above.

Effect on statement of profit or loss	2024	2023
	--- Rupees ---	
USD to Rupee	<u>354,046,217</u>	<u>(351,743,053)</u>
EUR to Rupee	<u>(8,306,700)</u>	<u>(18,438,830)</u>

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on the profits.

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



Currency risk management

Since the maximum amount exposed to currency risk is only 2.83% (2023: 3.34%) of the Company's total assets, any adverse/ favourable movement in functional currency with respect to US dollar will not have any material impact on the operational results.

40.4.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments is as follows:

Financial Instruments	2024	2023	2024	2023
	Effective rate (in Percentage)		Carrying amount (Rupees)	
Financial liabilities				
Fixed rate instruments:				
Long term loan	2.50 - 6.25	1.50 - 4.75	6,735,726,906	7,906,163,548
Variable rate instruments:				
Long term loan	18.07 - 25.38	13.68 - 24.91	12,321,981,319	11,950,152,006
Short term borrowings	3.00 - 25.01	1.75 - 23.57	17,717,675,277	25,569,248,195
			30,039,656,596	37,519,400,201
Financial assets				
Variable rate instruments:				
Saving accounts	0.15 - 20.50	0.15 - 19.81	69,137,603	62,839,827

40.4.3 Fair value sensitivity analysis for fixed rate instruments

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

40.4.4 Cash flow sensitivity analysis for variable rate instruments

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



	Increase / (decrease) 100 bps Increase ----- Rupees -----	Profit or loss 100 bps Decrease
As at June 30, 2024	<u>(299,705,190)</u>	<u>299,705,190</u>
As at June 30, 2023	<u>(374,565,604)</u>	<u>374,565,604</u>

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

40.4.5 Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's significant borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

40.5 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company is exposed to equity price risk because of investments held by the Company and classified on the statement of financial position at fair value through profit or loss and fair value through OCI. To manage its price risk arising from investments in ordinary and preference equity securities, the Company diversifies its portfolio within the eligible stocks in accordance with the risk investment guidelines approved by the investment committee.

Sensitivity analysis

The table below summarizes the Company's equity price risk as of June 30, 2024 and June 30, 2023 and shows the effects of a hypothetical 10% increase and a 10% decrease in fair values as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and the aforementioned concentrations existing in the Company's equity investment portfolio.



2024				
	Fair value	Price change	Estimated fair value after change in prices	Increase (decrease) in profit or (loss)/ equity
-----Rupees-----				
Financial assets at fair value through profit or loss	355,914,400	10% increase	391,505,840	35,591,440
		10% decrease	320,322,960	(35,591,440)
Financial assets at fair value through OCI	7,599,002,089	10% increase	8,358,902,298	759,900,209
		10% decrease	6,839,101,880	(759,900,209)
	<u>7,954,916,489</u>			
2023				
	Fair value	Price change	Estimated fair value after change in prices	Increase (decrease) in profit or (loss)/ equity
-----Rupees-----				
Financial assets at fair value through profit or loss	222,437,200	10% increase	244,680,920	22,243,720
		10% decrease	200,193,480	(22,243,720)
Financial assets at fair value through OCI	5,959,151,286	10% increase	6,555,066,415	595,915,129
		10% decrease	5,363,236,157	(595,915,129)
	<u>6,181,588,486</u>			

40.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.



The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective

41. CAPITAL MANAGEMENT

The Board of Directors' policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

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

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio - calculated as a ratio of total debt to capital employed.



41.1 Gearing ratio as at June 30, 2024 and as at June 30, 2023 are as follows:

	2024	2023
	--- Rupees ---	
Total debt	38,168,858,704	46,911,234,734
Total equity including revaluation surplus	44,321,389,998	44,646,520,778
Total capital employed	<u>82,490,248,702</u>	<u>91,557,755,512</u>
Gearing ratio	46%	51%

Total debt comprises of long term financing from conventional banks, long term musharika including current portion of long term financing, short term borrowings, accrued mark up and lease liability.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, commonly imposed by the providers of debt finance.



42. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2024						
	Long term financing	Long term musharika	Short term borrowing	Lease liability	Unclaimed dividend	Accrued markup	Total
Balance at July 01, 2023	15,955,756,784	4,037,446,083	21,818,521,103	74,103,042	22,551,264	1,274,680,630	43,183,058,906
Changes from financing cash flows							
Short term borrowings - net	-	-	(4,100,845,826)	-	-	-	(4,100,845,826)
Financial charges paid - net	-	-	-	-	-	(8,281,044,015)	(8,281,044,015)
Proceeds from long term financing	2,217,188,000	77,739,800	-	-	-	-	2,294,927,800
Long term financing repaid	(2,522,089,107)	(708,333,335)	-	-	-	-	(3,230,422,442)
Lease rentals paid	-	-	-	(11,692,302)	-	-	(11,692,302)
Dividend paid	-	-	-	-	(548,284)	-	(548,284)
Total changes from financing cash flows	(304,901,107)	(630,593,535)	(4,100,845,826)	(11,692,302)	(548,284)	(8,281,044,015)	(13,329,625,069)
Other changes							
Finance cost	-	-	-	10,700,850	-	8,326,726,998	8,337,427,848
Dividend declared	-	-	-	-	-	-	-
Total liability related other changes	-	-	-	10,700,850	-	8,326,726,998	8,337,427,848
Balance at June 30, 2024	15,650,855,677	3,406,852,548	17,717,675,277	73,111,590	22,002,980	1,320,363,613	38,190,861,685



	2023						
	Long term financing	Long term musharika	Short term borrowing	Lease liability	Unclaimed dividend	Accrued markup	Total
Balance at July 01, 2022	15,256,170,060	3,376,467,767	14,311,881,680	73,951,536	21,213,835	551,182,285	33,590,867,163
----- Rupees -----							
Changes from financing cash flows							
Proceeds from short term borrowings - net	-	-	7,506,639,423	-	-	-	7,506,639,423
Financial charges paid - net	-	-	-	-	-	(4,340,092,644)	(4,340,092,644)
Proceeds from long term financing	2,988,820,348	1,454,206,302	-	-	-	-	4,443,026,650
Long term financing repaid	(2,289,233,624)	(793,227,986)	-	-	-	-	(3,082,461,610)
Lease rentals paid	-	-	-	(10,629,367)	-	-	(10,629,367)
Dividend paid	-	-	-	-	(298,662,571)	-	(298,662,571)
Total changes from financing cash flows	699,586,724	660,978,316	7,506,639,423	(10,629,367)	(298,662,571)	(4,340,092,644)	4,217,819,881
Other changes							
Finance cost	-	-	-	10,780,873	-	5,063,590,989	5,074,371,862
Dividend declared	-	-	-	-	300,000,000	-	300,000,000
Total liability related other changes	-	-	-	10,780,873	300,000,000	5,063,590,989	5,374,371,862
Balance at June 30, 2023	15,955,756,784	4,037,446,083	21,818,521,103	74,103,042	22,551,264	1,274,680,630	43,183,058,906

**43. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

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

	2024				2023			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rupees				Rupees			
Managerial remuneration	13,800,000	27,600,000	157,437,092	198,837,092	12,000,000	24,000,000	114,833,537	150,833,537
House rent and utilities	5,233,392	-	25,945,222	31,178,614	8,317,705	-	20,359,641	28,677,346
Medical	259,297	-	15,363,995	15,623,292	1,755,921	-	10,179,820	11,935,741
Bonus paid	-	-	-	-	-	-	12,580,851	12,580,851
	19,292,689	27,600,000	198,746,309	245,638,998	22,073,626	24,000,000	157,953,849	204,027,475
Numbers	1	8	60	69	1	8	50	59

43.1 In addition to above, only two Non-Executive / Independent Directors were paid Rs. 0.94 million (2023: Rs. 1.48 million) as meeting fee. Further, out of total eight directors above only two are paid remuneration.

43.2 Chief Executive Officer, directors and some of the executives are also provided with Company maintained cars and telephones at their residences for the Company business purposes.

43.3 The contribution of employer towards the Gratuity for executive employee amounts to Rs. 28.551 million (2023: Rs. 20.35 million).

44. NUMBER OF EMPLOYEES

	2024	2023
	- - - Number - - -	
Total number of employees as at June 30,	6,538	6,927
Average number of employees during the year	6,733	6,931

45. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties comprise of entities of same group, directors of the Company, key management personnel and post employment retirement plan. Amount due from and due to related parties are shown under respective notes. Other significant transactions and balances with related parties except those disclosed elsewhere are as follows:



Name of parties	Relationship	Transaction	2024 Rupees	2023 Rupees
a) Fatima Fertilizer Company Ltd	Common Directorship and 3.29 % (2023: 3.29%) shareholding	Dividend Income Reimbursable expenses Payments against expenses	311,013,140 124,584 6,628	241,899,109 44,723 4,857,269
b) Fatima Energy Limited	Sponsor / Associated Undertaking	Purchase of electricity Payment against purchase of goods - net Preference shares issued on conversion of long term advance - at cost	6,173,113,185 5,947,602,647 1,050,523,553	4,642,152,419 4,769,582,796 -
c) Reliance Weaving Mills Limited	Common Directorship	Purchase of goods Sale of goods Receipts against sale of goods - net	74,958,202 472,612,876 450,259,954	4,789,620 443,926,265 355,512,665
d) Ahmed Fine Textile Mills Limited	Common Directorship	Purchase of goods and services Sale of goods Receipts against sale of goods and services - net	2,643,892,138 12,872,715,139 10,039,927,575	2,351,455,588 13,479,026,630 9,923,809,923
e) Fazal-ur-Rehman Foundation	Common Directorship/ Trustees	Donations	2,798,500	3,680,979
f) Pak Arab Energy Limited	Common Directorship	Mark-up accrued on long term advance	6,183,968	4,932,861
g) Fazal Farm (Private) Limited	Common Directorship	Purchase of goods	15,183,380	11,820,425
h) Fatima Sugar Limited	Common Directorship	Payment against purchase of goods - net Reimbursable expenses	14,903,705 -	11,820,425 11,933
i) Hussain Ginners Limited	Common Directorship	Payment against reimbursable expenses Reimbursable expenses	- 13,250,970	11,933 -
j) Fazal Holding Limited	Common Directorship	Dividend Paid	-	73,520,410
k) Fatima Management Company Ltd	Common Directorship	Reimbursable expenses Payment against reimbursable expenses	3,655,840 3,655,840	- -
l) Key Management Personnel	Key Management Personnel	Remuneration and other benefits	58,022,750	54,473,769
m) Directors	Director	Dividend Paid	-	68,330,200
n) Relative of director	Spouse	Lease rental paid	11,692,304	10,629,367



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

Name	Relationship	% shareholding in the company	Number of shares
Mr. Rehman Naseem	CEO/Director/Key Management Personnel	10.34%	3,101,320
Mr. Aamir Naseem Sheikh	Director/Key Management Personnel	0.28%	82,828
Mr. Sheikh Naseem Ahmad	Director/Key Management Personnel	0.03%	8,820
Mr. Muhammad Mukhtar Sheikh	Director/Key Management Personnel	3.38%	1,012,969
Mr. Faisal Ahmed	Director/Key Management Personnel	6.80%	2,039,865
Mr. Fahd Mukhtar	Director / resigned	1.93%	579,715
Mr. Abbas Mukhtar	Director/Key Management Personnel	1.79%	536,206
Mr. Babar Ali	Director/Key Management Personnel	0.01%	2,501
Ms. Parveen Akhtar Malik	Director/Key Management Personnel	0.01%	2,501
Mr. Masood Karim Shaikh	Director/Key Management Personnel	0.01%	2,501
Mr. Muhammad Azam	CFO / Key Management Personnel	N/A	N/A
Mr. Azher Iqbal	Company secretary / Key Management Personnel	N/A	N/A

Certain directors have provided personal guarantee against loan provided by the financial institution to the Company (refer note 19, 20 and 24).



46. SEGMENT REPORTING

46.1 Reportable segments

The management has determined the operating segments of the Company on the basis of products produced.

The Company's reportable segments are as follows:

- Spinning segment - production of different qualities of yarn using natural and artificial fibers
- Weaving segment - production of different qualities of fabric using yarn

Information regarding the Company's reportable segments is presented below. Performance is measured based on segment profit before tax, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other companies that operate within these industries.

46.2 Information about reportable segments

	Spinning		Weaving		Total	
	2024	2023	2024	2023	2024	2023
	----- Rupees -----					
External revenues	83,083,335,851	63,953,533,628	14,077,539,647	13,743,446,266	97,160,875,498	77,696,979,894
Intersegment revenues	8,947,450,760	7,728,250,483	58,643,621	6,807,750	9,006,094,381	7,735,058,233
Cost of sales	(81,771,312,985)	(63,437,302,267)	(4,372,591,788)	(4,173,574,137)	(86,143,904,773)	(67,610,876,404)
Intersegment cost of sales	(58,643,621)	(6,807,750)	(8,947,450,760)	(7,728,250,483)	(9,006,094,381)	(7,735,058,233)
Selling and distribution expense	(440,532,845)	(403,266,095)	(119,095,386)	(93,817,560)	(559,628,231)	(497,083,655)
Administrative expenses	(700,227,236)	(549,689,657)	(80,454,300)	(66,057,020)	(780,681,536)	(615,746,677)
Other expense	(178,546,961)	(2,675,405,338)	-	(2,510,345)	(178,546,961)	(2,677,915,683)
Other income	1,645,245,194	364,464,800	19,957,805	9,362,673	1,665,202,999	373,827,473
Finance cost	(7,640,842,219)	(4,503,512,766)	(696,585,629)	(570,859,096)	(8,337,427,848)	(5,074,371,862)
Profit before taxation	2,885,925,938	470,265,038	(60,036,790)	1,124,548,048	2,825,889,148	1,594,813,086

46.2.1 The accounting policies for disclosure of the reportable segments are the same as the Company's accounting policies described in note 4.21 to the financial statements. Expenditures are allocated on the basis of actual amounts incurred for the segments. This is the measure reported to management for the purposes of resource allocation and assessment of segment performance.



46.2.2 Reconciliation of reportable segment revenues and profits

	2024	2023
	--- Rupees ---	
Total revenue from reportable segments	106,166,969,879	85,432,038,127
Elimination of inter segment revenue	(9,006,094,381)	(7,735,058,233)
	<u>97,160,875,498</u>	<u>77,696,979,894</u>
Statement of profit or loss		
Total profit of reportable segments	2,825,889,148	1,594,813,086
Share of loss from associates	-	(5,539)
Taxation for the year	(1,040,601,593)	(1,008,712,828)
	<u>1,785,287,555</u>	<u>586,094,719</u>

46.3 Segment assets and liabilities

	Spinning	Weaving	Total
	----- Rupees -----		
For the year ended June 30, 2024			
Segment assets for reportable segment	72,234,087,138	5,440,501,006	77,674,588,144
Unallocated corporate assets	-	-	22,106,749,029
Total assets as per statement of financial position			<u>99,781,337,173</u>
Segment liabilities for reportable segment	10,435,681,393	-	10,435,681,393
Unallocated corporate liabilities	-	-	45,024,265,782
Total liabilities as per statement of financial position			<u>55,459,947,175</u>
For the year ended June 30, 2023			
Segment assets for reportable segment	80,087,343,656	5,493,445,144	85,580,788,800
Unallocated corporate assets	-	-	22,193,143,984
Total assets as per statement of financial position			<u>107,773,932,784</u>
Segment liabilities for reportable segment	11,562,081,706	-	11,562,081,706
Unallocated corporate liabilities	-	-	51,565,330,300
Total liabilities as per statement of financial position			<u>63,127,412,006</u>



For the purposes of monitoring segment performance and allocating resources between segments

- all assets are held under unallocated corporate assets except property, plant and equipment, stores spares and loose tools, and stock in trade which are allocated to reportable segments; and
- all liabilities are held under unallocated corporate liabilities except for long term loans obtained specifically for spinning unit.

Other segment information

	Spinning	Weaving	Total
	----- Rupees -----		
For the year ended June 30, 2024			
Capital expenditure	<u>1,536,590,405</u>	<u>429,361</u>	<u>1,537,019,766</u>
<u>Depreciation</u>			
Cost of sales	1,934,137,783	169,570,852	2,103,708,635
Administrative expenses	116,386,704	2,407,596	118,794,300
	<u>2,050,524,487</u>	<u>171,978,448</u>	<u>2,222,502,935</u>
For the year ended June 30, 2023			
Capital expenditure	<u>5,280,236,076</u>	<u>78,439,714</u>	<u>5,358,675,790</u>
<u>Depreciation</u>			
Cost of sales	1,529,629,869	153,996,287	1,683,626,156
Administrative expenses	67,354,858	2,021,204	69,376,062
	<u>1,596,984,727</u>	<u>156,017,491</u>	<u>1,753,002,218</u>



47. GEOGRAPHICAL INFORMATION

The Company operates in one principal geographical area. The Company's gross revenue from external customers by geographical location is detailed below:

	Note	2024	2023
		- - - R u p e e s - - -	
Domestic Sales	29.	59,578,393,036	56,858,236,911
Export Sales	29 & 47.1	37,582,482,462	20,838,742,983
		<u>97,160,875,498</u>	<u>77,696,979,894</u>

47.1 Country wise export sales are as under:

China		12,496,355,897	4,133,260,630
America		2,094,889,121	3,021,549,212
Portugal		616,502,030	1,203,005,500
Turkey		243,268,371	878,758,719
Hong Kong		121,691,175	240,108,342
Germany		293,902,491	591,277,453
Italy		426,642,694	1,088,488,139
Japan		106,377,177	205,524,475
Bangladesh		293,833,972	1,358,737,622
Singapore		54,465,477	741,782,952
Switzerland		2,080,183	604,675,544
Colombia		33,747,589	848,542,335
Tunisia		62,485,258	258,527,158
Kenya		43,818,236	53,466,938
Belgium		63,789,206	183,202,428
Malaysia		43,658,503	147,810,884
Others		224,447,974	582,748,530
Indirect exports	29.1	<u>20,360,527,108</u>	<u>4,697,276,122</u>
		<u>37,582,482,462</u>	<u>20,838,742,983</u>

47.1.1 All export sales during the year other than indirect are secured against letter of credit.

**48. CAPACITY AND PRODUCTION**

		2024	2023
Spinning:			
Number of spindles installed		277,980	274,524
Number of rotors and MVS spindles installed		10,572	5,412
Number of shifts worked		1,097	1,094
Number of spindles - shifts worked		304,944,060	300,329,256
Capacity at 20's count	Kgs.	138,574,902	127,222,563
Actual production of all counts	Kgs.	109,711,127	95,847,459
Actual production converted into 20's count	Kgs.	140,766,137	135,283,157

Capacity disclosed is estimated in 20's count however it is difficult to describe precisely the production capacity in spinning mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist and raw materials used etc. It also varies according to the pattern of production adopted in a particular year.

		2024	2023
Weaving:			
Number of looms installed		224	224
Number of looms worked		224	224
Number of shifts worked		1,094	1,094
Standard cloth production	Mtr.	45,747,513	45,749,602
Actual cloth production	Mtr.	42,389,646	42,391,581

Capacity of weaving has not been disclosed as it is difficult to describe precisely the production capacity in weaving mills since it fluctuates widely depending on various factors such as count of yarn weaved, loom speed, reed change and raw materials used etc. It also varies according to the pattern of production adopted in a particular year.

49. NON ADJUSTING EVENT AFTER STATEMENT OF FINANCIAL POSITION DATE

The Board of Directors of the Company in their meeting held on 30 September 2024 has proposed a final cash dividend of Rs. Nil per share (2023: Rs.Nil) for the year ended 30 June 2024 for approval of the members in the Annual General Meeting to be held on 26 October 2024.



50. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30 September 2024 by the Board of Directors of the Company.

51. GENERAL

Figures have been rounded off to the nearest Rupee, except stated otherwise.

(MUHAMMAD AZAM)
CHIEF FINANCIAL OFFICER

(REHMAN NASEEM)
CHIEF EXECUTIVE OFFICER

(SHEIKH NASEEM AHMAD)
DIRECTOR



Pattern of Shareholding

As on:- 30-Jun-2024

No. of Shareholders	Shareholdings	Total Shares Held
747	Shareholdings from 1 to 100	15,182
352	Shareholdings from 101 to 500	96,349
114	Shareholdings from 501 to 1000	87,072
125	Shareholdings from 1001 to 5000	265,935
21	Shareholdings from 5001 to 10000	145,042
6	Shareholdings from 10001 to 15000	70,477
5	Shareholdings from 15001 to 20000	86,281
1	Shareholdings from 20001 to 25000	21,384
3	Shareholdings from 40001 to 45000	132,368
1	Shareholdings from 45001 to 50000	48,208
1	Shareholdings from 55001 to 60000	59,804
1	Shareholdings from 80001 to 85000	82,828
1	Shareholdings from 130001 to 135000	132,191
1	Shareholdings from 160001 to 165000	161,680
1	Shareholdings from 295001 to 300000	300,000
3	Shareholdings from 390001 to 395000	1,176,847
3	Shareholdings from 535001 to 540000	1,605,037
3	Shareholdings from 670001 to 675000	2,024,102
2	Shareholdings from 1010001 to 1015000	2,022,355
1	Shareholdings from 1310001 to 1315000	1,312,476
1	Shareholdings from 1410001 to 1415000	1,414,139
1	Shareholdings from 1420001 to 1425000	1,421,638
1	Shareholdings from 1765001 to 1770000	1,768,488
2	Shareholdings from 1995001 to 2000000	3,993,810
1	Shareholdings from 2415001 to 2420000	2,415,422
1	Shareholdings from 3100001 to 3105000	3,101,320
1	Shareholdings from 6035001 to 6040000	6,039,565
1,400		30,000,000

Categories of Shareholders	Number	Shares Held
Directors, Chief Executive, Spouses & Minor Children	12	6,793,958
Associated Companies, Undertakings And Related Parties	26	19,978,785
NIT & ICP	2	1,768,951
Banks, Development Financial Institutions, Non-Banking Finance Companies	7	170,322
Mutual Funds	2	13,006
Individuals	1,338	1,205,740
Joint Stock Companies	13	69,238
	1,400	30,000,000

اعزہ اقبال

Azher Iqbal, ACA
(Company Secretary)



**Pattern Of Shareholding
As at June 30, 2024**

Categories of shareholders	Number of Shares	Percentage
DIRECTORS, CHIEF EXECUTIVE, SPOUSES & MINOR CHILDREN		
Sheikh Naseem Ahmad	8,820	0.03%
Mr. Amir Naseem Sheikh	82,828	0.28%
Mrs. Mahnaz Amir Sheikh (Spouse)	4,447	0.01%
Mr. Rehman Naseem	3,101,320	10.34%
Mr. Faisal Ahmed Mukhtar	2,039,865	6.80%
Mr. Muhammad Mukhtar Sheikh	1,012,969	3.38%
Mr. Abbas Mukhtar	536,206	1.79%
Ms. Parveen Akhter Malik	2,501	0.01%
Mr. Masood Karim Sheikh	2,501	0.01%
Mr. Babar Ali	2,501	0.01%
	6,793,958	22.65%
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
Mr. Fahd Mukhtar	579,715	1.93%
Mr. Abdullah Amir Fazal	1,414,139	4.71%
Mr. Ali Mukhtar	536,207	1.79%
Mr. Asad Muhammad Sheikh	1,012,970	3.38%
Mr. Ibrahim Mukhtar	675,895	2.25%
Mr. Mohid Mohammad Ahmed	675,895	2.25%
Mr. Muhammad Fazeel Mukhtar	675,895	2.25%
Mr. Muhammad Yousaf Amir	1,421,643	4.74%
Fawad Ahmed Mukhtar	2,415,422	8.05%
Fazal Ahmed Sheikh	2,041,611	6.81%
Farrukh Trading Company Limited	392,282	1.31%
Fatima Holding Limited	5	0.00%
Fatima Management Company Limited	392,282	1.31%
Fatima Trading Company (Pvt.) Limited	392,283	1.31%
Fazal Holdings (Pvt.) Limited	7,352,041	24.51%
Reliance Commodities (Pvt) Ltd	500	0.00%
	19,978,785	66.60%
NIT & ICP		
CDC - Trustee National Investment (Unit) Trust	1,768,488	5.90%
IDBL (ICP Unit)	463	0.00%
	1,768,951	5.90%
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCE COMPANIES		
Industrial Development Bank Limited	613	0.00%
United Bank Limited	788	0.00%
Escorts Investment Bank Limited	196	0.00%
National Bank Of Pakistan	993	0.00%
Trustee National Bank Of Pakistan Employees Pension Fund	161,680	0.54%
The Trustee, Ghulamam-E-Abbas Educational & Medical Trust	379	0.00%
Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	5,673	0.02%
	170,322	0.57%
MUTUAL FUNDS		
CDC - Trustee AKD Opportunity Fund	600	0.00%
CDC - Trustee Golden Arrow Stock Fund	12,406	0.04%
	13,006	0.04%
INDIVIDUALS		
Local	1,205,740	4.02%
Foreign	0	0.00%
	1,205,740	4.02%
JOINT STOCK COMPANIES		
Freedom Enterprises (Pvt) Ltd	6,309	0.02%
Fazal Vegetable Ghee Mills Ltd	7,689	0.03%
Fateh Textile Mills Limited	258	0.00%
Molasses Trading & Export Co. Ltd.	135	0.00%
Khoja (Pirhai) Shia Isna Ashari Jamat	2,602	0.01%
Naeems Securities (Pvt) Ltd	763	0.00%
Sarfraz Mahmood (Private) Ltd	100	0.00%
H M Investments (Pvt) Limited	45	0.00%
Akram Cotton Mills Limited	10	0.00%
Maple Leaf Capital Limited	1	0.00%
Deputy Administrator Abandoned Properties Organization	48,208	0.16%
Fikrees (Private) Limited	1,668	0.01%
Creative Capital Securities (Private) Limited - MF	1,450	0.00%
	69,238	0.23%
	30,000,000	100.00%
SHAREHOLDERS HOLDING 10 % OR MORE		
Fazal Holdings Pvt Ltd (Associated Company)	7,352,041	24.51%
Mr. Rehman Naseem	3,101,320	10.34%
	10,453,361	34.85%

* No trading carried-out in the shares of the Company by Directors, Executives and their spouse / minor children.



GENDER PAY GAP STATEMENT UNDER SECP'S CIRCULAR 10 OF 2024

Following is gender pay gap calculated for the year ended June 30, 2024:

Mean Gender Pay gap: (36.55%)

Median Gender Pay Gap: (54.92%)

The above percentages reflect the gender pay gap of relevant male versus female employees across the organization.

Chief Executive Officer
Date: September 30, 2024





FORM OF PROXY FAZAL CLOTH MILLS LIMITED

I _____, of _____ being a member of the
Fazal Cloth Mills Limited and holder of _____ Shares as per Folio No. _____
 and/or CDC Participation ID # _____ and Sub Account # _____ do hereby
 appoint _____ of _____
 having Folio No. _____ or and/or CDC Participation ID # _____ and Sub
 Account # _____ failing him/her _____ of
 _____ having Folio No. _____ or and/or CDC Participation ID #
 _____ and Sub Account # _____ as my/our proxy to attend, speak and vote for
 me/us and on my/our behalf at the Annual General Meeting of the company scheduled
 to be held on Saturday, October 26, 2024 at 12.00 pm. , and at any adjournment
 thereof at registered office of the Company FG Head Office, E/110, Khayaban -e-
 Jinnah, Defence Chowk, Lahore.

At witness my/our hand this _____ day of October 2024.

1. Name _____
 N.I.C _____
 Address _____

Please affix
Revenue Stamps

2. Name _____
 N.I.C _____
 Address _____

Member's signature

(This signature should agree
with specimen registered with
the Company)

Notes: _____

1. A member entitled to attend and vote at this meeting may appoint any other member as his / her proxy to attend, speak and vote instead of him / her. A proxy must be a member of the Company.
2. A member shall not be entitled to appoint more than one proxy.
3. The instrument appointing a proxy must be duly signed and witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
4. Attested copies of the CNIC or the Passport of beneficial owners and the proxy shall be furnished along with the proxy form. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished along with the proxy form.
5. Proxies in order to be valid, must be received at head office 59/3, Abdali Road, Multan not later than forty eight (48) hours before the time scheduled for the meeting.
6. The proxy shall produce his original CNIC or original Passport at the time of the Meeting.





پراکسی فارم
59 واں سالانہ عمومی اجلاس

فضل کا اتھ ملز لمیٹڈ

میں 1 ہم
ساکن بطور ممبر (ز) فضل کا اتھ ملز لمیٹڈ
حامل عام حصص، محترم 1 محترمہ
ساکن یا ان کے حاضر نہ ہو سکنے کی صورت میں
ساکن کو اپنے 1 ہمارے ایپارٹمنٹ کے مورخہ 26 اکتوبر 2024 بروز ہفتہ
دوپہر 12 بجے کو ہونے والے کسی بھی التوا کی صورت میں 59 سالانہ عمومی اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کیلئے اپنا/ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں 1
کرتے ہیں۔

بطور گواہ آج بتاریخ 2024 کی موجودگی میں دستخط ہوئے۔

دس روپے کے رسیدی
ٹکٹ پر دستخط

اس دستخط کا کاپی کے ساتھ رجسٹرڈ دستخط
کے نمونے سے مشابہت ہونا لازمی ہے۔

سی ڈی سی اکاؤنٹ نمبر		فولیو نمبر
اکاؤنٹ نمبر	شرکت دار کی شناخت	

اہم نکات:

- 1- ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئرز رجسٹرار کے دفتر موصول ہو جانا چاہیے،
- 2- اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹ آف پراکسی کا عدم قرار سے جائیں گے۔
- 3- سی ڈی سی اکاؤنٹ رکھنے والے 1 کارپوریٹ ادارے مزید برآں درج ذیل شرائط کو پورا کریں گے۔
- پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔
- پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔
- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد اور آف اتارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کروانی ہوگی۔





Fazal Cloth Mills Limited

Head Office / Shares Department:

59/3, Abdali Road, Multan
Ph: +92 61 4579001-7, 4781637
Fax: +92 61 4541832

Registered Office:

69/7, Abid Majeed Road, Survey # 248/7
Lahore Cantt, Lahore. +92 (42) 36684909