



ELAHI COTTON MILLS LIMITED

**54th
Annual Report
2024**



FINANCIAL STATEMENTS OF
ELAHI COTTON MILLS LIMITED
FOR THE YEAR ENDED
JUNE 30, 2024

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

COMPANY'S INFORMATION

BOARD OF DIRECTORS

MAHBOOB ELAHI
MAHFOOZ ELAHI
MAHMOOD ELAHI
AHMED SHAFFI
FARRUKH AHMED
M. AZEEM AFZAL HASHMI
SAMINA BEGUM

CHAIRMAN

MAHBOOB ELAHI

CHIEF EXECUTIVE

MAHFOOZ ELAHI

AUDIT COMMITTEE

AHMED SHAFFI
MAHBOOB ELAHI
FARRUKH AHMED

HRR COMMITTEE

M. AZEEM AFZAL HASHMI
MAHMOOD ELAHI
FARRUKH AHMED

CHIEF FINANCIAL OFFICER

MUHAMMAD IMTIAZ

COMPANY SECRETARY

SALEEM AHMED

AUDITORS

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
23, EAST SAEED PLAZA
BLUE AREA, ISLAMABAD

REGISTRAR OFFICE

CORPLINK (PVT) LIMITED
WINGS ARCADE,
1-K, COMMERCIAL,
MODEL TOWN, LAHORE

LEGAL ADVISER

KHAN & PIRACHA
NO.1, 2ND FLOOR, 6-B,
MARKAZ F-6, ISLAMABAD

REGISTERED OFFICE

270-SECTOR 1-9,
INDUSTRIAL AREA,
ISLAMABAD,

MILLS

JURIAN, MANDRA,
TEHSIL GUJAR KHAN,
DISTRICT RAWALPINDI.

WEBSITE

www.elahicotton.com

Vision

Elahi Cotton Mills Limited's vision is to run on purely professional grounds and to accomplish, build up and sustain a good reputation within textile industry by marketing premium quality yarn by means of honesty, integrity and commitment.

Mission Statement

It is the mission of the Company:

- To transform the Company into a modern and dynamic yarn manufacturer and to provide premium quality products to customers.
- To foster a culture of trust in order to make professional life at the Elahi Cotton Mills Limited a stimulating and challenging experience for all our people.
- To build the Company on sound financial footings, increase earning distribution of adequate return to shareholders, employees and to contribute towards the government revenues.
- To expand sales of the Company through good Governance and foster a sound and dynamic team so as to achieve optimum profitably for the Company for sustaining and equitable growth and prosperity of the Company.
- To make comprehensive arrangements for the training of our workers technicians.
- To strive for the continuous development of Pakistan while adding value to the textile sector.
- To continue to earn the respect, confidence and goodwill of our customers and suppliers.
- To earn and sustain the trust of our stakeholders through efficient resource management.

CHAIRMAN'S REVIEW REPORT:

The Board of Directors (the Board) of Elahi Cotton Mills Limited (ELCM) has performed their duties diligently in upholding the best interest of shareholders of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 (previously Companies Ordinance 1984) and Listed Companies (Code of Corporate Governance) Regulations, 2019.

Further, the Board during the year ended June 30, 2024 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner:

- The Board has ensured that there is adequate representation of Executives, non-executive, female and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill, experience and knowledge to manage the affairs of the Company;
- The Board has developed and put in place a formal and effective mechanism for an annual evaluation of its own performance and that of its Committees and members of the Board. On the basis of the feedback received through this mechanism overall performance of the Board has been found to be Good and effective;
- The Board has formed an Audit and HRR Committees and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities diligently;
- The Board has ensured that three Directors of the Company are exempt from Directors Training Programme due to their qualification and experience and that the SECP has granted exemption to three Directors. Two Directors including one exempt Director have taken certification under the Directors Training Program and the remaining shall obtain certification under the DTP program in due course of time;
- The Board has ensured that the meetings of the Board and its committee were held with the requisite quorum and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and have developed significant policies for smooth functioning;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process;
- The Board has ensured that the adequate system of internal control is in place;
- The Board has prepared and approved the Director's report and has ensured that the directors' report is published with the quarterly and annual financial statement of the Company and the content of the directors' report are in accordance with the requirement of applicable laws and regulations;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings;
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company.

Based on aforementioned it can reasonably be stated that Board of Elahi Cotton Mills Limited has played instrumental role in ensuring that corporate objectives are achieved in line with the expectation of shareholders and other important stakeholders.

Acknowledgement

On behalf of the Board, I appreciate untiring efforts of our employees and express gratitude to all stakeholders including our valued customers for their continued cooperation and support.


(MAHBOOB ELAHI)

Chairman

September 25, 2024

ELAHI COTTON MILLS LIMITED
NOTICE OF 54TH
ANNUAL GENERAL MEETING



Notice is hereby given that 54th Annual General Meeting of the Shareholders of the Company will be held at the Registered Office of the Company at 270-Sector I/9, Industrial Area, Islamabad on October 25, 2024 at 10.00 a.m. to transact the following business:-

1. To Confirm the minutes of the 53rd Annual General Meeting.
2. To consider, approve and adopt the Chairman's Review Report, the Reports of Directors and Auditors together with Audited Financial Statements of the Company for the year ended June 30, 2024.
3. To appoint Auditors of the Company for the next financial year and to fix their remuneration. The Audit Committee and Board of Directors have recommended for reappointment of M/s. BDO Ebrahim & Co, Chartered Accountants, Islamabad as external Auditors.
4. To transact any other ordinary business of the Company with the prior permission of the Chairman.

BY ORDER OF THE BOARD


(MAHFOOZ ELAHI)
Chief Executive

Islamabad,
October 03, 2024.

NOTES:

1. In order to facilitate and for the safety and well-being of the shareholders, the Company in addition to convening a physical meeting, has also arranged the attendance of the shareholders virtually through video link facility. The shareholders who are interested in attending the AGM proceedings online may send the below information along with the valid copy of both sides of CNIC with the subject "Registration for AGM of Elahi Cotton Mills Limited" at elahicotton@gmail.com for their appointed proxy's verification. Such information should be sent from their duly registered valid email ID for the registration purposes latest by October 21, 2024.

| Shareholder's Name | Folio / CDC No. | No. of shares held | CNIC No. | Cell No. | Registered Email ID |
|--------------------|-----------------|--------------------|----------|----------|---------------------|
| | | | | | |

A detailed procedure shall be communicated through the email directly to the shareholders who have provided their valid email IDs and the same shall be placed at the Company's website; <https://www.elahicotton.com> in the investor relations section. The shareholders can also provide their comments/suggestions for the agenda items of the AGM at the above email address. Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.

2. The Share Transfer Books of the Company will be closed from October 19, 2024 to October 25, 2024 (both days inclusive). Transfers received at the office of Share Registrar M/s. Corplink (Pvt) limited, Wings Arcade, 1-K Commercial, Model Town, Lahore: at the close of business on October 18, 2024 will be treated in time for attending the Annual General Meeting. The Company shall arrange all protective measures to the participant in this AGM.
3. A member entitled to attend and vote in the meeting is authorized to appoint any other member a proxy to attend, speak and vote for him or her. In order to valid, an instrument of proxy and the power of Attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or Authority, must be reached at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
4. Any individual Beneficial Owner of CDC, entitled to vote at this meeting must bring his/her original CNIC with him/her to prove his/her identity, and in case of proxy, a copy of shareholders attested CNIC must be attached with the proxy form and shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or passport at the time of attending the meeting. Representatives of corporate members should bring the usual documents required for such purpose.
5. In compliance with SECP notification No. 634(I)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for the year ended June 30, 2024 have been placed on the Company's website: www.elahicotton.com for the information, download and review of shareholders.

6. In accordance with the provisions of Section 72 of the Companies Act, 2017 and subsequent directive received from the Securities & Exchange Commission of Pakistan on the subject, the Company hereby requests the physical shareholders to Convert their Physical Shares into Book-Entry Form through Investor Accounts Services of Central Depository Company or any Participant/TRE Certificate-holder of the Pakistan Stock Exchange Limited.
7. Members are requested to immediately inform the Company or our Share Registrar M/S. Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, of any change in their registered address and provide valid and legible photocopies of CNIC, if not provided earlier.
8. Number of Dividend amount pertaining to various shareholders are lying outstanding/unclaimed. List of such shareholders is available at Company's website www.elahicotton.com. Such shareholders are requested to contact Share Registrar of the Company (at the above mentioned address) or Company Secretary, for any further detail for payment thereof.
9. Pursuant to SECP Circular No. 10 of 2014 dated May 21, 2014, if Company receives Consent Form from at least five members or any member holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit to registered office of the Company:

I/We _____ of _____ being a member of Elahi Cotton Mills Limited, holding _____ ordinary shares as per Register Folio/CDC Account No. _____ hereby opt for video conference facility at _____ Signature of Member(s)

The Company's Annual Audited Financial Statements for the year ended June 30, 2024 along with Directors and Auditors Reports are available on the Company's website at www.elahicotton.com. Alternatively, shareholders can access the financial statements by scanning the QR code. However shareholders may request to provide hard copy of the Annual Accounts.

ELAHI COTTON MILLS LIMITED
DIRECTORS' REPORT TO THE MEMBERS

The Directors of the Company are pleased to present the 54th Annual Report which includes the audited financial statements of the Company together with the auditors' report thereon for the year ended June 30, 2024.

Financial Results

The principal business activity of the Company is to manufacture and sale of Pure Polyester Yarn. During the year under review, the Company registered a turnover of Rs. 960.658 million as compared to Rs. 801.296 million in the preceding year showing increase of Rs. 159.362 million (19.89%) whereas the cost of sales increased from Rs. 775.084 million to Rs. 957.924 million showing increase of Rs. 182.840 million (23.59%). The Company earned gross profit of Rs. 2.734 million as compared to gross profit of Rs. 26.212 million in the previous year. The increase in turnover as compared to previous year is due to increase in the prices of finished goods. The financial results of the Company for the year under review are as under:

| | <u>RUPEES IN MILLION</u> |
|--|------------------------------|
| Sales | 960.658 |
| Cost of sales | 957.924 |
| Gross profit | 2.734 |
| Administrative expenses | 14.810 |
| Selling & other operating expenses | 2.841 |
| Other income | 0.646 |
| Finance cost | 0.432 |
| Loss before income tax and minimum tax | 14.703 |
| Minimum tax | 12.013 |
| Loss before income tax | 26.716 |
| Income Tax | 0.976 |
| Loss after taxation | 25.740 |
| Loss per share (Rs.) | 19.80 |

The Company incurred loss before income tax and minimum tax of Rs. 14.703 million as compared to profit of Rs. 9.430 million in the last year and loss after taxation of Rs. 25.740 million as compared to profit of Rs. 0.820 million. The loss incurred by the Company is due to increase in cost of sales mainly in raw material, salary & wages and power charges. Due to excessive electric shutdown the Company has closed one shift throughout the year and hence could not utilized 100% capacity. During the year the Company could not make payment of current portion of loan from Directors of Rs. 61.329 million due to financial constraints.

The auditors have drawn attention to Note 1.2 in the financial statements that the Company's current liabilities exceeded its current assets by Rs. 63.092 million. The Company has accumulated loss of Rs. 69.610 million that exceeds the issued, subscribed and paid up capital by Rs. 56.610 million. These conditions indicate the existence of a material uncertainty that cast doubt about the Company's ability to continue as a going concern.

During the year under review, the Company generated cash amounting to Rs. 4.101 million from its operating activities after meeting its cash outflows over the year. The Management is making every effort to minimize the impact through improve efficiency and better marketing. The Sponsor Directors are continuously supporting in the form of funds as and when required by the Company. During the year, the Sponsor Directors provided interest free loan to the Company amounting to Rs. 24,000,000/- Furthermore, the Management has neither intention nor the necessity of liquidation or ceasing manufacturing operation in foreseeable future. So, with the successful efforts of the Management, the Company will continue as a going concern.

Dividend:

The Directors of the company do not recommend any cash dividend/bonus shares to the shareholders as the Company has incurred loss and also has accumulated loss.

Auditors:

The present Auditors M/S. BDO Ebrahim & Company, Chartered Accountants have retired and being eligible, offered themselves for re-appointment. The Board of Directors, on recommendations of the Audit Committee has proposed appointment of M/S. BDO Ebrahim & Company, Chartered Accountants as auditors of the Company for the year ending June 30, 2025.

Pattern of Shareholding:

A statement showing the pattern of shareholding by the shareholders of the Company as on June 30, 2024 is annexed herewith.

Future Prospects and Outlook:

The Management expects the coming year to be an uncertain and challenging one. The ongoing political instability has adversely affected Pakistan's economy. This situation has further been compounded due to increasing trend in the prices of raw material and electric tariff. All this has resulted in slow down of economy and has put a dent on the textile sector.

Corporate Social Responsibility

We are also committed to Corporate Social Responsibilities (CSR) and integrating sound social practices in our day to day business activities. CSR is important part of who we are and how we operate. We measure our success not only in terms of financial criteria but also in building customer satisfaction and supporting the communities we serve. During the year the Company paid Rs. 500,000/- to Sindh Institute of Urology and Transplant, an approved NPO, for the purpose of treatment of poor and needy patients

Health Safety and Environment

The Management of the Company is aware of its responsibilities to provide safe and healthy working environment to our associates and give highest priority to it. Our safety culture is founded on the premise that all injuries are preventable if due care is taken. Continual efforts for provision of safe, healthy and comfortable working conditions for the employees are made. We follow up and investigate on all incidents and injuries to address their root causes. We believe that safety and health is a journey of continuous improvement and eternal diligence. We will continue to take steps to improve the safety and health of all of our associates. Our production facility does not discharge any harmful material.

Diversity, Equity and Inclusion

The Company is dedicated to fostering a diverse, equitable, inclusive, and supportive environment where all individuals are valued and respected. There is no discrimination of caste, religion, color, marital status or gender. Our focus is on principles of Equal Opportunity Employer and fostering an inclusive workplace that reflects gender diversity and equality.

Gender Pay Gap

The Company regularly undertakes an internal analysis to check whether gender pay parity is aligned based on cadres, levels and comparable positions, and makes adjustments to ensure that women are paid on average the same as men in the same cadres. As such, the Company believes that there is no significant disparity between what women and men are paid at comparable cadres and levels.

Internal Financial Control

The Board has adopted effective policies and procedures for ensuring the orderly and efficient conduct of business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial statements. The internal audit department of the Company conducts audit regularly.

Composition of Board

The Board of Directors as at June 30, 2024 consists of:

Total number of Directors:

| | |
|--------|---|
| Male | 6 |
| Female | 1 |

Composition:

| | | | |
|-------|-------------------------|---|-------------------------------------|
| (i) | Independent Directors | 2 | Ahmed Shaffi, M. Azeem Afzal Hashmi |
| (ii) | Non-executive Directors | 2 | Mahboob Elahi, Farrukh Ahmed, |
| (iii) | Executive Directors | 2 | Mahfooz Elahi, Mahmood Elahi |
| (iv) | Female Director | 1 | Samina Begum |

Committees of the Board

The names of Members of Board Committees are as under:

Audit Committee:

| | |
|-------|---------------|
| (i) | Farrukh Ahmed |
| (ii) | Mahboob Elahi |
| (iii) | Ahmed Shaffi |

Human Resources & Remuneration Committee:

| | |
|-------|-----------------------|
| (i) | Mahmood Elahi |
| (ii) | Farrukh Ahmed |
| (iii) | M. Azeem Afzal Hashmi |

Significant Features of Directors' Remuneration

The Board of Directors has approved a formal policy for remuneration of Executive and Non-executive Directors, as recommended by the Human Resource and Remuneration Committee. As per policy, the Company will not pay any remuneration to non-executive directors and independent directors except fees for attending the meetings of the Board and its committees. The detail of aggregate amount of remuneration separately of executive and non-executive directors is attached in the annual report.

Risks and Opportunities

Elahi Cotton Mills Limited takes risks and creates opportunities in the normal course of business. Taking risk is important to remain competitive and ensure sustainable success. Our risk and opportunity management encompass an effective framework to conduct business in a well-controlled environment where risk is mitigated and opportunities are availed. Each risk and opportunity is properly weighted and considered before making any choice. Decisions are formulated only if opportunities outweigh risks. Following is the summary of risks and strategies to mitigate those risks:

Business Risks

The Company faces a number of following business risks:

Polyester Price Risk

There is always a risk of upward shift in the polyester prices in local and international markets. The Company mitigates this risk by the procurement of the polyester in bulk depending upon the availability of funds.

Demand and Price

We face the risk of competition and decline in demand of our products in local markets. We minimize this risk by building strong relations with customers, broadening our customer base, without compromising on quality and providing timely deliveries to customers.

Energy Availability and Cost

The rising cost and un-availability of energy i.e. electricity shortage is a major threat to manufacturing industry.

The Company is unable to achieve the installed capacity due to excessive electric shut down. The Company is also unable to mitigate this risk as it is beyond the Company's control.

Financial Risks

The Company faces the following financial risks:

Credit risk

The Company's credit exposure to credit risk relates to its trade debts. This risk is mitigated by the fact that majority of our customers have a strong financial standing and we have a long standing business relationship with all our customers. We do not expect nonperformance by our customers; hence, the credit risk is minimal.

Liquidity risk

It is at the minimum due to the availability of funds from the sponsor's Directors in order to meet liabilities when due under both normal and stressed conditions.

Capital risk

When managing capital, it is our objective to safeguard the Company's ability to continue as a going concern in order to generate profits for providing returns for shareholders and benefits to other.

Price Risk of Financial Instruments

The Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flow will fluctuate because of changes in market prices.

Corporate Governance

The Directors are pleased to report that:

- a) The Financial Statements prepared by the Management present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- b) Proper Books of Accounts have been maintained.
- c) Appropriate Accounting Policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of Financial Statements.
- e) The system of Internal Control is sound in design and has been effectively implemented and monitored.
- f) The Management has devised a plan to enable the Company to continue as a going concern.
- g) There is no reported instance of any material departure from the best practices of Corporate Governance.

- h) Significant deviation from last year in operating results of the Company and reasons thereof has been explained.
- i) The key operating and financial data for the last six years is annexed.
- j) There are no outstanding statutory payments on account of taxes, duties, levies and charges except as shown in notes to the accounts.
- k) The Company is operating as un-funded Gratuity scheme which was not invested and was retained for business of the Company.
- l) Thirteen meetings of the Board of Directors, four meetings of the Audit Committee and three meetings of the Human Resource & Remuneration Committee were held during the year. The attendance of each Director at the meetings is as under: -

| <u>Name of Director</u> | <u>Board Meetings</u> | <u>Audit Committee</u> | <u>HR&R Committee</u> |
|-----------------------------|-----------------------|------------------------|---------------------------|
| Mr. Mahboob Elahi | 13 | 4 | N/A |
| Mr. Mahfooz Elahi | 13 | N/A | N/A |
| Mr. Mahmood Elahi | 12 | N/A | 3 |
| Mr. Farrukh Ahmed | 11 | 4 | 3 |
| Mr. Ahmed Shaffi | 8 | 4 | N/A |
| Mrs. Samina Begum | 10 | N/A | N/A |
| Muhammad Azeem Afzal Hashmi | 7 | N/A | 3 |

- m) Three Directors of the Company are exempt from Directors Training Program due to their qualification and relevant experience and SECP has granted exemption to these Directors. Two Board members including one exempt Director has attained certification of Directors Training Program. The remaining directors shall obtain certification under the DTP program in due course of time.
- n) The pattern of shareholding as required by the code along-with trading of shares by Directors, executives and their spouses has been included in this annual report.

ACKNOWLEDGEMENT:

The Board of Directors is pleased to record word of thanks to its members. The Staff – management remained pleasantly co-operative. I together with fellow Directors, wish to acknowledge our gratitude to the staff members for performing their duties.

ON BEHALF OF THE BOARD


(MAHFOOZ ELAHI)
Chief Executive


(MAHMOOD ELAHI)
Director

Islamabad.
September 25, 2024

الٹی کاشن ملٹریڈ

ممبرز کوڈ انریکٹرز کی سالانہ رپورٹ

کمپنی کے ڈائریکٹرز چون ویں سالانہ رپورٹ اور آڈٹ شدہ کمپنی کے حسابات بشمول آڈیٹرز رپورٹ مختصرہ جون ۲۰۲۵ء پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔
مالیاتی نتائج:-

کمپنی کا بنیادی کام خالص پالیسٹر کا دھاگا بنانا اور فروخت کرنا ہے۔ اس سال کے دوران کمپنی نے 960.658 ملین روپے کا کاروبار کیا جبکہ گزشتہ سال 801.296 ملین روپے تھا جو کہ 159.362 ملین روپے (19.83%) کا اضافہ ظاہر کر رہا ہے، فروخت کے اخراجات 775.084 ملین روپے سے بڑھ کر 957.924 ملین روپے ہو گئے جو کہ 182.840 ملین روپے (23.59%) کا اضافہ ظاہر کر رہے ہیں۔ کمپنی کا مجموعی منافع 2.734 ملین روپے رہا جبکہ گزشتہ سال اسی دوران یہ مجموعی منافع 26.212 ملین روپے تھا۔ اس سال کاروبار میں پچھلے سال کی نسبت اضافے کی وجہ تیار شدہ مال کی قیمتوں میں اضافہ ہے۔ کمپنی کے موجودہ سال کے مالیاتی نتائج مندرجہ ذیل ہیں:

| روپے (ملین) | |
|----------------|--|
| 960.658 | فروخت |
| 957.924 | فروخت کے اخراجات |
| 2.734 | مجموعی منافع |
| 14.810 | کاروباری اخراجات |
| 2.841 | دیگر کاروباری اخراجات |
| 0.646 | دیگر آمدنی |
| 0.432 | مالیاتی اخراجات |
| 14.703 | انکم ٹیکس اور کم از کم ٹیکس سے پہلے کا نقصان |
| 12.013 | کم از کم ٹیکس |
| 26.716 | انکم ٹیکس سے پہلے کا نقصان |
| 0.976 | انکم ٹیکس |
| 25.740 | ٹیکس کے بعد کا نقصان |
| 19.80 | آمدنی فی حصص نقصان |

کمپنی کو 14.703 ملین روپے انکم ٹیکس اور کم از کم ٹیکس کی ادائیگی سے پیشتر نقصان ہوا جبکہ اسی دوران یہ میں گزشتہ سال 9.430 ملین روپے منافع ہوا اور ٹیکس کی ادائیگی کے بعد 25.740 ملین روپے نقصان ہوا جبکہ گزشتہ برس 0.820 ملین روپے منافع تھا۔ کمپنی کے نقصان کی وجہ تیار شدہ مال کی پیداوار میں کمی اور فروخت کے اخراجات، خاص طور پر تنخواہوں اور اجرت، نام مال اور بجلی کی قیمتوں میں اضافہ ہے۔ مسلسل بجلی کے بحران کی وجہ سے کمپنی کو پورا سال ایک شفٹ بند رکھنا پڑی اور مل سونے کا کاروبار نہ کھاسکی۔ اس سال کمپنی مالی مشکلات کی وجہ سے قرض کے موجودہ واجب الادا حصہ مبلغ 61.329 ملین روپے جو کہ ڈائریکٹرز کو ادا کرنا تھا ادا نہ کر سکی۔

حساب نے کمپنی کی مالیاتی رپورٹ میں نوٹ نمبر 1.2 کے متعلق کہا ہے کہ کمپنی کی موجودہ واجب الادا رقم اس کے موجودہ اثاثہ جات سے 63.092 ملین روپے سے تجاوز کر گئی ہیں۔ کمپنی کا کل خسارہ 69.610 ملین روپے ہے جو کہ اس کے جاری شدہ واداشدہ سرمایہ سے 56.610 ملین روپے زیادہ ہے۔ یہ حالات کمپنی کے جاری رہنے پر شکوک و شبہات کا اظہار کرتے ہیں۔

کمپنی نے اپنی باقی ہوئی سرگرمیوں سے اپنے اخراجات پورے کرنے کے لئے 4.101 ملین روپے پیش خیریت کی ہے۔ انتظامیہ پوری کوشش کر رہی ہے کہ وہ ان اثرات کو اپنی کارکردگی اور بہتر مارکیٹنگ سے کم از کم کرے۔ سپلائرز ڈائریکٹرز کمپنی سے مسلسل مالی تعاون کر رہے ہیں۔ اس سال کے دوران، سپلائرز ڈائریکٹرز نے باسود 24.000 ملین روپے کا قرض فراہم کیا۔ مستقبل قریب میں انتظامیہ کا تدارک کمپنی کو ختم کرنے کا ہے اور نہ ہی بیاداری سرگرمیاں بند کرنے کا ہے لہذا وہ یہ غلام ہیں کہ کمپنی انتظامیہ کی بھرپور کوشش سے جاری و ساری رہے گی۔

منافع:- کمپنی کے ڈائریکٹرز رواں سال مجموعی خسارے اور واجب الادا رقم کی وجہ سے کسی بھی قسم کے ڈیویڈنڈز یا سٹیک ہولڈرز کی عطا نہیں کرتے۔

حساب:- موجودہ حساب پی ڈی او اور ایم اینڈ کمپنی، چانرز ڈاکٹرنٹ اپنی مدت پوری کرنے کے بعد اگلے مالی سال کے لئے اپنی خدمات پیش کرتے ہیں۔ بورڈ ممبران نے آڈٹ کمپنی کی سفارش پر موجودہ حساب کو اگلے مالی سال مختصرہ جون ۲۰۲۵ء میں برقرار رکھنے کی تجویز دی ہے۔

شیر ہولڈنگ:- کھانا داروں کی فہرست برطانیہ ۲۰۲۰ جون ۲۰۲۰ء منسلک ہے۔

مشتمل پر ایک نظر:- انتظامیہ آنے والے سال میں پیشی اور غیر پیشی صورت حال دیکھ رہی ہے کیونکہ جاری شدہ سیاسی صورت حال کی وجہ سے پاکستان کی معیشت پر منفی اثر پڑا ہے۔ یہ صورت حال مزید مشکل تر ہو رہی ہے کیونکہ خام مال کی قیمتوں میں اضافہ، الیکٹریک لیف اور ڈالر کے بڑھتے ہوئے ریٹ ہیں۔ اس سب کے نتیجے میں معیشت کی رفتار میں کمی آئی ہے اور ٹیکنالوجی میں ایک خلا پیدا ہو گیا ہے۔

کارپوریٹ سماجی ذمہ داری (CSR):- کمپنی اپنی روزمرہ کی کاروباری سرگرمیوں میں مجموعی سماجی ذمہ داری کے ساتھ پر مزم ہے۔ (سی ایس آر) ایک اہم حصہ ہے جو ہم ہیں اور ہم کس طرح کام کرتے ہیں۔ ہم اپنی کامیابی کی بنیاد پر صرف مالیاتی طریقہ کار بلکہ صحت و سلامتی اور ماحولیات کی خدمت کی صورت میں بھی کرتے ہیں۔ اس سال کے دوران کمپنی نے Sindh Institute of Urology and Transplant جو کہ ایک منظور شدہ NPO ہے 0.500 ملین روپے دیے تاکہ فریب اور ضرورت مند مریضوں کا علاج کیا جاسکے۔

صحت و سلامتی اور ماحولیات:- کمپنی کی انتظامیہ اپنے ساتھیوں کو محفوظ اور صحت مند ماحول فراہم کرنے کے لیے اپنی ذمہ داریوں سے بخوبی آگاہ ہے اور اس کو ترجیح دیتے ہیں۔ ہماری حفاظتی ثقافت اس بنیاد پر قائم کی گئی ہے کہ اگر مکمل احتیاط کی جائے تو حادثات سے بچا جاسکتا ہے۔ ملازمین کے لئے کام کرنے کے محفوظ صحت مند اور آرام دہ حالات کی فراہمی کے لیے مسلسل کوشاں ہے۔ ہم تمام واقعات اور حادثات کی تہہ تک پہنچنے کے لئے مکمل تحقیقات کرتے ہیں، ہم یقین رکھتے ہیں کہ صحت اور حفاظت مسلسل بہتری اور صحت کا سفر ہے۔ ہم اپنے تمام ساتھیوں کی صحت اور حفاظت کو بہتر بنانے کے لیے اقدامات جاری رکھیں گے۔ ہماری بنیاداری ماحولیات کسی جسم کا نقصان دہ مواد خارج نہیں کرتی۔

تنوع، مساوات اور شمولیت:- کمپنی ایک متنوع، مساوی، جامع اور معاون ماحول کو فروغ دینے کے لئے وقف ہے جہاں تمام افراد کی قدر اور احترام کیا جاتا ہے۔ کمپنی میں کوئی ذاتی امتیاز، رنگ، ازاد رائی حیثیت یا جنس کی تفریق نہیں ہے۔ ہماری توجہ مساوی مواقع کے حصول اور ایک جامع کام کرنے کی جگہ کو فروغ دینے پر ہے جو کہ صحتی تنوع اور مساوات کی عکاسی کرتی ہے۔

صحتی تنوع کا فرق:- کمپنی ہر قسم کی تنوع سے ایک اندرونی تجربہ کرتی ہے تاکہ یہ چیک کیا جاسکے کہ آیا صحتی تنوع کو برابری کی بنیاد پر کیڈرز، لیڈرز اور تقابلی پوزیشن، اور اس بات کو یقینی بنانے کیلئے ایڈجسٹ کرنا ہے کہ خواہ تین کو اوسطی کیڈرز میں مردوں کے برابر تنوع دیا جائے۔ اس طرح، کمپنی کا خیال ہے کہ خواہ تین اور مردوں کو تقابلی کیڈرز اور سطحوں پر جو معاوضہ دیا جاتا ہے اس میں کوئی خاص تفاوت نہیں ہے۔

اندرونی مالیاتی کنٹرول:- بورڈ نے کاروبار کے منظم اور موثر طریقوں کو یقینی بنانے، اپنے اثاثوں کی حفاظت، دھوکہ دہی اور غلطیوں کی روک تھام، کمپنی کے عملہ اکاؤنٹ کے ریکارڈ کی درستگی اور بروقت مالیاتی ریکارڈوں کی تیاری کے لیے موشگوشہ پالیسیوں اور طریقہ کار کو اپنایا ہے۔ کمپنی کا اندرونی آڈٹ ڈیپارٹمنٹ باقاعدگی سے آڈٹ کرتا ہے۔

بورڈ کی ساخت :- ۲۰۲۰ جون ۲۰۲۰ تک بورڈ آف ڈائریکٹرز مندرجہ ذیل پر مشتمل ہے:

| مرد | عورت | مساخت |
|--------------------------------|------|-------|
| ۱ | ۱ | ۱ |
| ۱- آزاؤ ڈائریکٹر | ۲ | ۲ |
| ۲- دیگر غیر انتظامی ڈائریکٹران | ۲ | ۲ |
| ۳- انتظامی ڈائریکٹران | ۲ | ۲ |
| ۴- لیڈی ڈائریکٹر | ۱ | ۱ |

بورڈ کمیٹیاں :- بورڈ کمیٹیوں کے ارکان کے نام مندرجہ ذیل ہیں
آڈٹ کمیٹی :-

- ۱- جناب محبوب الہی
- ۲- جناب فرخ احمد
- ۳- جناب احمد شفیع

انسانی وسائل اور معاوضہ کھینچی۔

(ایچ آر اینڈ آر)

۱۔ جناب محمود الہی

۲۔ جناب فرخ احمد

۳۔ جناب عظیم افضل ہاشمی

ڈائریکٹر ان معاوضہ کی اہم خصوصیات:- بورڈ ڈائریکٹران نے ایچ آر اینڈ آر کھینچی کی جانب سے پیش کردہ انتظامی اور غیر انتظامی ڈائریکٹران کے لیے ایک ہا سائبل پالیسی کی منظوری دی ہے۔ جیسا کہ پالیسی کے مطابق کھینچی اپنے آزاد اور غیر انتظامی ڈائریکٹران بورڈ اور کھینچی کے اجلاس میں شرکت کی فیس کے علاوہ اور کوئی معاوضہ ادا نہیں کرے گی۔ انتظامی اور غیر انتظامی ڈائریکٹران کے مجموعی معاوضہ کی تفصیلات سالانہ رپورٹ کے ساتھ منسلک ہے۔

خطرات اور مواقع:- کھینچی معمول کے مطابق کاروبار میں خطرات کا مقابلہ کرتی ہے اور بہتر مواقع فراہم کرتی ہے۔ مسابقتی رہنے کے لئے اور پائیدار کامیابی کو یقینی بنانے کے لیے خطرات مول لینا بہت اہم ہے۔ ہمارا خطرہ اور مواقع کا انتظام ایک مؤثر فریم ورک کا احاطہ کرتا ہے جس میں کاروبار کو بہتر ماحول میں منظم کیا جاسکتا ہے، خطرے کو کم کیا جاسکتا ہے اور بہتر مواقع حاصل ہوتے ہیں۔ کسی بھی انتخاب سے پہلے ہر خطرہ اور موقع کی مناسب طریقہ سے جانچ کی جاتی ہے۔ فیصلے صرف اس صورت میں لیے جاتے ہیں اگر مواقع خطرات سے زیادہ ہوں۔ کاروباری خطرات: کھینچی کو مندرجہ ذیل کاروباری خطرات کا سامنا ہے

پالیسی کی فراہمی اور قیمت:- مقامی اور بین الاقوامی مارکیٹوں میں پالیسی کی قیمتوں میں اضافہ ایک خطرہ ہے۔ کھینچی رقم کی دستیابی کو دیکھتے ہوئے بڑی مقدار میں پالیسی خرید کر اس خطرے کو کم کرتی ہے۔

طلب اور قیمت:- ہمیں مقامی مارکیٹ میں اپنی مصنوعات کی طلب میں کمی اور مقابلہ کے خطرے کا سامنا ہے۔ ہم معیار پر سمجھوتے کیے بغیر صارفین کے ساتھ مضبوط تعلقات استوار کر کے، اپنے گاہکوں کی بنیاد کو وسعت دے کر، صارفین کو بروقت ترسیل فراہم کر کے اس خطرے کو کم کرتے ہیں۔

قوانین کی دستیابی اور اخراجات:- قوانین کی بروقت ہوئی لاگت، بجلی کی عدم دستیابی، مینوفیکچرنگ کی صنعت کے لئے ایک بڑا خطرہ ہے۔ بجلی کی بندش کی وجہ سے کھینچی نصب صلاحیت کو حاصل نہیں کر سکتی۔ جیسا کہ یہ کھینچی کے اختیار میں نہیں ہے اس لئے کھینچی اس خطرے کو کم نہیں کر سکتی۔

مالیاتی خطرات:- کھینچی کو مندرجہ ذیل مالیاتی خطرات کا سامنا ہے،

گریڈیٹ رسک: کھینچی کا گریڈیٹ رسک اور اسکے تجارتی قرضوں سے متعلق نقصانات کا خطرہ اس کے ٹریڈ ڈسٹ سے متعلق ہے۔ یہ خطرہ اس حقیقت سے کم کیا جاتا ہے کہ ہمارے صارفین کی اکثریت ایک مضبوط مالی حیثیت رکھتے ہیں اور ہمارا اپنے گاہکوں کے ساتھ ایک طویل عرصے سے کاروباری تعلق ہے۔ ہمیں اپنے صارفین سے غیر کارکردگی کی توقع نہیں ہے، اس وجہ سے گریڈیٹ رسک کم سے کم ہے۔

لیکوویٹی رسک: ہائپر ڈائریکٹران سے فنڈز کی دستیابی کی وجہ سے عام اور مشکل حالات میں یہ خطرہ کم سے کم ہے۔

سرمایہ کا خطرہ: سرمایہ کے انتظام کے وقت ہمارا مقصد حصص یا فنڈنگ اور دیگر حصہ داران کو منافع مہیا کرنے کے لئے کھینچی کی کاروباری صلاحیت کی حفاظت کرنا ہوتا ہے۔

مالی آلات میں قیمت کا خطرہ: کھینچی کو قیمت کا کوئی خطرہ نہیں ہے کیونکہ کھینچی کے پاس ایسے کوئی مالی آلات نہیں ہیں جن کی قیمت یا مستقبل کا نقد بہاؤ مارکیٹ میں تبدیلی کی وجہ سے متاثر ہوں۔

کارپوریٹ گورننس: کھینچی کے ڈائریکٹران انتہائی مسرت کے ساتھ آپ کو آگاہ کرتے ہیں کہ:

۱۔ کھینچی کی انتظامیہ کی جانب سے تجارتی مالی دستاویزات میں اس بات کو یقینی بنایا جاتا ہے کہ کھینچی کے معاملات، کاروباری افعال کے نتائج، ترسیل نقد رقم اور حصص میں رد و بدل جیسے معاملات کو ان دستاویزات میں شفاف انداز سے پیش کیا جائے۔

۲۔ کھینچی میں حساب کتاب سے متعلق باقاعدہ کھاتے مرتب کئے جاتے ہیں۔

۳۔ مالی دستاویزات کی تجارتی کے سلسلے میں اکاؤنٹنگ کی مناسب پالیسیوں کو مستحضر بنایا جاتا ہے اور اکاؤنٹنگ کے تمام تر تخمینے معقولیت کی بنیاد پر لگائے جاتے ہیں۔

۴۔ مالی دستاویزات کی تجارتی کے سلسلے میں پاکستان میں قابل اطلاق بین الاقوامی فیڈرل رپورٹنگ اسٹینڈرڈ کا لحاظ رکھا گیا ہے۔

- ۵۔ اندرونی کشورل کا پروگرام مخصوص ہے اور موثر طور پر عمل درآمد اور نگرانی کی جاتی ہے۔
- ۶۔ انتظامیہ نے کھیتی کو جاری و ساری رکھنے کیلئے ایک موثر منصوبہ بندی کر رکھی ہے۔
- ۷۔ کارپوریٹ گورننس کے ضوابط کی پاسداری سے ایسی کوئی روگردانی نہیں کی گئی جو قابل ذکر نہ ہو۔
- ۸۔ کھیتی کے گزشتہ سال کے آپریٹنگ نتائج میں معنی خیز تبدیلی اور ان کی وجوہات بیان کر دی گئی ہیں۔
- ۹۔ گزشتہ چھ سال کا مالیاتی گوشوارہ منسلک ہے۔
- ۱۰۔ انکوائری کے گوش میں درج کردہ ادائیگیوں کے علاوہ ٹیکس وغیرہ کی کوئی قانونی ادائیگیاں ذرا تواتر نہیں ہیں۔
- ۱۱۔ کھیتی ایک انٹگریشن کی حکیم چارہ ہے جسکی سرمایہ کاری نہیں کی گئی اور کھیتی کے کاروبار میں استعمال کے لئے رکھ دی گئی ہے۔
- ۱۲۔ اس سال بورڈ آف ڈائریکٹرز کے تیرہ اجلاس، آڈٹ کمیٹی کے چار اجلاس اور ایچ آر آر کمیٹی کے تین اجلاس منعقد کئے گئے ہیں۔ ہر ڈائریکٹر کی حاضری اسطرح رہی:

| نام ڈائریکٹر | بورڈ میٹنگ | آڈٹ کمیٹی میٹنگ | ایچ آر آر میٹنگ |
|--------------------|------------|-----------------|-----------------|
| جناب محبوب الہی | ۱۳ | ۳ | - |
| جناب محفوظ الہی | ۱۳ | - | - |
| جناب محمود الہی | ۱۲ | - | ۳ |
| جناب فرخ احمد | ۱۱ | ۳ | ۳ |
| جناب احمد شفیق | ۸ | ۳ | - |
| جناب عظیم فضل باغی | ۷ | - | ۳ |
| سر شہین بیگم | ۱۰ | - | - |

۱۳۔ کھیتی کے تین ڈائریکٹرز اپنی تعلیمی قابلیت اور مطلوبہ تجربہ کی وجہ سے ڈائریکٹر ٹریننگ پروگرام سے سہرا ہیں اور ایس ای سی پی نے ان ڈائریکٹرز کو چھوٹ دی ہوئی ہے۔ دو بورڈ ممبرز نے مطلوبہ کورس اور سرٹیفکیٹ حاصل کیا ہے۔ بقیہ ڈائریکٹرز مقررہ وقت کے اندر ڈی پی پی پروگرام کے تحت سرٹیفکیٹ حاصل کر لیں گے۔

۱۴۔ کوڈ آف کارپوریٹ گورننس کے مطابق حصص یافتگی کا اندازہ بشمول ڈائریکٹرز، ایگزیکٹوز اور ان کے اہل خانہ کے حصص کے لین دین کو اس سالانہ رپورٹ میں شامل کیا گیا ہے۔

اعتراف:- بورڈ آف ڈائریکٹرز اپنے حصہ داران کے تعاون کے شکر گزار ہیں۔ انتظامیہ اور سٹاف کے مابین تعلقات نہایت خوشگوار ہے۔ میں اور ساتھی ڈائریکٹرز سٹاف ممبرز کو اپنی ذمہ داریاں اسی طریقہ سے انجام دینے پر یقینیت کا اظہار کرتے ہیں۔

Muhammad Zamin

محمود زامین
(ڈائریکٹر)

بورڈ آف ڈائریکٹرز کی طرف سے

Muhammad Zamin

محمود زامین
(ڈائریکٹر)

اسلام آباد

۲۰۲۳

- a) Audit Committee;
- Ahmed Shaffi – Chairman
 - Mahboob Elahi – Member
 - Farrukh Ahmed – Member

- b) Human Resource and Remuneration Committee;

- M. Azeem Afzal Hashmi – Chairman
- Mahmood Elahi – Member
- Farrukh Ahmed – Member

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

14 The frequency of meetings of the Committees was as per following:

- a) Audit Committee

- 1st Quarter: 1 meeting.
- 2nd Quarter: 1 meeting.
- 3rd Quarter: 1 meeting.
- 4th Quarter: 1 meetings.

- b) Human Resource and Remuneration Committee

- 1st Quarter: -
- 2nd Quarter: -
- 3rd Quarter: 1 meeting
- 4th Quarter: 2 meetings.

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

16 The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

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

19 We confirm that the Company has complied with respect to all other material requirements of the Regulations.


(MAHFOOZ ELAHI)
Chief Executive

ON BEHALF OF THE BOARD


(MAHMOOD ELAHI)
Director

Islamabad.
September 25, 2024

ELAHI COTTON MILLS LIMITED
LAST SIX YEARS AT A GLANCE

| PARTICULARS | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 |
|-------------------------------|-------------|--------------|--------------|--------------|--------------|
| Paid up capital | 13,000,000 | 13,000,000 | 13,000,000 | 13,000,000 | 13,000,000 |
| Reserve | - | -- | -- | -- | -- |
| Fixed asset | 158,144,784 | 160,857,458 | 126,598,189 | 125,430,225 | 129,465,424 |
| (at cost less depreciation) | | | | | |
| Accumulated depreciation | 30,924,195 | 26,329,267 | 21,987,686 | 17,962,142 | 13,826,943 |
| Long term investment | -- | -- | -- | -- | -- |
| Current assets | 75,242,862 | 58,410,082 | 46,552,121 | 51,271,174 | 38,053,231 |
| Current Liabilities | 100,269,505 | 89,134,221 | 86,178,863 | 96,112,077 | 93,949,275 |
| Income | | | | | |
| Sales | 801,296,425 | 730,212,562 | 508,765,674 | 436,156,028 | 503,030,973 |
| Other Income | 306,726 | 526,379 | 1,416,736 | 681,809 | 752,358 |
| Gross profit / (loss) | 26,212,088 | 27,404,030 | 20,898,271 | 20,832,990 | 13,890,493 |
| Pre - tax profit / (loss) | 9,429,953 | 13,669,551 | 11,844,216 | 12,032,630 | 6,393,822 |
| Taxation (prior year) | 15,531 | -- | (577,480) | (21,943) | 441,140 |
| Taxation (current year) | 10,018,529 | (9,130,760) | 7,634,450 | 6,547,226 | 6,196,233 |
| Profit/(loss) after taxation | 820,081 | 5,456,266 | 5,314,069 | 6,404,213 | 716,445 |
| Un-appropriated profit/(loss) | 44,886,434 | (45,816,232) | (52,048,073) | (58,480,232) | (66,292,141) |



Tel: +92 51 260 4461-5
Fax: +92 51 260 4468
www.bdo.com.pk

3rd Floor,
Saeed Plaza,
22-East Blue Area,
Islamabad-44000,
Pakistan.

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE 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 Elahi Cotton Mills Limited (the Company) for the year ended June 30, 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, 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 June 30, 2024.

ISLAMABAD

DATED: September 27, 2024
UDIN: CR202410060CF7IDKwJH

CHARTERED ACCOUNTANTS

Engagement Partner: Atif Riaz

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ELAHI COTTON MILLS LIMITED**Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **ELAHI COTTON MILLS LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of 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 comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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.

Material Uncertainty Related to Going Concern

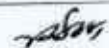
We draw attention to Note 1.2 in the financial statements which indicates that as of June 30, 2024, the Company's current liabilities exceeded its current assets by Rs. 63.092 million. The accumulated losses have exceeded the issued, subscribed and paid up capital by Rs. 56.610 million as at June 30, 2024 and accumulated losses as of that date amounted to Rs. 69.610. These conditions, along with other matters as set forth in Note 1.2, indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

| S. No | Key audit matters | How the matter was addressed in our audit |
|-------|--|---|
| 1. | <p>Revenue Recognition</p> <p>Refer Note 5.15 to the financial statements.</p> <p>The Company focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the completion of performance obligation, resulting in a significant risk associated with revenue from an audit procedure.</p> <p>Due to the significant risk associated with revenue recognition and the work effort from the audit team, the recognition of revenue is considered to be a key audit matter.</p> | <p>Our audit procedures included considering the appropriateness of the Company's revenue recognition accounting policies and assessing compliance with the policies in accordance with the applicable financial reporting framework.</p> <ul style="list-style-type: none"> • Control testing over the point of transfer of risk and rewards was supported by substantive audit procedures including, amongst others. • Performing analytical tests on the revenue. • Testing a sample of sales transactions around year end to ensure inclusion in the correct Period. • Testing a sample of sales and trade debts at year end by agreeing a sample of open invoices at year end to subsequent receipts from customers, and • Assessing the adequacy of related disclosures in accordance with the applicable financial reporting framework. |
| 2. | <p>Valuation of Stock in trade</p> <p>Refer notes 5.4, 5.25.1 and 9 to the financial statements.</p> <p>As at 30 June 2024 the company's stock in trade is amounted to Rs. 33.182 million, consisting 13% of the total assets. Several estimates and judgments are involved in the valuation of stock-in-trade, in determining the net realizable values, and in assessing the appropriate level of provisioning required for the stock in trade. This includes the assessment of available facts and circumstances, the physical condition of the stock in trade, market selling prices, and the estimated selling cost of the stock-in-</p> | <p>Our audit procedures in this area included, amongst others:</p> <ul style="list-style-type: none"> • Attending management's inventory counts and observed the process, including observing the process implemented by management to identify and monitor obsolete stock. • Evaluated the appropriateness of the basis for identifying obsolete stock in trade and the accuracy of the provision for obsolete stock in trade as assessed by management. We have tested the |



| S. No | Key audit matters | How the matter was addressed in our audit |
|-------|--|---|
| | trade. The significance of the balance coupled with the estimates and judgments involved in their valuation has resulted in the stock in trade being considered as a key audit matter. | <p>accuracy of the ageing analysis of stock in trade on a sample basis.</p> <ul style="list-style-type: none"> • Comparing the net realizable values, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards, and • Assessing the adequacy of the related disclosures in the notes to the financial statements. |

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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





Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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



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

Report on Other Legal and Regulatory Requirements

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

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

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

ISLAMABAD

DATED: September 27, 2024
UDIN: AR202410060KFefXaJND

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

ELAHI COTTON MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

| | Note | 2024 Rupees | 2023 Rupees |
|--|------|--------------------|--------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 6 | 177,892,062 | 158,144,784 |
| Long term security deposits | | 918,810 | 918,810 |
| Loans and advances | 7 | 5,052,750 | 4,379,750 |
| | | <u>183,863,622</u> | <u>163,443,344</u> |
| CURRENT ASSETS | | | |
| Short term prepayments | 8 | 374,305 | 722,842 |
| Stores, spares and loose tools | 9 | 3,939,143 | 3,420,249 |
| Stock in trade | 10 | 33,181,882 | 27,036,875 |
| Trade debts | 11 | 19,982,867 | 29,202,712 |
| Loans and advances | 12 | 514,008 | 571,910 |
| Short term investment | 13 | 598,335 | 503,965 |
| Prepaid levy | 14 | 3,001,431 | 923,093 |
| Cash and bank balances | | 13,835,204 | 12,861,216 |
| | | <u>75,427,175</u> | <u>75,242,862</u> |
| | | <u>259,290,797</u> | <u>238,686,206</u> |
| TOTAL ASSETS | | | |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Share capital | 15 | 13,000,000 | 13,000,000 |
| Revaluation surplus on property, plant and equipment | 16 | 141,098,316 | 134,831,533 |
| Accumulated losses | | (69,609,891) | (44,886,434) |
| | | <u>84,488,425</u> | <u>102,945,099</u> |
| NON-CURRENT LIABILITIES | | | |
| Staff retirement benefits - gratuity | 17 | 32,658,401 | 24,152,146 |
| Deferred taxation | 18 | - | 10,220,327 |
| Financial liabilities | 19 | 3,625,154 | 1,099,129 |
| Long term loan from directors | 20 | - | - |
| | | <u>36,283,555</u> | <u>35,471,602</u> |
| CURRENT LIABILITIES | | | |
| Current portion of long term loan from directors | 20 | 61,329,471 | 61,849,546 |
| Short term loan from directors | 21 | 39,350,000 | 15,350,000 |
| Trade and other payables | 22 | 31,647,392 | 21,869,557 |
| Financial liabilities | 19 | 5,924,283 | 932,731 |
| Unclaimed dividend | | 267,671 | 267,671 |
| | | <u>138,518,817</u> | <u>100,269,505</u> |
| | | <u>259,290,797</u> | <u>238,686,206</u> |
| TOTAL EQUITY AND LIABILITIES | | | |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 23 | | |

The annexed notes from 1 to 45 form an integral part of these financial statements. *see*


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

| | Note | 2024 Rupees | 2023 Rupees |
|---|------|----------------|----------------|
| Sales - net | 24 | 960,658,145 | 801,296,425 |
| Cost of sales | 25 | (957,924,139) | (775,084,337) |
| Gross profit | | 2,734,006 | 26,212,088 |
| Administrative expenses | 26 | 14,809,726 | 12,985,643 |
| Selling and distribution expenses | | 2,019,100 | 1,975,000 |
| Other operating charges | 27 | 822,394 | 1,642,148 |
| | | (17,651,220) | (16,602,791) |
| Operating (Loss)/profit | | (14,917,214) | 9,609,297 |
| Other income | 28 | 646,520 | 306,726 |
| Finance cost | 29 | (432,139) | (486,070) |
| (Loss)/profit before income tax and minimum tax | | (14,702,833) | 9,429,953 |
| Minimum tax | 30 | (12,013,350) | (10,018,529) |
| Loss before income tax | | (26,716,183) | (588,576) |
| Income tax | 31 | 976,462 | 1,408,657 |
| (Loss)/profit after taxation | | (25,739,721) | 820,081 |
| (Loss)/earning per share - basic and diluted | 33 | (19.80) | 0.63 |

The annexed notes from 1 to 45 form an integral part of these financial statements. *rsr*


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

| | Note | 2024 Rupees | 2023 Rupees |
|--|------|----------------------------|---------------------------|
| (Loss)/profit after taxation | | (25,739,721) | 820,081 |
| Other comprehensive income | | | |
| Items that will not be subsequently classified to profit or loss | | | |
| Loss on remeasurement of defined benefit liability | 17.3 | (1,960,818) | (2,230,168) |
| Total other comprehensive loss for the year | | <u>(1,960,818)</u> | <u>(2,230,168)</u> |
| Total comprehensive loss for the year | | <u><u>(27,700,539)</u></u> | <u><u>(1,410,087)</u></u> |

The annexed notes from 1 to 45 form an integral part of these financial statements. *Elahi*

Muhammad Elahi
CHIEF EXECUTIVE

Muhammad Elahi
DIRECTOR

Elahi
CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

| | Reserves | | | Total |
|--|---------------|--|------------------|--------------|
| | Share capital | Capital | Revenue | |
| Issued, subscribed and paid-up capital | | Revaluation surplus on property, plant and equipment | Accumulated loss | |
| | | Rupees | | |
| Balance as at July 01, 2022 | 13,000,000 | 137,171,418 | (45,816,232) | 104,355,186 |
| Total comprehensive loss for the year ended June 30, 2023 | | | | |
| Profit for the year | - | - | 820,081 | 820,081 |
| Other comprehensive loss for the year | - | - | (2,230,168) | (2,230,168) |
| | | | (1,410,087) | (1,410,087) |
| Transfer from revaluation surplus on property, plant and equipment: | | (2,339,885) | 2,339,885 | - |
| - On account of incremental depreciation-net of deferred tax | | | | |
| Balance as at June 30, 2023 | 13,000,000 | 134,831,533 | (44,886,434) | 102,945,099 |
| Total comprehensive loss for the year ended June 30, 2024 | | | | |
| Loss for the year | - | - | (25,739,721) | (25,739,721) |
| Other comprehensive loss for the year | - | - | (1,960,818) | (1,960,818) |
| | | | (27,700,539) | (27,700,539) |
| Transfer to/(from) revaluation surplus on property, plant and equipment: | | (2,977,082) | 2,977,082 | - |
| - On account of incremental depreciation | | | | |
| - On account of reversal of deferred taxation | | 9,243,865 | - | 9,243,865 |
| Balance as at June 30, 2024 | 13,000,000 | 141,098,316 | (69,609,891) | 84,488,425 |

Note

Balance as at July 01, 2022
Total comprehensive loss for the year ended June 30, 2023
 Profit for the year
 Other comprehensive loss for the year
 Transfer from revaluation surplus on property, plant and equipment:
 - On account of incremental depreciation-net of deferred tax

Balance as at June 30, 2023
Total comprehensive loss for the year ended June 30, 2024
 Loss for the year
 Other comprehensive loss for the year

Transfer to/(from) revaluation surplus on property, plant and equipment:
 - On account of incremental depreciation
 - On account of reversal of deferred taxation

Balance as at June 30, 2024

The annexed notes from 1 to 45 form an integral part of these financial statements. *Shah*

Muhammad Elahi

CHIEF EXECUTIVE

Muhammad Elahi

DIRECTOR

Shah


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

| | Note | 2024 Rupees | 2023 Rupees |
|--|-----------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| (Loss)/profit before income tax and minimum tax | | (14,702,833) | 9,429,953 |
| Adjustments for non-cash income and expenses: | | | |
| Depreciation | 6.1 & 6.5 | 6,021,702 | 5,536,055 |
| Provision for gratuity | | 9,745,587 | 7,053,290 |
| Financial charges | 29 | 432,139 | 486,070 |
| Profit on short term investment | 12 | (94,370) | (3,965) |
| | | 1,402,225 | 22,501,403 |
| Changes in working capital | | | |
| Decrease / (increase) in current assets | | | |
| Stores, spares and loose tools | | (518,894) | (506,738) |
| Stock in trade | | (6,145,007) | (9,140,424) |
| Trade debts | | 9,219,845 | (12,415,940) |
| Loans and advances | | 57,902 | 11,398,750 |
| Short term prepayments | | 348,537 | (395,110) |
| | | 2,962,383 | (11,059,462) |
| Increase in current liabilities | | | |
| Financial liabilities | | 7,250,308 | - |
| Trade and other payables | | 9,777,835 | 4,802,553 |
| | | 17,028,143 | 4,802,553 |
| Cash generated from operations | | 21,392,751 | 16,244,494 |
| Income tax paid | | (14,091,688) | (10,812,015) |
| Gratuity paid | | (3,200,150) | (4,156,740) |
| Net cash generated from operating activities | | 4,100,913 | 1,275,739 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | 6.1 | (25,768,980) | - |
| Loans given to employees | | (673,000) | (406,750) |
| Short term investment | | - | (500,000) |
| Net cash used in investing activities | | (26,441,980) | (906,750) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of long term loan from directors | | (520,075) | (850,000) |
| Finance cost paid | 29 | (164,870) | (77,591) |
| Lease payments | | - | (1,200,000) |
| Short term loan from directors | | 24,000,000 | 6,250,000 |
| Net cash generated from financing activities | | 23,315,055 | 4,122,409 |
| | | 973,988 | 4,491,398 |
| Cash and cash equivalents at the beginning of the year | | 12,861,216 | 8,369,818 |
| Cash and cash equivalents at the end of the year | 14 | 13,835,204 | 12,861,216 |

The annexed notes from 1 to 45 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 STATUS AND NATURE OF BUSINESS

- 1.1 The Company was incorporated as a public limited company on June 22, 1970 under the repealed Companies Act, 1913 (now the Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The principal business of the Company is manufacture and sale of yarn.
- 1.2 As of June 30, 2024, the Company's current liabilities exceeded its current assets by Rs. 63.092 million (2023: Rs. 25.027 million). The Company has accumulated loss of Rs. 69.610 million (2023: Rs. 44.886 million). The Company's accumulated losses exceeded the issued, subscribed and paid up capital by Rs. 56.610 million (2023: Rs. 31.886). These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern.

These financial statements have been prepared on going concern basis without any adjustment to assets and liabilities based on the profitable future projections. The management is also confident of improving profitability through streamlining the operations of the Company and based on projections, demonstrate increases in revenue and cash flows and hence improvement in the financial performance and position of the company, for the year ending June 30, 2024 and onwards.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 270, sector I-9, Industrial Area, Islamabad. The mill (plant) of the Company is located at Mandra - Chakwal Road, Tehsil Gujar Khan, District Rawalpindi, Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain fixed assets which have been stated at revalued amount and recognition of certain staff retirement benefits at present value while short term investments are carried at fair value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

The preparation of these financial statements in conformity with approved accounting standards requires the management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historic experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are discussed in note 5.25.

3.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.4 Key judgements and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property, plant and equipment – Note 5.25.3 & 6
- Provision for impairment of inventories - Note 5.25.1 & 9
- Provision for impairment of stores and spares - Note 5.25.4 & 8
- Obligation of defined benefit obligation - Note 5.25.5 & 17.1
- Provision for expected credit losses – Note 5.25.6 & 10
- Estimation of contingent liabilities - Note 5.25.7 & 23

3.5 Change in accounting policy

During the year, the Company changed its accounting policy of recognizing the portion of income tax paid or payable for the year under the Ordinance, not based on the taxable profits of the Company, as a Levy under IFRIC-21/IAS-37 instead of the current income tax for the year under IAS-12.

The management believes that the new policy provides reliable and more relevant information to the users of the financial statements.

The change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard 8: 'Accounting Policies, Changes in Accounting Estimates and Errors'. As disclosed in note 5.10 and 31 to these financial statements, the Company has adopted the approach of recognising minimum, final and super-tax not based on taxable profit as a levy, with any excess recognised as current income tax in statement of profit or loss. Since, the Company is expected to remain in non-tax/levy regime for foreseeable future where the effective tax rate would be zero. Accordingly, no deferred tax is required to be recorded in these financial statements. There is, however, no material impact on the financial statements of the prior years, therefore the adjustment due to change in accounting policy has been recorded in current year.

The impact of adjustments is as follows.

Impact after change of accounting policy is as follows:

| Description | Balance as at June 30, 2023 | Adjustment during the year | Balance as at June 30, 2024 |
|--|-----------------------------|----------------------------|-----------------------------|
| Statement of financial position: | | | |
| Deferred taxation | 10,220,327 | (10,220,327) | - |
| Revaluation surplus on property, plant and equipment | 134,831,533 | 6,266,783 | 141,098,316 |
| Statement of profit or loss: | | | |
| Income tax | - | 976,462 | 976,462 |
| Minimum tax | - | (12,013,350) | (12,013,350) |

Had there been no change in accounting policy, the carrying amounts had been as follows:

| Description | Balance as at June 30, 2023 | Adjustment during the year | Balance as at June 30, 2024 |
|--|-----------------------------|----------------------------|-----------------------------|
| Statement of financial position: | | | |
| Deferred taxation | 10,220,327 | 1,559,340 | 11,779,667 |
| Revaluation surplus on property, plant and equipment | 134,831,533 | (2,113,728) | 132,717,805 |
| Statement of profit or loss: | | | |
| Income tax | - | (13,572,690) | (13,572,690) |

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4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

| | Effective date (annual periods beginning on or after) |
|--|--|
| Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies | January 01, 2023 |
| Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates | January 01, 2023 |
| Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction | January 01, 2023 |
| Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes | January 01, 2023 |

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 5 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

4.2 New accounting standards, amendments and interpretations that are not yet effective.

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

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements January 01, 2024

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments January 01, 2026

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments January 01, 2026

Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions January 01, 2024

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current January 01, 2024

Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants January 01, 2024

Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements January 01, 2024

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability January 01, 2025

IFRS 17 Insurance Contracts January 01, 2026

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

5 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

a) Operating fixed assets

Operating fixed assets except for freehold land, building and plant and machinery are stated at cost less accumulated depreciation or impairment, if any. Freehold land, building and plant and machinery are stated at cost/revalued amount less accumulated depreciation or impairment, if any.

Depreciation is charged on the basis of written down value method whereby cost or revalued amount of an asset is written off over its useful life without taking into account any residual value. Full month's depreciation is charged on addition, while no depreciation is charged in the month of disposal or deletion of assets.

Major renewals and repairs are capitalized and the assets so replaced are retired. Minor renewals or replacement, maintenance and repairs are charged to income as and when incurred. Gains or losses on disposal of property, plant and equipment are accounted for as profit or loss for the year.

Amount equivalent to incremental depreciation charged on revalued assets is transferred from surplus on revaluation of building and plant and machinery net of deferred taxation to retained earnings (unappropriated profit).

The assets' residual value and useful lives are reviewed, and adjusted if significant, at each balance sheet date.

Disposal of assets is recognized when significant risks and reward incidental to the ownership have been transferred to buyers. Gain and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the profit and loss accounts.

b) Revaluation surplus on property, plant and equipment

Any revaluation increase arising on the revaluation of land, buildings and plant and machinery is recognized in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant and machinery is charged to 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 surplus on revaluation buildings and plant and machinery to the extent of incremental depreciation charged is transferred to unappropriated profit.

5.2 Impairment losses

The carrying amount of the Company's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impaired assets are reviewed for possible reversal of the impairment at each statement of financial position date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognized. A reversal of impairment loss is recognized in the statement of profit and loss.

5.3 Stores, spares and loose tools

Stores and spares are stated at cost less provision for slow moving and obsolete items. Cost is determined by using the moving average method. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as tangible fixed assets under "Plant and machinery" category and are depreciated over a time period not exceeding the useful life of the related assets.

The Company reviews the carrying amount of stores and spares on a periodic basis and provision is made for slow moving and obsolescence on periodic basis.

5.4 Stock in trade

Stock in trade, except stock in transit, are valued at lower of cost and net realizable value. Cost is determined as follows:

- Raw materials - at moving average method except stock in transit
- Work in process - at cost of material plus proportionate production overheads
- Finished goods - at cost of material as above plus proportionate production overheads

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

Stock in transit is valued at cost comprising invoice value plus other charges thereon.

5.5 Trade receivables

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. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

5.6 Loans and advances

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. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

5.7 Cash and bank balances

Cash in hand and at banks are carried at nominal amounts which is the fair value of cash and bank balances.

5.8 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

5.9 Staff retirement benefits

The Company operates an unfunded gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions are made based on actuarial recommendations and in line with the provisions of the Income Tax Ordinance, 2001. The most recent actuarial valuation is carried out at August 13, 2024 using the projected unit credit method (refer note 17). Actuarial gains and losses are recognized as income or expense in the other comprehensive income. The Company recognizes expense in accordance with IAS 19 "Employee Benefits".

5.10 Taxation

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

Current

Current tax is the expected tax payable on the taxable income for the year based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Levy

Minimum tax, final tax and super-tax not based on taxable profits are recognized as a levy in the Profit and loss account. Any excess of expected income tax paid or payable for the year under the Ordinance over the amount designated as a levy is then recognized as current income tax expense in the profit and loss account.

Deferred

Deferred tax is computed using the 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled based on tax rates that have been enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.

5.11 Borrowing

Loans and borrowings are recorded at the amortized cost unless classified as fair value through profit and loss they are initially recognized when they are received and measured at amortized cost which is fair value of consideration. Mark up, interest and other borrowing costs are charged to profit and loss in the period in which they are incurred.

Borrowing cost on long term finances which are specifically obtained for the acquisition of qualifying assets are capitalized up to the date of commencement of commercial production on the respective assets. All other borrowing costs are charged to profit and loss account in the period in which these are incurred.

5.12 Trade and other payables

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

5.13 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting future cash flows at appropriate discount rate where ever required. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

5.14 Leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with leases with a lease term of 12 months or less and leases of low-value assets are recognized as an expense in the statement of profit or loss.

5.15 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue from sale of goods is shown net of sales tax. Revenue is recognized when the company completes its performance obligation in the contract. Due to nature of the business, revenue is recognized at point at time basis.

The revenue arising from different activities of the Company is recognized on the following basis:

- Local sales are recorded on dispatch of goods to customers.
- Scrap sales are recognized when delivery is made to customers.
- Interest income is recognized as revenue on time proportion basis.

5.16 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.17 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalent comprise cash in hand, cash at bank and short term investments with maturity of not later than three months at known amount in rupees.

5.18 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

5.19 Dividend and apportioning to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

5.20 Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at statement of financial position date are carried at amortized cost.

Amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

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

Equity Investments at FVOCI

These assets are initially measured at cost plus transaction cost that are directly attributable to its acquisition. Subsequently, these are measured at fair value. Dividends are recognized as income in the statement of 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 other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL

These assets are initially recognized at cost. Subsequently, these are measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost and contract assets. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

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 a financial asset in its entirety or a portion thereof.

Financial liabilities

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

Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Derecognition

The financial assets are de-recognized when the Company loses control of the contractual right that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

5.21 Offsetting of financial assets and financial liabilities

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

5.22 Foreign currency translation

Transactions in foreign currencies are converted into Pak Rupees at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are included in the profit and loss account.

5.23 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which 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 the Company has a present legal or constructive obligation that arises from past events, but it is

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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.

5.24 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

5.25 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:-

- exercise its judgment in process of applying the Company's accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

Judgments and assumptions have been required by the management in applying the Company's accounting policies in many areas. Actual results may differ from estimates calculated using these judgments and assumptions.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

5.25.1 Provision for inventory obsolescence

The Company reviews the carrying amounts of stores, spares and loose tools and stock in trade on regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools and stock in trade.

5.25.2 Income taxes

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view 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.

5.25.3 Property, plant and equipment

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

5.25.4 Stores and spares

Management has made estimates for realizable amount of slow moving and obsolete stores and

spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding effect on amounts recognized in profit and loss account as provision / reversal.

5.25.5 Defined benefits plan

The management has exercised judgment in applying Company's accounting policies for classification of Post Employment Benefits as Defined Benefits Plan (refer note 5.9) that have the most significant effects on the amount recognized in the financial statements.

5.25.6 Expected credit losses

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. Company uses a provision matrix to calculate ECLs for trade receivables.

The provision matrix is initially based on the Company's historical observed default rates and forecast of economic conditions that are expected to deteriorate over the next year which can lead to an increased number of defaults. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

5.25.7 Contingencies

The Company reviews the status of all the legal cases on regular basis. Based on expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

| | Note | 2024 Rupees | 2023 Rupees |
|--------------------------------------|------|--------------------|--------------------|
| 6 | | | |
| PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 6.1 | 176,950,935 | 156,262,530 |
| Right of use | 6.5 | 941,127 | 1,882,254 |
| | | <u>177,892,062</u> | <u>158,144,784</u> |
| | | | <i>Y.S.</i> |

6.1 OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

| Description | Free hold land | | Buildings | | Plant and machinery | Furniture and fixture and office equipment | Computer equipment | Power and other installations | Factory equipment and scientific instruments | Motor vehicles | Total |
|--|----------------|-------------|--------------|-------------|---------------------|--|--------------------|-------------------------------|--|----------------|------------|
| | Residential | Factory | | | | | | | | | |
| At July 01, 2022 | | | | | | | | | | | |
| Cost | 6,131,809 | 21,585,291 | 36,452,998 | 1,207,777 | 5,000 | 4,901,443 | 2,001,887 | 2,400,520 | 187,186,725 | | |
| Accumulated depreciation | (1,025,949) | (6,075,553) | (11,425,248) | (1,005,798) | (4,981) | (2,580,632) | (1,955,294) | (2,255,812) | (26,329,267) | | |
| Net book value | 5,105,860 | 15,509,738 | 25,027,750 | 201,979 | 19 | 2,320,811 | 46,593 | 144,708 | 160,857,458 | | |
| Year ended June 30, 2023 | | | | | | | | | | | |
| Depreciation charge for the year | (255,293) | (1,550,974) | (2,502,775) | (20,198) | (6) | (232,081) | (4,659) | (28,942) | (4,594,928) | | |
| Net book value as at June 30, 2023 | 4,850,567 | 13,958,764 | 22,524,975 | 181,781 | 13 | 2,088,730 | 41,934 | 115,766 | 156,262,530 | | |
| Year ended June 30, 2024 | | | | | | | | | | | |
| Additions (Cost) | - | - | - | - | - | 25,768,980 | - | - | 25,768,980 | | 25,768,980 |
| Depreciation charge for the year | (242,528) | (1,395,876) | (2,252,498) | (18,178) | (4) | (1,144,145) | (4,193) | (23,153) | (5,080,575) | | |
| Net book value as at | 4,608,039 | 12,562,888 | 20,272,477 | 163,603 | 9 | 26,713,565 | 37,741 | 92,613 | 176,950,935 | | |
| At June 30, 2023 | | | | | | | | | | | |
| Cost | 6,131,809 | 21,585,291 | 36,452,998 | 1,207,777 | 5,000 | 4,901,443 | 2,001,887 | 2,400,520 | 187,186,725 | | |
| Accumulated depreciation | (1,281,242) | (7,626,527) | (13,928,023) | (1,025,996) | (4,987) | (2,812,713) | (1,959,953) | (2,284,754) | (30,924,195) | | |
| Net book value | 4,850,567 | 13,958,764 | 22,524,975 | 181,781 | 13 | 2,088,730 | 41,934 | 115,766 | 156,262,530 | | |
| At June 30, 2024 | | | | | | | | | | | |
| Cost | 6,131,809 | 21,585,291 | 36,452,998 | 1,207,777 | 5,000 | 30,670,423 | 2,001,887 | 2,400,520 | 212,955,705 | | |
| Accumulated depreciation | (1,523,770) | (9,022,403) | (16,180,521) | (1,044,174) | (4,991) | (3,956,858) | (1,964,146) | (2,307,907) | (36,004,770) | | |
| Net book value | 4,608,039 | 12,562,888 | 20,272,477 | 163,603 | 9 | 26,713,565 | 37,741 | 92,613 | 176,950,935 | | |
| Annual rate of depreciation (%) | - | 5% | 10% | 10% | 33% | 10% | 10% | 10% | 20% | | |

6.2 Free hold land of the Company is located at Mandra - Chakwal road, Tehsil Gujjar Khan, District Rawalpindi, Punjab, Pakistan with an area of 23.4 acres. Details of factory and residential buildings of the company constructed on this land are as follows:

refer

| Location | Particulars | Covered Area (In sq.ft) |
|--|--|----------------------------|
| Mandra-Chakwal road, Tehsil Gujar Khan, District Rawalpindi, Punjab, Pakistan. | a) Main mill building including cotton godown, store room, canteen block, workshops and other civil works. | 70,827 |
| | b) rooms, bungalows and BOQs houses. | 14,744 |
| | | <u>85,571</u> |

6.3 Revaluation of freehold land, building and plant and machinery

6.3.1 The Company has adopted the revaluation model for subsequent measurement of freehold land, buildings and plant and machinery. Further details of revaluation carried out by the Company to date are as follows:

| Name of independent valuer | Date of revaluation | Revaluation surplus (Rupees) |
|-----------------------------|---------------------|---------------------------------|
| M/s Asrem (Private) Limited | December 31, 2021 | 38,507,325 |
| M/s Asrem (Private) Limited | December 31, 2017 | 46,914,451 |
| M/s Asrem (Private) Limited | June 30, 2014 | 43,795,541 |
| M/s Asrem (Private) Limited | June 7, 2010 | 22,258,957 |
| M/s Zia Consultants | June 30, 1996 | 33,215,659 |

6.3.2 M/s Asrem (Private) Limited are at the panel of professional valuers maintained by the State Bank of Pakistan and they have appropriate qualification and relevant experience in the fair value measurement of properties in the relevant location. The fair value of land was determined based on the market comparable approach that reflects recent transaction price for similar properties. the fair value of building was determined using cost approach, reflects the cost to a market participant to conduct assess of comparable utility and age ,adjusted for depreciation factor , price factor and obsolescence.

6.3.3 Had there been no revaluation, the net book value of the specific classes of operating assets would have been as follows:

| | 2024 Rupees | 2023 Rupees |
|----------------------------|------------------|------------------|
| Freehold land | <u>299,995</u> | <u>299,995</u> |
| Buildings on freehold land | <u>810,062</u> | <u>852,697</u> |
| Plant and machinery | <u>4,939,345</u> | <u>5,488,161</u> |

6.3.4 The forced sale value of the revalued freehold land, buildings and plant and equipment at the time of revaluation was assessed at Rs. 101.25 million, Rs. 17.250 million and Rs. 21.076 million respectively.

| | 2024 Rupees | 2023 Rupees |
|---|------------------|------------------|
| 6.4 Depreciation for the year has been allocated as follows: | | |
| Cost of sales | 4,796,712 | 4,290,489 |
| Administrative expenses | 283,863 | 304,439 |
| | <u>5,080,575</u> | <u>4,594,928</u> |

6.5 Right of use asset

Buildings:

Cost

| | | |
|---------------------------|-----------|-----------|
| As at July 01, | 2,823,381 | - |
| Additions during the year | - | 2,823,381 |
| As at June 30, | 2,823,381 | 2,823,381 |

Accumulated depreciation

| | | |
|-------------------------------------|-----------|---------|
| As at July 01, | 941,127 | - |
| Depreciation charge during the year | 941,127 | 941,127 |
| As at June 30, | 1,882,254 | 941,127 |

Net book value

| | | |
|--|----------------|------------------|
| | <u>941,127</u> | <u>1,882,254</u> |
|--|----------------|------------------|

Useful life (years)

| | | |
|--|---|---|
| | 3 | 3 |
|--|---|---|

6.5.1 Depreciation expense relating to right of use asset has been charged to administrative expenses.

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| | Note | 2024 Rupees | 2023 Rupees |
|---------------------------------------|------|------------------|------------------|
| 7 LOANS AND ADVANCES | | | |
| Unsecured - considered good | | | |
| As at July 01, | | 4,832,750 | 4,444,000 |
| Disbursements | | 2,735,000 | 8,485,000 |
| Receipts | | (2,126,000) | (8,096,250) |
| As at June 30, | | 5,441,750 | 4,832,750 |
| Current portion of loans and advances | 11 | (389,000) | (453,000) |
| | | <u>5,052,750</u> | <u>4,379,750</u> |

7.1 These balances represent interest free loans and advances given to employees. The Chief Executive Officer and Directors have not taken any loans and advances from the Company. These balances are carried at cost as the impact of amortisation is not material in respect of these financial statements.

| | 2024 Rupees | 2023 Rupees |
|---|------------------|------------------|
| 8 STORES, SPARES AND LOOSE TOOLS | | |
| Stores | 3,788,668 | 3,321,909 |
| Spares | 150,475 | 98,340 |
| | <u>3,939,143</u> | <u>3,420,249</u> |

8.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

8.2 Cost of stores and spares amounting to Rs. 17,522,154 has been recognized as an expense during the year (2023: Rs. 14,654,948).

| | 2024 Rupees | 2023 Rupees |
|-------------------------|-------------------|-------------------|
| 9 STOCK IN TRADE | | |
| Raw material | 8,366,668 | 4,140,307 |
| Work in process | 5,851,217 | 4,712,593 |
| Finished goods | 18,920,508 | 17,910,450 |
| Waste | 43,489 | 273,525 |
| | <u>33,181,882</u> | <u>27,036,875</u> |

9.1 Cost of inventories recognized as expense amounts to Rs. 648,929,282 (2023: Rs. 568,034,758).

9.2 The aggregate amount of write-down of finished goods to net realizable value recognised as an expense during the year was Rs. 241,024.

| | | 2024 Rupees | 2023 Rupees |
|-----------|-----------------------------|-------------------|-------------------|
| 10 | TRADE DEBTS | | |
| | Unsecured - considered good | <u>19,982,867</u> | <u>29,202,712</u> |

10.1 All trade receivables are in respect of local sales.

10.2 No impairment loss has been recognised against trade debts, as management believes these balances are fully recoverable.

| | | 2024 Rupees | 2023 Rupees |
|-----------|------------------------------------|----------------|----------------|
| 11 | LOANS AND ADVANCES | | |
| | Unsecured-considered good | | |
| | Loans | | |
| | Current portion of long-term loans | 7 | 389,000 |
| | Advances to suppliers | 11.1 | 118,910 |
| | | <u>514,008</u> | <u>571,910</u> |

11.1 This represents advances to suppliers in the normal course of business. These are unsecured and does not carry any interest or mark-up.

| | | 2024 Rupees | 2023 Rupees |
|-----------|---|----------------|----------------|
| 12 | SHORT TERM INVESTMENT | | |
| | Fair value through profit and loss | | |
| | As at July 01 | 503,965 | 500,000 |
| | Fair value gain | 94,370 | 3,965 |
| | As at June 30 | <u>598,335</u> | <u>503,965</u> |

12.1 This represents investment in 4,932.86 units of HBL Cash Fund in HBL Asset Management Limited at cost of Rs. 500,000.

| | | 2024 Rupees | 2023 Rupees |
|-----------|--------------------------------|------------------|----------------|
| 13 | PREPAID LEVY | | |
| | As at July 01 | 923,093 | 145,138 |
| | Additions | 14,091,688 | 10,796,484 |
| | Less: minimum tax for the year | 30 | (10,018,529) |
| | As at June 30 | <u>3,001,431</u> | <u>923,093</u> |

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| | Note | 2024 Rupees | 2023 Rupees |
|-----------------------------------|------|-------------------|-------------------|
| 14 CASH AND BANK BALANCES | | | |
| Cash in hand | | 44,244 | 51,479 |
| Cash at banks | | | |
| Current accounts - Local currency | | 366,486 | 699,940 |
| Saving accounts - Local currency | 14.1 | 13,424,474 | 12,109,797 |
| | | <u>13,835,204</u> | <u>12,861,216</u> |

14.1 Saving account carries mark up at the rates ranging from 0.25% to 0.28% (2023: 0.17% to 0.25%) per annum.

| | | 2024 Rupees | 2023 Rupees |
|--------------------------------------|---|--------------------------------|--|
| 15 SHARE CAPITAL | | | |
| 15.1 Authorized share capital | | | |
| | Number of ordinary shares of Rs. 10/- each | | |
| | <u>2024</u> <u>2023</u> | | |
| | 5,000,000 5,000,000 | Ordinary shares of Rs. 10 each | 50,000,000 50,000,000 |
| | <u>5,000,000</u> <u>5,000,000</u> | | <u>50,000,000</u> <u>50,000,000</u> |

15.2 Issued, subscribed and paid up capital

| | Number of ordinary shares of Rs. 10/- each | | |
|--|---|------------------|---|
| | <u>2024</u> | <u>2023</u> | |
| | 1,300,000 | 1,300,000 | Ordinary shares of Rs. 10 each fully paid in cash |
| | <u>1,300,000</u> | <u>1,300,000</u> | 13,000,000 13,000,000 |
| | | | <u>13,000,000</u> <u>13,000,000</u> |

15.3 All ordinary shares rank equally with regard to entitlement of dividend, voting rights, board selection, right of final refusal and block voting.

16 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

The revaluation surplus represents net cumulative increase in the carrying amount as a result of revaluation of property, plant and equipment carried at revalued amount.

| | 2024 Rupees | 2023 Rupees |
|--|--------------------|--------------------|
| Revaluation surplus as at July 01 | 144,075,398 | 147,371,011 |
| Less: transferred to equity in respect of incremental depreciation charged during the year-net of deferred tax | 2,977,082 | 2,339,885 |
| Related deferred tax liability during the year transferred to profit or loss account | - | 955,728 |
| | <u>2,977,082</u> | <u>3,295,613</u> |
| | 141,098,316 | 144,075,398 |
| Less: Related deferred tax effect: | | |
| Balance as at July 01, | 9,243,865 | 10,199,593 |
| Transferred to revaluation surplus | (9,243,865) | - |
| Related deferred tax liability during the year transferred to profit or loss account | - | (955,728) |
| | <u>-</u> | <u>9,243,865</u> |
| | <u>141,098,316</u> | <u>134,831,533</u> |

- 16.1 The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

| | Note | 2024 Rupees | 2023 Rupees |
|--|------|-------------------|-------------------|
| 17 STAFF RETIREMENT BENEFITS - GRATUITY | | | |
| Staff retirement benefits - gratuity | 17.1 | <u>32,658,401</u> | <u>24,152,146</u> |

17.1 Staff retirement benefits - gratuity

General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn gross salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at August 13, 2024 using the Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Mortality rate risk - The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants during employment. An improvement in the mortality rates of the participants may increase/ decrease the liability and vice versa depending on the age-service distributing of the exiting employees.

Principal actuarial assumptions

Following are a few important actuarial assumptions used in the valuation:

| | 2024 | 2023 |
|---|-------------------|-------------------|
| Discount rate (%) | 14.75 | 16.25 |
| Expected rate of return on plan assets (%) | - | - |
| Expected rate of increase in salary (%) | 13.75 | 15.25 |
| Average expected remaining working life time of employee (Years) | 8 | 8 |
| Weighted average duration of the defined benefits obligation (Years) | 7 | 7 |
| Mortality profile | SLIC (2001-05) | |
| | 2024 | 2023 |
| | Rupees | Rupees |
| 17.2 Reconciliation of balance due to defined benefit plan | | |
| Present value of defined benefit obligation | <u>32,658,401</u> | <u>24,152,146</u> |
| 17.3 Movement of the liability recognized in the balance sheet | | |
| Opening net liability | 24,152,146 | 19,025,428 |
| Charge for the year | 9,745,587 | 7,053,290 |
| Remeasurement loss chargeable to other comprehensive income | 1,960,818 | 2,230,168 |
| Benefits paid during the year | (3,200,150) | (4,156,740) |
| Closing net liability | <u>32,658,401</u> | <u>24,152,146</u> |
| 17.4 Movement in present value of defined benefit obligations | | |
| Opening present value of defined benefit obligations | 24,152,146 | 19,025,428 |
| Current service cost for the year | 6,080,875 | 4,807,805 |
| Interest cost for the year | 3,664,712 | 2,245,485 |

| | 2024 Rupees | 2023 Rupees |
|--|-------------------|-------------------|
| Benefits paid during the year | (3,200,150) | (4,156,740) |
| Remeasurement loss on obligation | 1,960,818 | 2,230,168 |
| Closing present value of defined benefit obligations | <u>32,658,401</u> | <u>24,152,146</u> |
| 17.5 Charge for the year | | |
| Current service cost | 6,080,875 | 4,807,805 |
| Interest cost | 3,664,712 | 2,245,485 |
| Charge for the year | <u>9,745,587</u> | <u>7,053,290</u> |

17.6 Remeasurement chargeable to other comprehensive income

Remeasurement loss on defined obligation due to:

| | | |
|-----------------------|------------------|------------------|
| Experience adjustment | <u>1,960,818</u> | <u>2,230,168</u> |
|-----------------------|------------------|------------------|

17.7 The Company has no plan assets, therefore fair value and movement in the fair value of plan assets has not been presented.

17.8 Sensitivity analysis

The calculation of the defined benefit obligations sensitive to the assumption set out above. The following table summaries how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one percent.

| | Increase in Assumption Rupees | Decrease in Assumption Rupees |
|-----------------|-------------------------------------|-------------------------------------|
| Discount rate | 30,461,454 | 35,014,570 |
| Salary increase | 35,013,796 | 30,461,080 |

17.9 The charge in respect of defined benefit plan for the year ending June 30, 2025 is estimated to be Rs. 11.826 million.

17.10 There are no plan assets, therefore, disclosure in respect to plan assets required as per IAS 19 "Employee Benefits" has not been made in these financial statements.

17.11 Comparison of five years

Comparison of present value of defined benefit obligation and experience adjustment on obligation for the current and preceding four years is as follows:

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|-------------------------------------|------------|------------|------------|------------|------------|
| Present value of benefit obligation | 32,658,401 | 24,152,146 | 19,025,428 | 16,344,032 | 13,832,848 |

17.12 Undiscounted expected benefit payments from active employees

| | Year 1 | Year 2 to 5 | Year 6 to 10 |
|----------------------------|------------------|-------------|--------------|
| | -----Rupees----- | | |
| Expected benefits payments | 4,150,972 | 22,884,347 | 39,738,295 |

| | Note | 2024 Rupees | 2023 Rupees |
|-----------------------------|------|----------------|----------------|
| 18 DEFERRED TAXATION | | | |
| Deferred tax liability | 18.1 | - | 10,809,566 |
| Deferred tax asset | 18.2 | - | (589,239) |
| Net deferred tax liability | | - | 10,220,327 |
| Effective tax rate | | 0% | 29% |

18.1 Deferred tax liability on taxable temporary differences:

| | | |
|--|---|------------|
| Accelerated tax depreciation | - | 1,019,847 |
| Right of use asset | - | 545,854 |
| Surplus on revaluation of property plant and equipment | - | 9,243,865 |
| | - | 10,809,566 |

18.2 Deferred tax asset on deductible temporary differences:

| | | |
|-------------------|---|---------|
| Lease liabilities | - | 589,239 |
|-------------------|---|---------|

18.3 The Company is expected to remain in a non-tax/levy regime with a zero effective tax rate for the foreseeable future; therefore, no deferred tax is recorded in these financial statements.

18.4 The gross movement in the deferred tax liability during the year is as follow:

| | Note | 2024 Rupees | 2023 Rupees |
|--|------|----------------|----------------|
| Balance as at July 01, | | 10,220,327 | 11,644,515 |
| Charged to statement of profit or loss | | (976,462) | (1,424,188) |
| Trasnferred to revaluation surplus | | (9,243,865) | - |
| Balance as at June 30, | | - | 10,220,327 |

19 FINANCIAL LIABILITIES

| | | | |
|-------------------|------|-----------|-----------|
| Payable to IESCO | 19.1 | 7,250,308 | - |
| Lease liabilities | 19.2 | 2,299,129 | 2,031,860 |
| | | 9,549,437 | 2,031,860 |

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| | Note | 2024 Rupees | 2023 Rupees |
|--------------------------------------|------|------------------|------------------|
| Less: | | | |
| Current portion of payable to IESCO | | 3,625,154 | - |
| Current portion of lease liabilities | 19.2 | 2,299,129 | 932,731 |
| | | 5,924,283 | 932,731 |
| | | <u>3,625,154</u> | <u>1,099,129</u> |

- 19.1 This refers to the Fuel Cost Surcharge imposed by Islamabad Electric Supply Company Limited (IESCO) as a levy in the company's monthly electricity bills from July 2022 onwards. The deferred charges, amounting to Rs 7.250 million, will be paid in 24 equal monthly instalments. The liability is recorded at carrying value as the impact of amortisation is immaterial in respect of these financial statements.

| | 2024 Rupees | 2023 Rupees |
|---|------------------|------------------|
| 19.2 Movement of lease liabilities | | |
| As at July 01, | 2,031,860 | - |
| Additions | - | 2,823,381 |
| Payments | - | (1,200,000) |
| Interest expense for the year | 267,269 | 408,479 |
| As at June 30, | <u>2,299,129</u> | <u>2,031,860</u> |
| Current | 2,299,129 | 932,731 |
| Non-current | - | 1,099,129 |
| | <u>2,299,129</u> | <u>2,031,860</u> |

19.2.1 Maturity analysis of lease liability

| | | |
|----------------------------------|------------------|------------------|
| Up to one year | 2,400,000 | 1,200,000 |
| After one year | - | 1,200,000 |
| | <u>2,400,000</u> | <u>2,400,000</u> |
| Future finance charges | (100,871) | (368,140) |
| Present value of lease liability | <u>2,299,129</u> | <u>2,031,860</u> |

19.2.2 Amounts recognized in statement of profit or loss

| | | |
|-------------------------------|----------------|----------------|
| Interest on lease liabilities | <u>267,269</u> | <u>408,479</u> |
|-------------------------------|----------------|----------------|

19.2.3 Amounts disclosed in the statement of cash flows

| | | |
|-------------------------------|----------|------------------|
| Total cash outflows for lease | <u>-</u> | <u>1,200,000</u> |
|-------------------------------|----------|------------------|

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| | Note | 2024 Rupees | 2023 Rupees |
|---|------|----------------|----------------|
| 20 LONG TERM LOAN FROM DIRECTORS | | | |
| As at July 01, | 20.1 | 61,849,546 | 62,699,546 |
| Payments | | (520,075) | (850,000) |
| As at June 30, | | 61,329,471 | 61,849,546 |
| Less: current portion shown under current liabilities | | (61,329,471) | (61,849,546) |
| | | - | - |

20.1 This represents unsecured interest free loan from two directors and Chief Executive of the Company. The loan was payable on July 01, 2015. As these are now payable on demand, therefore all amounts have been transferred to current liabilities in the financial statements.

20.2 The maximum aggregate amount due to Directors at the end of any month during the year was Rs. 61,329,471 (2023: Rs. 62,699,546).

| | Note | 2024 Rupees | 2023 Rupees |
|--|------|----------------|----------------|
| 21 SHORT TERM LOAN FROM DIRECTORS | | | |
| As at July 01, | | 15,350,000 | 9,100,000 |
| Additions | | 24,000,000 | 6,250,000 |
| As at June 30, | 21.1 | 39,350,000 | 15,350,000 |

21.1 This represents unsecured interest free loan from two Directors and Chief Executive of the Company to meet the working capital requirements and installation of Solar system at the mills premises. These are payable on demand.

| | Note | 2024 Rupees | 2023 Rupees |
|------------------------------------|------|----------------|----------------|
| 22 TRADE AND OTHER PAYABLES | | | |
| Creditors | | 3,762,135 | 1,869,506 |
| Accrued expenses | | 25,051,796 | 10,369,446 |
| Advances from customers | | 1,498,625 | 4,669,570 |
| Government dues | | 1,070,308 | 852,650 |
| Workers' Profit Participation Fund | 22.1 | - | 510,884 |
| Workers' Welfare Fund | | 7,510 | 283,490 |
| Income tax payable | | 53,007 | 38,069 |
| Sales tax due to government | | 200,220 | 3,272,151 |
| Zakat payable | | 3,791 | 3,791 |
| | | 31,647,392 | 21,869,557 |

| | | | |
|--|--|-----------|-----------|
| 22.1 Workers' Profit Participation Fund | | | |
| Balance at July 01, | | 510,884 | 737,332 |
| Allocation for the year | | - | 510,884 |
| Amount paid during the year | | (510,884) | (737,332) |
| Balance at June 30, | | - | 510,884 |

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

From July 2022 onwards, Islamabad Electric Supply Company Limited (IESCO) is imposing a levy in monthly electricity bills of the company in respect of Quarterly Tariff Adjustment, Financing Cost (FC) surcharge and Fuel Price Adjustment (FPA). The balance under this levy is accumulated to Rs. 2.857 million as at year end June 30, 2024. Being aggrieved, the Company has filed a stay petition against the said levy in the Rawalpindi bench of Lahore High Court. The company's management remains optimistic about the case's verdict and is hopeful for a favorable outcome.

23.2 Commitments

There were no capital commitments as at June 30, 2024 (2023: nil).

| | Note | 2024 Rupees | 2023 Rupees |
|------------------------------------|------|----------------------|----------------------|
| 24 SALES | | | |
| Yarn | | 1,132,034,968 | 939,745,108 |
| Waste | | 1,541,641 | 1,086,726 |
| | | <u>1,133,576,609</u> | <u>940,831,834</u> |
| Less: sales tax | | <u>(172,918,464)</u> | <u>(139,535,409)</u> |
| | | <u>960,658,145</u> | <u>801,296,425</u> |
| 25 COST OF SALES | | | |
| Raw material consumed | 25.1 | 650,847,928 | 577,744,854 |
| Store and spares consumed | 25.2 | 17,522,154 | 14,654,948 |
| Salaries, wages and other benefits | 25.3 | 123,358,364 | 103,882,188 |
| Power charges | | 162,397,111 | 83,507,472 |
| Insurance | | 580,991 | 571,602 |
| Repairs and maintenance | | 339,525 | 142,880 |
| Depreciation | 6.4 | 4,796,712 | 4,290,489 |
| | | <u>959,842,785</u> | <u>784,794,433</u> |
| Work in process | | | |
| Opening | | 4,712,593 | 4,792,641 |
| Closing | 9 | (5,851,217) | (4,712,593) |
| | | <u>(1,138,624)</u> | <u>80,048</u> |
| Cost of goods manufactured | | 958,704,161 | 784,874,481 |

| | Note | 2024 Rupees | 2023 Rupees |
|---|------|--------------------|--------------------|
| Finished goods | | | |
| Opening | | 17,910,450 | 8,302,321 |
| Closing | 9 | (18,920,508) | (17,910,450) |
| | | (1,010,058) | (9,608,129) |
| Waste | | | |
| Opening | | 273,525 | 91,510 |
| Closing | 9 | (43,489) | (273,525) |
| | | 230,036 | (182,015) |
| Cost of goods sold | | <u>957,924,139</u> | <u>775,084,337</u> |
| 25.1 Raw material consumed | | | |
| Opening stock | | 4,140,307 | 4,709,979 |
| Add: purchases | | 655,074,289 | 577,175,182 |
| Cost of raw materials available for use | | <u>659,214,596</u> | <u>581,885,161</u> |
| Less: closing stock | | (8,366,668) | (4,140,307) |
| | | <u>650,847,928</u> | <u>577,744,854</u> |

25.2 Store and spares consumed

| | | | |
|---------------------|--|-------------------|-------------------|
| Opening stock | | 3,420,249 | 2,913,511 |
| Add: purchases | | 18,041,048 | 15,161,686 |
| | | <u>21,461,297</u> | <u>18,075,197</u> |
| Less: closing stock | | (3,939,143) | (3,420,249) |
| | | <u>17,522,154</u> | <u>14,654,948</u> |

25.3 Salaries, wages and other benefits includes an amount of Rs. 7,248,033 (2023: Rs.5,046,917) in respect of staff retirement benefits.

| | Note | 2024 Rupees | 2023 Rupees |
|--------------------------------------|-----------|-------------------|-------------------|
| 26 ADMINISTRATIVE EXPENSES | | | |
| Salaries and other benefits | 26.1 | 10,181,335 | 8,629,002 |
| Directors' remuneration | 32 | 278,400 | 278,400 |
| Motor running expenses | | 1,443,060 | 1,183,176 |
| Depreciation | 6.4 & 6.5 | 1,224,990 | 1,245,566 |
| Subscription and membership fee | | 507,270 | 338,260 |
| Zakat | 26.2 | 500,000 | 703,000 |
| Telephone expenses | | 141,786 | 127,321 |
| Entertainment | | 98,539 | 41,846 |
| Traveling and conveyance | | 95,940 | 72,940 |
| Advertisement | | 57,690 | 96,880 |
| Printing, stationery and periodicals | | 25,080 | 14,790 |
| Rates and taxes | | 8,449 | 36,237 |
| Other expenses | | 247,187 | 218,225 |
| | | <u>14,809,726</u> | <u>12,985,643</u> |

26.1 Salaries and other benefits include Rs. 2,497,554 (2023: Rs. 2,006,373) in respect of staff retirement benefits.

26.2 This represent zakat given to Sindh Institute of Urology and Transplantation amounting to Rs. 500,000. No charitable contributions were paid to any organisation, in which the directors, or spouses of the directors of the Company, had any interest.

| | 2024 Rupees | 2023 Rupees |
|---|-------------------|-------------------|
| 27 OTHER OPERATING CHARGES | | |
| Legal and professional expenses | 312,394 | 374,429 |
| Auditor's remuneration | | |
| Statutory audit | 430,000 | 400,000 |
| Half yearly review | 60,000 | 60,000 |
| Fee for other certification | 20,000 | 20,000 |
| | 510,000 | 480,000 |
| Workers' Profit Participation Fund | - | 510,884 |
| Workers' Welfare Fund | - | 276,835 |
| | <u>822,394</u> | <u>1,642,148</u> |
| 28 OTHER INCOME | | |
| Income from non-financial assets | | |
| Scrap sales | 409,892 | 185,870 |
| Bank profit | 177,375 | 42,956 |
| Liabilities written back | 59,253 | - |
| Miscellaneous | - | 77,900 |
| | <u>646,520</u> | <u>306,726</u> |
| 29 FINANCE COST | | |
| Interest on lease liability | 267,269 | 408,479 |
| Bank commission and charges | 164,870 | 77,591 |
| | <u>432,139</u> | <u>486,070</u> |
| 30 MINIMUM TAX | | |
| Minimum tax under section 113 | <u>12,013,350</u> | <u>10,018,529</u> |
| 30.1 This represents minimum tax paid under section 113 of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37. | | |

| | 2024 Rupees | 2023 Rupees |
|-------------------------------|------------------|--------------------|
| 31 INCOME TAX | | |
| Provision for taxation | | |
| Current | - | - |
| Prior year | - | 15,531 |
| Deferred | (976,462) | (1,424,188) |
| | <u>(976,462)</u> | <u>(1,408,657)</u> |

31.1 The Company has adopted the approach of recognizing amount calculated on revenue as a levy under IFRIC 21/IAS 37 as an operating expense, with any excess recognized as current income tax under IAS 12. Since the Company is expected to remain in a non-tax/levy regime with a zero effective tax rate for the foreseeable future, no deferred tax is recorded in these financial statements.

31.2 Numerical reconciliation between applicable tax rate and average effective tax rate has not been prepared as the Company was subject to minimum tax in the current year and prior year.

[Handwritten signature]

32 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

a) The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

| | 2024 | | | 2023 | | | | |
|-------------------------|-----------------|---------------|------------|----------------|-----------------|---------------|------------|----------------|
| | Chief Executive | Directors | Executives | Total | Chief Executive | Directors | Executives | Total |
| Managerial remuneration | 278,400 | - | - | 278,400 | 278,400 | - | - | 278,400 |
| Medical | 198,992 | - | - | 198,992 | 50,113 | - | - | 50,113 |
| Utilities | 38,510 | - | - | 38,510 | 34,819 | - | - | 34,819 |
| Others | 150,403 | 34,500 | - | 184,903 | 8,000 | 32,000 | - | 40,000 |
| Total | 666,305 | 34,500 | - | 700,805 | 371,332 | 32,000 | - | 403,332 |
| Number of persons | 1 | 6 | - | 7 | 1 | 6 | - | 7 |

b) The aggregate amount charged in the financial statements for remuneration, including all benefits to Executive directors and Non executive directors of the Company is as follows:

| | 2024 | | 2023 | | | |
|-------------------------|---------------------|-------------------------|---------|---------------------|-------------------------|---------|
| | Executive Directors | Non Executive Directors | Total | Executive Directors | Non Executive Directors | Total |
| Managerial remuneration | 666,305 | - | 666,305 | 371,332 | - | 371,332 |
| Number of persons | 2 | 5 | 7 | 2 | 5 | 7 |

c) Board meeting fee was paid to non-executive directors amounting to Rs. 27,500 during the year (2023: Rs. 32,000). *relate*

| | 2024 Rupees | 2023 Rupees |
|--|---------------------|------------------|
| 33 (LOSS)/EARNING PER SHARE - BASIC AND DILUTED | | |
| (Loss)/Profit after taxation (Rupees) | <u>(25,739,721)</u> | <u>820,081</u> |
| Weighted average number of ordinary shares at the end of the year (Numbers) | <u>1,300,000</u> | <u>1,300,000</u> |
| (Loss)/Earning per share - basic and diluted (Rupees) | <u>(19.80)</u> | <u>0.63</u> |

There is no dilutive effect on the basic earnings per share of the Company.

34 TRANSACTIONS WITH RELATED PARTIES

34.1 The related parties and associated undertakings of the Company comprise of associated companies, directors and key management personnel. Transactions with related parties and associated undertakings involve rent and advance for working capital requirements. These transactions are as follows:

| | | 2024 Rupees | 2023 Rupees |
|----------------------------------|---|---|-------------------|
| Name of the related party | Relationship and percentage shareholding | Transactions during the year and year end balances | |
| Taj Mills Limited | Associated company by virtue of common directorship | Lease rentals paid / payable | 1,200,000 |
| | | Amount payable at year end | <u>2,299,129</u> |
| Mahboob Elani | Director - 43.32% | Loan received | 12,000,000 |
| | | Amount payable at year end | <u>68,275,546</u> |
| Mahbooz Elahi | Chief Executive - 15.36% | Adjustment / repayment of long term loan | (520,075) |
| | | Loan received | 6,500,000 |
| | | Amount payable at year end | <u>21,728,924</u> |
| | | | <u>15,748,999</u> |

| | | 2024 Rupees | 2023 Rupees |
|---------------------------------|-------------------------------|----------------|----------------|
| Mahmood Elahi Director - 15.40% | Loan received | 5,500,000 | - |
| | Amount payable at year end | 10,675,000 | 5,175,000 |

34.2 Compensation to key management personnel

The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 32)". There are no transactions with key management personnel other than under their terms of employment.

34.3 The status of outstanding balances of related parties as at June 30, 2024 are included in "Long/short term loan from directors" (note 20 and 21).

2024

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

36.1 The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes currency risk, interest rate risk and price risk) arising from the financial instruments it holds.

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

36.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. Out of total financial assets of Rs. 40.777 million (2023: Rs. 48.319 million), the financial assets which are subject to credit risk amounted to Rs. 40.732 million (2023: Rs. 48.267 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

| | 2024 Rupees | 2023 Rupees |
|-----------------------------|-------------------|-------------------|
| Long term security deposits | 918,810 | 918,810 |
| Trade debts | 19,982,867 | 29,202,712 |
| Short term investment | 598,335 | 503,965 |
| Loans and advances | 5,441,750 | 4,832,750 |
| Bank balances | 13,790,960 | 12,809,737 |
| | <u>40,732,722</u> | <u>48,267,974</u> |

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

| | | |
|---------------------|-------------------|-------------------|
| Past due 1-30 days | 16,913,644 | 26,915,134 |
| Past due 30-90 days | 1,225,121 | 1,900,824 |
| Past due 90 days | 1,844,102 | 386,754 |
| | <u>19,982,867</u> | <u>29,202,712</u> |

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The ratings of banks range from A to AAA.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired.

36.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

| | 2024 | | | 2023 | | |
|--------------------------------------|------------------|----------------|-------------|---------------|----------------|-------------|
| | Upto one year | After one year | Total | Upto one year | After one year | Total |
| | -----Rupees----- | | | | | |
| Staff retirement benefits - gratuity | - | 32,658,401 | 32,658,401 | - | 24,152,146 | 24,152,146 |
| Long term loan from directors | 61,329,471 | - | 61,329,471 | 61,849,546 | - | 61,849,546 |
| Short term loan from directors | 39,350,000 | - | 39,350,000 | 15,350,000 | - | 15,350,000 |
| Financial liabilities | 5,924,283 | 3,625,154 | 9,549,437 | 932,731 | 1,099,129 | 2,031,860 |
| Trade and other payables | 31,647,392 | - | 31,647,392 | 21,869,557 | - | 21,869,557 |
| Dividend payable/ Unclaimed | 267,671 | - | 267,671 | 267,671 | - | 267,671 |
| | 138,518,817 | 36,283,555 | 174,802,372 | 100,269,505 | 25,251,275 | 125,520,780 |

36.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arise in financial instruments that are denominated in foreign currencies i.e. in a currency other than the Presently the Company is not exposed to foreign currency risk.

(ii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short borrowings. At the statement of financial position date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

| | 2024 | 2023 | 2024 | 2023 |
|-------------------------|--------------|--------------|--------------------|------------|
| | Rates | | Carrying amount | |
| | In Percent | | ----- Rupees ----- | |
| Financial assets | | | | |
| Bank balances | 0.25 to 0.28 | 0.17 to 0.25 | 13,424,474 | 12,109,797 |

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increase / (decrease) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the prior year.

| | Profit and loss (post tax) | |
|--|----------------------------|---------------------|
| | 100 bps increase | 100 bps decrease |
| | ----- Rupees ----- | |
| As at June 30, 2024 | | |
| Cash flow sensitivity - Variable rate financial assets | <u>95,314</u> | <u>(95,314)</u> |
| As at June 30, 2023 | | |
| Cash flow sensitivity - Variable rate financial assets | <u>85,980</u> | <u>(85,980)</u> |

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

(iii) **Other price risk**

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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to price risk, because of the investments held by the Company classified as investment at fair value through profit or loss of Rs. 598,335 (2023: 503,965).

37 **FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**

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 prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent 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:

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

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

As of the reporting date, financial instruments of the Company includes financial instruments carried at fair value through profit and loss only.

The carrying values of all other financial assets and liabilities reflected in the financial statements approximate their fair values.

- 37.1 The Company has revalued its freehold land, buildings and plant and machinery on December 31, 2022. Fair value of property plant and equipment are based on the valuations carried out by an independent valuer M/s Asrem (Private) Limited on the basis of market value.
- 37.2 The fair value of investments in HBL Cash Funds is considered to be Level 1, as their prices are quoted in an active market. The fair value of land and building are based on assumptions considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation and fair value of plant and machinery are considered to be level 3 in the fair value hierarchy due to significant unobservable inputs used in the valuation.

Valuation techniques used to derive level 2 fair values - Land and Building

Fair value of land and building has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. Moreover value of building also depends upon the type of construction, age and quality. The most significant input in this valuation approach is price / rate per square foot in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

Valuation techniques used to derive level 3 fair values - Plant and Machinery

In the absence of current prices in an active market, the fair value is determined by taking into account the following factors:

- Make, model, country of origin and etc.;
- Operational capacity;
- Present physical condition;
- Resale prospects; and
- Obsolescence.

The valuation is considered to be level 3 in the fair value hierarchy due to the above unobservable inputs used in the valuation. Most significant input in this valuation is the current replacement cost which is adjusted for factors above.

37.3 A reconciliation from opening balances to closing balances of fair value measurements categorized in level 3 is provided below:

| | 2024 Rupees | 2023 Rupees |
|---|-------------------|-------------------|
| Opening balance (level 3 recurring fair values) | 22,524,975 | 25,027,750 |
| Additions - Cost | - | - |
| Revaluation surplus during the year | - | - |
| Depreciation charge | (2,252,498) | (2,502,775) |
| Closing balance (level 3 recurring fair values) | <u>20,272,477</u> | <u>22,524,975</u> |

There were no transfers between levels 2 and 3 for recurring fair value measurements during the

37.4 Had there been no revaluation, the net book value of the specific classes of operating assets have been disclosed in note 6.

38 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

| | Liabilities | | Equity | | Total |
|--|--------------------|-------------------|-------------------|---------------------|-------------------|
| | Loan from Director | | Share capital | Accumulated loss | |
| | Long term | Short term | | | |
| | Rupees | | | | |
| Balance at July 01, 2023 | 61,849,546 | 15,350,000 | 13,000,000 | (44,886,434) | 45,313,112 |
| Changes from financing cash flows | | | | | |
| Proceeds from loan and borrowings | - | 24,000,000 | - | - | 24,000,000 |
| Repayments of loan and borrowings | (520,075) | - | - | - | (520,075) |
| Total changes from financing cash flows | (520,075) | 24,000,000 | - | - | 23,479,925 |
| Equity related | | | | | |
| Total comprehensive loss for the year | - | - | - | (27,700,539) | (27,700,539) |
| Transfer from revaluation surplus | - | - | - | 2,977,082 | 2,977,082 |
| Total equity related other changes | - | - | - | (24,723,457) | (24,723,457) |
| Balance as at June 30, 2024 | <u>61,329,471</u> | <u>39,350,000</u> | <u>13,000,000</u> | <u>(69,609,891)</u> | <u>68,793,037</u> |

Yadav

39 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with reference to disclosure requirements of fourth schedule of the Companies Act, 2017 relating to "All Shares Islamic Index".

| Description | Explanation | June 30, | June 30, |
|--|--|-----------------|-----------------|
| | | 2024 | 2023 |
| | | Rupees | Rupees |
| Loans and advances | Non-interest bearing | - | - |
| Deposits | Non-interest bearing | - | - |
| Segment revenue | The Company has only one segment | - | - |
| Bank balances as at June 30, | Placed under interest arrangement Placed under Shariah permissible arrangements | - 12,483,127 | - 12,109,797 |
| Income on bank deposits | Placed under interest arrangement Placed under Shariah permissible arrangements | - 16,203 | - 18,327 |
| Gain/(loss) on available-for-sale investments | | - | - |
| Dividend income | | - | - |
| All sources of other income disclosed in note 28 | | 177,375 | 42,956 |
| Exchange gain | Earned from actual currency | - | - |
| Relationship with banks having Islamic windows | Meezan Bank Limited | - | - |

There is no other bank balance / investments which carry any interest or markup arrangements.

40 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

| | 2024 | 2023 |
|--|--------------------|--------------------|
| | Rupees | Rupees |
| Capital structure of company is as follows | | |
| Equity | 84,488,425 | 102,945,099 |
| Long term Loan from directors | - | - |
| Short Term Loan from directors | 100,679,471 | 77,199,546 |
| | <u>185,167,896</u> | <u>180,144,645</u> |

| | 2024 Numbers | 2023 Numbers |
|--|-----------------|-----------------|
| 41 PLANT CAPACITY, PRODUCTION AND EMPLOYEES | | |
| No. of spindles installed | 8,388 | 8,388 |
| Installed capacity converted into 20's count lbs. | 6,601,618 | 6,601,618 |
| Actual production converted into 20's count lbs. | 4,018,190 | 4,159,560 |
| Actual production in lbs. | 3,904,100 | 3,912,600 |
| Average count manufactured | 21 | 21 |
| No. of shifts worked daily | 2 | 2 |

41.1 Reasons for under utilization of capacity

The Company could not achieve the installed capacity due to excessive electricity shut down which resulted in decrease in one production shift.

42 NUMBER OF EMPLOYEES

| | 2024 Numbers | 2023 Numbers |
|--|-----------------|-----------------|
| Total number of employees as at June 30, | 285 | 291 |
| Average during the year | 286 | 290 |

43 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, for better presentation and classification. Following major reclassification have been made during the year.

| Description | Reclassified from | Reclassified to | 2024 Rupees | 2023 Rupees |
|--------------------------------------|-------------------|--|----------------|----------------|
| Provision for taxation - current tax | Taxation | Minimum tax (presented on face of statement of profit or loss) | 12,013,350 | 10,018,529 |
| Tax receivable / adjustable | Taxation - net | Prepaid Levy | 3,001,431 | 923,093 |

44 DATE OF AUTHORISATION FOR ISSUE

These financial statements are authorised for issue by the Board of Directors on 25 SEP 2024.

45 GENERAL

Figures have been rounded off to the nearest rupee. *AW*


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

THE COMPANIES ACT, 2017
The Companies Regulations-2024
(Section 227(2)(f) and Regulation 30)

PATTERN OF SHAREHOLDINGS

- 1.1 Name of the Company : ELAHI COTTON MILLS LIMITED
 2.1 Pattern of holding of the shares held by shareholders as at : June 30, 2024.

| 2.2 | NO. OF SHARE HOLDERS | SHAREHOLDINGS | TOTAL SHARES HELD |
|-----|----------------------------|--------------------|-------------------------|
| | 46 | 1 to 100 | 1,119 |
| | 27 | 101 to 500 | 10,868 |
| | 34 | 501 to 1,000 | 22,275 |
| | 21 | 1,001 to 5,000 | 37,926 |
| | 3 | 5,001 to 10,000 | 19,300 |
| | 1 | 15,001 to 20,000 | 19,244 |
| | 1 | 70,001 to 75,000 | 73,500 |
| | 1 | 150,001 to 155,000 | 152,743 |
| | 1 | 195,001 to 200,000 | 199,625 |
| | 1 | 200,001 to 205,000 | 200,200 |
| | 1 | 560,001 to 565,000 | 563,200 |
| | 137 | :- TOTAL :- | 1,300,000 |

| 2.3 | <u>CATEGORIES OF SHAREHOLDERS</u> | Shares held | percentage |
|-------|---|----------------|------------|
| 2.3.1 | Directors, Chief Executive Officer and their spouse and minor children | 1,058,369 | 81.4130 |
| 2.3.2 | Associated Companies, undertakings and related parties | -- | -- |
| 2.3.3 | NIT AND ICP | -- | -- |
| 2.3.4 | Banks, Development Financial institution, Non-Banking Financial Institutions: | -- | -- |
| 2.3.5 | Insurance companies: | -- | -- |
| 2.3.6 | Modarabas and mutual funds: | -- | -- |
| 2.3.7 | Shareholders holding 10% or more | 1,115,868 | 85.8360 |
| 2.3.8 | General Public | | |
| | a. → Local | 88,888 | 6.8375 |
| | b. → foreign | -- | -- |
| 2.3.9 | Others (to be specified) Joint Stock Company | 152,743 | 11.7495 |

ELAHI COTTON MILLS LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As at June 30, 2024

| S. No. | Name | No. of Shares held | percentage |
|--|--------------------------------------|--------------------|------------|
| Associated Companies, Undertakings and Related Parties: (Name wise detail) | | -- | -- |
| Mutual Funds: (Name wise detail) | | -- | -- |
| Directors and their spouse and minor children: (Name wise detail) | | | |
| 1. | Mr. Mahboob Elahi | 563,200 | 43.3231 |
| 2. | Mr. Mahfooz Elahi | 199,675 | 15.3596 |
| 3. | Mr. Mahmood Elahi | 200,250 | 15.4038 |
| 4. | Sheikh Farrukh Ahmed | 2,500 | 0.1923 |
| 5. | Mr. Ahmed Shaffi | 19,244 | 1.4803 |
| 6. | Mrs. Samina Begum | 73,500 | 5.6538 |
| 7. | Mr. Muhammad Azeem Afzal Hashmi | -- | -- |
| Executives: | | -- | -- |
| Public Centre Companies & Corporations: | | -- | -- |
| Banks, Developments Finance Institutions, Takaful, Modarabas and pension Funds: Non-Banking Financial Institutions, Insurance Companies, Takaful, Modarabas and Pension Funds: | | -- | -- |
| Shareholders holding five percent or more voting interest in the listed Company: (Name wise detail) | | | |
| 1. | Mr. Mahboob Elahi | 563,200 | 43.3231 |
| 2. | Mr. Mahfooz Elahi | 199,675 | 15.3596 |
| 3. | Mr. Mahmood Elahi | 200,250 | 15.4038 |
| 4. | Salim Sozer Securities (Pvt) Limited | 152,743 | 11.7495 |
| 5. | Mrs. Samina Begum | 73,500 | 5.6538 |
| All trades in the Shares of the listed Company, carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children: | | | |
| S. No. | Name | Sale | Purchase |
| | NIL | | |

ELAHI COTTON MILLS LIMITED

| Folio No. | CDC Account No. | |
|-----------|-------------------|-------------|
| | Participant I. D. | Account No. |
| | | |

PROXY FORM

I/We _____ of _____ being a member/members of
ELAHI COTTON MILLS LIMITED hereby appoint _____ (name)
of _____ (Full address) or failing him/her
_____ (name) of _____ (Full address) another member of
the company as my/our proxy to attend and vote for me/us and on my/our behalf, at the 54th Annual General
Meeting of the company to be held at registered office of the Company at Plot # 270, Sector I-9, Industrial Area,
Islamabad on October 25, 2024 at 10.00 a.m. or at any adjournment thereof.
Signed this _____ day of _____ in the presence of
the following witnesses

Signature on Rupees Fifty
Revenue Stamp
(Signature should agree with the
specimen signature registered with
the company)

Witness 1

Signature

Name _____
CNIC No. _____
Address _____

Witness 2

Signature

Name _____
CNIC No. _____
Address _____

Important

1. A member entitled to attend and vote at this Annual General Meeting of the company may appoint another member as proxy to attend and vote instead of him / her. No person shall act as proxy, who is not a member.
2. The instrument appointing a proxy should be signed by the member (s) or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed to the instrument.
3. This Proxy Form, duly completed, must be deposited at the company's Registered Office, at Plot # 270, Sector I-9, Industrial Area, Islamabad, not less than 48 hours before the time of holding the meeting.
4. The Proxy shall produce his original CNIC or original passport at the time of the Meeting.
5. In case of individual CDC Account holders, attested copy of CNIC or passport (as the case may be) of the beneficial owner will have to be provided with this Proxy.
6. In case of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the nominee shall be submitted along-with this Proxy.

| | | |
|------------|----------------------|-------------|
| فولیہ نمبر | سی ڈی سی اکاؤنٹ نمبر | |
| | شرکت دار کی شناخت | اکاؤنٹ نمبر |
| | - | |

پرائکسی فارم

میں رہم ساکن بحیثیت ممبر الٹی کاشن لمیٹڈ مسی/سمات (مکمل پتہ)
 پرائکسی کے غیر حاضر ہونے کی صورت میں مسی/سمات ساکن (مکمل پتہ) کو بطور حقار (پرائکسی) مقرر کرتا/کرتی ہوں تاکہ وہ میری
 غیر موجودگی میں میری طرف سے کمپنی کے چوں ویں سالانہ اجلاس عام، جو کہ مورخہ ۲۵ اکتوبر ۲۰۲۳ء کو دن بچے کن یا کسی اور ملوثی شدہ تاریخ پر کمپنی کے جسٹ ڈیفنڈ واقع ۷۰ کیکس آئی ہاؤس انڈسٹریل ایریا، اسلام آباد پر منعقد ہوگا،
 میں شرکت کرتے یا ووٹ ڈالے۔
 دخط منظور کنندہ تاریخ روبرو مندرجہ ذیل گواہان

دخط (۵۰ روپے کے ریونیو سٹیپ پر) تاریخ

گواہان

| دخط | دخط |
|---------------------|---------------------|
| ۱- نام | ۱- نام |
| ۲- شناختی کارڈ نمبر | ۲- شناختی کارڈ نمبر |
| ۳- پتہ | ۳- پتہ |

نوٹس:

- ۱- ووٹر کن جسے اجلاس میں شریک ہونے کا حق حاصل ہے وہ کسی ناگزیر صورت حال میں اپنی جگہ دوسرے ممبر کو یہ حق دے سکتا ہے کہ وہ اس کی جگہ اجلاس میں شرکت کر سکتا ہے اور ووٹ کا اندراج کر سکتا ہے۔ کوئی بھی ایسا شخص پرائکسی مقرر نہیں ہو سکتا جو کہ ممبر نہ ہو۔
- ۲- ووٹر کن جو پرائکسی مقرر کرے گا اس کے اپنے دخط یا عمارت نامہ لائی کے دخط ہونا لازمی ہیں اور کارپوریٹ ادارہ ہونے کی صورت میں کمپنی کی (common seal) مخصوص مہر ثبت ہونی چاہیے۔
- ۳- پرائکسی ووٹر ہونے کے لیے ہمارے رجسٹرڈ آفس میں اجلاس سے کم از کم ۴۸ گھنٹے قبل موصول ہونا لازمی ہے۔
- ۴- پرائکسی اپنے ہمراہ اپنا اصل شناختی کارڈ یا پاسپورٹ لے کر آئے تاکہ اس کی شناخت ہو سکے۔
- ۵- انفرادی سی ڈی سی رکن کی صورت میں اصل شناختی کارڈ اور پرائکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فتوال منسلک کرنا ضروری ہے۔
- ۶- کارپوریٹ پرائکسی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد، پاور آف اٹارنی، ممبر نامہ شخص کے نمونہ دخط منسلک کرنا لازمی ہے۔