



FINANCIAL STATEMENTS OF
ELAHI COTTON MILLS LIMITED
FOR THE PERIOD ENDED
DECEMBER 31, 2023

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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

FARRUKH AHMED
MAHBOOB ELAHI
AHMED SHAFFI

HRR COMMITTEE

MAHMOOD ELAHI
M. AZEEM AFZAL HASHMI
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 I-9,
INDUSTRIAL AREA,
ISLAMABAD.

MILLS

JURIAN, MANDRA,
TEHSIL GUJAR KHAN,
DISTRICT RAWALPINDI.

WEBSITE

www.elahicotton.com

ELAHI COTTON MILLS LIMITED

DIRECTORS' REVIEW TO THE MEMBERS

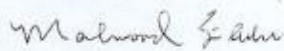
The Directors of the Company are pleased to present financial information for the half year ended December 31, 2023 duly reviewed by the external auditors.

The principal business activity of the Company is to manufacture and sale of Pure Polyester Yarn. Aggregate sales revenue of the Company increased from Rs. 363.090 million to Rs. 474.758 million showing increase of Rs. 111.668 million (30.76%) whereas cost of sales increased from Rs. 359.831 million to Rs. 463.561 million showing increase of Rs. 103.730 million (28.82%). The Company earned profit before taxation of Rs. 2.413 million for the six months from July 01, 2023 to December 31, 2023 as compared to loss of Rs. 3.617 million for the corresponding period of last six months and incurred loss after taxation of Rs. 4.113 million as compared to loss of Rs. 7.679 million. The loss incurred by the Company is due to increase in cost of sales mainly in salary & wages, raw material and power charges. The Management expects the next quarter to be an uncertain due to ongoing political instability, current severe recession in local and international markets with regard to demand and rates of polyester and yarn.

The auditors have drawn attention to Note 1.3 in the financial statements that the Company's current liabilities exceeded its current assets by Rs. 39.256 million. The Company has accumulated loss of Rs. 47.942 million that exceeds the issued, subscribed and paid up capital by Rs. 34.942 million. These conditions indicate the existence of a material uncertainty that cast doubt about the Company's ability to continue as a going concern. 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. 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.

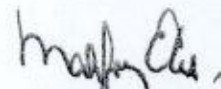
The loss per share for the half year ended December 31, 2023 is Rs. 3.16 and for the quarter ended December 31, 2023 is Rs. 5.60. The Directors of the Company do not recommend payment of any dividend to shareholders of the Company as the Company has incurred net loss and also has accumulated loss.

Islamabad
February 27, 2024



(Mahmood Elahi)
Director

On behalf of Board of Directors



(Mahfooz Elahi)
Chief Executive

کمپنی کے ڈائریکٹرز ششماہی مالیاتی رپورٹ مختتمہ ۳۱ دسمبر ۲۰۲۳ء جو کہ بیرونی محاسب سے جائزہ شدہ ہے، پیش کرتے ہیں۔ کمپنی کا بنیادی کام خالص پولیسٹر دھاگہ بنانا اور فروخت کرنا ہے۔ کمپنی کی مجموعی فروخت -/363.090 ملین روپے سے بڑھ کر 474.758 ملین روپے ہو گئی ہے جو کہ -/111.668 ملین روپے (30.76%) اضافہ ظاہر کر رہی ہے جبکہ فروخت کے اخراجات -/359.831 ملین روپے سے بڑھ کر -/463.561 ملین روپے ہو گئے ہیں جو کہ -/103.730 ملین روپے (28.82%) اضافہ ظاہر کر رہے ہیں۔ اس ششماہی مختتمہ ۳۱ دسمبر ۲۰۲۳ء میں کمپنی کو قبل از ٹیکس -/2.413 ملین روپے کا منافع ہوا ہے جبکہ گزشتہ سال اسی دورانیہ میں -/3.617 ملین روپے کا نقصان ہوا تھا اور بعد از ٹیکس -/4.113 ملین روپے کا نقصان ہوا جبکہ گزشتہ سال اسی دورانیہ میں -/7.679 ملین روپے کا نقصان ہوا تھا۔ کمپنی کا نقصان ہونے کی وجہ فروخت کے اخراجات، تنخواہ اور اجرت، خام مال اور بجلی کی قیمتوں میں اضافہ ہے۔ انتظامیہ کو توقع ہے کہ اگلی سال ماہی غیر یقینی اور چیلنجنگ ہوگی کیونکہ جاری شدہ سیاسی صورت حال اور مقامی اور عالمی منڈی میں جاری شدہ شدید بحران ہے جو کہ پولیسٹر اور دھاگے کی قیمت اور طلب کے ساتھ منسلک ہے۔

بیرونی محاسب نے نوٹ نمبر 1.3 کی طرف توجہ دلائی ہے کہ مالیاتی رپورٹ میں موجودہ واجب الادا قرضوں میں موجودہ اثاثوں کی نسبت اضافہ ہوا ہے جو کہ 39.256 ملین روپے ہے۔ کمپنی کا مجموعی خسارہ 47.942 ملین روپے ہے جو کہ جاری شدہ، ادا شدہ سرمائے سے 34.942 ملین روپے زیادہ ہے۔ یہ حالات خاصے غیر یقینی کی صورت حال ظاہر کر رہے ہیں جن کی وجہ سے کمپنی کے چلنے کی صلاحیت میں شک پیدا ہو سکتا ہے۔ انتظامیہ پوری کوشش کر رہی ہے کہ وہ ان اثرات کو اپنی کارکردگی اور بہتر مارکیٹنگ سے کم از کم کرے۔ سپانسر ڈائریکٹرز کمپنی سے مسلسل مالی تعاون کر رہے ہیں مستقبل قریب میں انتظامیہ کا نہ تو ارادہ کمپنی کو ختم کرنے کا ہے اور نہ ہی پیداواری سرگرمیاں بند کرنے کا ہے لہذا وہ پر عزم ہیں کہ کمپنی انتظامیہ کی بھرپور کوشش سے جاری و ساری رہے گی۔

اس ششماہی مختتمہ ۳۱ دسمبر ۲۰۲۳ء میں کمپنی کا نقصان -/3.161 روپے فی حصص ہوا جبکہ دوسری سہ ماہی مختتمہ ۳۱ دسمبر ۲۰۲۳ء کو فی حصص -/5.601 روپے نقصان ہوا۔ کمپنی کے ڈائریکٹرز حصہ داران کے لئے کسی حصص پر منافع دینے کی سفارش نہیں کرتے کیونکہ کمپنی کو خالص اور مجموعی نقصان ہوا ہے۔

اسلام آباد

۲۷ فروری ۲۰۲۴ء

بورڈ آف ڈائریکٹرز کی جانب سے

Mahmood Khan

محفوظ الہی
چیف ایگزیکٹو

Mahmood Khan

محمود الہی
ڈائریکٹر

INDEPENDENT AUDITORS REVIEW REPORT TO THE MEMBERS OF ELAHI COTTON MILLS LIMITED**Report on review of Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Elahi Cotton Mills Limited ("the Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the interim financial statements for the six months period then ended (herein after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and financial reporting standards as applicable in Pakistan for interim financial reporting.

Material Uncertainty Related to Going Concern

Without qualifying to our conclusion, we draw attention to Note 1.3 in the condensed interim financial information which indicates that the Company's current liabilities exceeded its current assets by Rs. 39.256 million. The Company has accumulated loss of Rs. 47.942 million. The Company's accumulated losses exceeded the issued, subscribed and paid-up capital by Rs. 34.942 million. These conditions, along with other matters as set forth in Note 1.3, indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern.



Other Matter

The figures for the quarter ended December 31, 2023 and December 31, 2022 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review audit resulting in this independent auditors review report is Iffat Hussain.

ISLAMABAD

DATED: 27 FEBRUARY 2024
UDIN: RR202310094jKxiRU4sS

Bdo ebrahim & Co.
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
adrew

ELAHI COTTON MILLS LIMITED
 CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 AS AT DECEMBER 31, 2023

		December 31, 2023	June 30, 2023
	Note	Rupees Unaudited	Rupees Audited
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	4	171,351,198	158,144,784
Long term security deposits		918,810	918,810
Loans and advances	5	5,234,750	4,379,750
		<u>177,504,758</u>	<u>163,443,344</u>
CURRENT ASSETS			
Current portion of loans and advances	5.2	260,118	571,910
Stores, spares and loose tools	6	3,311,482	3,420,249
Stock in trade	7	32,021,626	27,036,875
Trade debts	8	46,035,093	29,202,712
Short terms prepayments		82,871	722,842
Taxation - net		1,289,857	923,093
Short terms investments		544,435	503,965
Cash and bank balances	9	11,245,569	12,861,216
		<u>94,791,051</u>	<u>75,242,862</u>
		<u>272,295,809</u>	<u>238,686,206</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	10	13,000,000	13,000,000
Revaluation surplus on property, plant and equipment		133,774,669	134,831,533
Accumulated loss		(47,942,137)	(44,886,434)
		<u>98,832,532</u>	<u>102,945,099</u>
NON-CURRENT LIABILITIES			
Staff retirement benefits - Gratuity		27,883,395	24,152,146
Deferred taxation		10,807,514	10,220,327
Lease liability		725,392	1,099,129
		<u>39,416,301</u>	<u>35,471,602</u>
CURRENT LIABILITIES			
Current portion of long term loan from directors	11	61,567,804	61,849,546
Short term loan from directors	12	30,850,000	15,350,000
Trade and other payables	13	39,902,271	21,869,557
Current portion of lease liability		1,459,230	932,731
Unclaimed dividend		267,671	267,671
		<u>134,046,976</u>	<u>100,269,505</u>
		<u>272,295,809</u>	<u>238,686,206</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	14	-	-

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE


 DIRECTOR


 CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

		Six months ended December 31,		Three months ended December 31,	
		2023	2022	2023	2022
Note		-----Rupees-----			
Sales	15	474,758,404	363,090,458	224,913,904	200,511,318
Cost of sales	16	(463,561,121)	(359,831,424)	(223,987,527)	(195,600,847)
Gross profit		11,197,283	3,259,034	926,377	4,910,471
Operating expenses					
Administrative expenses		(7,712,642)	(6,405,095)	(3,877,348)	(3,025,665)
Selling and distribution expenses		(705,100)	(732,800)	(370,000)	(320,000)
Other operating charges		(406,532)	(229,926)	(312,962)	(149,700)
Operating profit / (loss)		2,373,009	(4,108,787)	(3,633,933)	1,415,106
Other income		289,129	515,841	274,954	13,438
Financial charges		(249,424)	(24,320)	(235,591)	(16,960)
Profit / (loss) before taxation		2,412,714	(3,617,266)	(3,594,570)	1,411,584
Taxation:					
Current		(5,938,094)	(4,545,079)	(2,815,038)	(2,512,840)
Prior		-	(15,531)	-	-
Deferred		(587,187)	499,083	(869,151)	250,483
		(6,525,281)	(4,061,527)	(3,684,189)	(2,262,357)
Loss after taxation		(4,112,567)	(7,678,793)	(7,278,759)	(850,773)
Loss per shares - Basic and diluted (Rupees)	17	(3.16)	(5.90)	(5.60)	(0.65)

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

Six months ended December 31,		Three months ended December 31,	
2023	2022	2023	2022
-----Rupees-----			

Loss for the period	(4,112,567)	(7,678,793)	(7,278,759)	(850,773)
Other comprehensive income	-	-	-	-
Related deferred tax impact	-	-	-	-
period	<u>(4,112,567)</u>	<u>(7,678,793)</u>	<u>(7,278,759)</u>	<u>(850,773)</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.

Rupees


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023**

	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 period	-	-	(7,678,793)	(7,678,793)
Loss for the period	-	-	-	-
Revaluation surplus on property, plant and equipment	-	-	-	-
Related deferred tax impact	-	-	-	-
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation-net of deferred tax	-	(1,169,942)	1,169,942	-
Balance as at December 31, 2022	<u>13,000,000</u>	<u>136,001,476</u>	<u>(52,325,083)</u>	<u>96,676,393</u>
Balance as at July 01, 2023	13,000,000	134,831,533	(44,886,434)	102,945,099
Total comprehensive loss for the period	-	-	(4,112,567)	(4,112,567)
Loss for the period	-	-	-	-
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation-net of deferred tax	-	(1,056,864)	1,056,864	-
Balance as at December 31, 2023	<u>13,000,000</u>	<u>133,774,669</u>	<u>(47,942,137)</u>	<u>98,832,532</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR



CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Six months ended December 31,	
	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	2,412,714	(3,617,266)
Adjustment for non-cash items:		
Depreciation	2,675,566	2,297,466
Financial charges / cost	402,186	24,320
Profit on investment in HBL fund	(40,470)	-
Provision for gratuity	4,756,899	3,564,338
	7,794,181	5,886,124
Profit before working capital changes	10,206,895	2,268,858
Changes in working capital:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	108,767	119,958
Stock in trade	(4,984,751)	(16,857,198)
Trade debts	(16,832,381)	(4,516,902)
Loans and advances	311,792	11,377,177
Short term prepayments	639,971	240,313
Increase in current liabilities		
Trade and other payables	18,032,714	10,100,804
	(2,723,888)	464,152
Cash generated from operations	7,483,007	2,733,010
Financial charges paid	(249,424)	(24,320)
Income tax paid	(6,304,858)	(4,768,165)
Gratuity paid	(1,025,650)	(2,228,150)
	(7,579,932)	(7,020,635)
Net cash used in operating activities	(96,925)	(4,287,625)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans given to employees	(855,000)	(83,500)
Purchase of property, plant and equipment	(15,881,980)	-
Net cash used in investing activities	(16,736,980)	(83,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loan from directors	(281,742)	(250,000)
Short term loan from directors	15,500,000	6,250,000
Net cash generated from financing activities	15,218,258	6,000,000
Net (decrease) / increase in cash and cash equivalents	(1,615,647)	1,628,875
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	11,245,569	9,998,693

The annexed notes from 1 to 24 form an integral part of these condensed interim financial statements. *Review*


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ELAHI COTTON MILLS LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

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 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.
- 1.3 The Company's current liabilities exceeded its current assets by Rs. 39.256 million (June 30, 2023: Rs. 25.027 million). The Company has accumulated loss of Rs. 47.942 million (June 30, 2023: Rs. 44.886 million). The Company's accumulated losses exceeded the issued, subscribed and paid up capital by Rs. 34.942 million (June 30, 2023: Rs. 31.886 million) . These conditions indicate the existence of material uncertainty which may cast doubt about the Company's ability to continue as going concern.

These interim financial statements have been prepared on going concern basis without any adjustment to assets and liabilities in view of profitable future projections and financial support from associated undertaking and sponsors. The management is confident of improving profitability through streamlining the operations of the Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These interim financial statements of the Company for the six months ended December 31, 2023 have been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions or directives issued under the Companies Act, 2017 have been followed.

These interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2023. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended June 30, 2023 and comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un audited condensed interim financial statements for the six months ended December 31, 2023.

These interim financial statements are unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

Bloco

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for some operating fixed assets which have been stated at revalued amount, investment property at fair value, investments classified as fair value through other comprehensive income (FVTOCI) and employee benefits at present value.

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

2.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3 ACCOUNTING POLICIES

3.1 The accounting policies adopted and methods of computation followed in the preparation of these interim financial statements are same as those applied in the preparation of financial statements for the year ended June 30, 2023.

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

3.3 The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2023.

3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2023. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on these interim financial statements.

3.5 Taxation

The provision for taxation for the half year and quarter ended December 31, 2023 has been made using the estimated effective tax rate applicable to expected total annual earnings.

Review

		December 31, 2023	June 30, 2023
	Note	Rupees Unaudited	Rupees Audited
4 OPERATING FIXED ASSETS			
Property, plant and equipment	4.1	169,939,508	156,262,530
Right of use assets	4.2	1,411,690	1,882,254
		<u>171,351,198</u>	<u>158,144,784</u>
4.1 Property, plant and equipment			
Opening net book value		156,262,530	160,857,458
Add:			
Additions during the period / year (cost)		15,881,980	-
Additions during the period / year (revaluation)		-	-
	4.1.1	15,881,980	-
Less:			
Depreciation charged during the period / year		2,205,002	4,594,928
Closing net book value		<u>169,939,508</u>	<u>156,262,530</u>
4.1.1 Detail of additions (at cost)/revaluation during the period / year are as follows:			
Power and other installations		15,881,980	-
		<u>15,881,980</u>	<u>-</u>
4.2 Right of use asset			
Buildings:			
Cost			
Opening balance		2,823,381	-
Additions during the period / year		-	2,823,381
Closing balance		2,823,381	2,823,381
Accumulated depreciation			
Opening balance		941,127	-
Depreciation charge during the period / year		470,564	941,127
Closing balance		1,411,691	941,127
Net book value		<u>1,411,690</u>	<u>1,882,254</u>
Useful life (years)		3	3
<i>Review</i>			

		December 31, 2023	June 30, 2023
	Note	Rupees Unaudited	Rupees Audited
5 LOANS AND ADVANCES			
Unsecured - considered good			
Opening balance		4,832,750	4,444,000
Loan given to employees during the period	5.1	1,613,000	8,485,000
Payment received during the period		<u>(956,000)</u>	<u>(8,096,250)</u>
		5,489,750	4,832,750
Current portion shown under current assets	5.2	<u>(255,000)</u>	<u>(453,000)</u>
Closing balance		<u><u>5,234,750</u></u>	<u><u>4,379,750</u></u>

5.1 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 amortization is not material in respect of these interim financial statements.

		December 31, 2023	June 30, 2023
	Note	Rupees Unaudited	Rupees Audited
5.2 Current portion of loans and advances			
Loans and advances			
Current portion of long-term loans	5	255,000	453,000
Advances to suppliers		<u>5,118</u>	<u>118,910</u>
		<u><u>260,118</u></u>	<u><u>571,910</u></u>

6 STORES, SPARES & LOOSE TOOLS

Stores		3,088,237	3,321,909
Spares		<u>223,245</u>	<u>98,340</u>
		<u><u>3,311,482</u></u>	<u><u>3,420,249</u></u>

6.1 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.

7 STOCK IN TRADE

Raw material		6,550,990	4,140,307
Work in progress		5,879,913	4,712,593
Finished goods		19,527,823	17,910,450
Waste		<u>62,900</u>	<u>273,525</u>
		<u><u>32,021,626</u></u>	<u><u>27,036,875</u></u>

Rs. in Lakhs.

			December 31, 2023	June 30, 2023
		Note	Rupees Unaudited	Rupees Audited
8	TRADE DEBTS			
	Unsecured - considered good		<u>46,035,093</u>	<u>29,202,712</u>
9	CASH AND BANK BALANCES			
	Cash in hand		34,419	51,479
	Cash at banks: (local currency)			
	Current accounts		10,920,049	699,940
	Saving account	9.1	291,101	12,109,797
			<u>11,245,569</u>	<u>12,861,216</u>

9.1 Saving account carries mark up at the rates ranging from 0.25% to 0.28% (June 30, 2023: 0.17% to 0.25%) per annum.

			December 31, 2023	June 30, 2023
			Rupees Unaudited	Rupees Audited
10	SHARE CAPITAL			
10.1	Issued, subscribed and paid up capital			
	Number of ordinary shares of Rs. 10/- each			
	December 31, 2023 June 30, 2023			
	<u>1,300,000</u> <u>1,300,000</u> Fully paid in cash		<u>13,000,000</u>	<u>13,000,000</u>

10.2 Authorized share capital

This represents 5,000,000 (December 31, 2022: 5,000,000) ordinary shares of Rs. 10 each amounting to Rs. 50,000,000 (June 30, 2022: Rs. 50,000,000).

			December 31, 2023	June 30, 2023
		Note	Rupees Unaudited	Rupees Audited
11	CURRENT PORTION OF LONG TERM LOAN FROM DIRECTORS			
	Unsecured			
	Opening balance		61,849,546	62,699,546
	Additions during the period / year		-	-
	Payments during the period / year		(281,742)	(850,000)
			<u>61,567,804</u>	<u>61,849,546</u>

Review

- 11.1 This represents unsecured interest free loan from two directors and Chief Executive of the Company to meet the working capital requirements. 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.

		December 31, 2023	June 30, 2023
		Rupees	Rupees
	Note	Unaudited	Audited
12	SHORT TERM LOAN FROM DIRECTORS		
		15,350,000	9,100,000
		15,500,000	6,250,000
	12.1	<u>30,850,000</u>	<u>15,350,000</u>

- 12.1 This represents unsecured interest free loan from two directors and Chief Executive of the Company to meet the working capital requirements. These are now payable on demand.

		December 31, 2023	June 30, 2023
		Rupees	Rupees
		Unaudited	Audited
13	TRADE AND OTHER PAYABLES		
		1,120,971	1,869,506
		25,208,229	11,222,096
		11,976,798	4,669,570
		661,762	510,884
		64,844	283,490
		31,312	38,069
		834,564	3,272,151
		3,791	3,791
		<u>39,902,271</u>	<u>21,869,557</u>

14 CONTINGENCIES AND COMMITMENTS

14.1 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. 12.962 million as at period end December 31, 2023. Being aggrieved, the Company has filed a stay petition against the said levy in the Rawalpindi bench of Lahore High Court. The court granted an interim relief on March 28, 2023 against with petition no W.P.No. 1112 of 2023. An appeal having petition number 285NT2023 has been made to NEPRA Tribunal on November 06, 2023 for further proceedings of the case. The company's management remains optimistic about the case's verdict and is hopeful for a favorable outcome.

As above.

14.2 Commitments

There is no commitment for capital expenditures as at the December 31, 2023 (June 30, 2023: nil).

	Note	Six months ended		Three months ended	
		December 31,		December 31,	
		2023	2022	2023	2022
		Rupees	Rupees	Rupees	Rupees
		Unaudited	Unaudited	Unaudited	Unaudited
15 SALES					
Yarn		559,294,485	424,316,829	264,862,951	210,420,823
Waste		920,430	499,005	535,455	270,855
		<u>560,214,915</u>	<u>424,815,834</u>	<u>265,398,406</u>	<u>210,691,678</u>
Less: sales tax		(85,456,511)	(61,725,376)	(40,484,502)	(10,180,360)
		<u>474,758,404</u>	<u>363,090,458</u>	<u>224,913,904</u>	<u>200,511,318</u>
16 COST OF SALES					
Raw material consumed	16.1	324,628,364	268,326,915	155,716,096	144,816,759
Salaries, wages and other benefits		57,600,000	52,108,230	30,207,479	27,317,820
Electricity		72,703,614	41,344,548	37,314,261	20,710,682
Insurance		507,878	470,313	507,878	470,313
Repair and maintenance		156,605	69,480	138,705	21,900
Stores and spares consumed	16.2	8,475,659	6,739,229	4,250,554	3,784,824
Depreciation		2,063,069	2,145,246	1,097,710	1,072,624
		<u>466,135,189</u>	<u>371,203,961</u>	<u>229,232,683</u>	<u>198,194,922</u>
Opening work in process		4,712,593	4,792,641	5,818,846	5,219,530
Closing work in process		(5,879,913)	(4,704,988)	(5,879,913)	(4,704,988)
		<u>(1,167,320)</u>	<u>87,653</u>	<u>(61,067)</u>	<u>514,542</u>
Cost of goods manufactured		<u>464,967,869</u>	<u>371,291,614</u>	<u>229,171,616</u>	<u>198,709,464</u>
Opening stock of finished goods		17,910,450	8,302,321	14,207,259	16,718,104
Closing stock of finished goods		(19,527,823)	(19,792,859)	(19,527,823)	(19,792,859)
		<u>(1,617,373)</u>	<u>(11,490,538)</u>	<u>(5,320,564)</u>	<u>(3,074,755)</u>
Opening stock of waste material		273,525	91,510	199,375	27,300
Closing stock of waste material		(62,900)	(61,162)	(62,900)	(61,162)
		<u>210,625</u>	<u>30,348</u>	<u>136,475</u>	<u>(33,862)</u>
		<u>463,561,121</u>	<u>359,831,424</u>	<u>223,987,527</u>	<u>195,600,847</u>
16.1 Raw material consumed					
Opening stock		4,140,307	4,709,979	9,940,711	5,841,472
Purchases		327,039,047	273,811,576	152,326,375	149,169,927
		<u>331,179,354</u>	<u>278,521,555</u>	<u>162,267,086</u>	<u>155,011,399</u>
Closing stock		(6,550,990)	(10,194,640)	(6,550,990)	(10,194,640)
Consumed during the period		<u>324,628,364</u>	<u>268,326,915</u>	<u>155,716,096</u>	<u>144,816,759</u>

16.2 Stores and spares consumed

	Six months ended December 31,		Three months ended December 31,	
	2023 Rupees Unaudited	2022 Rupees Unaudited	2023 Rupees Unaudited	2022 Rupees Unaudited
Opening stock	3,420,249	2,913,511	3,327,252	2,596,891
Purchases	8,366,892	6,619,271	4,234,784	3,981,486
	<u>11,787,141</u>	<u>9,532,782</u>	<u>7,562,036</u>	<u>6,578,377</u>
Closing stock	(3,311,482)	(2,793,553)	(3,311,482)	(2,793,553)
	<u>8,475,659</u>	<u>6,739,229</u>	<u>4,250,554</u>	<u>3,784,824</u>

17 (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	Six months ended December 31,		Three months ended December 31,	
	2023 Rupees Unaudited	2022 Rupees Unaudited	2023 Rupees Unaudited	2022 Rupees Unaudited
Loss after taxation	<u>(4,112,567)</u>	<u>(7,678,793)</u>	<u>(7,278,759)</u>	<u>(850,773)</u>
Weighted average number of ordinary shares at the end of the period (Number of shares)	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>
Loss per shares - Basic and diluted	<u>(3.16)</u>	<u>(5.90)</u>	<u>(5.60)</u>	<u>(0.65)</u>

Rupees.

TRANSACTIONS WITH RELATED PARTIES

1 The related parties and associated undertakings of the Company comprise of associated companies, directors and key management personnel. Transactions with related parties during the period are as follows:

Name of the related party	Relationship and percentage shareholding	Transactions during the period and period end balances	Six month ended		Quarter ended	
			December 31,		December 31,	
			2023	2022	2023	2022
		Rupees	Rupees	Rupees	Rupees	Rupees
Taj Mills Limited	Associated company by virtue of common directorship	Office lease - rent paid / payable	600,000	600,000	300,000	300,000
		Amount payable at period end	600,000	600,000	300,000	300,000
Mahfooz Elahi	Chief Executive	Loan paid during the period	281,742	250,000	90,000	-
		Loan received during the period	5,000,000	3,750,000	5,000,000	-
		Amount payable at period end	20,467,257	16,348,999	20,467,257	16,348,999
Mahboob Elahi	Director	Loan received during the period	7,500,000	2,500,000	7,500,000	-
		Amount payable at period end	63,775,546	56,275,546	63,775,546	56,275,546
Mahmood Elahi	Director	Loan received during the period	3,000,000	-	3,000,000	-
		Amount payable at period end	8,175,000	5,175,000	8,175,000	5,175,000

Rs.

The transactions with key management personnel includes remuneration and other benefits under the terms of their employment which are as follows:

	Six months ended		Three months ended	
	December 31,		December 31,	
	2023	2022	2023	2022
	Rupees	Rupees	Rupees	Rupees
Short term employment benefits	1,286,677	1,153,500	643,339	576,750
Provision towards retirement benefits	229,500	96,125	114,750	48,063
	<u>1,516,177</u>	<u>1,249,625</u>	<u>758,089</u>	<u>624,813</u>

19 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the financial statements for the year ended June 30, 2023.

20 FAIR VALUE MEASUREMENT

The carrying values of all financial assets and liabilities reflected in the interim financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

The management assessed that the carrying value of cash and short term deposits, trade debts, other receivables trade and other payables and other current liabilities approximate their fair values largely due to the short term maturities of these instruments. Fair value is determined on the basis of objective evidence at each reporting date.

Transfers during the period

During the six month period ended December 31, 2023, there were no transfers into or out of Level 3 fair value measurements.

As at December 31, 2023 and June 30, 2023 the Company did not hold any financial instruments carried at fair value. Moreover, free hold land, buildings and plant and machinery are measured at fair value.

The Company has revalued its freehold land, buildings and plant and machinery on December 31, 2022 by independent valuer M/s Asrem (Private) Limited on the basis of market values of similar properties. The fair value of plant and machinery is a level 3 recurring fair value measurement.

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, while 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.

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

	December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
Opening balance (level 3 recurring fair values)	22,524,975	25,027,750
Additions - Cost	-	-
Additions - Revaluation	-	-
Depreciation charge	(1,126,249)	(2,502,775)
Closing balance (level 3 recurring fair values)	<u>21,398,726</u>	<u>22,524,975</u>

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

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

Refer

	December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
Freehold land	299,995	299,995
Buildings on freehold land	831,380	852,697
Plant and machinery	5,213,753	5,488,161

21 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	December 31, 2023 Rupees Unaudited	June 30, 2023 Rupees Audited
		Bank balances as at December 31, 2023	Placed under Shariah permissible arrangements
All sources of other income	Other income	289,129	42,956

There is no other bank balance / investments which carry any interest or mark-up arrangements.

22 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and for better presentation. However, no significant reclassification has been made during the period.

23 DATE OF AUTHORIZATION

These interim financial statements were authorised for issue on 27 FEB 2024 by the Board of Directors of the Company.

24 GENERAL

Figures have been rounded off to the nearest rupee.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER