



of Companies

44th Annual Report 2023

UMER GROUP OF COMPANIES

BHANERO TEXTILE MILLS LIMITED



Vision

A premier quality company providing quality products by maintaining an excellent level of ethical & professional standards.



Mission Statement

To become a leading manufacturer of textile products globally and explore the new era to achieve the highest level of success.



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Corporate Information

Governing Board

Mr. Mohammad Salim	Executive Director
Mr. Muhammad Shaheen	Non-Executive Director / Chairman
Mr. Hamza Shakeel	Non-Executive Director
Mr. Khurram Salim	Executive Director /CEO
Mr. Bilal Sharif	Non-Executive Director
Mr. Muhammad Amin	Non-Executive Director
Mrs. Saba Yousaf	Non-Executive Director
Mr. Tauqeer Ahmed Sheikh	Independent Director
Mr. Asif Elahi	Independent Director
Mr. Mustafa Tanvir	Independent Director

Chief Financial Officer

Mr. Asim Mirza	FCMA, CPA(Aust) , MBA
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Company Secretary

Mr. Mohammad Ahmed	M.A (Economics)
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Audit Committee

Mr. Tauqeer Ahmed Sheikh	Chairman
Mr. Hamza Shakeel	Member
Mr. Bilal Sharif	Member

Human Resource Committee

Mr. Tauqeer Ahmed Sheikh	Chairman
Mr. Muhammad Amin	Member
Mr. Hamza Shakeel	Member

Statutory Auditors

M/s Mushatq and Company (Chartered Accountants)
407, Commerce Centre, Hasrat Mohani Road, Karachi.

Legal Advisor

Mr. Imran Iqbal Khan - Advocate Sindh High Court

Bankers

Bank Alfalah Limited	Samba Bank Limited
Dubai Islamic Bank	United Bank Limited
Faysal Bank Ltd	Bank Islami Pakistan Ltd
Habib Bank Limited	Bank Al Habib Limited
MCB Bank Limited	Habib Metropolitan Bank Ltd
Meezan Bank Limited	National Bank of Pakistan
The Bank of Punjab	Askari Bank Ltd

Share Registrar

Hameed Majeed Associated (Private) Limited
5th Floor Karachi Chamber, Karachi.

Registered Office

Umer House, 23/1, Sector 23, S. M. Farooq Road,
Korangi Industrial Area, Karachi, Pakistan
Tel : 021 35115177 - 80
Email: khioff@umergroup.com
URL : <http://www.umergroup.com>

Liaison / Correspondence Office

9th Floor, City Towers, 6-K, Main Boulevard
Gulberg - II, Lahore, Pakistan
Tel : 042 111 130 130 ; Fax: 042 -35770015
Email: lhroff@umergroup.com

Manufacturing Units

Spinning Unit - I is located at:
Kotri Distric Dadu, Sindh. Tel : 0223 870013

Spinning Unit - II and Weaving Unit - III are located at:
Feroz Watwan, 18 KMSheikhupura, Punjab. Tel: 056 3731723

Spinning Unit - IV is located at:
18 KM Sheikhupura, Faisalabad Road , Sheikhupura , Punjab.



**BHANERO TEXTILE MILLS LIMITED
NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 44th Annual General Meeting of the members of **Bhanero Textile Mills Limited** will be held on Friday, 27th October 2023 at 03:00 pm at the registered office of the company i.e. Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi, to transact the following business:

The following ordinary and special business is proposed to be conducted in the meeting:

Ordinary Business:

1. To confirm the minutes of the extraordinary general meeting held on 31st January, 2023.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2023 together with the Auditors' and Directors' Report thereon.
3. To approve the cash dividends at 350.00% (PKR 35.00 per share) for the year ended 30th June, 2023, as recommended by the Board of Directors.
4. To appoint the auditors for the next term i.e. year 2023-2024 and fix their remuneration as per last year at PKR 2,275,000.00. The retiring auditor Messer's Mushtaq and Company, Chartered Accountants, being eligible, offer themselves for reappointment.

5. Special Business:

(A) To approve by way of special resolution with or without modification the following resolutions in respect of related party transactions under the provisions of Section 208 of the Companies Act, 2017:

(i) "Resolved That Related Parties Transactions carried out during the year as disclosed in the financial statements for the year ended June 30, 2023, be and are hereby ratified, approved and confirmed."

(ii) "Resolved That the Board of Directors of the Company be and are hereby authorized to approve the transactions to be conducted with Related Parties on case to case basis during the financial year ending June 30, 2024.

Further Resolved That transactions approved by Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next general meeting for their formal ratification/approval."

(B)To approve by way of ordinary resolution with or without modification the transmission of annual audited financial statements of the company to members through QR enable code and weblink as allowed by Security and Exchange Commission of Pakistan vide its' S.R.O. 389(I)/ 2023 dated March 21, 2023 instead of CD/DVD/USB.

(i) Resolved That, the consent of the members be and is hereby accorded to transmit the annual audited financial statements including auditor's report, directors' report, chairman's review and other reports contained therein to the members of company through QR enable code and weblink.

6. Any Other Business:

To transact any other business with the permission of the chairman.

The statement of material facts in relation to aforesaid special business as required under section 134(3) of the Act and SRO 423 (I)/2018 is enclosed.

Moreover, the notice along with statement of material fact have been dispatched to the shareholders by post and uploaded placed on company website at "www.umergroup.com".

Karachi:

(By the order of the Board)

Dated: 28th September, 2023

**Mohammad Ahmed
Company Secretary**

Notes:

1. For attending the meeting electronically

In pursuance of SMD/SE/2(20)2021/117 to ensure the participation of members in the general meeting electronically, the members can attend the meeting through video link facility, "Zoom" which is available on Google Play or Apple App Store. The entitled member(s) can access with following ID and password:

Join Zoom Meeting

<https://zoom.us/j/3397286733?pwd=N2FFNXpkYkZCS213bzNVNzZZbm94UT09>

Meeting ID: 339 728 6733

Passcode: btmcorp

2. The Shares Transfer Books of the Company will remain closed from 20th October 2023 to 27th October, 2023 (both days inclusive). Transfers received in order at the registered office of the company situated at Umer House, 23/I, Sector 23, S. M. Farooq Road, Korangi Industrial Area, Karachi by 19th October 2023 will be treated in time for the purpose of entitlement of dividend and to attend the Annual General Meeting of the company.
3. Members interested to attend the virtual meeting through some other member as proxy are requested to send their proxy form (Enclosed) via email at btm.corporate@umergroup.com or at the registered office of the company not later than 48 hours before the time of holding the meeting.
4. Pursuant to section 132(2) of Companies Act, 2017 the company shall facilitate its members to attend the annual general meeting through video-link by providing video-conference facility, if available, in the city where 10% or more shareholders of the company reside, provided that the Company receives their demand to participate in annual general meeting through video-link at least seven (07) days prior to the date of meeting.

In this regard, it is requested to fill the following Form and submit at the registered address of the Company at least 10 days before holding of the Annual General Meeting:

*"I/We, _____ being a member of **Bhanero Textile Mills Limited**, holder of _____ Ordinary Shares vide folio _____ hereby opt for video conference facility at _____."*

Signature of Member

5. In compliance of SRO 1013(1)/2017 dated 6th September, 2017 the claimant wise details of unclaimed shares and dividend or modarba certificates as on June 30, 2023 have been uploaded on our website: www.umergroup.com. In this regard, the said shareholders are requested to approach the Company Registered Office or Share Registrar Office with regard to any unclaimed dividend, shares or modarba certificates.
6. Members are requested to immediately inform us on any change in their addresses and bank details to our share Registrar, Hameed Majeed Associates (Private) Limited.

Pursuant to the provisions of the Finance Act 2023 effective July 1, 2023, the rates of deduction of income tax from dividend payments under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

- a. For filer of income tax return 15%
- b. For non-filers of income tax return 30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to Hameed Majeed Associates (Private) Limited, by the first day of Book Closure.

Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing.

In the event of non-receipt of the information by 19th October 2023, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly

7. Section 242 of Companies Act 2017 which states that, "Any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders". In compliance of section 242 SECP issued a circular CLD/CCD/PR(11)/2017 No.18/2017 dated 1-Aug-17 requiring listed companies to obtain electronic dividend mandate from the Shareholders and in this regard a notice had already been sent to all the shareholders.

Further, Securities and Exchange Commission of Pakistan (SECP) vide notification No. SRO 1145(1)2017 dated November 6, 2017 in terms of provision of section 242 of the Companies Act, 2017 issued regulations for distribution of dividends by the listed companies requiring entitled shareholders to provide valid information pertaining to designated bank account including name of bank, title of account, address of bank branch and international bank account number. In this regard we request all registered shareholders to provide the bank details in order to credit their cash dividends directly to their bank account, if declared. Also provide us verification of bank detail with your concern bank and submit to in case of book-entry securities in CDS, to CDS participants and in case of physical securities to the Company's Share Registrar.

8. Pursuant to Notification vide SRO 787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to

receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.umergroup.com. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 2MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.

9. E-Voting, members can exercise their right to demand a poll subject to meeting requirements of Section 143 -145 of the Act and applicable clauses of Companies (Postal Ballot) Regulations 2018 issued vide amended SRO 254(1)/2018.
 - a) The schedule and procedure of postal ballot / E-Voting will be placed on the company's website i.e., www.umergroup.com before seven (7) days of the meeting.
 - b) The procedure for e-voting facility will be shared through email with those members of the company who have valid cell numbers/email addresses (Registered email ID) available in the register of members by the end of 20th October, 2023. Thus, those members who intend to exercise their right to vote through E-Voting shall provide their valid cell numbers and email on or before 20th October, 2023 with the registrar of the company or email us at: ("btm.corporate@umergroup.com").
 - c) The board of directors under the clause 5 of SRO 254(1)/2018 have appointed the share registrar of the company M/s Hameed Majeed & Associates (Pvt) Ltd to conduct the e-Voting services. They have their own secured web portal system to perform the services adequately in a smooth manner.
 - d) The board of directors under the clause 11 of SRO 254(1)/2018 have appointed Messer's Mushtaq and Company, Chartered Accountants, being eligible with satisfactory QCR rating from ICAP. They possess necessary knowledge and experience to independently scrutinize and conduct the voting services.
10. Under the provision of Section 72 of the Act, the shareholders are now required to replace their physical shares with book-entry form at earliest. Accordingly, the physical shares are now required to be converted into Book-Entry Form and kept by Shareholders in their Central Depository System (CDS) Accounts. The CDS Account can be opened and maintained by any CDC Participant {Stock Broker or CDC Investor Account Services Department (CDC IAS) of Central Depository Company of Pakistan Limited situated at Karachi, Lahore and Islamabad.

The following are key features of holding shares in book-entry form in CDC:

- Book-Entry shares cannot be lost, stolen or spoiled.
- No need for issuance of duplicate shares.
- Book-Entry shares can instantly be traded (Sell/Purchase) in Stock Market.
- No requirement of transfer deed for transfer/sale of Book-Entry shares.
- Book-Entry shares can be pledged for availing of any financing facility.
- Instant credit of Bonus and Right shares entitlements in Book-Entry form.
- 24/07 online access of CDS Accounts for reviewing portfolio information.
- Easy access of periodic Account statements of CDS Accounts.

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

Items pertaining to 5(A)(i) of the notice for ratification and approval of the related party transactions during the year ended June 30, 2023.

The related party transactions (RPT) were carried out at arm's length during the normal course of business activity during the year ended June 30, 2023 with its associated undertaking and related parties in accordance with its corporate policy, applicable laws and regulations in compliance with the provisions of IAS 24. All the RPT reviewed and approved by the board of directors were duly placed before head of internal audit for approval, followed by the approval of audit committee

However, since common directorship exists between the related parties (by virtue of being the shareholder or common directorship), these transactions are being placed for the approval by shareholders in the Annual General Meeting. All transactions with related parties to be ratified have been disclosed in the financial statements for the year ended June 30, 2023.

The transactions entered into with the related parties include, but are not limited to, sale & purchase of goods, dividends paid and received, investments and divestment made (in accordance with the approval of shareholders and board where applicable). The nature of relationship with these related parties has also been stated in the financial statements for the year ended June 30, 2023.

TRANSACTIONS WITH RELATED PARTIES

The associated undertaking and related parties comprise associated companies, directors and key management personnel. Names, basis of relationship and transaction with associated undertakings and related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 41 are as follow:

Name of the Company	Basis of relationship	Percentage of shareholding		
Faisal Spinning Mills Limited	Common directorship	N/A		
Blessed Textiles Limited	Common directorship	N/A		
Bhanero Energy Limited	Common directorship	N/A		
Admiral (Private) Limited	Directorship of close family relative	N/A		
Yasmin Begum	Directorship of close family relative	1.01%		
Khurram Salim	Director	2.02%		
Farrukh Salim	Directorship of close family relative	2.02%		
Yousuf Salim	Directorship of close family relative	1.69%		
Saqib Salim	Directorship of close family relative	1.68%		
Amna Khurram	Directorship of close family relative	2.45%		
Muhammad Umer	Directorship of close family relative	0.00%		
Yahyaa Farrukh	Directorship of close family relative	2.42%		
Saba Yousaf	Director	2.76%		
Saba Saqib	Directorship of close family relative	2.76%		
Samia Bilal	Directorship of close family relative	11.14%		
			June 30, 2023	June 30, 2022
Nature of relationship	Nature of transactions		Rupees	Rupees
Associated undertaking	Sales of fabric		1,982,518,305	383,292,227
	Sales of Cotton		42,394,987	2,167,629
	Sales of yarn		1,128,757,764	697,877,799
	Purchase of yarn		640,832,703	562,737,574
	Purchase of fabric		13,054,653	34,454,507
	Purchase of stores & spares		-	1,648,969
	Services received		309,000	309,000
	Electricity purchased		549,679,117	430,555,981
	Loan received from directors and sponsors		149,618,200	-

Items pertaining to 5(A)(ii) of the notice for board authorization to approve related party transactions that will be conducted during the period July 1, 2023 to June 30, 2024.

The Company shall be entering into transactions with its related parties during the year ending June 30, 2024 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business activity. Since, there has been common directorship in the related party transactions, the Board seeks member's consent to approve such transactions with the related parties from time-to-time on case to case basis for the fiscal year ending June 30, 2024 and such transactions shall be deemed to be approved by the shareholders. The nature and scope of such related party transactions is explained above and these transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

Items pertaining to 5(B)(i) of the notice for circulation of annual audited accounts via QR enabled code:

Considering the digital evolvement, the SECP vide S.R.O. 389 (I)/2023 dated March 21, 2023, subject to the approval of the members of the company, has allowed listed companies to circulate the Annual Report including audited financial statements, auditor's report and Directors report, etc to its members through QR enabled code and weblink and also permitted that the circulation of annual financial statements through CD/DVD/USB may be discontinued. In this regard the notice of meeting shall be dispatched to members as per requirements of the Act, on their registered address, containing the QR code and the weblink address to view and download the annual audited financial statements together with the reports and documents required to be annexed thereto under the Act and the company shall ensure that the QR code and web link is accurate and members are able to download the required information at all times.

Chairman Review Report

I would like to take this opportunity to express my views in the enclosed Chairman Review Report for the year ended June 30, 2023 required under the provisions of section 192(4) of Companies Act, 2017 on overall performance and effectiveness of the board of Bhanero Textile Mills Limited (“BTML”) in achieving its objectives. The report depicts governance standards set by board and the executive management along with the effectiveness of internal control and risk management procedures applied in achieving the corporate objectives.

The fiscal year ending in June 2023 didn’t portray a conducive economic environment for the country and textile and garment exports had experienced various challenges. The value of textile and garment exports from Pakistan decreased by 14.63 per cent in fiscal 2022-23 (July-June) where it fetched \$16.501 billion in exchequer from textile and apparel exports as compared to \$19.329 billion in corresponding period. The global economic slowdown had adversely affected textile exports of Pakistan. The higher cost of energy and borrowing have increased the cost of manufacturing thus, adversely impacting business competitiveness. The industrial sector needs to take immediate steps to switch towards cheaper alternatives in order to stay competitive in the global environment.

The role of the governing board is significant in the existing scenario faced by the country since it’s a crucial driver to measure the company’s performance. The corporate governance deployed at BTML serves as the foundation to make decisions that take into account a variety of contexts, including the economic, social, regulatory, and market environments. At BTML, the corporate governance standards are established on ethical conduct and commercial principles, with the purpose of providing long-term value and sustainability for all stakeholders. The BTML corporate board members constantly balance the interests of the board, management, investors, shareholders, and stakeholders and carry out their tasks and responsibilities with complete transparency and responsibility.

The BTML assures to follow best practices for corporate governance standards and encourage a diverse approach to board composition by having the members with a range of expertise, perspectives and knowledge that adequately reflect the broader concerns of various stakeholders, shareholders and local communities.

Composition of Board and Committees

Due consideration is given for diversity in a multitude of realms including age, gender, experience, skills and experiences to be on the governing board of BTML. The existing board of ten members comprised of four non-executive, two executive, three independent and one female director who represents an adequate mix of age, gender, and expertise. Both the human resource and audit committees to the board are led by an independent director and all members actively participate in committee meetings.

Furthermore, the human resource committee ensures that executive director and chief executive officer compensation is consistent with their abilities, knowledge and responsibility without conceding their independence. The board and committees met at regular interval under provisions of the Companies Act 2017 and Code of Corporate Governance Regulations, 2019.

Organization and Operation of the Board

The chairman is a non-executive director and the board of BTML has explicitly defined the roles and responsibilities of both chairman and chief executive offices of the company, which is led by different individuals. The chairman is responsible for the board's leadership and ensuring that the board is effective in carrying out its responsibilities. The entire Board is accredited under the requirements of the Code for directors training program (DTP).

The BTML board is responsible for risk governance and determining the company's risk tolerance by establishing risk management policies. The board conducts an overall review of business risks at least annually to ensure that management maintains a sound system of risk identification, risk management, and related systemic and internal controls to safeguard the company's assets, resources, reputation, and interests. A structured and effective mechanism for annual review of the Board's own performance, members of the Board, and committees is established.

Control Environment and Risk

The control environment of BTML is primarily comprised of well-defined and rigorously followed corporate governance standards with an intention is to manage all the risks as a whole and to make a reasonable evaluation of any potential hazards to which the company may be exposed. The board is responsible for assessing an ideal balance of risk as per risk appetite of the company by aligning business strategy with risk tolerance. Furthermore, the Board monitors and authorizes risks that are outside of the company's established risk appetite as well as any substantial internal control flaws.

Investor's Relationship and Facilitation

At BTML an effective mechanism is in place by the board for addressing and prompt redressal of shareholder's grievances, queries, unclaimed dividends and other routines issues. Besides, an extensive website is maintained to keep the shareholders abreast with corporate financial performance, notices, elections and announcements. All the material information were timely disseminated to Commission, PSX and shareholders through PUCARS. A corporate briefing session has been conducted annually under the PSX guidelines to deliver timely information to the analyst community and shareholders of the company.



Muhammad Shaheen

(Chairman)

28th September 2023, Karachi.

Directors Report

The Directors of the Company are pleased present herewith the audit report on financial statement of the Company for the year ended June 30, 2023.

Financial Results

Financial results of company for the year ended to June 30, 2023 are as under;

	June 30, 2023	June 30, 2022
	Rupees	Rupees
Sales	18,545,108,053	17,252,509,050
Cost of sales	15,554,879,715	13,178,129,028
Gross profit	2,990,228,338	4,074,380,022
Other income	317,226,772	242,797,272
	3,307,455,110	4,317,177,294
Distribution cost	391,950,785	461,356,046
Administrative expenses	256,536,892	216,261,742
Other operating expenses	132,217,604	318,462,301
Finance cost	745,266,273	137,883,096
	1,525,971,554	1,133,963,185
Profit before tax	1,781,483,556	3,183,214,109
Taxation	377,142,856	425,059,591
Profit after taxation for the year	1,404,340,700	2,758,154,518
Earnings per share - basic	468.11	919.38
Earnings per share - diluted	461.81	907.00

Financial Recitals

Businesses are cynical that the present caretaker government will give meaningful remedies to their challenges like increasing inflation, energy bills and a weakened currency coupled with prevailing economic and political crises that have contributed to persisting business insecurity. Despite of gloomy scenario the company is still manages to excel the turnover however, the profitability is declined by 8 percent during the current year as compared to corresponding year. The company posted a profit after tax amounting to PKR 1,404.340 million during the current year ended June 30, 2023 (PAT 2022: PKR 2,758.154 million) translating into EPS of PKR 468.11 for the current year (EPS 2022: PKR 919.38). The turnover has been increased by 7.49 percent from PKR 17,252.509 million to PKR 18,545.108 million

Dividends & Reserves Appropriation

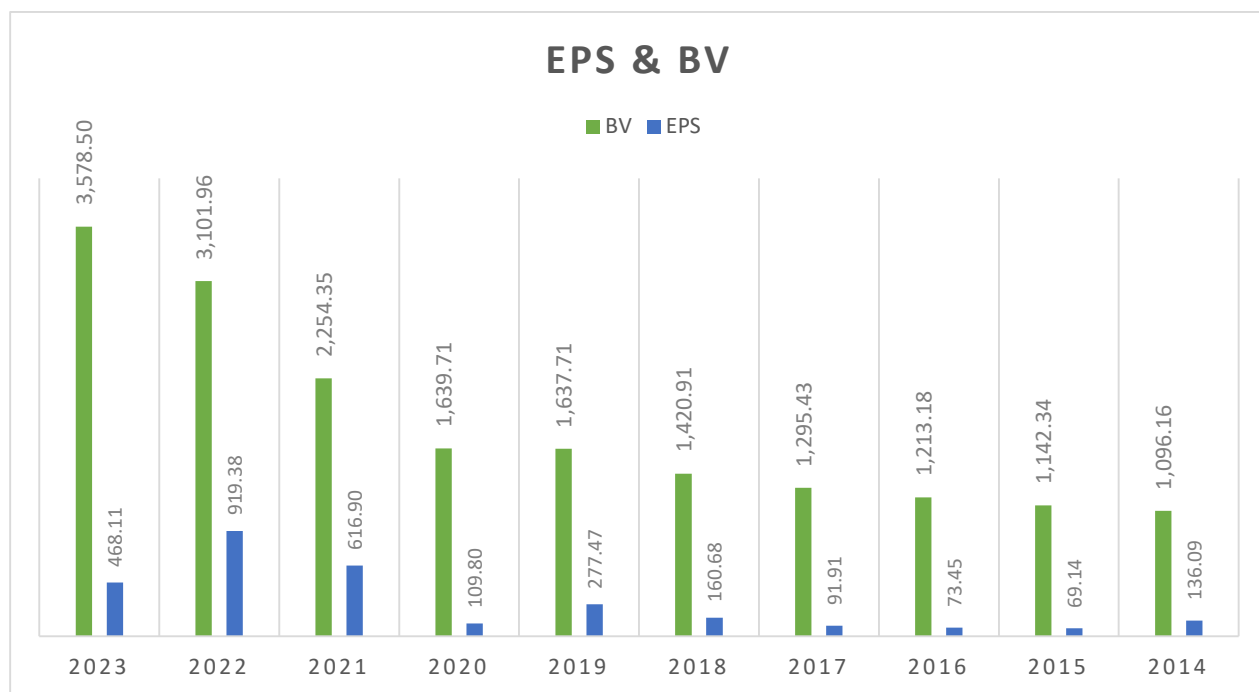
The board of directors are pleased to approve the cash dividend of 350.00 percent i.e PKR 35.00 per share as recommendation by the audit committee subject to the approval shareholders in forthcoming annual general meeting scheduled for October 27, 2023.

Moreover, the directors proposed to transfer an amount of PKR 1,000.00 million to the general reserve to meet any unanticipated contingencies in future.

Earnings per Share (EPS) and Breakup Value per Share (BVS)

The EPS statistic is significant because investors and analysts use it to evaluate corporate performance, forecast future earnings, and estimate the worth of the company's shares. The greater the EPS, the more profitable the company is thought to be, and the more earnings available for distribution to shareholders. On the other hand investors use the breakup value to analyse a company's financial stability.

There EPS and BVS of share is PKR 468.11 (Year 2022: PKR 919.38) and PKR 3,578.50 (Year 2022: PKR 3,101.96) respectively during the current year ending June 30, 2023.



Working Capital Management

The company will ensure that it has sufficient liquidity to run its operations smoothly by effectively deploying a working capital management process for managing short-term assets and liabilities by projecting future needs that will enable it to continue its operations smoothly with sufficient ability to satisfy current maturities of long-term obligations, short-term debt, and upcoming operational expenses.

The repayments amounting to PKR 194.091 million and PKR 490.380 million on account of long-term loans and debt servicing have been made during the year ended June 30, 2023. The short-term liquidity of company though decreased but still stable as depicted in the current ratio at 1.75 during the current year (2022: 4.31) shows company's ample ability to cover its short-term obligations with its current asset.

Capital Structure

The capital structure is one of the most important and difficult areas of decision making for any organization since it's interconnected with other finance variables and its close tie to the value of the company. The financial firmness of company measured by the increase in shareholder equity at PKR 10,735.485 million during the current year (2022: PKR 9,305.893 million).

The company gearing ratio of 1.17 (Year 2022: 0.41) represents the financial leverage of the company's that are funded by shareholder equity and creditors' funds is generally considered reasonable with a low risk for well-established companies as per industry standards.

Balancing, Modernization and Replacement

During the current year an amount of PKR 100.00 million approximately has been incurred on renewable energy initiative through solar to save electricity cost.

New Spinning Unit

The spinning unit IV approved by board of directors in February, 2021 comprising of 19,584 spindles having the production capacity of 1,000 bags per day approximately in Sheikhpura, Punjab has successfully completed the trial production. By the grace of Allah, the unit is fully operational and commenced its commercial production effective July 2023.

Conclusion of Scheme of Arrangement with Bhanero Energy Ltd - Unit I Kotri in the Company

The board of directors' company ("BTML") have approved have approved to acquire Bhanero Energy Ltd Unit-I Kotri, Sindh ("BEL-I") through a Scheme of Arrangement ("Scheme") in February 2022. The said Scheme have been sanctioned by the Hon'ble High Court of Sindh, effective 31st May, 2023 vide Order Number JCM No 10 of 2022 between BTML and BEL-I under the provision of section 279 to 283 and 285 of the Companies Act, 2017.

Consequently, the BEL-I Kotri Unit undertaking to stands transferred to and vest in the BTML, against the allotment and issuance of 40,964 shares in the BTML to the shareholders of BEL-I as described in the Scheme in proportion to their respective shareholding in BEL-1.

The assets amounting to PKR 109,008,101/- acquired under the Scheme are reflected in annual audited accounts for the year under review whereas issuance of shares have been successfully made consequent to regulatory compliance in July 2023. Consequently, the paid up capital of company will be increased by PKR 409,640.00 against fully paid up shares of PKR 10.00 each whereas PKR 108,598,461/- will be reflected as share a premium on issuance of 40,964 shares.

Credit Rating

The entity's rating at A+/A-1 (Single A Plus / A One) has been reaffirmed by Messer's VIS Credit Rating Company Limited on September 26, 2023 for the current year. The entity's outlook has been assigned as 'Stable' on given ratings.

Financial Statements

As required under Companies Act 2017, listing regulations of PSX and directives issued by the SECP the Chief Executive Officer and Chief Financial Officer presented the financial statements of the company for the year ended June 30, 2023, duly endorsed under their respective signatures for consideration, approval and authorization by the board of directors for issuance and circulation.

The financial statements of the company have been duly audited by the auditors of the company, Mushtaq & Company, Chartered Accountants and the auditors have issued clean audit report on the financial statements for the year ended 30th June 2023 and clean review report on Statement of Code of Corporate Governance Regulations, 2019 "Code". These reports are attached with the financial statements.

Accounting Standards

The accounting policies of the Company fully reflect the requirements of the Companies Act 2017 and such approved International Accounting Standards and International Financial Reporting Standards as have been notified under this Act as well as through directives issued by the Securities and Exchange Commission of Pakistan.

Economic Scenario

There has been a decline of 10.26 % in the output of the Large Scale Manufacturing Industry during the fiscal year 2022-23 compared to the corresponding fiscal year 2021-2022 which is significant setback for the country's industrial sector (*Source PBS*). The Import restrictions, negative macroeconomic indications, monetary tightening, supply chain interruptions, and an increase in energy costs all contributed to the decline. In addition, the country's political insecurity has hampered output growth.

The continuous increase in the fuel prices and inflation have a cause and effect relationship since any hike in the fuel price contributes directly to the inflation by increasing the cost of inputs. The country has substantial dependence on imported fuels and the anticipated global increase in fuel prices may have serious implications for the economy. It's highly probable that oil prices may increase in coming months as global players like Saudi Arabia and Russia have already agreed to extend their oil production cuts.

As the inflation declines from 38.00 percent in May 2023 to 27.40 percent in August 2023, the State Bank of Pakistan defying market expectations kept the current policy rate unchanged at 22.00 percent in its MPC meeting held in September 2023.

With a high inflationary pressure, continuous increase in borrowing cost and high energy prices adversely impacting the industrial sector and eventually country exports since it's unable to stay competitive with regional players. Consequently, we observe a sharp decline in country textile export which is contracted by 14.63 percent year-on-year to \$16.50 billion during the outgoing fiscal year 2022-2023 due to higher production costs, liquidity constraints and lower global demand.

The other constraint for textile industry is raw material and the struggles of the cotton crop continue as its challenges are unending. Last year seed cotton production in Sindh and Baluchistan was hit mainly by flooding and torrential rains, leading to a 46 per cent loss in production in Sindh alone and for the current year the claims of bumper crop production of over 10.00 million bales targets elude due to deadly whitefly attack in cotton belt. It's expected that more than 50 percent of the standing crop has been damaged in Punjab and it's highly unlikely for Punjab to achieve its target of 8.3 million bales this year. The farmers complaining that insufficient measure taken by the authorities, utilization of substandard seeds and ineffective pesticides that caused the growth and attack of whiteflies in the region. Besides, the growers were in dire need of urea fertilizer, which was not available anywhere at the official rate of Rs 3,200 per bag.

Cotton, a major cash crop, has continued to encounter issues such as contaminated cotton production, reduced per-acre yields, uncertified seed, and insufficient farmer prices which has eventually alienated farmers. Cotton farmers are losing interest in cotton and choose competing crops since the government remains uninterested in revitalizing cotton produce in the country.

Currently and after post covid era, the country's textile sector facing a fierce global competition from countries such as Bangladesh, Vietnam, India, and Thailand, and the textile industry is unable to meet the challenge due to high utility costs, wage rates, and a lack of investment.

There has been minimal support from the government for timely modernization of equipment and ungraduation of machinery, lack of investment and other challenges such as the depreciation of the national currency, rising interest rates, high inflation and energy cost leading to the decline of most import sector of the industry.

The textile industry desperately needs immediate resolve of impediments as it has the ability to totally transform the textile scene and restore Pakistani textile competitiveness and economy by bringing the flow of foreign exchange in the country.

Compliance with Code of Corporate Governance

The statement of compliance under regulation 36(1) for listed companies with the Code of Corporate Governance Regulations, 2019 is annexed.

Statement on Corporate and Financial Reporting Framework:

The Directors of the company are fully aware of their responsibilities under Companies Act 2017, Regulations under Code of Corporate Governance 2019 “Code”, Rule Book of the Pakistan Stock Exchange Limited and directives issued by Securities & Exchange Commission of Pakistan. As a part of the compliance to the regulators we confirm the following:

- These financial statements, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control was sound in design and has been effectively implemented and monitored.
- There were no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- We have prepared and circulated a Code of Conduct and business strategy among directors and employees.
- The Board of Directors has adopted a vision and mission statement and a statement of overall corporate strategy.
- All the directors have attended its board and general meeting either physically or through video conference unless preclude due to reasonable reason.
- All the directors are assigned with their responsibilities, roles, remuneration, powers and obligation at the commencement of their terms in accordance with Code of Corporate Governance, Companies Act and Article of Association.
- All the directors of the Company are accredited / exempted under Directors Training Program (DTP) as required by the Code of Corporate Governance Regulations, 2019.

- There has been a proper updated record of the significant policies duly approved by the board of directors on human resource, whistle blower, procurement, communication mechanism with stakeholders, environment, health and safety, director's remuneration, anti-money laundering and risk management etc.
- As required under Code of Corporate Governance Regulations, 2019 and Companies Act 2017 (Act), we have included the following information in this report:
 - Statement of pattern of shareholding has been given separately.
 - Statement of shares held by associated undertakings and related persons.
 - Statement of the board meetings and annual general meeting held during the year and attendance by each director has been given separately.
 - Chairman review report under the provisions of section 192(4) of the Act.
 - Statement of compliance duly signed by the chairman under regulation 36 of the Code.
- Key operating and financial statistics for last six years along with information for taxes and levies have been adequately disclosed in the annexed audited financial statements.
- The company strictly follow the guidelines issued by SECP on prohibition of insider trading for listed companies and no trading in the Company's shares was carried by its Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children except as disclosed in pattern of shareholding.

Pattern of Shareholding

The pattern of shareholding and relevant information thereon is annexed accordingly.

Related Party Transactions

The Related Party Transactions (RPT) and their status are adequately disclosed by complying the requirement under IAS 24. Moreover, there is a robust policy in place for all in pursuant to the notification issued by Securities and Exchange Commission of Pakistan vide SRO 768(1)2019 and the guidelines have been duly incorporated in the company policy with regard to transactions and maintenance of records.

The RPT were duly approved by the internal audit followed by the approval of the audit committee before presentation of the same in the board meeting, to ensure that all the transactions are at arm's length during the normal conduct of business activity.

All the RPT's during the current fiscal year ending June 30, 2023 will be presented before the general meeting of the company for member's approval. Similarly, the board has also decided to avail the approval of members in the general meeting of the company for the transactions to be carried during the fiscal year ending June 30, 2024 and same shall be placed before the shareholders in the next annual general meeting for their formal ratification/approval.

Board Evaluation

A rigorous assessment on the board's performance and effectiveness has been conducted on annual basis by the company. This regular practice of the board evaluation, promote collaborative decision making and strong performance by individual directors. Besides, it also encourages directors to collaborate effectively in order to decrease boardroom disputes and to establish a culture of good governance and team spirit.

In accordance with regulation 10(3)(v) of Code of Corporate Governance , an exhaustive and well-structured internal evaluation was conducted internally during the current fiscal year to identify areas of strength and areas where improvements can be made to improve overall board functioning and performance encompassing board's own performance, members and its committees.

Board Composition

As required under regulation 34 of Code the board of ten (10) directors is comprised as follows;

Sr No	Category	Gender		Total
		Male	Female	
(i)	Independent Director	3	0	3
(ii)	Executive Directors	2	0	2
(ii)	Non- Executive Directors	4	1	5

Board and Audit Committee Meetings

- All the directors, eligible to attend the meeting have attended the general meetings of the company in person or through video conference under Regulation 10(6) of the Code unless precluded from doing so due to any reasonable reason cause.
- Following are the number of meetings held and attended by board of directors, audit committee and human resource & remuneration committee during 2022-23:

Sr	Name of Directors	Board of Directors		Committees			
				Audit		Human Resource and Remuneration	
		Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
1.	Mr. Muhammad Salim	7	7	-	-	-	-
2.	Mr. Muhammad Shaheen	7	7	-	-	-	-
3.	Mr. Khurram Salim	7	7	-	-	-	-
4.	Mr. Bilal Sharif	7	7	6	6	-	-
5.	Mr. Muhammad Amin	7	7	-	-	1	1
6.	Mr. Hamza Shakeel	7	7	6	6	1	1
7.	Mr. Iqbal Mehboob Vohra	2	2	2	2	-	-
8.	Mr. Tauqeer Ahmed Sheikh	5	5	4	4	1	1
9.	Mr. Asif Elahi	7	7	-	-	-	-
10.	Mr. Mustafa Tanvir	7	7	-	-	-	-
11.	Mrs. Saba Yousaf	7	7	-	-	-	-

Audit Committee

Sr	Name	Designation	Category
i	Tauqeer Ahmed Sheikh	Chairman	Independent Director
ii	Hamza Shakeel	Member	Non- Executive Director
iii	Bilal Sharif	Member	Non- Executive Director

The audit committee comprises of three members of which chairman is an independent director whereas all the other are non-executive directors and discharge its responsibilities under terms of reference assigned by the board of directors.

The appointment of financial literate member has been made in line with Regulation 27(1)(iii) in the Chapter 10 of the Code. The audit committee met regularly in compliance with the Regulation 27(2) of the Code to review the both interim and annual financial statements before the approval of board of directors along with an additional meeting once a year with an external auditor in absence of the CFO and another with an internal auditor in absence of both the CFO and external auditor.

A company's board of directors' audit committee (AC), which has full knowledge of the company's procedures and internal controls, is in charge of overseeing the financial reporting and disclosure process. In order to oversee the selection of accounting policies and principles and to guarantee compliance with laws and regulations, the AC typically coordinates with the management team, independent auditor, and internal auditors.

The AC works closely with management to ensure that the necessary measures are taken on the detection of fraud and makes sure that the proper policies and procedures are in place for the prevention and identification of fraud, such as asset misappropriation, corruption, and financial statement fraud.

By making sure that a code of conduct is put into place and that efficient communication routes are established up, the AC significantly contributes to establishing the tone of an organisation. The AC must be informed about matters including ongoing investigations and disciplinary proceedings as well as what management is doing to ensure compliance with laws and regulations. The AC members are skilled at identifying accounting errors and abnormalities and work together to prevent fraudulent activities.

Human Resource and Remuneration Committee

Sr	Name	Designation	Category
i	Tauqeer Ahmed Sheikh	Chairman	Independent Director
ii	Muhammad Amin	Member	Non- Executive Director
iii	Hamza Shakeel	Member	Non- Executive Director

The human resource and remuneration committee (HRRC) is comprised of three members of which all are non-executive directors whereas chairman is an independent director. The HRRC recommends key human resource management policies recommendations to the Board for the CEO's appointment, assessment, compensation including retirement benefits and succession planning.

The goal of HRRC is to increase an organization's productivity by improving the effectiveness of its board, management team, and staff. The HRRC is in charge of advising the Board on human resource management policies. The Committee will be in charge of proposing the CEO, CFO, and Company Secretary's selection, appraisal, salary and succession planning.

The HRRC supports the board and management with senior management recruiting and training, salary, performance evaluation, succession planning, and measures for effective human capital utilisation.

Corporate Social Responsibility Policy

The company ensures that it has a beneficial impact on local communities and the environment, the corporation establishes policies relating to a company's ethical, sustainable, and environmental responsibilities.

The company has a social obligation towards community and the environment in all aspects of its operations, including pollution, waste, product safety, and labour. This includes not only providing funds to the community and social environment, but also maintaining good long-term relationships with parties related to the company. The company manages a comprehensive Corporate Social Responsibility (CRS) policy to operate in an economically, socially, and environmentally sustainable manner by reducing pollution and greenhouse gas emissions, using natural resources sustainably, minimising and properly disposing of waste, and promoting re-cycling during the manufacturing process. Renewable energy holds immense importance for Pakistan's current energy crisis sector and sustainable development by harnessing the country's abundant sunlight via solar energy alternative. The company has taken renewable energy initiative at its various units to reduce carbon emissions, achieve energy independence and greener environment.

Health, Safety and Environment Policy

The company is devoted to providing a safe and healthy workplace as well as environmental protection, and it fully believes that safety and environmental protection are good business, and that all work-related accidents, illnesses, property losses, and negative environmental consequences are avoidable. To meet this objective, the organisation ensures that management bears full responsibility for worker and environmental protection. A comprehensive group life insurance policy is already in place for employees in the event of an unforeseen disaster. The corporation has also created health coverage plans for its administrative personnel in both the Karachi and Lahore offices.

Health, safety, and environmental issues are given equal weight with the company's other commercial objectives, and they are integrated into all aspects of work. The organisation actively strives to continuously enhance health, safety, and environmental performance.

Water and air pollution, chemical and oil spills, smog, drinking water quality, land conservation and management, and wildlife protection are all priorities for the company.

Directors Remuneration Policy

The board of directors' remuneration policy is a foundation for the company's efficiency and stability in maintaining the proper personnel on the board and in senior management to drive the company's long-term objectives.

Since the company's board and senior management are responsible for providing strategic direction, critical business choices, and implementation, it is critical that they be made more responsible and accountable for their performance. The remuneration practises of senior management and board

members are one of the most significant components of the overall Corporate Governance framework, since they influence the company's performance, which in turn effects the returns to ordinary shareholders and the company's stability.

The remuneration policy is prepared under the recommendations and suggestions by human resource and remuneration committee (HRRC) to the board under the provisions of the Companies Act 2017, Companies' Article of Association and Code of Corporate Governance Regulations, 2019.

The executive directors entitled for the fixed monthly remuneration and other perquisites recommended by HRRC which were duly approved by the board and followed by the approval of members in general meeting of the company.

In pursuance of section 227(l)(a) of the Act, the following remuneration as disclosed on note 35 of financial statements has been paid to the directors of the company during the current fiscal year:

- a) Mr. Khurram Salim (CEO) - PKR 800,000.00 per month.
- b) Mr. Mohammad Salim (ED) - PKR 1,000,000.00 per month.

Besides, the other fringe benefits for above directors includes company-maintained vehicle with fuel, business travelling and communication expenses.

No fee or remuneration has been paid to any other directors of the company.

Statutory Auditors

The present auditor's M/s Mushtaq & Company, Chartered Accountants shall retire on the conclusion of the annual general meeting scheduled for October 27, 2023 however, being eligible they have offered themselves for re-appointment. The audit committee has suggested the appointment of M/s Mushtaq & Company, Chartered Accountants, as external auditor for the year ended 30th June 2024. The external auditor M/s Mushtaq & Company, Chartered Accountants have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan. The firm and all its partner are in compliance with the International Federation of Accountants' Guidelines on the Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan and they are registered with Audit Oversight Board under section 36I of SECP Act, 1997.

The statutory auditors neither performed any of the decision making, internal audit or management functions nor they have any sort of relationship with any directors or executives of the company. The engagement partners were rotated after completion of every five years.

The Board of Directors also recommended the appointment of M/s Mushtaq & Company, Chartered Accountants, as external auditor for the year ended 30th June 2024 and the remuneration of the auditors

has been fixed as per last year at PKR 2,275,000.00 (Year 2022: PKR 2,275,000.00) for the year 2023-24 as recommended by the audit committee to the board under regulation 32(3) of the Code. The assignments include statutory audit, half yearly review and code of corporate governance review.

Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company have occurred between the end of financial year of the Company to which the balance sheet relates and the date of directors' report.

Acknowledgement

I am extremely obligated to the board of directors, valued shareholders, customers, lenders, suppliers, and other stakeholders for their encouragement, confidence, and support and would like to express my gratitude to every employee for their commitment, perseverance, and hard work in helping the business succeed.

For and on behalf of the Board



Khurram Salim
(Chief Executive Officer)



Mohammad Salim
(Director)

Karachi: September 28, 2023

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

The statement is being presented to comply with the requirement of regulation 36(1) contained in Code of Corporate Governance Regulations, 2019 for the purpose of establishing a framework of good corporate governance, whereby a company quoted at Pakistan Stock Exchange Limited is managed in compliance with best practices of corporate governance.

**Bhanero Textile Mills Limited
Year Ending June 30, 2023**

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

1. The total number of directors are ten (10) as per the following,-

- a. Male : Nine (9)
- b. Female : One(1)

2. The composition of the Board is as follows:

Sr	Category	Name
i)	Independent Directors (*)	Mr. Tauqeer Ahmed Sheikh Mr. Asif Elahi Mr. Mustafa Tanvir
iii)	Non- Executive Directors	Mr. Muhammad Shaheen Mr. Muhammad Amin Mr. Bilal Sharif Mr. Hamza Shakeel
ii)	Executive Directors	Mr. Khurram Salim Mr. Mohammad Salim
iv)	Female director	Mrs. Saba Yousaf

(*) Explanation required under Regulation 6(1) of Code:

While calculating the minimum number of ID directors the fraction was not rounded upwards to 1. The reason being that as per general rule only number exceeding 0.5 shall be rounded to next number.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

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

9. The Board has arranged Directors' Training program for the following:

The entire board is accredited under directors training program.

(Name of Executive & Designation - (N/A));

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

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

(a) Audit Committee

Name	Designation
Mr. Tauqeer Ahmed Sheikh	Chairman - Independent Director
Mr. Bilal Sharif	Member - Non- Executive Director
Mr. Hamza Shakeel	Member - Non- Executive Director

(b) Human Resource & Remuneration Committee

Name	Designation
Mr. Tauqeer Ahmed Sheikh	Chairman - Independent Director
Mr. Muhammad Amin	Member - Non- Executive Director
Mr. Hamza Shakeel	Member - Non- Executive Director

c) Nomination Committee (N/A)

Explanation

As the formation of Nomination Committee (NC) is not mandatory under regulation 29 of the Code, the functions and responsibilities of NC are performed by the Human Resources & Remuneration Committee.

d) Risk Management Committee (N/A)

Explanation

As the formation of Risk Management Committee (RMC) is not mandatory under regulation 30 of the Code, the functions and responsibilities of RMC are performed Audit Committee.

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

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following,-

Name of Committee	Frequency of Meeting
Audit Committee	Quarterly
HR and Remuneration Committee	Yearly
Nomination Committee	Not applicable
Risk Management Committee	Not applicable

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

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

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

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

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (N/A):

For and on behalf of the Board



MUHAMMAD SHAHEEN

(Chairman)

Karachi

September 28, 2023

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

Head Office: 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3
Email: info@mushtaqaandco.com, audit.khi@mushtaqaandco.com



Independent Auditor's Review Report

To the members of Bhanero Textile Mills Limited on the Statement of Compliance with the Code of Corporate Governance

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 **Bhanero Textile Mills Limited** for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

Place: Lahore
Dated: 28 SEP 2023

UDIN: CR202310724sbkGIHD96

Mushtaq & Co.
MUSHTAQ & CO.
Chartered Accountants

Engagement Partner:
Nouman Arshad, ACA

Independent auditor's report to the members of

Bhanero Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Bhanero Textile Mills Limited (the Company)**, which comprise the statement of financial position as at June 30, 2023 and the statement of profit or loss, the statements of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other 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, 2023 and of the profit 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.

Key Audit Matter(s)

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 matter	How the matter was addressed in our audit
1.	Stock in Trade Refer to note 3.13 & 23 to the financial	Our key audit procedures in this area amongst others included the following;

	<p>statements.</p> <p>We identified this area as a key audit matter because inventories constitute significant portion of total assets of the Company.</p> <p>Further, determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involves management judgment and estimation.</p>	<ul style="list-style-type: none"> - Observed physical inventory count procedures and compared on a sample basis, physical count with inventory sheets. - Compared on sample basis specific purchases and directly attributable cost with underlying supporting documents. - Checked overhead absorption rates at different stages of production to ascertain valuation of work in process and finished goods. - Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards. - Assessed the provision for slow moving stock as at the year end and assessed whether it is in accordance with the Company's policies and relevant accounting and reporting standards. - Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and financial reporting.
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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises director's report and last six years' financial analysis 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.



MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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leading edge alliance
innovation • quality • excellence

Member firm

We also provided 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 and other 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Nouman Arshad, ACA.**

Mushtaq & Co.
MUSHTAQ & CO
Chartered Accountants



Lahore.

Dated: 28 SEP 2023

UDIN: AR2023107245Hbti8eVu

Bhanero Textile Mills Limited
**Statement of Financial Position
As at June 30, 2023**

	Note	June 30, 2023 Rupees	Jun 30, 2022 Rupees		Note	June 30, 2023 Rupees	Jun 30, 2022 Rupees
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS			
Authorized capital 6,000,000 (2022: 6,000,000) ordinary shares of Rs.10 each		60,000,000	60,000,000	Property, plant and equipment	20	9,170,687,068	6,777,100,444
Issued, subscribed and paid up capital	5	30,000,000	30,000,000	Long term deposits	21	43,651,869	41,596,116
Reserves	6	9,109,008,101	8,000,000,000			9,214,338,937	6,818,696,560
Loans from directors and sponsors	7	149,618,200	-				
Unappropriated profit		1,446,859,398	1,275,893,956				
		10,735,485,699	9,305,893,956				
NON CURRENT LIABILITIES				CURRENT ASSETS			
Long term financing - secured	8	3,759,355,953	2,816,943,750	Stores, spares and loose tools	22	248,715,047	150,348,628
Long term payables	9	444,552,785	285,713,297	Stock in trade	23	12,298,227,957	5,101,913,563
Staff retirement benefits	10	263,229,037	208,934,489	Trade debts	24	2,519,846,485	1,883,524,023
Deferred taxation	11	367,425,858	231,555,260	Loans and advances	25	172,094,898	65,701,413
Deferred government grant	12	936,561,136	673,119,963	Trade deposits and prepayments	26	289,990,214	246,263,643
		5,771,124,769	4,216,266,759	Other receivables	27	88,419,626	28,945,773
				Advance income tax	28	164,296,451	-
				Sales tax refundable	29	878,834,820	608,870,900
				Cash and bank balances	30	348,929,291	640,838,308
						17,009,354,789	8,726,406,251
CURRENT LIABILITIES							
Trade and other payables	13	1,600,083,189	1,579,460,996				
Unclaimed dividend	14	1,722,649	1,519,833				
Accrued markup / interest	15	286,252,639	31,367,006				
Short term borrowings - secured	16	7,321,871,416	-				
Current portion of long term financing	17	507,153,365	336,847,787				
Provision for taxation	18	-	73,746,474				
		9,717,083,258	2,022,942,096				
CONTINGENCIES AND COMMITMENTS							
	19	-	-				
TOTAL EQUITY AND LIABILITIES		26,223,693,726	15,545,102,811	TOTAL ASSETS		26,223,693,726	15,545,102,811

The annexed notes from 1 to 53 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR
Bhanero Textile Mills Ltd


CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

**Statement of Profit or Loss
For The Year Ended June 30, 2023**

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Sales	31	18,545,108,053	17,252,509,050
Cost of sales	32	15,554,879,715	13,178,129,028
Gross profit		2,990,228,338	4,074,380,022
Other income	33	317,226,772	242,797,272
		3,307,455,110	4,317,177,294
Distribution cost	34	391,950,785	461,356,046
Administrative expenses	35	256,536,892	216,261,742
Other operating expenses	36	132,217,604	318,462,301
Finance cost	37	745,266,273	137,883,096
		1,525,971,554	1,133,963,185
Profit before tax		1,781,483,556	3,183,214,109
Taxation	38	377,142,856	425,059,591
Profit after taxation for the year		1,404,340,700	2,758,154,518
Earnings per share - basic	39.1	468.11	919.38
Earnings per share - diluted	39.2	461.81	907.00

The annexed notes from 1 to 53 form an integral part of these financial statements.

**CHIEF EXECUTIVE****DIRECTOR****CHIEF FINANCIAL OFFICER**

Bhanero Textile Mills Limited

**Statement of Comprehensive Income
For The Year Ended June 30, 2023**

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Profit after taxation for the year		1,404,340,700	2,758,154,518
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on remeasurement of employees retirement benefits - gratuity	10.2	(23,168,777)	(1,051,556)
Related deferred tax on remeasurement of employees retirement benefits - gratuity		4,293,519	227,224
		(18,875,258)	(824,332)
Total comprehensive Income for the year		<u>1,385,465,442</u>	<u>2,757,330,186</u>

The annexed notes from 1 to 53 form an integral part of these financial statements.

**CHIEF EXECUTIVE****DIRECTOR****CHIEF FINANCIAL OFFICER**

**Statement of Changes in Equity
For The Year Ended June 30, 2023**

	Capital Reserve		Revenue Reserves		Loan from directors and sponsors	Total
	Share capital	Reserve for issue of shares	General reserve	Unappropriated profits		
Rupees						
Balance as at June 30, 2021	30,000,000	-	6,300,000,000	433,063,770	-	6,763,063,770
Total comprehensive income for the year						
Profit for the year	-	-	-	2,758,154,518	-	2,758,154,518
Other comprehensive loss	-	-	-	(824,332)	-	(824,332)
Transactions with owners:						
Final dividend paid for the year ended June 30, 2021 at the rate of PKR 71.50 per share	-	-	-	(214,500,000)	-	(214,500,000)
Transfer to general reserve	-	-	1,700,000,000	(1,700,000,000)	-	-
Balance as at June 30, 2022	30,000,000	-	8,000,000,000	1,275,893,956	-	9,305,893,956
Total comprehensive income for the year						
Profit for the year	-	-	-	1,404,340,700	-	1,404,340,700
Other comprehensive loss	-	-	-	(18,875,258)	-	(18,875,258)
Transactions with owners:						
Final dividend paid for the year ended June 30, 2022 at the rate of PKR 71.50 per share	-	-	-	(214,500,000)	-	(214,500,000)
Loans from directors and sponsors received during the year	-	-	-	-	149,618,200	149,618,200
Transfer to reserve for issue of shares	-	109,008,101	-	-	-	109,008,101
Transfer to general reserve	-	-	1,000,000,000	(1,000,000,000)	-	-
Balance as at June 30, 2023	30,000,000	109,008,101	9,000,000,000	1,446,859,398	149,618,200	10,735,485,699

The annexed notes from 1 to 53 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**Statement of Cash Flows
For The Year Ended June 30, 2023**

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,781,483,556	3,183,214,109
Adjustments for:			
Depreciation on property, plant and equipment		464,364,277	340,143,621
Provision for staff retirement benefits - gratuity		81,161,095	61,136,968
Provision for bad debts		7,917,426	92,208,365
Infrastructure fee - ETO		158,839,488	91,764,849
Infrastructure cess - Gas		-	(5,151,465)
Gain on disposal of property, plant and equipment		(2,837,398)	(193,586,959)
Finance cost		745,266,273	137,883,096
Operating cash flows before changes in working capital		3,236,194,717	3,707,612,584
Working capital changes			
(Increase) / decrease in current assets			
Inventories		(7,280,246,954)	(2,485,077,257)
Trade debts		(644,239,888)	(347,612,476)
Loans and advances		(106,393,485)	(39,824,988)
Trade deposits		(43,726,571)	(109,096,953)
Other receivables		(59,473,853)	(22,711,546)
Sales tax refundable		(269,963,920)	(545,666,226)
		(8,404,044,671)	(3,549,989,446)
Increase in trade and other payables		20,622,193	717,510,684
Cash (used in) / generated from operations		(5,147,227,761)	875,133,822
Finance cost paid		(490,380,640)	(113,351,273)
Staff retirement benefits - gratuity paid		(50,035,324)	(35,115,605)
Income taxes paid		(475,021,664)	(279,420,514)
Long term deposits		(2,055,753)	(13,036,300)
		(1,017,493,381)	(440,923,692)
Net cash (used in) / generated from operating activities		(6,164,721,142)	434,210,130
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		21,697,628	262,652,470
Additions in property, plant and equipment		(2,782,236,889)	(4,093,823,328)
Net cash used in investing activities		(2,760,539,261)	(3,831,170,858)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(194,091,425)	(210,745,732)
Proceeds from long term financing		1,570,250,379	2,723,751,413
Proceeds of loan from directors and sponsors		149,618,200	-
Short term borrowings - net		7,321,871,416	-
Dividend paid		(214,297,184)	(214,322,866)
Net cash generated from financing activities		8,633,351,386	2,298,682,815
Net decrease in cash and cash equivalents		(291,909,017)	(1,098,277,913)
Cash and cash equivalents at the beginning of the year		640,838,308	1,739,116,221
Cash and cash equivalents at the end of the year	30	348,929,291	640,838,308

The annexed notes from 1 to 53 form an integral part of these financial statements.


CHIEF EXECUTIVE
June 30, 2023


DIRECTOR
Bhanero Textile Mills Ltd


CHIEF FINANCIAL OFFICER

Notes to the financial statements**For the year ended June 30, 2023****1 THE COMPANY AND ITS OPERATIONS**

1.1 Bhanero Textile Mills Limited (the Company) was incorporated on 30th March 1980 as a public limited company in Pakistan under repealed Companies Ordinance, 1984 now the Companies Act, 2017 and is quoted on Pakistan Stock Exchanges Limited. The registered office of the Company is located at Umer House, 23/1, Sector 23, S. M. Farooq Road, Korangi Industrial Area Karachi.

1.2 The company is principally engaged in manufacturing and sales of yarn and fabric. The production facilities are located at Kotri, District Dadu in the province of Sindh and Feroze Wattwan, District Sheikhpura in the province of Punjab.

1.3 Merger and Acquisition

The board of directors' company ('BTML') in their meeting held on February 25, 2022 have approved to acquire Bhanero Energy Ltd Unit-I Kotri, Sindh ("BEL-I") through a Scheme of Arrangement ("Scheme"). On grant of approval by the competent authority the BTML will issue 40,964 ordinary shares to the shareholders of Bhanero Energy Limited of acquired assets, equivalent to PKR 109,008,101. As of May 31, 2023, this significant endeavor received the stamp of approval from the esteemed High Court of Sindh, Karachi. In line with the acquisition, BTML has successfully acquired valuable assets amounting PKR 109,008,101 with an effective date as of May 31, 2023 and subsequent to year end share has been issued to the shareholders of Bhanero Energy Limited.

The Bhanero Energy Limited in unquoted company engaged in power generation activities, it operates with two units located in Sindh and Punjab. The Unit-I located in Sindh generates electricity through natural gas whereas Unit-II located in Punjab generates electricity through furnace based having the generation capacity of 3.726 megawatt and 33.694 megawatt for the Unit-I and Unit-II respectively. The BEL-I does not carry out any other commercial activities in Sindh except supplying its entire power generation facility exclusively to the Bhanero Textile Mills Ltd Unit-I Kotri.

The Scheme will be beneficial for the shareholders of the company since it enables the company to directly exercise control and manage the affairs of BEL-Kotri Unit-I to ensure the uninterrupted supply of energy requirements in a cost-effective manner to the company with an ultimate aim of maximizing shareholder returns.

2 Basis of Preparation**2.1 Statement of compliance**

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

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

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

2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statements, all transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest Rupee.

**Notes to the financial statements
For the year ended June 30, 2023****2.4 Use of estimates and judgements**

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

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

Judgements made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

2.5 Standards, interpretations and amendments to published approved accounting standards**2.5.1 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company:**

	Effective date (annual reporting periods beginning on or after)
IAS 1 Presentation of financial statements (Amendments)	January 1, 2023
IAS 7 Statement of Cash Flows (Amendments)	January 1, 2024
IAS 8 Accounting Policies, Changes in Accounting Estimates and	January 1, 2023
IAS 12 Income Taxes (Amendments)	January 1, 2023
IFRS 4 Insurance Contracts (Amendments)	January 1, 2023
IFRS 9 Financial Instruments: Disclosures (Amendments)	January 1, 2024
IFRS 16 Leases (Amendments)	January 1, 2024

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance contracts
IFRIC 12	Service concession arrangements

**Notes to the financial statements
For the year ended June 30, 2023****3 Summary of Significant Accounting Policies****3.1 Borrowings**

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the statement of profit or loss over the period of the borrowings on an effective interest basis.

3.2 Employee benefits**Short term employees benefits**

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

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post retirement benefits**Defined benefit plans**

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to statement of profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

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

Amounts recognized in the statement of financial position represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

Actuarial gains and losses are recognized in statement of comprehensive income for the period in which these arise.

3.3 Taxation

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

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or minimum of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

**Notes to the financial statements
For the year ended June 30, 2023****Deferred**

Deferred tax is accounted for using the statement of financial position liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.4 Provisions

A provision is recognized in the statement of financial position when the company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.5 Trade and other payables

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

3.6 Dividend

Dividend is recognized as a liability in the period in which it is approved by shareholders.

3.7 Property, plant and equipment and depreciation**Owned assets**

Property, plant and equipment, except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost.

Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is charged to expense on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note except for equipment and other assets. Equipment and other assets are depreciated over the period of three years. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is material.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Notes to the financial statements**For the year ended June 30, 2023****Impairment**

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Leased assets**Recognition**

The Company recognizes a right-of-use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Company). The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value as per the threshold set by the Company. The Company recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

Initial measurement**Lease liability**

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Company's incremental borrowing rate if the implicit rate is not readily available. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed payments less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable by the Company under residual value guarantees; the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

Right-of-use asset

The Company initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

Subsequent measurement**Lease liability**

After the commencement date, the Company re-measures the lease liability to reflect the affect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of profit or loss account, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Right-of-use asset

After the commencement date, the Company measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

The Company depreciates the cost of right-of-use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, if the lease contract transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

Notes to the financial statements**For the year ended June 30, 2023****Ijarah contracts**

Payments made under ijarah contract are charged to the statement of profit or loss on a straight line basis over the period of the lease as per IFAS 2.

3.8 Capital work in progress

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.9 Financial assets and liabilities**Financial assets**

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value and subsequent to initial recognition changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

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 remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Derecognition

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

**Notes to the financial statements
For the year ended June 30, 2023****Financial Liabilities**

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in profit or loss.

3.10 Impairment**Financial Assets**

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.11 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.12 Stores and spares

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

**Notes to the financial statements
For the year ended June 30, 2023****3.13 Stock-in-trade**

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

Raw material	At weighted average cost
Work in progress	At average manufacturing cost
Finished goods	At average manufacturing cost
Waste	Net realizable value

Valuation of raw material, work in process and finished goods as on 30th June 2022 have been valued at lower of cost and net realizable value as per the requirement of IAS 2.

Raw material in transit is stated at invoice price plus other charges paid thereon upto the statement of financial position date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and proportion of manufacturing overheads based on normal capacity.

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

3.14 Trade debts and other receivables

These are classified at amortized cost and are initially recognised 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.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.

3.16 Revenue recognition

According to the core principles of IFRS-15, the company recognizes the revenue from sale when the company satisfies a performance obligation (at a point of time) by transferring promised goods to customers being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts.

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognized when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.

3.17 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit or loss account currently.

Notes to the financial statements**For the year ended June 30, 2023****3.18 Foreign currency translation**

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the statement of financial position date.

Exchange differences, if any, are taken to profit or loss account.

3.19 Transactions with related party

Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course business are conducted at arm's length using valuation modes, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Act, 2017.

3.20 Segment reporting

Segment reporting is based on the operating (business) segments of the company. An operating segment is a component of the company that engages in a business activities from which it may earn revenues and incur expenses, including revenues and expenses that relates to transactions with any of the company's other components. An operating segment's operating results are reviewed by the CEO to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the CEO includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprises mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property , plant and equipment.

The business segments are engaged in providing products and services which are subject to risks and rewards which differ from the risk and reward of other segment. Segments reported are Spinning, Weaving and Power Generation, which also reflects the management structure of company.

3.21 Deferred Government Grant

In accordance with IFRS 9 the benefit of interest rate lower than the market rate on borrowings obtained under State Bank of Pakistan (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of the entity and temporary economic refinance facility, is accounted for as a government grant which is the difference between amount of loan received and the fair value of the loan on the date of disbursement. The differential amount presented in statement of financial position as deferred government grant. The amortisation of deferred government grant is netted off with finance cost within the statement of profit or loss.

4 Capital Management

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further, the company is not subject to externally imposed capital requirements.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

June 30, 2023	June 30, 2022		June 30, 2023	June 30, 2022
Number of shares			Rupees	Rupees
1,762,500	1,762,500	Ordinary shares of PKR 10 each allotted for consideration'- fully paid in cash	17,625,000	17,625,000
1,237,500	1,237,500	Ordinary shares of Rs 10. each allotted as bonus shares	12,375,000	12,375,000
<u>3,000,000</u>	<u>3,000,000</u>		<u>30,000,000</u>	<u>30,000,000</u>

5.1 Associated company holds 500,600 (2022: 500,600) ordinary shares of Rs. 10 each in the company.

5.2 The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction. There is no movement in share capital during the year.

6 RESERVES

General reserve	6.1	9,000,000,000	8,000,000,000
Reserve for issue of shares	6.2	109,008,101	-
		<u>9,109,008,101</u>	<u>8,000,000,000</u>

6.1 General reserve is primarily a revenue reserve being maintained to have adequate resources for future requirements and business operations.

6.2 The Company has set aside reserve for issue of shares to shareholders of Bhanero Energy Limited as per details disclosed in note 1.3

7 LOAN FROM DIRECTORS AND SPONSORS

Directors and sponsors had entered into a contract with the Company to finance equity portion i.e land, building and local components of plant & machinery of new Finishing and Home Textile Division. As per contract, the loans are unsecured, interest free and repayable at the discretion of the Company. The loan is presented under equity as per Technical Release-32 of The Institute of Chartered Accountants of Pakistan.

8 LONG TERM FINANCING - SECURED

From Financial Institutions

	Limit	Rate	Repayments	Frequency	Security	June 30, 2023	June 30, 2022
						Rupees	Rupees
Bank Al Habib Limited							
LTFF	27.6 M	SBP LTFF rate + 0.4%	32 equal quarterly installments commenced from 20 February 2019 and ending on 20 January 2028.	Quarterly	Hypothecation charge over plant and machinery of PKR 54 million of unit III located at Ferozwatton, Sheikhpura-Faisalabad Road, Sheikhpura.	15,884,375	19,334,375
	17.5 M	SBP LTFF rate + 1.5%	32 equal quarterly installments commencing from 22 July 2022 and ending on 22 April 2030.	Quarterly		15,316,000	17,504,000
						<u>31,200,375</u>	<u>36,838,375</u>
MCB Bank Limited							
LTFF	900 M	SBP LTFF rate + 0.4%	32 equal quarterly installments commenced from 30 April 2019 and ending on 05 February 2030.	Quarterly	Hypothecation charge on plant and machinery of PKR 1,351 million of unit II located at Ferozwatton, Sheikhpura-Faisalabad Road, Sheikhpura.	411,541,097	624,239,596
	400M	SBP LTFF rate + 0.4%	32 equal quarterly installments commenced from 06 May 2022 and ending on 07 February 2030.	Quarterly		301,077,049	212,027,410
	65 M	SBP LTFF rate + 0.4%	32 equal quarterly installments commenced from 19 February 2022 and ending on 13 November 2029.	Quarterly		38,567,366	44,500,806
Demand Finance	1082 M	3M Kibor rate + 0.4%	32 equal quarterly installments commenced from 26 July 2019 and ending on 04 October 2032.	Quarterly		206,261,260	28,985,540
						<u>957,446,772</u>	<u>909,753,352</u>

Bhanero Textile Mills Limited
**Notes to the Financial Statements
For The Year Ended June 30, 2023**
Bank Al Falah Limited

Refinance salaries	215.4 M	SBP LTFE Payment of wages and salaries 0.75%	08 equal quarterly installments commenced from 01 January 2021 and ending on 01 October 2022.	Quarterly	Ranking Charge over current assets of unit III located at Ferozwatton, Sheikhpura-Faisalabad Road, Sheikhpura amounting to PKR. 352 million.	-	53,688,405
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- 53,688,405

Faysal Bank Limited

TERF	1600 M	SBP TERF rate + 0.60%	32 equal quarterly installments commencing from 06 October 2023 and ending on 22 November 2031.	Quarterly	Hypothecation charge over plant and machinery of PKR 2,294 million of unit III located at Ferozwatton, Sheikhpura-Faisalabad Road, Sheikhpura.	1,220,107,913	1,146,853,304
LTFE	113 M	SBP LTFE rate + 0.60%	32 equal quarterly installments commencing from 14 April 2024 and ending on 14 January 2031.	Quarterly		113,430,613	113,430,613

1,333,538,526 1,260,283,917

National Bank Limited

LTFE	2700 M	SBP LTFE rate + 1.25%	32 equal quarterly installments commencing from 7 July 2024 and ending on 27 July 2032.	Quarterly	Hypothecation charge over fixed assets of the Company amounting to PKR 3,600 million.	19,693,225	19,693,225
DF		3 Month KIBOR + 1.25%	32 equal quarterly installments commencing from 28 Oct 2024 and ending on 31 December 2032.	Quarterly		481,299,468	71,310,589
TERF		SBP TERF rate + 1.25%	32 equal quarterly installments commencing from 10 December 2023 and ending on 12th August 2032.	Quarterly		1,240,675,247	659,008,872

1,741,667,940 750,012,686

4,063,853,613 3,010,576,735

Less: current maturity shown under current liabilities

(304,497,660) (193,632,985)

3,759,355,953 2,816,943,750

9 LONG TERM PAYABLES

Infrastructure fee payable - ETO
Infrastructure cess payable - Gas

Note	June 30, 2023 Rupees	June 30, 2022 Rupees
9.1	384,156,295	225,316,807
9.2	60,396,490	60,396,490
	444,552,785	285,713,297

9.1 Movement in net liability recognized in the statement of financial position

Balance at beginning of the year	225,316,807	133,551,958
Accrued for the year	158,839,488	101,309,417
Paid during the year	-	(9,544,568)
Balance at the end of the year	384,156,295	225,316,807

Sindh Infrastructure Cess was levied by Excise and Taxation Officer ['ETO'] Government of Sindh on movement of imported goods entering the Sindh Province from outside Pakistan and Punjab Infrastructure Tax levied by ETO Government of Punjab on movement of imported goods entering the Punjab Province from outside Pakistan. The Company has filed petition in Lahore High Court against levy by ETO Government of Punjab. The Company has also filed petitions vide CP No. 4301 of 2021, 4305 of 2021, 4497 of 2021 in Supreme Court of Pakistan and obtained stay on the recovery of levy ETO Government of Sindh. During the pendency of final judgement on this, the Honorable Courts granted stay have directed the petitioners to arrange bank guarantees in favour of ETOs.

	June 30, 2023	June 30, 2022
9.2 Movement in liability recognized in the statement of financial position		
Balance at beginning of the year	60,396,490	65,547,955
Accrued for the year	-	-
Paid during the year	-	(5,151,465)
Balance at the end of the year	<u>60,396,490</u>	<u>60,396,490</u>

The Company vide petition 1234/2021 filed before the High Court of Sindh challenged the recovery of GIDC installments. The High Court of Sindh vide its order dated 22 November 2020 has suspended the recovery of GIDC installments. No further date is fixed for hearing. Further, the Company vide petition 1848/2021 dated 30 August 2021 filed before the High Court of Sindh challenged the levy of GIDC on the ground of the Government's failure to comply with the Supreme Court's judgment dated 13 August 2020 in relation to commencement of work on specified projects.

10 STAFF RETIREMENT BENEFITS

Staff retirement benefits - gratuity	10.1	<u>263,229,037</u>	208,934,489
		<u>263,229,037</u>	<u>208,934,489</u>

10.1 Movement in net liability recognized in the balance sheet

Present value of defined benefits obligation - at the beginning of the year		208,934,489	181,861,570
Charged to profit or loss account and comprehensive income	10.2	104,329,872	62,188,524
Benefits paid during the year		(50,035,324)	(35,115,605)
Present value of defined benefits obligation - at the end of the year		<u>263,229,037</u>	<u>208,934,489</u>

10.2 Amount charged to profit or loss account / other comprehensive income

Current service cost		51,575,056	47,473,912
Interest cost		29,586,039	13,663,056
Remeasurement charged to other comprehensive income		23,168,777	1,051,556
		<u>104,329,872</u>	<u>62,188,524</u>

10.3 The company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made annually to cover the obligation under the scheme on the basis of actuarial valuation and are charged to income. Actuarial valuation has been carried out by independent valuer as at June 30, 2023 using the projected unit credit method assuming a discount rate of 16.25% (2022: 13.25%) per annum and expected rate of increase in salaries at 15.25% (2022: 12.25%) per annum.

10.4 There is no unrecognized actuarial loss / gain.

10.5 Historical information

	2022 Rupees	2021 Rupees	2020 Rupees	2019 Rupees
Present value of defined benefits obligation	<u>208,934,489</u>	<u>181,861,570</u>	<u>167,244,027</u>	<u>148,844,904</u>
Experience adjustments on plan liabilities	<u>1,051,556</u>	<u>8,712,867</u>	<u>7,430,001</u>	<u>(13,487,793)</u>

10.6 Sensitivity analysis of actuarial assumptions

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

	Increase in assumption	Decrease in assumption
Discount rate	(10,179,672)	11,109,962
Expected rate of increase in future salary	11,109,962	(10,350,412)

10.7 The expected gratuity expense comprising of service cost and net interest for the year ending 30th June 2024 works out to PKR 99,621,097 million.

10.8 The average duration of defined benefit obligation is 6 years.

11 DEFERRED TAXATION

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Deferred tax liability on taxable temporary differences	11.1	622,633,598	311,899,581
Deferred tax asset on deductible temporary differences	11.1	(255,207,740)	(80,344,321)
		<u>367,425,858</u>	<u>231,555,260</u>

11.1 Deferred taxation

Deferred tax liability / (assets) arising in respect of:

2023			
As at July 01 2022	Recognized in profit or loss	Recognized in other comprehensive income	As at June 30 ,2023
Taxable temporary differences			
Accelerated tax depreciation on owned assets	311,899,581	310,734,017	622,633,598
	311,899,581	310,734,017	622,633,598
Deductible temporary differences			
Provision for employee benefit	(45,147,400)	660,656	(48,780,263)
Provision for doubtful debts and advances	(35,196,921)	19,268,982	(15,927,939)
Unused tax losses and tax credits	-	(190,499,538)	(190,499,538)
	(80,344,321)	(170,569,900)	(255,207,740)
	231,555,260	140,164,117	371,719,377
2022			
As at July 01 2021	Recognized in profit or loss	Recognized in other comprehensive income	As at June 30 ,2022
Taxable temporary differences			
Accelerated tax depreciation on owned assets	225,786,408	86,113,173	311,899,581
	225,786,408	86,113,173	311,899,581
Deductible temporary differences			
Provision for employee benefit	(40,709,894)	(4,210,282)	(45,147,400)
Provision for doubtful debts and advances	(19,789,620)	(15,407,301)	(35,196,921)
	(60,499,514)	(19,617,583)	(80,344,321)
	165,286,894	66,495,590	231,782,484

11.1.2 Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is provided for only that portion of timing differences that represent income taxable under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 31% of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

12 DEFERRED GOVERNMENT GRANT

	Note	June 30, 2023	June 30, 2022
Deferred Government grant	12.1	936,561,136	673,119,963
		<u>936,561,136</u>	<u>673,119,963</u>
12.1 Deferred Revenue - Govt Grant			
Balance at beginning of year		816,334,765	35,149,787
During the year		499,966,570	857,069,985
Amortization during the year		-177,084,494	-75,885,007
		1,139,216,841	816,334,765
Less: current portion		-202,655,705	-143,214,802
Balance at the end of the year		<u>936,561,136</u>	<u>673,119,963</u>

12.1.2 The Company obtained term loan / SBP COVID-19 relief facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. The Company obtained Rs. 215.408 million, for paying salaries for the months from April 2020 to September 2020. The loan is repayable in eight equal quarterly installments, starting from January 2021. This long term financing facility is secured by way of hypothecation charge over current assets of the Company. The facility carries mark-up at State Bank of Pakistan (SBP) rate (currently 0%) plus bank's spread of 0.75% per annum starting from the date of disbursement and is payable in arrears on quarterly basis. The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates at SBP approval dates of each tranche. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. The facility has been repaid during the year.

12.1.3 The Company had availed long term financing from Faysal Bank Limited under "SBP Temporary Economic Refinance Facility" for additions of new plant & machinery. The facility carries mark-up at State Bank of Pakistan (SBP) rate 1% plus bank's spread ranging from 0.60% per annum to 1.25% per annum starting from the date of disbursement and are payable in arrears on quarterly basis. The loans have been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates at SBP approval dates of each tranche. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per selected opinion issued in November 2020 by the Institute of Chartered Accountants of Pakistan.

13 TRADE AND OTHER PAYABLES

Creditors		770,112,145	884,165,514
Advance from customers & others	13.2	29,375,941	36,809,595
Accrued liabilities		476,251,080	310,548,250
Workers' Profit Participation Fund	13.3	87,892,111	161,290,382
Workers Welfare Fund		214,401,527	177,993,460
Others		22,050,385	8,653,795
		<u>1,600,083,189</u>	<u>1,579,460,996</u>

Bhanero Textile Mills Limited**Notes to the Financial Statements****For The Year Ended June 30, 2023**

13.1	These include amounts due to following related party in the normal course of business.		
	Name of Company	Relationship	
	Bhanero Energy Limited	Associated Company	- 34,717,004
13.2	Advance received from customer is recognised as revenue when the performance obligation in accordance with the policy is satisfied. Revenue for an amount of Rs. 21,575,354 (2022: Rs. 2,811,917) has been recognised in current year in respect of advances from customers at the beginning of period.		
13.3	Workers' profit participation fund		
	Opening balance		161,290,382 116,211,377
	Interest on funds utilized in the Company's business	13.3.1	<u>23,880,852</u> 9,926,534
			185,171,234 126,137,911
	Paid to the fund		<u>(185,171,234)</u> (126,137,911)
			-
	Allocation for the year	36	<u>87,892,111</u> 161,290,382
			<u>87,892,111</u> 161,290,382
	13.3.1 Interest on workers' profit participation fund has been provided @536.25% (2022: 536.25%) per annum.		
14	UNCLAIMED DIVIDEND		
	Unclaimed dividend		<u>1,722,649</u> 1,519,833
15	ACCRUED MARKUP / INTEREST		
	Mark-up accrued on secured:		
	- long term financing		66,001,761 29,288,234
	- short term borrowings		<u>220,250,878</u> 2,078,772
			<u>286,252,639</u> 31,367,006
16	SHORT TERM BORROWINGS - SECURED		
	From banking companies		
	Running finance / Running Musharika		4,987,871,416 -
	Term loans		<u>2,334,000,000</u> -
			<u>7,321,871,416</u> -
16.1	The aggregate approved short term borrowing facilities amounting to PKR 17.88 billion (2022: PKR 8.94 billion). Out of total facilities, facilities of Rs. 10.56 billion (2022: Rs.8.94 billion) are unavailed at the reporting date.		
16.2	These facilities are subject to mark-up ranging from 1 to 3 month KIBOR + spreads between 0.1% to 2% (2022: 1 to 3 month KIBOR + spreads between 0.1% to 2%) per annum payable quarterly. These are secured against hypothecation charge on current assets of the Company.		
17	CURRENT PORTION OF LONG TERM FINANCING		
	Long-term financing	8	304,497,660 193,632,985
	Deferred govt. grant	12.1	<u>202,655,705</u> 143,214,802
			<u>507,153,365</u> 336,847,787
18	PROVISION FOR TAXATION		
	Provision for taxation		- 358,564,001
	Income tax refundable / adjustable		- (284,817,527)
			<u>-</u> 73,746,474
19	CONTINGENCIES AND COMMITMENTS		
	Contingencies		
19.1	Various banking companies have issued guarantees on behalf of the Company and discounted receivables of the Company as detailed below:		
	Bills discounted		2,250,370,965 929,073,884
	Bank guarantees		<u>709,867,397</u> 487,086,597
19.2	The Company has issued post dated cheques amounting to PKR 3,406,425,780 (2022: PKR 729,423,895) in favour of Collector of Customs in lieu of custom levies against various statutory notifications. The post dated cheques furnished by the company are likely to be released after the fulfillment of term of related SROs.		
19.3	The Company vide petition ICA 239111 of 2018 filed before the High Court of Lahore challenged the recovery of Cotton Cess against the judgment passed in writ petition No. 311009 of 2016 and writ petition No. 214708 of 2018 respectively. No further date is fixed for hearing.		
19.4	The Government has levied Super Tax on high earning persons, which was levied by the Government for the tax year 2022 in addition to corporate tax rate of 29%. The Company together with other parties challenged it for tax year 2022 in the Sindh High Court who decided the matter in favour of the petitioners ultra vires to the Constitution of Pakistan. The FBR challenged the said decision before the Supreme Court of Pakistan who, vide interim order dated February 2023, directed that the taxpayers shall pay super tax to Nazir on the direction of sindh high court. The Company, complying with the directions, provided security of 100% super tax to the Nazir of High Court. 50% of which was encashed and deposited with the FBR. The hearing and appeal before the Supreme Court of Pakistan is pending.		
	Commitments		
19.5	Letter of credit (for store, raw material and fixed assets)		<u>5,205,219,332</u> 6,621,568,727
	Commitments for capital expenditure		<u>43,324,239</u> 257,644,452
19.6	The Company has entered into Ijarah arrangements for vehicles with Meezan Bank Limited. These arrangements have been made for the period of five years. Such arrangements carry Bench Mark Rate of 0.5% per annum over the 3 Month KIBOR. The rate would be fixed for the first three months on the last working day before the first disbursement date and subsequently on each last working day immediately preceding the beginning of next three months. Lease rentals shall be revised in accordance with the change in KIBOR to appropriately reflect the Bench Mark. Future Ijarah payments due under these arrangements at the period end are as follows:		
	Not later than one year		54,100,801 31,608,798
	Later than one year & not later than five years		<u>137,266,768</u> 106,418,566
	Later than five years		-
			<u>191,367,569</u> 138,027,364
20	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	20.1	8,855,091,927 4,607,486,317
	Capital work in progress	20.7	<u>315,595,141</u> 2,169,614,127
			<u>9,170,687,068</u> 6,777,100,444

Notes to the Financial Statements
For The Year Ended June 30, 2023

20.1 OPERATING FIXED ASSETS

PARTICULARS	Year Ended June 30, 2023								Book value as at June 30, 2023	Rate
	COST				DEPRECIATION					
	As at July 01, 2022	Additions / (disposals)	Transfers	As at June 30, 2023	As at July 01, 2022	For the year	Transfers / (disposal)	As at June 30, 2023		
Rupees										
Company owned										
Leasehold land	433,414	-	-	433,414	-	-	-	-	433,414	-
Freehold land	665,526,110	-	-	665,526,110	-	-	-	-	665,526,110	-
	-	-	-	-	-	-	-	-	-	-
Factory building on leasehold land	174,351,730	-	222,532	174,574,262	125,736,783	4,949,281	-	130,686,064	43,888,198	10%
Factory building on freehold land	603,885,851	1,088,046,685	-	1,691,932,536	315,543,377	37,994,136	-	353,537,513	1,338,395,023	10%
	-	-	-	-	-	-	-	-	-	-
Office premises on leasehold land	29,894,675	-	-	29,894,675	19,405,974	2,136,317	-	21,542,291	8,352,384	5%
Office premises on freehold land	133,282,522	176,228,728	-	309,511,250	53,008,985	3,136,081	-	56,145,066	253,366,184	5%
	-	-	-	-	-	-	-	-	-	-
Plant and machinery	5,819,154,508	2,834,811,903 (100,498,934)	93,585,735	8,647,053,212	2,453,105,322	367,678,312	-	2,737,020,892	5,910,032,320	10%
	-	-	-	-	-	-	(83,762,742)	-	-	-
Equipments and other assets	183,813,704	22,494,329	-	206,308,033	144,339,220	23,119,127	-	167,458,347	38,849,686	Three years
Electric Installation	78,506,475	503,674,230	503,093	582,683,798	47,532,895	12,291,841	-	59,824,736	522,859,062	10%
Gas Line & Pipe	7,180,289	-	185,513	7,365,802	5,867,826	131,246	-	5,999,072	1,366,730	10%
Cooling towers	5,223,570	-	-	5,223,570	4,236,106	98,746	-	4,334,852	888,718	10%
Ventilation system	2,094,912	-	-	2,094,912	1,353,856	74,106	-	1,427,962	666,950	10%
Boiler	24,032,925	-	-	24,032,925	16,315,462	771,746	-	17,087,208	6,945,717	10%
Factory equipments	5,650,258	11,000,000	-	16,650,258	5,130,003	785,358	-	5,915,361	10,734,897	10%
Furniture and fixtures - Factory	6,458,676	-	77,369	6,536,045	5,164,300	130,082	-	5,294,382	1,241,663	10%
Office equipments	36,985,136	-	-	36,985,136	22,020,229	1,496,491	-	23,516,720	13,468,416	10%
Furniture and fixtures - Office	2,657,972	-	-	2,657,972	1,480,233	117,774	-	1,598,007	1,059,965	10%
Vehicles	121,851,997	-	-	111,938,757	73,257,836	9,453,633	-	74,922,267	37,016,490	20%
	-	(9,913,240)	-	-	-	-	(7,789,202)	-	-	-
June 30, 2023	7,900,984,724	4,636,255,875	94,574,242	12,521,402,667	3,293,498,407	464,364,277	-	3,666,310,740	8,855,091,927	
	-	(110,412,174)	-	-	-	-	(91,551,944)	-	-	-

Notes to the Financial Statements
For The Year Ended June 30, 2023

Year Ended June 30, 2022

PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST				DEPRECIATION				Book value as at June 30, 2022	Rate
	As at July 01, 2021	Additions / (disposals)	Transfers	As at June 30, 2022	As at July 01, 2021	For the year	Transfers / (disposal)	As at June 30, 2022		
	Rupees									
Company owned										
Leasehold land	433,414	-	-	433,414	-	-	-	-	433,414	-
Freehold land	660,724,005	4,802,105	-	665,526,110	-	-	-	-	665,526,110	-
Building on leasehold land	174,351,730	-	-	174,351,730	120,239,643	5,497,140	-	125,736,783	48,614,947	10%
Building on freehold land	473,447,260	130,438,591	-	603,885,851	290,751,909	24,791,468	-	315,543,377	288,342,474	10%
Non factory building on leasehold land	29,894,675	-	-	29,894,675	18,853,937	552,037	-	19,405,974	10,488,701	5%
Non factory building on freehold land	112,306,388	20,976,134	-	133,282,522	49,336,066	3,672,919	-	53,008,985	80,273,537	5%
Plant and machinery	4,287,400,716	1,898,050,008	-	5,819,154,508	2,480,566,504	271,173,472	-	2,453,105,322	3,366,049,186	10%
	-	(366,296,216)	-	-	-	-	(298,634,654)	-	-	-
Equipments and other assets	157,436,448	26,377,256	-	183,813,704	127,077,475	17,261,745	-	144,339,220	39,474,484	Three years
Electric Installation	78,506,475	-	-	78,506,475	44,173,389	3,359,506	-	47,532,895	30,973,580	10%
Gas line and pipe	7,180,289	-	-	7,180,289	5,721,997	145,829	-	5,867,826	1,312,463	10%
Cooling towers	5,223,570	-	-	5,223,570	4,126,388	109,718	-	4,236,106	987,464	10%
Ventilation system	2,094,912	-	-	2,094,912	1,271,516	82,340	-	1,353,856	741,056	10%
Boiler	24,032,925	-	-	24,032,925	15,457,966	857,496	-	16,315,462	7,717,463	10%
Factory equipment	5,650,258	-	-	5,650,258	5,072,197	57,806	-	5,130,003	520,255	10%
Furniture and fixtures - Factory	6,458,676	-	-	6,458,676	5,020,480	143,820	-	5,164,300	1,294,376	10%
Office equipments	29,257,136	7,728,000	-	36,985,136	21,001,461	1,018,768	-	22,020,229	14,964,907	10%
Furniture and fixtures - Office	2,657,972	-	-	2,657,972	1,349,373	130,860	-	1,480,233	1,177,739	10%
Vehicles	119,185,984	16,363,005	-	121,851,997	74,262,182	11,288,697	-	73,257,836	48,594,161	10%
	-	(13,696,992)	-	-	-	-	(12,293,043)	-	-	20%
June 30, 2022	6,176,242,833	2,104,735,099	-	7,900,984,724	3,264,282,483	340,143,621	(310,927,697)	3,293,498,407	4,607,486,317	
	-	(379,993,208)	-	-	-	-	-	-	-	

20.2 Equipment and other assets includes assets amounting to PKR 15,710,241 (2022: PKR 15,710,241) which has been fully depreciated.

20.3 The depreciation charge for the year has been allocated as follows:

Cost of sales

Administrative expenses

Note	June 30, 2023 Rupees	June 30, 2022 Rupees
32	453,284,071	327,692,336
35	11,080,206	12,451,285
	<u>464,364,277</u>	<u>340,143,621</u>

20.4 Property, Plant, and Equipment include an amount of Rs. 94,574,242 acquired through merger of Bhanero Energy Limit Unit - 1, an associated company, as per scheme of arrangement approved by Sindh High Court as disclosed in note 1.3

20.5 Freehold lands of the Company are located at Feroze Wattoan Sheikhpura with an area of 883 kanal 01 marla (2022: 883 kanal 01 marla), at Gajumata Kasur 48 Kanal (2022: 48 Kanal) and Leasehold land are located at Kotri with an area of 104 Kanal (2022: 104 Kanal).

Notes to the Financial Statements

For The Year Ended June 30, 2023

20.6 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Year Ended June 30, 2023							
Description	Cost	Accumulated depreciation	Written down value	Proceeds from disposal of property, plant and equipment	Gain on disposal of property, plant and equipment	Mode of disposal	Particulars of buyer
Rupees							
Machinery							
Picanol Looms	30,870,166	25,483,542	5,386,624	5,600,000	213,376	Negotiation	M/S Hanoof Textiles , Chak No 120 Daweoo Road, Faisal Abad
Picanol Looms	46,466,383	38,891,721	7,574,662	8,429,752	855,090	Negotiation	Mr. Atta Mustafa, Plot No 497 SITE Area Side B, Karachi
Picanol Looms	23,162,385	19,387,479	3,774,906	4,214,876	439,970	Negotiation	Mr. Atta Mustafa, Plot No 497 SITE Area Side B, Karachi
	100,498,934	83,762,742	16,736,192	18,244,628	1,508,436		
Vehicles							
Audi LEC-14- 8353	7,352,450	6,199,779	1,152,671	2,000,000	847,329	Negotiation	Mr. Ahmed Shahzad, House 68-B Railway Officer Colony, Walton, Lahore
Daihatsu Van CY-0381	951,900	572,832	379,068	450,000	70,932	Negotiation	Mr. Haris, Flat A3/31, Block 19 Rupali Residency, Gulshan e Iqbal Karachi
Suzuki Cultus LEA 19-2533	1,568,390	978,174	590,216	1,000,000	409,784	Negotiation	Mr. Muhammad Altaf, H # 68-B Railway Officer Colony, Walton, Lahore
Bike KED-9150	40,500	38,417	2,083	3,000	917	Negotiation	Mr. Usman Ghani, House 556, Agartaj Colony, Lyari Karachi
	9,913,240	7,789,202	2,124,038	3,453,000	1,328,962		
30-Jun-23	110,412,174	91,551,944	18,860,230	21,697,628	2,837,398		
30-Jun-22	379,993,208	310,927,697	69,065,511	262,652,470	193,586,959		

Notes to the Financial Statements
For The Year Ended June 30, 2023

20.1 OPERATING FIXED ASSETS

PARTICULARS	Year Ended June 30, 2023								Book value as at June 30, 2023	Rate
	COST				DEPRECIATION					
	As at July 01, 2022	Additions / (disposals)	Transfers	As at June 30, 2023	As at July 01, 2022	For the year	Transfers / (disposal)	As at June 30, 2023		
Rupees										
Company owned										
Leasehold land	433,414	-	-	433,414	-	-	-	-	433,414	-
Freehold land	665,526,110	-	-	665,526,110	-	-	-	-	665,526,110	-
Factory building on leasehold land	174,351,730	-	222,532	174,574,262	125,736,783	4,949,281	-	130,686,064	43,888,198	10%
Factory building on freehold land	603,885,851	1,088,046,685	-	1,691,932,536	315,543,377	37,994,136	-	353,537,513	1,338,395,023	10%
Office premises on leasehold land	29,894,675	-	-	29,894,675	19,405,974	2,136,317	-	21,542,291	8,352,384	5%
Office premises on freehold land	133,282,522	176,228,728	-	309,511,250	53,008,985	3,136,081	-	56,145,066	253,366,184	5%
Plant and machinery	5,819,154,508	2,834,811,903 (100,498,934)	93,585,735	8,647,053,212	2,453,105,322	367,678,312	-	2,737,020,892	5,910,032,320	10%
Equipments and other assets	183,813,704	22,494,329	-	206,308,033	144,339,220	23,119,127	-	167,458,347	38,849,686	Three years
Electric Installation	78,506,475	503,674,230	503,093	582,683,798	47,532,895	12,291,841	-	59,824,736	522,859,062	10%
Gas Line & Pipe	7,180,289	-	185,513	7,365,802	5,867,826	131,246	-	5,999,072	1,366,730	10%
Cooling towers	5,223,570	-	-	5,223,570	4,236,106	98,746	-	4,334,852	888,718	10%
Ventilation system	2,094,912	-	-	2,094,912	1,353,856	74,106	-	1,427,962	666,950	10%
Boiler	24,032,925	-	-	24,032,925	16,315,462	771,746	-	17,087,208	6,945,717	10%
Factory equipments	5,650,258	11,000,000	-	16,650,258	5,130,003	785,358	-	5,915,361	10,734,897	10%
Furniture and fixtures - Factory	6,458,676	-	77,369	6,536,045	5,164,300	130,082	-	5,294,382	1,241,663	10%
Office equipments	36,985,136	-	-	36,985,136	22,020,229	1,496,491	-	23,516,720	13,468,416	10%
Furniture and fixtures - Office	2,657,972	-	-	2,657,972	1,480,233	117,774	-	1,598,007	1,059,965	10%
Vehicles	121,851,997	-	-	111,938,757	73,257,836	9,453,633	-	74,922,267	37,016,490	20%
		(9,913,240)						(7,789,202)		
June 30, 2023	7,900,984,724	4,636,255,875	94,574,242	12,521,402,667	3,293,498,407	464,364,277		3,666,310,740	8,855,091,927	
	-	(110,412,174)	-	-	-	-		(91,551,944)	-	

Notes to the Financial Statements
For The Year Ended June 30, 2023

Year Ended June 30, 2022

PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	COST				DEPRECIATION				Book value as at June 30, 2022	Rate
	As at July 01, 2021	Additions / (disposals)	Transfers	As at June 30, 2022	As at July 01, 2021	For the year	Transfers / (disposal)	As at June 30, 2022		
	Rupees									
Company owned										
Leasehold land	433,414	-	-	433,414	-	-	-	-	433,414	-
Freehold land	660,724,005	4,802,105	-	665,526,110	-	-	-	-	665,526,110	-
Building on leasehold land	174,351,730	-	-	174,351,730	120,239,643	5,497,140	-	125,736,783	48,614,947	10%
Building on freehold land	473,447,260	130,438,591	-	603,885,851	290,751,909	24,791,468	-	315,543,377	288,342,474	10%
Non factory building on leasehold land	29,894,675	-	-	29,894,675	18,853,937	552,037	-	19,405,974	10,488,701	5%
Non factory building on freehold land	112,306,388	20,976,134	-	133,282,522	49,336,066	3,672,919	-	53,008,985	80,273,537	5%
Plant and machinery	4,287,400,716	1,898,050,008	-	5,819,154,508	2,480,566,504	271,173,472	-	2,453,105,322	3,366,049,186	10%
	-	(366,296,216)	-	-	-	-	(298,634,654)	-	-	-
Equipments and other assets	157,436,448	26,377,256	-	183,813,704	127,077,475	17,261,745	-	144,339,220	39,474,484	Three years
Electric Installation	78,506,475	-	-	78,506,475	44,173,389	3,359,506	-	47,532,895	30,973,580	10%
Gas line and pipe	7,180,289	-	-	7,180,289	5,721,997	145,829	-	5,867,826	1,312,463	10%
Cooling towers	5,223,570	-	-	5,223,570	4,126,388	109,718	-	4,236,106	987,464	10%
Ventilation system	2,094,912	-	-	2,094,912	1,271,516	82,340	-	1,353,856	741,056	10%
Boiler	24,032,925	-	-	24,032,925	15,457,966	857,496	-	16,315,462	7,717,463	10%
Factory equipment	5,650,258	-	-	5,650,258	5,072,197	57,806	-	5,130,003	520,255	10%
Furniture and fixtures - Factory	6,458,676	-	-	6,458,676	5,020,480	143,820	-	5,164,300	1,294,376	10%
Office equipments	29,257,136	7,728,000	-	36,985,136	21,001,461	1,018,768	-	22,020,229	14,964,907	10%
Furniture and fixtures - Office	2,657,972	-	-	2,657,972	1,349,373	130,860	-	1,480,233	1,177,739	10%
Vehicles	119,185,984	16,363,005	-	121,851,997	74,262,182	11,288,697	-	73,257,836	48,594,161	10%
	-	(13,696,992)	-	-	-	-	(12,293,043)	-	-	20%
June 30, 2022	6,176,242,833	2,104,735,099	-	7,900,984,724	3,264,282,483	340,143,621	(310,927,697)	3,293,498,407	4,607,486,317	
	-	(379,993,208)	-	-	-	-	-	-	-	

20.2 Equipment and other assets includes assets amounting to PKR 15,710,241 (2022: PKR 15,710,241) which has been fully depreciated.

20.3 The depreciation charge for the year has been allocated as follows:

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Cost of sales	32	453,284,071	327,692,336
Administrative expenses	35	11,080,206	12,451,285
		<u>464,364,277</u>	<u>340,143,621</u>

20.4 Property, Plant, and Equipment include an amount of Rs. 94,574,242 acquired through merger of Bhanero Energy Limit Unit - 1, an associated company, as per scheme of arrangement approved by Sindh High Court as disclosed in note 1.3

20.5 Freehold lands of the Company are located at Feroze Wattoan Sheikhpura with an area of 883 kanal 01 marla (2022: 883 kanal 01 marla), at Gajumata Kasur 48 Kanal (2022: 48 Kanal) and Leasehold land are located at Kotri with an area of 104 Kanal (2022: 104 Kanal).

Notes to the Financial Statements
For The Year Ended June 30, 2023

20.6 DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Year Ended June 30, 2023							
Description	Cost	Accumulated depreciation	Written down value	Proceeds from disposal of property, plant and equipment	Gain on disposal of property, plant and equipment	Mode of disposal	Particulars of buyer
Rupees							
Machinery							
Picanol Looms	30,870,166	25,483,542	5,386,624	5,600,000	213,376	Negotiation	M/S Hanoof Textiles , Chak No 120 Daweoo Road, Faisal Abad
Picanol Looms	46,466,383	38,891,721	7,574,662	8,429,752	855,090	Negotiation	Mr. Atta Mustafa, Plot No 497 SITE Area Side B, Karachi
Picanol Looms	23,162,385	19,387,479	3,774,906	4,214,876	439,970	Negotiation	Mr. Atta Mustafa, Plot No 497 SITE Area Side B, Karachi
	100,498,934	83,762,742	16,736,192	18,244,628	1,508,436		
Vehicles							
Audi LEC-14- 8353	7,352,450	6,199,779	1,152,671	2,000,000	847,329	Negotiation	Mr. Ahmed Shahzad, House 68-B Railway Officer Colony, Walton, Lahore
Daihatsu Van CY-0381	951,900	572,832	379,068	450,000	70,932	Negotiation	Mr. Haris, Flat A3/31, Block 19 Rupali Residency, Gulshan e Iqbal Karachi
Suzuki Cultus LEA 19-2533	1,568,390	978,174	590,216	1,000,000	409,784	Negotiation	Mr. Muhammad Altaf, H # 68-B Railway Officer Colony, Walton, Lahore
Bike KED-9150	40,500	38,417	2,083	3,000	917	Negotiation	Mr. Usman Ghani, House 556, Agartaj Colony, Lyari Karachi
	9,913,240	7,789,202	2,124,038	3,453,000	1,328,962		
30-Jun-23	110,412,174	91,551,944	18,860,230	21,697,628	2,837,398		
30-Jun-22	379,993,208	310,927,697	69,065,511	262,652,470	193,586,959		

Bhanero Textile Mills Limited
Notes to the Financial Statements
For The Year Ended June 30, 2023
20.7 CAPITAL WORK IN PROGRESS

	June 30, 2023			
	As at July 01, 2022	Additions	Transfers	As at June 30, 2023
	PKR	PKR	PKR	PKR
Building and civil works	771,176,269	493,099,144	1,264,275,413	-
Plant and machinery	1,189,832,519	1,971,574,536	2,845,811,914	315,595,141
Electric installation	208,605,339	295,068,891	503,674,230	-
Equipment and other Assets	-	22,494,329	22,494,329	-
	2,169,614,127	2,782,236,900	4,636,255,886	315,595,141
	June 30, 2022			
	As at July 01, 2021	Additions	Transfers	As at June 30, 2022
	PKR	PKR	PKR	PKR
Building and civil works	73,051,623	849,539,371	151,414,725	771,176,269
Plant and machinery	107,474,275	2,980,408,252	1,898,050,008	1,189,832,519
Electric installation	-	208,605,339	-	208,605,339
Equipment and other Assets	-	26,377,256	26,377,256	-
	180,525,898	4,064,930,218	2,075,841,989	2,169,614,127

21 LONG TERM DEPOSITS

	Note	Rupees	Rupees
Ijara deposits		13,022,800	13,022,800
Electricity		30,163,293	28,107,540
Telephone		33,600	33,600
Others	21.1	432,176	432,176
		43,651,869	41,596,116

21.1 It includes security deposit amounting to Rs. 20,000 (June 2022: Rs. 20,000) given to Admiral (Private) Limited, an associated company, against rent of building.

22 STORES, SPARES AND LOOSE TOOLS

Stores, spares and packing material		234,281,188	150,348,628
Transferred through Scheme of arrangement	22.2	14,433,859	-
		248,715,047	150,348,628

22.1 No item of stores, spares and loose tools is pledged as security as at reporting date.

22.2 This represents acquisition through merger of Bhanero Energy Limit Unit - 1, an associated company, as per scheme of arrangement approved by Sindh High Court as disclosed in note 1.3

23 STOCK IN TRADE

Raw material		6,386,454,765	3,579,609,170
Raw material in transit		3,158,610,529	449,891,086
Work in process		395,155,349	259,005,475
Finished goods	23.2	2,358,007,314	813,407,832
		12,298,227,957	5,101,913,563

23.1 No item of stock in trade is pledged as security as at reporting date.

23.2 Stock of finished goods includes stock of waste valued at Rs. 16,157,330 (June 2022: Rs. 2,412,274). The entire stock of waste is valued at net realizable value.

24 TRADE DEBTS

Foreign - secured against letter of credit		512,479,477	360,677,957
Local - unsecured - considered good		2,007,367,008	1,522,846,066
Local - unsecured - considered doubtful		81,098,653	165,389,592
		2,600,945,138	2,048,913,615
Allowance for ECL on trade debts	24.1	(81,098,653)	(165,389,592)
		2,519,846,485	1,883,524,023
24.1 Particulars of allowance for ECL on trade debts			
Balance at beginning of the year		165,389,592	83,553,311
Charge during the year	36	7,917,426	92,208,365
Allowance no longer required / recovered		(92,208,365)	(10,372,084)
Balance at the end of the year		81,098,653	165,389,592

25 LOANS AND ADVANCES

Advances to :			
Suppliers - Unsecured (considered good)		165,119,391	60,536,944
Employees - Secured (considered good)	25.1	6,781,102	4,939,064
Employees - Unsecured (considered doubtful)		1,165,000	1,165,000
L/C in transit		194,405	225,405
		173,259,898	66,866,413
Provision for doubtful advances	25.2	(1,165,000)	(1,165,000)
		172,094,898	65,701,413

25.1 These represent advances to employees against future salaries and post employment benefits in accordance with the company policy.

25.2 Provision for doubtful advances

Balance at beginning of the year		1,165,000	1,165,000
Charge during the year		-	-
Provision no longer required/ recovered		-	-
Balance at the end of the year		1,165,000	1,165,000

Bhanero Textile Mills Limited
Notes to the Financial Statements
For The Year Ended June 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
26 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits against infrastructure fees	26.1	289,444,861	238,444,861
Prepaid expenses		545,353	2,686,312
Margin against letter of credit		-	5,132,470
		289,990,214	246,263,643
26.1 Effective mark up rate on these deposits range from 12% to 19.5% per annum (June 30, 2022: 5.5% to 11.1% per annum).			
27 OTHER RECEIVABLES - UNSECURED			
KMC refundable - Considered doubtful		680,624	680,624
Claims receivable - Considered good		88,419,626	28,945,773
		89,100,250	29,626,397
Provision for doubtful receivables		(680,624)	(680,624)
		88,419,626	28,945,773
28 ADVANCE INCOME TAX			
Income tax refundable / adjustable		401,275,190	-
Provision for taxation	38	(236,978,739)	-
		164,296,451	-
29 SALES TAX REFUNDABLE			
Sales tax and federal excise duty refundable		878,834,820	608,870,900
Excise duty refundable - considered doubtful		3,006,390	3,006,390
Provision for excise duty refundable		(3,006,390)	(3,006,390)
		-	-
		878,834,820	608,870,900
30 CASH AND BANK BALANCES			
Cash in hand		2,515,158	-
Balances with banks on:			
Current accounts		323,097,200	636,001,983
Saving Account		1,722,649	1,519,833
Foreign currency account - current	30.1	21,594,284	3,316,492
		346,414,133	640,838,308
		348,929,291	640,838,308
30.1 Effective mark up rate in respect of these balances ranges from 5.88% to 11.66% (June 30, 2022: 2.32% to 6.23%) per annum.			
31 SALES - NET			
Export			
Yarn		4,784,360,524	3,317,226,912
Fabric		5,832,230,140	4,049,895,616
		10,616,590,664	7,367,122,528
Export Rebate		33,194	199,003
		10,616,623,858	7,367,321,531
Local			
Yarn		7,938,272,021	8,989,974,126
Fabric		1,878,524,582	2,749,700,310
Cotton and polyester		67,732,798	2,465,426
Scrap		10,816,211	10,976,959
Waste and others		246,343,397	187,462,926
		10,141,689,009	11,940,579,747
		20,758,312,867	19,307,901,278
Discount		-	(71,115)
Sales tax		(2,213,204,814)	(2,055,321,113)
		(2,213,204,814)	(2,055,392,228)
		18,545,108,053	17,252,509,050
31.1 Export sales includes Rs. 4,109.03 million exclusive of sales tax (2022: Rs. 1,882.54) in respect of indirect export sales.			

32 COST OF SALES	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Raw material consumed	32.1	13,038,602,106	10,600,582,371
Packing material consumed		144,422,285	117,609,966
Stores, spares and loose tools		267,825,575	237,263,066
Salaries, wages and benefits	32.2	1,076,865,894	879,293,995
Fees and subscription		1,724,921	1,130,439
Fuel power and water		2,046,329,616	1,389,902,494
Insurance		56,252,318	35,152,006
Vehicle running and maintenance		18,004,354	13,059,942
Rent, rate and taxes		837,578	714,327
Repairs and maintenance		31,080,198	23,137,962
Communication		1,140,406	950,025
Traveling and conveyance		3,767,945	3,005,720
Depreciation	20.3	453,284,071	327,692,336
Others		2,858,804	3,682,233
		<u>17,142,996,071</u>	<u>13,633,176,882</u>
Work in process			
Opening stock		259,005,475	185,829,049
Closing stock		(395,155,349)	(259,005,475)
		<u>(136,149,874)</u>	<u>(73,176,426)</u>
Cost of goods manufactured		<u>17,006,846,197</u>	<u>13,560,000,456</u>
Cost of raw material sold	32.3	47,329,282	1,477,445
Finished stocks			
Opening stock		813,407,832	416,172,599
Finished goods purchases		46,823,718	13,886,360
Finished goods / waste lost by fire		(1,520,000)	-
Closing stock		(2,358,007,314)	(813,407,832)
		<u>(1,499,295,764)</u>	<u>(383,348,873)</u>
		<u>15,554,879,715</u>	<u>13,178,129,028</u>
32.1 Raw material consumed			
Opening stock		4,029,500,256	2,057,407,190
Purchases - net		18,646,766,286	12,576,516,384
		<u>22,676,266,542</u>	<u>14,633,923,574</u>
Cost of raw material sold		(92,599,142)	(3,840,947)
Closing stock		(9,545,065,294)	(4,029,500,256)
		<u>13,038,602,106</u>	<u>10,600,582,371</u>
32.2 Salaries, wages and benefits includes employees benefits amounting to PKR 71,485,415 (June 30, 2022: PKR 53,150,976).			
32.3 Cost of cotton sold			
Cost of purchases		47,214,576	1,298,587
Salaries, wages and other benefits		25,588	173,262
Insurance		89,118	5,596
		<u>-</u>	<u>-</u>
		<u>114,706</u>	<u>178,858</u>
		<u>47,329,282</u>	<u>1,477,445</u>
33 OTHER INCOME			
Income from financial assets			
Interest income		50,383,189	38,055,939
Exchange gain on foreign currency accounts		2,293,469	782,290
Dividend Income		168,984,969	-
Gain on disposal of investments		519,382	-
Reversal of provision for ECL & advance		92,208,365	10,372,084
		<u>314,389,374</u>	<u>49,210,313</u>
Income from other than financial assets			
Gain on disposal of property, plant and equipment	20.6	2,837,398	193,586,959
		<u>2,837,398</u>	<u>193,586,959</u>
		<u>317,226,772</u>	<u>242,797,272</u>

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
34 DISTRIBUTION COST			
Export			
Freight on export sales		153,495,029	233,014,399
Commission on export sales		89,225,290	86,169,352
Export development surcharge		13,794,688	12,884,833
Others		5,867,274	3,240,335
		262,382,281	335,308,919
Local			
Salaries and wages		961,655	1,020,364
Freight on local sales		23,218,881	18,211,152
Commission on local sales		104,990,825	105,254,310
Quality claim		-	56,185
Others		397,143	1,505,116
		129,568,504	126,047,127
		391,950,785	461,356,046
35 ADMINISTRATIVE EXPENSES			
Directors' remuneration		21,600,000	21,600,000
Staff salaries and benefits	35.1	121,392,849	104,949,854
Traveling, conveyance and entertainment		12,375,836	6,593,916
Printing and stationery		4,254,944	3,372,356
Communication		2,398,025	2,018,397
Vehicles running and maintenance		17,957,950	11,068,669
Legal and professional		5,814,877	6,366,975
Auditors' remuneration	35.2	2,275,000	2,865,000
Fee and subscription		10,153,274	10,185,305
Repair and maintenance		119,132	485,221
Depreciation	20.3	11,080,206	12,451,285
Rent, rates and utilities		1,537,508	1,917,575
Donation	35.3	3,600,000	1,500,000
Ijara lease rentals		36,195,546	26,070,265
Others		5,781,745	4,816,924
		256,536,892	216,261,742
35.1 Salaries, wages and benefits includes employees benefits amounting to PKR 9,675,680 (June 30, 2022: PKR 7,985,990).			
35.2 Auditors' remuneration			
Annual statutory audit		2,046,000	1,836,000
Half yearly review		189,000	189,000
Code of Corporate Governance review		40,000	40,000
Special half yearly audit		-	800,000
		2,275,000	2,865,000
35.3 During the year, donation to a single party does not exceed to Rs. 1 million (2022: Nil). No director or his spouse had any interest in the donee.			
36 OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund	13.3	87,892,111	161,290,382
Workers' Welfare Fund		36,408,067	64,963,554
Allowance for ECL on trade debts	24.1	7,917,426	92,208,365
		132,217,604	318,462,301
37 FINANCE COST			
Mark-up on:			
- long-term financing		57,594,981	42,440,265
- short-term borrowings		595,547,872	18,348,152
- workers' profit participation fund	13.3	23,880,852	9,926,534
		677,023,705	70,714,951
Bank charges and commission		7,937,456	7,198,679
Letter of credits discounting		60,305,112	59,969,466
		745,266,273	137,883,096
37.1 During the year company has capitalized the markup of Rs. 132,209,003 (2022: 29,801,499).			
37.2 Capitalization rates used to determine the amount of borrowing cost eligible for capitalization is 2.25% to 23.49% (2022: 2.5% to 12.12%).			
38 PROVISION FOR TAXATION			
Current			
- for the year	38.1	236,978,739	358,564,001
- for prior years		-	-
		236,978,739	358,564,001
Deferred			
- for the year	11.1	154,197,769	43,697,398
- for prior years		(14,033,652)	22,798,192
		140,164,117	66,495,590
		377,142,856	425,059,591
38.1 Provision for current tax for the year has been made in accordance with section 18 and section 154 of the Income Tax Ordinance 2001. Income tax assessment of company has been finalized upto tax year 2022.			

38.2 Numerical reconciliation between the average tax rate and the applicable tax rate

	%	%
Applicable tax rate	31.00	39.00
Tax effect of amounts that are:		
adjustment of the prior years	-	-
income chargeable to tax at different rate	(17.90)	(27.74)
deferred tax	7.87	2.09
inadmissible expenses	0.20	-
	(9.83)	(25.65)
Effective tax rate	21.17	13.35

39 EARNINGS PER SHARE

39.1 Basic earnings per share **Rupees** 468.11 919.38

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Earnings

Earnings for the purpose of basic earnings per share 1,404,340,700 2,758,154,518

(net profit after tax for the year)

Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings per share 3,000,000 3,000,000

39.2 Diluted earnings per share **Rupees** 461.81 907.00

Diluted earnings per share

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

Weighted average number of ordinary shares (diluted)

Weighted-average number of ordinary shares (basic) 3,000,000 3,000,000

Shares to be issued pursuant to the scheme of arrangement 40,964 40,964

Weighted-average number of ordinary shares (diluted) 3,040,964 3,040,964

40 NON ADJUSTING EVENTS AFTER THE REPORTING PERIOD

In respect of current period, the board of directors in their meeting held on 28 September, 2023 has proposed to pay cash dividend of @ 350% i.e. PKR 35 per ordinary share of PKR 10 each. This dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

41 CHANGES FROM FINANCING CASH FLOWS

	June 30, 2023		
	Long term finances Rupees	Short term borrowings Rupees	Unclaimed Dividend Rupees
As at beginning of the year	3,010,576,735	-	1,519,833
Long term finances obtained	1,570,250,379	-	-
Repayment of long term finances	(194,091,425)	-	-
Deferred grant recognized during the year	(499,966,570)	-	-
Loan accretion	177,084,494	-	-
Net increase in short term borrowings	-	7,321,871,416	-
Dividend declared during the year	-	-	214,500,000
Dividend paid during the year	-	-	(214,297,184)
As at end of the year	4,063,853,613	7,321,871,416	1,722,649
	June 30, 2022		
	Long term finances Rupees	Short term borrowings Rupees	Unclaimed Dividend Rupees
As at beginning of the year	1,278,756,032	-	1,342,699
Long term finances obtained	2,723,751,413	-	-
Repayment of long term finances	(210,745,732)	-	-
Deferred grant recognized during the year	(857,069,985)	-	-
Loan accretion	75,885,007	-	-
Net decrease in short term borrowings	-	-	-
Foreign exchange loss	-	-	-
Dividend declared during the year	-	-	214,500,000
Dividend paid during the year	-	-	(214,322,866)
As at end of the year	3,010,576,735	-	1,519,833

42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	2023 Rupees	2023 Rupees	2023 Rupees	2022 Rupees	2022 Rupees	2022 Rupees
Remuneration	9,600,000	12,000,000	52,508,735	9,600,000	12,000,000	22,093,936
Perquisites	-	-	10,527,933	-	-	5,360,978
Post employment benefits	-	-	7,728,915	-	-	4,953,859
	<u>9,600,000</u>	<u>12,000,000</u>	<u>70,765,583</u>	<u>9,600,000</u>	<u>12,000,000</u>	<u>32,408,773</u>
Number of persons	<u>1</u>	<u>1</u>	<u>19</u>	<u>1</u>	<u>1</u>	<u>8</u>

42.1 In addition the Chief Executive, directors are provided with free use of Company maintained cars and telephone for business use.

42.2 No remuneration to non executive directors has been paid.

Bhanero Textile Mills Limited**Notes to the financial statements****For The Year Ended June 30, 2023****43 SEGMENT INFORMATION****43.1 Products and services from which reportable segments derive their revenues**

Information reported to the Company's chief operating decision maker for the purpose of resource allocation and assessment of segment performance is focused on type of goods supplied. The Company's reportable segments are

Segment

Spinning

Weaving

Information regarding Company's reportable segments is presented below.

43.2 Information about reportable segments

	June-2023		
	Spinning	Weaving	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Revenue from external customers	11,381,185,138	7,163,922,915	18,545,108,053
Intersegment revenues	567,269,000	-	567,269,000
Depreciation	209,176,649	255,187,628	464,364,277
Segment results	1,836,324,404	690,425,425	2,526,749,829
Segment assets	21,239,994,674	3,606,925,698	24,846,920,372
Segment liabilities	11,980,244,470	2,754,658,755	14,734,903,225
Interest income	45,962,270	4,420,919	50,383,189
Additions to non-current assets	2,709,724,637	72,512,252	2,782,236,889
Disposals of property, plant and equipment	971,367	17,888,863	18,860,230
	June-2022		
	Spinning	Weaving	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Revenue from external customers	11,003,003,104	6,249,505,946	17,252,509,050
Intersegment revenues	557,608,935	-	557,608,935
Depreciation	174,692,527	165,451,094	340,143,621
Segment results	3,113,489,237	207,607,968	3,321,097,205
Segment assets	10,781,465,731	3,866,906,421	14,648,372,152
Segment liabilities	3,020,460,959	2,760,355,996	5,780,816,955
Interest income	37,531,989	523,950	38,055,939
Additions to non-current assets	2,238,421,323	1,855,402,005	4,093,823,328
Disposals of property, plant and equipment	1,181,870	67,883,641	69,065,511

The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment results represent operating profit earned by the segment. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

43.3 Reconciliations of reportable segment information**43.3.1 Segment revenues and profits**

	June-2023		
	Spinning	Weaving	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Total for reportable segments	11,948,454,138	7,163,922,915	19,112,377,053
Inter-segment revenues	(567,269,000)	-	(567,269,000)
Total for the Company	11,381,185,138	7,163,922,915	18,545,108,053

	June-2022		
	Spinning	Weaving	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Total for reportable segments	11,560,612,039	6,249,505,946	17,810,117,985
Inter-segment revenues	(557,608,935)	-	(557,608,935)
Total for the Company	11,003,003,104	6,249,505,946	17,252,509,050

	June-2023		
	Spinning	Weaving	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Operating Profit	1,918,553,669	740,413,764	2,658,967,433
Unallocated expenses			
Other operating expenses			(132,217,604)
Finance cost			(745,266,273)
Total for the Company	1,918,553,669	740,413,764	1,781,483,556

	June-2022		
	Spinning	Weaving	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Operating Profit	3,380,862,303	258,697,203	3,639,559,506
Unallocated expenses			
Other operating expenses			(318,462,301)
Finance cost			(137,883,096)
Total for the Company	3,380,862,303	258,697,203	3,183,214,109

43.3.2 Segment assets

	June-2023		
	Spinning	Weaving	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Total for reportable segments	21,239,994,674	3,606,925,698	24,846,920,372
Unallocated assets			
Advance Taxation			164,296,451
Sales tax refundable			878,834,820
Trade deposits			289,990,214
Long term deposit			43,651,869
Total for the Company	21,239,994,674	3,606,925,698	26,223,693,726

	June-2022		
	Spinning	Weaving	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Total for reportable segments	10,781,465,731	3,866,906,421	14,648,372,152
Unallocated assets			
Advance Taxation			-
Sales tax refundable			608,870,900
Trade deposits			246,263,643
Long term deposit			41,596,116
Total for the Company	10,781,465,731	3,866,906,421	15,545,102,811

43.3.3 Segment liabilities

	June-2023		
	Spinning Rupees	Weaving Rupees	Total Rupees
Total for reportable segments	11,980,244,470	2,754,658,755	14,734,903,225
Un-allocated liabilities			
Unclaimed dividends			1,722,649
Infrastructure fee			384,156,295
Deferred taxation			367,425,858
Total for the Company	11,980,244,470	2,754,658,755	15,488,208,027

	June-2022		
	Spinning Rupees	Weaving Rupees	Total Rupees
Total for reportable segments	3,020,460,959	2,760,355,996	5,780,816,955
Un-allocated liabilities			
Unclaimed dividends			1,519,833
Infrastructure fee			225,316,807
Deferred taxation			231,555,260
Total for the Company	3,020,460,959	2,760,355,996	6,239,208,855

43.4 Geographical information

The geographic information analyses the entity's revenue and non current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	June 30, 2023	June 30, 2022
Portugal	936,630,205	1,467,476,668
Korea	495,951,776	433,250,498
Japan	1,202,177,350	828,138,694
Italy	426,852,801	642,617,987
Belgium	216,650,388	235,380,794
Spain	430,722,814	415,088,305
Bangladesh	392,429,553	440,897,228
Other Countries	1,693,455,331	704,251,563
Pakistan	14,963,409,455	14,140,600,538
	<u>20,758,279,673</u>	<u>19,307,702,275</u>
Export Rebate	33,194	199,003
Discount	-	(71,115)
Sales tax	<u>(2,213,204,814)</u>	<u>(2,055,321,113)</u>
	<u>18,545,108,053</u>	<u>17,252,509,050</u>

43.5 Information about significant customers

Sales amounting to Rs 2,429,625,218 were made to one single significant external customer which accounts for more than 10% of the Company's total sales were made during the year

43.6 Company do not have any non current assets outside Pakistan.

44 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arms length transaction. As at June 30, 2023 the net fair value of all financial instruments has been based on the valuation methodology outlined below:-

Long-term deposits

Long term deposits does not carry any rate of return. The fair value of it has been taken at book value as it is not considered materially different and readily exchangeable.

Non-current liabilities

For all non-current liabilities the fair values have been taken at book values as these are not considered materially different based on the current market rates of return and reprising profiles of similar non-current liabilities.

Other financial instruments

The fair values of all other financial instruments are considered to approximate their book values as they are short term in nature.

The analysis of yield / mark-up rate risk is as under:

	2023							
	Interest / Markup bearing			Non Interest / Markup bearing			Total	Effective Interest Rate %
	Maturity Upto One year	Maturity After One year	Subtotal	Maturity Upto One year	Maturity After One year	Subtotal		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Financial assets								
Trade debts	-	-	-	2,519,846,485	-	2,519,846,485	2,519,846,485	
Loans and advances	-	-	-	8,140,507	-	8,140,507	8,140,507	
Trade deposits	289,444,861	-	289,444,861	-	-	-	289,444,861	5.8 to 11.66
Other receivables	-	-	-	88,419,626	-	88,419,626	88,419,626	
Cash and bank balances	-	-	-	348,929,291	-	348,929,291	348,929,291	
Long term deposits	-	-	-	-	43,651,869	43,651,869	43,651,869	
	<u>289,444,861</u>	<u>-</u>	<u>289,444,861</u>	<u>2,965,335,909</u>	<u>43,651,869</u>	<u>3,008,987,778</u>	<u>3,298,432,639</u>	
Financial liabilities								
Long-term financing	304,497,660	3,759,355,953	4,063,853,613	-	-	-	4,063,853,613	0.75 to 3.50 and KIBOR + 1.25
Trade and other payables	87,892,111	-	87,892,111	1,512,191,078	-	1,512,191,078	1,600,083,189	
Accrued mark-up / interest	-	-	-	286,252,639	-	286,252,639	286,252,639	
Short-term borrowings	7,321,871,416	-	7,321,871,416	-	-	-	7,321,871,416	KIBOR + 0.1 to 2
	<u>7,714,261,187</u>	<u>3,759,355,953</u>	<u>11,473,617,140</u>	<u>1,798,443,717</u>	<u>-</u>	<u>1,798,443,717</u>	<u>13,272,060,857</u>	
On balance sheet gap	<u>(7,424,816,326)</u>	<u>(3,759,355,953)</u>	<u>(11,184,172,279)</u>	<u>1,166,892,192</u>	<u>43,651,869</u>	<u>1,210,544,061</u>	<u>(9,973,628,218)</u>	
Contingencies and commitments								
Post dated cheques							3,406,425,780	
Bill discounted							2,250,370,965	
Bank guarantees							709,867,397	
Letters of credit							5,205,219,332	

	2022							
	Interest / Markup bearing			Non Interest / Markup bearing			Total	Effective Interest Rate %
	Maturity Upto One year	Maturity After One year	Subtotal	Maturity Upto One year	Maturity After One year	Subtotal		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Financial assets								
Trade debts	-	-	-	1,883,524,023	-	1,883,524,023	1,883,524,023	
Loans and advances	-	-	-	6,329,469	-	6,329,469	6,329,469	
Trade deposits	238,444,861	-	238,444,861	5,132,470	-	5,132,470	243,577,331	12.0 to 19.50
Other receivables	-	-	-	28,945,773	-	28,945,773	28,945,773	
Cash bank balances	-	-	-	640,838,308	-	640,838,308	640,838,308	
Long-term deposits	-	-	-	-	41,596,116	41,596,116	41,596,116	
	<u>238,444,861</u>	<u>-</u>	<u>238,444,861</u>	<u>2,564,770,043</u>	<u>41,596,116</u>	<u>2,606,366,159</u>	<u>2,844,811,020</u>	
Financial liabilities								
Long-term financing	193,632,985	2,816,943,750	3,010,576,735	-	-	-	3,010,576,735	0.75 to 3.5 and KIBOR + 0.40
Trade and other payables	161,290,382	-	161,290,382	1,418,170,614	-	1,418,170,614	1,579,460,996	
Accrued mark-up / interest	-	-	-	31,367,006	-	31,367,006	31,367,006	
Short-term borrowings	-	-	-	-	-	-	-	KIBOR + 0.1 to 2
	<u>354,923,367</u>	<u>2,816,943,750</u>	<u>3,171,867,117</u>	<u>1,449,537,620</u>	<u>-</u>	<u>1,449,537,620</u>	<u>4,621,404,737</u>	
On balance sheet gap	<u>(116,478,506)</u>	<u>(2,816,943,750)</u>	<u>(2,933,422,256)</u>	<u>1,115,232,423</u>	<u>41,596,116</u>	<u>1,156,828,539</u>	<u>(1,776,593,717)</u>	
Contingencies and commitments								
Post dated cheques							729,423,895	
Bill discounted							929,073,884	
Bank guarantees							487,086,597	
Letters of credit							6,621,568,727	

44.1 Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Changes in interest rates can affect the rates charged on interest bearing liabilities. This can result in an increase in interest expense relative to financial borrowings or vice versa. The Company manages its risk by interest rate swapping, maintaining a fair balance between interest rates and financial assets and financial liabilities. The effective interest rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

44.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Out of the total financial assets of PKR 3,298,432,639 (June 30, 2022: PKR 2,844,811,020), unsecured local trade debts, advances to suppliers, and other receivables amounting in aggregate to PKR 2,616,406,618 (June 30, 2022: PKR 1,918,799,265) are subject to credit risk. The Company manages its credit risk by; limiting significant exposure to any individual customers and obtaining advance against sales.

44.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The management closely monitors the Company's liquidity and cash flow position. This includes maintenance of statement of financial position liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer.

44.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As at June 30, 2023, the total foreign currency risk exposure was PKR 534,073,761. (June 30, 2022: PKR 363,994,449.) in respect of foreign trade debts.

**Notes to the Financial Statements
For The Year Ended June 30, 2023**
44.5 Credit risk
44.5.1 Maximum credit exposure

The carrying amount of financial assets, excluding cash in hand, represents maximum credit exposure. The maximum exposure to credit risk as at the reporting date is:

	<i>Note</i>	June 30, 2023 Rupees	June 30, 2022 Rupees
Long term deposits		43,651,869	41,596,116
Trade debts		2,519,846,485	1,883,524,023
Advances to employees		5,616,102	3,774,064
Refundable trade deposits		289,444,861	238,444,861
Other receivables		88,419,626	28,945,773
Cash at banks		346,414,133	640,838,308
		<u>3,293,393,076</u>	<u>2,837,123,145</u>

44.5.2 Concentration of credit risk

Maximum exposure to credit risk by geographical region as at the reporting date is:

Domestic	2,088,465,661	1,688,235,658
Europe	85,086,864	195,054,364
Asia and Middle East	<u>427,392,613</u>	<u>165,623,593</u>
	2,600,945,138	2,048,913,615
Impairment	<u>(81,098,653)</u>	<u>(165,389,592)</u>
	<u>2,519,846,485</u>	<u>1,883,524,023</u>

44.5.3 Aging and movement in Impairment losses

The aging of receivables as at the reporting date is as follows:

Not past due	1,768,292,996	1,206,295,287
Past due less than one year	759,471,591	769,437,777
Past due more than one year but less than three years	-	2,966,960
Past due more than three years	<u>73,180,551</u>	<u>70,213,591</u>
	2,600,945,138	2,048,913,615
Allowance for expected credit losses	<u>(81,098,653)</u>	<u>(165,389,592)</u>
	<u>2,519,846,485</u>	<u>1,883,524,023</u>

The movement in allowance for impairment in respect of receivables during the year is as follows:

As at beginning of the year	165,389,592	83,553,311
Impairment loss recognized	7,917,426	92,208,365
Impairment loss reversed	<u>(92,208,365)</u>	<u>(10,372,084)</u>
As at end of the year	<u>81,098,653</u>	<u>165,389,592</u>

Credit quality of counter parties is assessed based on historical default rates. All loans and receivables not past due are considered good. The management believes that allowance for impairment of loans and receivables past due is not necessary, as these comprise amounts due from old customers, which have been re-negotiated from time to time and are also considered good.

44.5.4 Collateral held

The Company does not hold collateral to secure its loans and receivables. However, foreign trade receivables of the Company are secured through letters of credits and exposure to credit risk in respect of these is minimal.

44.6 Liquidity risk

Following are the contractual maturities of financial liabilities, including estimated interest payments

	As at June 30, 2023				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term financing	4,063,853,613	6,175,271,237	469,480,174	3,335,454,920	2,370,336,143
Short term borrowings	7,321,871,416	7,909,085,504	7,909,085,504	-	-
Accrued mark-up / interest	286,252,639	286,252,639	286,252,639	-	-
Trade creditors	770,112,145	770,112,145	770,112,145	-	-
Accrued liabilities	476,251,080	476,251,080	476,251,080	-	-
Unclaimed dividend	1,722,649	1,722,649	1,722,649	-	-
Other payables	22,050,385	22,050,385	22,050,385	-	-
	<u>12,942,113,927</u>	<u>15,640,745,639</u>	<u>9,934,954,576</u>	<u>3,335,454,920</u>	<u>2,370,336,143</u>
	As at June 30, 2022				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Long term financing	3,010,576,735	4,169,507,753	264,530,135	1,826,828,232	2,078,149,386
Accrued mark-up / interest	31,367,006	31,367,006	31,367,006	-	-
Trade creditors	884,165,514	884,165,514	884,165,514	-	-
Accrued liabilities	310,548,250	310,548,250	310,548,250	-	-
Unclaimed dividend	1,519,833	1,519,833	1,519,833	-	-
Other payables	8,653,795	169,944,177	169,944,177	-	-
	<u>4,246,831,133</u>	<u>5,567,052,533</u>	<u>1,662,074,915</u>	<u>1,826,828,232</u>	<u>2,078,149,386</u>

**Notes to the Financial Statements
For The Year Ended June 30, 2023**

June 30, 2023 June 30, 2022
Rupees Rupees

44.7 Market risk
44.7.1 Currency risk

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

Trade receivables	512,479,477	360,677,957
Cash and cash equivalents	21,594,284	3,316,492
Total exposure	534,073,761	363,994,449

b) Exchange rates applied as at the reporting date.
The following spot exchange rates were applied as at the reporting date wherever applicable.

	2023		2022	
	Assets Rupees	Liabilities Rupees	Assets Rupees	Liabilities Rupees
CHF	320.340	320.900	215.430	215.960
JPY	1.998	2.001	1.505	1.508
Euro	313.720	314.270	215.230	215.750
CNY	39.910	39.980	30.850	30.930
USD	286.600	287.100	205.500	206.000

A ten percent appreciation in Rupee would have decreased profit or loss by PKR 53,407,376 (2022: PKR 36,399,445). A ten percent depreciation would have had the equal but opposite effect on profit or loss. This sensitivity analysis based on assumption that all variables, with the exception of foreign exchange rates, remain unchanged.

June 30, 2023 June 30, 2022
Rupees Rupees

44.7.2 Interest rate risk

The interest rate profile the Company's interest bearing financial instruments as at the reporting date is as follows:

Fixed rate instruments

Financial assets	289,444,861	238,444,861
Financial liabilities	3,376,292,885	2,910,280,606

Variable rate instruments

Financial assets	-	-
Financial liabilities	687,560,728	100,296,129

The Company is not exposed to interest rate risk in respect of its fixed rate instruments. A 100 basis points increase in variable interest rates would have decreased profit or loss by PKR 6,875,607(2022: PKR 1,002,961). A 100 basis points increase in variable interest rate would have had an equal but opposite impact on profit or loss.

44.7.3 Other Price Risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk as it does not hold financial instruments based commodity prices.

44.8 Fair value of financial assets and liabilities

The following table shows the carrying amounts and fair values of financial assets and liabilities. The fair value of financial assets measured at fair value is shown below. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

	Carrying amount		Carrying amount		
	2023		2022		
At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income
Rupees					
Financial assets					
Long term deposits	43,651,869	-	41,596,116	-	-
Trade debts	2,519,846,485	-	1,883,524,023	-	-
Advances to employees	5,616,102	-	3,774,064	-	-
Refundable trade deposits	289,444,861	-	238,444,861	-	-
Other receivables	88,419,626	-	28,945,773	-	-
Cash at banks	346,414,133	-	640,838,308	-	-
	3,293,393,076	-	2,837,123,145	-	-
Financial Liabilities					
Long term financing	4,063,853,613	-	3,010,576,735	-	-
Short term borrowings	7,321,871,416	-	-	-	-
Accrued mark-up / interest	286,252,639	-	31,367,006	-	-
Trade creditors	770,112,145	-	884,165,514	-	-
Accrued liabilities	476,251,080	-	310,548,250	-	-
Unclaimed dividend	1,722,649	-	1,519,833	-	-
Other payables	22,050,385	-	8,653,795	-	-
	12,942,113,927	-	4,246,831,133	-	-

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

45 TRANSACTIONS WITH RELATED PARTIES

The associated undertaking and related parties comprise associated companies, directors and key management personnel. Names, basis of relationship and transaction with associated undertakings and related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 42 are as follow:

Name of the Company	Basis of relationship	Percentage of shareholding		
Faisal Spinning Mills Limited	Common directorship	N/A		
Blessed Textiles Limited	Common directorship	N/A		
Bhanero Energy Limited	Common directorship	N/A		
Admiral (Private) Limited	Directorship of close family relative	N/A		
Yasmin Begum	Directorship of close family relative	1.01%		
Khurram Salim	Director	2.02%		
Farrukh Salim	Directorship of close family relative	2.02%		
Yousuf Salim	Directorship of close family relative	1.69%		
Saqib Salim	Directorship of close family relative	1.68%		
Amna Khurram	Directorship of close family relative	2.45%		
Muhammad Umer	Directorship of close family relative	0.00%		
Yahyaa Farrukh	Directorship of close family relative	2.42%		
Saba Yousaf	Director	2.76%		
Saba Saqib	Directorship of close family relative	2.76%		
Samia Bilal	Directorship of close family relative	11.14%		
			June 30, 2023	June 30, 2022
			Rupees	Rupees
Nature of relationship	Nature of transactions			
Associated undertaking	Sales of fabric		1,982,518,305	383,292,227
	Sales of Cotton		42,394,987	2,167,629
	Sales of yarn		1,128,757,764	697,877,799
	Purchase of yarn		640,832,703	562,737,574
	Purchase of fabric		13,054,653	34,454,507
	Purchase of stores & spares		-	1,648,969
	Services received		309,000	309,000
	Electricity purchased		549,679,117	430,555,981
	Loan received from directors and sponsors		149,618,200	-
Retirement benefits	Provision for gratuity		104,329,872	62,188,524

45.1 Detail of compensation to key management personnel comprising of chief executive officer, director and executives is disclosed in note 41.

45.2 The company, BTML, has successfully acquired Property, Plant, and Equipment (PPE), as well as Stores and Spares, from Bhanero Energy limited, as disclosed in Note 1.3

46 Accounting Estimates and Judgments
46.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

46.2 Investment stated at fair value

Management has determined fair value of certain investments by using quotations from active market conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment (e.g. valuation, interest rate, etc.) and therefore, cannot be determined with precision.

46.3 Property, plant and equipment

The Company reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

46.4 Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores and spares to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores and spares with a corresponding affect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditures to make the sales.

46.5 Interest rate and cross currency swap

The Company has entered into various interest rates and cross currency swap over the last year. The calculation involves use of estimates with regard to interest and foreign currency rates which fluctuate with the market forces.

47 Capital Management

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

Total debt	4,266,509,318	3,153,791,537
Total equity	10,735,485,699	9,305,893,956
	15,001,995,017	12,459,685,493
Gearing	28%	25%

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

48 Fair Value Measurements**48.1 Financial Instruments**

There are no recurring or non-recurring fair value measurements as at the reporting date. The management considers the carrying amount of all the financial instruments approximate to their fair values.

48.2 Assets and liabilities other than financial instruments.

None of the assets and liabilities other than certain financial instruments are measured at fair value.

49 PLANT CAPACITY AND ACTUAL PRODUCTION**Spinning & Weaving**

Number of spindles installed	99,696	80,112
Number of looms installed	162	162
Installed capacity of yarn converted in 20/1 (Kgs.)	22,185,705	14,810,385
Actual production of yarn (Kgs.)	13,426,536	13,001,202
Installed capacity of fabric based on 50 picks- meters	34,016,175	34,016,175
Actual production of fabric- meters	22,335,314	24,019,600

It is difficult to precisely describe production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw materials used, spindles speed and twist etc. It would also vary accordingly to pattern of production adopted in a particular year.

The main reason of short fall in production of Spinning sector is that the Company installed a new unit which started its trial run production later during the year whereas installed capacity of yarn converted in 20/1 has been presented on the basis of whole year.

50 NUMBER OF EMPLOYEES

As at the reporting date	1,636	1,441
Average for the year	1,637	1,435

51 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 28, 2023.

52 CORRESPONDING FIGURES

Corresponding figures have been re-arranged where necessary to facilitate comparison.

53 GENERAL

The figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Bhanero Textile Mills Limited

Historical Data for the Year Ended June 30, 2023

Year-Wise Operating Data

2023	2022	2021	2020	2019	2018
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Spinning Unit

Spindle installed	99,696	80,112	80,112	80,112	80,112	80,112
Spindles worked	99,696	80,112	80,112	80,112	80,112	80,112
Installed capacity after conversion into 20/s count - Kg	22,185,705	14,810,385	14,810,385	14,810,385	14,810,385	14,810,385
Actual production - Kg	13,426,536	13,001,202	12,223,351	10,727,209	12,363,406	11,392,698

Weaving Unit

Air jet looms installed	162	162	162	162	162	160
Air jet looms worked	162	162	162	162	162	160
Installed capacity after conversion into 50 picks - Meter	34,016,175	34,016,175	26,566,890	26,566,890	26,566,890	21,534,566
Actual production - Meter	22,335,314	24,019,600	21,117,435	17,372,400	15,864,187	15,952,617

Year-Wise Financial Data

2023	2022	2021	2020	2019	2018
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Rupees in Thousands

Profit and loss account

Turnover (Net)	18,545,108	17,252,509	12,158,113	8,923,611	9,347,773	8,073,845
Gross profit	2,990,228	4,074,380	2,731,698	823,552	1,293,672	868,396
Operating profit	2,526,750	3,321,097	2,243,984	637,077	1,123,205	636,131
Financial expenses	745,266	137,883	83,005	181,440	166,323	93,971
Profit before tax	1,781,484	3,183,214	2,160,979	455,636	956,883	542,160
Profit after tax	1,404,341	2,758,155	1,850,706	329,399	832,410	482,037
Cash dividend	106,434	214,500	214,500	150,000	167,400	192,900

Balance Sheet

Share Capital	30,000	30,000	30,000	30,000	30,000	30,000
Reserves	9,109,008	8,000,000	6,300,000	4,800,000	4,700,000	4,000,000
Shareholder equity	10,735,486	9,305,894	6,763,064	4,919,120	4,913,117	4,262,737
Long term loans	3,759,356	2,816,944	1,077,029	1,090,593	1,121,716	885,234
Short term loan	7,321,871	-	-	1,570,614	992,657	220,458
Current liabilities	9,717,083	2,022,942	1,082,598	2,256,905	1,897,523	1,089,456
Current portion of long term loans	507,153	336,848	212,470	21,515	140,183	81,367
Fixed assets	8,855,092	4,607,486	2,911,960	3,004,663	3,168,486	2,794,871
Current assets	17,009,355	8,726,406	6,372,300	57,333,761	5,183,986	3,790,735

Ratios	2023	2022	2021	2020	2019	2018
Performance						
Sales growth percentage - Year to Year basis	7.49%	41.90%	36.25%	-4.54%	15.78%	18.09%
Gross profit (%)	16.12%	23.62%	22.47%	9.23%	13.84%	10.76%
Profit before tax (%)	9.61%	18.45%	17.77%	5.11%	10.24%	6.72%
Profit after tax (%)	7.57%	15.99%	15.22%	3.69%	8.90%	5.97%
Breakup value per share - Rupees per share						
Breakup value per share - Rupees per share	3,578.50	3,101.96	2,254.35	1,639.71	1,637.71	1,420.91
Market value of share - at the year end - Rupees per share	948.33	1,465.00	1,050.00	770.01	800.00	807.49
Earnings per share - Rupees per share						
Earnings per share - Rupees per share	468.11	919.38	616.90	109.80	277.47	160.68
Price earning ratio	2.03	1.59	1.70	7.01	2.88	5.03
Leverage						
Gearing ratio	1.17	0.48	0.19	0.55	0.46	0.28
Debt to equity (%)	35.02%	30.27%	15.93%	22.17%	22.83%	20.77%
Interest covering ratio	3.39	24.09	27.03	3.51	6.75	6.77
Liquidity ratio						
Current ratio	1.75	4.31	5.89	25.40	2.73	3.48

BHANERO TEXTILE MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2023

SR #	CATEGORIES OF SHAREHOLDERS	NUMBERS OF SHAREHOLDERS	SHARES HELD	PERCENTAGE %
1	Director's, CEO, Their Spouse and Minor Children	19	1,420,779	47.36
2	Associated Companies, Undertaking and Related Parties	13	1,431,721	47.72
3	NIT & ICP	-	-	-
4	Insurance Company	1	70,500	2.35
5	General Public / Individuals	376	75,994	2.53
6	Joint Stock Companies	4	1,000	0.03
7	Other Companies	2	6	0.00
		415	3,000,000	100.00

BHANERO TEXTILE MILLS LIMITED
AS AT JUNE 30, 2023

Sr #	Shareholder Category	Percentage	No. of Shares
1	ASSOCIATED COMPANIES UNDERTAKINGS AND RELATED PARTIES		
	ADMIRAL (PVT) LTD	16.69	500,600
	MR. MOHAMMAD SHAKEEL	0.74	22,055
	MR. ADIL SHAKEEL	4.92	147,634
	MR. FARRUKH SALEEM	2.02	60,600
	MR. SAQIB SALEEM	1.68	50,490
	MR. MUHAMMAD QASIM	5.28	158,400
	MR. FAISAL SHAKEEL	4.92	147,676
	MR. ABDULLAH BILAL	1.96	58,787
	MR. YAHYAA FURRUKH	2.42	72,500
	MRS. NAZLI BEGUM	4.19	125,579
	MRS. SABA SAQIB	2.76	82,900
	MRS. SUMBUL QASIM	0.13	4,000
	MRS. MARIUM ADIL	0.02	500
2	DIRECTOR'S, CEO, THEIR SPOUSE AND MINOR CHILDREN		
	MR. MUHAMMAD SALEEM	0.73	21,929
	MR. MUHAMMAD SHAHEEN	1.43	42,780
	MR. HAMZA SHAKEEL	4.92	147,594
	MR. KHURRAM SALEEM	2.02	60,500
	MR. YOUSUF SALEEM	1.69	50,674
	MR. BILAL SHARIF	2.48	74,500
	MR. MUHAMMAD AMIN	5.32	159,500
	MR. MUSTAFA TANVIR	0.02	500
	MR. ASIF ELAHI	0.02	500
	MR. TAUQEER AHMED SHEIKH	0.02	500
	MRS. YASMIN BEGUM	1.01	30,372
	MRS. SEEMA BEGUM	1.78	53,292
	MRS. AMNA KHURRAM	2.45	73,400
	MRS. SAMIA BILAL	11.14	334,283
	MRS. FATIMA AMIN	5.68	170,400
	MRS. SABA YOUSUF	2.76	82,700
	MASTER AZAAN BILAL	1.96	58,678
	MASTER ALI BILAL	1.96	58,677
3	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCE INSTITUTIONS AND INSURANCE COMPANIES		
	STATE LIFE INSURANCE CORPORATION OF PAKISTAN	2.35	70,500
4	INDIVIDUAL SHAREHOLDERS	2.53	75,994
5	JOINT STOCK COMPANIES	0.03	1,000
6	OTHER COMPANIES	0.00	6
	TOTAL	100.00	3,000,000

7 **DETAIL OF TRADING IN THE SHARES BY THE DIRECTORS, CEO
COMPANY SECRETARY AND THEIR SPOUSES AND MINOR CHILDREN**

8 **SHAREHOLDERS HOLDING 05% OR MORE**

MR. MUHAMMAD QASIM	5.28	158,400
MR. MUHAMMAD AMIN	5.32	159,500
MRS. SAMIA BILAL	11.14	334,283
MRS. FATIMA AMIN	5.68	170,400
ADMIRAL (PVT) LTD	16.69	500,600

BHANERO TEXTILE MILLS LIMITED
PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2023








NUMBERS OF SHAREHOLDERS	SHARE HOLDING		TOTAL SHARES HELD	Percentage
	FROM	TO		
327	1	100	9,317	0.31
40	101	500	12,626	0.42
10	501	1000	9,050	0.30
9	1001	5000	22,352	0.75
1	5001	10000	9,000	0.30
3	20001	25000	65,139	2.17
1	25001	30000	29,872	1.00
1	40001	45000	42,780	1.43
3	50001	55000	154,456	5.15
3	55001	60000	176,142	5.87
2	60001	65000	121,100	4.04
4	70001	75000	290,900	9.70
2	80001	85000	165,600	5.52
1	125001	130000	125,579	4.19
3	145001	150000	442,904	14.76
2	155001	160000	317,900	10.60
1	170001	175000	170,400	5.68
1	330001	335000	334,283	11.14
1	500001	505000	500,600	16.69
415			3,000,000	100.00








* Note: The slabs representing nil holding have been omitted.



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ڈائریکٹرز کی رپورٹ

بھنیرو ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹرز کو 30 جون 2023 کو ختم ہونے والی کمپنی کے مالی بیانات کے بارے میں آڈیٹرز کی رپورٹ کے ساتھ سالانہ رپورٹ پیش کرنے میں بے حد خوشی ہے۔

مالی نتائج

کمپنی کے مالی نتائج 30 جون 2023 کو ختم ہوئے۔

	June 30, 2023 Rupees	June 30, 2022 Rupees
Sales	18,545,108,053	17,252,509,050
Cost of sales	15,554,879,715	13,178,129,028
Gross profit	2,990,228,338	4,074,380,022
Other income	317,226,772	242,797,272
	3,307,455,110	4,317,177,294
Distribution cost	391,950,785	461,356,046
Administrative expenses	256,536,892	216,261,742
Other operating expenses	132,217,604	318,462,301
Finance cost	745,266,273	137,883,096
	1,525,971,554	1,133,963,185
Profit before tax	1,781,483,556	3,183,214,109
Taxation	377,142,856	425,059,591
Profit after taxation for the year	1,404,340,700	2,758,154,518
Earnings per share - basic	468.11	919.38
Earnings per share - diluted	461.81	907.00

کلیدی مالیاتی اشار

کاروباری حضرات اس بات پر خفا ہیں کہ موجودہ نگران حکومت ان کے چیلنجز جیسے بڑھتی ہوئی مہنگائی، توانائی کے بلوں اور کمزور ہوتی ہوئی کرنسی کے ساتھ ساتھ موجودہ معاشی اور سیاسی بحرانوں کا بامعنی علاج کرے گی جس نے کاروباری عدم تحفظ کو برقرار رکھنے میں اہم کردار ادا کیا ہے۔ مایوس کن حالات کے باوجود کمپنی اب بھی کاروبار کو بہتر بنانے کا انتظام کر رہی ہے تاہم رواں سال کے دوران منافع میں اسی سال کے مقابلے میں 8 فیصد کمی واقع ہوئی ہے۔ کمپنی نے 30 جون 2023 کو ختم ہونے والے موجودہ سال (PAT 2022: PKR 2,758.154 ملین) کے دوران PKR 1,404.340 ملین روپے کا ٹیکس کے بعد منافع حاصل کیا جو موجودہ سال کے لئے PKR 468.11 کے EPS میں ترجمہ کیا (EPS 2022: PRK 2022: PKR)۔ کاروبار 7.49 فیصد بڑھ کر 17,252.509 ملین روپے سے 18,545.108 ملین روپے ہو گیا ہے۔

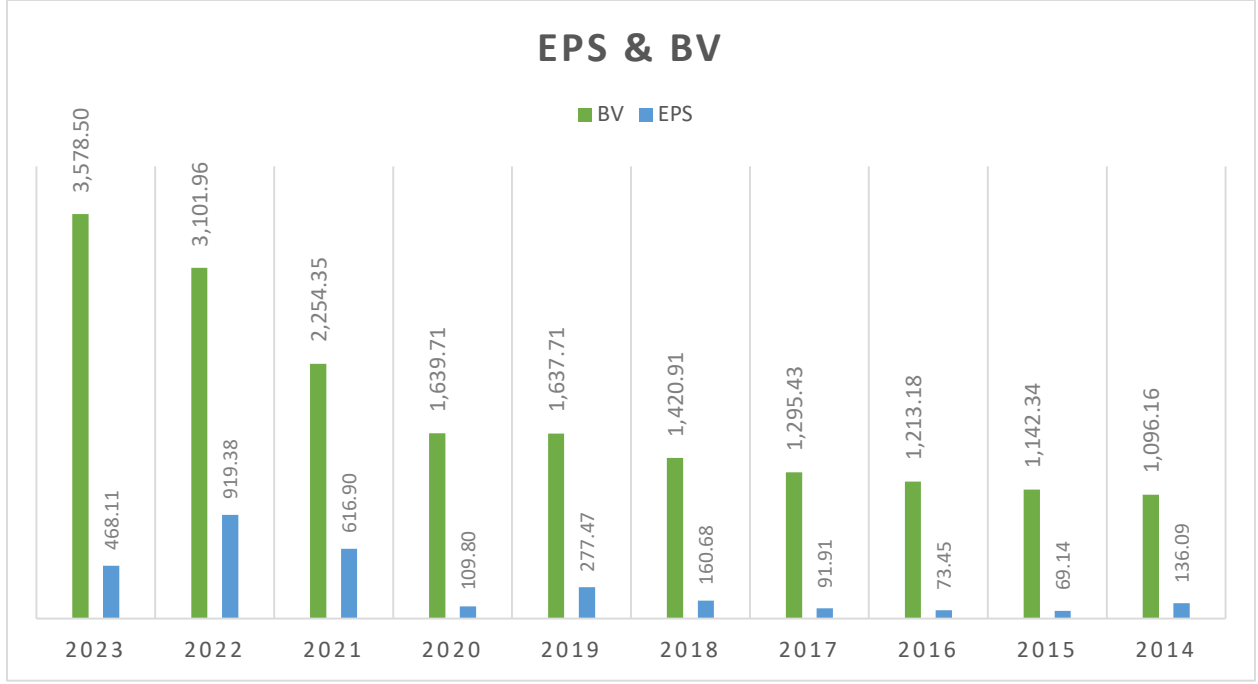
منافع اور ذخائر مختص

بورڈ آف ڈائریکٹرز کو 350.00 فیصد نقد منافع کی منظوری دیتے ہوئے خوشی ہے کہ 35.00 روپے فی حصص آڈٹ کمیٹی کی سفارش کے مطابق 27 اکتوبر 2023 کو ہونے والی آئندہ سالانہ جنرل میٹنگ میں منظوری کے حصول داروں سے مشروط ہے۔ مزید برآں، ڈائریکٹرز نے مستقبل میں کسی بھی غیر متوقع ہنگامی صورتحال سے نمٹنے کے لیے PKR 1,000.00 ملین کی رقم جنرل ریزرو میں منتقل کرنے کی تجویز پیش کی۔

فی شیئر آمدنی اور بریک اپ ویلیو

EPS کے اعداد و شمار اہم ہیں کیونکہ سرمایہ کار اور تجزیہ کار اسے کارپوریٹ کارکردگی کا جائزہ لینے، مستقبل کی آمدنی کی پیشن گوئی کرنے اور کمپنی کے حصص کی مالیت کا تخمینہ لگانے کے لیے استعمال کرتے ہیں۔ EPS جتنا زیادہ ہوگا، کمپنی کو اتنا ہی زیادہ منافع بخش سمجھا جاتا ہے، اور شیئر ہولڈرز میں تقسیم کے لیے اتنی ہی زیادہ آمدنی دستیاب ہوگی۔ دوسری طرف سرمایہ کار کمپنی کے مالی استحکام کا تجزیہ کرنے کے لیے بریک اپ ویلیو کا استعمال کرتے ہیں۔

30 جون 2023 کو ختم ہونے والے موجودہ سال کے دوران بالترتیب EPS اور BVS PKR 468.11 (سال 2022: PKR 919.38) اور PKR 3,578.50 (سال 2022: PKR 3,101.96) ہے۔



ورکنگ کیپیٹل مینجمنٹ

کمپنی اس بات کو یقینی بنائے گی کہ مستقبل کی ضروریات کو پیش کرتے ہوئے مختصر مدت کے اثاثوں اور ذمہ داریوں کے انتظام کے لیے ورکنگ کیپیٹل مینجمنٹ کے عمل کو مؤثر طریقے سے متعین کر کے اس کے پاس اپنے آپریشنز کو آسانی سے چلانے کے لیے کافی لیکویڈیٹی موجود ہے جو اسے موجودہ میچورٹیز کو پورا کرنے کی کافی صلاحیت کے ساتھ آسانی سے اپنا کام جاری رکھنے کے قابل بنائے گی۔ طویل مدتی ذمہ داریوں، قلیل مدتی قرضوں، اور آئندہ آپریشنل اخراجات کا۔

30 جون 2023 کو ختم ہونے والے سال کے دوران 194.091 ملین PKR اور 490.380 ملین کی طویل مدتی قرضوں اور قرضوں کی خدمت کی مد میں ادائیگیاں کی گئی ہیں۔ موجودہ سال (2022: 4.31) کے دوران 1.75 کا تناسب کمپنی کی اپنی قلیل مدتی ذمہ داریوں کو اپنے موجودہ اثاثے کے ساتھ پورا کرنے کی کافی صلاحیت کو ظاہر کرتا ہے

کیپٹل سٹرکچر

سرمائے کا ڈھانچہ کسی بھی تنظیم کے لیے فیصلہ سازی کے سب سے اہم اور مشکل شعبوں میں سے ایک ہے کیونکہ یہ دوسرے مالیاتی متغیرات کے ساتھ جڑا ہوا ہے اور کمپنی کی قدر کے ساتھ اس کا قریبی تعلق ہے۔ موجودہ سال (2022: PKR 9,305.893 ملین) کے دوران PKR 10,735.485 ملین شیئر ہولڈر کی ایکویٹی میں اضافے سے کمپنی کی مالی مضبوطی کی پیمائش کی گئی۔

1.17 کا کمپنی گیٹرنگ ریشو (سال 2022: 0.41) کمپنی کے مالیاتی لیوریج کی نمائندگی کرتا ہے جسے شیئر ہولڈر ایکویٹی اور قرض دہندگان کے فنڈز سے فنڈز فراہم کیے جاتے ہیں عام طور پر صنعتی معیارات کے مطابق اچھی طرح سے قائم کمپنیوں کے لیے کم خطرہ کے ساتھ مناسب سمجھا جاتا ہے۔

توازن ، جدید کاری اور تبدیلی۔

رواں سال کے دوران بجلی کی لاگت کو بچانے کے لیے سولر کے ذریعے قابل تجدید توانائی کے اقدام پر تقریباً 100.00 ملین روپے خرچ کیے گئے ہیں۔

نئے اسپننگ یونٹ کا قیام

فروری 2021 میں بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ اسپننگ یونٹ IV جس میں 19,584 سپنڈلز شامل ہیں جس کی پیداواری صلاحیت تقریباً 1,000 بیگز فی دن ہے شیخوپورہ، پنجاب میں کامیابی کے ساتھ آزمائشی پیداوار مکمل کر لی ہے۔ اللہ کے فضل سے، یونٹ مکمل طور پر کام کر رہا ہے اور جولائی 2023 سے اپنی تجارتی پیداوار شروع کر دی ہے۔

بھنیرو انرجی لمیٹڈ - یونٹ I کوٹری کا کمپنی میں انضمام

بورڈ آف ڈائریکٹرز کمپنی ("BTML") نے بھنیرو انرجی لمیٹڈ یونٹ-I کوٹری، سندھ ("BEL-I") کو فروری 2022 میں ایک سکیم آف ارینجمنٹ ("اسکیم") کے ذریعے حاصل کرنے کی منظوری دے دی ہے۔ مذکورہ سکیم کمپنیز ایکٹ 2017 کے سیکشن 279 سے 283 اور 285 کے تحت BTML اور BEL-I کے درمیان آرڈر نمبر JCM نمبر 10 آف 2022 کے ذریعے 31 مئی 2023 کو معزز ہائی کورٹ آف سندھ نے منظوری دی ہے۔

نتیجتاً، BEL-I کے کوٹری یونٹ نے BTML میں 40,964 حصص کی الاٹمنٹ اور جاری کرنے کے خلاف، BEL-I کے حصص یافتگان کو اسٹینڈرز کو منتقل کرنے اور ان کی ملکیت کا عہد کیا جیسا کہ اسکیم میں BEL میں ان کے متعلقہ شیئر ہولڈنگ کے تناسب سے بیان کیا

گیا ہے۔ - اسکیم کے تحت حاصل کردہ 109,008,101 PKR/- کے اثاثے زیر نظر سال کے سالانہ آڈٹ شدہ کھاتوں میں ظاہر ہوتے ہیں جبکہ جولائی 2023 میں ریگولیٹری تعمیل کے نتیجے میں حصص کا اجرا کامیابی سے کیا گیا ہے۔ نتیجتاً، کمپنی کے ادا شدہ سرمائے میں اضافہ کیا جائے گا۔ 409,640.00 PKR سے ہر ایک 10.00 PKR کے مکمل ادا شدہ حصص کے مقابلے میں جبکہ 108,598,461/- PKR 40,964 حصص کے اجراء پر ایک پریمیم شیئر کے طور پر ظاہر کیا جائے گا۔

کریڈٹ ریٹنگ

موجودہ سال کے لیے 26 ستمبر 2023 کو میسر کی VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ کے ذریعے A+/A-1 (سنگل اے پلس/اے ون) پر ہستی کی درجہ بندی کی دوبارہ تصدیق کی گئی ہے۔ دی گئی درجہ بندیوں پر ہستی کے آؤٹ لک کو 'مستحکم' کے طور پر تفویض کیا گیا ہے۔

مالیاتی گوشوارے

جیسا کہ کمپنیز ایکٹ 2017 کے تحت ضرورت ہے ، پی ایس ایکس کے ریگولیشن ریگولیشنز اور ایس ای سی پی کی طرف سے جاری کردہ ہدایات چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر نے 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے مالیاتی بیانات پیش کیے ، ان کے متعلقہ دستخطوں کے تحت غور کے لیے توثیق کی گئی ، جاری کرنے اور گردش کے لیے بورڈ آف ڈائریکٹرز کی منظوری اور اجازت۔ کمپنی کے مالیاتی بیانات کو کمپنی کے آڈیٹرز ، مشتاق اینڈ کمپنی ، چارٹرڈ اکاؤنٹنٹس نے باقاعدہ طور پر آڈٹ کیا ہے اور آڈیٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے مالی بیانات پر صاف آڈٹ رپورٹ جاری کی ہے اور کوڈ کے بیان پر صاف جائزہ رپورٹ کارپوریٹ گورننس ریگولیشنز ، 2019 "کوڈ"۔ یہ رپورٹیں مالی بیانات کے ساتھ منسلک ہیں۔

اکاؤنٹنگ کے معیارات

کمپنی کی اکاؤنٹنگ پالیسیاں کمپنیز ایکٹ 2017 اور اس طرح کے منظور شدہ بین الاقوامی اکاؤنٹنگ سٹینڈرڈز اور انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کی مکمل طور پر عکاسی کرتی ہیں جیسا کہ اس ایکٹ کے تحت اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری ہدایات کے ذریعے مطلع کیا گیا ہے۔

معاشی منظر نامہ

اسی مالی سال 2021-2022 کے مقابلے میں مالی سال 2022-23 کے دوران بڑے پیمانے پر مینوفیکچرنگ انڈسٹری کی پیداوار میں 10.26 فیصد کمی واقع ہوئی ہے جو کہ ملک کے صنعتی شعبے کے لیے اہم دھچکا ہے (ذریعہ پی بی ایس)۔ درآمدی پابندیاں، منفی معاشی اشارے، مالیاتی سختی، سپلائی چین میں رکاوٹیں، اور توانائی کی لاگت میں اضافہ سبھی نے کمی کا باعث بنا۔ اس کے علاوہ، ملک کی سیاسی عدم تحفظ نے پیداوار میں اضافے کو روکا ہے۔

ایندھن کی قیمتوں میں مسلسل اضافہ اور مہنگائی کا ایک سبب اور اثر کا تعلق ہے کیونکہ ایندھن کی قیمت میں کوئی بھی اضافہ ان پٹ کی لاگت میں اضافہ کرکے براہ راست افراط زر میں حصہ ڈالتا ہے۔ ملک کا درآمدی ایندھن پر کافی انحصار ہے اور ایندھن کی قیمتوں میں متوقع عالمی اضافہ معیشت پر سنگین اثرات مرتب کر سکتا ہے۔ یہ بہت زیادہ امکان ہے کہ آنے والے مہینوں میں تیل کی قیمتوں میں اضافہ ہوسکتا ہے کیونکہ سعودی عرب اور روس جیسے عالمی کھلاڑی پہلے ہی اپنی تیل کی پیداوار میں کمی کو بڑھانے پر رضامند ہوچکے ہیں۔

جیسا کہ مہنگائی مئی 2023 میں 38.00 فیصد سے کم ہو کر اگست 2023 میں 27.40 فیصد پر آگئی، اسٹیٹ بینک آف پاکستان نے مارکیٹ کی توقعات کی خلاف ورزی کرتے ہوئے ستمبر 2023 میں ہونے والی MPC میٹنگ میں موجودہ پالیسی ریٹ کو 22.00 فیصد پر برقرار رکھا۔ اعلیٰ افراط زر کے دباؤ کے ساتھ، قرض لینے کی لاگت میں مسلسل اضافہ اور توانائی کی اونچی قیمتیں صنعتی شعبے اور آخر کار ملکی برآمدات پر منفی اثر ڈالتی ہیں کیونکہ یہ علاقائی کھلاڑیوں کے ساتھ مسابقتی ریسے کے قابل نہیں ہے۔ نتیجتاً، ہم ملکی ٹیکسٹائل کی برآمد میں شدید کمی کا مشاہدہ کرتے ہیں جو کہ سبکدوش ہونے والے مالی سال 2022-2023 کے دوران سال بہ سال 14.63 فیصد کمی کے ساتھ 16.50 بلین ڈالر تک پہنچ گئی ہے جس کی وجہ پیداواری لاگت، لیکویڈیٹی کی رکاوٹوں اور کم عالمی طلب ہے۔

ٹیکسٹائل انڈسٹری کے لیے دوسری رکاوٹ خام مال ہے اور کپاس کی فصل کی جدوجہد جاری ہے کیونکہ اس کے چیلنجز لامتناہی ہیں۔ پچھلے سال سندھ اور بلوچستان میں کپاس کی بیج کی پیداوار بنیادی طور پر سیلاب اور طوفانی بارشوں کی وجہ سے متاثر ہوئی تھی، جس کی وجہ سے صرف سندھ میں پیداوار میں 46 فیصد کا نقصان ہوا تھا اور رواں سال کے لیے 10.00 ملین گانٹھوں سے زیادہ کی بمپر فصل کی پیداوار کے دعوے دھرے کے دھرے رہ گئے تھے۔ کٹن بیلٹ میں سفید مکھی کا خطرناک حملہ۔ توقع ہے کہ پنجاب میں کھڑی فصل کا 50 فیصد سے زیادہ نقصان ہوا ہے اور پنجاب کے لیے اس سال 8.3 ملین گانٹھوں کا ہدف حاصل کرنے کا امکان بہت کم ہے۔ کاشتکاروں نے شکایت کی کہ حکام کی جانب سے ناکافی اقدامات، ناقص بیجوں کا استعمال اور غیر موثر کیڑے مار ادویات کی وجہ سے علاقے میں سفید مکھی کی افزائش اور حملہ ہوا۔ اس کے علاوہ کاشتکاروں کو یوریا کھاد کی اشد ضرورت تھی جو 3200 روپے فی بوری کے سرکاری نرخ پر کہیں بھی دستیاب نہیں تھی۔

کپاس، ایک بڑی نقد آور فصل ہے، کو کپاس کی آلودہ پیداوار، کم فی ایکڑ پیداوار، غیر تصدیق شدہ بیج، اور کسانوں کی ناکافی قیمتوں جیسے مسائل کا سامنا کرنا پڑتا ہے جس نے بالآخر کسانوں کو اجنبی بنا دیا ہے۔ کپاس کے کاشتکار کپاس میں دلچسپی کھو رہے ہیں اور مسابقتی فصلوں کا انتخاب کر رہے ہیں کیونکہ حکومت ملک میں کپاس کی پیداوار کو بحال کرنے میں عدم دلچسپی رکھتی ہے۔

فی الحال اور پوسٹ کوویڈ دور کے بعد، ملک کے ٹیکسٹائل سیکٹر کو بنگلہ دیش، ویتنام، ہندوستان اور تھائی لینڈ جیسے ممالک سے سخت عالمی مقابلے کا سامنا ہے، اور ٹیکسٹائل کی صنعت اعلیٰ یوٹیلیٹی لاگت، اجرت کی شرح، اور ایک کی وجہ سے چیلنج کا مقابلہ کرنے سے قاصر ہے۔ سرمایہ کاری کی کمی۔

آلات کی بروقت جدید کاری اور مشینری کی غیر گریڈیشن، سرمایہ کاری کی کمی اور دیگر چیلنجز جیسے کہ قومی کرنسی کی قدر میں کمی، شرح سود میں اضافہ، مہنگائی اور توانائی کی قیمت زیادہ تر درآمدی شعبے کے زوال کا باعث بننے کے لیے حکومت کی طرف سے کم سے کم مدد ملی ہے۔ صنعت کی۔

ٹیکسٹائل کی صنعت کو رکاوٹوں کے فوری حل کی اشد ضرورت ہے کیونکہ یہ ٹیکسٹائل کے منظر نامے کو مکمل طور پر تبدیل کرنے اور ملک میں زرمبادلہ کے بہاؤ کو لا کر پاکستانی ٹیکسٹائل کی مسابقت اور معیشت کو بحال کرنے کی صلاحیت رکھتی ہے

کوڈ آف کارپوریٹ گورننس کی تعمیل

کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 کے ساتھ درج کمپنیوں کے لیے ریگولیشن 36 (1) کے تحت تعمیل کا بیان منسلک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان:

کمپنی کے ڈائریکٹرز کمپنیز ایکٹ 2017، کوڈ آف کارپوریٹ گورننس 2019 "ضابطہ"، پاکستان اسٹاک ایکسچینج لمیٹڈ کی رول بک اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ ہدایات کے تحت اپنی ذمہ داریوں سے پوری طرح آگاہ ہیں۔ ریگولیشنز کی تعمیل کے ایک حصے کے طور پر ہم مندرجہ ذیل کی تصدیق کرتے ہیں:

financial یہ مالیاتی بیانات، جو کمپنی کے انتظام کے ذریعہ تیار کیے گئے ہیں، اس کے معاملات کی منصفانہ حالت، اس کے کام کا نتیجہ، نقد بہاؤ اور ایکوٹی میں تبدیلیوں کو پیش کرتے ہیں۔

the کمپنی کے اکاؤنٹ کی مناسب کتابیں برقرار رکھی گئی ہیں۔

account مناسب حساب کتاب کی پالیسیوں کو مالی بیانات کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ معقول اور سمجھدار فیصلے پر مبنی ہے۔

• بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالی بیانات کی تیاری میں عمل کیا گیا ہے۔

internal اندرونی کنٹرول کا نظام ڈیزائن میں درست تھا اور اسے مؤثر طریقے سے نافذ اور مانیٹر کیا گیا ہے۔

the کمپنی کی مستقل تشویش کے طور پر جاری رکھنے کی صلاحیت پر کوئی خاص شبہات نہیں تھے۔

corporate کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی روانگی نہیں ہوئی، جیسا کہ فہرست سازی کے قواعد و ضوابط میں تفصیلی ہے۔

• ہم نے ڈائریکٹروں اور ملازمین کے درمیان ایک ضابطہ اخلاق اور کاروباری حکمت عملی تیار اور گردش کی ہے۔

- Direct بورڈ آف ڈائریکٹرز نے ویژن اور مشن کا بیان اور مجموعی کارپوریٹ حکمت عملی کا بیان اپنایا ہے۔
- تمام ڈائریکٹرز اس کے بورڈ اور جنرل میٹنگ میں یا تو جسمانی طور پر یا ویڈیو کانفرنس کے ذریعے شریک ہوئے ہیں جب تک کہ معقول وجہ کی وجہ سے روک نہ لیا جائے۔
 - تمام ڈائریکٹرز کو ان کی ذمہ داریوں ، کرداروں ، معاوضوں ، اختیارات اور ذمہ داری کے ساتھ ان کی شرائط کے آغاز پر کوڈ آف کارپوریٹ گورننس ، کمپنیز ایکٹ اور آرٹیکل آف ایسوسی ایشن کے مطابق تفویض کیا جاتا ہے۔
 - the کمپنی کے تمام ڈائریکٹرز کو ڈائریکٹر ٹریننگ پروگرام (ڈی ٹی پی) کے تحت منظور شدہ / چھوٹ دی گئی ہے جیسا کہ کوڈ آف کارپوریٹ گورننس ریگولیشنز ، 2019 کی ضرورت ہے۔
 - human انسانی وسائل ، سیٹی بجانے ، خریداری ، اسٹیک ہولڈرز کے ساتھ مواصلاتی طریقہ کار ، ماحولیات ، صحت اور حفاظت ، ڈائریکٹر کا معاوضہ ، اینٹی منی لائڈنگ اور رسک مینجمنٹ وغیرہ پر بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ اہم پالیسیوں کا مناسب تازہ ترین ریکارڈ موجود ہے۔
 - جیسا کہ کوڈ آف کارپوریٹ گورننس ریگولیشنز ، 2019 اور کمپنیز ایکٹ 2017 (ایکٹ) کے تحت ضرورت ہے ، ہم نے مندرجہ ذیل معلومات کو اس رپورٹ میں شامل کیا ہے۔
 - شیئر ہولڈنگ کے پیٹرن کا بیان الگ سے دیا گیا ہے۔
 - o متعلقہ کاروباری اداروں اور متعلقہ افراد کے حصص کا بیان۔
 - o سال کے دوران منعقد ہونے والے بورڈ میٹنگز اور سالانہ جنرل میٹنگ کا بیان اور ہر ڈائریکٹر کی حاضری الگ سے دی گئی ہے۔
 - o ایکٹ کے سیکشن 192 (4) کی دفعات کے تحت چیئرمین جائزہ رپورٹ۔
 - ضابطے کے ضابطہ 36 کے تحت چیئرمین کی طرف سے دستخط شدہ تعمیل کا بیان۔
 - six پچھلے چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کے ساتھ ساتھ ٹیکس اور لیویز کی معلومات کو منسلک آڈٹ شدہ مالی بیانات میں مناسب طریقے سے ظاہر کیا گیا ہے۔
 - listed کمپنی ایس ای سی پی کی طرف سے جاری کردہ ہدایات کی سختی سے پیروی کرتی ہے جو کہ لسٹڈ کمپنیوں کے اندرونی تجارت کی ممانعت پر ہے اور کمپنی کے حصص میں کوئی تجارت اس کے ڈائریکٹر ، سی ای او ، سی ایف او ، کمپنی سیکرٹری ، ہیڈ آف انٹرنل آڈٹ اور ان کے میاں بیوی اور نابالغ بچوں کے علاوہ نہیں شیئر ہولڈنگ کے انداز میں انکشاف

شیئر ہولڈنگ کا نمونہ۔

شیئر ہولڈنگ کا پیٹرن اور اس سے متعلقہ معلومات اس کے مطابق منسلک ہیں۔

متعلقہ پارٹی لین دین

متعلقہ پارٹی ٹرانزیکشنز (RPT) اور ان کی حیثیت کا IAS 24 کے تحت ضرورت کی تعمیل کرتے ہوئے مناسب طور پر انکشاف کیا جاتا ہے۔ مزید برآں، SRO 768 (1) کے ذریعے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ نوٹیفیکیشن کے مطابق سب کے لیے ایک مضبوط پالیسی موجود ہے۔ 2019 اور گائیڈ لائنز کو کمپنی کی پالیسی میں لین دین اور ریکارڈ کی دیکھ بھال کے حوالے سے مناسب طریقے سے شامل کیا گیا ہے۔ آر پی ٹی کو اندرونی آڈٹ کے ذریعے باضابطہ طور پر منظور کیا گیا تھا جس کے بعد بورڈ میٹنگ میں اسے پیش کرنے سے پہلے آڈٹ کمیٹی کی منظوری لی گئی تھی، تاکہ اس بات کو یقینی بنایا جا سکے کہ کاروباری سرگرمی کے معمول کے دوران تمام لین دین مکمل طور پر مکمل ہوں۔ 30 جون 2023 کو ختم ہونے والے موجودہ مالی سال کے دوران تمام RPT کو ممبران کی منظوری کے لیے کمپنی کی جنرل میٹنگ کے سامنے پیش کیا جائے گا۔ اسی طرح، بورڈ نے 30 جون 2023 کو ختم ہونے والے مالی سال کے دوران کئے جانے والے لین دین کے لیے کمپنی کی جنرل میٹنگ میں ممبران کی منظوری حاصل کرنے کا بھی فیصلہ کیا ہے اور اسے اگلی سالانہ جنرل میٹنگ میں شیئر ہولڈرز کے سامنے رکھا جائے گا۔ ان کی رسمی توثیق / منظوری۔

بورڈ کی تشخیص

کمپنی کی طرف سے سالانہ بنیادوں پر بورڈ کی کارکردگی اور تاثیر کا سخت جائزہ لیا گیا ہے۔ بورڈ کی تشخیص کا یہ باقاعدہ عمل، باہمی تعاون کے ساتھ فیصلہ سازی اور انفرادی ڈائریکٹرز کی مضبوط کارکردگی کو فروغ دیتا ہے۔ اس کے علاوہ، یہ بورڈ روم کے تنازعات کو کم کرنے اور گڈ گورننس اور ٹیم اسپرٹ کا کلچر قائم کرنے کے لیے ڈائریکٹرز کو مؤثر طریقے سے تعاون کرنے کی ترغیب دیتا ہے۔

ضابطہ کارپوریٹ گورننس کے ضابطہ 10(3)(v) کے مطابق، موجودہ مالی سال کے دوران اندرونی طور پر ایک مکمل اور اچھی طرح سے تشکیل شدہ داخلی جائزہ لیا گیا تاکہ بورڈ کے مجموعی کام کو بہتر بنانے کے لیے طاقت کے شعبوں اور ان شعبوں کی نشاندہی کی جا سکے جہاں بہتری لائی جا سکتی ہے۔ اور کارکردگی جس میں بورڈ کی اپنی کارکردگی، اراکین اور اس کی کمیٹیاں شامل ہوں۔

بورڈ کی تشکیل

ضابطہ 34 کے تحت ضرورت کے مطابق دس (10) ڈائریکٹرز کا بورڈ مندرجہ ذیل پر مشتمل ہے۔

Sr No	Category	Gender		Total
		Male	Female	
(i)	Independent Director	3	0	3
(ii)	Executive Directors	2	0	2
(ii)	Non- Executive Directors	4	1	5

بورڈ اور آڈٹ کمیٹی کے اجلاس

• تمام ڈائریکٹرز، میٹنگ میں شرکت کے اہل، کمپنی کی جنرل میٹنگز میں شرکت کی ہے۔ کوڈ کے ریگولیشن 10 (6) کے تحت ذاتی طور پر یا ویڈیو کانفرنس کے ذریعے جب تک کسی معقول کی وجہ سے ایسا کرنے سے روک دیا جائے۔ 2022-23 کے دوران بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور ہیومن ریسورس اور معاوضہ کمیٹی کے اجلاس اور شرکت کی میٹنگ کی تعداد درج ذیل ہے۔

Sr	Name of Directors	Board of Directors		Committees			
				Audit		Human Resource and Remuneration	
		Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
1.	Mr. Muhammad Salim	7	7	-	-	-	-
2.	Mr. Muhammad Shaheen	7	7	-	-	-	-
3.	Mr. Khurram Salim	7	7	-	-	-	-
4.	Mr. Bilal Sharif	7	7	6	6	-	-
5.	Mr. Muhammad Amin	7	7	-	-	1	1
6.	Mr. Hamza Shakeel	7	7	6	6	1	1
7.	Mr. Iqbal Mehboob Vohra	2	2	2	2	-	-
8.	Mr. Tauqeer Ahmed Sheikh	5	5	4	4	1	1
9.	Mr. Asif Elahi	7	7	-	-	-	-
10.	Mr. Mustafa Tanvir	7	7	-	-	-	-
11.	Mrs. Saba Yousaf	7	7	-	-	-	-

آڈٹ کمیٹی

Sr	Name	Designation	Category
i	Taqueer Ahmed Sheikh	Chairman	Independent Director
ii	Hamza Shakeel	Member	Non- Executive Director
iii	Bilal Sharif	Member	Non- Executive Director

آڈٹ کمیٹی تین ممبران پر مشتمل ہوتی ہے جس میں چیئرمین ایک آزاد ڈائریکٹر ہوتا ہے جبکہ باقی تمام نان ایگزیکٹو ڈائریکٹر ہوتے ہیں اور بورڈ آف ڈائریکٹرز کی طرف سے تفویض کردہ شرائط کے تحت اپنی ذمہ داریاں نبھاتے ہیں۔

مالیاتی خواندہ ممبر کی تقرری ضابطہ کے باب X میں ضابطہ 27(1)(iii) کے مطابق کی گئی ہے۔

بورڈ آف ڈائریکٹرز کی منظوری سے قبل عبوری اور سالانہ مالیاتی گوشواروں کا جائزہ لینے کے لیے آڈٹ کمیٹی کے اجلاس باقاعدگی سے وقفے وقفے سے منعقد کیے جاتے تھے اور سال میں ایک بار بیرونی آڈیٹر کے ساتھ ایک اضافی میٹنگ ہوتی تھی۔ بغیر CFO اور دوسرے اندرونی آڈیٹر کے ساتھ CFO اور بیرونی آڈیٹر کی موجودگی کے بغیر۔

AC کمپنی کے بورڈ آف ڈائریکٹرز کا ایک ذیلی گروپ ہے جو کمپنی کی مالیاتی رپورٹنگ اور انکشاف کے عمل کی نگرانی کے لیے ذمہ دار ہے اور کمپنی کے عمل اور اندرونی کنٹرول سے مکمل آگاہی رکھتا ہے۔ اکاؤنٹنگ پالیسیوں اور اصولوں کے انتخاب پر نظر رکھنے اور قوانین اور ضوابط کی تعمیل کو یقینی بنانے کے لیے AC عام طور پر انتظامی ٹیم، آزاد آڈیٹر، اور اندرونی آڈیٹرز کے ساتھ رابطہ کرتا ہے۔

AC اس بات کو یقینی بناتا ہے کہ دھوکہ دہی کی روک تھام اور اس کی نشاندہی کے لیے مناسب پالیسیاں اور عمل موجود ہیں، جیسے کہ اثاثہ جات کا غلط استعمال، بدعنوانی، اور مالیاتی سٹیٹمنٹ فراڈ اور انتظامیہ کے ساتھ مل کر کام کرتا ہے تاکہ اس بات کو یقینی بنایا جا سکے کہ فراڈ کی نشاندہی پر ضروری اقدامات کیے جائیں۔

AC ضابطہ اخلاق کو لاگو کرنے اور موثر مواصلاتی چینلز کے قیام کو یقینی بنا کر تنظیم کے لہجے کو ترتیب دینے میں اہم کردار ادا کرتا ہے۔ AC اس بات سے پوری طرح واقف ہے کہ انتظامیہ قوانین اور ضوابط کی تعمیل حاصل کرنے کے لیے کیا کر رہی ہے، اور انہیں جاری تحقیقات اور تادیبی کارروائیوں جیسے مسائل کے بارے میں علم ہونا چاہیے۔ AC ممبران اجتماعی طور پر دھوکہ دہی کو روکنے کے لیے کام کرتے ہیں اور جان بوجھ کر اکاؤنٹنگ کی غلطیوں اور بے ضابطگیوں کا پتہ لگانے میں ماہر ہیں۔

انسانی وسائل اور معاوضہ کمیٹی

Sr	Name	Designation	Category
i	Taqueer Ahmed Sheikh	Chairman	Independent Director
ii	Mohammad Amin	Member	Non- Executive Director
iii	Hamza Shakeel	Member	Non- Executive Director

ہیومن ریسورس اینڈ ریمونریشن کمیٹی (HRRC) تین ممبران پر مشتمل ہے جن میں سے سبھی نان ایگزیکٹو ڈائریکٹر ہیں جبکہ چیئرمین ایک آزاد ڈائریکٹر ہیں۔ HRRC سی ای او کے انتخاب، تشخیص، معاوضہ (بشمول ریٹائرمنٹ فوائد) اور جانشینی کی منصوبہ بندی کے لیے بورڈ کو انسانی وسائل کے انتظام کی اہم پالیسیوں کی سفارش کرتا ہے۔

HRRC کا مقصد کسی تنظیم کے بورڈ، انتظامی ٹیم اور اس کے ملازمین کی تاثیر کو بہتر بنا کر اس کی پیداواری صلاحیت کو زیادہ سے زیادہ کرنا ہے۔ HRRC بورڈ کو انسانی وسائل کے انتظام کی پالیسی کی سفارش کرنے کا ذمہ دار ہے۔ CEO، CFO اور کمپنی سکریٹری کے انتخاب، تشخیص، معاوضے (بشمول ریٹائرمنٹ فوائد) اور جانشینی کی منصوبہ بندی کی سفارش کرنے کی مجموعی ذمہ داری کمیٹی پر ہوگی۔

HRRC سینئر مینجمنٹ کی بھرتی اور تربیت، معاوضے، کارکردگی کا جائزہ، جانشینی کی منصوبہ بندی اور انسانی سرمائے کے موثر استعمال کے لیے اقدامات میں بورڈ اور انتظامیہ کی مدد کرتا ہے۔



کارپوریٹ سماجی ذمہ داری کی پالیسی

کمپنی کی اخلاقی، پائیدار اور ماحولیاتی ذمہ داریوں سے متعلق پالیسیاں تیار کرتی ہے اس بات کو یقینی بنا کر کہ کمپنی کا مقامی کمیونٹیز اور ماحول پر مثبت اثر پڑے۔

کمپنی کی اپنی کمیونٹی اور ماحولیات کے تئیں ایک سماجی ذمہ داری ہے کمپنی کے کاموں کے تمام پہلوؤں جیسے مسائل جو ماحول پر اثر انداز ہوتے ہیں جیسے کہ آلودگی، فضلہ، مصنوعات کی حفاظت اور مزدوری لیکن صرف کمیونٹی اور سماجی افراد کو فنڈز فراہم کرنے تک محدود نہیں۔ ماحول، بلکہ کمپنی سے متعلق فریقین کے ساتھ اچھے طویل مدتی تعلقات کو برقرار رکھنا بھی شامل ہے۔ کمپنی آلودگی اور گرین ہاؤس گیسوں کے اخراج کو کم کرنے، قدرتی وسائل کے پائیدار استعمال، ضیاع کو کم سے کم اور مناسب طریقے سے ٹھکانے لگانے کے مقصد کے ساتھ ماحولیاتی برقرار رکھتے ہوئے اقتصادی، سماجی اور ماحولیاتی طور پر پائیدار طریقے سے کام کرنے کے لیے ایک جامع کارپوریٹ سماجی ذمہ داری (CRS) پالیسی کا انتظام کرتی ہے۔ مینوفیکچرنگ کے عمل کے دوران ری سائیکلنگ کو فروغ دینا۔

صحت ، حفاظت اور ماحولیاتی پالیسی

کمپنی ایک محفوظ اور صحت مند کام کی جگہ کو یقینی بنانے اور ماحول کی حفاظت کے لیے پرعزم ہے اور اس بات پر پختہ یقین رکھتی ہے کہ حفاظت اور ماحول کی حفاظت ایک اچھا کاروبار ہے اور کام سے متعلق تمام چوٹیں، بیماریاں، املاک کے نقصانات اور منفی ماحولیاتی اثرات کو روکا جا سکتا ہے۔ اس عزم کو پورا کرنے کے لیے، کمپنی اس بات کو یقینی بناتی ہے کہ انتظامیہ کارکنوں اور ماحول کے تحفظ کی مکمل ذمہ داری قبول کرے۔ کسی بھی ملازم کے ساتھ کسی غیر متوقع حادثے کی صورت میں کارکنوں کے لیے ایک جامع گروپ لائف انشورنس پہلے سے ہی موجود ہے۔ کمپنی کراچی اور لاہور دونوں دفاتر میں اپنے انتظامی ملازمین کے لیے ہیلتھ پالیسی کے لیے بنائے گئے انتظامات بھی فراہم کرتی ہے۔ کمپنی صحت، حفاظت اور ماحولیاتی تحفظات کو کمپنی کے دیگر کاروباری مقاصد کے ساتھ مساوی حیثیت دیتی ہے اور انہیں کام کے تمام پہلوؤں میں ضم کرتی ہے اور صحت، حفاظت اور ماحولیاتی کارکردگی کو مسلسل بہتر بنانے کے لیے فعال طور پر کوشش کرتی ہے۔ کمپنی کی پالیسی پانی اور فضائی آلودگی، کیمیائی اور تیل کے اخراج، سموگ، پینے کے پانی کے معیار، زمین کے تحفظ اور انتظام اور جنگلی حیات کے تحفظ پر چوکس ہے۔

ڈائریکٹر معاوضہ پالیسی

ڈائریکٹر کی معاوضے کی پالیسی کمپنی کے طویل مدتی مقاصد کو آگے بڑھانے کے لیے بورڈ اور سینئر مینجمنٹ میں صحیح ٹیلنٹ کو برقرار رکھنے کے لیے کمپنی کی کارکردگی اور استحکام کا سنگ بنیاد ہے۔ چونکہ کمپنی کا بورڈ اور سینئر مینجمنٹ اسٹریٹجک سمت فراہم کرنے، اہم کاروباری فیصلوں اور عمل درآمد کی ذمہ داریاں نبھاتے ہیں، اس لیے یہ بہت ضروری ہے کہ انہیں ان کی کارکردگی کے لیے زیادہ ذمہ دار اور جوابدہ بنایا جائے۔ سینئر مینجمنٹ اور بورڈ ممبران کے معاوضے کے طریقے کارپوریٹ گورننس کے مجموعی فریم ورک کے بہت اہم پہلوؤں میں سے ایک ہیں، کیونکہ یہ کمپنی کی کارکردگی کو متاثر کرتا ہے، جس کے نتیجے میں عام شیئر ہولڈرز کو واپسی اور کمپنی کے استحکام پر اثر پڑتا ہے۔ معاوضے کی پالیسی کمپنیز ایکٹ 2017، کمپنیز آرٹیکل آف ایسوسی ایشن اور کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 کی دفعات کے تحت بورڈ کو انسانی وسائل اور معاوضے کی کمیٹی (HRRC) کی سفارشات اور تجاویز کے تحت تیار کی گئی ہے۔ ایگزیکٹو ڈائریکٹرز مقررہ ماہانہ معاوضے اور HRRC کی طرف سے تجویز کردہ دیگر مراعات کے حقدار ہیں جن کی بورڈ نے باضابطہ طور پر منظوری دی اور اس کے بعد کمپنی کی جنرل میٹنگ میں ممبران کی منظوری لی گئی۔

ایکٹ کے سیکشن 227(a)(I) کے مطابق، موجودہ مالی سال کے دوران کمپنی کے ڈائریکٹرز کو درج ذیل معاوضے (نوٹ 35) ادا کیے گئے ہیں:

(a) جناب خرم سلیم (CEO) - PKR 800,000.00 - ماہانہ۔

(ب) جناب محمد سلیم (ED) - PKR 1,000,000.00 - ماہانہ۔

اس کے علاوہ، مندرجہ بالا ڈائریکٹرز کے لیے دیگر فوائد میں کمپنی کے زیر انتظام گاڑی ایندھن، کاروباری سفر اور مواصلاتی اخراجات شامل ہیں۔

کمپنی کے کسی دوسرے ڈائریکٹر کو کوئی فیس یا معاوضہ ادا نہیں کیا گیا ہے۔

قانونی آڈیٹرز -

موجودہ آڈیٹر کے میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس 27 اکتوبر 2023 کو طے شدہ سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے، تاہم، اہل ہونے کی وجہ سے انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے 30 جون 2024 کو ختم ہونے والے سال کے لیے میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو بطور ایکسٹرنل آڈیٹر مقرر کرنے کی تجویز دی ہے۔ کوالٹی کنٹرول کے تحت بیرونی آڈیٹر میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو تسلی بخش درجہ بندی دی گئی ہے۔ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کا جائزہ پروگرام۔ فرم اور اس کے تمام پارٹنر انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کی طرف سے اپنائے گئے کوڈ آف ایٹھکس پر انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے رہنما اصولوں کی تعمیل کرتے ہیں اور وہ ایس ای سی بی ایکٹ 1997 کے سیکشن 136 کے تحت آڈٹ اوور سائٹ بورڈ کے ساتھ رجسٹرڈ ہیں۔ قانونی آڈیٹرز نے نہ تو کوئی فیصلہ سازی، اندرونی آڈٹ یا انتظامی کام انجام دیا اور نہ ہی ان کا کمپنی کے کسی ڈائریکٹر یا ایگزیکٹوز کے ساتھ کسی قسم کا تعلق ہے۔ منگنی کے شراکت داروں کو ہر پانچ سال کی تکمیل کے بعد گھمایا جاتا تھا۔

بورڈ آف ڈائریکٹرز نے 30 جون 2024 کو ختم ہونے والے سال کے لیے میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بطور ایکسٹرنل آڈیٹر تقرری کی بھی سفارش کی اور آڈیٹرز کا معاوضہ گزشتہ سال کی طرح PKR 2,275,000.00 (سال: PKR 2024) مقرر کیا گیا ہے۔ (2,275,000.00) سال 2023-24 کے لیے جیسا کہ کوڈ کے ضابطے 32(3) کے تحت بورڈ کو آڈٹ کمیٹی نے تجویز کیا ہے۔ اسائنمنٹس میں قانونی آڈٹ، ششماپی جائزہ اور کارپوریٹ گورننس کا کوڈ شامل ہے۔

مادی تبدیلیاں اور وعدے -

کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے کمپنی کے مالی سال کے اختتام کے درمیان نہیں ہوئے جس سے بیلنس شیٹ کا تعلق ہے اور ڈائریکٹرز کی رپورٹ کی تاریخ۔

اعتراف

میں بورڈ آف ڈائریکٹرز، قابل قدر شیئر ہولڈرز، صارفین، قرض دہندگان، سپلائرز، اور دیگر اسٹیک ہولڈرز کا ان کی حوصلہ افزائی، اعتماد اور تعاون کے لیے انتہائی پابند ہوں اور میں ہر ملازم کے عزم، استقامت اور محنت کے لیے ان کا شکریہ ادا کرنا چاہوں گا۔ کاروبار کی کامیابی میں مدد کرنے

-
خرم سلیم



چیف ایگزیکٹو

محمد سلیم



ڈائریکٹر

کراچی: 28 ستمبر 2023

Bhanero Textile Mills Ltd

Proxy Form

I/We _____ of _____ being a member of **BHANERO TEXTILE MILLS LIMITED** and holder of _____ ordinary shares as per Share Register Folio No. _____ and/or CDC Participant ID No. _____ and Sub Account No. _____ hereby appoint Mr./Mrs./Miss _____ of _____ or failing him/her _____ of _____ as my / our proxy to act on my/our behalf at the 44th Annual General Meeting of the Company to be held on Friday, 27th October 2023 at 03:00 pm at Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. and/or at any adjournment thereof.

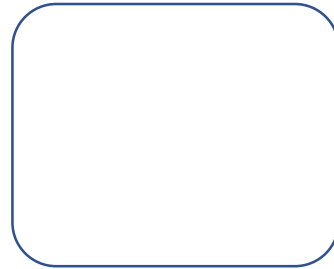
Witness: _____

Signature : _____ (Signature should agree with specimen registered with company)

Name : _____

CNIC/ PP: _____

Address: _____



Affix Rs.5 Revenue Stamp

Signed this _____ day of _____ 2023

Notes:

If a member is unable to attend the meeting, they may complete and sign this proxy form and sent it to the Company Secretary, **Bhanero Textile Mills Limited**, Umer House, 23/1, Sector 23, S.M. Farooq Road, Korangi Industrial Area, Karachi. This proxy form shall reach not less than 48 hours before the time scheduled for holding the meeting.

- (i) The Proxy form shall be witnessed by a person whose name, address and CNIC/Passport number should be stated on the form.
- (ii) Attested copy of CNIC or the Passport of the beneficial owner alongwith the Proxy form should also be submitted.
- (iii) The Proxy nominee shall produce his / her original CNIC or original Passport at the time of the meeting.
- (iv) In case of a Corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature should be submitted (unless it has been provided earlier) along with Proxy form to the Company.

