



FEROZE1888 MILLS LTD

Manufacturers and Exporters of Specialized Yarn & Textile Products

Weaving a Better World®

Strength in Diversity, Success in Resilience

Annual Report 2023





Strength in Diversity Success in Resilience

Inspired by the sunflower's remarkable qualities, where **vibrant and enduring** petals seamlessly unite to form a radiant bloom, we find a beautiful reflection of our dedication to **resilience and growth**. In celebrating the sunflower's innate ability to thrive in diverse conditions, mirroring our commitment to overcoming challenges.

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Our Vision

Our aim is to be a market leader in textile manufacturing with our strong commitment to 3Ps (People-Planet-Prosperity). We will prosper by creating unmatched value for our global customers & stakeholders through our exceptional quality products & services.

Our Mission

We are a leading vertically integrated textile industry known for its state of the art machinery, infrastructure, standardized systems, production processes and adopting the ideology of 3Ps (People-Planet-Prosperity). We are committed to the ongoing learning, development & growth of our valued employees. Our focus is on building an environment of prosperity & gratification for all our customers & stakeholders through our operational excellence & solution based innovations.

Ethics

Integrity and upholding our commitments are at the heart of Feroze1888 Mills business values. Our standards for doing business are based on transparency, impartiality and exhibiting thorough professionalism in our dealings with internal and external stakeholders. The management of Feroze1888 condemns fraudulent practices and focuses on developing teams and systems to work as per the established business ethics. The organization is known for its reputation for doing business as per defined ethical boundaries and for not tolerating any kind of misconduct that can hamper the repute. These principles are embedded in organization's code of conduct and further reinforced by policies and standard operating procedures.

Culture

The cultural framework of any organization defines the Company's vision and the guidelines it has established to achieve that vision.

Our core values PROSPER® drive our energies and focus in building a value driven work culture. We believe in developing our valuable employees, enabling them to deliver their optimal best; helping them collaborate with each other for reliable results and instigating a never give up attitude with a consistent reinforcement of being proactive in dealing with all situations. We promote dynamic and creative lateral thinking and have complete trust in our employees' skills to achieve the goals. Diversity is our strength and we take pride in our culture of meeting high standards of professionalism and excellence and deliver nothing less but the best.



MISSION

VISION

STRATEGY

CORE VALUE

Code of Conduct

Business Ethics

Feroze1888 is committed to conduct its business in an honest, ethical and legal manner. The management condemns corrupt and fraudulent practices and ensures transparency, integrity and honesty in all aspects of work.

Compliance with Laws & Regulations

The Company is committed to comply and take all required actions for compliance with all applicable laws, rules and regulations of state or local jurisdiction in which the Company conducts business. Every director and employee, no matter what position he or she holds, is responsible for ensuring compliance with applicable laws.

Commitment & Accountability - Safeguarding Organization's Interest

It is expected from every employee that he/she remains honest & committed with his/her work at all times. Employee is not only expected to own the entire process of his/her job but also uphold the true spirit of accountability; in that, protecting the Company's assets, safeguarding the Company's interest, avoiding conflict of interest & ensuring that we do not involve in any unlawful activity even after office hours that may ruin the organization's reputation is emphasized.

Spreading grapevine/rumors, exchanging or sharing any information within the organization or outside either by word of mouth, email, text message or social media; which may create chaos and portray the organization in a bad light, are all deemed as breach of commitment.

Zero Tolerance for Harassment

Harassment in any form including verbal / emotional (e.g. making or using derogatory comments, name calling, racial jokes etc.), physical (e.g. assault, impeding, blocking movements etc.), sexual (e.g. touching, leering, making inappropriate gestures, suggestive objects or pictures, cartoons or posters etc.) is strictly prohibited.

Gift & Entertainment Policy

Gifts / entertainment / gratitude of any kind, that are

offered by vendors, suppliers, current & potential employees, potential vendors and suppliers, or any other individual or organization, no matter the value will not be accepted by any employee, at any time, on or off the work premises as a result of providing / receiving any favor (whether justified or unjustified).

Confidentiality of Information

It is the responsibility of every employee to maintain confidentiality of information (during and after the employment term) related to Feroze1888 Mills that he/she may come across in any form as a result of his position or interactions. He/she should refrain from discussing any confidential business matters to outsiders or even insiders to whom the matter does not relate.

Intellectual Property

All employees are responsible and accountable for the corporate information and resources entrusted to them. Due diligence & care must be exercised to ensure the security & integrity of these corporate resources included but not limited to corporate data & corporate information system.

Non-Discrimination

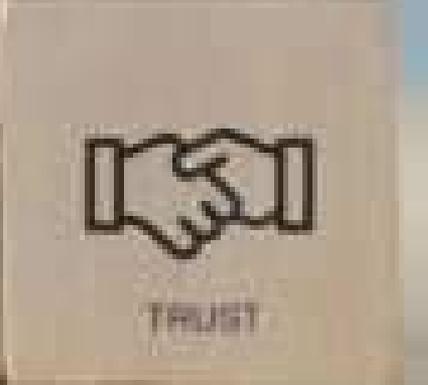
The Company believes in creating an encouraging working environment which is free from discrimination. The Company also ensures that employees remain motivated and productive through the provision of equal growth opportunity.

Equal Employment Opportunity

The Company believes in providing equal opportunity for employment. The Company policies in this regard have to be complied with and no discrimination upon race, religion, age, national origin, gender, or disability is acceptable.

Corporate Social Responsibility

The Company is committed to carry its business in a sustainable manner and promote preservation and sustainability of the environment.





Core Values - PROSPER®



01

People Development

We are committed to invest in employees personal and professional development and creating an environment that instigate the ownership for self - learning.

Respect

We believe in crafting a culture of respect and dignity for all our customers, stakeholders, vendors, employees and community.

02



03

Ownership & Accountability

Our work is our pride: we take full ownership of it and hold ourselves accountable for all our actions, interactions within and between teams.

Success Will

We possess a strong will to succeed under all circumstances.

04



05

Proactive

We believe in being proactive while facing challenges, adopting technology, systems and procedures.

Excellence In Work

Our commitment is to enhance customer satisfaction by fostering an environment of self-reliance, efficiency and integrity in all that we do.

06



07

Reliability

We demonstrate reliability through our team work and consistent quality in products and services.

Company Information

Board of Directors

Mr. Abdul Rehman Yaqub	Chairman
Mr. Shabbir Ahmed	Non-Executive Director
Mr. Khaleequr Rahman	Non-Executive Director
Mr. Perwez Ahmed	Non-Executive Director
Mr. Zain Ashraf Mukaty	Non-Executive Director
Mr. Anas Rahman	Non-Executive Director
Mr. Temoor Ashraf Mukaty	Non-Executive Director
Mr. Moin M. Fudda	Independent Director
Ms. Huma Pasha	Independent Director
Ms. Aminah Zahid Zaheer	Independent Director
Mr. Rehan Rahman	Chief Executive Officer

Board Audit Committee

Mr. Moin M. Fudda	Chairman
Mr. Khaleequr Rahman	Member
Mr. Temoor Ashraf Mukaty	Member
Ms. Aminah Zahid Zaheer	Member

Board HR & Remuneration Committee

Ms. Aminah Zahid Zaheer	Chairperson
Mr. Moin M. Fudda	Member
Mr. Zain Ashraf Mukaty	Member

Chief Financial Officer

Ms. Javeria Siddiqui

Company Secretary

Mr. Mudassir Moten

Bankers

Allied Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Limited

External Auditors

EY Ford Rhodes,
Chartered Accountants Progressive
Plaza, Beaumont Road, Karachi.

Internal Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C, I.I Chundrigar Road,
City Railway Colony Karachi.

Registered Office

Plot # H-23/4-A, Scheme # 3, Landhi
Industrial Area, Landhi, Karachi.

Corporate Office

K&N Centre, 2nd and 3rd Floors, 160
Banglore Town, Shahrah -e-Faisal,
Karachi

Factory Addresses

Sindh:

- H-23/4-A, H-23/4-B, H-23/4-B1 and H-23/3-II, Scheme No. 3, Landhi Industrial Area, Karachi
- Plot # B-4/A, SITE, Karachi
- Plot # A-5/D and A-5/D1, SITE, Karachi
- Plot # C-3, SITE, Karachi
- Plot # C-31 SITE, Karachi
- Plot # F-89, SITE, Karachi
- Plot # F-125, SITE, Karachi
- Plot # F-342, SITE, Karachi
- Plot # PL-15, North Karachi Industrial Area, Karachi
- Plot # ST-03, North Karachi Industrial Area, Karachi
- Plot # 342/A, Haroonabad, SITE, Karachi
- Survey no. 81, 242, 72 to 75, 165, 166, 171, 172, 176 to 181, 186 to 190, 156, 210, 211, 243, Deh Moachko, Tapo Gabopat, Keamari Town, Karachi

Balochistan:

Plot # D-12 to D-20, K-1 to K-3, M-30 (Survey 564) and M34 (Survey # 564, 84/1, 85, 86 & 89/1) HITE, Hub, Lasbela, Balochistan

Legal Advisor

Mohsin Tayebaly & Co.
1st Floor, Dime Centre Khayaban-e-Iqbal, Block 9, Clifton, Karachi.

Share Registrar/Transfer Agent

FAMCO Associates (Pvt.) Ltd
8-F, Next to Hotel Faran Nursery,
Block-6,
PECHS, Shahrah-e-Faisal, Karachi.

Website

<http://www.feroze1888.com>



Feroze1888 at a Glance

We are the leading Manufacturer and Exporter of Specialized Yarn & Textile Products in Pakistan. Starting the journey in the early 1970's, Feroze1888 has progressed gradually & today it enjoys an eminent presence in the global textile market. We maintain high level of standards in all areas, ranging from the highest quality products to maximum employee satisfaction. Company has state of the art vertically integrated terry towel manufacturing facility. Being partnered with 1888Mills USA, we are recognized as a progressive and global manufacturer of quality textiles for Home, Hospitality & Healthcare.

The ownership of upholding commitment to Triple Bottom Line (3Ps), untiring focus on operational excellence and creating unmatched value for our customers is what makes us stand tall amongst other competitors in the market. Feroze1888 believes in providing a professional work environment with high growth opportunities at all levels.

Our Moto:

- Excellent Execution Every time
- Customer Satisfaction

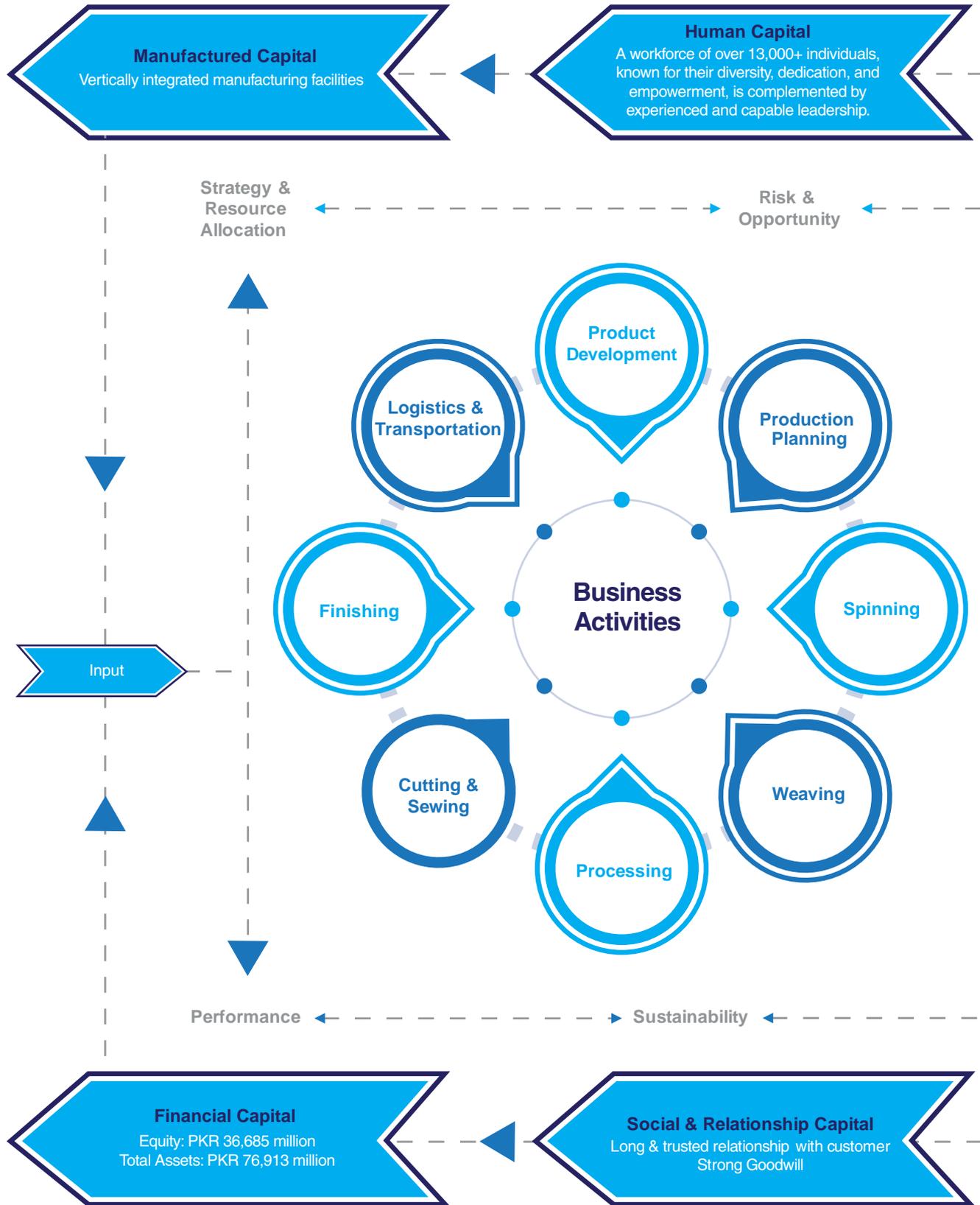
Our Commitments:

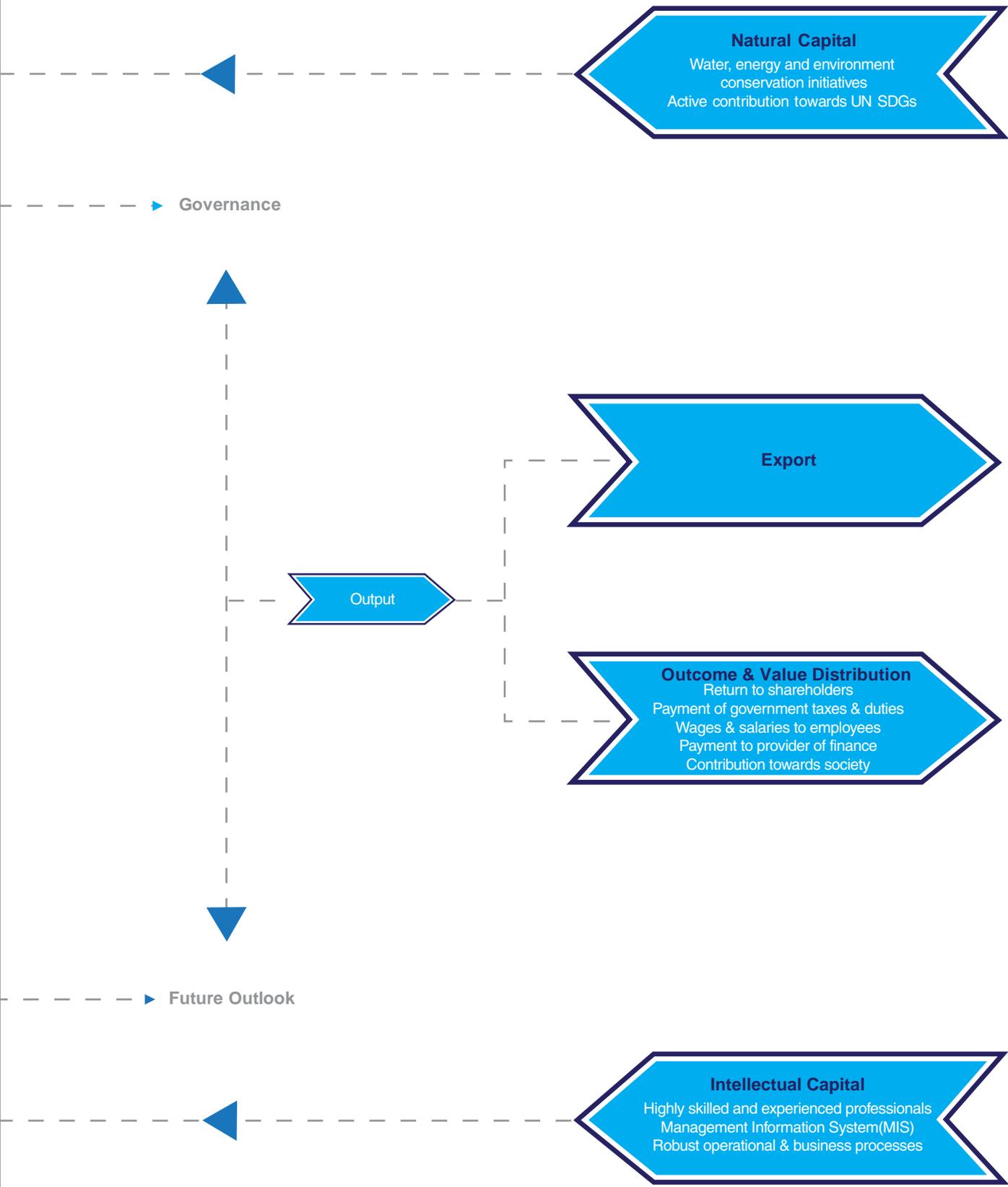
- Environmental Friendly Production Processes
- Product Quality
- Conducive Work Environment
- Employee Engagement & Empowerment

Key Products and Markets

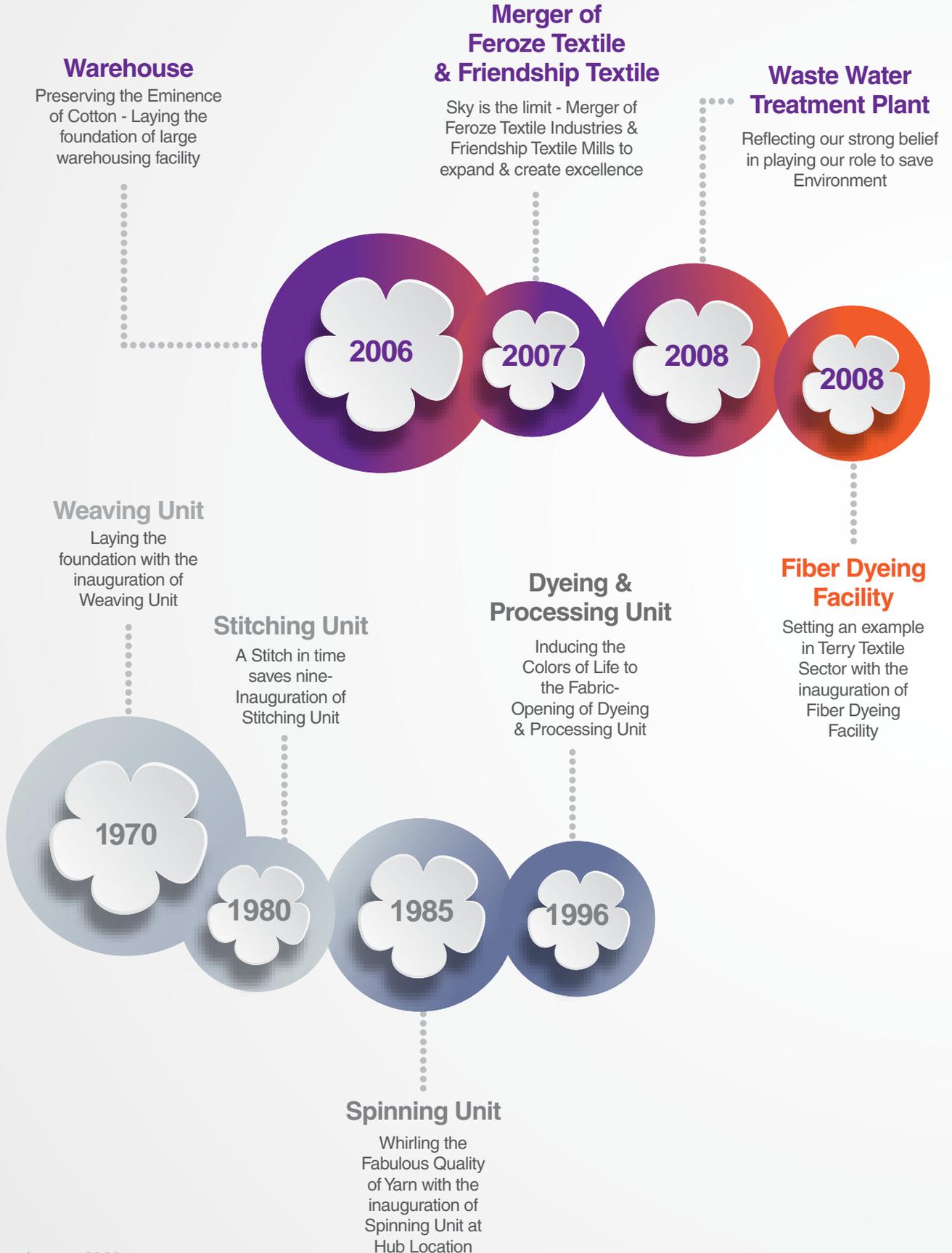
The Company is principally engaged in production and export of home textile & healthcare products across the globe with keen focus on USA, UK and European markets. Our product range encompasses a broad selection of terry and non-terry items, ranging from white, dyed, printed, dobby, and jacquard variations, available in a diverse array of sizes and categories, including hand towels, bath towels, bathrobes, kitchen towels, beach towels, blankets, baby t-shirts, and patient gown.

Business Model





Our Journey Continues...



Water Reclaim Plant

A Promise to Sustainability & Better Environment- Waste Water is recycled & reused in our processes

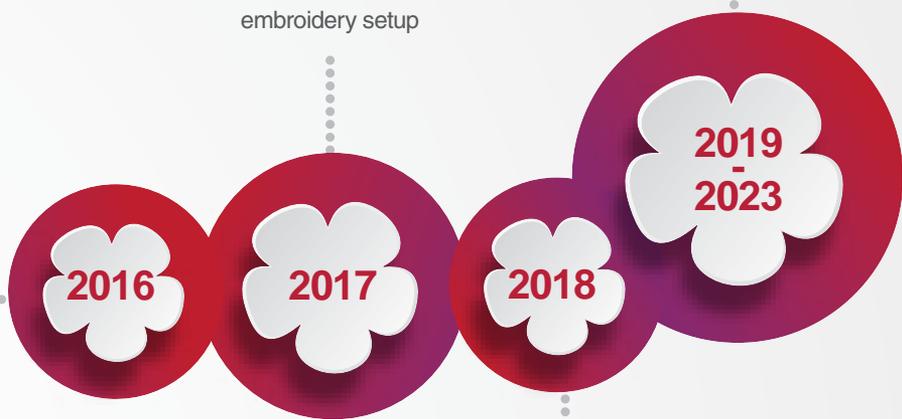
Embroidery

To augment product range installed embroidery setup

New Product Line & Production Capacity Enhancement

New Product Line (Woven & Knitted fabric) added in our portfolio

Spinning & Weaving manufacturing capacity enhanced



Nakshbandi's Name Changed to Feroze1888

Expanding the Horizons- Conversion of Nakshbandi into Feroze1888

Packaging

Inauguration of fully automated Corrugated Carton manufacturing plant & other packaging accessories



Acquisition of Nakshbandi Industries Limited

Expanding the business- Acquired Nakshbandi Industries

Merger of Feroze Textile Industries & Feroze1888

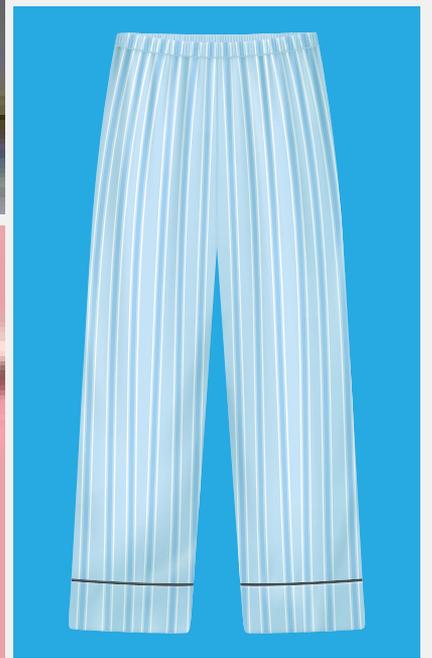
Unification of business acumen- Merger of Feroze Textile Industries & Feroze1888

Printing Facility

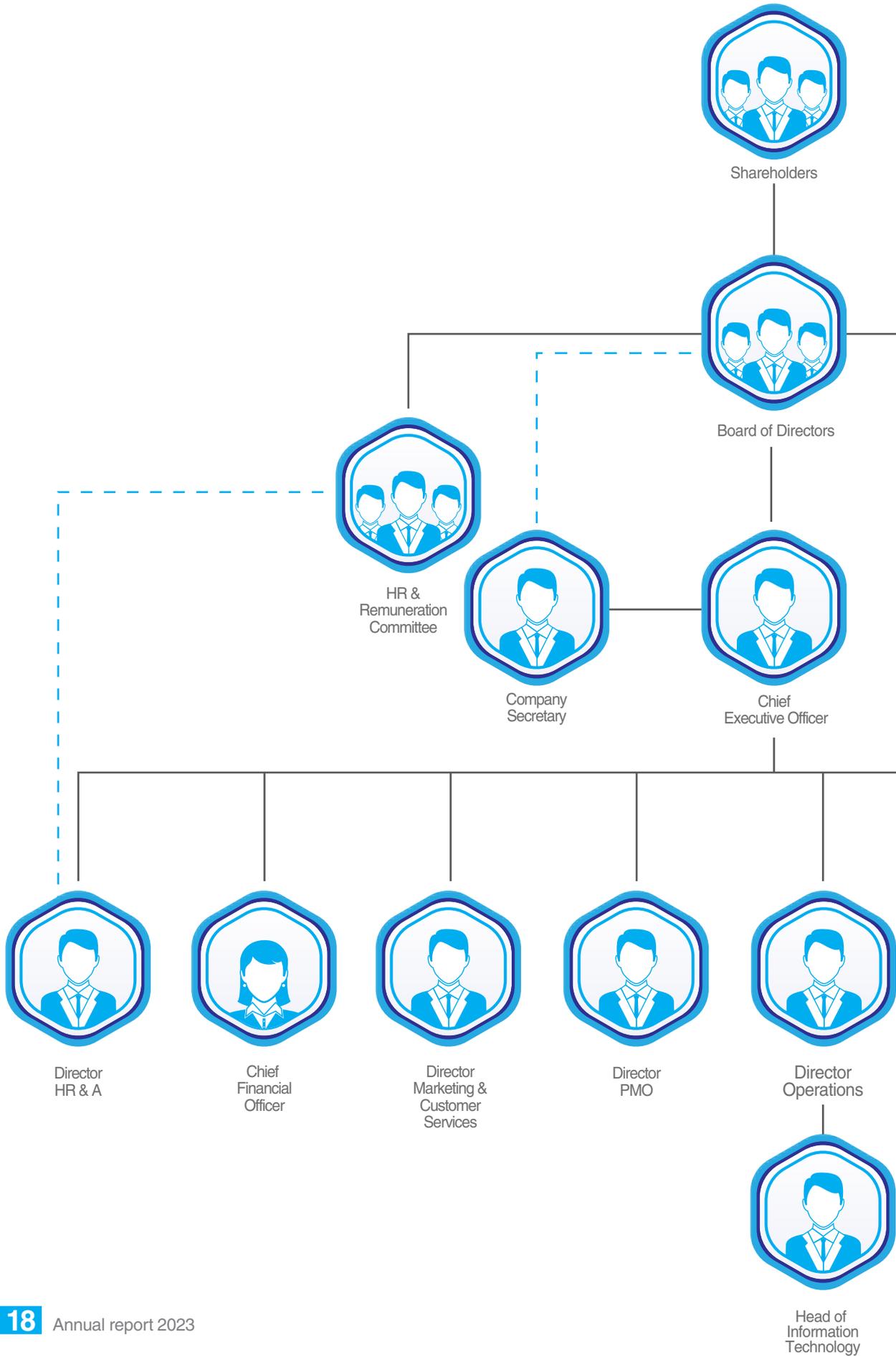
Adding Value, Creativity & Vivacity in our products- Set up of Printing Facility

Product Glimpses





Organizational Chart





Audit Committee



Director
Supply Chain
Management



Director
Plant
Engineering



Director
Quality
Assurance



Head of
System & Control
Assurance

Administrative Reporting
Functional Reporting

Geographical Spreads



Germany



Netherlands



United States



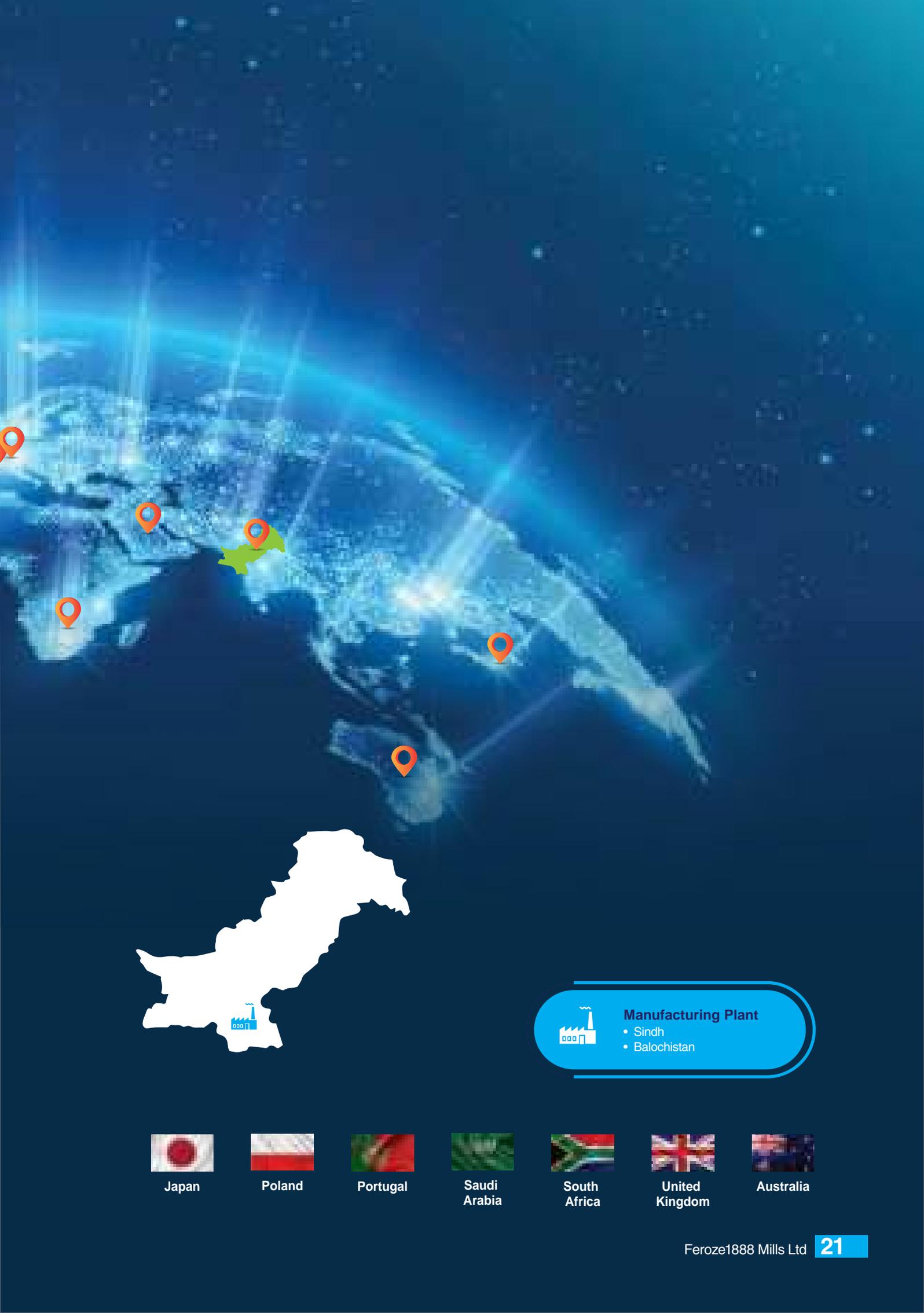
Canada



Denmark



France



 **Manufacturing Plant**

- Sindh
- Balochistan



Japan



Poland



Portugal



Saudi Arabia



South Africa



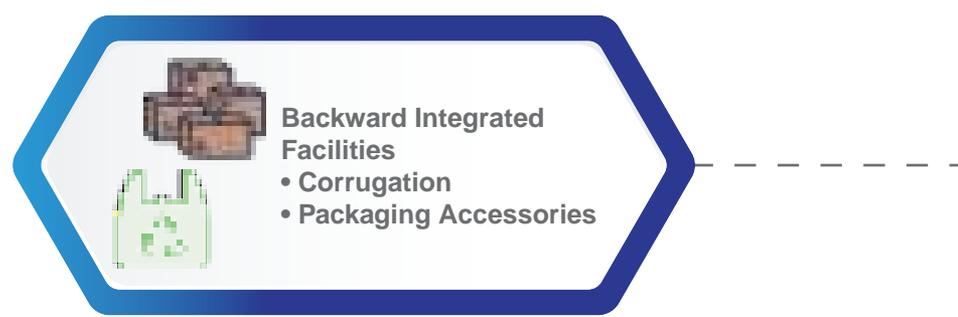
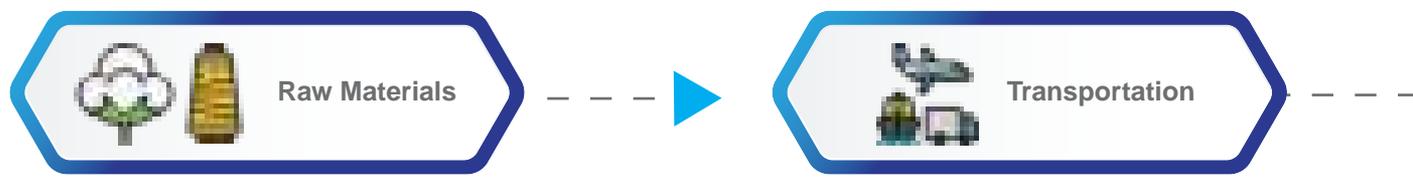
United Kingdom



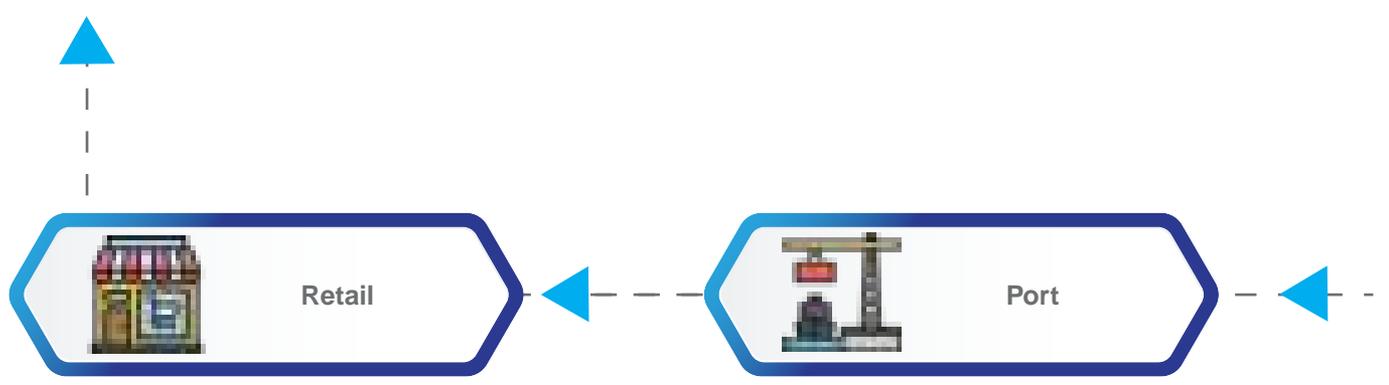
Australia

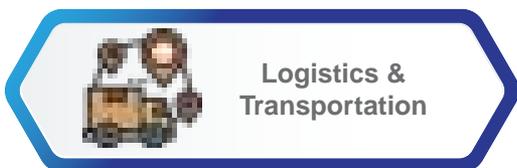
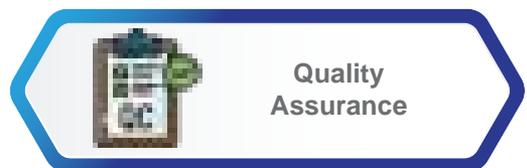
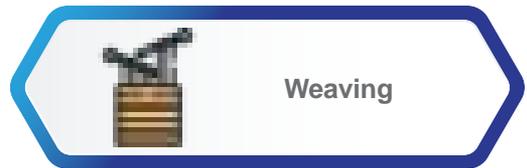
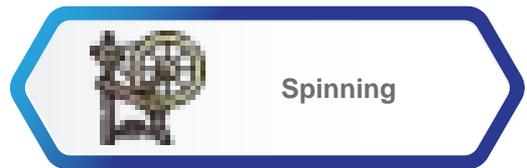
Position Within Value Chain

UP STREAM



END CONSUMER





DOWN STREAM

Awards & Achievements

By the grace of Almighty

Best Corporate and Sustainability Report Award for the Year 2021

Feroze1888 secured 1st Position for Best Corporate Report Award- Textile category and Certificate of Merit for Best Sustainability Report for the Year 2021.



GDEIB Award 2023

At Feroze1888, providing equity and inclusion focused opportunities to a diverse workforce has remained a constant priority and we have long enjoyed success in these areas. Our recent consecutive win of the GDEIB Award in the Best Practices category for our Learning and Development initiatives has proved to be the real time example for all our constant efforts.



SANGFOR Award

Another feather added to our Excellence cap. Feroze1888 Mills Ltd. has been recognized as the most Innovative Customer from Pakistan in Sangfor EPIC Global Summit Dubai on 08th March'2023.



Manufacturing Excellence Award

We have been awarded Manufacturing Excellence Award in Textile Composite Sector by Management Association of Pakistan (MAP) in the 37th Corporate Excellence Award event held on 3rd October '22.



Pakistan National Accreditation Council (PNAC) Lab Accreditation: ISO/IEC (17025:2017)

An achievement with regards to re-accreditation by Pakistan National Accreditation Council (PNAC) for ISO/IEC (17025:2017) which affirms the technical competence in the domain of Laboratory operations.



Organic Content Standard

Feroze1888 Mills earned the certification of Organic Content Standard (OCS), an international, voluntary standard that sets requirements for third-party certification of certified organic input and chain of custody. The goal of the OCS is to increase organic agriculture production



STEEPLE Analysis

Social, Technological, Environmental, Economic, Political, Legal and Ethical factors that can impact Feroze1888's business environment

S
SOCIAL



T
TECHNOLOGICAL



E
ENVIRONMENTAL



<p>Description and Possible Impact</p>	<p>Socio-cultural factors related to demographics, norms, and customs of the population in the operational environment, play a crucial role. They enable marketers to gain deeper insights into customer preferences and needs while also emphasizing the importance of creating sustainable and conducive working conditions for the local workforce.</p> <p>An organization that does not actively contribute to the well-being and improvement of society can have an impact on its customers, employees, and other stakeholders.</p>	<p>From the inception of the industrial revolution, technology has been a pivotal factor in the vitality of any business entity. Technological innovations have the capacity to influence industry operations and market dynamics, sometimes in advantageous ways and at other times, detrimentally.</p> <p>Thus, the need for comprehensive analysis and ongoing monitoring of these technological factors has become paramount. These factors significantly impact critical decision-making processes, such as whether to venture into specific industries, introduce particular products, or engage in outsourcing production activities overseas.</p> <p>The absence of technological advancements can potentially impede the growth of an organization.</p>	<p>In light of increasing environmental consciousness, businesses cannot afford to overlook related aspects. Furthermore, the scarcity of raw materials and the imperative to meet carbon footprint and pollution reduction targets have made these factors even more central to an organization's functioning. This shift has prompted many companies to become more deeply involved in practices such as CSR and sustainability.</p> <p>Neglecting environmental laws can result in damage to a company's reputation and legal consequences.</p>
<p>Organizational Response</p>	<p>As a socially responsible organization, our Company is wholeheartedly dedicated to actively contributing to the development of a socially secure society. We take great pride in our involvement in various social causes, encompassing healthcare, education, and addressing environmental challenges. Additionally, we have secured several certifications to ensure the well-being and safety of our employees, creating a healthy and secure work environment. Our Company remains unwavering in its commitment to continually enhance our efforts in the field of CSR.</p>	<p>The management is acutely aware that in today's world, technological progress is a pivotal factor in determining the success of an organization. Consequently, to thrive in the technologically competitive landscape, we consistently embrace opportunities to harness the latest technology, enhancing our operations and securing a competitive advantage. Our organization has consistently allocated substantial investments towards the upkeep, modernization, and replacement of our facilities and machinery. This commitment extends to the training and enhancement of technological skills for our employees.</p>	<p>The Company complies with ISO 14001:2015 for Environmental Management System and ISO 45001:2018 for Occupational Health & Safety. We diligently comply with all relevant standards and regulations, and we actively embark on environmentally responsible initiatives. These initiatives are aimed at creating lasting value for society through the efficient utilization of natural resources to minimize our carbon footprint. We have implemented water treatment plants to recover a significant portion of wastewater for reuse. Additionally, we have obtained certifications in GOTS, STEP, GRS, and RCS.</p>

E
ECONOMIC



P
POLITICAL



L
LEGAL



E
ETHICAL



Economic factors determine the financial condition of an organization or a specific industry. As these factors play an important role in deciding the supply-demand models in the economy, it has a long-term influence on a business, be it direct or indirect. Since it affects the purchasing power of consumers and could possibly change demand/supply models in the economy. Consequently it also affects the way companies price their products and services.

Unfavorable fluctuations in exchange rates, interest rates, inflation rates, and similar factors can have a detrimental effect on the Company's business.

Political factors encompass the extent and manner in which a government intervenes in the operations of an organization or a particular industry. They pertain to the potential impacts that governmental policies can exert on your business. These factors are essential considerations when evaluating the appeal of a prospective market.

Political instability hinders economic growth, and frequent shifts in government policies erode investor confidence.

In the current business landscape, it's essential for companies to have a comprehensive grasp of the legal framework within which they must operate effectively. While some of these aspects may intersect with political factors, they typically encompass more detailed laws and policies. Companies must be well-versed in what is permissible and what isn't to conduct ethical and successful trade. This becomes particularly complex when organizations engage in global trade because each country has its unique set of regulations. Additionally, staying informed about potential legislative changes and their prospective impacts on the business in the future is crucial.

Failure to adhere to regulations can result in fines and regulatory authorities taking legal action, increasing the risk of adverse situations that could damage the Company's esteemed reputation.

Ethics can be described as a set of principles that individuals of a specific religious belief system typically adhere to.

Likewise, ethical considerations are the elements that guide a company in determining what constitutes a morally sound or unsound business practice. More precisely, they determine what actions are beneficial or detrimental for the company, its employees, and society as a whole.

Having a robust financial position, the Company places a high emphasis on maintaining an ideal Debt:Equity ratio, carefully managing the balance. Additionally, a dedicated treasury team diligently observes fluctuations in exchange rates and formulates proactive risk management strategies. Moreover, stringent efforts are undertaken to control costs across all aspects of the business. The management is also actively engaged in tax planning and ensuring the receipt of tax refunds.

The Company consistently assesses and tracks the political landscape of the country, including stability, shifts in duty structures and taxes, in order to proactively align strategies and mitigate any adverse impacts. Management rigorously adheres to applicable regulations to ensure seamless operations and foster business growth.

The Company prioritizes adherence to all necessary laws and regulations. Additionally, it maintains vigilance in staying informed about new legal developments and ensures that relevant departments are in compliance. The Company has also assembled a proficient team of professionals dedicated to upholding compliance with all enacted or substantially enacted statutes, acts, and ordinances.

Fair and ethical business principles lie at the core of Feroze1888's values. Our intention is to consistently choose the path of utmost integrity. We establish and uphold the most elevated levels of professionalism and ethical conduct to be recognized as impartial and independent. The management strongly disapproves of any corrupt or fraudulent behaviors and remains committed to promoting transparency and integrity.

Risks & Opportunities

WHAT IS RISK?

Risk is described as “the effect of uncertainty on objectives”. Risk is the probability of an internal or external situation having the potential to impact upon Company; preventing Company from successfully achieving its objectives, delivering its services or capitalizing on its opportunities.

RISK MANAGEMENT?

Risk management is defined as the coordinated activities to direct and control an organization with regard to risk. Risk management is the sum of culture, processes and structures that are directed towards realizing potential opportunities whilst managing an adverse effect. The main objective of risk management is to assure uncertainty does not deflect the efforts from the business goals.

RISK MANAGEMENT FRAMEWORK:

The Company’s risk management system is designed to identify the risks it faces and has measures in place to keep those risks to an acceptable minimum level. The existence of risk presents both threats and opportunities to the Company. Company’s Risk management process is aligned with ISO 31000.

The Risk Management Framework describes the following:

Categorization of Risk

Risk management framework starts with the understanding of the business objectives in ensuring that key risks are identified.



Identify and manage potential events that may affect the Company

Risk management framework provides a structured and consistent approach to identifying, rating, mitigating, managing and monitoring risks. It also assists decision makers to make good management decisions within an environment of tolerable strategic and business risk limits, including identifying and leveraging opportunities.

Accountability for Risk Management

Risk Management Framework provides:

- An environment where staff understand and assume responsibility for managing the risks for which they are responsible and the controls to mitigate those risks;
- Independent assurance and audit activities to provide feedback to management that quality processes and controls are in place and are effective.
- Relevant, timely information across clear reporting structures.

Governance and Oversight of Risk Management Activities

The Board is responsible for the Risk Management Framework. The Executive Leadership Team under the leadership of the Chief Executive is responsible for implementing the strategy, culture, people, processes, technology and structures which constitute the Risk Management Framework. The Company is effectively equipped to face any challenges and uncertainties that are likely to arise. Through combined experience, skill and effective business reporting, Management remains aware of internal and external developments.

CAPITAL STRUCTURE'S ADEQUACY:

Management believes that there is no inadequacy in capital structure.

Risks & Opportunities Report

Type of Risk	Risk	Sensitivity	Source	Nature	Likelihood	Consequences
Strategic Risk	High competition in global market	High	External	Ongoing	Likely	<p>Possibility of profit margin reduction due to pricing pressure</p> <p>Potential impact on sales growth through customer base sharing</p>
Strategic Risk	Technological obsolescence of production facilities and IT infrastructure	Medium	External / Internal	Long term / Ongoing	Likely	Failure to keep pace with technological advancements can result in process inefficiencies, ultimately affecting both production costs and sales volume.
Financial / Commercial Risks	Credit risk stemming from customer defaults	Low	External	Medium Term / Ongoing	Remote	Payment defaults could influence the Company's cash flow, potentially affecting its overall profitability and working capital requirements.
Financial Risk	Fluctuations in currency exchange rates	High	External	Medium Term	Very likely	Some specific operational and capital expenditures are susceptible to foreign exchange fluctuations. Additionally, the unfavorable exchange rate between the PKR and USD has led to a loss of competitiveness in exports and presents a challenge for the business to align costs with currency fluctuations, making precise decision-making more difficult.
Operational Risk	<p>Increase in the cost of raw materials</p> <p>Insufficient supply of raw materials</p>	High	External	Medium Term	Very likely	Raw materials constitute a significant portion of the cost of goods sold. Therefore, any rise in their prices directly affects both profitability and pricing competitiveness.
Operational Risk	Fluctuations in the supply and costs of energy, fuel, and water	High	External	Medium Term	Very likely	Fuel, electricity, and water play a crucial role in the manufacturing industry, and any disruption in their supply or cost can directly impact the business's success and smooth operations.

Mitigating Strategy / Organizational Response	Related Opportunities / Value creation	Risk Ranking
<ul style="list-style-type: none"> Senior management conducts routine market analysis to assess marketing requirements. Ongoing enhancement of product quality through research and development efforts. Utilization of cutting-edge technology to attain cost competitiveness. Emphasis on fostering innovation. Expansion of customer base by exploring new export markets. Implementation of aggressive marketing strategies and nurturing customer relationships. 	<p>To enhance market share and bolstering presence, by prioritizing innovation, effective cost management, and the maintenance of optimal product quality</p>	1
<ul style="list-style-type: none"> Significant capital allocation to fund new expansion projects and implement BMR initiatives for our existing manufacturing facility. These endeavors leverage cutting-edge technology to enhance cost competitiveness and optimize production efficiency. Ongoing enhancements to our information technology infrastructure and the development of advanced Management Information Systems (MIS) software, complemented by the implementation of an ERP system. These initiatives are aimed at meeting the evolving requirements for timely and accurate reporting in our ever-changing business landscape. 	<p>Timely investments in state-of-the-art production facilities yield operational synergies and enhance the efficiency of our processes, leading to cost competitiveness and improved production quality, thereby positioning us to meet the growing demands of our customers and maintain a competitive edge in the market.</p>	6
<ul style="list-style-type: none"> Regularly monitoring receivable aging to ensure prompt recoveries. Implementing reconciliation and confirmation mechanisms. Exploring new export markets to expand the customer base. The credit committee regularly assesses and reviews customer credit limits and terms after conducting a comprehensive evaluation of creditworthiness and associated risks. Proactive and timely dissemination of information regarding financial difficulties / potential bankruptcy of customers. 	<p>Strategically managing and overseeing cash flows has the potential to yield substantial financial benefits by both reducing costs and uncovering attractive investment prospects.</p>	7
<ul style="list-style-type: none"> A dedicated team of treasury professionals consistently monitors the forex market to seize opportunities arising from market fluctuations. The Company benefits from a built-in hedge for USD exposure. We mitigate the risk of forex fluctuations by utilizing financial derivatives, such as forward contracts, in accordance with the Board's approved policy. 	<p>Protecting against the detrimental consequences of currency fluctuations can open up opportunities for the Company to sustain and enhance its profitability in various areas.</p>	4
<ul style="list-style-type: none"> The Company conducts regular reviews of raw material prices to adopt a proactive stance in response to unforeseen situations. Enhancements to storage capacity have been made to ensure the timely procurement of goods. Management is dedicated to implementing strategies aimed at improving operational efficiency and enforcing effective cost control measures. 	<p>For certain direct materials, the opportunity to secure bulk purchases at discounted prices and increase storage capacity has the potential to reduce the Company's reliance on vendors.</p>	3
<ul style="list-style-type: none"> The Company employs a diversified energy source strategy to prevent excessive dependence on any single source, maintaining an optimal blend to minimize costs. Significantly increasing our capacity for solar and captive power generation has greatly enhanced operational efficiency, productivity, and cost reduction. The Company effectively operates a wastewater treatment plant to meet its needs and is certified under ISO 50001-2011 for Energy Management System compliance. 	<p>The pursuit of diverse energy sources, which eliminates dependence on any single one, coupled with improved efficiency and cost reduction through the attainment of an optimal energy blend.</p>	5

Risks & Opportunities Report

Type of Risk	Risk	Sensitivity	Source	Nature	Likelihood	Consequences
Operational Risk	Turnover of skilled staff	Low	Internal	Short Term	Likely	High employee turnover among skilled staff can disrupt the seamless operation of tasks and create challenges in finding suitable, competent replacements, ultimately resulting in higher salary costs and additional expenses associated with employee recruitment and training.
Commercial Risk	Economic downturn	Medium	External	Medium Term / Ongoing	Likely	Demand for products may be impacted.
Natural Risk	Suspension of operations due to natural disaster	Medium	External	Long term / Ongoing	Likely	A production halt and unexpected capital needs for reconstruction can result from any natural calamity.
Compliance risk	Non-compliance of applicable laws and regulations	Medium	Internal	Short term	Remote	Exposure to penalties, litigations and repercussions due to non-compliance of laws and regulations in addition to adverse impact on the reputation.
Commercial risk	The imposition of tariffs in export markets due to trade protectionism could have an effect on the company's sales.	Medium - High	External	Medium Term	Likely	Decrease in export sales and business.

Mitigating Strategy / Organizational Response	Related Opportunities / Value creation	Risk Ranking
<ul style="list-style-type: none"> The Company ensures the following to mitigate the risk and create value and to keep the employees motivated and loyal: <ul style="list-style-type: none"> * Congenial working environment * Optimal growth opportunities * Market based remuneration package * Career planning and development through mentoring and trainings * Succession planning with the aim to create future leaders 	<p>Focused personnel development and training initiatives can propel the Company to attain a leading position and foster the generation of innovative ideas and valuable contributions to our success. Additionally, this approach will facilitate the recruitment of a substantial pool of qualified, young talents with the potential to evolve into the next generation of highly skilled specialists and executives.</p>	8
<p>Carrying a portfolio of products that has comparatively differing price points / affordability protects against downturn to a certain extent. Diversification into other textile categories also supports in such cases.</p>	<p>The downturns / economic challenges compel the companies to think in different direction to protect / explore existing and new opportunities.</p>	2
<p>In this context, the Company has implemented comprehensive precautionary and safety measures, encompassing security planning, disaster recovery planning, business continuity strategies, and insurance coverage, all aimed at mitigating risks and swiftly restoring operational activities.</p>	Not applicable	11
<p>The company has assembled a proficient legal team comprising of experts and a network of advisors to keep itself informed and ensure adherence to all legal and regulatory obligations. This includes compliance with employment and industrial laws, tax laws, corporate governance codes, and the Companies Act of 2017, all aimed at preventing any legal repercussions.</p>	<p>To operate in a stable market with least volatility and low occurrence of unforeseen variables.</p>	9
<p>Ensuring that prices and quantum of exports maintain the demand of the Company's product intact. Additionally, maintaining diversity of export markets to limit dependence on one single destination.</p>	<p>Market diversification with better customer satisfaction.</p>	10

Competitive Landscape and Market Positioning

The fiscal year 2022-23 began laden with challenges that started to show up in the preceding year. Economic growth witnessed a significant slowdown, exacerbated by unexpectedly high inflation rates on a global scale. This compelled central banks to raise interest rates and elevated financial vulnerabilities. These challenges were compounded by broader global issues, including the escalating cost-of-living crisis, the Russia-Ukraine conflict, and the persistent impacts of the pandemic, contributing to prolonged uncertainty.

In parallel, the industry grappled with rapidly evolving competitive dynamics, both domestically and internationally. On the demand side, sky-high interest rates, unprecedented core inflation levels, and evolving consumer preferences led to a sharp contraction in consumer spending, resulting in a worldwide economic deceleration. Conversely, supply chain disruptions in the first half of the year, coupled with retailer bankruptcies, labor shortages in the US, and excess production capacities at mills, all played their part in driving down export sales. Regionally, neighboring nations' assertive foreign policies and new geopolitical alliances further intensified challenges for Pakistan, putting pressure on sales prices and business volumes. In the retail sector, attempts to restore prices to pre-COVID levels encountered resistance, leaving major retailers struggling to preserve their core business and profitability as the fiscal year concluded.

Staying true to our brand promise of “Weaving a Better World®” Feroze1888 is committed to staying close to our customers. By effectively engaging and listening to the voice of our customers we are increasing our customer intimacy, designing products that meet or exceed customer expectations, building new programs that position us as a supplier of choice for global, retail, hospitality and healthcare segments.

By capitalizing on our global brand image, strong technical expertise, long-term & in depth strong relationship with global customers, strong business

acumen and world-class manufacturing, Feroze1888 has and will continue to bring value to our esteemed clientele. Some of the key initiatives include:

- Product Development & Innovation
- New Market Development
- Product category development
- Strengthening backward integration
- Adopting 3R (Reduce, Reuse and Recycle) philosophy
- Enhancing traceability
- Leading with Excellent Execution at all times

SEASONALITY OF BUSINESS

Throughout the year, we maintain a fairly consistent level of production and sales. However, it's worth noting that there can be periodic increases in both production and sales, primarily attributed to promotional activities initiated by our customers during various times of the year.



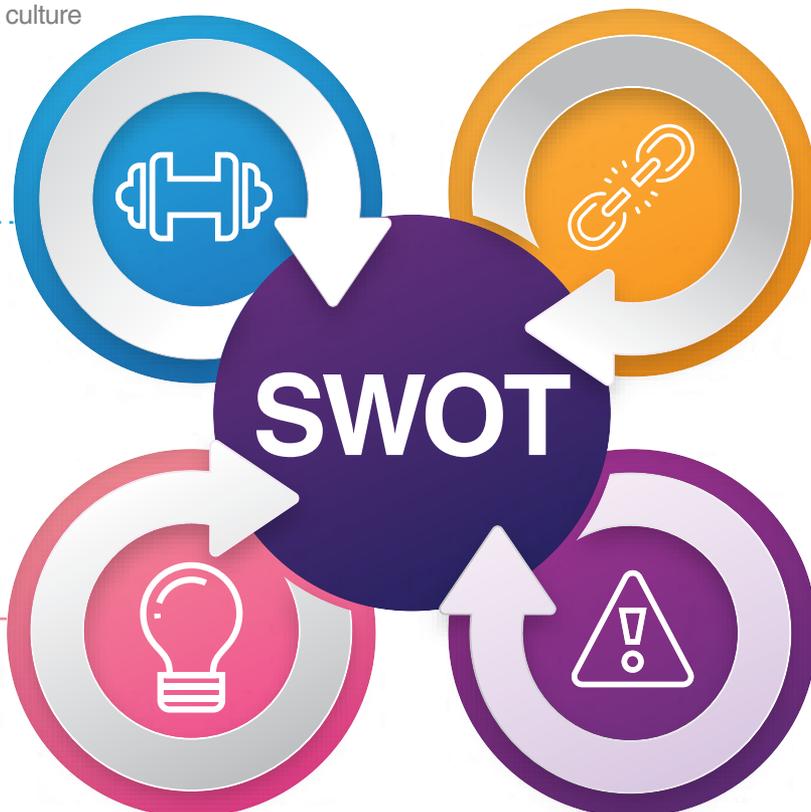
SWOT Analysis

Strengths

- Strong customer base
- Consistency in quality and customer service
- State of the art vertically integrated manufacturing facilities
- Economies of scale
- Environmentally and socially responsible organization
- Focus on Compliance & Sustainability
- Experienced and skilled work force
- Strong corporate culture

Weaknesses

- Relatively homogeneous product base
- Reliance on depleting natural resources
- High labor-intensive industry
- Dependence on particular region for sales



Opportunities

- Value addition in product lines
- Product Diversification
- Region-wise distribution diversification
- Implementation of energy efficient technologies
- Technological advancements for optimization of manufacturing processes and costs

Threats

- Global economic slowdown and inflation
- Increase in raw material, fuel and labor costs
- Economical and Un-interrupted supply of natural gas
- Instable home currency
- Inconsistent Government Policies for Textile Industry
- Domestic political instability & International geopolitical situation

**In the
realm of
aspirations,
hope pleats
its magnetic
essence.**

Daffodils symbolize the arrival of spring and the **promise of renewal**, infusing an aura of optimism and fresh opportunities. Much like these flowers, a **forward-looking approach** embodies rejuvenation and potential, signaling our transformative progress. The enduring commitment to strive, mirrors the daffodils' ability to triumph over adversity and serves as a beacon of hope.





Strategy and Resource Allocation

Transforming vision into reality

Feroze1888 is dedicated to ensuring a better future by making sound choices today. The Company's management is focused on revolutionizing the organization by emphasizing strong leadership, fostering a unique organizational culture, promoting professional excellence, and maintaining financial stability, with the aim of maximizing returns for stakeholders.

S. No	OBJECTIVES	NATURE	STRATEGIES
1	Sales growth & profitability	Medium to Long Term	Initiatives aimed at driving business growth and profitability involve an ongoing emphasis on optimization, capacity enhancement, and efficiency improvements.
2	Risk minimization through business diversification	Short to Medium Term	The Company is committed to exploring and assessing new areas and market segments as part of its brand promise to Weaving a Better World.
3	Enhance operational efficiency & Cost optimization	Short to Medium Term	Ensure the optimal utilization of Company resources and establish systems and processes to improve collaboration and synergy among the various functions.
4	Optimum product quality to achieve Customer satisfaction	Short to Medium Term	We are dedicated to implementing rigorous quality assurance policies and guidelines, as well as obtaining ISO 9001:2015 Quality Management System certification.
5	Environmental sustainability	Long Term	Minimize carbon emissions and make a positive environmental impact by investing in projects aimed at waste reduction, water conservation, and energy efficiency.
6	Be an employer of choice	Medium to Long Term	<p>Prioritize employee motivation and implement initiatives that foster trust and cultivate a pleasant, diverse, and educational work atmosphere. This includes:</p> <ul style="list-style-type: none"> Investing in talent acquisition, development, and recognition. Developing succession plans. Implementing transparent performance management mechanisms. Sustaining a culture of diversity, equity, inclusiveness, and belonging. Enhancing collaboration and communication across vertical and cross-functional teams

RESOURCE ALLOCATED	STRATEGIES DIRECTLY AFFECTED BY	KPI MONITORED	VALUE CREATION FOR
Financial capital, human capital, social and relationship capital.	Social & Environmental changes	<ul style="list-style-type: none"> - Profitability margins - Sales growth versus market growth - New export destinations - Improved customer satisfaction index 	Economy of the Country, Customers & Stakeholders.
Financial capital & human capital.	Geographic change, Social & environmental challenges	<ul style="list-style-type: none"> - Profitability Ratios - New destinations & segments - Return on Capital Employed 	Shareholders & employees
Financial capital, human capital, manufactured capital and intellectual capital.	Technological & Environmental changes	<ul style="list-style-type: none"> - Profit margins, - Return on Investment and - Fostering & monitoring of a strong Kaizen culture 	Customers & Shareholders
Financial capital, human capital, Intellectual capital, social and relationship capital.	Social & Environmental changes	<ul style="list-style-type: none"> - Product Quality Survey - Customer satisfaction index 	Customers
Financial capital, human capital, social and relationship capital	Technological & Environmental changes	CSR and Sustainability targets	Environment & Society
Financial capital, human capital, social and relationship capital.	Social & Environmental changes	<ul style="list-style-type: none"> - Employee turnover rate - Feedback on employee engagement surveys 	Employees

Significant Plans and Decision

THE LEGISLATIVE AND REGULATORY ENVIRONMENT IN WHICH THE ORGANIZATION OPERATES

Feroze1888 has always been fulfilling the requirement as laid under the various Corporate and taxation laws. Further, being a listed Company, we strictly comply with requirements under Pakistan Stock Exchange (PSX) regulations. In addition to that, the Company also has an efficient team of professionals to ensure compliance with all enactments including Customs Act and FE Manual by SBP.

KEY RESOURCES AND CAPABILITIES OF THE COMPANY WHICH PROVIDE SUSTAINABLE COMPETITIVE ADVANTAGE

As a leading textile exporter in the Country, the Company's sustained success amidst ongoing external challenges would not have been possible without the extraordinary efforts of our dedicated workforce. Our employees, who are our most valuable asset, have consistently demonstrated their commitment and support, driving the Company's progress. It is evident that our clear purpose and deeply ingrained values are the cornerstone of our sustainable competitive advantage. Apart from it, other key resources and capabilities includes the following:

- BMR - Continuous investment in state of the art manufacturing facilities and advanced technology.
- Experienced and professional team to handle each process.
- Providing a continuous learning environment that enhance creativity and teamwork.
- Innovation, product quality, diversity and backward integration.

STRATEGIC DECISION-MAKING

The management, in collaboration with the Board of Directors, continuously enhances its capabilities to proactively identify risks and devise appropriate strategies for risk mitigation while shaping the strategic roadmap. The Board routinely evaluates the Company's strategic direction, business plans, and performance. Additionally, the Board has established sub-committees, each with clearly defined roles and responsibilities outlined in their respective terms of reference. Strategic decisions are deliberated upon by these Board committees, and they oversee the organizational culture, including its stance on risk management and mechanisms for addressing integrity and ethical concerns. These matters are subject to regular discussion and updates, with committee members conducting quarterly reviews.

STRATEGY TO OVERCOME ANY LIQUIDITY PROBLEMS

The Company's capacity to generate sufficient liquidity represents a notable strength, affording management the flexibility to finance business expansion and invest in cost-saving endeavors. The Company boasts a robust capital structure, well-supported by shareholders' equity. Furthermore, the Company has leveraged subsidized financing available to exporters to meet both long-term and short-term financial needs.

The Company has the legacy of timely payments and there have been no defaults against any payment due to financial institutions, vendors, Government agencies, etc. The management is confident to successfully manage the liquidity position in future as well.

Due to strong financial position, Feroze1888 enjoys good business relationship with all reputable banks and financial institutions of the Country. The Company regularly monitors the debt-equity to effectively manage the capital structure and other financing ratio.

FUTURE RELEVANCE

The KPIs will remain relevant in the future.

SIGNIFICANT CHANGES FROM PRIOR YEARS

There is no material change in organization's structure, objective and strategies from the previous year.

SIGNIFICANT PLANS AND DECISIONS

In the near future, there are no plans for any restructuring or discontinuance of operations.

Major Capital Expenditures

To stay competitive and meet the increasing demands of customers, especially on a global scale, the Company consistently invests in improving production capacities and optimizing current operations. In the current year, a capital expenditure of Rs. 8.44 billion has been undertaken. This expenditure primarily focuses on enhancing production capacities in spinning and civil infrastructure works in weaving, dyeing and stitching in addition to routine improvements.

The capacity and capability enhancing projects started in 2016-17 and are undertaken in phases. Upon completion of phases, the capacities has went live over the course of last five years.

Forward Looking Statement

Global economic activity has experienced a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia-Ukraine conflict, and the lingering pandemic all weighed heavily. In recent years, the World has faced waves of challenges, from the pandemic to geopolitical turmoil, to the unfolding bank liquidity challenges. The impact of such a lengthy period of uncertainty is being felt by everyone.

The balance of risks remains tilted to the downside however, adverse risks have moderated since the end of 2022 - the outlook for the global economy took a positive turn early in the year. Inflationary pressures began to ease, with global energy prices back at levels last seen prior to the Russia-Ukraine conflict. In addition, base effects from the rise in energy prices following the conflict are now coming off, putting further downward pressure on inflation for the rest of this year. Prices of other commodities as well as global food prices have also eased. However, domestic inflationary pressures remain relatively elevated in a number of economies, in particular those with tighter labor markets, although even there inflation probably already passed its peak, with headline inflation expected to continue falling this year, and potentially reaching central banks' targets by 2024.

Recent tensions in the banking system, and the uncertainty it unleashed has inevitably tightened credit conditions while exposing markets' fragility following an unprecedented period of monetary tightening. While, the tightening cycle almost reached its course in some economies, other central banks – notably the Fed and ECB – expected to tighten further. However, latest developments in the banking sector and bond markets could see rates peak sooner and at lower levels.

Having said the above, risks to the economic outlook are broadly skewed to the downside. The global economy has been through a series of significant shocks over the past three years – the Covid-19 pandemic and the Russia/Ukraine conflict – and saw a major expansion to government debt and a significant hike in policy interest rates by central banks. The ramifications of some of that may not have surfaced yet and are still to witness their full impact and how they interact.

The challenges that Pakistan faces are a result of decades of lack of robust policies and implementation in letter and spirit – the global headwinds have just compounded the situation for the already ailing economy. Moreover, climate change poses a grave challenge to Country's economic, social, and environmental development. The resolution of Pakistan's economic crisis requires a commitment to sustained macro-fiscal and structural reforms and lay the foundation for recovery of private investor confidence and higher growth over the medium term. However, downside risks to the outlook remain very high - they include, inter alia, politically-driven slippages in fiscal policy in the context of upcoming elections, constraints on foreign exchange liquidity and uncertainties around external funding inflows, rising levels of public debt, growing exposure of banks to the public sector and political instability.

The issues afflicting the textile sector of Pakistan are also almost a carryover of the issues it faced in the previous year – apart from domestic challenges, the need to keep a close eye on the changing strategies of the customers on the back of fickle consumer demand will be critical along with focus on business delivery and cost competitiveness to navigate these unprecedented challenging times – we at Feroze1888 remain cautiously optimistic with sticking to our basics of customer centricity and delivering on our rationalized investment plans for a promising future.



This Annual Report contains or may contain forward-looking statements, all of which are based on management's current expectations and are subject to risks and uncertainties which may cause results to differ materially from those set forth in the statements. Stakeholders can identify these forward-looking statements by their use of words such as "anticipates," "expects," "plans," "will," "estimates," "forecasts," "projects" "intend," "may," and other words of similar meaning, or negative variations of any of the foregoing. One can also identify them by the fact that they do not relate strictly to historical or current facts. These statements are likely to address the Company's growth strategy, financial results, product development, product approvals, product potential, and development programs. Stakeholders must carefully consider any such statement and should understand that many factors could cause actual results to differ materially from the Company's forward-looking statements.

These factors include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward-looking statement can be guaranteed and actual future results may vary materially. The Company does not assume the obligation to update any forward-looking statement. The Company cautions its stakeholders not to place undue reliance on these forward-looking statements.

Company Performance against Last Year's Projections

The fiscal year 2022-23 was anticipated to be challenging and it did not fall short of the expectations. High inflation across the globe & resultant reduction in disposable incomes, change in consumer preferences, higher raw material, energy, labor, finance costs and fiercer competition in the

market place was all part of the forecasts for this year.

The Company's performance is overall in line with the projections. The Company's net sales revenue increased by Rs 8,154 million i.e. 16.6% and clocked in at Rs 57.2 billion. The profit after tax amplified by Rs 5,561 million i.e. 2.6x to close at Rs 8.9 billion in comparison with corresponding last year. The earning per share (EPS) increased to reach Rs 22.46/share vs Rs 8.76/share last year.

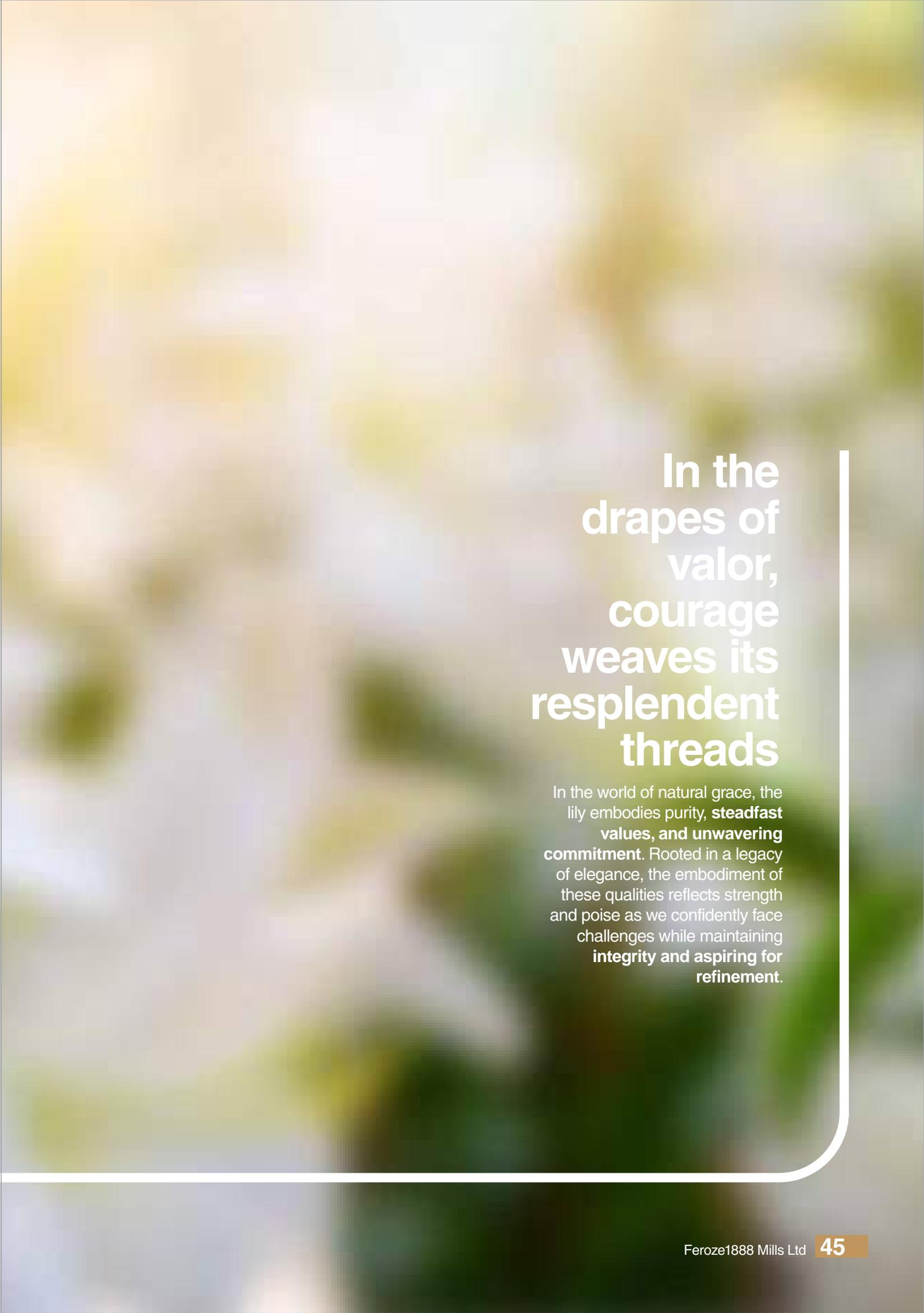
The BMR investments as envisaged in the previous year forward looking statement have been undertaken as planned.

Sources of Information:

Management has referred data and statistics from different published economic research reports. It has developed its estimates based on assessment of market surveys, economic research reports, discussions with industry professionals and in-house professional discussions. The Company prepares annual budgets and forecasts to manage business more effectively. Past trends, prevailing conditions and future expectations form the basis of our projections, and corrective actions are incorporated therein to devise operational and financial plans for the future, in line with the approved strategies. Further, macro and micro economic indicators, markets trends, international and local material price forecasts, data from regulatory & taxation authorities, seasonal variations and competitors' actions etc. also form basis for the forecasting. Internal capacities are reviewed based on available data and alignment is planned to achieve desired results.







In the drapes of valor, courage weaves its resplendent threads

In the world of natural grace, the lily embodies purity, **steadfast values, and unwavering commitment.** Rooted in a legacy of elegance, the embodiment of these qualities reflects strength and poise as we confidently face challenges while maintaining **integrity and aspiring for refinement.**

Chairman's review

Dear Shareholders

On behalf of the Board of Directors, I am delighted to present to you our Annual Report 2023.

The report elaborates the overall performance of the Company for the year ended June 30, 2023 highlighting the business, investment and sustainability endeavors - and effectiveness of the Board in achieving these objectives.

The year 2022-23 did not fall any short of the expectations we had for the year – it being one of the most challenging year for the entire World with global headwinds weighing high. We at Feroze1888 remained dedicated to our basics of maintaining customer intimacy and proactively adjusting the course of actions to ensure we take the long view for sustainable future. We recognize the importance of Stability and Continuity - Company's fundamentals continue to be enhanced with sustainable and planned investments underpinning our cost competitiveness – while diligently delivering on UNSDGs as part of our sustainability commitments.

The Board recognizes that well defined corporate governance processes are vital in enhancing corporate accountability, and is committed to ensuring high standards of corporate governance to preserve and maintain stakeholders' value. The composition of the Board depicts reasonable balance and diversity including independent directors. The Feroze1888 Board possesses the requisite skills, core competencies and industry knowledge to lead the Company. During the year, the Board performed its duties as required under the Companies Act, 2017

and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations) effectively and diligently. The annual evaluation of the performance of the Board as a whole and its committees has been carried out in accordance with the requirements of the Regulations to ensure that the Board's overall performance is in line with the developed comprehensive criteria, and found its performance satisfactory.

In July 2023, the previous Board completed its tenure and a new Board was elected for three years. I would like to thank the retiring Board members Messrs. Jonathan R. Simon and Nasim Hyder for their invaluable contribution over the years. We welcome the newly elected directors to the Board - Messrs. Moin M. Fudda and Temoor Ashraf Mukaty.

We would like to express profound gratitude to our shareholders for your continued trust in the Company. We are heartened by the agility and resilience exhibited by our management team under the inspiring leadership of our CEO, Mr. Rehan Rahman.

One challenging year has just ended and another one is likely in store – more so for Pakistan. We nonetheless, remain focused - fueled by our passion on delivering our commitments to *our global customers, our shareholders and our people*. We continue to pray to Allah Almighty for the continued success of the Company and the benefit of all stakeholders, as well as for Pakistan.

Abdul Rehman Yaqub
Chairman and Director





CEO's message

Asalam-o-alaikum

The year 2022-23 began laden with the challenges from the preceding year - growth lost momentum with sharper than expected slowdown, high inflation broadened across countries, interest rates increase necessary to curb inflation and heightened financial vulnerabilities. Pakistan – experienced a trifecta of challenges, as political unrest, an economic crisis, and destructive floods gripped the nation – aggravated by the global headwinds.

These challenges remind us of the interconnectedness and unpredictability of businesses, economies, and societies. Resilience - the ability to thrive under change then becomes the way to operate than a mere response to crisis. At Feroze1888, we endeavor to systematically codify the lessons learnt and bake resilience into the organization – making Resilience a potential strategic advantage.

The vital statistics below reflect the dedication and commitment of the teams to deliver in the face of a very challenging economic environment both globally and domestically. We adopt a robust and holistic approach to positive environmental, social and governance (ESG) factors – glimpses are given herewith:

Financial Performance	Creating Value for Shareholders	Progressing on Sustainability Agenda
PKR 14.38b EBITDA	PKR 22.46 Earnings Per Share	Renewable Energy Generation Capacity
90.21% 	2.56x 	25.60% 
25.16% EBITDA Margin	24.45% Return on Equity	Reclaimed 250+ M Gallons of Water Sufficient for 1,500+ Household
9.73% 	13.06% 	4.82% 
PKR 8.97b Net Profit	11.66% Return on Assets	Energy Saved 7.5 GWh Sufficient for 2,600 Household
2.63x 	6.19% 	
15.69% Net Profit Margin	PKR 10.93 Dividend Per Share	
8.74% 	2.56x 	

I am pleased to share with you our Annual Report 2022-2023 – this highlights just some of the stories that shaped our year, our Governance, Risk Management, Sustainability & Corporate Social Responsibility initiatives.

I would like to end this letter with thanking the retiring Board members Messrs. Jonathan R. Simon and Nasim Hyder for their invaluable contribution over the years and welcome the newly elected directors to the Board - Messrs. Moin M. Fudda and Taimoor Ashraf Mukaty. I extend sincere thanks to our shareholders, Board of Directors, our customers and business partners for their continued support, trust and confidence. This journey would not have been possible without my extended Feroze1888 family – thank you for your perseverance and commitment.

Take care & Allah Hafiz.
Rehan Rahman

Directors' Profile



Mr. Abdul Rehman Yaqub

Chairman / Non-Executive Director

Mr. Abdul Rehman Yaqub after completing his education in the US entered into textile industry almost 35 years back. Starting out as a young businessman with a strong work ethic, he started sales and distribution textile Company named as Eastern Imports Ltd. Within few years, he expanded the operation by acquiring manufacturing facilities in Bangladesh and Sri Lanka. While his company was growing internationally, he worked on expanding his US operations by merging with another niche textile company to become Eastern-Shelnor, Inc. (ESN).

From the success and growth of ESN another merger came into play with him leading the way. ESN merged with a textile manufacturer and became 1888 Mills, LLC with manufacturing capabilities in the US.

Over the years, he has utilized his many years of knowledge and understanding of the global textile market to be the visionary of the Company. His unique ability to bring together people of diverse cultures and backgrounds has enabled 1888 Mills US to be one of the pioneers of global textile production, with mills in Pakistan, Bangladesh, Ghana and the United States. Today Mr. Yaqub is seen as a predominant global business leader.

Other Directorships

1888 Mills, LLC
GMI Funds, LLC
Grangeford USA Inc

Mr. Shabbir Ahmed

Non-Executive Director

Mr. Shabbir Ahmed belongs to a family who has diversified stake in industries, trade and commerce for many decades in Pakistan. He himself is engaged in the business for almost 45 years both independently and in joint ventures / partnership with other family members as well as other business houses and individuals. In addition to trading / commercial activities he has a substantial stake in textile sector.

He has contributed extensively on advancement in textile sector including exploration of export market, contract negotiation and customer retention. Mr. Shabbir is highly respected in the business community as a man of commitment.

Other Directorships

UTI Industries (Pvt.) Ltd
Prominence Hospitality Pakistan (Pvt.) Limited



Mr. Khaleequr Rahman

Non-Executive Director

Mr. Khaleequr Rahman is with the textile industry for more than four decades. Belonging to a family in business for generations, he was made part of business during his education days and started to learn and understand the textile and other family businesses.

With the broadening of experience and exposure, his role was enhanced over time and ultimately assigned the responsibility to lead the business. After assuming the role, he strongly emphasized on change in culture, adopting and practicing the more proven technological advancements and made all his efforts to adopt good practices and introduced the culture of high performance with maximum economization. With his vision and leadership capabilities and foresightedness, he not only enhanced the volume and profit by many folds but also built on principles of Sustainability to rank as largest terry manufacturing concern in the Country.

Other Directorships

The ILM Foundation
Jamiyat Taleem ul Quran
Nigehban (Pvt.) Limited
Indus Hospital Health Network

Mr. Perwez Ahmed

Non-Executive Director

Mr. Perwez Ahmed's career began nearly five decades ago and his association with Feroze1888 is from the beginning as he was among the founding members of the Company. With his business acumen & cross industry experience he has ventured into pharmaceutical industry as well and is a director on the board for one of the leading pharmaceutical companies in Pakistan.

Mr. Perwez is very active in the textile community to date and had represented the Company in various associations & forums over the years. Over the span of his professional service, he has proven his expertise in strategically leading the business with a strong acumen in finance, sales, marketing, and general management. He has very strong interpersonal & communication skills and is actively involved in philanthropic activities.

Other Directorships

The Patient's Behbud Society for AKUH
M&N Impex (Pvt.) Limited
Friendship Dairies (Pvt.) Limited
Macter International Limited



Mr. Zain Ashraf Mukaty

Non-Executive Director

Mr. Zain Ashraf Mukaty graduated from the University of Pennsylvania, with a dual degree in Economics and Engineering as part of the prestigious Jerome Fischer Program in Management and Technology. He worked at Cornerstone Research in New York as a Consultant before moving back to Pakistan.

Mr. Zain has been an integral part of the new venture development team at Liberty Group. He has a multifaceted role and is involved in various new projects that diversified Liberty Group portfolio. He is leading the project development, financing and execution of 100 MW wind power, Liberty Wind Power 1 & 2, as the Executive Director. He is also a Director of Pakistan Aluminum Beverage Can Limited, and had a leading role in the turnaround of the company focusing on operations, sales, strategy and growth.

In addition, Zain is the Chief Executive Officer at Oncogen Pharma (Private) Limited, developing the first fully compliant cancer drugs manufacturing facility in Pakistan. His key role in the company is highly enterprising, focusing on successful project design, execution, technology transfer and commercialization.

Other Directorships

Liberty Mills Limited
Pakistan Aluminum Beverage Cans Limited
Oncogen Pharma (Pvt.) Limited
Liberty Thar Power (Pvt.) Limited
Liberty Solar Energy Limited
Infinity Metals (Pvt.) Limited
Innovatex 1888 (Pvt.) Limited
Liberty Cold Storage 1 (Pvt.) Limited

Mr. Anas Rahman

Non-Executive Director

Mr. Anas Rahman has completed his M.B.A in Marketing from Institute of Business Management Karachi. He has more than 20 years of experience in the textile sector. He has worked in different capacities including as Director Marketing, Chief Executive Officer and Vice Chairman for Feroze1888 Mills Limited.

As a visionary and strategic thinker, he possesses good leadership skills and has lead teams effectively and successfully. Over the years he has successfully diversified into Agriculture, Pharmaceutical and other industries.

He is a Certified Director from the Pakistan Institute of Corporate Governance.

Other Directorships

Frieden Management (Pvt.) Limited
Crafters Polypropylene Packages (Pvt) Limited
Premier1888 Mills Limited
Friendship Dairies (Pvt.) Limited
Dost-e-Zeest Foundation



Mr. Temoor Ashraf Mukaty

Non-Executive Director

Mr. Temoor Ashraf Mukaty, graduated from Babson College, Boston with a degree in Finance and Accounts in 2016.

Since moving back to Pakistan in 2016, he has been looking after the affairs of Liberty group with a particular focus on Liberty Mills Limited where he is working on expanding both the product range as well as strategically working for vertical integration.

Mr. Temoor is also involved in actively managing investments in the Group's publicly listed equities and identifying new areas for investment.

Mr. Moin M. Fudda

Independent Director

Mr. Fudda was elected on the Board in July 2023. He has over 45 years of experience which encompasses working in the corporate sector as well as performing diplomatic duties. He holds B.S. in Insurance & Economics from the RCD College of Insurance, Tehran, and MBA in Insurance & Risk Management from St. Jones University New York.

In his former role as Managing Director of Karachi Stock Exchange (now Pakistan Stock Exchange), he was elected as Chairman of the Corporate Governance Task Force of Federation of European and Asian Stock Exchanges (FEAS). He has helped in creation of Pakistan Institute of Corporate Governance (PICG) and is a member of its faculty as well as a Certified CG Trainer by International Finance Corporation.

Prior to joining KSE, he was Country Chief of New Zealand Insurance and Commercial Union (CU now AVIVA) and Founder MD of CU Life (now Jubilee Life). He has also held positions such as Country Director, Center for International Private Enterprise, an affiliate of US Chamber of Commerce, Executive Director Pakistan Reinsurance Company and Client Executive, Stewart Wrightson, Lloyds Insurance Brokers.

In 1989, he was presented with the Best Managers Award by the Institute of Business Administration (IBA). In 1990, NZ Commemoration Medal was conferred on him by the Queen of New Zealand and in 2002, he was recognized as the Honorary Officer of the New Zealand Order of Merit (ONZM). In 2006, he was conferred the coveted Sitara-e-Imtiaz by the President of Pakistan.

Other Directorships:

- Central Depository Company of Pakistan (Chairman of the Board).
- Pak Suzuki Motor Company Limited.
- Gadoon Textile Mills Limited.



Ms. Huma Pasha, FCA, CIA, CRMA & CICA
Independent Director

Ms. Huma is currently serving as the Senior Partner at Usmani & Co. and brings with her over 35 years of local and international working experience with various national and global institutions including Citibank, Hub Power Company and Dawood Hercules group in several management capacities. Besides this, she is a professional trainer and has been carrying out workshops, seminars and conferences at various reputable institutions. She is highly passionate for training services and more frequently indulge herself in various trainings on Directors training, Board performance evaluation, risk based internal audit including role of Internal Audit in connection with Ethics and Fraud, and sustainable business propositions etc.

Huma has served on the Audit Committee of the State Bank of Pakistan Banking Services Corporation and carried out quality assurance review of State Bank of Pakistan's Internal Audit and Compliance Department. She has also served on the Quality Assurance Board of ICAP and several of their Committees and was highly active with the Institute of Internal Auditors Global and Institute of Internal Auditors International Board. She was the first Chairperson of the Chartered Accountants Woman's Forum of ICAP.

She is a Chartered Accountant by profession and has obtained various certifications including Certification in Risk Management Assurance; Internal Controls and Internal Audit.

Other Directorships

UBL Fund Manager Ltd
Government Holding (Pvt.) Limited

Ms. Aminah Zahid Zaheer
Independent Director

Ms. Aminah is the Managing Director of Zahid Zaheer & Associates, a multi-disciplinary, reputable management consultancy firm based in Karachi. Prior to relocating to Pakistan, Ms. Aminah was employed with The Body Shop International Pte Ltd where she held the position of Regional Finance Director for Asia Pacific, based out of Singapore. Ms. Aminah holds over 30 years of diverse working experience with some of the world's largest FMCG firms – namely Unilever, Johnson Wax, Johnson & Johnson, L'Oreal SA and The Body Shop.

Ms. Aminah has acquired over 15 years of Boardroom experience and has served on diverse boards of various Private Limited Companies as well as Listed Companies, both as an Executive Director and as an Independent Director. She completed the Directors Training Program on Corporate Governance from PICG initially in 2007, followed by a refresher course in 2018 and is certified by PICG on Corporate Governance Leadership Skills.

Ms. Aminah completed Masters in Business Administration from The Institute of Business Administration (IBA) Karachi in 1990 with a major in Finance. During the course of her professional journey, she has also completed innumerable training courses with INSEAD in France, with the CFA Institute in Singapore and with The Johnson Learning Institute and Cornell University in USA.

Other Directorships

OLP Financial Services Pakistan Ltd
Al Baraka Bank Limited
Packages Convertors Limited



Mr. Rehan Rahman

Chief Executive Officer

Mr. Rehan Rahman was appointed Chief Executive Officer of Feroze1888 Mills in April 2016 and has recently been re-appointed for the fourth term effective August 2023. He brings with him an extensive and cross functional hands on experience of now over 20 years in Feroze1888 and legacy companies. Rehan became the first CEO of Nakshbandi Industries Limited (NBIL) after its acquisition by Feroze Textile Mills Limited in 2010 and played an instrumental role in the integration process and transformed a deteriorating unit into a gradually performing unit.

As Chief Executive Officer, Rehan leads Feroze1888 Mills in its purpose: “Weaving a Better World” with a commitment to drive the organization forward with his progressive mindset. Mr. Rahman’s levelheadedness and the courage to provide opportunities to his team - to succeed even when the responsibility lies with him - has bred a culture of authority with responsibility in the organization and mutual respect at the heart of it all. During his tenure as a CEO of Feroze1888 Mills since April 2016, the Company has achieved many milestones; from highest ever sales revenue and profitability, capacity enhancements, HR development programs - to winning multiple customer and sustainability awards, locally and internationally. Across all his roles, Mr. Rahman has delivered objectives consistently by focusing on driving high-quality and disciplined execution, ensuring there is strong focus on doing the right thing across the organization, and developing strong teams by setting clear objectives.

Besides focus on business, the cause of the wider community is central to his vision. He focused the concept of exposure to university students – Feroze1888 stands as one of the most sought after manufacturing and commercial organization for providing first-hand practical knowledge & vocation to students. Over the years, he has also led the Company to participate in various charitable activities and steered the Company and the employees too, to contribute to the society at large.

Other Directorship

Premier1888 Limited



Directors' report

In compliance with Section 227 of the Companies Act, 2017 and section 34 of the Code of Corporate Governance Regulation 2019, the Directors are pleased to present the Annual Report along with audited financial statements and Auditors' Report thereon for the year ended 30th June 2023.

ECONOMIC OVERVIEW

Year 2022 brought forth several unforeseen challenges for the global economy even as the World hoped to recover after two years of pandemic – growth lost momentum with sharper than expected slowdown, high inflation broadened across countries, interest rates increases necessary to curb inflation and heightened financial vulnerabilities. Worsened – Pakistan's economic climate in the midst of perhaps the most serious crisis in its history, jeopardizing livelihoods of millions.

During the period, the economic activity was heavily impacted by catastrophic floods, challenges arising from global headwinds and domestic political instability – aggravating the woes of an ailing economy. Consequently, the Country has been facing severe liquidity crunch, especially on the external account. Finally by the end of the year, arrangement with the IMF helped Pakistan to avert imminent default, it appears to be a temporary reprieve that provides only limited breathing space. Fueling inflation with increase in energy prices, sharp devaluation of currency impacting the import oriented economy, mounting taxes on documented sectors are all adding to the agony of the rising cost of living as well as that of doing business.

Pakistan's total exports have witnessed a decline of 12.73 percent during 2022-23, recorded at \$27.73 billion compared to \$31.78 billion during 2021-22. Whereas, the imports during the period totaled \$55.32 billion as against \$ 80.14 billion during the corresponding period showing a decrease of 30.96 percent. The current account deficit dropped to \$2.56 billion in the year ended June 30, 2023 compared to \$17.481 billion in the same period of the previous year.

INDUSTRY OVERVIEW

The textile industry has been pivotal part of Pakistan's economy since its inception, contributing significantly to the country's GDP, employment, and exports. The industry accounts for more than 60% of the country's total exports and employs around 40% of the manufacturing workforce.

The Country's textile exports have witnessed a decline of 14.63 percent during FY23 and stood at \$16.50 billion compared to \$19.33 billion during 2021-22. Further, Cotton yarn exports reduced by 30.04 percent during July-June 2022-23 and remained at \$0.84 billion as the cotton crop was severely impacted by the floods. Particularly, towel exports went down by 10 percent in dollar terms and clocked in at \$0.99 billion during the year 2022-23.

The situation faced by the industry and its far reaching consequences for the Country's economy are alarming – albeit, some of the challenges underpinning the sluggish export performance were truly global including softened consumer demand, pile up of inventories at buyers' end resulting in lower export orders. However, state of affairs in the domestic economy i.e. the removal of subsidies, delays in the clearance of imported cotton and other essential inputs, elevated gas and electricity tariffs, substantial increase in finance costs are all pointing towards to even greater challenges in times to come.

REVIEW OF OPERATIONS & FINANCIAL RESULTS

A brief overview of performance of your Company for the year ended 30th June 2023 is stated below:

	Rs. in '000	
	Jun-23	Jun-22
Sales- net	57,171,941	49,018,456
Gross profit	13,089,319	7,623,482
Profit before taxation	9,775,691	4,120,689
Profit after taxation	8,969,458	3,408,454
EPS	22.46	8.76

The Company's profit after tax has increased by Rs. 5,561 million in line with the growth in the Company's net sales revenue which increased by Rs. 8,154 million i.e., by 16.6 percent in comparison with corresponding period of last year. Majorly increase in PAT is attributable to devaluation in PKR against USD by around 45% resulting in exchange gain during the period. The manufacturing and operational costs were in line with the sales volume and tighter controls over the administrative costs.

DIVIDEND & APPROPRIATIONS

Keeping in view the results, the Board of Directors has announced final cash dividend for the year ended June 30, 2023 at Rs. 8.88/- per share (88.8%). This is in addition to interim cash dividend already paid at Rs. 2.05/- per share (20.50%), thus making a total cash dividend at Rs. 10.93/- per share (109.3 %) for the year. Future prospects of dividend are dependent on future economic conditions.

EVALUATION OF COMPANY'S PERFORMANCE

For the purpose of evaluating the performance of the Company, the Management uses various indicators like industry growth, position of peer companies, prior years' performance, macroeconomic indicators and business environment impacting the Company. Budgets are formulated and actual performance is measured against the budget, at regular intervals during the year, enabling remedial actions on a timely basis.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the year and the date of this report.

DEFAULT OF REPAYMENTS, DEBT/LOAN ETC.

Adhering to the best business practices, the Company recognizes its responsibility of timely repayments of due amount. No default on payment of loan/debts was recorded during the year under review. Furthermore, no payment on account of taxes, duties and levies is overdue at financial year end.

CHANGE IN NATURE OF BUSINESS

No change has occurred during the financial year concerning the nature of the business of the Company.

ADEQUACY OF INTERNAL CONTROL

The Board of Directors has established a system of sound internal control, which is effectively implemented and maintained at all levels within the Company. The independent internal audit function of the Company is outsourced to a reputable professional service firm, A.F. Ferguson & Co (AFF) - member of PWC network who are suitably qualified and experienced for the purpose.

The internal audit is conducted as per the internal audit plan duly reviewed and approved by the Board Audit Committee (BAC). The internal audit plan is driven by the Company's organizational objectives and priorities, and the risks that may prevent the Company from meeting those objectives. The BAC reviews the effectiveness of the internal control framework whereas AFF regularly monitors and provides assurance on the effectiveness and adequacy of the internal controls.

MANAGEMENT'S RESPONSIBILITY TOWARDS PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The Management is aware of its responsibility for the preparation and fair presentation of its 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.

REVIEW OF RELATED PARTY TRANSACTIONS

In compliance with the Companies Act, 2017, Code of Corporate Governance and other applicable laws and regulations, details of all related party transactions are placed periodically before the BAC and upon their recommendation, the same are placed before the Board of Directors (BoD) for review and approval. The details of transactions (if any) where majority of directors are interested are also placed annually before the members for approval.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is equipped to face any challenges and uncertainties that are likely to arise. Through combined experience, skill and effective business reporting, Management is aware of internal and external developments. The Company has formulated unique specialized cross functional teams that routinely discuss key issues and risks to come up with the most proactive approach. To face vigorous competition, Management ensures that the capacity to produce and to sell is utilized to its utmost potential.

The BoD of the Company has carried out a vigilant and thorough assessment of both internal and external risks that the Company might face and have taken concrete steps to mitigate these risks. Following are some of the challenges which the Company has faced during the period:

- Inflationary pressures & dampened demand in exporting countries
- High raw material costs
- Sourcing of imported material owing to forex situation of the Country
- Increasing cost of energy including discontinuation of the Competitive Electricity Tariff
- Overall inflationary increase in operational expenses
- Currency exchange rate volatility
- High cost of capital
- Delays in receipt of tax refunds
- Political instability and lack of business-friendly policies

AUDITORS

The existing auditors EY Ford Rhodes, Chartered Accountants, in their independent auditors' report on financial statements of the Company for the year have expressed an unqualified opinion on the state of affairs of the Company.

The BoD has recommended, as suggested by the BAC, the appointment of EY Ford Rhodes, Chartered Accountants, the retiring auditors who being eligible, have offered themselves for re-appointment for the ensuing year, subject to approval of the members in the forthcoming Annual General Meeting.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

Your Company is committed towards safeguarding a healthy environment for everyone by reducing the environmental impacts of its business through compliance with all environmental standards at the production facility and fully cognizant of its responsibility in this regard.

Our production practices conform to international standards and comply with good manufacturing practices. Our processes and controls are agile and sustainable, ensuring that we do not compromise on quality and safety for our employees. Further, we also hold various certifications including ISO 14001 - 2015 (Environmental Management System), ISO 45001 - 2018 (Occupational Health & Safety), ISO 50001 – 2018 (Energy Management System) and SA 8000 – 2014 (Social Accountability).

SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY

Being conscious of its Corporate Social Responsibilities, your Company made significant contributions during the year to multiple nonprofit organizations for education, healthcare, social welfare and environmental protection in line with its corporate social responsibility policies. These included donations to the Indus Hospital, Pakistan Textile Council, Karachi Down Syndrome Program, Pakistan Eye Bank Society, Burns Centre, Family Education Services Foundation, Healthcare and Social Welfare Association, Network of Organizations Working for People with Disabilities Pakistan (NOWPDP) and Bait-ul-Sukoon. The Company believes in returning to the community by actively participating in various social initiatives and the significant portion of CSR funds goes to education and health sector.

We focus on sustainability by minimizing our carbon footprint and undertaking projects that help in conservation of water and energy. Moreover, the Company has been investing in green energy projects to protect the environment by reducing environmental footprints.

We are committed to responsible business practices, both within the Company and throughout our value chain. The Company has a proven track record of its strong commitment towards the purpose and work in the larger interest of all the stakeholders and environment. Furthermore, details regarding CSR activities performed by us during the year are provided on page 110.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE REGULATIONS, 2019

As required by the Listed Companies (Code of Corporate Governance) Regulations 2019, the Directors are pleased to state as follows:

- The financial statements, prepared by the Management of the Company, present fairly its state of affairs, the results 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. 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 and any departure therefrom (if any) has been adequately disclosed and explained.
- The Company maintains a sound internal control system which gives reasonable assurance against material misstatement or loss. The internal control system is regularly reviewed.

- We affirm the Company's ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance.
- Key operating and financial data for the last six years is summarized on page 126.
- Outstanding taxes, statutory charges and duties, if any, have been duly disclosed in the financial statements.
- Significant deviations, from last year in the operating results of the Company have been highlighted and explained.
- The Directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies.
- Outstanding debts, if any, have been duly disclosed in the financial statements.

COMPOSITION OF THE BOARD

In line with the requirements of the Regulations, the Company encourages representation of independent and non-executive directors, as well as gender diversity on its Board. The total number of directors as at June 30, 2023 are eleven including Chief Executive as a deemed director as per the following:

Male	9
Female	2

The current composition of the Board is as follows:

Executive Director	1
Non-Executive Directors	7
Independent Directors	3

COMMITTEES OF THE BOARD

The BoD has formed the following committees comprising of members given below:

Board Audit Committee	30 June 2023	Board Audit Committee	3 August 2023
Mr. Nasim Hyder	Chairman	Mr. Moin M. Fudda	Chairman
Mr. Khaleequr Rahman	Member	Mr. Khaleequr Rahman	Member
Mr. Zain Ashraf Mukaty	Member	Mr. Zain Ashraf Mukaty	Member
Ms. Aminah Zahid Zaheer	Member	Ms. Aminah Zahid Zaheer	Member

Board HR & Remuneration Committee	30 June 2023	Board HR & Remuneration Committee	3 August 2023
Ms. Aminah Zahid Zaheer	Chairperson	Ms. Aminah Zahid Zaheer	Chairperson
Mr. Nasim Hyder	Member	Mr. Moin M. Fudda	Member
Mr. Zain Ashraf Mukaty	Member	Mr. Zain Ashraf Mukaty	Member

DIRECTORS' REMUNERATION

In line with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Articles of Association of the Company, the policy for remuneration of non-executive directors (including independent directors) has been approved by the BoD according to which the Company does not pay any remuneration to its non-Executive directors (including independent directors) except as meeting fees for attending the Board and its Committee meetings. The remuneration of a director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the BoD.

DIRECTORS' TRAINING

The Directors of the Company are adequately trained to perform their duties and are aware of their powers and responsibilities under the Companies Act, 2017 and the Regulations of PSX Rule book.

PATTERN OF SHAREHOLDING

Pattern of shareholding of the Company in accordance with the Companies Act, 2017 as at June 30, 2023 is annexed.

For and on behalf of the Board of Directors

Chief Executive Officer

Karachi

Date: 29-August-2023

FUTURE OUTLOOK AND CHALLENGES

As far as global economies are concerned, despite the headwinds outlook is less gloomy and could represent a turning point with growth bottoming out and inflation showing signs of improvement. Pakistan's situation is however, way too different - we have entered 2023-24 with multiple challenges on monetary and fiscal front - the economic indicators are reflective of the same.

The issues afflicting the textile sector of Pakistan are also almost a carryover of the issues it faced in the previous year – apart from domestic challenges, the need to keep a close eye on the changing strategies of the customers on the back of fickle consumer demand will be critical along with focus on business delivery and cost competitiveness to navigate these unprecedented times.

ACKNOWLEDGEMENT

Our people are our greatest strength and they have demonstrated their commitment and support in ensuring the progress of the Company. The Board takes this opportunity to express its deep sense of gratitude to the customers, shareholders, employees, financial institutions and other stakeholders for the confidence and faith they have always reposed in the Company.

Chairman

3 اگست 2023	بورڈ انسانی وسائل اور معاوضہ کمیٹی	30 جون 2023	بورڈ انسانی وسائل اور معاوضہ کمیٹی
چیئر پرسن	محترمہ امینہ زاہد ظہیر	چیئر پرسن	محترمہ امینہ زاہد ظہیر
رکن	جناب معین ایم۔ فدا	رکن	جناب نسیم حیدر
رکن	جناب زین اشرف مکاتی	رکن	جناب زین اشرف مکاتی

ڈائریکٹرز کا معاوضہ

لسٹڈ کمپنیز (کوڈ آف گورننس) ریگولیشنز 2019، اور کمپنی کے آرٹیکلز آف ایسوسی ایشنز کے تحت، BOD نے نان-ایگزیکٹو ڈائریکٹرز (بشمول خود مختار ڈائریکٹرز) کے معاوضے کی پالیسی کو منظور کیا ہے، جس کے تحت کمپنی اپنے نان-ایگزیکٹو ڈائریکٹرز (بشمول خود مختار ڈائریکٹرز) کو بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کے لیے میٹنگ فیس کے علاوہ کوئی معاوضہ ادا نہیں کرتی ہے۔ بورڈ آف ڈائریکٹرز یا اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کا معاوضہ وقتاً فوقتاً بورڈ کے ذریعے طے کیا جائے گا اور اس کی منظوری دی جائے گی۔

ڈائریکٹرز کی تربیت

کمپنی کے ڈائریکٹرز اپنے فرائض کی انجام دہی کے لیے مناسب تربیت یافتہ ہیں اور کمپنیز ایکٹ 2017 اور PSX رول بک کے قواعد و ضوابط کے تحت اپنے اختیارات اور ذمہ داریوں سے آگاہ ہیں۔

حصص یافتگی کی ترتیب

کمپنیز ایکٹ ۲۰۱۷ء کے مطابق ۳۰ جون ۲۰۲۳ء تک ترتیب حصص یافتگی کی رپورٹ اس رپورٹ کے ساتھ منسلک ہے۔

مستقبل کا منظر نامہ اور مشکلات کا جائزہ

جہاں تک عالمی منظر نامے کا تعلق ہے، افراط زر میں بہتری کے اثرات اور ترقی کے امکانات کے ساتھ اہم موڑ کی نشاندہی کی جاسکتی ہے۔ تاہم پاکستان کی صورتحال اس سے قطعاً مختلف ہے۔ ہم سال 2023-24 میں مالی اور مالیاتی لحاظ سے متعدد مشکلات کے ساتھ داخل ہوئے ہیں۔ معاشی اشاریہ یا صورتحال کا عکاس ہیں۔ پاکستان کے بیکسٹائل سیکٹر کو درپیش مسائل پچھلے سال کے مسائل کا تسلسل ہیں۔ ان مشکل حالات میں آگے بڑھتے رہنے کے لیے اندرونی عوامل کے ساتھ ساتھ مسابقتی لاگت پر توجہ دینے اور صارفین کی مانگ اور بدلتی ہوئی حکمت عملی پر گہری نظر رکھنے کی اشد ضرورت ہوگی۔

اظہار تشکر

ہمارے لوگ ہمارا سرمایہ ہیں، جنہوں نے اس کمپنی کی ترقی کو یقینی بنانے میں بھرپور کردار ادا کیا ہے۔ اس کے ساتھ ساتھ بورڈ اپنے تمام صارفین، حصص یافتگان، کارکنان، مالیاتی اداروں اور دیگر تمام افراد کے بھروسے اور اعتماد کے لیے انتہائی مشکور و ممنون ہے۔

بورڈ آف ڈائریکٹرز کے لیے، اور ان کی جانب سے

چیئر مین

چیف ایگزیکٹو آفیسر

کراچی

تاریخ: ۲۹ اگست ۲۰۲۳ء

- مالیاتی گوشواروں اور بیانات کو مرتب کرنے میں اکاؤنٹنگ پالیسیوں کا درست اطلاق کرنے کے ساتھ ساتھ تخمینوں کے اندراج میں محتاط اور دانشمندانہ انداز اختیار کیا گیا ہے۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی قسم کے ردوبدل یا تبدیلی کی مناسب وضاحت اور نشاندہی کی گئی ہے۔
- کمپنی اندرونی کنٹرولز کا موثر نظام رکھتی ہے جس کے تحت غلط بیانی یا نقصان کی صورت میں معقول وجوہات اور جوابدہی کو یقینی بناتی ہے۔ ان کنٹرولز اور نظام کا باقاعدگی سے تجزیہ کیا جاتا ہے۔
- ہم تصدیق کرتے ہیں کہ کمپنی موجودہ حیثیت میں کام جاری رکھنے کی اہلیت رکھتی ہے۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کہیں انحراف نہیں ہوا ہے۔
- پچھلے چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی نتائج کا خلاصہ صفحہ نمبر 126 پر دیا گیا ہے۔
- واجب الادا ٹیکس اور قابل اطلاق قانونی ادائیگیوں کو (اگر کوئی ہیں) مالی بیانات میں مناسب طور پر ظاہر کیا گیا ہے۔
- کمپنی کے آپریٹنگ نتائج میں گزشتہ سال کی نسبت ہونے والے فرق کو واضح کیا گیا ہے اور اس کی وضاحت کی گئی ہے۔
- بورڈ کے ڈائریکٹرز، کارپوریٹ باڈی کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے پوری طرح واقف ہیں۔
- واجب الادا قرضے (اگر کوئی ہیں) مالی بیانات میں مناسب طریقے سے ظاہر کیے گئے ہیں۔

بورڈ کی تشکیل ضوابط کے تحت کمپنی اپنے بورڈ میں آزاد اور نان-اگزیکٹو ڈائریکٹرز کی نمائندگی کے ساتھ ساتھ صنفی تنوع کی حوصلہ افزائی کرتی ہے۔ 30 جون 2023 تک ڈائریکٹرز، جن کی کل تعداد 11 ہے اور جس میں چیف ایگزیکٹو بطور deemed director شامل ہیں، کی تفصیل درج ذیل ہے:

حضرات 9

خواتین 2

بورڈ کی موجودہ تشکیل حسب ذیل ہے:

اگزیکٹو ڈائریکٹر 1 نان-اگزیکٹو ڈائریکٹر 7 آزاد ڈائریکٹر 3

بورڈ کی ذیلی کمیٹیاں

BOD نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں جن میں درج ذیل ممبران شامل ہیں۔

بورڈ آڈٹ کمیٹی	30 جون 2023	بورڈ آڈٹ کمیٹی	3 اگست 2023
جناب نسیم حیدر	چیئر مین	جناب معین ایم۔ فدا	چیئر مین
جناب خلیق الرحمان	رکن	جناب خلیق الرحمان	رکن
جناب زین اشرف مکاتی	رکن	جناب زین اشرف مکاتی	رکن
محترمہ امینہ زاہد ظہیر	رکن	محترمہ امینہ زاہد ظہیر	رکن

- مجموعی سرمائے کی لاگت میں اضافہ
- ٹیکس ریفرنڈم کی وصولی میں تاخیر
- سیاسی عدم استحکام اور کاروباری موافق پالیسیوں کا فقدان

محاسب (Auditors)

موجودہ آڈیٹرز ای وائی فورڈر ہوڈز (EY Ford Rhodes) چارٹرڈ اکاؤنٹنٹس نے ختم ہونے والے سال کے لیے کمپنی کے مالی بیانات کے بارے میں اپنی آزاد آڈیٹرز کی رپورٹ میں کمپنی کے معاملات پر غیر مشروط رائے کا اظہار کیا ہے۔ آڈیٹرز ای وائی فورڈر ہوڈز (EY Ford Rhodes)، چارٹرڈ اکاؤنٹنٹس سبکدوش ہو رہے ہیں اور اہلیت کی بنیاد پر خود کو دوبارہ تفری کے لیے پیش کر رہے ہیں۔ بورڈ نے آڈٹ کمیٹی کی تجویز کے مطابق ان کی دوبارہ تفری کی سفارش کی ہے جو سالانہ اجلاس عام کی منظوری سے مشروط ہوگی۔

ماحولیات، صحت اور حفاظت (EHS)

پیداواری سرگرمیوں سے ہونے والے ماحولیاتی اثرات کو کم کرنے اور ان سے متعلق تمام معیارات پر عمل کرتے ہوئے ایک محفوظ اور صحت مند ماحول کی فراہمی کو یقینی بنانے کے ضمن میں آپ کی کمپنی اپنی ذمہ داری سے آگاہ بھی ہے اور پُر عزم بھی۔ ہمارے پیداواری عوامل اور طریقہ کار بین الاقوامی معیار کے عین مطابق ہیں۔ ہمارے تمام تر کنٹرولز مؤثر اور یقینی طور پر نافذ العمل ہیں، جو ہمارے کارکنان کے لیے معیاری اور محفوظ ماحول کو بننا کسی سمجھوتے کے یقینی بناتے ہیں۔ اس کے ساتھ ساتھ ہم ISO 14001 - 2015 (انوائزمنٹل مینجمنٹ سسٹم) اور ISO 45001 - 2018 (پیشہ ورانہ صحت اور حفاظت) ISO 50001 - 2018 (انرجی مینجمنٹ سسٹم) اور SA 8000 - 2014 (سماجی احتساب) جیسے عالمی سرٹیفیکیٹس کے حامل بھی ہیں۔

سماجی ذمہ داری اور استحکام (Sustainability & CSR)

کمپنی ماحولیاتی تحفظ اور سماجی فلاح و بہبود اور معاشرتی ترقی کے حوالے سے اپنی ذمہ داری سے بخوبی آگاہ ہے۔ اس ضمن میں کمپنی نے اپنی پالیسی کے مطابق تعلیم، صحت عامہ، سماجی بہبود اور ماحولیاتی تحفظ کی مد میں متعدد غیر منافع بخش تنظیموں کے ساتھ شراکت کی، جن میں: انڈس ہسپتال، پاکستان ٹیکسٹائل کونسل، کراچی ڈاؤن سنڈروم (KDSP)، پاکستان آئی بیٹک سوسائٹی، برنز سینٹر، فیملی ایجوکیشن سروسز فاؤنڈیشن، ہیلتھ کیئر اینڈ سوشل ویلفیئر ایسوسی ایشن، نیٹ ورک آف آرگنائزیشنز ورکنگ فار دی پیپل وڈس ایبلٹی ان پاکستان (NOWPDP)، اور بیت السکون کو دیے جانے والے عطیات شامل ہیں۔ کمپنی مختلف اقدامات کے ذریعے معاشرے کی فلاح و بہبود میں یقین رکھتی ہے اور CSR فنڈز کا ایک بڑا حصہ تعلیم اور صحت کے شعبوں کے لیے مختص کیا جاتا ہے۔

کمپنی ماحولیات پر مرتب ہونے والے منفی عوامل کو کم سے کم کرنے کے لیے Sustainability پر توجہ مرکوز رکھے ہوئے ہے اور ایسے منصوبوں پر کام کر رہی ہے جو پانی اور توانائی کے تحفظ کو یقینی بنائیں۔ اس کے ساتھ ساتھ ماحولیاتی تحفظ کو یقینی بنانے کے لیے سبز توانائی کے منصوبوں میں سرمایہ کاری کر رہی ہے۔ ہم کمپنی کے تمام تر پیداواری مراحل میں بہترین کاروباری طریقوں پر عمل پیرا رہنے کے لیے پُر عزم ہیں اور اس ضمن میں کی جانے والی بھرپور کوششیں ہمارے عزم کا منہ بولتا ثبوت ہیں۔ اس سال کے دوران ہوئی CSR کی سرگرمیوں سے متعلق تفصیلات صفحہ نمبر 110 پر فراہم کی گئی ہیں۔

کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019 - تعیل و اطلاق

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت ڈائریکٹرز کی جانب سے ذیل میں بیان کیا جاتا ہے:

- کمپنی کے جانب سے پیش کردہ مالیاتی گوشوارے اور بیانات، کاموں کے نتائج، نقد بہاؤ اور ایکویٹی (equity) میں ہونے والے تبدیلیوں کی پیش کش تسلی بخش ہے۔
- کمپنی کے اکاؤنٹس کا صحیح طور پر اندراج کیا گیا ہے۔

مؤثر اندرونی کنٹرولز

بورڈ آف ڈائریکٹرز نے منظوم اندرونی کنٹرولز کا ایک نظام قائم کیا ہے، جو کمپنی کے اندر تمام سطحوں پر مؤثر طور پر نافذ العمل ہے۔ کمپنی کا آزادانہ اندرونی آڈٹ کا فنکشن ایک معروف پروفیشنل ادارے اے ایف فرگوسن اینڈ کمپنی پی ڈبلیو سی نیٹ ورک کا حصہ اور اس کام کیلئے انتہائی موزوں اور تجربہ کار ہیں، کے ذریعے انجام دیا جاتا ہے۔

اندرونی مجاسہ (آڈٹ) داخلی بورڈ آڈٹ کمیٹی (BAC) سے منظور شدہ آڈٹ پلان کے مطابق کیا جاتا ہے۔ اس پلان کا تعین کمپنی کے تنظیمی مقاصد اور ترجیحات، اور ایسی مشکلات جو کمپنی کو ان مقاصد کو حاصل کرنے کی راہ میں رکاوٹ بن سکتی ہیں، کو مد نظر رکھتے ہوئے ترتیب دیا جاتا ہے۔ BAC اندرونی محاسبے کی کارکردگی اور اس کے اثرات کا جائزہ لیتا ہے، جبکہ اے ایف ایف اس بات کی یقین دہانی کرتا ہے کہ تمام تر اندرونی کنٹرولز اور آڈٹ کے مقاصد خاطر خواہ اور مؤثر طور پر انجام پارہے ہیں۔

مالیاتی گوشواروں کی تیاری اور پیش کرنے میں انتظامیہ کی ذمہ داری

پاکستان میں لاگو اکاؤنٹنگ اور رپورٹنگ کے معیارات اور کمپنیز ایکٹ 2017 (XIX of 2017) کے تحت مالیاتی گوشواروں کی تیاری اور منصفانہ پیشکش کے حوالے سے کمپنی اپنی ذمہ داری سے بخوبی آگاہ ہے اور ان تمام عوامل کی بھرپور تائید کرتی ہے جن کی وجہ سے مالیاتی گوشواروں کو ہر ممکنہ غلط بیانی اور دھوکہ دہی سے محفوظ رکھا جاسکے۔

متعلقہ پارٹی سے لین دین کا جائزہ

کمپنیز ایکٹ 2017، کوڈ آف کارپوریٹ گورننس اور دیگر قابل اطلاق قوانین اور ضابطوں کے تحت، لین دین کی تمام تر تفصیلات وقتاً فوقتاً BAC کے سامنے، اور پھر ان کی سفارش پر بورڈ آف ڈائریکٹرز (BOD) کے جائزے اور منظوری کے لیے پیش کی جاتی ہیں۔ اگر ڈائریکٹرز کی اکثریت مناسب سمجھے تو لین دین سے متعلق تفصیلات (اگر ہوں تو)، سالانہ منظوری کے لیے ممبران کے سامنے رکھی جاتی ہیں۔

غیر یقینی صورتحال اور بنیادی خطرات

کمپنی ممکنہ طور پر پیدا ہونے والے کسی بھی چیلنج اور غیر یقینی صورتحال سے نمٹنے کے لیے ہر ممکن اور مؤثر صلاحیت رکھتی ہے۔ مشترکہ تجربے، مہارت اور مؤثر کاروباری رپورٹنگ کے ذریعے انتظامیہ اندرونی اور بیرونی پیش رفت سے مکمل طور پر آگاہ ہے۔ کمپنی نے کراس فنکشنل ٹیمز مرتب کی ہیں جو کہ حالات و واقعات پر گہری نظر رکھتے ہوئے فعال طور پر ممکنہ درپیش مسائل کا تجزیہ کرنے کے ساتھ ساتھ ان سے نمٹنے کے لیے مؤثر حکمت عملی اور لائے عمل بھی ترتیب دیتی ہیں۔ دریں اثناء، مینجمنٹ اس بات کو بھی یقینی بناتی ہے کہ پیداوار اور فروخت کی صلاحیت کو بھرپور طور پر استعمال کیا جائے۔

BOD نے ایسے تمام اندرونی اور بیرونی مسائل کا گہرا اور مکمل جائزہ لیا ہے جن کا سامنا کمپنی کو ہو سکتا ہے، اور ان مسائل سے نمٹنے کے لیے ٹھوس اقدامات کیے ہیں۔ اس عرصے کے دوران کمپنی کو جن مسائل کا سامنا رہا ان میں سے کچھ درج ذیل ہیں:

- برآمد کرنے والے ممالک میں افراط زر کا دباؤ اور مانگ میں کمی
- خام مال کی مہنگی قیمت
- غیر ملکی کرنسی کی صورت حال کی وجہ سے درآمدی مواد کے حصول میں مشکلات
- توانائی کی بڑھتی ہوئی قیمت، خصوصی بجلی کے ٹیرف کا خاتمہ
- افراط زر کی وجہ سے مجموعی طور پر آپریشنل اخراجات میں اضافہ
- کرنسی کی شرح تبادلہ میں اتار چڑھاؤ

آپریشنز اور مالیاتی نتائج کا جائزہ

30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کی کارکردگی کا ایک مختصر جائزہ ذیل میں بیان کیا گیا ہے:

رقم 000	جون 22	جون 23	
57,171,941	49,018,456		خالص فروخت
13,089,319	7,623,482		مجموعی منافع
9,775,691	4,120,689		منافع قبل از ٹیکس
8,969,458	3,408,454		منافع بعد از ٹیکس
22.46	8.76		فی حصہ آمدن

کمپنی کی خالص فروخت میں 8,154 ملین روپے کے اضافے کے ساتھ، جو کہ گذشتہ سال کی اسی مدت کے مقابلے میں 16.6 فیصد زیادہ ہے، کمپنی کے بعد از ٹیکس منافع میں 5,561 ملین روپے کا اضافہ ہوا ہے۔ بعد از ٹیکس منافع میں اضافے کی بنیادی وجہ روپے کی قدر میں کمی ہے جو کہ ڈالر کے مقابلے میں تقریباً 45% تک کم ہوا، اور نتیجتاً اس مدت میں زرمبادلہ کی مد میں فائدہ حاصل ہوا۔ انتظامی اور پیداواری لاگت فروخت کے حجم کے عین مطابق رہے، اس کے علاوہ دیگر اخراجات کو بھی مؤثر انتظامات کے ذریعے قابو میں رکھا گیا۔

منافع اور تخصیص

نتائج کو مد نظر رکھتے ہوئے، بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لیے حتمی نقد منافع کا اعلان کیا ہے جو -8.88 روپے فی حصہ (88.8%) ہے۔ یہ عبوری منافع پہلے سے ادا شدہ 2.05/- روپے فی حصہ (20.50%) کے علاوہ ہے، اس طرح اس سال کے لیے کل ملا کے منافع کی رقم 10.93/- (109.3%) روپے فی حصہ بنتی ہے۔ مستقبل میں منافع کی شرح کا تعین اُس وقت کے معاشی حالات کے مطابق کیا جائے گا۔

کمپنی کی کارکردگی کا جائزہ

کمپنی اپنی کارکردگی کا جائزہ لینے کے لیے مختلف طریقے استعمال کرتی ہے، جیسے کہ صنعتی ترقی، دیگر کمپنیوں کی پوزیشن، گذشتہ سال کی کارکردگی، معیشت کی سمت اور دیگر کاروباری عوامل اور ان سب کے کمپنی پر مرتب ہونے والے اثرات کا تجزیہ؛ بجٹ کی منصوبہ سازی اور اس کے تحت ہوئی حتمی کارکردگی کا باقاعدگی سے جائزہ، تاکہ بروقت نشاندہی اور اصلاحی اقدامات کو ممکن بنایا جائے۔

واقعات مابعد

سال کے اختتام اور اس رپورٹ کی تیاری کے دوران کمپنی کے مالیاتی معاملات میں کسی قسم کی تبدیلی لانے والا کوئی عمل ظہور پذیر نہیں ہوا۔ قرض اور واجب الادا رقم کی ادائیگی کمپنی بہترین کاروباری اصولوں کی پاسداری کے تحت بروقت ادائیگی کی ذمہ داری کو بخوبی سمجھتی ہے۔ زیر جائزہ سال کے دوران قرض/قرض کی ادائیگی، یہاں تک کہ ٹیکسز، ڈیوٹیز اور لیویز کی مد میں بھی کسی قسم کی کوئی رقم واجب الادا نہیں ہے۔

کاروبار کی نوعیت میں تبدیلی

مالی سال کے دوران کمپنی کے کاروبار کی نوعیت میں کسی قسم کی کوئی تبدیلی نہیں آئی ہے۔

ڈائریکٹرز کی رپورٹ

کمپنیز ایکٹ 2017 کے سیکشن 227، اور کوڈ آف کارپوریٹ گورننس ریگولیشن 2019 کے سیکشن 34 کی تعمیل میں، ڈائریکٹرز کی جانب سے 30 جون 2023 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ڈائریکٹرز کی رپورٹ بشمول سالانہ رپورٹ حاضر خدمت ہے۔

اقتصادی جائزہ

دو سال تک عالمی وباء میں مبتلا رہنے کے بعد بہتری کی اُمید بحال ہوئی، تاہم سال 2022 میں عالمی معیشت کو غیر متوقع مشکلات کا سامنا رہا۔ ترقی کی رفتار غیر معمولی طور پر سست روی کا شکار ہوئی اور تمام ہی ممالک میں مہنگائی میں ہوشربا اضافہ ہوا۔ افراطِ رزا اور مالیاتی کمزوریوں پر قابو پانے کے لیے شرح سود میں اضافہ ناگزیر ہو گیا۔ ان حالات میں پاکستان کا معاشی نظام شاید تاریخ کے سنگین ترین بحران سے دوچار ہے، اور لاکھوں لوگوں کی روزی کو خطرہ لاحق ہے۔

اس دوران سیلاب کی تباہ کاریوں، عالمی مشکلات اور اندرونی عدم استحکام کی وجہ سے معاشی سرگرمیاں شدید طور پر متاثر ہوئیں، جس نے پہلے سے ہی کمزور معیشت کی پریشانیوں کو مزید بڑھا دیا۔ نتیجتاً، اس وقت ملک، اور خصوصاً بیرونی اکاؤنٹ، لکویڈیٹی کی مد میں شدید بحران کا شکار ہے۔ بہر حال، سال کے اختتام پر، آئی ایم ایف کے ساتھ طے ہونے والے معاملات نے پاکستان کو یقینی طور پر دیوالیہ ہوجانے سے بچالیا۔ تاہم ایسا لگتا ہے کہ یہ آسانی محض عارضی آسانی ہے۔ توانائی کی قیمتوں میں اضافے کے ساتھ ہی مہنگائی میں اضافہ، درآمدی معیشت پر اثر انداز ہوتی کرنسی کی قدر میں حیرت انگیز کمی، اور دستاویزی معاملات و شعبوں پر بڑھتے ہوئے ٹیکسز کا اطلاق، عام زندگی کے ساتھ ساتھ کاروباری لاگت میں بھی ہوشربا اضافے اور اذیت کا باعث ہیں۔

2022-23 کے دوران پاکستان کی کل درآمدات میں 12.73 فیصد کمی دیکھی گئی، اور سال 2021-22 میں 31.78 بلین ڈالر کے مقابلے میں 27.73 بلین ڈالر ریکارڈ کی گئی۔ جب کہ اسی عرصے کے دوران درآمدات کا حجم 55.32 بلین ڈالر رہا جو کہ پچھلے سال کے اسی عرصے کے دوران 80.14 بلین ڈالر کے ساتھ 30.96 فیصد کمی کو ظاہر کرتا ہے۔ کرنٹ اکاؤنٹ خسارہ 30 جون 2023 کو ختم ہونے والے سال میں کم ہو کر 2.56 بلین ڈالر رہ گیا جو پچھلے سال کی اسی مدت میں 17.48 بلین ڈالر تھا۔

صنعتی جائزہ

ٹیکسٹائل کی صنعت اپنے آغاز سے ہی پاکستان کی معیشت میں اہم کردار ادا کر رہی ہے، جس نے ملک کی مجموعی ملکی پیداوار (GDP)، روزگار کی فراہمی اور برآمدات کی مد میں نمایاں حصہ ڈالا ہے۔ اس صنعت کا ملک کی کل درآمدات میں 60 فیصد سے زیادہ حصہ ہے، اور اس کے ساتھ ساتھ 40 فیصد صنعتی افرادی قوت کو روزگار فراہم کرتی ہے۔

سال 2023 میں ملکی برآمدات میں 14.63 فیصد کمی دیکھی گئی، جو کہ 2021-22 میں 19.33 بلین ڈالر کے مقابلے میں 16.50 بلین ڈالر رہی۔ مزید برآں، کپاس کی فصل سیلاب سے بری طرح متاثر ہوئی جس کی وجہ سے جولائی تا جون 2022-23 کے دوران سوتی کپاس کی برآمدات میں 30.04 فیصد کمی واقع ہوئی، اور مجموعی طور پر 0.84 بلین ڈالر رہی۔ خاص طور پر تالیے کی برآمدات میں ڈالر کے لحاظ سے 10 فیصد کمی آئی جو کہ 2022-23 میں 0.99 بلین ڈالر رہی۔

صنعت کو درپیش صورتحال اور ملکی معیشت پر اس کے دور رس اثرات تشویشناک ہیں۔ گوکہ کچھ عالمی وجوہات بھی برآمدات میں کمی کا باعث رہیں، جن میں صارفین کی جانب سے خریداری میں کمی اور اس کے نتیجے میں فروخت کنندگان کے پاس مال کے جمع ہوجانے کے باعث آرڈرز میں کمی واقع ہوئی؛ تاہم یہ کہنا غلط نہ ہوگا کہ اندرونی مسائل جیسا کہ سبسڈی کا خاتمہ، درآمدی کپاس اور دیگر ضروری سامان کی کلیرنس میں تاخیر، گیس اور بجلی کے بڑھتے ہوئے نرخ، اور مالیاتی لاگت میں خاطر خواہ اضافہ، یہ سب آنے والے وقت میں اور بھی بڑی اور مزید مشکلات کی طرف اشارہ کر رہے ہیں۔

Governance Framework

Mr. Abdul Rehman Yaqub	Mr. Shabbir Ahmed	Mr. Khaleequr Rahman	Mr. Perwez Ahmed	Mr. Zain Ashraf Mukaty	Mr. Anas Rahman	Mr. Temoor Ashraf Mukaty	Mr. Moin M. Fudda	Ms. Huma Pasha	Ms. Aminah Zahid Zaheer	Mr. Rehan Rahman
Non-Executive							Independent Directors		Executive	
7							3		1	

Chairman of the Board	Chief Executive Officer
Mr. Abdul Rehman Yaqub	Mr. Rehan Rahman

Board Committees	
Board Audit Committee	Board Human Resource and Remuneration Committee
4 Members	3 Members

Mr. Moin M. Fudda	Mr. Khaleequr Rahman	Ms. Aminah Zahid Zaheer	Mr. Temoor Ashraf Mukaty*	Ms. Aminah Zahid Zaheer	Mr. Moin M. Fudda	Mr. Zain Ashraf Mukaty
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*Appointed w.e.f. August 29, 2023 in place of Mr. Zain Ashraf Mukaty

Justification for Independence of Independent Director:

1. Mr. Moin M. Fudda
2. Ms. Huma Pasha
3. Ms. Aminah Zahid Zaheer

As per requirement of Companies Act, 2017 and Code of Corporate Governance, it is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors.

Independent director is a director; who is not connected or does not have any other relationship, whether pecuniary or otherwise, with the company etc. and can be reasonably perceived as being able to exercise independent business judgment without being subservient to any form of conflict of interest. Among the independent directors there is an appropriate mix of individuals to ensure that there is an overall adequate level of knowledge and expertise for independent directors to effectively carry out their role and functions vis-à-vis the Board and its committees.

Diversity in the Board

The Board of Directors form one of the pillars of a robust corporate governance framework and over the years, Regulators have placed great emphasis on addressing different matters relating to Diversity on the Board.

Diversified board members are more likely to possess different personal characteristics, which lead to dissimilar leadership, thinking, emotional styles and even risk preferences and behaviors. Not only may this foster creativity in delivering solutions to problems, but also provide a more comprehensive oversight to the operations of the Company through a further enhancement of the Company's sensitivity to a wider range of possible risks such as reputation and compliance risks. This may then support a greater supervision on the boards in its performance evaluation and in the decision-making process.

To achieve success, a diverse board of directors must include a variety of perspectives, skills, ages, genders, cultures, and ethnicities. This parlays into effective decision-making, guidance, and risk management; having a diverse board of directors is essential.

At Feroze1888, we have female representation on the Board along with members who are 'financial literate' and experience in different industries / sectors.

GOVERNANCE FRAMEWORK

GOVERNANCE STRUCTURE:

Corporate Governance refers to a framework through which Board of Directors ("the Board") ensures accountability, fairness, responsibility and transparency in the Company's relationship with all its stakeholders and sustainable value creation for them. Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies.

Division of responsibilities and duties between the shareholders, the Board and the CEO are regulated inter alia by the Companies Act, 2017, the Company's Articles of Association, the Corporate Financial Reporting Framework of Securities and Exchange Commission of Pakistan and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The basis of our strategy is to ensure that the Company follows the direction defined by its Core Values, current regulatory frameworks and global best practices. Our approach towards corporate governance ensures ethical behavior, transparency and accountability.

ROLE AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS:

All strategic decisions of the Company are taken by the Board of Directors. The Board exercises all powers granted to it by the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 with responsibility, diligence and in compliance with the legal framework after due deliberations in its meetings. These include but are not limited to approval of annual budgets including capital expenditures, investments in new ventures, approval of related party transactions and appointment of key management positions, financial statements of the Company, interim and final dividends are also approved by the Board.

MATTERS DELEGATED TO THE MANAGEMENT

Chief Executive Officer of the Company has been entrusted by the Board with the primary responsibility of conducting the routine business operations in an effective and ethical manner, in line with the Board's approved strategies and goals including annual targets of production, sales, revenues, cost, profitability and compliance with legal requirements. The management is responsible for the identification and administration of key risks and opportunities which could impact the Company in the ordinary course of business. It is also the responsibility of the Company's management to establish and maintain a system of internal controls and financial reporting in conformity with the approved accounting standards and the requirements of the Companies Act, 2017.

ROLE OF THE CHAIRMAN & THE CEO:

ROLE OF THE CHAIRMAN	ROLE OF THE CEO
The Chairman of the Board has the responsibility to lead the Board and ensure its effective functioning and continuous development	The CEO is primarily responsible for the management of the Company and its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Companies Act, 2017
The Chairman represents the non-executive directors of the Board and is entrusted with the overall supervision and direction of the Board's proceedings, and has the power to set the agenda, give directions and sign or delegate the signing of the minutes of the Board meetings.	The responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that all the resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations
The Chairman ensures that the Board of Directors remains effective in its tasks of setting and implementing the Company's direction and strategy.	The CEO of the Company is to whom all Business and Functional heads directly or indirectly report and is responsible for presentation of the Company's aims and policies to the Government and all stakeholders

PERFORMANCE EVALUATION OF THE DIRECTORS ON THE BOARD:

Complying with Listed Companies (Code of Corporate Governance) Regulations, 2019 the Board has approved a comprehensive mechanism for evaluation of its performance. The Company has introduced a questionnaire covering the Board's scope, objectives, function and Company's performance and monitoring. All individual Board members answer the comprehensive questionnaire focused on evaluating, from various angles, whether the Board has discharged its duties diligently and with foresight. The Chairman of Board collates individual responses and presents them to the Board. This exercise allows the critical self-assessment of the Board to evaluate its performance and overall effectiveness in setting strategies, devising control processes, assessing market trends by monitoring micro and macroeconomic factors and setting standards to respond to the adverse unforeseen situations to further the cause of a learning organization. This process also ensures that the Board is constantly growing intellectually and the responsibility of steering the Company to new heights of success is discharged effectively and efficiently. Board's performance evaluation is carried out internally and no external consultant has been hired for the same in last three years.

DIRECTORS' ORIENTATION SESSION

The Company has a practice to carry out orientation sessions for their directors to acquaint them with applicable laws and regulations and their duties and responsibilities in order to enable them to effectively govern the affairs of the Company on behalf of shareholders.

DIRECTORS' TRAINING:

The Directors on the Board are well aware of their duties and responsibilities as outlined in the Corporate Laws and Regulations. The Board has been re-elected in EOGM of the Company on July 20, 2023 and the Company has well experienced Directors on the Board. Out of 11 Directors on the Board (including the Chief Executive Officer), 2 Directors have to complete the Directors' Training Program which will be done in due course. Further, one Female Executive (Chief Financial Officer) and Head of Department (Director Operations) have completed the DTP from an institute approved by the SECP.

GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS:

Feroze1888 has always believed in going the extra mile and staying ahead with legal formalities. In view of this strategy, the Company's commitment to the highest levels of moral and ethical values is demonstrated by voluntary adoption of global best business practices in addition to the mandatory regulatory requirements. Some of the governance practices exceeding legal requirements that have been adopted by the Company include:

- Best corporate reporting practices as recommended jointly by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountant of Pakistan (ICMAP).
- The Board of Directors of the Company consists of two female directors and both are independent directors. Whereas, the Listed Companies (Code of Corporate Governance) Regulations, 2019, requires each listed company to have at least one female director.
- Disclosure of various financial analysis including ratios, reviews, risk matrices and graphs etc. in the Annual Report.
- Implementation of aggressive Health, Safety and Environment strategies to ensure safety of employees and equipment in order to continuously improve, achieve and exceed global standards.

COMPANIES IN WHICH THE EXECUTIVE DIRECTOR IS SERVING AS NON-EXECUTIVE DIRECTOR:

There is no such company in which the executive director of the organization is serving as non-executive director.

BOARD MEETING HELD OUTSIDE PAKISTAN:

During the year, all Board of Directors and Committee meetings were held in Pakistan.

CONFLICT OF INTEREST AMONG BOARD MEMBERS:

The Code of Conduct implemented by the Board provides guidance to strictly avoid conflict of interest (or even the perception of a potential conflict) between the director's personal, social, financial or political interests and the advancement of the Company's business interests, the interests of its customers and with other directors.

SHARES HELD BY SPONSORS / DIRECTORS / EXECUTIVES:

As at June 30, 2023, the Sponsors, Directors and Executives of the Company held the following number of shares.

Particulars	Number of Shares
Sponsors and Directors	229,653,201
Associates	120,490,030
Executives	26,098,234

BOARD COMMITTEES:

Board of Directors have constituted Audit Committee and Human Resource and Remuneration Committee to work under its guidance. Details about the composition and terms of reference of both committees are as under:

(i) BOARD AUDIT COMMITTEE

The Audit Committee of the Board of Directors of Feroze1888 Mills Limited assists the Board of Directors in the oversight of:

- a) The integrity of Financial Statements of the Company;
- b) Effectiveness of:
 - i) External Audit, with respect to the appointment of, rotation, qualification and independence of External Auditors and the conduct of Audit;
 - ii) The system of Internal Control;
 - iii) The Internal Audit Function;
 - iv) The compliance, including compliance with legal and regulatory requirements.

It consists of four members including its Chairman. Two members are Non-Executive Directors, while Chairman and one member of Committee are Independent Directors including a female director. Its meetings are held in every quarter for reviewing and recommending the Company's Financial Statements. In addition, the Board can convene a special meeting of this Committee to discuss any special agenda.

TERMS OF REFERENCE:

a) Financial Reporting:

Review of quarterly, half yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, through discussion with Management and External Auditors (where relevant) focusing on significant financial reporting issues and judgments, sufficiency of disclosures in compliance with regulatory framework, significant audit matters and disclosure of related party transactions.

b) Internal Controls and Risk Management:

- Determination of appropriate measures to safeguard the Company's assets.
- Ascertainment of the adequacy of the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording and reporting structure.
- Review of the effectiveness of the Company's internal controls and risk management systems.
- Review of Company policies and amendments thereto.
- Internal Audit Reports.

c) External Audit:

- Consider and make recommendation to the Board on the appointment and removal of external auditors and their audit fees.
- Facilitate the external audit and discuss major observations of the auditors arising from audits and any other matters that the auditors may wish to highlight.
- Review Management Letter issued by the external auditors and management's responses thereto.

d.) Other Matters:

Consider any other matter assigned to it by the Board or by the Regulators. The Committee shall make recommendations to the Board it deems appropriate on any area under its review where action or improvement is needed.

(ii) HUMAN RESOURCE & REMUNERATION COMMITTEE:

There is a Human Resource and Remunerations (HR&R) Committee to assist the Board in:

- a) Recommending human resource management policies to the Board;
- b) Recommending to the Board, the function, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary and the Internal Audit Head.

The Committee consists of three Board members, with two Independent Directors and one Non-Executive Director. The Chairperson of the Committee is an Independent female director. The Committee meets as many times as it deems necessary, however at minimum it has to meet twice a year.

DUTIES AND RESPONSIBILITIES:

The duties and responsibilities are as under:

- The Committee ensures that plans are in place for orderly succession of Executive Officers including the Chief Executive Officer.
- The Committee reviews and discusses the Company's organizational structure with the CEO for appropriateness to the Company's business strategy and future plans.
- The Committee recommends to the Board the framework / policy for the remuneration of the Company's Chairman, Board members, Chief Executive Officer and other Executive Officers. In determining such policy, the Committee takes into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code of Corporate Governance.
- The Committee considers and approves recommendations of the Chief Executive Officer on selection, evaluation, compensation and succession planning for key management positions who report directly to the Chief Executive Officer.
- The Committee may seek assistance from outside in consideration to fulfill its duties and responsibilities.
- The Committee undertakes annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Director's Report or Governance Framework.

Attendance in the Meetings of Board of Directors and Committees of Board

S. No	Name of Directors	Board Committees		
		Board of Directors' Meeting	Board Audit Committee Meeting	Board HR & Remuneration Committee
1.	Mr. Jonathan R. Simon	4/4	NM	NM
2.	Mr. Rehan Rahman	4/4	*4/4	*4/4
3.	Mr. Nasim Hyder	4/4	4/4	4/4
4.	Ms. Huma Pasha	4/4	NM	NM
5.	Ms. Aminah Zahid Zaheer	4/4	4/4	4/4
6.	Mr. Khaleequr Rahman	4/4	4/4	NM
7.	Mr. Shabbir Ahmed	4/4	NM	NM
8.	Mr. Perwez Ahmed	4/4	NM	NM
9.	Mr. Abdul Rehman Yaqub	4/4	NM	NM
10.	Mr. Anas Rahman	4/4	NM	NM
11.	Mr. Zain Ashraf Mukaty	4/4	3/4	2/4

NM: Non-member of Board Committees

* By invitation

OVERSIGHT OF FUNCTIONS BY EXTERNAL SPECIALIST:

With the vision to establish a system of sound internal controls, the independent internal audit function of the Company is outsourced to a reputable professional firm, A.F.Ferguson & Co. (AFF), Chartered Accountants who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

The internal audit is conducted as per the internal audit plan duly reviewed and approved by the Audit Committee. The internal audit plan is driven by the organizational objectives and priorities, and the risks that may prevent the Company from meeting those objectives. The Audit Committee reviews the effectiveness of the internal control framework whereas AFF regularly monitors and provides assurance on the effectiveness and adequacy of the internal controls and risk management framework.

DISCLOSURES ON BOARD'S POLICIES

RELATED PARTIES TRANSACTION POLICY:

In the light of regulations issued by SECP under SRO 1194(I) / 2018 dated 2 October 2018 and Section 208 of Companies Act 2017 for Related Party Transactions, the Related Parties Transaction Policy of the Company has been approved by the Board. The Company maintains proper record of all transactions pertaining to Related Parties and relevant details have been appropriately disclosed in Note 36 of the Financial Statements in accordance with Fourth schedule of Companies Act 2017.

In compliance with the Companies Act, 2017, Code of Corporate Governance and other applicable laws and regulations, details of all related party transactions are placed periodically before the Audit Committee and upon their recommendation, the same are placed before the Board for review and approval. The Company enters into transactions with related parties in the ordinary course of business on arm's length basis.

GOVERNANCE OF RISK AND INTERNAL CONTROLS:

The Board has approved a Risk Management Framework which guides the overall risk management process. The risk management is carried out at the overall Company's level by the Executive Leadership Team of the Company headed by the CEO and is reviewed by the Board from time to time. The Company's management monitors potential risks and risk management procedures to identify, assess and mitigate any identified or potential risks

DIVERSITY POLICY:

Feroze1888 is committed to promote hiring people of different age groups, educational backgrounds, religion, ethnicity, especially able people and gender so the workplace should be a mix of all diversity components. We provide equal opportunity to all job applicants through clearly defined and consistently applied induction standards and have developed an unbiased and impartial working environment for all; thereby enabling each employee to develop to the fullest.

Our greatest asset is our people & we are committed to provide equal employment opportunities based on merit and in creating a workplace where all are respected, satisfied and appreciated. To maintain this culture of respect we are staunch proponent of no harassment in any form including verbal / emotional, physical or sexual.

POLICY ON NON-EXECUTIVE AND INDEPENDENT DIRECTORS' REMUNERATION:

In line with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Articles of Association of the Company, the policy for remuneration of non-executive directors (including independent directors) has been approved by the Board of Directors according to which the Company does not pay any remuneration to its non-Executive directors (including independent directors) except as meeting fees for attending the Board and its Committee meetings. The remuneration of a director for attending meetings of the Board of Directors or its Committees is from time to time determined and approved by the Board of Directors.

RETENTION OF BOARD FEE BY THE EXECUTIVE DIRECTOR IN OTHER COMPANIES:

Executive Director of Feroze1888 may serve as Non-Executive Director on the board of any other Company by virtue of the Companies Act 2017. Fees paid by any other Company in compliance with remuneration policy of respective Company, approved by the Board of Directors may be retained by the Executive Director in lieu of services rendered as Non-Executive Director.

SECURITY CLEARANCE OF FOREIGN DIRECTORS:

Security clearance of Foreign Directors is initially done by the Company Secretariat by verifying their provided documents as per requirements of prevailing laws. Finally, it is carried out by the Regulator i.e. Securities and Exchange Commission of Pakistan as per law / regulatory requirements, as their forms related to appointment is accepted subject to clearance by the Ministry of Interior.

HUMAN RESOURCE MANAGEMENT & SUCCESSION POLICIES:

At Feroze1888 we believe in crafting HR policies that are derived from our vision and philosophy. We intend to make our policies a true reflection of our core values at all levels. This, we believe, will lead to a well - blended team of professionals and experts working collaboratively in a cordial environment. Our focus is on upholding the true spirit of impartiality and a transparent system to attract, hire, develop, engage, retain and motivate all the employees to utilize their skill set to the optimal and continue to strive for excellence at work.

Moreover, in order to ensure the going concern of the operations, we have also devised & implemented a concrete succession planning model to support in developing bench strength for critical leadership positions based on predefined criteria.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY:

Company is committed to provide safe and secure work environment to its employees and ensures that processes do not adversely affect the nearby communities, environment and society as a whole. Employees are directed to follow all applicable health and safety rules and practices and cooperate with officials who are responsible to ensure these rules and practices. Employees need to follow all security measures and guidelines for a safe work environment, which also includes use of Personal Protective Equipment (PPEs) as per the nature of the job.

The Company also contributes to various social and charitable causes including health and education. Moreover, the Company has defined and implemented Code of Conduct for the employees that fits with local customs and regulations. It ensures highest standards of ethical business and the desired corporate values and behaviors.

EMPLOYEE HEALTH, SAFETY AND PROTECTION:

The Company is committed towards safeguarding a healthy environment for everyone by reducing the environmental impacts of its business through compliance with all environmental standards at the production facility and fully cognizant of its responsibility in this regard.

Our production practices conform to international standards and comply with good manufacturing practices. Our processes and controls are agile and sustainable, ensuring that we do not compromise on quality and safety for our employees. Further, we also hold certification in ISO 14001 - 2015 (Environmental Management System) and ISO 45001 - 2018 (Occupational Health & Safety).

WHISTLE BLOWING POLICY:

The Company's purpose and values set the standard for how it does business and actively encourage openness, integrity and accountability. In accordance with the Company's continued commitment to good governance, a 'Whistle Blowing' policy has been adopted. The policy ensures that the 'Whistle Blower' will be subject to no repercussion and the said non-conformance, will be investigated in a fair, transparent, reliable and principled manner.

POLICY FOR SAFEGUARDING OF RECORDS:

The Company considers information as one of the most valued business asset and place great emphasis on storage and safe custody of its financial and non-financial records. The Company's physical record are managed, retained and disposed-off in effective and efficient manner. The records are kept at secure places with adequate safety measures in place. All records are retained as long as they are required to meet legal, administrative, operational, and other requirements of the Company.

The Company believes and practices that the information should be accessed on a need-to-know basis. For this purpose, the Company has put in place a mechanism to define required access control measures to Company's information, applications and system resources in a controlled environment to protect the privacy, security and confidentiality of all stored data, both physical and electronic.

STAKEHOLDERS ENGAGEMENT POLICY

Feroze1888 Mills Limited strives to develop and maintain trustworthy relations with its stakeholders, including shareholders and investors. In this relation a policy has also been approved by the Board of Directors. It recognizes the importance of timely and fair disclosure of all material information to them, without advantage to any particular investor group or investment advisor / analyst, in order to enable them to make informed decisions about investing in the Company's equity and other debt instruments (if any). Further, all information disclosed to the public is in accordance with the Rule Book of the Pakistan Stock Exchange Limited ("PSX"), as well as the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Company also gives its shareholder the option to express their grievances and any other enquiries electronically via its website. Main principles of the Investors Grievance Policy are as follows:

- All the investors are treated fairly and equally at all times;
- Complaints raised by investors are dealt with courtesy, fairness and in a timely manner;
- The Management works in good faith and without prejudice towards the interests of any of the investors

PROCUREMENT, WASTE MANAGEMENT AND EMISSION CONTROL:

The Company adopts a comprehensive approach to managing and reporting its policies, encompassing key areas such as procurement, waste management, and emissions control. In procurement, the Company prioritizes sustainable sourcing practices, adhering to ethical and environmental standards. Waste management practices are diligently implemented, focusing on reduction, reuse, and responsible disposal to minimize environmental impact. Emissions control measures are rigorously enforced to curtail the Company's carbon footprint. The Company's commitment to transparency is evident in its robust reporting mechanisms, which provide stakeholders with accurate insights into its policies, practices, and progress in these vital areas.

PRESENCE OF THE BOARD AUDIT COMMITTEE MEMBERS AT THE AGM:

Shareholders are invited to all General Meetings and are encouraged to share their concerns and queries. Certain Members of the Board, Chief Executive and other senior management personnel were present at the General Meetings held during the year, to address all concerns and queries raised by the shareholders regarding the financial statements for the year ended 30 June 2022 and Audit Committee's activities and matters within the scope of the Committee's responsibilities.

STEPS TAKEN BY THE MANAGEMENT TO ENCOURAGE MINORITY SHAREHOLDERS' PARTICIPATION IN ANNUAL GENERAL MEETING:

The Company ensures that the interest of the minority Shareholders is protected. In order to ensure their participation in general meetings, Feroze1888 management takes following steps:

- All notices related to the Shareholders' meetings are being announced timely through Pakistan Stock Exchange and also published in newspapers in English and Urdu language as per the specified timeline and requirements.
- All notices of the Shareholders' meetings are dispatched at the registered addresses of the Shareholders available with the Company as per regulatory requirement to acquaint them with the agenda of the meeting.
- The Company is placing the Annual Report on its website ahead of the AGM and is also furnishing hard copies to shareholders who have requested them.
- Shareholders are facilitated and encouraged in appointing proxies in case they are unable to attend the AGM in person. For this purpose proxies in English and Urdu Language is sent to the members along with the notices and also available on our website.
- Shareholders are encouraged to comment, raise queries and provide feedback in the meeting
- It is also ensured to comply with all the regulatory requirements and takes all possible steps to encourage attendance of minority shareholders in general meetings.

INVESTORS' RELATIONS SECTION ON THE COMPANY WEBSITE:

Feroze1888 Mills Limited is committed to maintain strong and transparent relations with all stakeholders including the investors and shareholders. In an effort to harness the relationship with the investors and shareholders and to provide them accurate, transparent and timely information, the Company has maintained a dedicated section on its website (<http://www.feroze1888.com>). The website is regularly updated to ensure that the Company meets its requirements and provides all information relevant to all stakeholders including customers.

ISSUES RAISED AT LAST AGM:

General clarifications were sought by the shareholders on Company's Annual Report, however, no significant issue was raised during the 50th AGM of the Company held on October 26, 2022.

CORPORATE BRIEFING:

Feroze1888 held a corporate briefing via Zoom on November 18, 2022, to inform stakeholders about the Company's operational and financial performance based on the Financial Statements as of June 30, 2022. The purpose of this briefing was to also engage with shareholders and gain insights into their perspectives. During the briefing, the Deputy General Manager of Financial Reporting presented a summary of the Company's performance for the fiscal year ended on June 30, 2022. The event was attended by the Chief Executive Officer, Chief Financial Officer, Head of Operations, Company Secretary, and other senior Company officials. Following the briefing, there was a Question & Answer session to provide further clarification on the topics covered.

REDRESSAL OF INVESTORS' COMPLAINTS:

No significant complaint was received from investors during the year ended 30 June 2023.

Commitment of Chairman

Abdul Rehman Yaqub assumed the role of Chairman of the Board on August 03, 2023, after previously holding the position of Company Director. Additionally, he currently serves as a director at 1888 Mills LLC, GMI Funds LLC, and Grangeford USA Inc.



IT Governance & Cybersecurity

Board's Risk Oversight Function for Cybersecurity:

The Company places significant importance on safeguarding its financial and non-financial information, considering it as one of its most valuable assets. Although the regulatory requirements applicable to the Company do not mandate Board responsibility in the case of cybersecurity risks, the Company has aligned its policies and procedures to ensure efficient utilization of IT resources to achieve its strategic and operational objectives, ultimately enhancing shareholder value.

To oversee IT governance and cybersecurity-related matters, the Company has established steering committee with specific mandate. The team is tasked with managing cybersecurity risks and conducting assessments. The findings and recommendations from these assessments are then presented to the Steering Committee.

In past, the Board has, on occasion, directed the conduct of external cybersecurity risk assessments. Any findings from these assessments, if applicable, are subsequently integrated into the relevant areas and procedures.

IT Governance Policy:

Regarding cybersecurity risk, the regulatory framework governing the Company does not prescribe any specific requirements. However, the Company has established a well-thought out and executed IT Governance Policy aimed at ensuring the creation of value through the realization of benefits and optimization of resources. The Company has also put in place an IT governance framework designed to achieve excellence in IT risk management, establishment of internal controls, automation of business functions, and facilitation of structured decision-making processes.

Cybersecurity Policy:

The objective of the Cybersecurity framework is to outline strategies aimed at safeguarding the data and preserving the integrity of computing assets linked to an organization's network. Its primary goal is to shield these assets against all potential threat actors throughout the entire spectrum of cyberattacks. This is done to guarantee the security of all inter-connected assets and information from cyber threats. The Company's Cybersecurity Framework is structured around five core functions, which are outlined below:

- Identify
- Protect
- Detect
- Respond
- Recover

Cybersecurity Risk Oversight Function and Engagement:

Information security, data protection, and effective risk management are of utmost importance within the Company. The Board is actively involved in overseeing these critical areas, primarily through the steering committee and the internal audit function, ensuring their continual alignment with the evolving landscape of cybersecurity.

The internal audit department conducts regular and comprehensive audits of the company's network and cybersecurity protocols, with their findings meticulously reported to the Board's Audit Committee for consideration and action.

This comprehensive framework underscores the Company's unwavering dedication to maintaining high security standards and robust risk management, serving as a strong foundation for safeguarding vital information assets and upholding operational integrity.

In addition to these measures, we also have a dedicated IT Security position, reinforcing the Company's commitment to cybersecurity.

Controls and Procedures about Cybersecurity Risks:

Implementing an Early Warning System (EWS) is integral to minimizing harm and losses while disseminating vital warning information regarding identified vulnerabilities considered as risks.

In an effort to enhance our cybersecurity posture, we've partnered with a renowned multinational firm, entrusting them with our Security Operations Center (SOC). This collaboration provides us with continuous 24 x 7 monitoring capabilities, encompassing cyber defense, incident reporting, and proactive threat surveillance. This strategic move not only enables us to identify potential issues early on but also bolsters our defense against cyber threats, intercepting them before they pose a threat.

The Company's cybersecurity program is structured around essential components pivotal to the success of our cybersecurity framework.

To effectively manage our core IT functions and mitigate a spectrum of security threats, the Company has implemented a range of controls and procedures. These measures are meticulously monitored through system and firewall log analysis. Some of the key controls and procedures include:

- Network and web application firewalls
- Internet access management
- Email security gateway
- Disaster Recovery Plan
- Contingency Plan
- Endpoint security systems
- Server Patch Management
- Restricted Administrative Privileges
- Physical security protocols
- XDR (Extended Detection and Response)
- SOAR (Security Orchestration, Automation, and Response)

IT Compliance & Cybersecurity Audit:

The Company underwent an external risk assessment to evaluate potential vulnerabilities in FY'22. To fortify our cybersecurity defenses, we've engaged the services of a reputable information security provider. This partnership encompasses the implementation of Security Operation Center (SOC) which includes but not limited to Security Information and Event Management (SIEM) and SOAR solutions for all our critical assets providing real time 24 x 7 services.

BUSINESS CONTINUITY PLANNING:

Significant efforts have been made in ensuring uninterrupted business operations. Development of Business Continuity Plans (BCP) is in progress to protect the organization and its resources and ensure minimum disruption in case of any adverse or unforeseen events through availability of the critical business functions.

DISASTER RECOVERY PLANNING:

To address information security risks, we've established an efficient disaster recovery plan. Its core purpose is to swiftly contain and minimize the impact of disasters. This plan facilitates a seamless shift to backup operations, enabling the rapid restoration of our data center's normal functions. Through this planning, we ensure that critical functions experience minimal disruption following a disaster.

Our DRP is organized into four distinct phases:

- Disaster Assessment
- Disaster Recovery Activation
- DR Site/Data Center Rebuild Phase
- Return Home

Digital Transformation of IT:

The emergence of Industry 4.0, often referred to as the fourth industrial revolution, has occurred over recent decades. It represents a significant advancement in the realm of digital technology, taking it to an entirely new level by leveraging interconnectivity through the Internet of Things (IoT), real-time data access, and the introduction of cyber-physical systems.

Our Company is actively and proactively seeking opportunities to enhance its core business functions through state-of-the-art IT technologies. For over a decade, we have relied on the Oracle ERP system for our core business operations. Additionally, digital transformation is a central objective within our IT department. Currently, our IT team is exploring various avenues, including the utilization of ERP, Robotic Process Automation (RPA), blockchain, and cloud computing, Business Intelligence, Artificial Intelligence and Mobile applications all aimed at improving our business process management tools and reporting capabilities, thereby enhancing information management across the organization.

Specifically, our IT initiatives encompass:

- Implementing RPA across multiple processes.
- Exploring the use of blockchain for enhanced traceability.
- Successfully completing a Proof of Concept (POC) Industry 4.0 for one of the production process.
- Outsourcing Security Operations Center (SOC) operations for our critical IT assets.
- The successful implementation of an Endpoint Detection and Response (EDR) enabled Advanced Endpoint Protection system.

Staff Trainings on Cybersecurity Risks:

A successful awareness training program targets potential cybersecurity errors made by employees in various contexts, including email, web usage, and physical security aspects like tailgating and document disposal. Our IT and security team consistently conducts training sessions for our staff, emphasizing the importance of adhering to best practices to mitigate cybersecurity threats and risks.

The core objective of these security awareness efforts is to draw attention to security concerns, cultivate an understanding of the potential threats and vulnerabilities in computer systems, and instill a recognition of the imperative need to safeguard data, information, and systems.

Enterprise Resource Planning

The implementation of an ERP system brings about the integration of various business operations, enhancing real-time business reporting and facilitating well-informed, timely decisions while creating synergies. In our case, we have deployed the Oracle ERP system, which centralizes information sources within our organization.

To ensure the continuous effectiveness and operation of our core applications, our IT management team actively seeks and incorporates valuable feedback and insights from users as part of the ongoing ERP development process. Additionally, the team regularly updates our infrastructure in line with industry-wide best practices. We conduct multiple in-house training sessions to align users with our strategic ERP objectives.

In early 2022, we conducted an external risk assessment, which also included evaluating risks associated with ERP projects. Our System and Control Assurance (SCA) department consistently assesses system security, access to sensitive data, and the segregation of duties. To further enhance these assessments, we engage a top external firm for periodic evaluations in these areas.

Additionally, external auditors conducted a review of IT General Controls (ITGCs) during the year, contributing to our overall commitment to ensuring the security and efficiency of our IT systems.



Report of the Audit Committee

COMPOSITION

The Company has established an Audit Committee (the Committee) in compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019. The Committee was re-constituted on August 3, 2023 and comprises of four members as under:

Mr. Moin M. Fudda	– Independent Director (Chairman)
Mr. Khaleequr Rahman	– Non-Executive Director
Mr. Zain Ashraf Mukaty	– Non-Executive Director
Ms. Aminah Zahid Zaheer	– Independent Director

All the Committee members as a whole possess significant economic, financial and business acumen. The names and profiles of the Committee members are part of this Annual Report.

ROLE

The Committee monitors the effectiveness of the Company's financial reporting, systems of internal control and risk management and the integrity of the Company's external and internal audit processes.

RESPONSIBILITIES

- Monitoring and obtaining assurance that the process to identify, manage and mitigate principal and emerging financial risks are appropriately addressed by the management and that the system of internal control is designed and implemented effectively.
- Reviewing financial statements and other financial disclosures and monitoring compliance with relevant legal and listing requirements.
- Reviewing the effectiveness of the Company's audit function, the Company's internal financial controls and systems of internal control and risk management.
- Overseeing the appointment, remuneration, independence and performance of the external auditors and the integrity of the audit process as a whole, including the engagement of the external auditors to provide non-audit services to the Company.
- Reviewing the systems in place to enable those who work for the Company to raise concerns about possible improprieties in financial reporting or other issues and for those matters to be investigated.

MEETINGS HELD

The Committee met four times during the year under the Chairmanship of Mr. Nasim Hyder. The attendance of the members at these meetings is stated in the Directors' Report. During its meetings, the Committee has reviewed the relevant matters as required under the Committee's terms of reference and make relevant recommendations to the Board of Directors (BoD). The Committee's review covered the findings of both the internal and external auditors, internal controls, risk assessment, annual review of the continuing related party transactions of the Company, tax and legal updates and the financial reporting matters (including the annual results for the year ended 30 June 2023), before recommending them to the BOD for approval.

Wherever required, the Chief Financial Officer of the Company attends the meeting by invitation, Head of Internal audit is present in all the Committee meetings whereas External Auditors attend the meetings when matters pertaining to their functions come up for consideration. For this reason they attended one meeting during the year. The heads of departments were also present for the appropriate items of the agenda, as and when required.

REPORT AND CONCLUSIONS REACHED

The Committee has concluded its annual review of the operations of the Company for the year ended June 30, 2023 and based on reviews and discussions in the meetings, reports that:

- The Committee has reviewed the quarterly, half yearly and annual financial statements of the Company and recommended them for approval of the BOD. These financial statements present a true and fair view of the Company's state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company. They acknowledged their responsibility for true and fair presentation of the financial statements, accuracy of reporting and compliance with regulations and applicable accounting standards.
- The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the applicable International Financial Reporting Standards as notified by SECP.
- Review process of financial statements by the Committee also include detailed consideration of related matters and issues which were dealt in accordance with applicable accounting and reporting standards. No additional matter was required to be discussed other than already disclosed in the financial statements. Contents of the External Audit Report are in accordance with the applicable Regulations in Pakistan; the auditors have issued unmodified audit report in respect of the financial statements.
- Appropriate accounting policies have been consistently applied except for the changes, if any, which have been appropriately disclosed in the financial statements. Accounting estimates are based on reasonable and prudent judgment.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- Proper, accurate and adequate accounting records have been maintained by the Company.
- All related Party transactions have been reviewed by the Committee prior to approval by the BOD.
- The Company's approach towards risk management has been disclosed in the risk assessment portion of the Directors' Report. The types and detail of risks along with mitigation measures are disclosed in relevant disclosure of the financial statements.
- The Company has adhered, without any material departure, with the mandatory provisions of the Pakistan Stock Exchange, Code of Corporate Governance, Company's code of conduct and values and the best practices of governance throughout the year.
- The Company's Annual Report is properly structured to provide all necessary information in sufficient detail. Not only it gives financial information like state of affairs and financial performance as per applicable accounting framework, it also enlightens through financial analysis in easy to comprehend style. Besides the core financial information, it also covers all other necessary domains like background details about Company and its directors, comprehensive management reviews and future prospects, stakeholders' information and corporate governance. The Committee has reviewed the Annual Report and concluded that it is fair, balanced and understandable and it also provides the necessary information for the shareholders to assess the Company's position and performance, business model and strategy.

EVALUATION OF INTERNAL AUDIT FUNCTION

The Company has devised and implemented an effective internal control framework which also includes an independent Internal Audit Function.

- The Internal Auditors review the risks and control processes. They carry out reviews in accordance with the internal audit plan approved by the Committee;
- The internal audit function has direct access to the Committee;
- The Committee reviews the findings and observations of the Internal Audit with agreed management actions. These findings were carefully considered by the Committee, with management given direction to ensure that necessary steps were taken to mitigate any issues. Accordingly, as and when necessary the Committee escalated matters to the BOD for their review and action;
- Committee has ensured that the function has all necessary access to management and the right to seek information and explanations;
- The Committee met with the Internal Auditors in absence of the management.

EVALUATION OF EFFECTIVENESS OF EXTERNAL AUDIT PROCESS

- The statutory auditors of the Company, EY Ford Rhodes, Chartered Accountants, have completed their audit assignment of the Company's financial statements and the statement of compliance with the Code of Corporate Governance for the year ended June 30, 2023 and shall retire on the conclusion of the Annual General Meeting;
- The Committee has reviewed and discussed audit observations with the external auditors. A meeting was also held with the external auditors in absence of the management;
- The external auditors have direct access to the Committee and internal auditor, hereby ensuring the effectiveness, independence and objectivity of the audit process;
- The performance, cost and independence of the external auditors is reviewed annually by the Committee. Being eligible for reappointment under the listing regulations, the Committee has recommended to the BOD the reappointment of EY Ford Rhodes, Chartered Accountants for the year 2023-24 with change in Engagement Partner. The existing Engagement Partner Mr. Shaikh Salman (Partner EY Ford Rhodes) completed his 5th year with Financial Year 2022-23 Audit, he stands retired. Mr. Omer Chughtai (Partner EY Ford Rhodes) is the proposed new incumbent Engagement Partner. A resolution to this effect has been proposed at the forthcoming Annual General Meeting.

SELF - EVALUATION OF THE COMMITTEE PERFORMANCE

The Committee views that it discharged its responsibilities satisfactorily as per its terms of reference approved by the BOD. Committee conducts an annual evaluation of its own effectiveness by completing a Self-Assessment checklist in form of a questionnaire.





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Independent Auditors' Review Report

To the members of Feroze1888 Mills Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations), prepared by the Board of Directors of Feroze1888 Mills Limited (the Company) for the year ended 30 June 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

Chartered Accountants
Place: Karachi
Date: October 04, 2023
UDIN Number: CR2023100767lthcLQUZ

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner

1. The total number of Directors are eleven including the Chief Executive Officer as a deemed Director as per the following:

As at 30 June 2023		As at 20 July 2023	
a. Male	9	a. Male	9
b. Female	2	b. Female	2

2. The composition of Board is as follows:

As at 30 June 2023		As at 20 July 2023			
Independent Directors	3	Mr. Nasim Hyder Ms. Huma Pasha Ms. Aminah Zahid Zaheer	Independent Directors	3	Mr. Moin M. Fudda Ms. Huma Pasha Ms. Aminah Zahid Zaheer
Non-Executive Directors	7	Mr. Jonathan R. Simon Mr. Khaleequr Rahman Mr. Shabbir Ahmed Mr. Abdul Rehman Yaquub Mr. Perwez Ahmed Mr. Anas Rahman Mr. Zain Ashraf Mukaty	Non-Executive Directors	7	Mr. Abdul Rehman Yaquub Mr. Khaleequr Rahman Mr. Shabbir Ahmed Mr. Temoor Ashraf Mukaty Mr. Perwez Ahmed Mr. Anas Rahman Mr. Zain Ashraf Mukaty
Executive Director	1	Mr. Rehan Rahman, CEO	Executive Director	1	Mr. Rehan Rahman, CEO
Female Directors	2	Ms. Huma Pasha Ms. Aminah Zahid Zaheer	Female Directors	2	Ms. Huma Pasha Ms. Aminah Zahid Zaheer

Pursuant to Section 159(4) of the Companies Act, 2017, election of Directors were held on 20 July 2023 in Extra Ordinary General Meeting of the Shareholders of the Company and the Board has been reconstituted for a term of three years from the said date.

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 vision and mission statements, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/Shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
9. Following Directors/Executives have completed Directors' Training Program (DTP) under the CCG:
 1. Mr. Shabbir Ahmed Non-Executive Director
 2. Mr. Khaleequr Rehman Non-Executive Director
 3. Mr. Perwez Ahmed Non-Executive Director
 4. Mr. Zain Ashraf Mukaty Non-Executive Director
 5. Mr. Anas Rahman Non-Executive Director
 6. Mr. Nasim Hyder* Independent Director
 7. Ms. Huma Pasha Independent Director
 8. Ms. Aminah Zahid Zaheer Independent Director
 9. Mr. Rehan Rahman Chief Executive
 10. Mr. Adeel Yahya Executive (Director Operations)
 11. Ms. Javeria Siddiqui Executive (Chief Financial Officer)

*Mr. Moin M. Fudda appointed on the Board w.e.f. 20 July 2023 in place of Mr. Nasim Hyder and is exempt from DTP.

10. There was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, all such appointments including their remuneration and terms and conditions of employment were duly approved by the Board 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).

Board Audit Committee	30 June 2023	Board Audit Committee	03 August 2023
Mr. Nasim Hyder	Chairman	Mr. Moin M. Fudda	Chairman
Mr. Khaleequr Rahman	Member	Mr. Khaleequr Rahman	Member
Mr. Zain Ashraf Mukaty	Member	Mr. Zain Ashraf Mukaty	Member
Ms. Aminah Zahid Zaheer	Member	Ms. Aminah Zahid Zaheer	Member

b).

Human Resource & Remuneration Committee	30 June 2023	Human Resource & Remuneration Committee	03 August 2023
Ms. Aminah Zahid Zaheer	Chairperson	Ms. Aminah Zahid Zaheer	Chairperson
Mr. Nasim Hyder	Member	Mr. Moin M. Fudda	Member
Mr. Zain Ashraf Mukaty	Member	Mr. Zain Ashraf Mukaty	Member

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance;
14. The frequency of meetings (Quarterly/Half Yearly/Yearly) of the Committees were as per following:
- | | |
|--|-----------|
| a) Board Audit Committee | Quarterly |
| b) Board HR and Remuneration Committee | Quarterly |
15. The Board has outsourced the internal audit function to A. F. Ferguson & Co., Chartered Accountants 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 Directors 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, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with.
19. Explanation for rounding up the fraction as required under Regulation 6(1) is as under:
- a) Regulation 6(1) of the Companies (Code of Corporate Governance) Regulations, 2019 stipulates that it is mandatory for each Listed Company to have at least two or one third members of the Board, whichever is higher, as Independent Directors. In a Board comprising 11 Directors, one third would equate to 3.667 persons. The fraction contained in such one-third is not rounded up as one as the Company has enough experienced and well reputed Independent Directors on the Board who perform and carry out their responsibilities diligently.
20. Explanation for non-mandatory provisions is as under:
- a) Regulation 19 of the Companies (Code of Corporate Governance) Regulations, 2019 encourages all the Directors on Board to have acquired the prescribed certification under Director Training Program (DTP) by June 30, 2022. The Board has been re-elected in the EOGM of the Company held on July 20, 2023 and out of the 11 Directors on the Board (including the Chief Executive Officer), 9 of them have completed the DTP while remaining 2 Directors will be trained within due course of time. It is, however, to be noted that all the Directors are well experienced and fully conversant with their duties. Further, one Female Executive has acquired certification under the DTP and considering that the Company has limited female staff at Executive/Senior levels, it is challenging to meet the requirement for DTP by one female executive every year.

- b) The requirement of Nomination Committee is optional in Regulation 29. The Board takes care of the responsibilities prescribed for Nomination Committee, hence, a separate Nomination Committee is not considered necessary.
- c) The requirement of Risk Management Committee is optional in Regulation 30. The Board has approved a Risk Management Framework which guides the overall risk management process. The risk management is carried out at the overall Company's level by the Executive Leadership Team of the Company headed by the CEO and is reviewed by the Board from time to time. The Company's management monitors potential risks and risk management procedures to identify, assess and mitigate any identified or potential risks. Therefore, it not considered necessary to have a separate committee in this respect.
- d) The requirement with respect to disclosure of significant policies on the website is optional in Regulation 35(1) whereby the Company has uploaded relevant information in this respect on the Company's website. However, other significant information related to policies, like risk management etc. is disclosed in the annual report of the Company which is duly uploaded on the website and is available for all accessing the website.

Chairman

Karachi:
29 August 2023







Weaving a Sustainable Narrative - Navigating Challenges for Progress

The marigold's **vibrant tenacity** in challenging conditions and its role in **nurturing** the soil mirrors the positive impact it imparts to its surroundings, aligning with **our dedication** in enhancing the environment, promoting community welfare, and enriching the surroundings.

About the Report

Reporting Period

Financial year 2023 i.e. (July'22-June'23)

Reporting Cycle

Annual

Available version

Online and printed versions are available in English. Online version can be assessed at: www.feroze1888.com

Report Content

The contents of this report are based upon the results of our engagement with stakeholders and requirements of the Sustainability Reporting Standards. All material aspects which are important to Company's business strategy, represents the impact on Society, Environment and Economic, and are of interest to different stakeholders and the Company, have been included in this report, are derived from GRI Standards 2016.

Assurance

The Company's sustainability team has reviewed the Current Report.

Changes in Reporting / Restatement of Information

There is no change and restatement of the information provided in previous report.

Contact us

The Company values feedback and welcomes comments on its reporting. For any questions and/or suggestions, you may contact our Sustainability team via email at suggestions@feroze1888.com

Leadership Statement

I am pleased to unveil Feroze1888 Mills' Annual Sustainability Report as part of the Company's Annual Report 2022-23. The Report reflects the progress on our sustainability journey and provides an overview of our enterprise-wide approach to sustainability, environmental, health and safety, product stewardship, corporate social responsibility, inclusion, diversity and equity, employee engagement, and related governance topics relevant to the Company (collectively, "sustainability" or "ESG"). We share the commitments, goals and aspirations we have for **"Weaving a Better World"** for our stakeholders – our employees, customers, shareholders and the communities where we operate.

Our Sustainability journey is aligned with the United Nations Sustainable Development Goals (UNSDGs) and has helped us to clearly signpost our vision and guide our actions. Our sustainability strategy mirrors our business approach of balancing growth with stability. It takes into account the influence and impact our decisions and actions have on our stakeholders and the environment. It also ensures that we remain economically relevant through managing ESG risks and opportunities practically and in line with market realities. Just as our business strategy hinges on doing what is right for our customers, our sustainability strategy is based on how we embed these sustainable practices and engagement with all our stakeholders for positive outcomes in the long run.

I would describe 2022-23 as a year of steady improvement as we continued to build on the solid foundations laid over the past few years. Throughout the year, we have progressed our sustainability initiatives across all aspects of the Environmental, Social and Governance areas. You will see throughout this report that our focus is on both short-term programs that we can implement and measure today, while establishing long-term strategies that will have an enduring impact on our business – and that of our customers – and stakeholders into the future.

Our experience and results prove sound corporate citizenship and environmental performance are fundamentals of good business. Our Sustainability initiatives are entrenched into the Company's strategy and will continue to remain a key priority for the Board and management. The report also includes our Chairman, Mr. Abdul Rehman Yaqub's thoughts on how Company's sustainable practices can affect their financial performance. Despite challenges, we continue to believe we have an opportunity and responsibility to contribute to a more sustainable future through our ESG focus - **Together towards a better tomorrow!!**

Thank you for your interest in our 2022-23 Sustainability Report. The progress on our sustainability efforts would not be possible without the remarkable efforts of our employees – my extended family - and the support of our stakeholders. We look forward to continuing to share our progress on this journey.

Rehan Rahman
Chief Executive Officer

Status of Adoption of CSR Guidelines

The Company has an established CSR policy and carries out a variety of CSR initiatives annually to enhance and improve the well-being of society.

Recognizing the significance of these endeavors and remaining conscientious, the Company consistently seeks innovative approaches to make a positive impact on both society and the environment. The CSR vision is centered on safeguarding the environment, providing education, fostering diversity in our workforce, enhancing our work quality standards, with a particular focus on healthcare.

Our aim is not solely limited to financial contributions but also entails engaging our employees and other community members in this endeavor. A substantial portion of our CSR funds is allocated to the fields of education and healthcare.

Sustainability Strategy

The commitment to Weaving a Better World is deeply embedded within the vision and mission of the organization which are reflected in the core values as well.

Fueled by this vision, Feroze1888 continuously strives to achieve excellence across all the three domains of sustainability - People, Planet & Prosperity, be it sourcing of sustainable raw materials, reducing the overall carbon footprint or incorporating and complying with the best human rights and social policies with in all of its business operations.

In our pursuit of realizing our vision, we have taken proactive steps to align ourselves with global pledges and frameworks, adopting a structured approach to process improvement and standardization of reporting. We actively engage in initiatives such as SBTi (Science-Based Targets initiative), CDP (Carbon Disclosure Program), CBD (Clean by Design) and other reputable frameworks.

Feroze1888 intends to continue leading with purpose and take effective measures to help address global sustainability challenges, further strengthening our commitment to a better and more sustainable world.

Climate Change Committee

Feroze1888 places a strong emphasis on ethics and sustainability in its business operations. To fulfill this commitment, the Company has formed the 'Feroze1888 Climate Change Committee,' led by the CEO and comprising key directors and managers. This committee plays a central role in driving sustainability initiatives, overseeing annual sustainability goals, and promoting employee awareness and engagement.

The committee reports to the CEO, who communicates the findings to the board, leading to the creation of new key performance indicators (KPIs). These KPIs are then distributed throughout the organization and incorporated into individual employee objectives. Regular progress updates are provided to the CEO by committee members on a monthly or quarterly basis. Through collective efforts, Feroze1888 remains dedicated to ethical and sustainable business practices, contributing to both the Company's success and broader global sustainability efforts.

Sustainability at a Glance

Skills & Education

Provided complete four years scholarships to **11** financially challenged students to pursue higher education.

200+ kids of employees provided with scholarships through "Employee Education Assistance" Fund

In order to bridge the gap between industry and academia, provided internship opportunities to **47** individuals

Provided **18000+** man hours of trainings to enhance skillset of our human capital

In order to enhance the workplace efficiency before entering industry, provided training on lean principles to

100+ students.

Well being

Supported **21** marriages of female employees / workers and workers' daughters through combined marriage ceremony

5,500+ lives enriched through different CSR initiatives

Fostering health & safety culture by providing trainings and conducting risk assessment of all areas

Positively impacted **150+** employees through various wellness program

Gender Equality

Provide complete **4** years scholarships to **5** female students to pursue higher education

16% increase in female strength in management cadre

Empowerment

Empowering employees through fostering Kaizen Culture

Combat against Climate Change

18.8% increase in energy generation capacity through solar.

Planted **50,000** Mangroves in Sindh and Baluchistan regions to combat against climate change

Carried out Urban forestation in collaboration with NED university.

Generating **8500+** MWhrs of electricity through Renewable energy generation

Reduced **18%** emissions on absolute basis from the baseline of FY' 21

Using more than **87%** recyclable grade paper in the manufacturing of corrugated cartons

Responsible Resource Utilization

Saved almost **15.6** M m3 of gas via taking different initiatives like installing energy efficient machines, efficient generators & WHRB

Reclaimed **250+** M gallons of water sufficient for **1500+** households

7.5+ GWh of energy has been saved sufficient for annual consumption of **2600+** households

Increased reclaim water by **6%** from FY'2022

Certifications

Environmental



Social



Quality



Security



Our Undertakings



Materiality Assessment

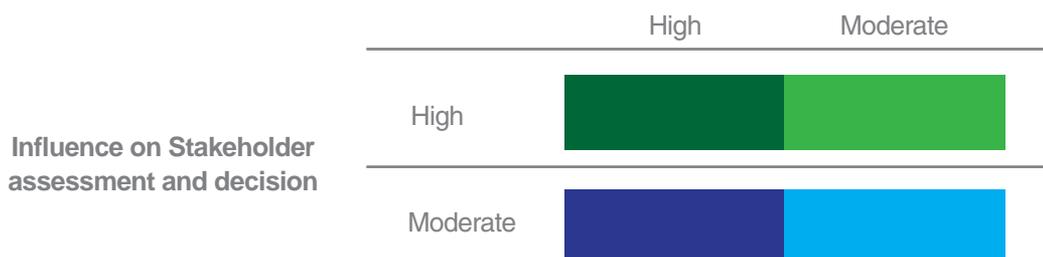
Feroze1888 highly values input from our stakeholders, obtained through various engagement platforms. Additionally, our sustainability priorities are shaped by a comprehensive assessment that considers alignment with our Company's vision, mission, strategy, historical practices, internal analysis, and our commitment to "Weaving a Better World." This approach ensures that sustainability becomes an integral part of our business.

The results of this materiality assessment are presented in the materiality matrix, which highlights issues of paramount importance to both our stakeholders and Feroze1888, emphasizing their substantial impact. This matrix guides the scope and content of our reports, ensuring that our communication aligns with key concerns and priorities. Furthermore, analyzing material topics is pivotal in developing and updating policies and procedures. This proactive approach allows us to effectively manage our operational impacts, promote responsible practices that meet stakeholder expectations, and reinforce our commitment to sustainability.

List of Material Topics and their Boundaries

Area	Material Topic	Boundary
Economic	Economic Performance	Feroze1888 Mills Limited
	Market Presence	Feroze1888 Mills Limited
	Procurement Practices	Feroze1888 Mills Limited
	Anticorruption	Feroze1888 Mills Limited
Environment	Energy	Feroze1888 Mills Limited
	Water	Feroze1888 Mills Limited, Local community
	Emissions	Feroze1888 Mills Limited, Our Local Community
	Effluent and Waste	Feroze1888 Mills Limited, Our Local Community
	Material	Feroze1888 Mills Limited
Social	Environmental Compliance	Feroze1888 Mills Limited, Our Suppliers
	Employment	Feroze1888 Mills Limited, Our Local Community
	Occupational health and safety	Feroze1888 Mills Limited
	Labor/Management Relations	Feroze1888 Mills Limited
	Training & Education	Feroze1888 Mills Limited
	Diversity & Equal Opportunity	Feroze1888 Mills Limited
	Non-Discrimination	Feroze1888 Mills Limited
	Human Rights	Feroze1888 Mills Limited, Our suppliers
	Child Labor	Feroze1888 , Our Suppliers
	Forced or Compulsory Labor	Feroze1888 , Our Suppliers
Marketing & Labeling	Feroze1888 , Our Customer	

Significance of Impacts on economy, society and environment





People

Our employees are more than just members of our team; they are an integral part of our extended family and a driving force behind our Company's achievements. As such, their well-being takes precedence as our foremost concern. We are dedicated to establishing a secure and inclusive workplace that prioritizes their health and overall welfare. Our commitment to diversity and equality ensures that all employees have equal access to opportunities, and we invest in ongoing training and development programs to enhance their skills, empowering them to excel in their roles.

Respecting labor rights forms a fundamental aspect of our approach. We rigorously adhere to both local and international labor laws, guaranteeing equitable wages and reasonable working hours for our workforce. We actively foster open communication with our employees, offering channels for them to express concerns, provide feedback, and share ideas through a well-defined grievance resolution process. Additionally, we place a strong emphasis on community engagement and support in the regions where we operate. Through partnerships with local communities, we seek to address their unique needs and actively participate in community-driven initiatives, particularly those aimed at advancing education and healthcare.

RECRUITMENT AND SELECTION

At Feroze1888 Mills, we consider our human resources as strategic partners and prioritize fostering long-term relationships with them. Our robust system ensures the availability of qualified candidates while exclusively appointing senior management from our local community. We celebrate employee uniqueness, promoting an innovative culture through diversity and inclusion integral to our people strategy, upholding equal opportunity employment. Our commitment to fairness is reflected in zero reported discrimination incidents via our Grievance Mechanism. As we move forward, we aspire to enhance women's representation in our workforce, having observed a 16% increase in female employees in managerial roles this year. At Feroze1888 Mills, we value and nurture our employees, fostering an environment where everyone can thrive and contribute to our collective success.

LEAN AND KAIZEN CULTURE

At Feroze1888, sustainability is ingrained in our values through Lean and Kaizen culture. We have provided extensive Lean training, totaling over 2000 man-hours, empowering our workforce to identify improvement opportunities and implement Lean practices.



This effort resulted in successful Kaizens, enhancing efficiency, quality, and cost savings. We celebrate these achievements with an annual Kaizen ceremony, fostering a culture of innovation and recognizing employees' contributions.

LEARNING AND DEVELOPMENT

At Feroze1888, we highly value our employees and are committed to their ongoing development through continuous learning. Training is an essential driver of our organizational progress, encompassing technical and soft skills vital for their professional growth. As we strive to excel in the market, we diligently assess our employees' training needs through appraisals and supervisor feedback, with a particular focus on enhancing soft skills such as communication, teamwork, leadership, and problem-solving. We have established a robust Training Need Assessment process to identify growth areas and provide training and coaching, enabling our workforce to excel in their roles and evolve as well-rounded professionals. Over the course of the year, we delivered 18,000+ hours of training, averaging 8.7 hours per employee - an uptick of 18% compared to the prior year leading to notable improvements in both technical and soft skills.

PERFORMANCE AND REWARD MANAGEMENT

Employee motivation and commitment are paramount at our organization. We achieve this by instilling a clear sense of purpose and a deep understanding of our organization's broader goals. Our robust performance management system includes biannual performance reviews tied to annual objectives closely aligned with our business strategy and company goals. These objectives serve as a roadmap for our employees, and insights from these assessments inform adjustments to our business strategy and goals, addressing performance gaps effectively.

Furthermore, we conduct "Employee of the Quarter" and "Value Champ" recognition ceremonies. These events honor exceptional employees who have exceeded expectations in their roles, celebrating their dedication, innovation, and unwavering commitment to our organization's success.

WAGES AND BENEFITS

Feroze1888 is committed to providing fair, market-based compensation. We ensure gender equality with equal pay for men and women in similar roles. Our focus on fair wages and a supportive environment fosters employee recognition and motivation, creating a workplace where dedication and hard work are valued and rewarded. The majority of our employees are paid salaries that exceed the government's prescribed minimum wage.

OCCUPATIONAL HEALTH AND SAFETY

Feroze1888 holds the safety and well-being of its workforce as a top priority, recognizing their pivotal role in the company's enduring success. Our dedicated employees are highly valued, and we uphold the highest standards of health and safety through responsible care.

To demonstrate our commitment to these principles, we have proudly achieved ISO14001:2015 certification, underscoring our unwavering compliance with its rigorous requirements. Our Health and Safety department takes a proactive approach, conducting regular employee training, safety drills, and internal audits aimed at enhancing competence and proficiency in health and safety practices.

Within our organization, the diligent identification of occupational health hazards and risks is carried out by our HSE Functional Team, comprising representatives from various departments. They consistently evaluate

and implement control measures to foster a secure working environment for all employees. Incidents are subjected to thorough reviews, and the active discussion of improvement initiatives is integral to enhancing our overall HSE (Health, Safety, and Environment) performance. Our commitment to occupational safety extends to high-risk areas, where employees undergo regular health assessments, including Chest X-rays and audiometric tests, to monitor their well-being. Proper utilization of Personal Protective Equipment (PPE) is emphasized across all operations. Even in contract-related work, we uphold HSE commitments from vendors, ensuring that health and safety standards apply to all individuals working within our premises. We are proud to report that no female employee or contractor sustained injuries during the reporting period, underscoring our dedication to maintaining a safe and inclusive work environment. Furthermore, we are pleased to report that no major injuries were recorded throughout the current fiscal year.



Planet

As a responsible organization, we acknowledge the urgent global threat posed by climate change and are deeply committed to taking proactive steps to address it. Our core mission revolves around mitigating our environmental impact and advocating for sustainable practices to ensure the long-term well-being of our planet.

We are actively engaged in optimizing resource utilization and implementing energy-efficient measures to reduce our carbon footprint and preserve valuable resources. Embracing circular economy principles, we are dedicated to minimizing waste and managing effluents responsibly, fostering sustainable consumption and production.

Our commitment to environmental and water stewardship, as well as sustainable practices, is underscored by a range of certifications and accreditations, including the Global Organic Textile Standard (GOTS), Global Recycled Standard (GRS), Forest Stewardship Council (FSC), OEKO-TEX STeP, and Recycled Claim Standard (RCS-100), among others

To bolster our commitment to sustainability, we've pledged support for the Science Based Targets Initiative (SBTi) and actively engaged in eco-friendly initiatives. We're reducing greenhouse gas emissions through renewable energy adoption and energy-efficient technologies.

Our HSE team conducts an annual Environmental Impact Assessment (EIA) and promptly identifies environmental aspects for new processes or changes. We perform scheduled and surprise audits to ensure compliance with regulations, and external audits under ISO 14001:2015 occur biannually, revealing no major non-compliance. We have established procedures to communicate environmental legislation to stakeholders. No grievances were filed through our formal grievance and feedback system related to the environment. There were no monetary or non-monetary fines levied on the Company regarding non-compliance with environmental laws and regulations in the reporting period.

MATERIALS & WASTE

The Company holds a firm commitment to the responsible utilization of natural resources and raw materials within its manufacturing facilities. We prioritize the acquisition of top-quality materials and supplies, ensuring that these products do not have any detrimental impacts on our environment. Our primary raw materials for the manufacturing process are cotton and yarn, while other materials consumed during production encompass corrugated cartons, printed labels, stickers, plastic bags, and bands used for packaging our products for delivery to customers.

In line with our commitment to responsible sourcing, we have implemented comprehensive waste management

practices aimed at proactively managing waste while minimizing adverse environmental and human health impacts. This includes the development of documented Standard Operating Procedures (SOPs) and Work Instructions covering waste reduction, collection, segregation, reuse, and disposal, all in strict compliance with environmental laws. Hazardous waste is meticulously handled by licensed contractors specializing in safe disposal, while non-hazardous waste is managed sustainably through recycling and reuse, aligning with our environmental responsibility.

Furthermore, our dedication to responsible and sustainable practices extends to our production processes, where we ensure that raw materials meet GOTS, OEKO-TEX, and BCI certifications, all while adhering to mandatory environmental laws and standards. This holistic approach safeguards the well-being of consumers, workers, and the environment.

Below is the list of main types of solid waste present at our manufacturing processes:

Hazardous Waste

- Chemical Containers
- Coal Ash
- Medical Waste
- Oil/Lubrication
- Computer Equipment and related items
- Paper and Cardboard

Non Hazardous Waste

- Paper Waste
- Plastic, Metal, Glass
- Chemical cans / drums / Plastic bags
- Metallic Scrap
- Cones (Paper/Plastic)
- Damaged Cartons
- Yarn/Fiber Waste
- Wooden / Plastic Pallets
- Unusable Cotton Waste
- Fabric Waste and Fluff

The Company is recycling and reusing cotton waste, poly and paper.



Energy

At Feroze1888, we place a strong emphasis on energy management to ensure the highest level of operational efficiency. Our Energy Management Policy is dedicated to promoting efficient energy utilization and adheres closely to ISO 50001 guidelines. This policy is regularly maintained and reviewed. Supported by a robust Energy Management System, we conduct routine internal audits in accordance with ISO standards, fostering a culture of continuous improvement.

The Company has realized a substantial 25.6% boost in renewable energy production compared to the prior year, with the renewable energy mix also growing by 0.36 percentage points. Energy intensity has remained consistent with the previous year. Additionally, in response to increased energy demands and a commitment to reducing our carbon footprint, we have expanded our solar power capacity, resulting in a reduction of over 3,500 tons of CO₂ emissions. Furthermore, our conservation efforts have saved more than 7.5 GWh of energy, equivalent to the annual consumption of 2,642 households.

EMISSIONS

The Company is firmly committed to managing and minimizing its environmental impact through effective emissions control. We conduct regular third-party assessments, carried out by PERAC Research and Development (PRD), to ensure compliance with National Environmental and Quality Standards (NEQS). Our primary emission sources include power and steam generation, encompassing greenhouse gas (GHG) emissions. We use analyzers to test for NO_x, SO_x, and particulate matter, covering all emission points, forklifts,

and transport vehicles. Furthermore, we closely monitor noise and smoke levels. Our key focus lies in reducing emissions and enhancing resource utilization through various energy conservation measures applied in both production and support processes.

Through various initiatives we have reduced GHG emissions by 8.38% compared to the prior year, with scope 1 emissions down by 8.04% and scope 2 emissions down by 11.26%. This commitment has significantly cut carbon emissions, conserving over 13.4M m³ of natural gas and reducing CO₂ emissions by more than 25,000 tons, exemplifying our dedication to sustainability and responsible resource management.

WATER & EFFLUENTS

The Company places a strong emphasis on water management to optimize resource usage and minimize its environmental footprint. While textile manufacturing necessitates significant water usage, from growing raw fibers to dyeing and finishing processes, we believe in the importance of conserving this vital resource for our future. Consequently, we continually seek opportunities in our operations to significantly reduce water consumption through the adoption of efficient machinery and proper water management systems. Our initiatives have led to a declining trend in water usage across key regions. In comparison to the prior year, the company has successfully reduced water consumption by 13%, while the utilization of both ground and municipal water has remained relatively stable, each representing 50% of the total.

At Feroze1888, we responsibly source water for our operations and prioritize recycling and reusing it in many of our processes. Additionally, we have made substantial progress in managing wastewater through the installation of an Effluent Treatment Plant, ensuring compliance with National Environmental Quality Standards (NEQS). We have maintained a record of no significant spills during the reporting period, and we utilize wastewater treatment plans, 3rd party assessments (PERAC Research & Development), and daily internal checks to guarantee that we release clean water back to the community, safeguarding the environment for future generations. In the current year, we recycled 250 million gallons of water in our

operations, an increase from 238.5 million gallons in the previous year.

Our other Water initiatives includes:

- 15 million Imperial gallons of water saved through the use of state-of-the-art dyeing machines.
- An annual saving of 75 million Imperial gallons achieved by installing concurrent washing machines.
- 40 million gallons of water conserved through Condensate Recovery System.



Prosperity

As a publicly traded company dedicated to ethical conduct, we uphold a strict zero-tolerance policy against corruption, with a focus on human rights, fair procurement practices, and customer satisfaction.

We have implemented structured Grievance Mechanisms for reporting concerns, and we're pleased to report no instances of non-compliance in the 2022-2023 period. To prevent corruption and conflicts of interest, uniform policies apply to all employees, business partners, and vendors, promoting transparency and prohibiting acceptance of gifts. Our internal audit department conducts thorough audits, while our Whistle Blowing Policy ensures confidential reporting of code of conduct violations. We prioritize ethical procurement practices and maintain anti-competitive behavior vigilance in our supply chain. No corruption-related incidents have been reported, affirming our commitment to ethical governance.





COMMUNITY

At Feroze1888, we deeply value our ethical obligation to give back to the communities that have been integral to our journey. As a leading textile organization, we recognize our responsibility to enhance the well-being and development of the communities where we operate. This commitment goes beyond profit-making and extends to initiatives that uplift the environment, living standards, education, healthcare, and sustainability.

In line with our Corporate Social Responsibility (CSR) ideology, we established the Feroze1888 Social Responsibility Squad (FSRS) in August 2008. FSRS orchestrates various events to benefit our extended family members and serve the local community. It provides financial support for medical emergencies and educational expenses for employees' children, while also offering assistance during natural calamities and emergencies. Feroze1888 actively promotes employment opportunities for local communities, prioritizing community involvement. Refer Page 110 for a glimpse of some of the CSR initiatives undertaken throughout the reporting year.

SUPPLIERS

The organization views its suppliers as crucial strategic partners for promoting sustainability within its supply chain. It aims to develop these suppliers to achieve the goal of Excellent Execution Every Time, focusing primarily on product quality and social and environmental performance. Our supply chain encompasses everything from machinery procurement, raw materials, semi-finished products, services, and other inputs from both local and foreign vendors to the delivery of finished products to customers. This extensive network of suppliers allows us to meet customer demands while contributing to the local economy through partnerships with local suppliers.

Proportion of spending on local spending has been disclosed on page 141.



SELECTION, EVALUATION AND MONITORING

Our supply chain network's objective is to enhance the efficiency of procurement and material handling processes by continually seeking and implementing best practices and exploring opportunities for market synergy. We have stringent supplier assessment and selection processes in place, ensuring the procurement of high-quality raw materials from both local and foreign suppliers. These processes include screening suppliers based on social criteria, such as child labor, forced labor, and human rights issues.

Suppliers are chosen and approved based on their capacity to meet our quality and quantity requirements within specified timelines. We conduct regular performance monitoring, take corrective actions in cases of non-conformance, and, if necessary, discontinue relationships with suppliers who do not make improvements.

CUSTOMERS

Feroze1888 Mills takes pride in its commitment to delivering high-quality products and expanding its market presence, both locally and internationally. We actively participate in global trade shows and expos,

presenting our full range of products to potential customers in various countries.

Our dedication to ethical marketing practices is unwavering, adhering to legal and voluntary codes to ensure respectful and responsible communications. We prioritize customer confidentiality and safeguard intellectual and material property shared with us, as outlined in our quality manual. Notably, there were no reported complaints or breaches related to customer privacy or confidentiality during the reporting period. Customer feedback is a cornerstone of our continuous improvement efforts. We regularly solicit input from customers through feedback forms to identify areas where we can enhance our offerings and better meet their needs. To maintain excellence in execution and product quality, we conduct life cycle assessments for all our products, addressing associated risks related to quality, health, safety, and the environment. Our commitment to minimizing impacts on safety, the environment, and society is evident through systematic improvement initiatives, which identifies root causes of issues and drives necessary actions for improvement.

Sustainability and CSR Snapshot

Internship Program

Feroze1888 believes that a sustainable and equitable progress of organization include youth development. To live PROSPER® in its true essence we exhibit focus on the capacity-building of youth through structured Internship opportunities. The six-week internship program is an effort to effectively mentor young graduates on vital employability skills that will help kick-start their corporate careers. Each intern is assigned a Mentor and Mentorship buddy who looks after their accessibility requirements and ensures their personal and professional development over the internship tenure. A real time structured feedback mechanism (of internee and the manager) helps in system improvement and gives internee an opportunity to improve their skills.



opportunity to apply for the certification program. The selection of participants was entirely merit-based, determined by their interview and assessment results.



International Sign Language Day

Feroze1888 invited students of Deaf Reach College to conduct an interactive and insightful session with them. We designed the complete session in form of multiple engaging activities followed by an industrial visit where the students were introduced to the production operations of Textile.



Flood Relief Donation

Compassion Makes a Difference - our Country was under serious turbulent times; the devastating flood had ruined the lives of many and left them empty-handed under the open sky. In those tough times, the Company and its employees stand united with the affected families and contributed in the form of immediate charity to bring ease and provide basic necessities to 75 families and the rehabilitation of affected areas by joining hands with reliable and trusted sources.

Weaving Certification 2022

Turning raw hands into skilled hands - in collaboration with NED University of Engineering & Technology, we ensured that our workforce acquires the latest weaving techniques using cutting-edge technology and expert guidance.

We designed a comprehensive course that encompasses both the theoretical and practical aspects of weaving, providing every worker with an equal

Breast Cancer Awareness sessions

Awareness is Power - Prioritizing Women's Health! At Feroze1888, we believe that a healthier world starts with empowered women who take charge of their well-being. Awareness and Early Detection plays vital role and bring an array of choices to be made in the right direction. Being a socially responsible organization we fulfill our responsibility by equipping our staff to make conscious and considerate choices.

In line of our ideology a month-long series of Awareness Sessions on Breast Cancer were executed wherein all our female staff was provided information regarding this important health topic with the help of some renowned Doctors. Together, we are forging a path where the well-being of women is of utmost importance, empowering each woman to live a healthy life.



Family Gala 2023

Feroze1888 is an organization that truly values happiness of employees and their families, we strive to provide a perfect work-life balance as well as organize such events so that our employees can cherish their family bonds and create magical memories. Family Gala is a signature benchmark annual event. This year event was also filled with fun, joy, laughter, entertainment and excitement. As the name suggests, this event was exclusively for our employees and their families where we made sure that each family member enjoys to the fullest. Recognition Scheme for employees' children which is one of the most anticipated and cherished segment and a way to acknowledge the efforts of all high achievers in their academic fields – a gratifying moment for both parents and the children.



Combined Wedding Ceremony

By the grace of Almighty Feroze1888 is truly humbled and pleased on successfully arranging and executing yet another Combined Wedding Ceremony of our female workers and the daughters of our male workers. The blissful event, has gained the trust and admiration of our workforce which is evident from the increase in number of couples every year. This year we facilitated the nuptial of 21 couples with utmost dignity and respect.

Women's Day 2023

At Feroze1888, Equality is all about ensuring respect, equal and fair share of opportunities for every individual irrespective of their gender, cast or creed. On this Women's Day we celebrated the achievements and contributions of our female staff with a series of experiences to honor their hard work and the difference they are making every single day.



KDSP Carnival

Beautiful Differences - Feroze1888 sponsored and participated in KDSP Carnival as CSR initiative to raise awareness of Down syndrome as we believe in the principles of diversity, equity and inclusion. On that day, we created magical memories for all, held a grand lucky draw, showcased our products, and played games with the participants. All the fund raised through activities were shared with the KDSP team which will contribute in a greater cause.



Plantation Drive 2022-23

True success in business is not just about what you achieve, but also about what you protect and cherish. With the blessings of the Almighty, we have successfully completed the Plantation Drive 2022-23. In accordance with the United Nations Sustainable Development Goals (UNSDG), our goal was to minimize our ecological impact in every conceivable way. In keeping with this commitment, we made a pledge to plant 25,000 trees in partnership with CARD Pakistan along the Turtle Beach coastline.



Urban Forestation at NED

Along with the students and faculty of NED University, we planted 90 trees of 14 different species at an area of 300 sqft. This initiative will help to offset 2 tons of CO2 per year. It will also help in improving quality of life by improving air quality, providing cooling effect, increase bio-diversity, & better water management.



Weaving A Better World Day

It's a blessing to bless others..... This day is dedicated to creating positive impacts within their surroundings, communities, and the lives of those in need. Feroze1888 embraced the essence of WABWD by actively participating in local charitable initiatives, namely the Haswa Foundation and the Disable Welfare Association. These organizations are dedicated to

helping underprivileged members of society in their respective areas. Our team members visited these communities, spending quality time with the individuals there, offering them hope and optimism through interactions, and supporting them in ways we can. The management of Feroze1888 is committed to providing ongoing support to both of these noble causes, ensuring that the future remains as bright as possible, and our bonds with these organizations grow stronger – together, we continue "Weaving a Better World".



World Environment Day 2023

Nurturing Nature for a Nurturing Future. In alignment with our pledge towards environment safety and to create awareness on adopting sustainable lifestyle, Feroze1888 joined hands with CARD Pakistan and arranged Beach Cleaning and Plantation activity, at DAM Beach, Somiani; to commemorate the true spirit of World Environment Day. With the theme of "Beat Plastic Pollution", extended family members of Feroze1888 participated in cleaning the sea-shore and plantation of mangroves plants at dedicated areas. We also interacted with the residents there, discussing and instilling the harmful effects of plastic on our environment and responsibility of every individual to ensure healthier and greener surroundings.



Hunar & Rozgar for Differently Abled Persons

Feroze1888, a strong advocate for People Development and a staunch supporter of the UNSD Goals, is deeply committed to enhancing the quality of life for all individuals in society through various initiatives and platforms. In our efforts to support those with disabilities, we have joined forces with NOWPDP, an organization dedicated to empowering differently-abled individuals and providing vital assistance to those in need.

NOWPDP's mission, focused on equipping persons with disabilities with skills (Hunar) and employment opportunities (Rozgar), has not only transformed lives but also set a powerful example for our community. We are confident that our continued partnership with NOWPDP will make a lasting impact on the lives of countless individuals with disabilities, contributing to a more inclusive and compassionate society where everyone can thrive.



Economic, Environmental and Social Performance

Area	Material Topic	Target 2022-23
Economic	Employment Learning & Development	In order to enhance skills of employees, provide atleast 18,000+ man-hours of trainings on different soft & hard skills
Social	Training & Development	Train 90 university graduates on Lean Principles in order to develop work level efficiencies
Economic / Environmental / Social	Environmental Compliance	Compliance with Environmental Management System, Quality Management system and Occupational Health & Safety
Environmental	Material	Use atleast 20% of recycled content in our product. (GRS Certification)
Environmental	Emission	Plant atleast 50,000 trees in order to combat against climate change.
Environmental	Emissions, Effluents & Waste	Reduction CO2 emissions by atleast 4.2% from the baseline of 2020-21
Social	Local Communities	Organize combined marriage ceremony for the daughters of non-management employees
Social	Gender Equality / Non Discrimination	Maintain gender diversity ratio throughout the organization
Social	Occupational Health and Safety / Diversity / Non Discrimination	Positively impacting lives of atleast 1,000 people through different CSR activities.
Social	Training & Education / Non Discrimination	Support education of female students by offering atleast 3 scholarships.
Social	Employment Learning & Development	In order to prepare the next generation for the mainstream, provide opportunities to atleast 44 students for internships for gaining practical exposure.
Social	Education / Gender Equality / Non Discrimination	Provide complete four years scholarships to 6 financially challenged university students.
Environmental	Water	Reduce fresh water consumption through increasing reclaim by 10% from the baseline 2021-22
Social	Occupational Health and Safety	Positively impacting atleast 150 employees through wellness program

Achievement	Achievement %	SDG Goals
Provided 18,133 man-hours of trainings on variety of soft & hard skills.	100%	 
100+ students have been trained during the period.	100%	 
The Company complies with ISO - 14001:2015 (Environmental Management System), ISO 9001-2015 (Quality Management System) & ISO 45001-2018 (Occupational Health & Safety).	100%	 
We are Certified with GRS in this regard.	100%	
Planted 50,000 Mangroves in Sindh and Baluchistan regions. Furthermore, urban forestation has been carried out in NED university.	100%	 
Reduced 18% emissions on absolute basis from the baseline of 2020-21	100%	 
Supported 21 marriages through combined marriage ceremony	100%	 
Maintained gender diversity rate throughout the organization. Female employees were increased by 16% in the management cadre.	100%	 
5,500+ lives positively impacted through different CSR initiatives.	100%	 
Provided scholarships to 5 female students for Higher Education	100%	 
Internship opportunities to 47+ individuals has been provided	100%	 
11 students were provided with scholarships.	100%	 
Increased reclaim water by 6% from baseline year	60%	 
Positively impacted 150+ employees through various wellness program	100%	 

Stakeholder Engagement

Our team identifies key stakeholders based on their impact on our Company's operations and engages in consultations to identify mutually relevant and impactful topics. As responsible corporate citizens, we prioritize stakeholder engagement and its implications. We actively interact with stakeholders to gather their opinions and expectations, enabling us to respond promptly and effectively to the issues they consider significant for our business and our ability to create a meaningful impact.

Key initiatives taken by the Company for stakeholder engagement carried out during the year includes:

Stakeholder Group	Stakeholder Management Initiatives
Shareholders/Investors	<p>The Company has organized Annual General Meeting (AGM) and Extraordinary General Meeting (EOGM) in accordance with statutory regulations to inform shareholders and secure their consent. During these meetings, members of the Board were present to address questions and address concerns raised by shareholders and investors.</p> <p>Additionally, the Company has been conducting corporate briefing sessions for the past three years, considering them a platform to engage with both current and prospective shareholders and investors. These sessions, chaired by the Chief Executive Officer, also featured key management personnel to provide insights and information.</p>
Employees	<p>Ensuring employee engagement and alignment with the corporate strategy holds significant importance for the Company. To achieve this, the Chief Executive Officer conducts "Town Halls" aimed at providing employees with timely updates on key business initiatives undertaken by the management and ensuring strategic alignment throughout the organization.</p> <p>Furthermore, the Company has implemented various employee engagement initiatives. These include the quarterly publication of the KIN magazine, designed to enhance employee awareness on a range of topics. The introduction of the "Employee of the Quarter" award for each department, annual performance appraisals, 180-degree performance appraisals for middle to senior management employees, and the implementation of the "Value Champ" scoring system all serve as crucial communication channels and tools for monitoring employee engagement targets.</p>
Customers	<p>Customers are central to our operations, and we are dedicated to ensuring their satisfaction. The Company has implemented various initiatives to engage with customers actively and foster strong, enduring relationships. These efforts include organizing customer visits to our manufacturing facilities, adhering to social, quality, and environmental standards, implementing feedback systems, and consistently following up with customers.</p>
Banks	<p>The Company highly values its banking relationships and takes comprehensive measures to meet all the financial requirements stipulated by its banks. Additionally, the Company actively engages with its partner banks through various means, including one-on-one meetings, the provision of annual reports, sharing monthly and quarterly financial performance updates, along with financial projections. Furthermore, the Company maintains open communication with its banks, keeping them informed about significant business accomplishments.</p>
Local Community	<p>The Company acknowledges that the prosperity of a nation depends significantly on the quality of its healthcare and education systems. We are actively dedicated to improving education and healthcare in our communities by providing scholarships to talented students and investing in various educational and healthcare support programs and initiatives.</p>
Media	<p>The Company has maintained a sound system to share timely and prompt updates regarding any material information for stakeholders on Company's website and stock exchange website. Social media communication policy is also in place. The Company ensures its presence in all major social media platforms.</p>
Civil Society/NGOs	<p>The Company has actively participated and donated in the areas of health, education, community development and environment.</p>
Educational Institutions	<p>The Company regularly organizes mentoring sessions in collaboration with different universities. These events played pivotal role in improving student's vision for professional life and experiences.</p>

Key Stakeholder Groups

Stakeholder Group	Frequency of Engagement	Communication Mode	Topics Identified by Stakeholders	Company's Responses
Shareholders/ Investors	Regular	Annual Report, Company secretary, Corporate briefing sessions, AGMs and disclosure of material information etc.	Future prospects of the business, capacity enhancements and expansions, Country's export market performance etc.	The Company is committed towards transparency of financial and non-financial information, timely communication for sustainable business growth.
Employees	Regular	CEO's "Town hall" meeting, quarterly magazine, annual performance appraisals and internal communication etc.	Career and professional growth; and Training & development.	The Company gives utmost importance to transparency in employee related affairs; and simultaneously emphasize on capacity / skill development training programs.
Customers	Regular	Effective system to manage customer feedback and follow-up; visits of manufacturing sites.	Competitive prices, quality of products, timely deliveries and compliance of social, quality and environment related standards.	Attractive and competitive product offerings; Timely deliveries; Ensuring social, quality and environment related compliance.
Suppliers	Regular	Corporate level communications; visits of supplier's business facilities.	Favorable payment terms and conditions.	The Company has a transparent system that enables suppliers for discussion and negotiation of contract terms and conditions. The Company is committed toward its ethical trade philosophy.
Banks	Regular	Annual Report; Financial projections; On-on-one meetings; emails; phone calls.	Payment of loan's principle and interest on time; Maintaining different debt covenants.	The Company ensures on-time payment of principal and interest to its money lenders. Debt covenants performance is also closely monitored.
Government and other regulatory bodies	Case/need basis	Submission of data for compliance; meetings with Government officials.	Compliance with applicable statutory regulations and laws.	Company ensures compliance of all statutory and legal requirements in Company's affairs.
Local Community	Regular	Representative of plant's operations and CSR teams.	Negative impact of manufacturing sites; Employment opportunity for neighboring communities; and communal services.	Company ensures compliance of all legal and regulatory requirements and also possess multiple ISO certifications including EMS, QMS & OHS.
Education Institutions	Occasional	Mentoring sessions and Internship programs etc.	Job opportunities; working environment; and career growth prospects.	The Company regularly organizes mentoring sessions in collaboration with different universities. In addition to that Company also runs internship and recruitment programs for university students.

Chairman Overview

on How the Company's Sustainable Practices can Affect its Financial Performance

"A CEO recently told me that a year or two ago, ESG was the last question that would come up in an investor meeting, if there was time. Now, those meetings start with that question." **Charles Edmond**

(CEO of CDPQ – an investment fund in Canada & Co-chair of Investor Leadership Network (ILN) – comprising 14 global investment firms who want to see a drive to sustainable low carbon economy)

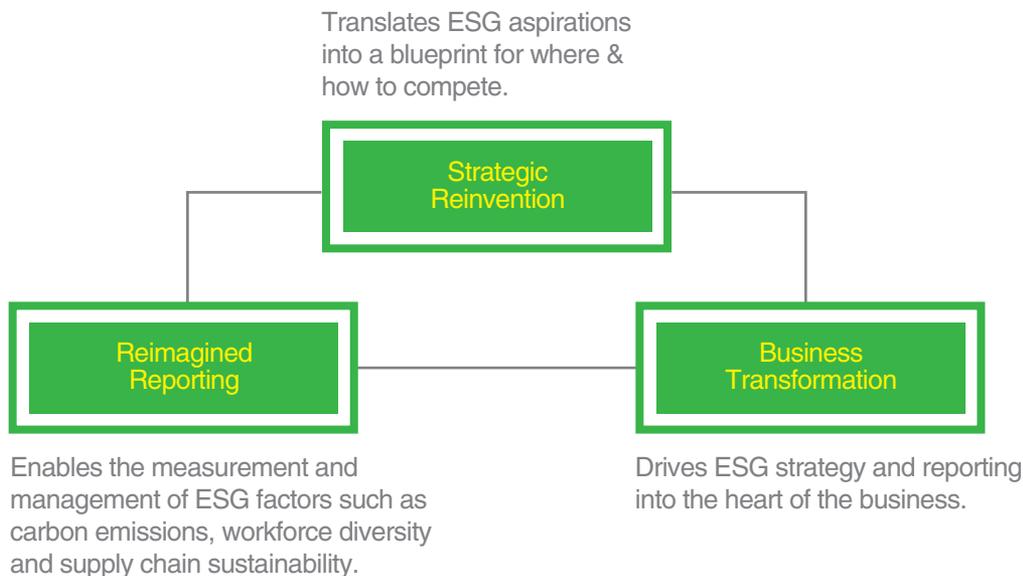
Sustainability is defined as meeting our needs today without compromising future generations' ability to meet theirs. Corporate sustainability is about expanding the financial bottom line into a triple bottom line – the 3Ps – People, Planet & Prosperity. The 3Ps is part of Feroze1888 DNA – and has been so for decades – well before this term got the due recognition.

To understand why Sustainability, ESG is important – it is imperative to appreciate what is driving the ESG agenda. It is driven by:

- Globalization
- Demographic changes
- Customer Empowerment
- Technology & Automation
- Climate Risk
- Black swan events like Covid-19

The case for Sustainability is very simple to us – Voice of Customer. With more and more consumer concerned about the origin traceability, preferring buying from companies who are conscious and supportive of protecting the environment, eco-friendly packaging, biodegradable /eco-friendly products, looking for sustainability certifications while buying the product are all compelling suppliers to work in this direction. Moreover, the technology is available from Renewables, Circular economy, Sustainable fuels etc. with it being viable also.

The three dimensions of ESG revolution are an interaction of:



As companies scramble to stay relevant in changing markets, they have come to realize that it is no longer enough to focus on the economics of the businesses alone. Designing a robust business strategy is becoming increasingly dependent on how well a company positions itself in terms of sustainable development that balances financial, environmental, and human development.

Abdul Rehman Yaqub
Chairman and Director







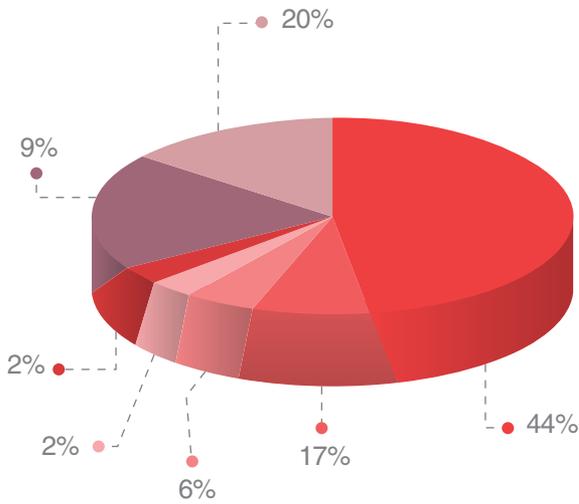
Amidst the symphony of balance, prosperity spins its lasting stronghold

In the symphony of nature's beauty, the rose stands as a timeless **emblem of charm and fortitude**, gracefully balancing delicacy and strength. Like the rose's ability to blend diverse colors and enchant with its fragrance, we elegantly **harmonizes our strategies and resources** in the ever-changing landscape.

Financials at a Glance

Assets - FY 2023

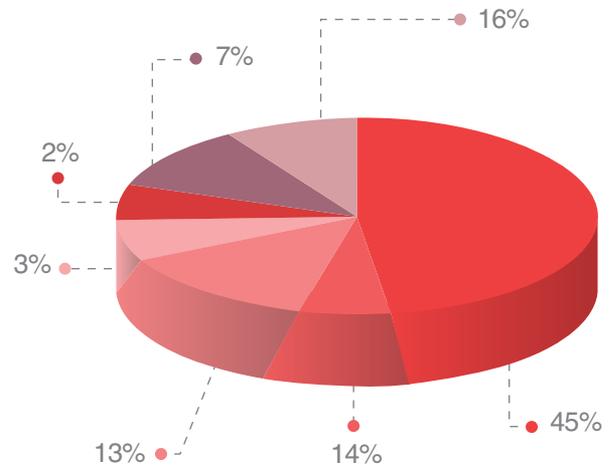
Percentage



- 44% Property, plant and equipment
- 17% Trade debts
- 06% Short term investment
- 02% Stores and spares
- 02% Cash and bank balances
- 09% Other assets
- 20% Stock in trade

Assets - FY 2022

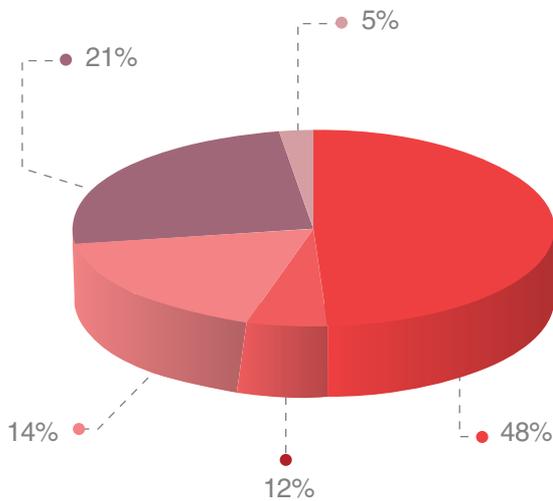
Percentage



- 45% Property, plant and equipment
- 14% Trade debts
- 13% Short term investment
- 03% Stores and spares
- 02% Cash and bank balances
- 07% Other assets
- 16% Stock in trade

Equity and Liabilities - FY 2023

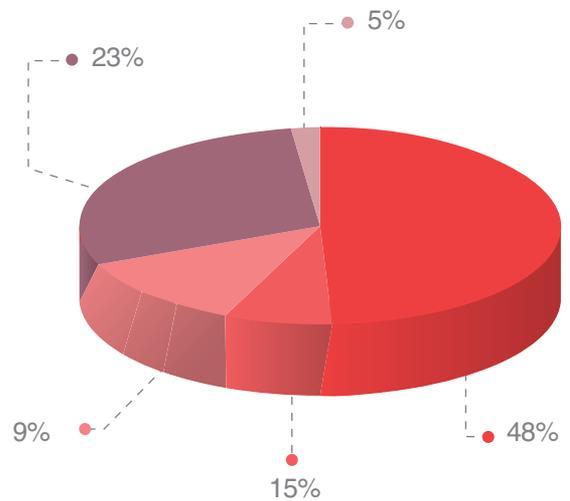
Percentage



- 48% Share capital & reserves
- 12% Long term financing
- 14% Trade and other payables
- 21% Short term borrowings
- 05% Other liabilities

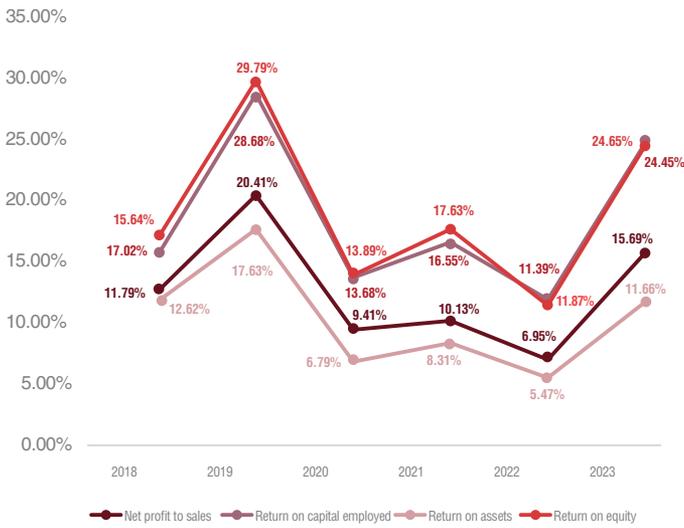
Equity and Liabilities - FY 2022

Percentage



- 48% Share capital & reserves
- 15% Long term financing
- 09% Trade and other payables
- 23% Short term borrowings
- 05% Other liabilities

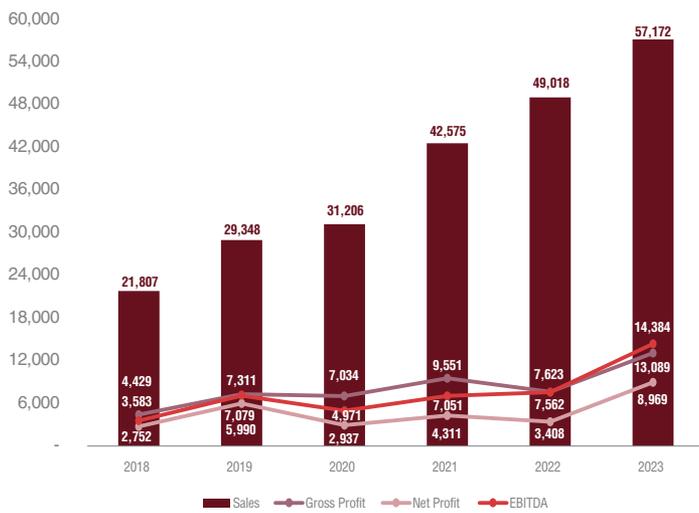
Profitability Ratio Percentage



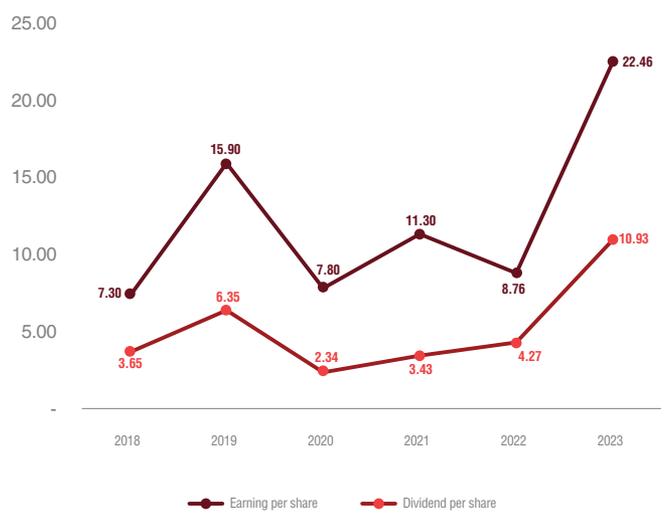
Liquidity Ratios Times



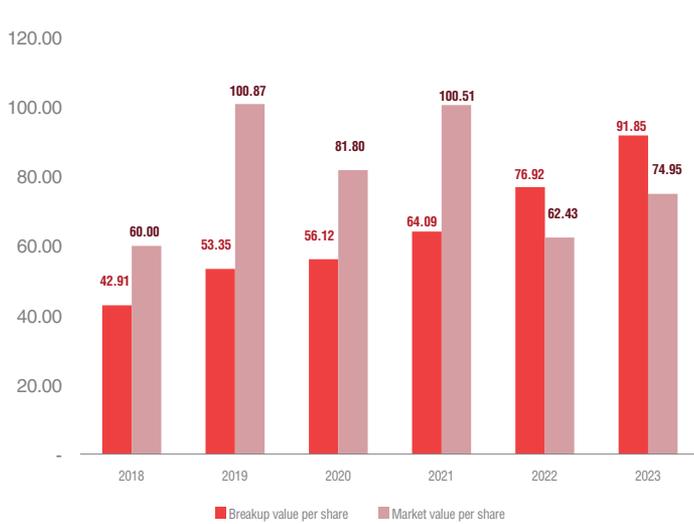
Turnover & Profitability Rs. in million



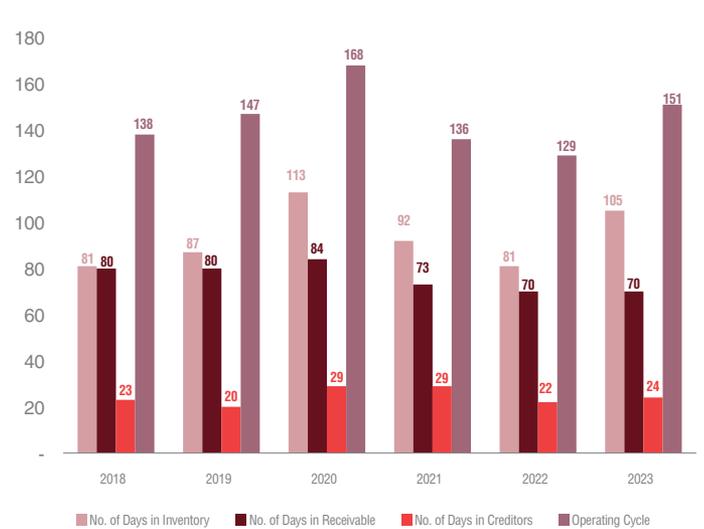
EPS vs Dividend per Share Rupees



Market Value vs Book Value Rupees

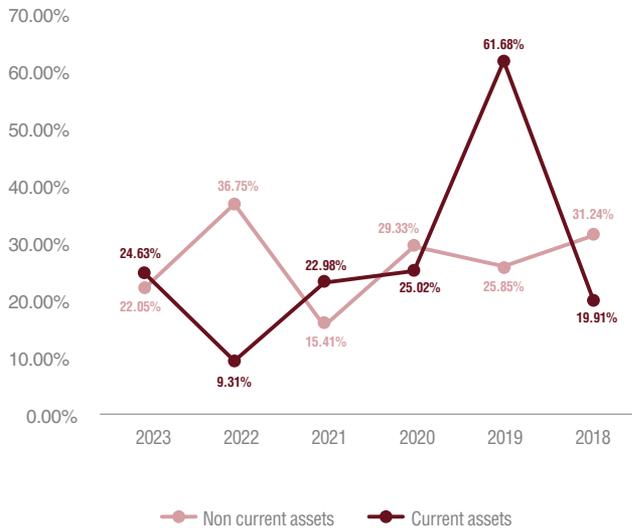


Operating Cycle Days

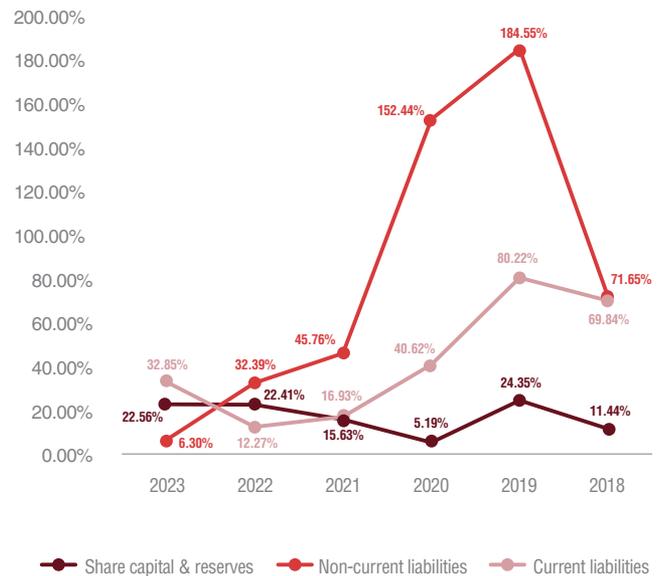


Horizontal Analysis - Graphical Presentation

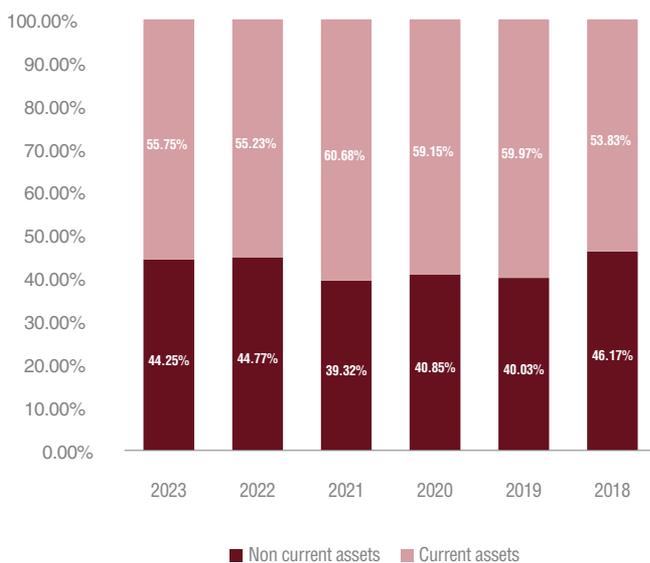
Horizontal Analysis of Total Assets



Horizontal Analysis of Total Equity & Liabilities



Vertical Analysis of Total Assets

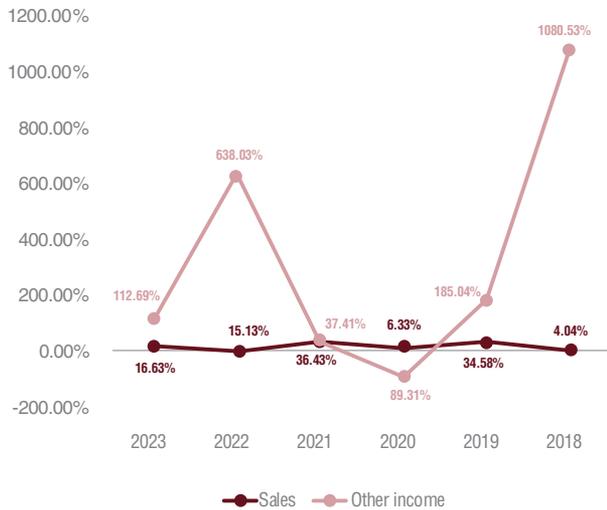


Vertical Analysis of Total Equity and Liabilities



Vertical Analysis - Graphical Presentation

Horizontal Analysis of Income

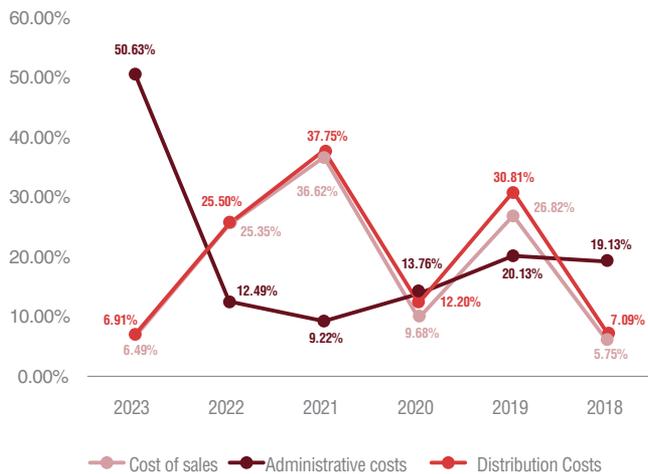


Horizontal Analysis of Profit

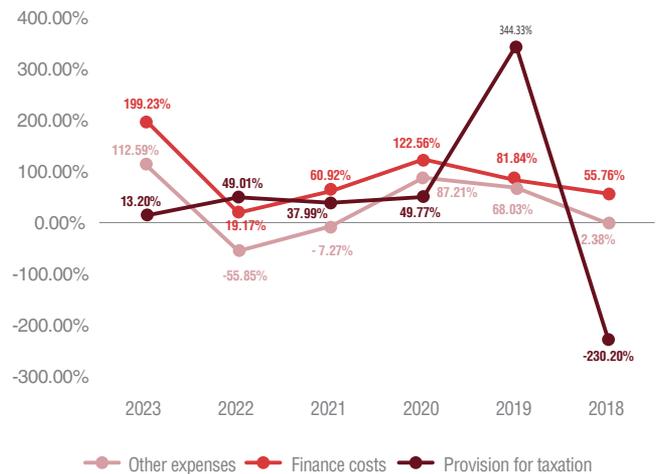


	2023	2022	2021	2020	2019	2018
Gross profit	71.70%	-20.18%	35.78%	-3.78%	65.05%	-2.16%
Operating profit	145.85%	-10.50%	47.29%	-43.07%	120.67%	15.38%
Profit before taxation	137.23%	-13.96%	45.85%	-47.22%	121.85%	14.47%
Profit after taxation	163.15%	-20.94%	46.78%	-50.96%	117.65%	10.54%

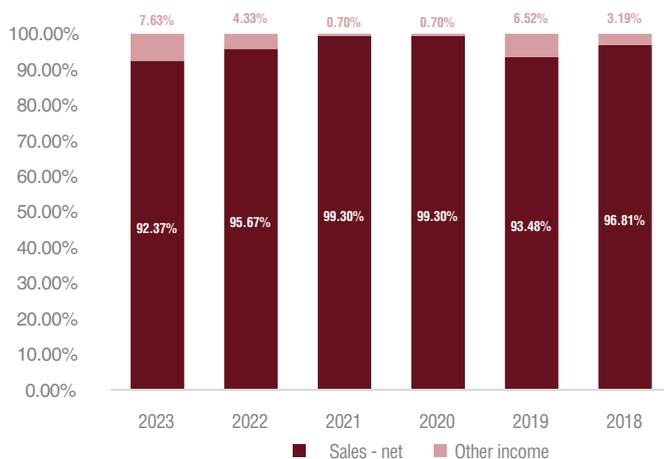
Horizontal Analysis of Expenses



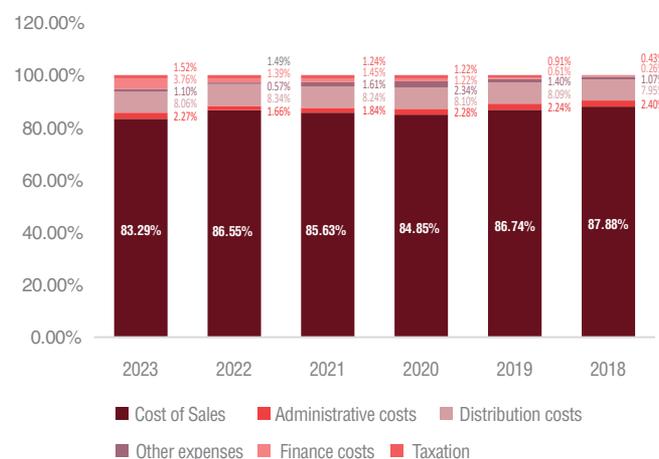
Horizontal Analysis of Expenses



Vertical Analysis of Total Income



Vertical Analysis of Total Expenses



Ratios

		2023	2022	2021	2020	2019	2018
Profitability Ratios							
Gross profit ratio	%	22.89%	15.55%	22.43%	22.54%	24.91%	20.31%
Net profit to sales	%	15.69%	6.95%	10.13%	9.41%	20.41%	12.62%
Return on capital employed	%	23.84%	11.87%	16.55%	13.68%	28.68%	15.64%
Return on assets	%	11.66%	5.47%	8.31%	6.79%	17.63%	11.79%
EBITDA margin to sales	%	25.16%	15.43%	16.56%	15.93%	24.91%	16.67%
Return on equity	%	24.45%	11.39%	17.63%	13.89%	29.79%	17.02%
Operating leverage ratio	Times	8.77	(0.69)	1.30	(6.81)	3.49	3.80
Shareholders' Funds	Times	0.48	0.48	0.47	0.49	0.59	0.69
Return on Shareholders' Funds	%	24.45%	11.39%	17.63%	13.89%	29.79%	17.02%
Liquidity Ratios							
Current ratio	Times	1.47	1.57	1.61	1.53	1.73	1.94
Quick / acid test ratio	Times	0.88	1.03	1.11	0.98	1.11	1.24
Cash to current liabilities	Times	0.05	0.07	0.08	0.25	0.28	0.03
Cash flow from operation to sales	Times	0.07	0.11	0.05	0.12	0.11	0.10
Cash flow from operation to capital expenditures	Times	0.49	0.61	0.51	0.70	0.92	0.63
Cash flow from operations coverage ratio	Times	2.76	3.97	1.35	17.11	12.09	13.31
Activity / Turnover Ratio							
Average total asset turnover	Times	0.82	0.86	0.90	0.81	1.02	1.04
Average fixed asset turnover	Times	1.85	2.04	2.25	2.01	2.41	2.28
No. of Days in Inventory	Days	105	81	92	113	87	81
No. of Days in Receivable	Days	70	70	73	84	80	80
No. of Days in Creditors	Days	27	22	29	29	20	23
Operating Cycle	Days	149	129	136	168	147	138
Investment / Market ratio							
Earning per share - basic & diluted	PKR	22.46	8.76	11.30	7.80	15.90	7.30
Price earning ratio	Times	3.34	7.13	8.89	10.49	6.37	8.21
Cash dividend per share	PKR	10.93	4.27	3.43	2.34	6.35	3.65
Price to Book Ratio	Times	0.39	0.39	0.74	0.72	1.12	0.97
Dividend yield ratio	Times	0.15	0.07	0.03	0.03	0.06	0.06
Dividend payout ratio	Times	0.49	0.49	0.30	0.30	0.40	0.50
Dividend cover ratio	Times	2.05	2.05	3.29	3.33	2.50	2.00
Breakup value per share with surplus	PKR	91.85	76.92	64.90	56.12	53.35	42.91
Breakup value per share without surplus	PKR	84.31	69.19	60.19	52.18	49.37	38.93
Market value per share at the year end	PKR	74.95	62.43	100.51	81.80	100.87	60.00
Highest market value during the year	PKR	82.00	103.13	127.48	105.24	126.00	113.00
Lowest market value during the year	PKR	55.00	59.85	80.01	66.70	53.00	58.05
Capital Structure							
Debt to equity ratio (book value)	%	27.19%	26.56%	22.12%	23.70%	9.91%	4.64%
Debt to equity ratio (market value)	%	33.32%	32.72%	14.11%	16.26%	5.22%	3.32%
Interest cover ratio	Times	6.38	8.58	11.83	13.36	79.11	66.44
Financial leverage ratio	Times	1.10	1.08	1.07	1.05	0.69	0.44
Weighted average cost of debt	%	7.24%	2.54%	2.61%	2.27%	1.32%	1.93%
Net assets per share	Times	100.72	83.15	71.85	58.68	37.23	19.51
Employee Productivity Ratio							
Production per employee	Kg	2,826	3,656	4,122	3,351	3,756	3,655
Revenue per employee	PKR in '000	4,355	3,877	3,362	2,687	2,688	2,059
Others							
Spares inventory as % of Total Asset	%	0.22%	0.33%	0.40%	0.44%	0.82%	1.35%
Maintenance cost as % of operating expenses	%	2.52%	1.89%	2.07%	2.14%	2.00%	1.97%

Comments on Statement of Financial Position

Assets

Non-Current Assets:

Non-current assets primarily includes property, plant and equipment, which have increased by PKR 23,092 million over the period of last six years at a CAGR of 20.94% on account of expansion, modernization and balancing of manufacturing facilities.

Current Assets:

Current assets primarily encompass inventory, spare parts, trade receivables, other receivable balances, and short-term investments. The notable increase in inventory and spare parts over the past six years is attributed to business expansion, escalating purchase cost, and significant depreciation of the local currency. Whereas, the Company's trade receivables exhibit a direct correlation with the growth in sales revenue over this period (in PKR).

Furthermore, for the past four years, the Company has been strategically allocating its surplus cash flows to short-term investments, adjusting the allocation as necessary to meet working capital requirements.

Liabilities

Non-Current Liability:

Non-current liabilities comprise long-term financing, deferred obligations, lease liabilities, and the non-current portion of GIDC provisions. The growth in these liabilities over time is attributed to securing long-term financing for acquiring plant and machinery at subsidized rates, as part of the Company's efforts to expand and modernize its production facilities. In the current year, the company also invested in renewable energy projects, securing solar financing totaling PKR 245 million to support this initiative.

Current Liability:

The current liabilities have increased due to increase in short term borrowings and, trade and other payable which is in line with the growing business working capital requirements and needs.

Equity

Shareholder's equity consists of both share capital and reserves. Over the past six years, the equity has seen a CAGR of 14.63%, mainly attributable to the growth in retained profits of the Company including a right shares issue in the previous year to the tune of PKR 1.58 billion. A substantial increase has been particularly notable in the current year, primarily driven by higher profits resulting from the significant devaluation of the PKR against the USD.

Horizontal Analysis - Statement of Profit or Loss

	2023		2022		2021		2020		2019		2018	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Sales	57,171,941	16.63	49,018,456	15.13	42,575,465	36.43	31,205,677	6.33	29,348,438	34.58	21,806,878	4.04
Cost of sales	(44,082,622)	6.49	(41,394,974)	25.35	(33,024,265)	36.62	(24,171,592)	9.68	(22,037,823)	26.82	(17,377,649)	5.75
Gross profit	13,089,319	71.70	7,623,482	(20.18)	9,551,200	35.78	7,034,085	(3.78)	7,310,615	65.05	4,429,229	(2.16)
Administrative costs	(1,199,518)	50.63	(796,350)	12.49	(707,938)	9.22	(648,153)	13.76	(569,770)	20.13	(474,310)	19.13
Distribution costs	(4,263,144)	6.91	(3,987,443)	25.50	(3,177,152)	37.75	(2,306,404)	12.20	(2,055,632)	30.81	(1,571,405)	7.09
Other expenses	(581,292)	112.59	(273,437)	(55.85)	(619,275)	(7.27)	(667,832)	87.21	(356,736)	68.03	(212,308)	(2.38)
	(6,043,954)	19.51	(5,057,230)	12.27	(4,504,365)	24.35	(3,622,389)	21.47	(2,982,138)	32.07	(2,258,023)	8.40
Other income	4,721,338	112.69	2,219,811	638.03	300,776	37.41	218,888	(89.31)	2,048,509	185.04	718,670	1,080.53
Operating profit	11,766,703	145.85	4,786,063	(10.50)	5,347,611	47.29	3,630,584	(43.07)0	6,376,986	120.67	2,889,877	15.38
Finance costs	(1,991,012)	199.23	(665,374)	19.17	(558,327)	60.92	(346,959)	122.56	(155,892)	81.84	(85,729)	55.76
Profit before taxation	9,775,691	137.23	4,120,689	(13.96)	4,789,284	45.85	3,283,625	(47.22)	6,221,094	121.85	2,804,148	14.47
Provision for taxation	(806,233)	13.20	(712,235)	49.01	(477,993)	37.99	(346,404)	49.77	(231,284)	344.33	(52,052)	(230.20)
Profit after taxation	8,969,458	163.15	3,408,454	(20.94)	4,311,291	46.78	2,937,221	(50.96)	5,989,810	117.65	2,752,096	10.54

Vertical Analysis - Statement of Profit or Loss

	2023		2022		2021		2020		2019		2018	
	Rupees in '000	%										
Sales - net	57,171,941	100.00	49,018,456	100.00	42,575,465	100.00	31,205,677	100.00	29,348,438	100.00	21,806,878	100.00
Cost of sales	(44,082,622)	(77.11)	(41,394,974)	(84.45)	(33,024,265)	(77.57)	(24,171,592)	(77.46)	(22,037,823)	(75.09)	(17,377,649)	(79.69)
Gross profit	13,089,319	22.89	7,623,482	15.55	9,551,200	22.43	7,034,085	22.54	7,310,615	24.91	4,429,229	20.31
Administrative costs	(1,199,518)	(2.10)	(796,350)	(1.62)	(707,938)	(1.66)	(648,153)	(2.08)	(569,770)	(1.94)	(474,310)	(2.18)
Distribution costs	(4,263,144)	(7.46)	(3,987,443)	(8.13)	(3,177,152)	(7.46)	(2,306,404)	(7.39)	(2,055,632)	(7.00)	(1,571,405)	(7.21)
Other expenses	(581,292)	(1.02)	(273,437)	(0.56)	(619,275)	(1.45)	(667,832)	(2.14)	(356,736)	(1.22)	(212,308)	(0.97)
	(6,043,954)	(10.57)	(5,057,230)	(10.32)	(4,504,365)	(10.58)	(3,622,389)	(11.61)	(2,982,138)	(10.16)	(2,258,023)	(10.35)
Other income	4,721,338	8.26	2,219,811	4.53	300,776	0.71	218,888	0.70	2,048,509	6.98	718,670	3.30
Operating profit	11,766,703	20.58	4,786,063	9.76	5,347,611	12.56	3,630,584	11.63	6,376,986	21.73	2,889,877	13.25
Finance costs	(1,991,012)	(3.48)	(665,374)	(1.36)	(558,327)	(1.31)	(346,959)	(1.11)	(155,892)	(0.53)	(85,729)	(0.39)
Profit before taxation	9,775,691	17.10	4,120,689	8.41	4,789,284	11.25	3,283,625	10.52	6,221,094	21.20	2,804,148	12.86
Taxation	(806,233)	(1.41)	(712,235)	(1.45)	(477,993)	(1.12)	(346,404)	(1.11)	(231,284)	(0.79)	(52,052)	(0.24)
Profit after taxation	8,969,458	15.69	3,408,454	6.95	4,311,291	10.13	2,937,221	9.41	5,989,810	20.41	2,752,096	12.62

Comments on Statement of Profit or Loss

Sales

Over the past six years, there has been a consistent growth in revenues, rising from PKR 21.81 billion in 2018 to PKR 57.17 billion in 2023, reflecting a CAGR of 17.43%. This increase in sales revenue is attributed to the management's ongoing efforts to maintain and expand market share and customer base. Additionally, the substantial devaluation of the rupee against foreign currencies had a positive impact on the Company's net turnover. However, it's worth noting that sales prices are under pressure due to economic downturn and increased competition. Having said the above, in the current year, the Company achieved its highest-ever sales revenue.

Cost of Sales

The cost of sales escalated from PKR 17.38 billion in 2018 to PKR 44.08 billion in 2023. This increase in the cost of sales can be chiefly attributed to significant rise in prices of raw materials, increased energy and fuel costs, and the adverse effects of rupee devaluation on imported materials besides the impact of volumes. These factors collectively posed challenges in managing and controlling costs effectively.

Operating Profit

Over the last six years, there has been an increase in operating profit, rising from PKR 2,890 million in 2018 to PKR 11,767 million in 2023, representing a compounded annual growth rate (CAGR) of 26.37%. However, the net operating profit margin of the company has fluctuated during this period due to the reasons mentioned earlier. Despite facing various challenges, the management has been dedicated to enhancing efficiencies and achieving economies of scale. Other income has also seen an upward trend over the years, primarily driven by gains, both realized and unrealized, resulting from currency devaluation during the year.

Profit After Tax

Despite facing a notable rise in finance costs over the past six years, driven by the growing demands of working capital and capital expenditures, alongside increased interest rates and higher tax rates, the Company managed to achieve a higher net profit - primarily attributed to the significant devaluation of the PKR against the USD.

Summary of Cash flow Statement

	2023	2022	2021	2020	2019	2018
	----- Rupees in '000 -----					
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before taxation	9,775,691	4,120,689	4,789,284	3,283,625	6,221,094	2,804,149
Adjustments for:						
Depreciation and Amortization	2,617,326	2,776,155	1,703,743	1,339,966	933,609	745,374
Loss / (gain) on disposal of operating fixed assets	(8,828)	(6,147)	20,821	47,595	15,026	46,530
Impairment	-	-	-	-	-	608
Operating fixed assets written off	1,314	2,028	-	13,379	-	-
Provision for slow moving and obsolete stores and spares	13,765	22,161	14,677	23,807	-	-
Provision for doubtful advances	-	-	-	104,969	-	-
Allowance for expected credit loss on trade debts	39,198	6,985	6,163	16,944	-	-
Finance costs	1,991,012	665,374	558,327	346,959	155,892	85,729
Provision for gratuity	242,052	291,073	217,839	111,680	143,494	-
Reversal of provision against doubtful advances	(1,461)	(39,878)	(62,901)	-	-	-
Interest on bank deposit	(60,694)	(64,539)	(49,237)	(59,801)	(55,627)	-
Dividend income on open ended mutual fund units	(534,842)	(373,304)	(188,638)	(159,087)	-	-
	4,298,842	3,279,908	2,220,794	1,786,411	1,192,394	878,241
Changes in working capital						
Stores and spares	53,301	(574,995)	(431,480)	(1,788)	(275,804)	(134,677)
Stock-in-trade	(5,552,917)	(1,459,465)	(167,574)	(1,858,541)	(2,518,817)	(254,560)
Trade debts	(4,531,805)	1,342,336	(3,312,580)	803,547	(2,438,502)	(837,300)
Advances, deposits, prepayments and other receivables	(2,281,625)	207,429	(933,706)	(1,290,618)	354,769	(526,449)
Trade and other payables	4,999,832	(189,248)	637,500	1,560,598	1,208,769	524,631
	(7,313,214)	(673,943)	(4,207,840)	(786,802)	(3,669,585)	(1,228,355)
Cash generated from operations	6,761,319	6,726,654	2,802,238	4,283,234	3,743,903	2,454,035
Finance costs paid	(1,517,297)	(599,004)	(485,281)	(307,408)	(123,636)	(72,229)
Income taxes paid	(1,011,816)	(677,700)	(290,343)	(336,591)	(281,830)	(217,780)
Long-term deposits	(14,880)	(9,174)	(16,580)	-	(8,047)	(1,230)
Gratuity paid	(95,271)	(123,107)	(41,175)	(26,888)	-	-
	(2,639,264)	(1,408,985)	(833,379)	(670,887)	(413,513)	(291,239)
Net cash generated from operating activities	4,122,055	5,317,669	1,968,859	3,612,347	3,330,390	2,162,796
CASH FLOWS FROM INVESTING ACTIVITIES						
Fixed capital expenditure	(8,441,079)	(8,761,292)	(3,827,021)	(5,253,765)	(3,633,853)	(3,441,082)
Proceeds from disposal of operating fixed assets	23,630	28,334	61,611	98,253	73,332	65,455
Short-term investments encashed / (made)	3,802,747	(2,567,315)	(3,810,376)	(1,684,533)	-	-
Interest received on bank deposit	60,694	66,279	55,386	54,100	53,439	-
Dividend income received on open ended mutual fund units	534,842	373,304	188,638	55,977	-	-
Net cash used in investing activities	(4,019,166)	(10,860,690)	(7,331,762)	(6,729,968)	(3,507,082)	(3,375,627)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividends paid	(1,980,887)	(1,148,581)	(909,265)	(1,921,651)	(2,053,066)	(1,092,427)
Long-term financing obtained – net	549,052	2,618,337	1,705,579	2,975,446	1,354,092	365,691
Short-term borrowings obtained – net	1,500,000	2,650,000	2,110,000	3,150,000	3,940,000	2,050,000
Proceeds against right issue	-	1,571,748	-	-	-	-
Principal portion of lease liabilities paid	(363,468)	(244,565)	(166,275)	(105,882)	-	-
Net cash generated from/(used) financing activities	(295,303)	5,446,939	2,740,039	4,097,913	3,241,026	1,323,264
Net increase in cash and cash equivalents	(192,414)	(96,082)	(2,622,864)	980,292	3,064,334	110,433
Cash and cash equivalents at the beginning of the year	1,529,044	1,625,126	4,247,990	3,267,698	203,364	92,931
Cash and cash equivalents at the end of the year	1,336,630	1,529,044	1,625,126	4,247,990	3,267,698	203,364

Comments on Statement of Cash Flow

Operating Activities:

The Company's operating cash flow has generally shown growth over the last six years, with the exception of the current year, where it decreased by Rs. 1,196 million compared to the previous year. This decline can be primarily attributed to the increase in trade debts and inventory, driven by a significant devaluation of the PKR against the USD and higher inventories. However, it's worth noting that there was a significant increase in accounts payable, which partly offset these challenges. Additionally, the higher costs of financing and tax payments, totaling PKR 1.2 billion, have also strained the cashflows.

Investing Activities:

The cash utilized in investment activities mainly encompasses capital expenditures and short-term investments. In 2023, cash outflows in investment activities amounted to PKR 4,019 million, an increase from PKR 3,376 million in 2018. The capital expenditure investments primarily involve ongoing efforts to expand, modernize, and replace existing manufacturing facilities, which constituted the largest portion of cash outflows in investing activities. However, in comparison to the previous year, investing activities decreased due to the liquidation of short-term investments during the year to address working capital needs.

Financing Activities:

Financing activities primarily involve cash movements related to long-term and short-term loans, as well as dividends distributed to shareholders. Historically, financing activities have generated positive cash flows, except for the current year. This deviation can be attributed to a decrease in net long-term financing and short-term borrowings obtained during this period. Additionally, it's worth noting that the issuance of additional shares through rights offering also occurred in the previous year.

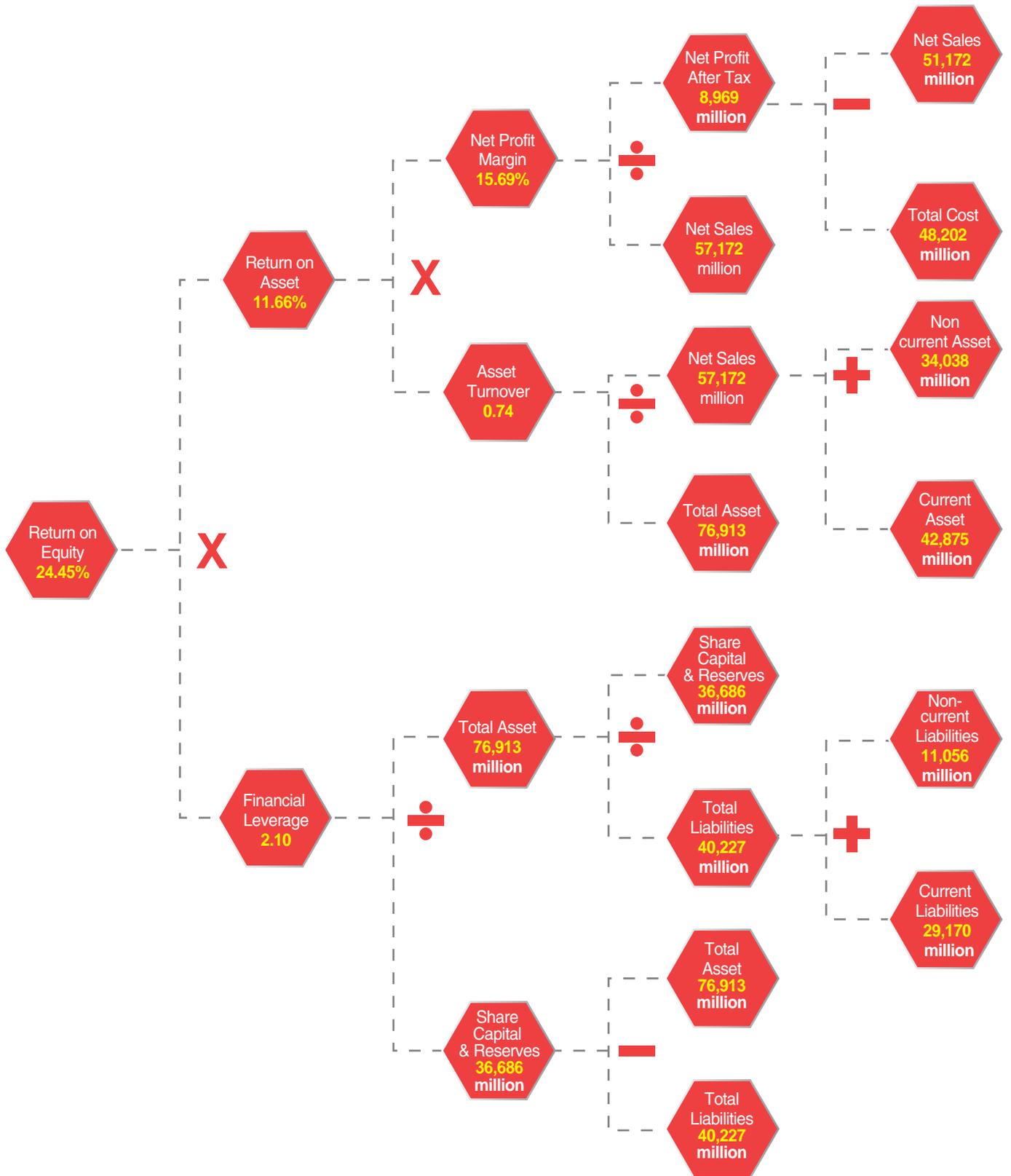
Statement of Value Addition and its Distribution

Feroze1888, leading manufacturer and exporter, is dedicated to nurturing stakeholder value through modern approaches and responsible practices. The Company's steadfast commitment to quality and ethical conduct inspires investor confidence. In an ever-changing business environment, Feroze1888's persistent focus on elevating stakeholders' value remains resolute, making it an invaluable partner in shareholders' pursuit of prosperity.

Below is the statement of wealth generated and its distribution:

	2023		2022	
	Rupees in '000	%	Rupees in '000	%
Wealth generated				
Sales including sales tax	57,342,915		49,169,394	
Other operating income	4,721,338		2,219,811	
Brought-in-material & services	(38,604,727)		(36,585,719)	
	<u>23,459,526</u>	<u>100%</u>	<u>14,803,486</u>	<u>100%</u>
Wealth distribution				
<i>To Employees</i>				
Salaries, benefit and other cost	8,779,023	37.42%	7,024,800	47.45%
<i>To Government</i>				
Income tax, sales tax, and others	1,022,327	4.36%	902,371	6.10%
<i>To Society</i>				
Donation towards education and health	26,103	0.11%	26,332	0.18%
<i>To Provider of capital</i>				
Cash dividend to shareholder	1,981,069	8.44%	1,082,021	7.31%
Finance cost	1,991,012	8.49%	665,374	4.49%
<i>To Company</i>				
Depreciation, amortization & retained profit	9,659,992	41.18%	5,102,588	34.47%
	<u>23,459,526</u>	<u>100%</u>	<u>14,803,486</u>	<u>100%</u>

Dupont Analysis



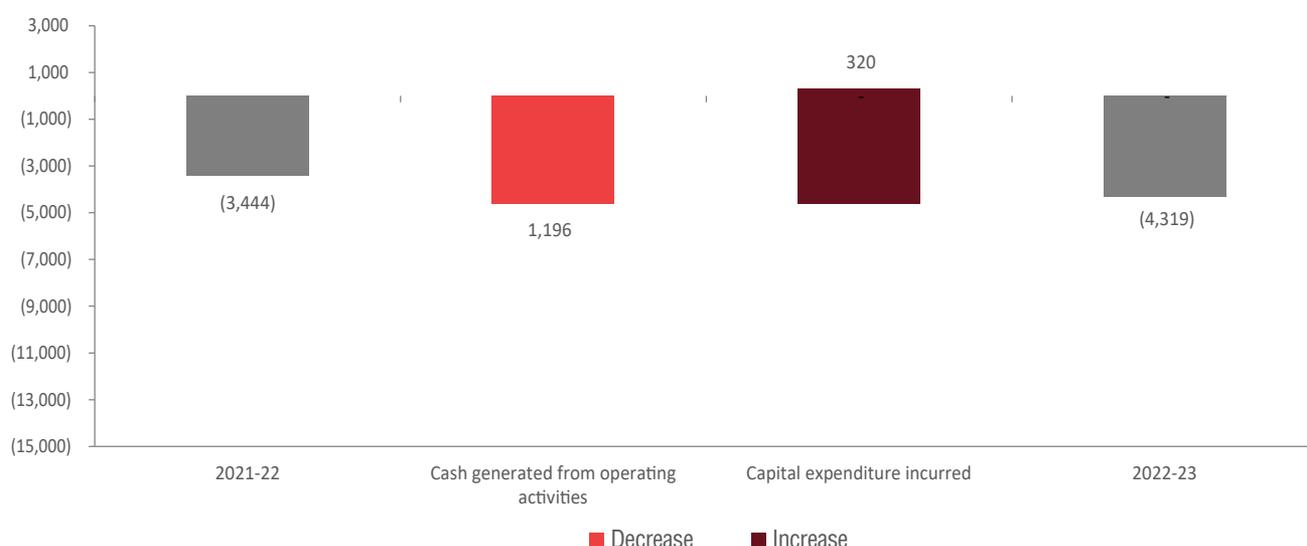
Year	ROE	Profit Margin	Total asset turnover	Financial Leverage
2023	24.45%	15.69%	0.74	2.10
2022	11.39%	6.95%	0.86	2.14
2021	17.63%	10.13%	0.90	2.12
2020	13.89%	9.41%	0.81	2.05
2019	29.79%	20.41%	1.02	1.69
2018	17.02%	12.60%	1.22	1.44

Comments on DuPont Analysis

- Profit margin of the Company increased in the current year mainly on account of significant devaluation of PKR against USD.
- The asset base of the Company has improved during the current year mainly on account of expansion, modernization and replacement of manufacturing facilities.
- The Financial Leverage ratio of the Company has decreased due to increased profit during the year which has led to an increase in equity by higher proportion.

Free Cash flow

	2023	2022
	----- Rupees in '000 -----	
Cash generated from operating activities	4,122,055	5,317,669
Less: Capital expenditure incurred	(8,441,079)	(8,761,292)
	<u>(4,319,024)</u>	<u>(3,443,623)</u>



Comparing the year ended on June 30, 2023, to the previous year, we observe a further decrease in free cash flows. This decline is primarily attributed to increased working capital requirements, while capital expenditure remains consistent with the previous year.

Economic Value Added

	2023	2022
	----- Rupees in '000 -----	
Net operating profit after tax	10,960,470	4,073,828
Cost of capital	(5,728,848)	(3,386,940)
Economic value added	<u>5,231,622</u>	<u>686,888</u>
Cost of capital		
Total assets	76,912,511	62,291,319
Less: Other liabilities	(30,252,861)	(21,957,003)
Invested capital	<u>46,659,650</u>	<u>40,334,316</u>
WACC	12.28%	8.40%
Cost of capital	<u>5,728,848</u>	<u>3,386,940</u>

Statement of Cash Flow

Direct Method

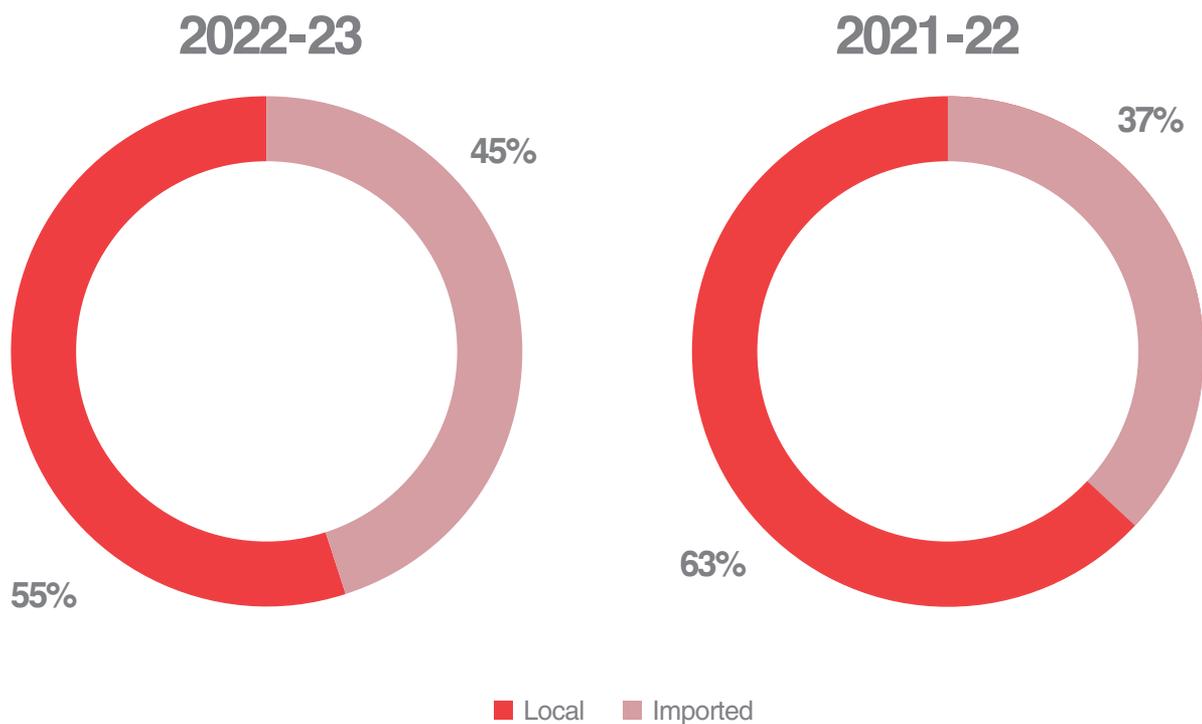
	2023	2022
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceed from customers	56,638,936	52,201,395
Proceed from Government refundable	355,459	1,416,446
	<u>56,994,395</u>	<u>53,617,841</u>
Payment to suppliers / service providers etc.	(42,754,697)	(40,880,784)
Payment to employees	(7,478,379)	(6,010,403)
Finance costs paid	(1,517,297)	(599,004)
Income taxes paid	(1,011,816)	(677,700)
Long-term deposits	(14,880)	(9,174)
Gratuity paid	(95,271)	(123,107)
	<u>(52,872,341)</u>	<u>(48,300,172)</u>
Net cash generated from operating activities	4,122,055	5,317,669
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(8,441,079)	(8,761,292)
Proceeds from disposal of operating fixed assets	23,630	28,334
Short-term investments made / encashed	3,802,747	(2,567,315)
Interest received on bank deposit	60,694	66,279
Dividend income received on open ended mutual fund units	534,842	373,304
Net cash used in investing activities	<u>(4,019,166)</u>	<u>(10,860,690)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,980,887)	(1,148,581)
Proceeds against right issue	-	1,582,564
Issue cost of right shares	-	(10,816)
Long-term financing obtained – net	549,052	2,618,337
Short-term borrowings obtained – net	1,500,000	2,650,000
Principal portion of lease liabilities paid	(363,468)	(244,565)
Net cash generated from financing activities	<u>(295,303)</u>	<u>5,446,939</u>
Net decrease in cash and cash equivalents	(192,414)	(96,082)
Cash and cash equivalents at the beginning of the year	1,529,044	1,625,126
Cash and cash equivalents at the end of the year	<u>1,336,630</u>	<u>1,529,044</u>

Quarterly Performance

Particular	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Annual	
	Rupees in '000	%								
Sales	9,013,749	100.0%	14,249,356	100.0%	18,996,353	100.0%	14,912,483	100.0%	57,171,941	100.0%
Cost of sales	(7,007,963)	-77.7%	(11,458,050)	-80.4%	(14,375,368)	-75.7%	(11,241,241)	-75.4%	(44,082,623)	-77.1%
Gross profit	2,005,786	22.3%	2,791,305	19.6%	4,620,984	24.3%	3,671,243	24.6%	13,089,318	22.9%
Administrative costs	(218,208)	-2.4%	(255,041)	-1.8%	(292,535)	-1.5%	(433,736)	-2.9%	(1,199,520)	-2.1%
Distribution costs	(766,497)	-8.5%	(1,027,897)	-7.2%	(1,341,998)	-7.1%	(1,126,752)	-7.6%	(4,263,143)	-7.5%
Other expenses	(105,372)	-1.2%	(109,730)	-0.8%	(282,487)	-1.5%	(83,704)	-0.6%	(581,292)	-1.0%
	(1,090,077)	-12.1%	(1,392,667)	-9.8%	(1,917,019)	-10.1%	(1,644,192)	-11.0%	(6,043,955)	-10.6%
	915,709	10.2%	1,398,638	9.8%	2,703,965	14.2%	2,027,051	13.6%	7,045,363	12.3%
Other income	1,338,391	14.8%	166,892	1.2%	2,917,761	15.4%	298,294	2.0%	4,721,338	8.3%
Operating Profit	2,254,100	25.0%	1,565,530	11.0%	5,621,726	29.6%	2,325,345	15.6%	11,766,701	20.6%
Finance costs	(290,678)	-3.2%	(442,601)	-3.1%	(558,551)	-2.9%	(699,183)	-4.7%	(1,991,012)	-3.5%
Profit before taxation	1,963,422	21.8%	1,122,929	7.9%	5,063,175	26.7%	1,626,162	10.9%	9,775,689	17.1%
Taxation	(196,129)	-2.2%	(154,378)	-1.1%	(117,190)	-0.6%	(338,537)	-2.3%	(806,234)	-1.4%
Profit after taxation	1,767,294	19.6%	968,551	6.8%	4,945,985	26.0%	1,287,626	8.6%	8,969,455	15.7%
Earning per share	4.42		2.42		12.38		3.22		22.46	

Composition of Imported Material vs. Local Raw Material and Sensitivity Analysis

For the year ended June 30, 2023



The Company is the Country's leading Manufacturer and Exporter of Textile made-ups. Company's raw materials comprise of fibers, yarn, dyes & chemicals, packing materials, and commercial services. Imported raw material and local raw material represent 45% and 55% of Cost of Sales for the year ended June 30, 2023 and were 37% and 63% in the corresponding year, respectively.

Cost of sales of the Company will increase/decrease by 3.2% and 6.5% in case of foreign currency fluctuation by 10% and 20% respectively; hence cost of sales is highly sensitive to such fluctuation as it covers the substantial portion of cost of sales. This analysis assumes that all other variables, in particular, interest rates remain constant.

Analysis on Financial & Non-Financial Performance

Financial Performance

I. Financial Performance in comparison with Prior year

In the fiscal year under review, the Company achieved its highest-ever net sales revenue, totaling PKR 57,172 million, representing a notable increase of 16.63% compared to the previous year, primarily attributed to the significant devaluation of the PKR against the USD. However, on the cost front, the Company encountered several challenges, including rising raw material prices, inflationary pressures affecting key cost components post-rupee devaluation, increased fuel costs, higher finance expenses, and elevated taxes. As a result of the devaluation, the Company recorded a PKR 4,116 million exchange gain during the year. This played a significant role in the substantial increase in profit after tax, which reached PKR 8,969 million for the year, marking a remarkable 163.15% growth compared to the previous year.

The comprehensive analysis of the Company's financial performance in comparison to the prior year has been reported in the financial and operations overview section of Directors' Report. Further details can also be viewed in the section six years analysis of financial statement of this Annual Report.

II. Financial performance in comparison with Budget

The management diligently adheres to the practice of creating and overseeing budgets. This ensures that the financial, operational, and capital plans developed and approved during the budgeting process are effectively put into action. Once the budgets are executed, they are closely monitored to enforce accountability in spending. Moreover, this ongoing and thorough monitoring process enables the management to assess the level of service provision, confirm that new initiatives are making the expected progress towards their goals and expectations, and gain insights into any trends that could influence future operations.

This year performance is almost in line with the budget excluding the major deviation of currency resulting in exchange gains.

Key Performance Indicators

Key Performance Indicator is a measurable value that demonstrates how effectively the Company is achieving key business objectives. The Company use KPIs at multiple levels to evaluate their success at reaching targets. The KPIs evaluated to measure achievement against objectives has been detailed below:

Revenue

57,172

(Rs in Million)

Increased by 16.63%



Gross Profit

13,089

(Rs in Million)

Increased by 71.70%



Earnings per Share

22.46

PKR

Increased by 2.56x



Total Assets

76,913

(Rs in Million)

Increased by 23.47%



Breakup value per share

91.85

PKR

Increased by 19.41%



Market value per share

74.95

PKR

Increased by 20.05%



Return on equity

24.45

%

Increased by 2.15x



Return on asset

11.66

%

Increased by 2.13x



EBITDA

14,384

(Rs in Million)

Increased by 90.21%



Non-Financial Indicators

Capital Form	Objective	KPI Monitored
Manufactured Capital	Customer Satisfaction	Consistently upholding product quality throughout the entire production process to guarantee that our products consistently meet our customers' requirements.
	Process improvement and innovation	Implementation of Kaizen techniques at various organizational levels resulted in several notable improvements
Human Capital	Employee's engagement	The Company has consistently arranged a range of activities and events aimed at promoting employee well-being, skill development, and growth. As a result, the Company has seen a significant increase in employee retention rates.
	Health & Safety	The health and safety measures are at the very top of the Company's core philosophy. The Company has conducted regular refresher sessions to ensure health and safety of employees.
Natural Capital	Adopting and promoting environmental good practices	The Company has put in place numerous initiatives to embrace the principles of Reduce, Reuse, and Recycle (the 3Rs). These efforts are focused on reducing natural resource usage and addressing harmful emissions before they are discharged, with the ultimate goal of reducing the company's environmental footprint.
Financial Capital	Maximizing market share and expanding customer base	Sustained growth in sales revenue has empowered the company to maintain its presence in the country's terry exports market and broaden its customer base.
Social and Relationship Capital	Responsibility & contribution towards society	The Company took an active role and made valuable contributions to a range of CSR-related initiatives.
Intellectual Capital	Recruitment, retention and development of employee competencies	As a fundamental Company value, numerous training sessions have been organized to enhance the skills and development of employees at all levels.

Budget

The Company also gives importance and emphasis on its non-financial objectives and accordingly has allocated budget for the development of its manufactured / human / social / relationship capital for the upcoming year. The management continuously monitors the above KPIs and significant deviations from the previous year are investigated for corrective actions to be taken.

Methods and Assumptions used in compiling the Key Performance Indicators

A key performance indicator represents parameters and factors that may cast an impact of decisive nature on a Company's financial and non-financial performance. The Company uses different sets of methods and assumptions while compiling its financial and non-financial indicators. All the indicators are devised in the light of below stated basic assumptions and are periodically reviewed and monitored.

The key assumption used for compiling non-financial indicators are export market trends, building relationships with customers, stakeholder's expectation, and process improvement through variety of technological advancement.

The key assumptions used for compiling financial indicators are below:

Financial Position

- Appropriateness of capital mix of the Company.
- Change in operating cycle.
- Monitoring current ratio.

Financial performance

- Growth in export sales performance.
- Exploring opportunities to source best quality raw materials on competitive prices.
- Monitoring key components of variable cost.
- Initiating and maintaining techniques for optimal fixed cost absorption.

Liquidity Position

- Monitoring on funds used in / generated from operating, investing and financial cash flow activities.
- Reviewing funds used in working capital management.

CEO Presentation Video

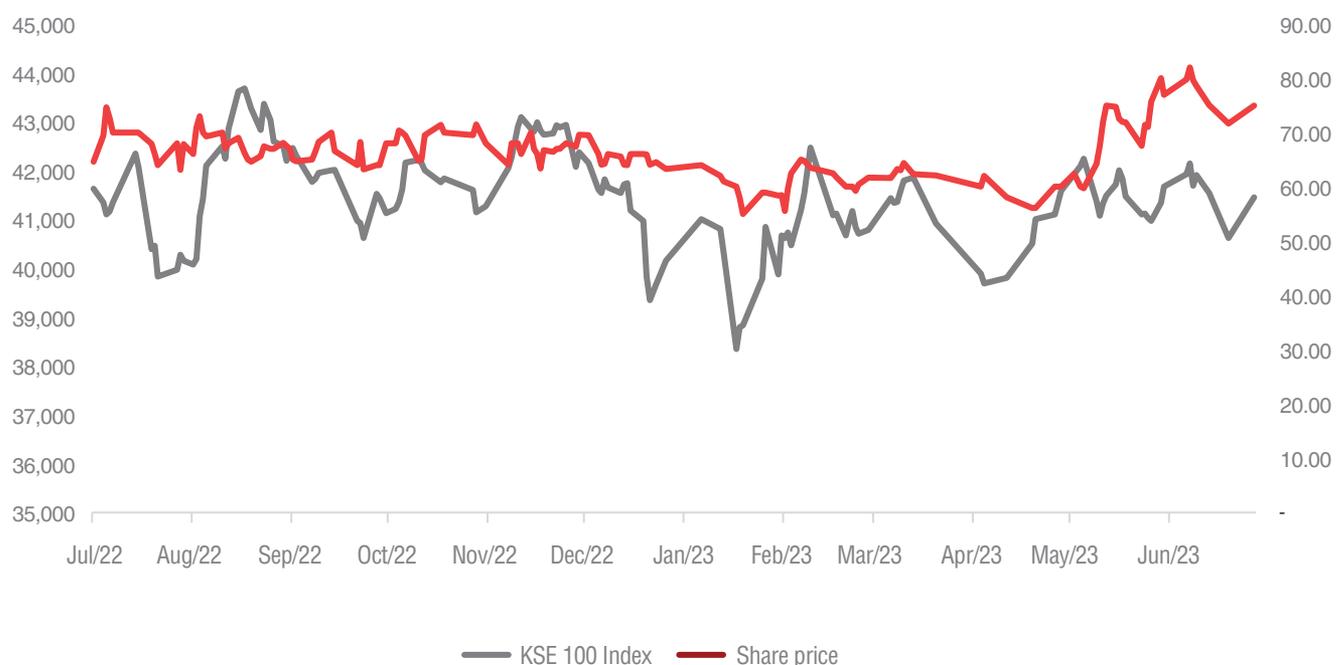
The CEO presentation video is accessible on the following webpage:
<https://feroze1888.com/investor/financial-information/>

Share Price information and sensitivity analysis

Share price sensitivity analysis

Share prices depends on overall market performance, investor confidence in the economy and particular sector, the overall fundamentals of the company and policies issued/imposed by Government and regulatory bodies. Positive sentiments, news flows prevailing in the market may result in fluctuation of the share price of the Company.

Being a responsible and law-compliant Company, Feroze1888 circulates price sensitive information to the stock exchange in accordance with the requirements of listing regulations on timely manner. FML's share price was PKR 62.43 per share on June 30, 2022 as compared to PKR 74.95 on June 30, 2023. As shown in above graph, during the year market price of the share observed fluctuation from the lowest of PKR 55.00 per share on Jan 19, 2023 to highest of PKR 82.00 per share on June 07, 2023.







Through winds of change – standing resolute and transformed

In the face of shifting winds, the dandelion exemplifies **adaptability and determination**, thriving in diverse environments and carrying the potential for renewal on the breeze. By turning change into a **catalyst for progress**, we transform challenges into pathways for growth and fresh beginnings.



Adoption and Statement of Adherence with the International Integrated Reporting Framework (IIRF)

Feroze1888 is working with a strategy of value creation for the organization and its stakeholders. Achieving sustainable corporate value by focusing economic, societal, technological and environmental factors and their impacts is Company's core strength. For users of this report, it is imperative to ensure, that the information is presented in such a way that it enables the stakeholders to better understand the activities of the Company. It also assures that the Company concisely reports material information depicting how well it is performing in non-financial dimensions that affect the quality of the Company's formulated strategy and its execution. The Company has adopted the Integrated Reporting Framework to give an overview of its philosophy to explain connection between financial and non-financial information. The business strategy information is linked directly to business activities and non-financial information, and provides explanations accordingly. Integration of financial, social and environmental information is one of the most effective way for an organization to report its performance and activities and to demonstrate, to the market and society, the importance of linking sustainability issues to business strategies.

Management Approach:

Feroze1888 is in the process of adopting and adhering to the International Integrated Reporting Framework (IIRF) and strives to follow the best corporate governance practices. The framework requires a strong commitment by the Company's management which is ultimately responsible for the message the Company is delivering to all of its stakeholders. Connectivity of the information is another aspect which needs to be addressed properly. Thus, the stakeholders are made aware of the Company's philosophy and attitude towards achieving the enhanced stakeholders' value and customer satisfaction. The stakeholders' value is maximized through returns on investment, which management believes can be achieved through revenue maximization and cost control measures.

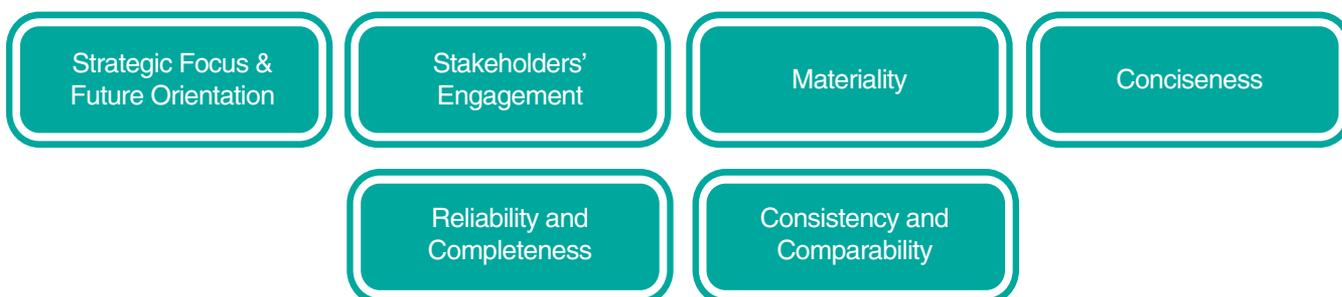
Application of the Integrated Reporting Framework:

The Company adheres to the proper application of the Integrated Reporting Framework which is divided into two major segments:

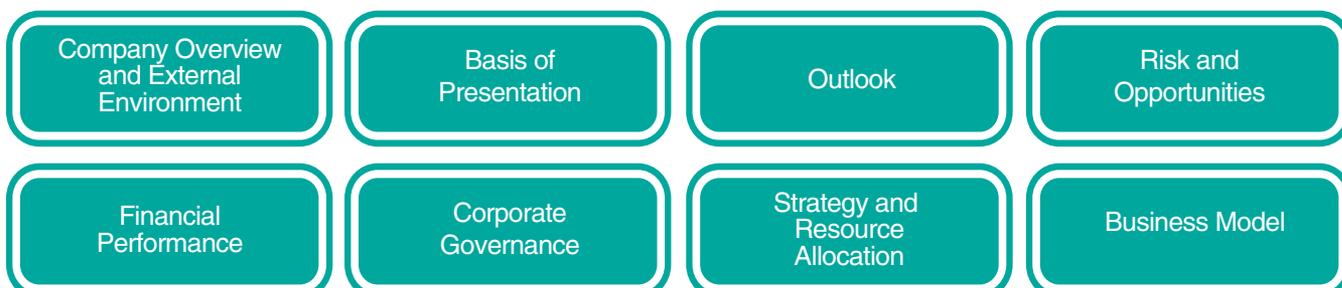
Guiding Principle of this Report

Content Element of this Report

Guiding Principle of this Report



Content Element of this Report



Disclosures Beyond BCR

The Company, to promote transparency in its dealings, has added certain additional information for its Stakeholders, which is beyond the required criteria of BCR. Details are as follows:

Page no. 24 to 25

Awards & Achievements

Page no. 49

CEO's Message

Page no. 110 to 113

Sustainability & CSR Snapshot

Page no. 207

Calendar of Notable Events

Page no. 14 to 15

Our Journey Continues...

Statement of Unreserved Compliance

of International Financial Reporting Standards (IFRSs)

The Financial Statements of the Company have been prepared in accordance with the International Financial Reporting Standards issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.

Further, there are certain standards and interpretations which are yet to be effective in Pakistan and certain standards not adopted by SECP, as disclosed in note 4.2 of the financial statements. However, the management believes that these standards and interpretation do not have any material impact on the financial statements of the Company.



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Chartered Accountants
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Independent Auditors' Report

To the members of Feroze1888 Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Feroze1888 Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity 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, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended 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 30 June 2023 and of the profit, other comprehensive income, its cash flows and the changes in equity 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matters

How the matter was addressed in our audit

1. Capital expenditure and related financing for capacity enhancement

As disclosed in note 6 to the accompanying financial statements, the Company has incurred significant amount of capital expenditure during the year for enhancement of production capacity. To finance the above capital expenditures, the Company has obtained various modes of financings.

Capital expenditures incurred during the year involves judgments in respect of capitalisation of elements of eligible components of costs, including borrowing costs. Further, financing agreements entail financial and non-financial covenants that the Company is subject to compliance.

Accordingly, we have identified the capital expenditure and related financing as a key audit matter.

Our procedures, amongst others, included:

- obtaining an understanding of the Company's process with respect to capital expenditure including determination of useful lives and testing the Company's controls in this area relevant to our audit.
- considered whether the items of cost capitalised, including borrowing cost, meet the recognition criteria of an assets in accordance with the applicable financial reporting standards.
- reviewed the timing of capitalisation by examining, on a sample basis, the completion certificates from the Company's technical departments. Evaluated the basis used by the management for determining the useful lives of the new assets and the depreciation charged in relation thereto, by considering factors such as the current depreciation, estimates for similar or comparable assets, expected utilization of the assets and the estimated residual value at the end of the useful lives. Further, we challenged the useful lives with reference to the Company's historical experience and by reference to the depreciation policies and useful lives applied by Companies having business profile comparable with the Company operating similar assets.
- physically verified the newly acquired fixed assets and reviewed the relevant contracts and documents, including but not limited to, suppliers' invoices, delivery notes, international letter of credits and shipping documentation supporting various components of the capitalised cost.
- obtained and reviewed the financing agreements executed and inquired from the management with respect to the compliance of the covenants and tested controls related to such compliance and circularized confirmations to the financing banks with respect to outstanding loan balances at year end. We also reviewed the maturity analysis of the financing to ascertain the classification of loans as per their remaining maturities.
- assessed the adequacy of the disclosures as per the requirements set out in the applicable financial reporting framework.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 auditors' report is Mr. Shaikh Ahmed Salman.



Chartered Accountants
Place: Karachi
Date: October 04, 2023
UDIN Number: AR202310076jmVK5qMAI

Feroze1888 Mills Limited

Statement Of Financial Position

As At June 30, 2023

	Note	2023 ----- Rupees in '000 -----	2022 -----
ASSETS			
Non-current assets			
Property, plant and equipment	6	33,939,059	27,798,524
Intangible assets	7	11,533	17,722
Long-term deposits	8	87,024	72,144
		34,037,616	27,888,390
Current assets			
Stores and spares	9	1,789,066	1,856,132
Stock-in-trade	10	15,449,584	9,896,667
Trade debts	11	13,259,206	8,766,599
Advances, deposits, prepayments and other receivables	12	6,222,042	3,938,956
Taxation - net		455,780	250,197
Short-term investments	13	4,362,587	8,165,334
Cash and bank balances	14	1,336,630	1,529,044
		42,874,895	34,402,929
TOTAL ASSETS		76,912,511	62,291,319
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 400,000,000 (2022: 400,000,000) ordinary shares of Rs 10/- each		4,000,000	4,000,000
Issued, subscribed and paid-up capital	15	3,994,090	3,994,090
Capital reserve	16	2,115,146	2,115,146
Revaluation surplus on property, plant and equipment		3,010,172	3,010,172
Revenue reserve - accumulated profit		27,566,474	20,813,916
		36,685,882	29,933,324
Liabilities			
Non-current liabilities			
Deferred liabilities	17	1,427,225	699,462
Long-term financing	18	7,839,253	7,949,533
Provision for Gas Infrastructure Development Cess	19	1,334,357	1,334,357
Lease liabilities	20	455,578	417,640
		11,056,413	10,400,992
Current liabilities			
Trade and other payables	21	10,863,479	5,796,268
Short-term borrowings	22	15,900,000	14,400,000
Accrued mark-up	23	670,983	148,777
Current portion of long-term financing	18	1,493,196	1,337,976
Current portion of lease liabilities	20	240,380	271,986
Unclaimed dividend		2,178	1,996
		29,170,216	21,957,003
Contingencies and commitments	24		
TOTAL EQUITY AND LIABILITIES		76,912,511	62,291,319

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

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

ABDUL REHMAN YAQUB
Chairman

Feroze1888 Mills Limited

Statement Of Profit Or Loss

For The Year Ended June 30, 2023

	Note	2023 ----- Rupees in '000 -----	2022 ----- Rupees -----
Sales - net	25	57,171,941	49,018,456
Cost of sales	26	(44,082,622)	(41,394,974)
Gross profit		13,089,319	7,623,482
Administrative cost	27	(1,199,518)	(796,432)
Distribution cost	28	(4,263,144)	(3,987,443)
Other expenses	29	(581,292)	(273,355)
		(6,043,954)	(5,057,230)
		7,045,365	2,566,252
Other income	30	4,721,338	2,219,811
Operating profit		11,766,703	4,786,063
Finance cost	31	(1,991,012)	(665,374)
Profit before taxation		9,775,691	4,120,689
Taxation	32	(806,233)	(712,235)
Profit after taxation		8,969,458	3,408,454
		----- Rupees -----	
Earnings per share - basic and diluted	33	22.46	8.76

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

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

ABDUL REHMAN YAQUB
Chairman

Feroze1888 Mills Limited

Statement Of Comprehensive Income

For The Year Ended June 30, 2023

	Note	2023 ----- Rupees in '000 -----	2022 -----
Profit after taxation		8,969,458	3,408,454
Other comprehensive (loss) / income			
Items that will not to be subsequently reclassified to statement of profit or loss			
Actuarial (loss) / gain on post-employment benefits	17.1.4	(235,831)	58,357
Total comprehensive income for the year		8,733,627	3,466,811

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

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

ABDUL REHMAN YAQUB
Chairman

Feroze1888 Mills Limited

Statement Of Changes In Equity

For The Year Ended June 30, 2023

Share capital	Capital		Revaluation surplus on property, plant and equipment	Revenue	Total	
	Merger reserve	Share premium		Accumulated profit		
----- (Rupees '000) -----						
Balance as at June 30, 2021	3,768,009	543,413	215,250	1,486,262	18,439,942	24,452,876
Net profit for the year	-	-	-	-	3,408,454	3,408,454
Other comprehensive gain for the year	-	-	-	-	58,357	58,357
Total comprehensive income for the year	-	-	-	-	3,466,811	3,466,811
Issue of right shares at premium - 22,608,058 shares at Rs. 70 per share	226,081	-	1,356,483	-	-	1,582,564
Issue cost of right shares	-	-	-	-	(10,816)	(10,816)
Revaluation surplus on property, plant and equipment (Note 6.2)	-	-	-	1,523,910	-	1,523,910
Final cash dividend for the year ended June 30, 2021 @ Rs. 1.43 per share	-	-	-	-	(538,825)	(538,825)
Interim cash dividend for the year ended June 30, 2022 @ Rs. 1.36 per share	-	-	-	-	(543,196)	(543,196)
Balance as at June 30, 2022	3,994,090	543,413	1,571,733	3,010,172	20,813,916	29,933,324
Net profit for the year	-	-	-	-	8,969,458	8,969,458
Other comprehensive loss for the year	-	-	-	-	(235,831)	(235,831)
Total comprehensive income for the year	-	-	-	-	8,733,627	8,733,627
Final cash dividend for the year ended June 30, 2022 @ Rs. 2.91 per share	-	-	-	-	(1,162,280)	(1,162,280)
Interim cash dividend for the year ended June 30, 2023 @ Rs. 2.05 per share	-	-	-	-	(818,789)	(818,789)
Balance as at June 30, 2023	3,994,090	543,413	1,571,733	3,010,172	27,566,474	36,685,882

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

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

ABDUL REHMAN YAQUB
Chairman

Feroze1888 Mills Limited

Statement Of Cash Flows

For The Year Ended June 30, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		9,775,691	4,120,689
Adjustment for:			
Depreciation on operating fixed assets	6.5	2,389,229	2,544,416
Depreciation on right-of-use assets	6.9.1	221,908	225,462
Amortisation	7	6,189	6,277
Operating fixed assets written off	29	1,314	2,028
Provision for slow moving and obsolete stores and spares	29	13,765	22,161
Allowance for expected credit loss on trade debts	29	39,198	6,985
Finance cost	31	1,947,921	604,020
Interest on lease liabilities	31	43,091	61,354
Provision for gratuity	17.1.5 & 17.1.6	242,052	291,073
Interest on bank deposit	30	(60,694)	(64,539)
Dividend income on open ended mutual fund units	30	(534,842)	(373,304)
Reversal of provision against doubtful advances	30	(1,461)	(39,878)
Gain on disposal / write-off of property, plant and equipment - net	30	(8,828)	(6,147)
		4,298,842	3,279,908
(Increase) / decrease in current assets			
Stores and spares		53,301	(574,995)
Stock in trade		(5,552,917)	(1,459,465)
Trade debts		(4,531,805)	1,342,336
Advances, deposits, prepayments and other receivables		(2,281,625)	207,429
		(12,313,046)	(484,695)
Increase / (decrease) in current liability			
Trade and other payables		4,999,832	(189,248)
Net cash generated from operations		6,761,319	6,726,654
Finance costs paid		(1,517,297)	(599,004)
Income taxes paid		(1,011,816)	(677,700)
Gratuity paid	17.1.1	(95,271)	(123,107)
Long-term deposits		(14,880)	(9,174)
Net cash generated from operating activities		4,122,055	5,317,669
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(8,441,079)	(8,761,292)
Proceeds from disposal of operating fixed assets	6.7	23,630	28,334
Short-term investments encashed / (made)		3,802,747	(2,567,315)
Interest received on bank deposit		60,694	66,279
Dividend income received on open ended mutual fund units		534,842	373,304
Net cash used in investing activities		(4,019,166)	(10,860,690)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(1,980,887)	(1,148,581)
Proceeds against right issue		-	1,582,564
Issue cost of right shares		-	(10,816)
Lease rentals paid		(363,468)	(244,565)
Short-term borrowings obtained – net		1,500,000	2,650,000
Long-term financing obtained - net		549,052	2,618,337
Net cash (used in) / generated from financing activities		(295,303)	5,446,939
Net decrease in cash and cash equivalents		(192,414)	(96,082)
Cash and cash equivalents at beginning of the year		1,529,044	1,625,126
Cash and cash equivalents at end of the year	37	1,336,630	1,529,044

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

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

ABDUL REHMAN YAQUB
Chairman

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

1 THE COMPANY AND ITS OPERATIONS

Feroze1888 Mills Limited (the Company) was incorporated in Pakistan as a Public Limited Company in October 1972 under the Companies Act, VII of 1913 (repealed with the enactment of the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the production and export of towels. The registered office of the Company is situated at H-23/4-A Scheme # 3, Landhi Industrial Area, Karachi.

1.1 Geographical location and address of business units

Registered Office	- H-23/4A, Scheme # 3, Landhi Industrial Area, Karachi
Office building	- Plot # 160, Bangalore Town, Shahrah-e-Faisal Road, Darwaish Colony, Karachi
Mill and Production Plant	- H-23/4-A, H-23/4-B, H-23/4-B1 and H-23/3-II, Scheme No. 3, Landhi Industrial Area, Karachi - Plot # B-4/A, SITE, Karachi - Plot # A-5/D and A-5/D1, SITE, Karachi - Plot # C-3, SITE, Karachi - Plot # C-31 SITE, Karachi - Plot # F-89, SITE, Karachi - Plot # F-125, SITE, Karachi - Plot # F-342, SITE, Karachi - Plot # PL-15, North Karachi Industrial Area, Karachi - Plot # ST-03, North Karachi Industrial Area, Karachi - Plot # 342/A, Haroonabad, SITE, Karachi - Survey no. 81, 242, 72 to 75, 165, 166, 171, 172, 176 to 181, 186 to 190, 156, 210, 211, 243, Deh Moachko, Tapo Gabopat, Keamari Town, Karachi - Plot # D-12 to D-20, K-1 to K-3, M-30 (Survey 564) and M34 (Survey # 564, 84/1, 85, 86 & 89/1) HITE, Hub, Lasbela, Balochistan

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

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

3 BASIS OF PREPARATION

- 3.1** These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.
- 3.2** These financial statements are prepared in Pakistani Rupees, which is the Company's functional and presentation currency.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

4 NEW STANDARDS, AMENDMENTS, IMPROVEMENTS TO APPROVED ACCOUNTING STANDARDS AND THE FRAMEWORK FOR FINANCIAL REPORTING

4.1 Amendments to approved accounting standards and the framework for financial reporting that became effective during the current year

The Company has adopted the following standards, amendments, interpretation and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

Amendment of Framework

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the ‘10 percent’ test for derecognition of financial liabilities
IAS 41	Agriculture – Taxation in fair value measurements
IFRS 16	Leases: Lease incentives

The adoption of above amendments to the approved accounting standards do not have any material impact on the Company's financial statements.

4.2 Standards, amendments and improvements to the approved accounting standards that are not yet effective

The following amendments and improvements to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective amendment or improvements:

Amendment or Improvement		Effective date (annual periods beginning on or after)
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
IAS 12	International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12	January 01, 2023
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalised

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

The above standards and amendments and improvements are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan and are not expected to have any material impact on the Company's financial statements in the period of initial application.

Standards		IASB Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2004
IFRS 17	Insurance Contracts	01 January 2023

4.3 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgment, estimates and assumptions that affect the application of policies and the reported amounts of revenues, expenses, assets and liabilities and accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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 judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates, assumptions and judgments are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

4.3.1 Property, plant and equipment

The estimates for revalued amounts of freehold and leasehold land are based on valuation performed by external professional valuer and recommendation of in house technical department of the Company. The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation on an annual basis. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available to the Company. Any change in the estimates in the future might affect the carrying amount of respective item of operating property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

4.3.2 Stock-in-trade and stores and spares

The Company reviews the carrying amount of inventories on an ongoing basis and as appropriate, inventory is written down to its net realisable value (NRV) or provision is made for obsolescence. NRV is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

4.3.3 Staff gratuity

Certain actuarial assumptions have been adopted as disclosed in note 17.1 to the financial statements for the valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect gains and losses in those years.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

4.3.4 Impairment of financial assets

The Company uses a provision matrix to calculate ECLs for trade debts and other receivables. The provision rates are based on days past due for Company's various customer that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit losses experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's financial assets exposed to credit risk is disclosed in note 40.2.

4.3.5 Taxation

In applying the estimate for income tax payable, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past. Instance where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingency.

4.3.6 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

4.3.7 Lease liabilities

Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

5.1.1 Operating assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for land which is stated at revalued amount less impairment, if any. Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates mentioned in note 6.1 to the financial statements except for lease hold improvement and major overhauling cost of turbine and generators which are depreciated on straight line basis at the rates mentioned in note 6.1 to these financial statements. Depreciation is charged from the month in which an asset is available for use, while no depreciation is charged in the month in which an asset is disposed off.

Maintenance and repairs are charged to statement of profit or loss as and when incurred. Major overhauling which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Gains or losses on disposals of operating assets, if any, represented by the difference between the sale proceeds and the carrying amount of an asset are recognised in the statement of profit or loss.

The assets residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at each financial year end.

Increases in the carrying amounts arising on revaluation of land are recognised, in the statement of other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in statement of other comprehensive income to the extent of the remaining surplus attributable to the asset and all other decreases are charged to the statement of profit or loss.

The carrying values of property, plant and equipment are reviewed at each statement of financial position date for impairment when events or changes in circumstances indicate that carrying values may not be recoverable. If such indication exists where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

5.1.2 Capital work-in-progress

These are stated at cost less accumulated impairment loss, if any, and represent expenditures incurred and advances made in respect of specific assets during the construction / installation year. These are transferred to relevant operating fixed assets as and when assets are available for use.

5.1.3 Right-of-use asset

The Company recognises a right-of-use asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

5.2 Intangible assets

These are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is charged to statement of profit or loss on a straight line basis over its economic useful life at the rate given in note 7 to these financial statements. The Company reviews appropriateness of the rates of amortisation on an annual basis and amortisation on additions is charged from the month in which an intangible asset is available for use while no amortisation is charged for the month in which an intangible asset is disposed off.

The gain or loss on disposal or retirement of an intangible asset represented by the difference between the sale proceeds and the carrying amount is recognised in the statement of profit or loss in the period of disposal.

5.3 Stores and spares

These are valued at lower of moving average cost and estimated net realizable value (NRV), less provision for obsolete items (if any), except items in-transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the date of statement of financial position.

Provision, if required is made in the financial statements for slow moving, obsolete and unusable items. Stores and spares are assessed and provision is applied according to degree of ageing based on a specific criteria.

5.4 Stock-in-trade

Raw materials and finished goods are valued at lower of average cost and estimated NRV, except items in-transit, if any, are valued at cost comprising invoice value plus other charges incurred thereon up to the statement of financial position date.

Cost signifies in relation to:

Raw and packing material	Purchase cost on average basis
Finished goods and work-in-process	Cost of direct material, labour and proportion of manufacturing overheads
Stock-in-transit	Invoice value plus other charges paid thereon up to the date of statement of financial statement

Provision, if required is made in the financial statements for slow moving, obsolete and unusable items to bring their carrying value down to NRV.

5.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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Notes To The Financial Statements

For The Year Ended June 30, 2023

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in statement of profit or loss.

This category also includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Derecognition

A financial asset is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

For financial assets other than trade debts, the Company applies general approach in calculating ECL. It is based on the difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expects to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade debts, the Company applies a simplified approach where applicable in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix for large portfolio of customer having similar characteristics and default rates based on the credit rating of customers from which receivables are due that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product and consumer price index) are expected to deteriorate over the next year which can lead to an increased number of defaults in the economy, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider 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.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at FVPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, only if the criteria in IFRS 9 are satisfied. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Derivatives that do not qualify for hedge accounting are recognised in the statement of financial position at estimated fair value with corresponding effect to the statement of profit or loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

Financial liabilities at amortised cost

After initial recognition, borrowings and payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortisation is included as finance costs in statement of profit or loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

Derecognition

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

5.6 Advances, deposits, prepayments and other receivables (excluding financial assets)

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Exchange gains or losses arising in respect of deposits, advances and other receivables in foreign currency are added to their respective carrying amounts and charged to statement of profit or loss.

5.7 Taxation

Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred

Since the major portion of income of the Company is subject to tax under Final Tax Regime, no deferred tax liability has been accounted for in these financial statements as the Company's tax liability will be assessed under the said regime and, hence, no temporary differences are likely to arise in respect of sales. Further, local sales are also treated to be subjected under Final Tax Regime in accordance with local laws.

5.8 Cash and cash equivalents

These are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand, bank balances, short-term running finance and trade deposit receipts.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

5.9 Share Capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

5.10 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the termination option is reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments at the lease commencement date, the Company uses the interest rate implicit in the lease. In case where the interest rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short term leases are recognised as expense on a straight line basis over the lease term.

5.11 Staff benefits

Defined contribution plan

The Company operates an approved defined contribution provident fund for its eligible employees. Monthly contributions are made both by the Company and employees to the fund at the rate of 10% of basic salary. The amount contributed is charged in the statement of profit or loss.

Defined benefit plan

The Company operates an approved gratuity fund for eligible employees who have completed the minimum qualifying year of service for entitlement of gratuity. The contributions to the fund are made in accordance with the independent actuarial valuation. Actuarial gains and losses are recognised in full in the period in which they occur in the other comprehensive income. All the past service costs are recognised at the earlier of when the amendments or curtailment occurs and when the Company has recognised related restructuring or termination benefits. The latest actuarial valuation was carried out as of June 30, 2023 using Projected Unit Credit method.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

Employees' compensation absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligation under the scheme is made based on the current leave entitlements of employees and by using the current salary levels of employees.

5.12 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. As the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

5.13 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liability are recognised as revenue when the Company performs under the contract.

5.14 Provisions

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

5.15 Unclaimed dividend

Dividend declared and payable prior to the preceding three years from the statement of financial position date are recognised as unclaimed dividend.

5.16 Unpaid dividend

Dividend declared by the Company, in the preceding three years, which remains unclaimed or unpaid as on the statement of financial position date is recognised as unpaid dividend.

5.17 Contingencies

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

5.18 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

5.19 Impairment of 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 recognised, as an expense in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to 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 which the estimate of future cash flow have not been adjusted. 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 amortisation, if no impairment loss had been recognised previously. Reversal of an impairment loss is recognised immediately in the statement of profit or loss.

5.20 Revenue recognition

Revenue is recognised at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises revenue when performance obligation is fulfilled, at a point in time, when control of goods have been transferred to a customer either on dispatch / acceptance of goods for local sales or issuance of the bill of lading in case of export sales. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from Company premises or when it is delivered by the Company at customer premises.

The Company generally enters into an agreement with its customers for supply of its products, including delivery of product. As the transportation of product coincides with actual delivery, sale of product and transportation is considered single performance obligation. Generally, the normal credit term is 30 to 120 days upon shipment.

5.21 Other income

Other income is recognised to the extent that it is probable that the economic benefits will flow to the Company and the income can be measured reliably. Other income is measured on the following basis:

- Return on short-term deposits and investments at amortised cost are accounted for using the effective interest rate method, and
- Dividend income on mutual funds is recognised when the right to receive the dividend is established.

5.22 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

5.23 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pakistani Rupees at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Pakistani Rupees at the foreign exchange rate prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

5.24 Earnings per share

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

5.25 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in which these are approved. Transfer between reserves made subsequent to the statement of financial position date is considered as a non-adjusting event and is recognised in the financial statements in the period in which such transfers are made.

5.26 Segment reporting

The activities of the Company are organized into one operating segment i.e., manufacturing, marketing and export of towels and other textile products. The Company operates in the said reportable operating segment based on the nature of the product, risks and returns, organizational and management structure, and internal financial reporting system. Accordingly, the figures reported in the financial statements are related to the Company's only reportable segment.

5.27 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	Note	2023	2022
----- Rupees in '000 -----			
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	26,468,501	19,830,208
Capital work-in-progress	6.8	6,868,965	7,471,524
Right-of-use assets	6.9	601,593	496,792
		33,939,059	27,798,524

6.1 Operating fixed assets

	Free hold land	Building on freehold land	Lease hold land	Building on freehold land	Leasehold improvements	Plant and machinery	Electric fittings / equipments	Office equipment	Computers	Furniture and fixtures	Vehicles	Arms and ammunitions	Total
As at July 01, 2021													
Cost / revalued amount	441,808	148,250	2,343,275	4,616,300	233,257	16,071,291	562,145	216,019	154,724	94,581	185,254	32	25,066,936
Accumulated depreciation	-	(113,169)	-	(1,388,451)	(230,029)	(5,374,462)	(193,962)	(85,688)	(115,376)	(34,034)	(91,047)	(32)	(7,626,250)
Net book value	441,808	35,081	2,343,275	3,227,849	3,228	10,696,829	368,183	130,331	39,348	60,547	94,207	-	17,440,686
Year ended June 30, 2022													
Opening net book value	441,808	35,081	2,343,275	3,227,849	3,228	10,696,829	368,183	130,331	39,348	60,547	94,207	-	17,440,686
Additions / transfers during the year	41,600	-	-	549,284	-	2,696,052	26,433	32,968	19,875	40,538	27,493	-	3,434,243
Surplus on revaluation	65,321	-	1,458,589	-	-	-	-	-	-	-	-	-	1,523,910
Disposals / transfers													
Cost	-	-	-	-	-	(39,268)	(8,513)	(1,649)	(1,048)	(179)	(35,967)	-	(86,624)
Accumulated depreciation	-	-	-	-	-	29,845	7,313	1,162	840	122	23,127	-	62,409
Net book value	-	-	-	-	-	(9,423)	(1,200)	(487)	(208)	(57)	(12,840)	-	(24,215)
Depreciation for the year	-	(3,508)	-	(364,518)	(359)	(2,074,122)	(38,626)	(19,120)	(14,769)	(8,963)	(20,431)	-	(2,544,416)
Closing net book value	548,729	31,573	3,801,864	3,412,615	2,869	11,309,336	354,790	143,692	44,246	92,065	88,429	-	19,830,208
As at June 30, 2022													
Cost / revalued amount	548,729	148,250	3,801,864	5,165,584	233,257	18,728,075	580,065	247,338	173,551	134,940	176,780	32	29,938,465
Accumulated depreciation	-	(116,677)	-	(1,752,969)	(230,388)	(7,418,739)	(225,275)	(103,646)	(129,305)	(42,875)	(88,351)	(32)	(10,108,257)
Net book value	548,729	31,573	3,801,864	3,412,615	2,869	11,309,336	354,790	143,692	44,246	92,065	88,429	-	19,830,208
Year ended June 30, 2023													
Opening net book value	548,729	31,573	3,801,864	3,412,615	2,869	11,309,336	354,790	143,692	44,246	92,065	88,429	-	19,830,208
Additions / transfers during the year	-	-	34,564	3,820,581	1,767	4,665,303	344,735	70,366	35,561	37,578	33,183	-	9,043,638
Disposals / write offs													
Cost	-	-	-	-	-	(55,733)	(126)	(2,393)	(2,814)	(417)	(23,830)	-	(85,313)
Accumulated depreciation	-	-	-	-	-	48,494	102	1,816	2,283	330	16,172	-	69,197
Net book value	-	-	-	-	-	(7,239)	(24)	(577)	(531)	(87)	(7,658)	-	(16,116)
Depreciation for the year	-	(3,157)	-	(489,728)	(521)	(1,761,063)	(54,583)	(25,780)	(21,710)	(11,490)	(21,197)	-	(2,389,229)
Closing net book value	548,729	28,416	3,836,428	6,743,468	4,115	14,206,337	644,918	187,701	57,566	118,066	92,757	-	26,468,501
As at June 30, 2023													
Cost / revalued amount	548,729	148,250	3,836,428	8,986,165	235,024	23,337,645	924,674	315,311	206,298	172,101	186,133	32	38,896,790
Accumulated depreciation	-	(119,834)	-	(2,242,697)	(230,909)	(9,131,308)	(279,756)	(127,610)	(148,732)	(54,035)	(93,376)	(32)	(12,428,289)
Net book value	548,729	28,416	3,836,428	6,743,468	4,115	14,206,337	644,918	187,701	57,566	118,066	92,757	-	26,468,501
Annual rates of depreciation	-	10%	-	10%	40% - 65%	Note 6.1.1	10%	15%	30%	10%	20%	15%	

6.1.1 Depreciation is charged based on expected useful life of asset at the rate, ranging from 10% to 35% (2022: 10% to 35%) on reducing balance method except for major overhauling cost of turbine and generators which is depreciated at the rate of 33% on straight line basis.

6.1.2 Operating assets includes items having an aggregate cost of Rs.828.91 million (2022: Rs.672.36 million) which have been fully depreciated and kept at salvage value and are still in use of the Company.

6.2 Four of the Company's premises of land were revalued resulting in surplus of Rs. 1,524 million. The valuation was carried out by an independent valuer - M/s. Iqbal A. Nanjee & Co. (Private) Limited on June 30, 2022 on the basis of present market values for similar sized plots in the vicinity of land and replacement values of similar type of land based on present cost (level 2) (refer note 40.5). There has been no material change in the value of land in the current year.

Had there been no revaluation the net book value of freehold and leasehold land would have been Rs.187.28 million (2022: Rs.187.28 million) and Rs. 183.83 million (2022: Rs.183.83 million), respectively.

6.3 Forced Sale value as per the last revaluation report as of June 30, 2022 of freehold and lease hold land is Rs.535.67 million and Rs.3,514.13 million respectively.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

6.4 Particular of Immovable Asset in the name of the Company are as follows:

Particular	Location	Total area (in acres)
Production Plant	H-23/4-A, H-23/4-B, H-23/4-B1 and H-23/3-II, Scheme No. 3, Landhi Industrial Area, Karachi	34.47
Production Plant	Survey no. 81, 242, 72 to 75, 165, 166, 171, 172, 176 to 181, 186 to 190, 156, 210, 211, 243, Deh Moachko, Tapo Gabopat, Keamari Town, Karachi	124.23
Production Plant	Plot no. 342-A, Haroonabad Industrial Area.	0.04
Production Plant	Plot # D-12 to D-20, K-1 to K-3, M-30 (Survey 564) and M34 (Survey # 564, 84/1, 85, 86 & 89/1) HITE, Hub, Lasbela, Balochistan	21.33

6.5 Depreciation charge for the year has been allocated as under:

	Note	2023 ----- Rupees in '000 -----	2022 -----
Cost of sales	26.1	2,319,597	2,484,300
Administrative cost	27	69,632	60,116
		2,389,229	2,544,416

6.6 Leasehold improvements include assets at an aggregate cost of Rs. 235.03 million (2022: Rs. 233.26 million).

6.7 The details of disposals / write-offs of property, plant and equipment having net book value of more than Rs. 500,000 during the year are as follows:

Particular	Cost	Accumulated Depreciation	Book Value	Sale Proceed	Gain / (Loss)	Mode of Disposal	Particulars of Purchasers & Relationship with the Company
Plant and machinery							
Winding Machine Autocone	4,466	3,764	702	600	(102)	Negotiation	Mazhar Abbas
Gas Generator	27,421	24,679	2,742	1,827	(915)	Negotiation	Rafiq Ghanchi
Warping Machine	13,039	11,571	1,468	1,420	(48)	Negotiation	Mazhar Abbas
	44,926	40,014	4,912	3,847	(1,065)		
Vehicles							
Honda Civic - (BJL-567)	2,722	1,860	862	892	30	As per Company's Policy	Rehan Rahman (Employee)
Toyota Corolla - (BFJ-567)	2,173	1,668	505	1,086	581	As per Company's Policy	Sheikh Zafar Ahmed (Employee)
Toyota Corolla - (BHP-567)	1,863	1,350	513	2,030	1,517	As per Company's Policy	Muhammad Tasleem (Employee)
	6,758	4,878	1,880	4,008	2,128		
Items having net book value of less than Rs. 500,000	33,629	24,306	9,323	15,775	6,452		
Total for the year ended June 30, 2023	85,313	69,198	16,115	23,630	7,515		
Total for the year ended June 30, 2022	86,624	62,409	24,215	28,334	4,119		

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	Note	2023 ----- Rupees in '000 -----	2022 -----
6.8 Capital work-in-progress			
Building on leasehold land		2,308,007	3,415,748
Plant and machinery		4,075,672	3,741,455
Furniture and fixtures		23,561	21,101
Electric fittings / equipment		392,929	188,027
	6.8.1	6,800,169	7,366,331
Advance against fixed assets		44,867	88,619
Stand-by equipment		23,929	16,574
		6,868,965	7,471,524
6.8.1 The movement is as follows:			
Balance at the beginning of the year		7,366,331	1,950,177
Capital expenditure during the year			
Building on leasehold land		2,592,953	2,829,537
Plant and machinery		5,404,587	5,657,626
Furniture and fixtures		-	18,901
Electric fittings / equipment		66,412	65,295
		8,063,952	8,571,359
Transferred to operating fixed assets			
Building on leasehold land		(3,820,581)	(549,025)
Plant and machinery		(4,394,630)	(2,547,769)
Leasehold improvement		(1,767)	-
Furniture and fixtures		(1,104)	(2,235)
Electric fittings / equipment		(404,600)	(40,194)
		(8,622,682)	(3,139,223)
Transferred to expenses / adjustment			
		(7,432)	(15,982)
Balance at the end of the year		6,800,169	7,366,331
6.9 Right-of-use assets			
As at July 01			
Cost		1,075,262	1,075,262
Accumulated depreciation		(578,470)	(353,008)
Closing balance		496,792	722,254
Year ended June 30			
Opening net book value		496,792	722,254
Lease re-assessments during the year		326,709	-
Less: Depreciation charge for the year	6.9.1	(221,908)	(225,462)
Closing net book value		601,593	496,792
As at June 30			
Cost		1,401,971	1,075,262
Accumulated depreciation		(800,378)	(578,470)
Net book value		601,593	496,792

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
6.9.1 Depreciation charge for the year on right-of-use assets has been allocated as follows:			
Cost of sales	26.1	185,624	189,178
Administrative cost	27	36,284	36,284
		<u>221,908</u>	<u>225,462</u>

6.9.2 Lease obligations of the Company comprises of lease arrangements giving it the right-of-use over premises utilized as office and factory building.

6.9.3 During the year, the Company has reassessed the lease term of certain properties and have increased the lease term by 2 - 3 years. As a result, the lease liabilities and corresponding right-of-use assets have increased by Rs. 326.70 million.

6.9.4 The right-of-use assets are depreciated over a life of 2 - 5 years.

	Note	2023	2022
		----- Rupees in '000 -----	
7 INTANGIBLE ASSETS			
Cost			
As at July 01		65,106	64,416
Additions during the year		-	690
As at June 30	7.1	<u>65,106</u>	<u>65,106</u>
Accumulated amortisation			
As at July 01		(47,384)	(41,107)
Charge for the year	7.2	(6,189)	(6,277)
As at June 30		<u>(53,573)</u>	<u>(47,384)</u>
Net book value as at year end		<u>11,533</u>	<u>17,722</u>
Annual rates of amortisation		<u>20%</u>	<u>20%</u>

7.1 Includes intangible asset at a cost of Rs. 28.72 million (2022: Rs. 28.72 million) in respect of implementation and development of Enterprise Resource Planning (ERP). The Company's ERP was fully amortised, however, it is still in active use.

7.2 This represents the amortisation charged to cost of sales.

	Note	2023	2022
		----- Rupees in '000 -----	
8 LONG-TERM DEPOSITS			
Related parties:			
UTI Industries (Private) Limited		11,318	11,318
Nigehban (Private) Limited		19,566	9,295
M&N Impex (Private) Limited		20,246	18,403
Frieden Management (Private) Limited		15,876	13,889
		<u>67,006</u>	<u>52,905</u>
Other than related parties		20,018	19,239
		<u>87,024</u>	<u>72,144</u>

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	Note	2023 ----- Rupees in '000 -----	2022
9 STORES AND SPARES			
General stores		277,596	318,035
Chemicals		725,128	724,360
Packing stores		792,909	739,292
		1,795,633	1,781,687
Stores and spares in transit		36,200	114,659
Less: Provision for slow moving and obsolete stores and spares	9.1	(42,767)	(40,214)
		1,789,066	1,856,132

9.1 Movement of provision for slow moving and obsolete stores and spares.

	Note	2023 ----- Rupees in '000 -----	2022
Balance at the beginning of the year		40,214	38,484
Charge for the year	29	13,765	22,161
Write-off during the year		(11,212)	(20,431)
Balance at the end of the year		42,767	40,214

10 STOCK-IN-TRADE

Raw material			
- in hand	10.1	7,903,120	4,461,886
- in transit		286,317	178,638
		8,189,437	4,640,524
Work-in-progress	10.2 & 10.3	4,172,233	2,511,302
Finished goods	10.4 & 10.5	3,087,914	2,744,841
		15,449,584	9,896,667

10.1 Includes items costing Rs. 24.86 million (2022: Rs. 22.81 million) which have been valued at their net realizable value of Rs. 9.25 million (2022: Rs. 8.86 million).

10.2 Includes inventory of Rs. 109.73 million (2022: Rs. 64.43 million) held with various parties for processing.

10.3 Includes items costing Rs. 31.51 million (2022: Rs. 24.52 million) which have been valued at their net realizable value of Rs. 13.64 million (2022: Rs. 10.75 million).

10.4 Includes items costing Rs. 1,236.26 million (2022: Rs. 1,042.79 million) which have been valued at their net realizable value of Rs. 859.14 million (2022: Rs. 787.42 million).

10.5 Includes stock in transit of Rs. 1,190.90 million (2022: Rs. 435.85 million).

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
11 TRADE DEBTS			
Export			
Considered good	11.1	13,159,232	8,682,495
Considered doubtful		69,289	30,092
		13,228,521	8,712,587
Less: Allowance for expected credit loss	11.2	(69,290)	(30,092)
		13,159,231	8,682,495
Local			
Considered good		99,975	84,104
		13,259,206	8,766,599

11.1 Includes an amount of Rs. 1,122.35 million (2022: Rs. 830.96 million) due from 1888 Mills LLC which was neither past due nor impaired. The maximum amount due from related parties, at the end of any month during the year was Rs. 1,288.85 million (2022: Rs. 1,127.97 million).

11.2 Movement of allowance for expected credit losses is as follows:

	Note	2023	2022
		----- Rupees in '000 -----	
Balance at the beginning of the year		30,092	23,107
Charge for the year	29	39,198	6,985
Balance at the end of the year		69,290	30,092

12 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2023	2022
		----- Rupees in '000 -----	
Advances			
Suppliers			
Considered good	12.1	515,594	756,104
Considered doubtful		729	2,190
		516,323	758,294
Provision for doubtful advances	12.2	(729)	(2,190)
		515,594	756,104
Employees			
Considered good		1,401	165
		516,995	756,269
Deposits		29,486	525,407
Prepayments		24,919	9,307
Other receivables			
Sales tax refundable		3,866,195	1,542,698
Export rebate / duty drawback		630,105	201,004
Due from government	12.3	923,420	849,958
Others		230,922	54,313
		5,650,642	2,647,973
		6,222,042	3,938,956

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

12.1 Includes interest free advances to major foreign suppliers having maturity latest by September 2023.

Jurisdiction	Name
Asia	Avery Dennison Gulf FZCO Chengdu Shichen Trading Co. Ltd. Colorchem Company Limited Gardner Denver FZE Guangzhou Lejin Washing And Dyeing Equipment Co. Ltd. Microhy Electro-Hydraulic Systems (Suzhou) Co. Ltd. Nantong Maofo Textile Technology Co Ltd. Ningbo Cholift Forklift Co. Ltd. Ningbo Everlift Machinery Co. Ltd. Ningbo Zhongrui Import And Export Co. Ltd. Tangshan Sanyou Hongkong International Trade Co Ltd. Tuv Rheinland Bangladesh (Pvt) Ltd. Veit Hong Kong Limited Water Regime International FZE Zhejiang Qilu Technology Co. Ltd. Zhejiang Tonva Plastics Machine Co. Limited Zhuoli Imaging Technology Co. Ltd.
America	Pmc Liquiflo Equipment Co.
Europe	Atlas Copco Airpower N.V. Imtrade Paper & Plastics BV J.Zimmer Maschinenbau GMBH Maschinenfabrik Rieter AG Mashin Shokai Netherlands B.V. Rotaseal Sizdirmazlik Sistemleri A.S. Scaglia SRL Synergys Technologies Tanatex Chemicals B.V. Tolkar Makina Sanayi Ve Ticaret A.S.

12.2 Movement of provision for doubtful advances is as follows:

	Note	2023	2022
		----- Rupees in '000 -----	
Balance at the beginning of the year		2,190	42,068
Reversal during the year		(1,461)	(39,878)
Balance at the end of the year		<u>729</u>	<u>2,190</u>

12.3 Due from government

Drawback of local taxes and levies (DLTL) receivable	641,623	641,623
Technology upgradation fund scheme	89,278	89,278
Mark-up receivable	192,519	119,057
	<u>923,420</u>	<u>849,958</u>

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Notes To The Financial Statements

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	Note	2023 ----- Rupees in '000 -----	2022 ----- Rupees in '000 -----
13 SHORT-TERM INVESTMENTS			
Fair value through profit or loss:			
Islamic:			
Open Ended Shariah Compliant mutual fund	13.1	<u>4,362,587</u>	<u>8,165,334</u>
13.1	Represents investment in 67.86 million units (2022: 185.01 million units) of Open Ended Shariah Compliant mutual funds.		

	Note	2023 ----- Rupees in '000 -----	2022 ----- Rupees in '000 -----
14 CASH AND BANK BALANCES			
Conventional:			
On current account			
- Local currency		792,246	99,575
- Foreign currency		101,652	70,878
		893,898	170,453
On savings account			
- Local currency	14.1	162,628	840,770
		1,056,526	1,011,223
Islamic:			
On current account			
- Local currency		224,732	441,204
- Foreign currency		50,636	73,170
		275,368	514,374
		1,331,894	1,525,597
Cash in hand		4,736	3,447
		<u>1,336,630</u>	<u>1,529,044</u>

14.1 This carries interest rate ranging from 13.5% to 19.5% (2022: 5.75% to 12.25%) per annum.

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023 ----- Number of Shares -----			2023 ----- Rupees in '000 -----	
116,728,612	116,728,612	Ordinary shares of Rs.10 each fully paid in cash	1,167,286	1,167,286
859,020	859,020	Issued as bonus shares	8,590	8,590
259,213,336	259,213,336	Issued against consideration other than cash – assets	2,592,133	2,592,133
22,608,058	22,608,058	Issued as right shares	226,081	226,081
<u>399,409,026</u>	<u>399,409,026</u>		<u>3,994,090</u>	<u>3,994,090</u>

15.1 Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

15.2 Associated Company and undertakings held an aggregate of 120,490,030 ordinary shares (2022: 94,960,880) ordinary shares in the Company as at year end.

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Notes To The Financial Statements

For The Year Ended June 30, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
16	CAPITAL RESERVE		
	Merger reserve	543,413	543,413
	Share premium	1,571,733	1,571,733
		<u>2,115,146</u>	<u>2,115,146</u>

16.1 The merger reserve represents merger surplus created at the time of merger between Feroze1888 Mills Limited and Feroze Textile Industries (Private) Limited in the year 2011-2012.

16.2 The reserve can be utilised only in accordance with provisions of section 81 of the Companies Act, 2017.

	Note	2023	2022
		----- Rupees in '000 -----	
17	DEFERRED LIABILITIES		
	Defined benefit obligation - approved gratuity fund	898,657	516,045
	Government grant	528,568	183,417
		<u>1,427,225</u>	<u>699,462</u>

17.1 In accordance with the requirements of IAS-19 "Employee Benefits," actuarial valuation was carried out as at June 30, 2023, using the "Projected Unit Credit Method". Provision has been made in the financial statements to cover obligation in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above mentioned fund is as follows:

	Note	2023	2022
		----- Rupees in '000 -----	
Amounts recognised in the statement of financial position as follows:			
	Present value of defined benefit obligation	923,570	536,045
	Fair value of plan assets	(24,913)	(20,000)
		<u>898,657</u>	<u>516,045</u>

17.1.1 Movement in the present value of defined benefit obligation

	Opening balance	536,045	406,436
	Current service cost	160,580	223,643
	Interest cost	88,834	67,430
	Actuarial loss / (gain) on remeasurement	233,382	(58,357)
	Payment made during the year	(95,271)	(103,107)
	Closing balance	<u>923,570</u>	<u>536,045</u>

17.1.2 Movement in the fair value of plan assets

	Opening balance	20,000	-
	Interest income on plan assets	7,362	-
	Contribution by the Company	-	20,000
	Actuarial (loss) / gain on remeasurement	(2,449)	-
		<u>24,913</u>	<u>20,000</u>

17.1.3 The plan assets comprise of cash and cash equivalents.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
17.1.4	Represents actuarial loss / (gain) arising on remeasurement recognised in other comprehensive income on defined benefit obligation due to:		
	Change in financial assumption	13,279	9,176
	Change in experience adjustment	220,103	(67,533)
		<u>233,382</u>	<u>(58,357)</u>
17.1.5	Represents actuarial (loss) / gain arising on remeasurement recognised in other comprehensive income due to plan assets:		
	Opening difference	907	-
	Actual return on plan assets	4,006	-
	Interest income on plan assets	(7,362)	-
		<u>(2,449)</u>	<u>-</u>
17.1.6	Amounts have been charged in the statement of profit or loss in respect of these benefits on defined benefit obligation:		
	Current service cost	160,580	223,643
	Interest cost	88,834	67,430
		<u>249,414</u>	<u>291,073</u>
17.1.7	Significant actuarial assumptions		
	Valuation discount rate per annum	16.25%	13.25%
	Salary increase rate per annum	16.25%	13.25%
	Normal retirement age of employees	60 years	60 years
17.1.8	Sensitivity analysis for actuarial assumptions		
	The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:		
		Closing defined benefit obligation	
		0.5% increase	0.5% decrease
		----- Rupees in '000 -----	
	Assumptions		
	Effect of change in discount rate	985,632	1,061,958
	Effect of change in future salary increase	<u>1,064,063</u>	<u>983,357</u>
17.1.9	As of June 30, 2023, a total of 6,623 employees (2022: 6,153) have been covered under the above fund.		
17.1.10	As per the recommendation of the actuary, the charge for the year ending June 30, 2024 amounts to Rs. 386.53 million.		
17.1.11	Weighted average duration of the obligation is 7.45 years (2022: 7.65 years).		

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

17.1.12 Risks on account of defined benefit plan

Final salary risk

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate determined by reference to market yields (at the statement of financial position date) on government bond. A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Withdrawal risk

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

Inflation fluctuation

The salary inflation is the major risk that the funds carry. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted benefit obligations.

Mortality risk

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

	Note	2023	2022
		----- Rupees in '000 -----	-----
17.2 Government grant			
Balance at beginning of the year		228,789	63,334
Received during the year		504,112	197,565
Released to the statement of profit or loss		(91,582)	(32,110)
Balance at end of the year	17.2.1	641,319	228,789
Current portion of government grant		112,751	45,372
Non-current portion of government grant	21	528,568	183,417
		641,319	228,789

- 17.2.1** Government grants have been recorded against reduced rate loan obtained from commercial banks pursuant to a refinance scheme introduced by State Bank of Pakistan; Refinance Scheme for Payment of Wages and Salaries and Temporary Economic Refinance Facility at concessional mark-up rates for businesses to finance salary expense during the COVID-19 outbreak and to import plant and machinery respectively. Refinance against scheme for payment of Wages and Salaries have been settled during the year.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	Note	2023	2022
----- Rupees in '000 -----			
18 LONG-TERM FINANCING - secured			
Conventional			
Long Term Finance Facility (LTFF)	18.1	3,605,375	4,316,938
Temporary Economic Refinance Facility (TERF)	18.2	4,160,064	3,908,330
Refinance Scheme for Payment of Wages and Salaries	18.3	-	198,770
Renewable Solar Financing Scheme	18.4	245,414	-
Current portion		(1,357,079)	(1,271,875)
		6,653,774	7,152,163
Islamic			
Long Term Finance Facility (LTFF)	18.1	136,880	200,903
Temporary Economic Refinance Facility (TERF)	18.2	1,184,716	662,568
Current portion		(136,117)	(66,101)
		1,185,479	797,370
		7,839,253	7,949,533

- 18.1** Represent financing facilities obtained from various conventional and Islamic banks for import of machinery under LTFF Scheme by State Bank of Pakistan (SBP) repayable in four, five, six and eight years through semi-annually and quarterly installments latest by October 2032. These carry mark-up at the SBP rate plus spread ranging from 0.45% to 1% (2022: 0.45% to 1%) per annum. These facilities are secured against specific charge on plant and machinery of the Company. As of June 30, 2023, unutilized portion of the facility is Rs. 899.28 million (2022: Rs.5,210 million).
- 18.2** Represent financing facilities obtained from various conventional and Islamic banks for import of machinery under TERF Scheme by SBP repayable in five, six and eight years through semi-annually and quarterly installments latest by September 2032 and has been recognized at present value discounted at the effective rate of interest. These carry mark-up at the SBP rate plus spread ranging from 0.75% to 1% (2022: 0.75% to 1%) per annum. The differential mark-up has been recognized as government grant which will be amortized over the period of facility. These facilities are secured against specific charge on plant and machinery of the Company. As of June 30, 2023, undisbursed portion of the facility is Rs. 27.87 million (2022: Rs. 1,326 million).
- 18.3** Represent financing facilities obtained from a conventional bank for payment of wages and salaries under the Refinance Scheme by SBP repayable in 8 equal quarterly installments. The loan has been settled during the year and was recognized at present value discounted at the effective rate of interest. These carried mark-up at the rate of SBP rate plus spread 0.50% per annum (2022: 0.50%). The differential mark-up had been recognized as government grant (as mentioned in note 17.2) which has been amortized over the period of facility. The facility was secured against first pari-passu hypothecation charge over current assets. For this facility, the SBP base rate is 0% as advised by SBP vide circular no. 7 dated April 22, 2020.
- 18.4** Represent financing facilities obtained during the year from a conventional bank for SBP financing scheme for renewable energy (scheme) repayable in 16 equal half yearly installments and has been recognised at present value discounted at the effective rate of interest. These carry mark-up at the rate of SBP rate plus spread 0.50% per annum. These are secured against specific hypothecation charge over related plant and machinery of the Company. As of June 30, 2023, unutilized portion for this facility is Rs. 540 million.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

19 PROVISION FOR GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC)

	Note	2023 ----- Rupees in '000 -----	2022 -----
GIDC provision		1,524,979	1,524,979
Current portion of GIDC provision	21	(190,622)	(190,622)
		<u>1,334,357</u>	<u>1,334,357</u>

19.1 During the year 2021, the Honorable Supreme Court of Pakistan (SCP) has upheld the Gas Infrastructure Development Cess Act, 2015 to be constitutional and intra vires allowing settlement of GIDC over a period of forty-eight monthly installments. However, the Company has filed an appeal before the Honorable High Court of Sindh (the Court) on the grounds that no burden of GIDC had been passed to its customers and thus, the Company is not liable to pay GIDC under GIDC Act, 2015. The Court vide its order dated September 18, 2020 has granted stay to the Company.

The Company without prejudice to the suit filed, has booked a provision under the relevant accounting standards.

20 LEASE LIABILITIES

	Note	2023 ----- Rupees in '000 -----	2022 -----
Lease liabilities		695,958	689,626
Current portion of lease liabilities		(240,380)	(271,986)
	20.1	<u>455,578</u>	<u>417,640</u>

20.1 Reconciliation of the carrying amount is as follows:

Balance at beginning of the year		689,626	872,837
Lease re-assessment during the year		326,709	-
Accretion of interest		43,091	61,354
Lease rental payments made during the year		(363,468)	(244,565)
Lease liabilities as at June 30	20.2	695,958	689,626
Current portion of lease liabilities		(240,380)	(271,986)
Long-term lease liabilities as at June 30		<u>455,578</u>	<u>417,640</u>

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

	Note	2023 ----- Rupees in '000 -----	2022 -----
Maturity analysis			
Gross lease liabilities - minimum lease payments:			
Not later than one year		327,088	323,353
Later than one year but not later than five years		520,879	429,616
		847,967	752,969
Future finance charge		(152,009)	(63,343)
Present value of finance lease liabilities		<u>695,958</u>	<u>689,626</u>

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
21. TRADE AND OTHER PAYABLES			
Creditors		4,409,429	2,040,467
Accrued liabilities	21.1	5,499,435	3,158,358
Derivative financial instruments		-	39,755
Workers' profits participation fund	21.2	450,751	172,383
Workers' welfare fund		46,540	42,710
Contract liabilities		92,481	50,778
Current portion of government grant		112,751	45,372
Current portion of provision for GIDC	19	190,622	190,622
Payable to provident fund		32,505	24,646
Others		28,965	31,177
		10,863,479	5,796,268

21.1 Includes an amount of Rs. 539.78 million (2022: Rs. 540.66 million) in respect of Gas tariff provision and Rs. 296.45 million (2022: Rs. 296.45 million) in respect of RLNG provision.

21.2 Workers' profits participation fund

Opening balance		172,461	217,383
Interest on workers' profits participation fund		238	78
Charge for the year	29	450,751	172,383
		623,450	389,844
Less: Payment during the year		(172,699)	(217,383)
Closing balance		450,751	172,461

22 SHORT-TERM BORROWINGS - secured

Export re-finance

Conventional		10,900,000	9,400,000
Islamic		5,000,000	5,000,000
	22.1	15,900,000	14,400,000

22.1 This represents export re-finance facilities from various conventional and Islamic banks carrying mark-up at the rates ranging from SBP Export re-finance rate plus 0.25% to 1% (2022: 0.25% to 1%) per annum and will expire by August 2023. These are secured against first pari-passu charge over stock-in-trade, receivables and other current assets of the Company. As of June 30, 2023, unutilized portion for this facility is Rs. 3,150 million.

22.2 The Company has various fully unutilized running finance facilities of Rs. 180 million (2022: Rs. 180 million). These carry mark-up at the rates ranging from 1 month KIBOR plus 0.5% to 3 month KIBOR plus 1.50% (2022: 1 month KIBOR plus 0.5% to 3 month KIBOR plus 1.50%) per annum. These are secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company.

	Note	2023	2022
		----- Rupees in '000 -----	
23 ACCRUED MARK-UP			
Long-term financing		53,098	50,193
Short-term borrowings		617,885	98,584
		670,983	148,777

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
24 CONTINGENCIES AND COMMITMENTS			
24.1 Contingencies			
No contingencies exist as at the reporting date.			
24.2 Commitments			
Outstanding letter of credit		2,552,186	4,595,923
Outstanding letter of guarantee		2,113,825	1,828,919
Capital expenditure		1,452,869	4,184,280
Post dated cheques	24.2.1	19,587,716	4,781,418

24.2.1 This represents post dated cheques issued to Custom Authorities in respect of duties on imported items.

	Note	2023	2022
		----- Rupees in '000 -----	
25 SALES - net			
Local		1,131,591	941,371
Export	25.1	55,438,969	47,661,820
		56,570,560	48,603,191
Export rebate		782,619	569,068
		57,353,179	49,172,259
Less:			
Sales tax		170,974	150,938
Trade discounts		10,264	2,865
		181,238	153,803
		57,171,941	49,018,456

25.1 Represents sales made to the following geographical regions:

America	41,620,053	39,484,979
Europe	12,936,237	7,600,447
Asia	674,690	365,355
Australia	124,787	111,134
Africa	83,202	99,905
	55,438,969	47,661,820

25.2 Revenue recognised during the year from contract liabilities as at the beginning of the year amounted to Rs. 34 million (2022: Rs. 37.07 million).

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
26 COST OF SALES			
Opening stock of finished goods		2,744,841	2,542,945
Add: Cost of goods manufactured	26.1	44,425,695	41,596,870
		47,170,536	44,139,815
Less: Closing stock of finished goods	10	(3,087,914)	(2,744,841)
		44,082,622	41,394,974
26.1 Cost of goods manufactured			
Raw material consumed	26.1.1	26,310,110	23,914,945
Stores and spares consumed		5,773,850	4,879,385
Salaries, wages and other benefits	26.1.2 / 26.1.3	7,191,686	5,998,091
Fuel, power and water		3,637,024	3,018,041
Insurance expense		83,433	94,801
Repairs and maintenance		250,551	155,148
Communication and transportation		170,143	124,403
Rent	26.1.3	29,044	21,470
Depreciation on operating fixed assets	6.5	2,319,597	2,484,300
Depreciation on right-of-use assets	6.9.1	185,624	189,178
Amortisation	7.2	6,189	6,277
Quality control and inspection		111,461	67,216
Others		17,914	18,082
		46,086,626	40,971,337
Opening work-in-process		2,511,302	3,136,835
Closing work-in-process	10	(4,172,233)	(2,511,302)
		44,425,695	41,596,870
26.1.1 Raw material consumed			
Opening stock		4,640,524	2,757,422
Purchases during the period		29,859,023	25,798,047
		34,499,547	28,555,469
Less: Closing stock	10	(8,189,437)	(4,640,524)
		26,310,110	23,914,945

26.1.2 Includes an amount of Rs. 113.43 million (2022: Rs. 95.96 million) in respect of provident fund and Rs. 242.1 million (2022: Rs. 291.07 million) in respect of approved gratuity fund.

26.1.3 The Company has recognised charge of Rs. 7.34 million (2022: Rs. 6.55 million) in respect of short-term leases not included in the measurement of lease liabilities.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
27 ADMINISTRATIVE COST			
Director fee		12,972	15,420
Salaries and benefits	27.1	706,424	538,111
Utilities		74,027	22,947
Repairs and maintenance		33,383	21,685
Communication		10,750	10,556
Rent, rates, taxes and license fee		58,258	19,234
Conveyance and traveling		106,245	14,995
Printing and stationery		2,858	669
Legal and professional		17,897	14,328
Fees and subscriptions		26,514	16,290
Depreciation on operating fixed assets	6.5	69,632	60,116
Depreciation on right-of-use assets	6.9.1	36,284	36,284
Security and janitorial services		12,399	2,276
Training and development expense		12,928	9,212
Others		18,947	14,309
		1,199,518	796,432

27.1 Includes amount of Rs. 25.48 million (2022: Rs. 22.21 million) in respect of provident fund.

	Note	2023	2022
		----- Rupees in '000 -----	
28 DISTRIBUTION COST			
Salaries and benefits	28.1	417,190	300,795
Freight and insurance		823,539	1,329,488
Inspection and forwarding charges		353,773	383,960
Marketing and other related expenses		2,467,735	1,814,132
Export development surcharge		137,509	124,442
Others		63,398	34,626
		4,263,144	3,987,443

28.1 Includes amount of Rs. 19.10 million (2022: Rs. 13.39 million) in respect of staff provident fund.

	Note	2023	2022
		----- Rupees in '000 -----	
29 OTHER EXPENSES			
Property, plant and equipment - write-off		1,314	2,028
Workers' profit participation fund		450,751	172,383
Workers' welfare fund		45,120	39,198
Allowance for expected credit loss	11.2	39,198	6,985
Provision for slow moving and obsolete stores and spares	9.1	13,765	22,161
Donations	29.1 / 29.2	26,103	26,332
Auditors' remuneration	29.3	5,041	4,268
		581,292	273,355

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

29.1 Includes donation to following organizations exceeding Rs. 1,000,000 or 10% of total donation whichever is higher:

Name of Donee	Note	2023	2022	
		----- Rupees in '000 -----		
Pakistan Textile Council	29.2	3,000	3,000	
The Indus Hospital		2,500	4,999	
Karachi Down Syndrome Program		2,500	2,000	
Pakistan Eye Bank Society		1,500	2,000	
Burns Center		1,500	1,300	
Family Education Services Foundation		1,500	1,000	
Health Care and Social Welfare Association		1,000	1,000	
Bait ul Sukoon		1,000	-	
Network of Organizations Working For People With Disabilities Pakistan (NOWPDP)		1,000	1,280	
Kiran Foundation		-	4,302	
BnB Enterprises		-	1,000	
			15,500	21,881

29.2 Includes the following in which a director or their spouse were interested:

Name of Directors	Name and address of donee	Interest in Donee
Mr. Nasim Hyder	The Indus Hospital Plot C-76, Sector 31/5, Korangi Crossing, Karachi	Director
Mr. Zain Ashraf Mukaty	NOWPDP Bungalow no. 83/1, Rizvi Shaheed Road, Saddar, Karachi	Advisor to Board

29.3 Auditors' remuneration	Note	2023	2022
		----- Rupees in '000 -----	
Audit fee		2,271	1,925
Half yearly review		885	750
Out of pocket expenses		935	793
Other certification / assignments		950	800
		5,041	4,268

30 OTHER INCOME

Interest on bank deposit		60,694	64,539
Gain on disposal of operating fixed asset - net	6.7	8,828	6,147
Dividend income on open ended mutual fund units		534,842	373,304
Reversal of provision against doubtful advances		1,461	39,878
Net exchange differences on export receivables, trade payables and derivative financial instruments		4,115,513	1,735,943
		4,721,338	2,219,811

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
31 FINANCE COST			
Mark-up / interest on:			
- Long-term financing			
Conventional		185,335	169,321
Islamic		21,759	19,015
		<u>207,094</u>	<u>188,336</u>
- Short-term borrowings			
Conventional		1,081,606	205,714
Islamic		513,333	102,438
		<u>1,594,939</u>	<u>308,152</u>
- Lease liability		43,091	61,354
- Workers' profits participation fund		238	78
		<u>1,845,362</u>	<u>557,920</u>
- Bank charges		145,650	107,454
		<u>1,991,012</u>	<u>665,374</u>

32 TAXATION

Current		901,870	764,589
Prior		(95,637)	(52,354)
		<u>806,233</u>	<u>712,235</u>

32.1 The Company has filed its return of income up to tax year 2022. The return so filed is deemed to be an assessment order issued by the Taxation Authorities on the date the complete return is filed. The Company is subject to Final Tax Regime under Section 169 of the Income Tax Ordinance, 2001, therefore, relationship between income tax expense and accounting profit has not been presented.

	2023	2022
	----- Rupees in '000 -----	

33 EARNINGS PER SHARE – basic and diluted

Net profit for the year	8,969,458	3,408,454
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----- Number of Shares -----

Weighted average number of ordinary shares in issue	399,409,000	389,129,472
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	Note	2023	2022
		----- Rupees -----	
Earnings per share - basic and diluted	33.1	<u>22.46</u>	<u>8.76</u>

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

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particular	2023			2022		
	Chief Executive	Executives	Total	Chief Executive	Executives	Total
	----- Rupees in '000 -----					
Managerial remuneration	51,840	1,486,162	1,538,002	43,200	1,161,983	1,205,183
Bonus	6,480	207,516	213,996	3,600	92,944	96,544
Retirement benefits	3,437	89,286	92,723	2,864	70,157	73,021
Leave encashment	-	35,291	35,291	-	23,695	23,695
Other benefits	5,400	167,336	172,736	1,800	89,180	90,980
	67,157	1,985,591	2,052,748	51,464	1,437,959	1,489,423
Numbers	1	470	471	1	380	381

34.1 The chief executive and certain executives are provided with Company maintained cars and are also covered under Company's Health Insurance Plan along with their dependents.

34.2 Meeting fee of Rs.12.97 million (2022: Rs. 15.42 million) has been paid to 10 (2022: 10) directors.

34.3 As per the Act, an executive means an employee, other than the chief executive and director, whose salary exceeds twelve hundred thousand rupees in a financial year.

35 PROVIDENT FUND DISCLOSURES

	2023 Un-audited	2022 Audited
	----- Rupees in '000 -----	
Size of the trust	1,115,436	1,062,458
Cost of investment	1,076,361	1,041,590
Fair value of investment	1,076,361	1,041,590
	----- Percentage -----	
Percentage of investment made	96%	98%

Major categories of investment of provident fund are as follows:

	2023 Unaudited		2022 Audited	
	Rs. in '000	%	Rs. in '000	%
Mutual fund	677,148	62.91	672,668	64.58
Investment in fixed deposit	348,601	32.39	318,385	30.57
Others	50,613	4.70	50,537	4.85
	1,076,362	100.00	1,041,590	100.00

35.1 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Act and the rules formulated for this purpose.

36 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of companies with common directorship, associates, directors, major shareholders of the Company, key management personnel, staff gratuity fund and staff provident fund. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	2023	2022
	----- Rupees in '000 -----	
36.1 Nature of transaction		
Transaction with associates		
Sale of goods	3,303,875	5,881,495
Sale of operating fixed asset	1,946	-
Purchases and services	6,412	40,867
Marketing fee	2,082,776	1,588,869
Lease rentals paid	302,196	185,575
Rent expense	2,550	7,416
Donation	3,500	6,279
Transaction with directors		
Meeting fee	12,972	15,420
Transaction with key management personnel		
Remuneration paid	90,657	66,144
Post-employment benefits	4,804	3,760
Sale of vehicle	892	-
Transaction with other related party		
Contribution to approved Gratuity Fund	-	20,000
Contribution to Provident Fund	157,967	131,562
Sale of vehicle	1,086	-

36.1.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

Particular	Relationship	Aggregate % of shareholding
1888 Mills LLC, USA	Common Directorship	1.09%
Premier 1888 Limited	Common Directorship	-
The Indus Hospital	Common Directorship	-
M&N Impex (Private) Limited	Common Directorship	-
Frieden Management (Private) Limited	Common Directorship	0.10%
Nigheban (Private) Limited	Common Directorship	-
UTI Industries (Private) Limited	Common Directorship	-
Liberty Mills Limited	Common Directorship	18.57%
NOWPDP	Entity under significant influence of Director	-
Feroze1888 Mills Limited - Provident Fund	Retirement benefit fund	-
Feroze1888 Mills Limited - Gratuity Fund	Retirement benefit fund	-
Mr. Rehan Rahman	Chief Executive / Director	2.24%
Mr. Jonathan R. Simon	Director	0.05%
Mr. Khaleequr Rahman	Director	3.28%
Mr. Shabbir Ahmed	Director	15.04%
Mr. Perwez Ahmed	Director	5.89%
Mr. Anas Rahman	Director	1.64%
Mr. Abdul Rehman Yaqub	Director	-
Mr. Zain Ashraf Mukaty	Director	-
Mr. Nasim Hyder	Director	0.0001%
Ms. Huma Pasha	Director	0.0001%
Ms. Aminah Zahid Zaheer	Director	0.0001%
Ms. Javeria Siddiqui	Key Management Personnel	-
Mr. Mudassir Moten	Key Management Personnel	-

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

36.1.2 All transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company.

36.1.3 None of the key management personnel had any agreements with the Company other than the employment contract.

36.2 Associated companies incorporated outside Pakistan

Name	Basis of Association	Country of Incorporation
1888 Mills LLC, USA	Common Directorship	United States of America
Premier 1888 Limited	Common Directorship	Bangladesh

	2023	2022
	----- Rupees in '000 -----	
37 CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>1,336,630</u>	<u>1,529,044</u>

38 PRODUCTION CAPACITY

	2023	2022
Spinning		
Total number of spindles installed	57,288	48,072
Average number of spindles worked	57,288	48,072
Total number of rotors installed	3,312	2,116
Average number of rotors worked	3,312	2,116
Weaving		
Total number of looms installed	447	447
Average number of looms worked	414	402

The production capacity and its comparison with actual production of Spinning, Weaving, Processing and Stitching is impracticable to determine due to varying manufacturing processes, run length of order lots and various other factors.

	2023	2022
	----- Rupees in '000 -----	
39 FINANCIAL INSTRUMENTS BY CATEGORY		
39.1 Financial assets as per statement of financial position		
Financial assets measured at amortised cost		
- Long-term deposits	8	87,024
- Trade debts	11	13,259,206
- Deposits and other receivables	12	5,680,128
- Cash and bank balances	14	1,336,630
		<u>20,362,988</u>
Financial assets measured at fair value through profit or loss		
- Short-term investments	13	4,362,587
		<u>24,725,575</u>
		<u>13,541,167</u>
		<u>8,165,334</u>
		<u>21,706,501</u>

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	Note	2023	2022
		----- Rupees in '000 -----	
39.2 Financial liabilities as per statement of financial position			
Financial liabilities measured at amortised cost			
- Long-term financing	18	8,367,821	8,132,950
- Provision for GIDC	19	1,334,357	1,334,357
- Lease liabilities	20	455,578	417,640
- Trade and other payables	21	10,863,479	5,756,513
- Short-term borrowings	22	15,900,000	14,400,000
- Accrued mark-up	23	670,983	148,777
- Current portion of long-term financing	18	1,605,947	1,383,348
- Current portion of lease liabilities	20	240,380	271,986
- Unclaimed dividend		2,178	1,996
		39,440,723	31,847,567
Financial liabilities measured at fair value through profit or loss			
- Derivative financial instrument	21	-	39,755
		39,440,723	31,887,322

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks i.e. market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Company's senior management oversees the management of these risks. The Company's senior management provides policies for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, and credit risk, use of financial derivatives, financial instruments and investment of excess liquidity. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors review and agree policies for managing each of these risks which are summarized below:

40.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise three types of risks which includes interest rate risk, currency risk and other price risk, such as equity risk. There has been no change in the Company's exposure to market risk or the manner in which this risk is managed and measured.

40.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises from term deposit receipts, long-term financing and short-term borrowings obtained with floating rates. All the borrowings of the Company are obtained and investments made in the functional currency.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

At the reporting date, the interest rate profile of Company's interest-bearing financial instruments was:

	Note	2023 ----- Rupees in '000	2022 -----
Financial asset			
Local currency - savings account	14	162,628	840,770
Financial liabilities			
Long-term financing		9,973,768	9,516,298
Short-term borrowings	22	15,900,000	14,400,000
		25,873,768	23,916,298

The Company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax Rs' in 000
2023		
Change in interest rate	+100	(257,111)
Change in interest rate	-100	257,111
2022		
Change in interest rate	+100	(230,755)
Change in interest rate	-100	230,755

40.1.2 Currency risk

Currency risk is the risk that the value of financial assets or financial liabilities will fluctuate due to a change in a foreign exchange rate. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to the risk of changes in foreign exchange rates relate primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

Exposure to currency risk

The Company's exposure to foreign currency risk is as follows:

	Note	2023 ----- AED in '000	2022 -----
Trade and other payables		-	(389)
Other receivable		492	-
Closing exchange rate		78.72	56.35
Average exchange rate		67.44	48.31

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	2023	2022
	----- EUR in '000 -----	
Trade debts	70	192
Trade and other payables	(2)	(40)
	<u>68</u>	<u>152</u>
Closing exchange rate	313.72	215.23
Average exchange rate	<u>260.35</u>	<u>199.49</u>
	2023	2022
	----- USD in '000 -----	
Trade debts	46,080	46,246
Foreign currency bank balances	531	708
Trade and other payables	(6,329)	(4,451)
	<u>40,282</u>	<u>42,503</u>
Closing exchange rate	286.60	205.50
Average exchange rate	<u>248.34</u>	<u>177.45</u>

Sensitivity Analysis

The sensitivity to a reasonably possible change in the exchange rates, with all other variables held constant, of the Company's profit before taxation is as follows:

		2023	2022
Change in exchange rate	+ / -	10%	10%
Effect on profit before tax (Rupees in '000)	+ / -	1,160,488	874,516

The Company manages its currency risk by close monitoring of currency markets.

40.1.3 Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk). The Company does not have investment in equity shares.

40.2 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company's management is regularly conducting detailed analysis on sectors.

The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy. The maximum exposure to credit risk at the reporting date is:

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

	Note	2023 ----- Rupees in '000 -----	2022 ----- Rupees in '000 -----
Long-term deposits	8	87,024	72,144
Trade debts	11	13,259,206	8,766,599
Deposits and other receivables	12	5,680,128	3,173,380
Short-term investment	13	4,362,587	8,165,334
Bank balances	14	1,331,894	1,525,597
		<u>24,720,839</u>	<u>21,703,054</u>

Credit quality of financial assets

The credit quality of financial assets that can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	2023 ----- Rupees in '000 -----	2022 ----- Rupees in '000 -----
Bank balances		
Ratings		
A1+	1,306,465	1,492,466
A1	25,429	33,131
	<u>1,331,894</u>	<u>1,525,597</u>
Short-term investments		
Ratings		
AAA	-	203,900
AA+	2,987,606	1,021,796
AA	1,374,984	6,939,638
	<u>4,362,590</u>	<u>8,165,334</u>

Trade debts

The aging of trade debts at the statement of financial position date was:

	2023				Total
	Not past due	Past due 1-60 days	Past due 61 days - 90 days	More than 90 days	
	----- Rupees in '000 -----				
Total gross carrying amount	12,464,150	772,128	22,637	69,582	13,328,497
Expected credit loss	-	-	-	69,290	69,290
Expected credit loss effective rate	0%	0%	0%	100%	0.52%
	2022				Total
	Not past due	Past due 1-60 days	Past due 61 days - 90 days	More than 90 days	
	----- Rupees in '000 -----				
Total gross carrying amount	8,703,725	62,235	639	30,092	8,796,691
Expected credit loss	-	-	-	30,092	30,092
Expected credit loss effective rate	0%	0%	0%	100%	0.34%

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

40.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

2023	Upto 1 year	1 – 5 years	More than 5 years	Total
	Rupees in '000			
Long-term financing	1,493,196	5,582,917	2,897,655	9,973,768
Lease liabilities	327,088	520,879	-	847,967
Trade and other payables	9,970,334	-	-	9,970,334
Short-term borrowings	15,900,000	-	-	15,900,000
Accrued mark-up	670,983	-	-	670,983
Unclaimed dividend	-	2,178	-	2,178
	28,361,601	6,105,974	2,897,655	37,365,230

2022	Upto 1 year	1 – 5 years	More than 5 years	Total
	Rupees in '000			
Long-term financing	1,337,976	6,205,780	1,865,576	9,409,332
Lease liabilities	323,353	429,616	-	752,969
Trade and other payables	5,254,648	-	-	5,254,648
Short-term borrowings	14,400,000	-	-	14,400,000
Accrued mark-up	148,777	-	-	148,777
Unclaimed dividend	-	1,996	-	1,996
	21,464,754	6,637,392	1,865,576	29,967,722

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in the respective notes to these financial statements.

40.3.1 Changes in liabilities from financing activities

	July 01, 2022	Net cash flows	Non cash item	June 30, 2023
	Rupees in '000			
Long-term financing	9,516,298	549,052	(91,582)	9,973,768
Short-term borrowings	14,400,000	1,500,000	-	15,900,000
Lease liabilities	689,626	(363,468)	369,800	695,958
Dividends payable	1,996	182	-	2,178
	24,607,920	1,685,766	278,218	26,571,904

40.4 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholders value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue new shares.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, less cash and cash equivalents.

The gearing ratios as at June 30, 2023 and 2022 are as follows:

	Note	2023 ----- Rupees in '000 -----	2022 -----
Deferred liabilities	17	1,427,225	699,462
Long-term financing	18	7,839,253	7,949,533
Provision for GIDC	19	1,334,357	1,334,357
Lease liability	20	455,578	417,640
Trade and other payables	21	10,863,479	5,796,268
Short-term borrowings	22	15,900,000	14,400,000
Accrued mark-up	23	670,983	148,777
Current portion of long-term financing	18	1,493,196	1,337,976
Current portion of lease liabilities	20	240,380	271,986
Unclaimed dividend		2,178	1,996
Total debt		40,226,629	32,357,995
Short-term investments	13	(4,362,587)	(8,165,334)
Cash and bank balances	14	(1,336,630)	(1,529,044)
Net debt		34,527,412	22,663,617
Share capital		3,994,090	3,994,090
Reserves		32,691,792	25,939,234
Total capital		36,685,882	29,933,324
Capital and net debt		71,213,294	52,596,941
Gearing ratio		48.48%	43.09%

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

40.5 Fair value measurement

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

The carrying values of all financial assets and liabilities reflected in these financial statements approximate fair values.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

The following table shows assets recognised at fair value, analyzed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2023			
	Level 1	Level 2	Level 3	Level 4
	Rupees in '000			
Assets measured at fair value:				
Freehold and leasehold land	-	4,385,157	-	4,385,157
Short-term investment	-	4,362,587	-	4,362,587

	2022			
	Level 1	Level 2	Level 3	Level 4
	Rupees in '000			
Assets measured at fair value:				
Freehold and leasehold land	-	4,350,593	-	4,350,593
Short-term investment	-	8,165,334	-	8,165,334

Liability measured at fair value:

Derivative financial instruments	-	39,755	-	39,755
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During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

The valuation techniques used and the inputs used in the fair value measurement of free hold land and lease hold land are given in note 6.2 to these financial statements. Specific valuation techniques used to value derivative financial instruments include the use of quoted market prices or dealer quotes for similar instruments and the market price of mutual fund units have been obtained from Mutual Funds Association of Pakistan.

41 OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment.

Revenue from export sales represents 98.04% (2022: 98.06%) of the total gross revenue of the Company.

All non-current assets of the Company at June 30, 2023 are located in Pakistan.

Sales made by the Company to two customers which constitutes 34% (2022: 30%) and 21% (2022: 19%), respectively.

Feroze1888 Mills Limited

Notes To The Financial Statements

For The Year Ended June 30, 2023

42 DIVIDEND AND APPROPRIATIONS

Subsequent to year ended June 30, 2023, the Board of Directors in its meeting held on August 29, 2023 has proposed final cash dividend @ Rs. 8.88 /- per share amounting to Rs. 3,547 million (2022: 2.91/- per share amounting to Rs.1,162.28 million) for approval of the members at the Annual General Meeting. This is in addition to the interim cash dividend @ Rs. 2.05/- per share amounting to Rs. 818.79 million (2022: @ Rs. 1.36/- per share amounting to Rs. 543.20 million) approved by the Board of Directors for the year ended June 30, 2023.

43 NUMBER OF PERSONS EMPLOYED

Number of persons employed as at June 30, 2023 were 13,127 (2022: 12,643) and average number of persons employed during the year were 12,885 (2022: 12,999). Number of persons employed at factory as at June 30, 2023 were 12,988 (2022: 12,483) and average number of persons employed at factory during the year were 12,736 (2022: 11,932).

44 GENERAL

44.1 Corresponding figures have been rearranged and reclassified, wherever necessary. However, other than those disclosed in these financial statements, there were no significant reclassifications to report.

44.2 All figures in these financial statements are rounded off to the nearest thousand, unless otherwise stated.

45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on August 29, 2023 by the Board of Directors of the Company.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

ABDUL REHMAN YAQUB
Chairman





Brush the world with extraordinary hues, let each stroke pave the way to success

In the canvas of existence, the lotus's extraordinary presence symbolizes **simplicity, elegance, and patience**, thriving amidst diverse conditions as a testament to endurance and revitalization. Just as the lotus flourishes in its tranquil aquatic haven, this abstract quality embodies our **innovation and unity**, sustained by our resolute team – **an extended family**.

Calendar of Notable Events

Calendar of Corporate events July-2022 to June-2023

August 2022	67 th BOD Meeting for Annual Financial Statements June 30 2022	Monday, August 29, 2022
October 2022	50 th Annual General Meeting	Wednesday, October 26, 2022
	68 th BOD Meeting for the 1 st Quarter Ended September 30 2022	Friday, October 28, 2022
November 2022	Corporate Briefing Session	Friday, November 18, 2022
February 2023	69 th BOD Meeting for the 2 nd Quarter/Half Year Ended December 31 2022	Monday, February 27, 2023
April 2023	70 th BOD Meeting for the 3 rd Quarter Ended March 31 2023	Saturday, April 29, 2023

Calendar of other events

July-2022 to June-2023

August 2022	Independence Day Celebration (*)	Sunday, August 14, 2022
September 2022	World Heart Day (29) (**)	Thursday, September 29, 2022
	Market Week (New York)	Monday, September 19, 2022 to Thursday, September 22, 2022
	The KIN – Company’s 1 st Quarter Magazine	Friday, September 30, 2022
October 2022	World Mental Health Day (10) (*)	Monday, October 10, 2022
	Bowling Tournament	Thursday, October 27, 2022
November 2022	World Quality Day (11) (**)	Friday, November 11, 2022
	World Diabetes Day (14) (**)	Monday, November 14, 2022
	Futsal Tournament	Sunday, November 27, 2022
December 2022	Human Rights Day (10) (*)	Saturday, December 10, 2022
	The KIN – Company’s 2 nd Quarter Magazine	Saturday, December 31, 2022
January 2023	Cricket Tournament	Sunday, January 01, 2023
	Family Gala	Sunday, January 08, 2023
	Heimtex Germany Textile Fair	Tuesday, January 10, 2023 to Friday, January 13, 2023
February 2023	World Cancer Day (04) (*)	Saturday, February 04, 2023
	Badminton Tournament	Sunday, February 19, 2023
March 2023	World Water Day (22) (*)	Wednesday, March 22, 2023
	Market Week (New York)	Monday, March 13, 2023 to Thursday, March 16, 2023
	Women’s day (**)	Wednesday, March 08, 2023
	Pakistan Day (23) (*)	Thursday, March 23, 2023
	Cricket Tournament	Sunday, March 19, 2023
	The KIN – Company’s 3 rd Quarter Magazine	Friday, March 31, 2023
April 2023	World Health Day (07) (**)	Friday, April 07, 2023
	Earth Day (22) (*)	Saturday, April 22, 2023
	Health & Safety Day (28) (*)	Friday, April 28, 2023
May 2023	World Firefighters Day (04) (**)	Thursday, May 04, 2023
	Mother’s Day (08) (*)	Monday, May 08, 2023
	World Hypertension Day (17) (**)	Wednesday, May 17, 2023
	World No Tobacco Day (31) (**)	Wednesday, May 31, 2023
June 2023	World Environment Day (05) (**)	Monday, June 05, 2023
	World Blood Donor Day (14) (**)	Wednesday, June 14, 2023
	The KIN – Company’s 4 th Quarter Magazine	Friday, June 30, 2023

(*) Flyer

(**) Activity / Flyer

Form 34 Pattern of Holdings of the Shares Held by the Shareholders

Shareholders as at 30 June 2023

No of Shareholders		Shareholdings			Total shares held
525	From	1	to	100	12,579
239	From	101	to	500	72,480
108	From	501	to	1000	89,092
143	From	1001	to	5000	354,981
37	From	5001	to	10000	271,847
14	From	10001	to	15000	171,094
5	From	15001	to	20000	91,948
7	From	20001	to	25000	159,282
3	From	25001	to	30000	86,500
3	From	30001	to	35000	101,000
1	From	35001	to	40000	38,690
2	From	40001	to	45000	88,890
3	From	45001	to	50000	150,000
1	From	50001	to	55000	53,000
1	From	65001	to	70000	70,000
2	From	70001	to	75000	147,000
1	From	95001	to	100000	100,000
1	From	105001	to	110000	105,546
1	From	125001	to	130000	127,040
1	From	130001	to	135000	130,340
1	From	175001	to	180000	178,250
1	From	195001	to	200000	200,000
1	From	235001	to	240000	236,066
1	From	300001	to	305000	304,500
1	From	390001	to	395000	393,913
1	From	400001	to	405000	403,000
1	From	530001	to	535000	531,171
2	From	1670001	to	1675000	3,346,500
1	From	2075001	to	2080000	2,079,019
1	From	2375001	to	2380000	2,378,056
2	From	2745001	to	2750000	5,500,000
1	From	3175001	to	3180000	3,180,000
1	From	4230001	to	4235000	4,230,566
1	From	4335001	to	4340000	4,337,654
1	From	6480001	to	6485000	6,482,020
1	From	6550001	to	6555000	6,550,231
1	From	6880001	to	6885000	6,880,032
2	From	6890001	to	6895000	13,780,790
1	From	6915001	to	6920000	6,917,699
1	From	7345001	to	7350000	7,347,618
2	From	7370001	to	7375000	14,747,592
1	From	7625001	to	7630000	7,625,688
1	From	8005001	to	8010000	8,009,796
1	From	8285001	to	8290000	8,286,796
1	From	8960001	to	8965000	8,963,796
1	From	11490001	to	11495000	11,491,135
1	From	13100001	to	13105000	13,100,422
1	From	14040001	to	14045000	14,044,901
1	From	18445001	to	18450000	18,447,546
1	From	20030001	to	20035000	20,034,285
1	From	23540001	to	23545000	23,541,494
1	From	39190001	to	39195000	39,192,607
1	From	60055001	to	60060000	60,056,774
1	From	74185001	to	74190000	74,187,800

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399,409,026

Pattern of Shareholding

As at 30 June 2023

Categories of Shareholders	Number of shareholders	Shares Held	Percentage
Associated Companies, undertaking and related parties	5	120,490,030	30.17
Investment Companies and Mutual Funds	3	5,013	0.00
Directors, Chief Executive Officer and their Spouse	12	134,529,046	33.68
Joint Stock Companies	15	7,187,406	1.80
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance and others	11	464,317	0.12
Individuals	1,090	136,733,214	34.23
	1,136	399,409,026	100.00

Pattern of Shareholding

As at 30 June 2023

Shareholders' Category		Number of Shareholders	Number of Shares held
Associated Companies, undertaking and related parties		5	120,490,030
Investment Companies, Mutual Funds and Other			
M/s. Shirazi Investment Ltd		1	13
CDC - Trustee Meezan Islamic Fund		1	3,000
CDC - Trustee Meezan Asset Allocation Fund		1	2,000
Directors and their Spouse(s)			
Mr. Jonathan R.Simon	Director/Chairman	1	200,000
Mr. Rehan Rahman	Chief Executive	1	8,963,796
Mr. Khaleequr Rahman	Director	1	13,105,422
Mr. Shabbir Ahmed	Director	1	60,056,774
Mr. Abdul Rehman Yaqub	Director	-	-
Mr. Perwez Ahmed	Director	1	23,541,494
Mr. Anas Rahman	Director	1	6,565,231
Mr. Zain Ashraf Mukaty	Director	-	-
Mr. Nasim Hyder	Director	1	530
Ms.Huma Pasha	Director	1	530
Ms. Aminah Zahid Zaheer	Director	1	530
Mrs. Shahnaz Rahman (Spouse)	Spouse	1	8,286,796
Mrs. Saba Perwez (Spouse)	Spouse	1	6,917,699
Mrs. Sana Rehan (Spouse)	Spouse	1	6,890,244
Executives		3	26,098,234
Joint Stock Companies		15	7,187,406
Bank, Development Finance Institutions, Non-Banking Finance Companies		3	304,571
Insurance Companies, Takaful, Modarabas and Pension Fund		8	159,746
Shareholders holding 5% or more voting interest:			
M/s. Grangeford USA Inc		1	39,192,607
M/s. Liberty Mills Limited		1	74,187,800
Mr. Omair Rehman		1	20,034,285
Mr. Shabbir Ahmed		1	60,056,774
Mr. Perwez Ahmed		1	23,541,494

Notice of 51st Annual General Meeting

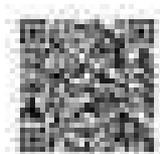
Notice is hereby given to the Members that the 51st Annual General Meeting of the Company will be held on Friday, 27 October 2023 at 04:30 p.m. at the Institute of Chartered Accountants of Pakistan (ICAP) Auditorium, Chartered Accountants Avenue, Clifton, Karachi / video link to transact the following businesses

ORDINARY BUSINESS:

1. To confirm the minutes of Extra Ordinary General Meeting of the Company held on 20 July 2023.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30 June, 2023 together with the Chairman's Review, Directors' and Auditors' report thereon.

In accordance with Section 223(7) of the Companies Act, 2017 and SRO 389(I)/2023 dated 21st March 2023, the financial statements of the Company can be accessed through following weblink and QR enabled code.

<https://feroze1888.com/wp-content/uploads/2023/09/Feroze1888-Annual-Report-2023-26-09-2023.pdf>



3. To consider and, if thought fit, approve as recommended by the Board of Directors, final cash dividend at the rate of Rs. 8.88 per share i.e. (88.8%) to all shareholders of the Company This is in addition to Rs. 2.05 per share i.e. (20.5%) interim cash dividend already declared/paid for the year 30 June 2023.
4. To appoint statutory auditors for the year ending 30 June 2024 and to fix their remuneration. The present auditors M/s. EY Ford Rhodes, Chartered Accountants retire and being eligible, have offered themselves for re-appointment.

ANY OTHER BUSINESS:

5. To transact any other business with the permission of the Chair.

By order of the Board
(Mudassir Moten)
Company Secretary

Karachi:
03 October 2023

NOTES:

1. Share Transfer Books of the Company will remain closed from Friday, 20 October 2023 to Friday, 27 October 2023 (both days inclusive). Transfer received at the office of Share Registrar at the close of business on Thursday, 19 October 2023 will be considered in time to attend and vote at the meeting and for the purpose of above entitlement to the transferees.
2. A member of the Company entitled to attend and vote at this meeting may appoint a proxy to attend, speak and vote instead of him/her. A proxy must be a member of the company. An instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority to be valid must be received at the Registered Office of the Company or at the Office of the Share Registrar not later than forty eight hours before the time for the Meeting. A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments shall be rendered invalid. The proxy shall produce his/her Original National Identify Card or Passport to prove his/her identity.

3. Members are requested to submit copies of their CNICs and promptly notify any change in their address by writing to the office of the registrar.
4. Members should quote their Folio/CDC number in all correspondence and at the time of attending the Meeting.
5. The shareholders interested in attending the General Meeting through video link facility ("Zoom" which can be downloaded from Google Play or Apple App Store) are requested to get themselves registered with the Company Secretary office at least two working days before the holding of the time of the AGM at secretary@feroze1888.com or through share registrar of the company M/s. FAMCO Associates (Pvt.) Ltd, 8-F, Next to Hotel Faran, Nursery Block-6, PECHS, Shahrah-e-Faisal, Karachi by providing the following details:

Name of Shareholders	CNIC No.	Folio / CDC	Cell No.	Email Address

- Upon receipt of the above information from interested shareholders, the Company will send the login details at their email addresses.
 - On the AGM day, the shareholders will be able to login and participate in the AGM proceedings through their smart phone or computer devices from any convenient location.
 - The login facility will be opened twenty (20) minutes before the meeting time to enable the participants to join the meeting after identification and verification process.
6. Members are requested to have their updated email and cell number incorporated in their physical folio with the Share Registrar of the Company and with their Participant or Broker / CDC Investor Account Services for shares held in electronic form.
 7. In pursuance of section 242 of the Companies Act, 2017 which mandates all listed companies to pay dividend only by way of electronic mode directly into the bank account of entitle shareholder designated by them. Therefore, through this notice all shareholders are requested to update their bank account details in the Central Depository System through respective participants. In case holding physical shares, provide bank account details to Company's Share Registrar, M/s. Famco Associates (Pvt.) Ltd.

Please note that all dividends declared by the Company will only be remitted to designated bank accounts and not otherwise, so please ensure an early update of your particulars to avoid any inconvenience in future.

8. Shareholders are informed that the Government of Pakistan has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. These tax rates are as under:
 - i) Rate of tax deduction for persons who are appearing in the active taxpayers list: 15%.
 - ii) Rate of tax deduction for persons who are not appearing in the active taxpayers list: 30%.

Shareholders are advised to provide their valid and updated CNIC/NTN to CDC Participants and our Share Registrar for availing the benefit of withholding tax rate applicable to filers.

In case of joint account, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders to the Company's Share Registrar enabling the Company to compute withholding tax of each shareholder accordingly. The required information must reach the Company's Share Registrar by Thursday, 19 October 2023, otherwise each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

9. Section 72 of the Companies Act 2017 (the 'Act') requires all companies to replace shares issued in physical form to book-entry form within four years of the promulgation of the Act. The shareholders having physical shares are encouraged to convert their shares into book-entry form at the earliest. The shareholders of the Company may contact the Share Registrar, namely M/s. Famco Associates (Pvt.) Ltd for the conversion of physical shares into book-entry form.

9. In compliance of section 244 of the Companies Act, 2017, an updated list for unclaimed shares/dividend declared by Feroze1888 Mills Limited (“the Company”) details whereof are appearing on the Company’s website at (<https://feroze1888.com/investor/investor-relations/others/>), have remained unclaimed or unpaid. Claims can be lodged either at the Company’s Office or submitted to the Company’s Share Registrar, M/s. FAMCO Associates (Private) Limited for receipt of dividend / shares.
10. Pursuant to the provisions of section 223(6) of the Act, all listed companies are permitted to circulate their Annual Financial Statements, along with Auditor’s Report, Directors’ Report along with notice of Annual General Meetings, to its shareholders through email subject to the written consent of the shareholders.

Shareholders who wish to receive the Company’s Annual Report by email are requested to provide the completed Consent Form available on the Company’s website (<https://feroze1888.com/investor/investor-relations/others/>), to the Company’s Share Registrar.

11. Notice of the Annual General Meeting and Annual Report of the Company for the year ended 30th June 2023 have been placed on the website of the Company, (<https://feroze1888.com/investor/>).
12. Members can also exercise their right of e-Voting subject to the requirements of Section 143 and 144 of the Companies Act, 2017 and the applicable clause of the Companies (Postal Ballot) Regulations, 2018.

13. GUIDELINES FOR CDC ACCOUNT HOLDERS ISSUED BY SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

For attending the Meeting:

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

For appointing proxy

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii. The proxy form must be witnessed by two persons whose names, addresses and Computerized National Identity Card (CNIC) number shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and of the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her Original CNIC or Original Passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors’ resolution/power of attorney with specimen signature shall be submitted (unless is has been provided earlier) alongwith proxy form to the Company.

Registered Office

Feroze1888 Mills Limited
H-23/4A, Scheme # 3
Landhi Industrial Area, Karachi
www.feroze1888.com
Email: secretary@feroze1888.com
Phone # +92 21 35083643

Share Registrar

FAMCO Associates (Pvt.) Ltd
8-F, Next to Hotel Faran, Nursery
Block-6 PECHS, Shahrah-e-Faisal, Karachi
www.famco.com.pk
Email: info.shares@famco.com.pk
Phone # +92 21 34380101-5

7- کمپنیز ایکٹ 2017ء کی سیکشن 242 کی تعمیل میں جس کا مینڈیٹ ہے کہ تمام فہرست شدہ کمپنیوں کو ان کی جانب سے نامزد کردہ حقدار شیئرز ہولڈرز کے بینک اکاؤنٹ میں براہ راست الیکٹرونک طریقے سے ڈیویڈنڈ ادا کئے جائیں، لہذا، اس نوٹس کے ذریعے تمام شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ اپنے متعلقہ شرکاء کے ذریعے بینرل ڈپازٹری سسٹم میں اپنے بینک اکاؤنٹ کی تفصیلات اپ ڈیٹ کر لیں۔ فزیکل شیئرز کی صورت میں بینک اکاؤنٹ کی تفصیلات کمپنی شیئرز رجسٹرار میسرز فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو فراہم کریں۔

برائے مہربانی نوٹ فرمائیں کہ کمپنی کے اعلانیہ ڈیویڈنڈز صرف نامزد کردہ بینک اکاؤنٹس میں جمع کروائے جائیں گے، اس لئے برائے مہربانی مستقبل میں رجحیت سے بچنے کے لیے اپنی تفصیلات جلد از جلد اپ ڈیٹ کرالیں۔

8- شیئرز ہولڈرز کو مطلع کیا جاتا ہے کہ حکومت پاکستان نے انکم ٹیکس آرڈی نینس 2001ء کی دفعہ 150 میں چند ترمیمات کی ہیں جس کے ذریعے کمپنیز کی جانب سے ادا کیا جانے والا منافع منقسمہ کی رقم پر وہ ہولڈنگ ٹیکس کی منہائی کیلئے مختلف ریٹ مقرر کئے گئے ہیں۔ یہ ٹیکس ریٹس مندرجہ ذیل ہیں

(a) ان افراد کے لیے ٹیکس کوٹہ کی شرح جو فعال ٹیکس و ہندگان کی فہرست میں شامل ہیں 15%

(b) ان افراد کے لیے ٹیکس کوٹہ کی شرح جو فعال ٹیکس و ہندگان کی فہرست میں ظاہر نہیں ہو رہے ہیں 30%

شیئرز ہولڈرز کو ہدایت کی جاتی ہے کہ وہ فائل کیلئے قابل اطلاق وہ ہولڈنگ ٹیکس ریٹ کا فائدہ حاصل کرنے کے لیے CDC کے شرکاء اور ہماری کمپنی کے شیئرز رجسٹرار کو اپنا درست اور اپ ڈیٹ CNIC/NTN فراہم کریں۔

مشترک اکاؤنٹ کی صورت میں شیئرز ہولڈرز سے درخواست ہے کہ وہ اپنے پاس موجود شیئرز ہولڈنگ کے تناسب کی تفصیل بطور پرنسپل شیئرز ہولڈرز ان کے مشترکہ ہولڈرز کمپنی کے شیئرز رجسٹرار کو فراہم کر دیں تاکہ کمپنی اس کے مطابق ہر ایک شیئرز ہولڈرز کے وہ ہولڈنگ ٹیکس کا تعین کر سکے۔ مطلوبہ معلومات جمعرات، 19 اکتوبر 2023 تک کمپنی کے شیئرز رجسٹرار تک پہنچی چاہے بصورت دیگر ہر شیئرز ہولڈر کے پاس حصص کا مساوی تناسب فرض کیا جائے گا اور اس کے مطابق ٹیکس کاٹ لیا جائیگا۔

9- کمپنیز ایکٹ 2017ء کی سیکشن 72 (ایکٹ) تمام کمپنیوں سے مطالبہ کرتا ہے کہ وہ ایکٹ کے نفاذ کے چار سالوں کے اندر فزیکل فارم میں جاری کردہ شیئرز کو ایک انٹری فارم میں اندراج کروائیں فزیکل شیئرز رکھنے والے شیئرز ہولڈرز کی حوصلہ افزائی کی جاتی ہے۔ کہ وہ اپنے شیئرز کو جلد از جلد ایک انٹری فارم میں تبدیل کریں۔ کمپنی کے شیئرز ہولڈرز شیئرز رجسٹرار M/s.Famco Associates (Private) Limited یعنی فزیکل شیئرز کو ایک انٹری فارم میں تبدیل کرنے کے لئے رابطہ کر سکتے ہیں۔

10- بجوا کمپنیز ایکٹ 2017ء کی سیکشن 244 کے تحت، فیروز 1888 ملز لمیٹڈ (کمپنی) کی جانب سے غیر دعوے دار حصص اڈیویڈنڈ کی تازہ ترین فہرست اور تفصیلات کمپنی کی ویب سائٹ (<https://feroze1888.com/investor/investor-relations/others/>) پر جاری کردی گئی ہیں۔ حصص اڈیویڈنڈ کی وصولی و رسید کے لیے دعوے یا نوٹیفکیشن کے دفتر یا پھر کمپنی کے شیئرز رجسٹرار، میسرز فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، میں جمع کرائے جاسکتے ہیں۔

11- سیکشن (6) 223 کی دفع کے تحت تمام لسٹڈ کمپنیز کو اجازت ہے کہ وہ اپنے سالانہ مالیاتی گوشوارے بمع آڈیٹرز رپورٹ، ڈائریکٹرز رپورٹ، اور سالانہ مجلس عامہ کا نوٹس، شیئرز ہولڈرز کی تحریری اجازت کے ساتھ، انہیں ای میل پر ارسال کیں۔ جو شیئرز ہولڈرز کمپنی کی سالانہ رپورٹ بذریعہ ای میل وصول کرنا چاہتے ہیں ان سے درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ (<https://feroze1888.com/investor/investor-relations/others/>) پر موجود مکمل رضامندی کا فارم کمپنی کے شیئرز رجسٹرار کو فراہم کریں۔

12- 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ اور سالانہ مجلس عامہ کا نوٹس کمپنی کی ویب سائٹ (<https://feroze1888.com/investor/>) پر موجود ہیں۔

13- ممبران کمپنیز ایکٹ 2017ء کی سیکشن 143 اور 144 اوپنیشن (پوسٹل بیٹ) ریگولیشن 2018 کے تحت ممبران ای-ووٹنگ کا حق بھی استعمال کر سکتے ہیں۔

14. سیکیورٹیز اینڈ ایکسچینج کمیشن کی جانب سے سی ڈی سی اکاؤنٹ ہولڈرز کے لیے جاری کردہ ہدایات :-

اجلاس میں شرکت کیلئے :-

(i) انفرادی حیثیت میں اکاؤنٹ ہولڈرز یا سب ہولڈرز اور ایو فر جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور اس کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، وہ اجلاس میں شرکت کے وقت اپنا قومی شناختی کارڈ پیش کر کے اپنی شناخت کو ثابت کر سکتا / کر سکتی ہے۔

(ii) کاروباری ادارے کی صورت میں اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ، نامزد کردہ شخص کے دستخط کے نمونے کیساتھ (اگر پہلے فراہم نہ کیا ہو) پیش کرنا ہوگا۔

پراکسیز نامزد کرنے کے لئے :-

(i) انفرادی حیثیت میں اکاؤنٹ ہولڈرز یا سب اکاؤنٹ ہولڈرز اور ایو فر جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور اس کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، کو درج ذیل مطلوبہ شرائط کے تحت پراکسی فارم جمع کرانا ہوگا۔

(ii) پراکسی فارم کی دو افراد کی جانب سے گواہی دی گئی ہو جن کا نام، پتہ اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم میں درج کرنا ہوگا۔

(iii) تین تین فیصل اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل پراکسی فارم کے ہمراہ پیش کرنی ہوں گی۔

(iv) اجلاس کے وقت اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل سپورٹ پیش کرنا ہوگا۔

(v) کاروباری ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ، نامزد کردہ شخص کے دستخط کے نمونے کیساتھ (اگر پہلے فراہم نہ کیا گیا ہو) کمپنی کو پراکسی فارم کے ہمراہ پیش کرنا ہوگا۔

شیئرز رجسٹرار:

فیکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

F-8 فاران ہول کے فوری بعد، نرسری،

بلاک-6 PECHS، شاہراہ فیصل، کراچی

www.famco.com.pk

Email: info.shares@famco.com.pk

Phone # +92 21 34380101-5

رجسٹرڈ آفس:

فیروز 1888 ملز لمیٹڈ

H-23/4، ایکسپریس نمبر 3

لانڈھی انڈسٹریل ایریا، کراچی

www.feroze1888.com

Email: secretary@feroze1888.com

Phone # +91 21 35083643

51 واں سالانہ اجلاس عام کانولس

بذریعہ ہذا مطلع کیا جاتا ہے کہ کمپنی کے ممبران کا 51 واں سالانہ اجلاس عام بروز جمعہ 27 اکتوبر 2023 بوقت 04:30 بجے دوپہر بمقام انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی کیپ) آڈیٹوریم چارٹرڈ اکاؤنٹنٹس ایونیو، کانولس، کراچی ایڈیولک کے ذریعے مندرجہ ذیل امور کی انجام دہی کے لئے منعقد کیا جائیگا۔

عمومی امور:

- 1- 20 جولائی 2023ء کو منعقدہ کمپنی کے غیر معمولی اجلاس عام کی کارروائی کی توثیق۔
- 2- 30 جون 2023ء کو ختم شدہ سال کے لیے کمپنی کے سالانہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس بشمول ان پریجیز میں کا جائزہ، ڈائریکٹرز اور آڈیٹرز کی رپورٹ وصول کرنا، غور کرنا اور اختیار کرنا۔
- کمپنی ایکٹ 2017 کے سیکشن (7) 223 اور SRO 389(I)/2023 مورخہ 21 مارچ 2023 کے مطابق کمپنی کے مالیاتی اسٹیٹمنٹ تک درج ذیل ویب لنک اور (QR) فعال کوڈ کے ذریعے رسائی حاصل کی جاسکتی ہے۔



<https://feroze1888.com/wp-content/uploads/2023/09/Feroze1888-Annual-Report-2023-26-09-2023.pdf>

3- 30 جون 2023ء کو ختم شدہ سال کے لیے بورڈ آف ڈائریکٹرز کی سفارش کردہ کمپنی کے تمام شیئرز ہولڈرز کو Rs. 8.88 فی شیئر (88.8%) نقد منافع منقسمہ پر غور کرنا اور اگر مناسب سمجھے تو منظور کرنا۔ بشمول Rs. 2.05 فی شیئر (20.5%) کے عبوری نقد منافع منقسمہ جو کہ پہلے ہی ادا کیا گیا ہے۔

4- 30 جون 2024ء کو ختم ہونے والے سال کے لیے قانونی آڈیٹرز کا تقرر اور ان کا اعزاز یہ مقرر کرنا۔ حالیہ آڈیٹرز میسرز ای وائی فورڈ روڈس چارٹرڈ اکاؤنٹنٹس نے سبکدوش اور اہل ہونے کی بناء پر خود کو دوبارہ تقرر کے لیے پیش کیا ہے۔

دیگر امور:

5- چیئرمین مجلس کی اجازت سے دیگر امور پر کارروائی۔

حسب الحکم بورڈ

(مدثر موٹن)
کمپنی سیکریٹری

کراچی: 03 اکتوبر 2023ء

نوٹس:

- 1- کمپنی کی شیئرز انسٹریٹس جمعہ 20 اکتوبر 2023ء تا جمعہ 27 اکتوبر 2023ء (بشمول دونوں ایام) بند رہیں گی، شیئرز رجسٹر آف آفس میں جسرات 19 اکتوبر 2023ء کو کاروبار کے اختتام پر موصول ہونے والے ٹرانسفر اجلاس میں شرکت اور ووٹ دینے اور ٹرانسفر فریز کے مندرجہ بالا استحقاق کے مقصد کے لیے بروقت تصور ہوں گے۔
- 2- کمپنی کا ایک رکن جو اجلاس ہذا میں شرکت اور ووٹ دینے کا حقدار ہوگا، وہ اپنی جگہ اجلاس میں شرکت، گفتگو اور ووٹ دینے کے لیے کسی دوسرے کو اپنا مجاز مقرر کر سکتا ہے، مجاز فرد لازمی طور پر کمپنی کا رکن ہونا چاہئے، مجاز مقرر کئے جانے والے دستاویز اور پاور آف اٹارنی یا دیگر اتھارٹی (اگر ہو) کہ جس کی جانب سے وہ دستخط شدہ ہو یا اس پاور آف اتھارٹی کی notarially سرٹیفیکیشن کا پابلی اجلاس کے مقررہ وقت سے 48 گھنٹے قبل کمپنی کے رجسٹر آف آفس یا شیئرز رجسٹر کے دفتر میں لازمی موصول ہونا چاہئے، ایک رکن ایک سے زائد مجاز مقرر کرنے کا حقدار نہیں، اگر کوئی رکن ایک سے زائد مجاز مقرر کرے گا یا مجاز فرسے متعلق ایک سے زائد دستاویز کمپنی میں جمع کرائے گا ایسی تمام دستاویز نا قابل عمل تصور ہوں گی۔ مجاز فرد کو اپنی شناخت ثابت کرنے کے لیے اپنا اصل شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔
- 3- اراکین سے درخواست ہے کہ وہ اپنی کمپیوٹرائزڈ شناختی کارڈ کی نقل جمع کروائیں اور اپنے پتے میں کسی بھی تبدیلی کی صورت میں شیئرز رجسٹر آف آفس میں فوری طور پر مطلع کریں۔
- 4- اراکین کو مراسلت کے لیے اور اجلاس میں شرکت کے وقت اپنا فوئیو / CDC نمبر درج کرنا ہوگا۔
- 5- شیئرز ہولڈرز جو اجلاس عام (AGM) میں ویڈیولنک سہولت (زوم) کے ذریعے شرکت کرنے کے خواہشمند ہیں (جو کہ لوگل پلے اسٹور اور اپیل اسٹور سے ڈاؤن لوڈ کیا جاسکتا ہے)، ان سے درخواست ہے کہ کمپنی سیکریٹری کے آفس میں AGM کے انعقاد سے کم از کم دو کاروباری روز قبل ای میل secretary@feroze1888.com پر یا کمپنی کے شیئرز رجسٹر اریبل کو ایسوسی ایٹس (پرائیوٹ) لمیٹڈ واقع F-8 متصل ہوٹل فاران، نرسری بلاک 6، PECHS شاہراہ فیصل کراچی میں مندرجہ ذیل تفصیلات فراہم کر کے اپنا اندراج کرائیں:

شیئرز ہولڈر کا نام	سی این آئی سی نمبر	فوئیو / سی ڈی سی	موبائل نمبر	ای میل

✓ خواہشمند شیئرز ہولڈرز سے مدکورہ بالا تفصیلات کی وصولی کے بعد کمپنی لاگ ان تفصیلات ان کے ای میل ایڈریس پر ارسال کر دے گی۔

✓ AGM کے موقع پر شیئرز ہولڈرز بذریعہ اپنے اسارٹ فون اور کمپیوٹر آلات سے اپنے سہولت کے مقام سے AGM کی کارروائی میں لاگ ان کر کے شرکت کر سکتے ہیں۔

✓ لاگ ان سہولت اجلاس کے وقت سے 20 منٹ قبل کھول دی جائیگی تاکہ شناخت اور تصدیق کے عمل کے بعد شرکت کی اجلاس میں شرکت کو یقینی بنایا جاسکے۔

6- ممبران سے درخواست کی جاتی ہے کہ وہ اپنے ای میل اور سیل نمبر برائے فزیکل فوئیو اور بروکراسی ڈی سی انویسٹرا کا ڈیٹ سرورس جن کے حصص الیکٹرانک شکل میں رکھے گئے ہیں کمپنی کے شیئرز رجسٹر کے ساتھ اپڈیٹ کرائیں۔

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9	Where any property or asset acquired with the funds of the company and is not held in the name of the company or is not in the possession and control of the company, this fact along with reasons for the property or asset not being in the name of or possession or control of the company shall be stated; and the description and value of the property or asset, the person in whose name and possession or control it is held shall be disclosed.	N/A

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Proxy Form

PROXY FORM (Option 1)

I/We

of

being a member of Feroze1888 Mills Limited holding

Ordinary shares as per the Share Register Folio No.

and/or CDC

Participant I. D. No.

and Account/Sub-Account No.

hereby appoint

of

or failing him/her

PROXY FORM E-voting (Option 2)

I/We

of

being a member of Feroze1888 Mills Limited holding

Ordinary shares as per the Share Register Folio No.

and/or CDC

Participant I. D. No.

and Account/Sub-Account No.

hereby appoint

of

or failing him/her

as my/our Proxy to vote for me and on my/our behalf at the Annual General Meeting of the Company to be held at Institute of Chartered Accountants of Pakistan, ICAP Auditorium, Chartered Accountants Avenue, Clifton, Karachi on Friday, 27 October 2023 at 04:30 p.m. and at any adjournment thereof.

Signature of Member

Name of Member

Folio No./CDC No.

Signature on
Revenue Stamp of
Rs. 5/-

WITNESSES:

1. Signature

2. Signature

Name

Name

Address

Address

CNIC/Passport No.

CNIC/Passport No.

NOTES:

- A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy should be a member of the Company.
- If a member is unable to attend the meeting, he/she/they may complete and sign this form and send it to the Company Secretary at the Registered Office so as to reach not less than 48 hours before the time appointed for holding the meeting.
- For CDC Account Holders / Corporate Entities

In addition to the above the following requirements have to be met:

- (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form
- (ii) Attested copies of CNIC or the passport of the beneficial owner(s) and the proxy shall be proved with the proxy form.
- (iii) The proxy shall produce his/her 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 shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پراکسی فارم

پراکسی فارم (آپشن 1)

میں انہم

پتہ

بحیثیت ممبر / ممبران فیروز 1888 ملز لمیٹڈ حصص

عمومی حصص شیئر رجسٹر کے فوئیو نمبر کے تحت

اور / یا سی ڈی سی

ممبر / ممبران کی آئی ڈی نمبر اور اکاؤنٹ / سب اکاؤنٹ نمبر

نامزد کرتا ہوں پتہ

یا ان کے ناجانے پر

پراکسی فارم ای۔ ڈونگ (آپشن 2)

میں انہم

پتہ

بحیثیت ممبر / ممبران فیروز 1888 ملز لمیٹڈ حصص

عمومی حصص شیئر رجسٹر کے فوئیو نمبر کے تحت

اور / یا سی ڈی سی

ممبر / ممبران کی آئی ڈی نمبر اور اکاؤنٹ / سب اکاؤنٹ نمبر

نامزد کرتا ہوں پتہ

یا ان کے ناجانے پر

بطور پراکسی مقرر کرتا ہوں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے کمپنی کے سالانہ اجلاس عام بمقام انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی کیپ) آڈیٹوریم چارٹرڈ اکاؤنٹنٹس ایونیو، کلفٹن، کراچی بروز جمعہ 27 اکتوبر 2023 بوقت 04:30 بجے دوپہر منعقد ہو رہا ہے، اس میں یا اس کے کسی ملٹوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

رہنما سٹامپ پر دستخط

رقم - 5 روپے

ممبر دستخط

ممبر کا نام:

فولیو نمبر / CDCI نمبر

گواہان

(1)

دستخط

نام

پتہ

شناختی کارڈ نمبر / پاسپورٹ نمبر

(2)

دستخط

نام

پتہ

شناختی کارڈ نمبر / پاسپورٹ نمبر

نوٹس:

- ایک رکن جو اجلاس عام میں شرکت کرنے اور ووٹ دینے کا اہل ہے وہ تحریری طور پر کسی دوسرے فرد کو بطور پراکسی اپنی جانب سے شرکت کرنے اور ووٹ دینے کیلئے مقرر کر سکتا ہے۔ پراکسی کمپنی کا ممبر ہونا چاہئے۔
- اگر کوئی رکن اجلاس میں شرکت کرنے کے قابل نہیں ہے تو وہ یہ فارم مع دستخط مکمل کر کے کمپنی بیکری کورجسٹرڈ آفس پر اجلاس کے مقررہ وقت سے 48 گھنٹے قبل بھجوائیں۔
- CDCI اکاؤنٹ ہولڈرز / کارپوریٹ انٹیس

مندرجہ بالا اشقوں کے علاوہ مندرجہ ذیل تقاضوں کو پورا کریں:

- (I) پراکسی فارم میں دو گواہان کے نام دستخط نیز ان کے پتے اور شناختی کارڈ نمبر کا اندراج بھی لازمی ہے۔
- (II) پراکسی فارم کیساتھ رکن اور پراکسی کی تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی نقول بھی منسلک کریں۔
- (III) پراکسی کیلئے لازم ہے کہ وہ اجلاس کے وقت اصل قومی شناختی کارڈ یا پاسپورٹ تصدیق کیلئے فراہم کرے۔
- (IV) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد یا وارف اٹارنی مع نمونہ دستخط کیساتھ (اگر پہلے ہی جمع کروادی گئی ہے) پراکسی فارم کے ہمراہ کمپنی کو جمع کروائیں۔



Together Towards a Better Tomorrow