

Steering the voyage
of **excellence**
and **commitment**
Annual Report 2024



FEROZE1888 MILLS LTD

Manufacturers and Exporters of Specialized Yarn & Textile Products

Weaving a Better World®





Steering the voyage of **excellence** and **commitment**

In a year marked by transformation and resilience, we have continued to lead with unwavering commitment to innovation, sustainability, and growth. Our dedication to excellence has not only strengthened our position but has also paved the way for a sustainable future.

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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 reput. 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.



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 that he/she may come across in any form as a result of his / her 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.



07

RELIABILITY

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



06

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.



05

PROACTIVE

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





02

RESPECT

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



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.



04

SUCCESS WILL

We possess a strong will to succeed under all circumstances.

Company **Information**



Board of Directors

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

Chairman
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director
Independent Director
Independent Director
Chief Executive Officer

Board Audit Committee

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

Chairman
Member
Member
Member

Board HR & Remuneration Committee

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

Chairperson
Member
Member

Chief Financial Officer

Ms. Javeria Siddiqui

Company Secretary

Position Vacant

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:

- Plot # 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 Share Registration Services (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 Everytime
- Customer Satisfaction

Our Commitments:

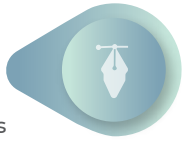
- Environmental Friendly Production Processes
- Product Quality
- Conducive Work Environment
- Employee Engagement & Empowerment

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

MANUFACTURED CAPITAL
Vertically integrated manufacturing facilities



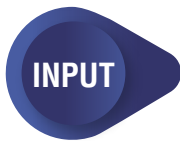
HUMAN CAPITAL

A workforce of over 12,000+ individuals, known for their diversity, dedication, and empowerment, is complemented by experienced and capable leadership.



Strategy & Resource Allocation

Risk & Opportunity



Performance

Sustainability

FINANCIAL CAPITAL

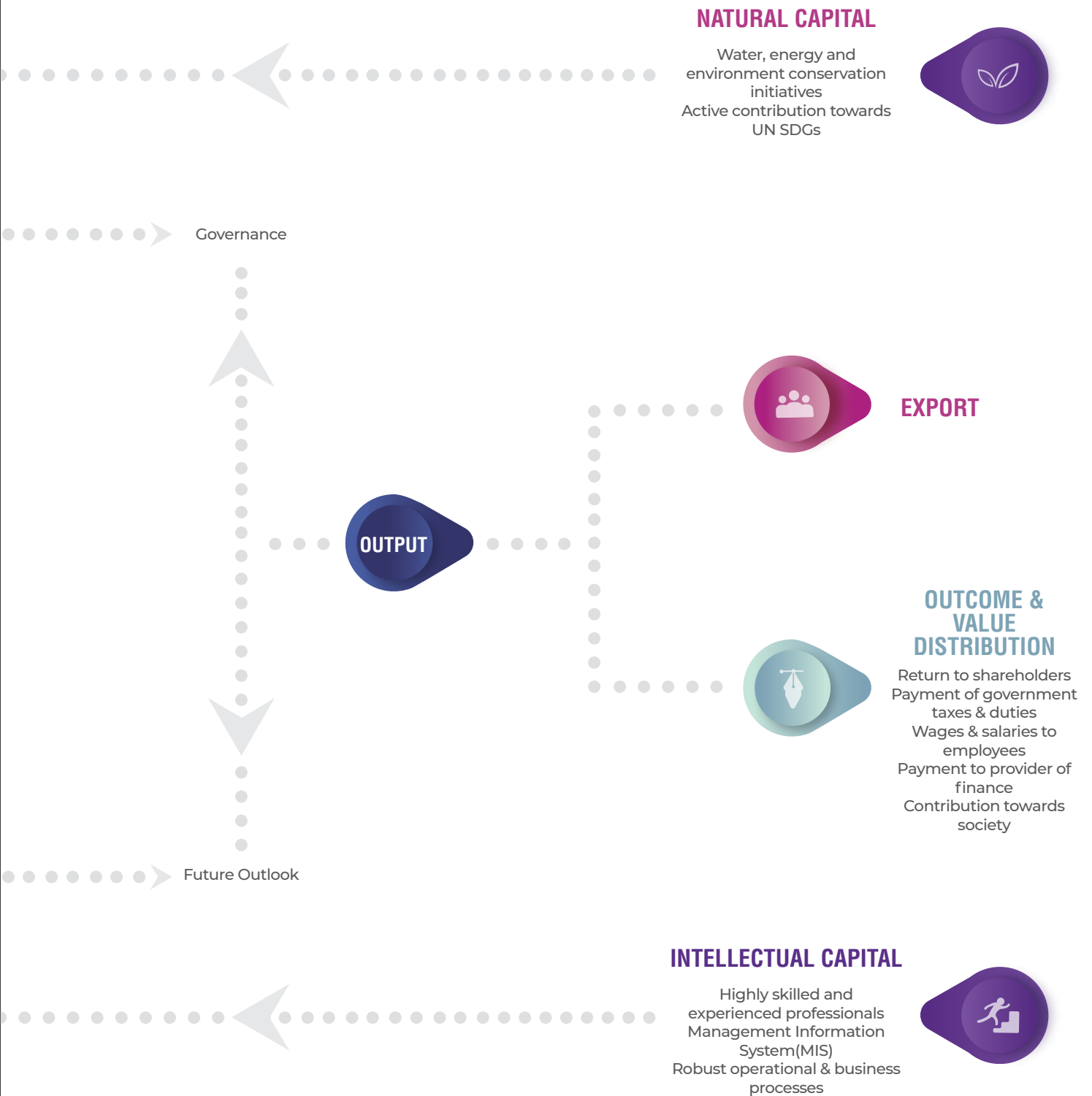
Equity: PKR 33,657 million
Total Assets: PKR 80,884 million



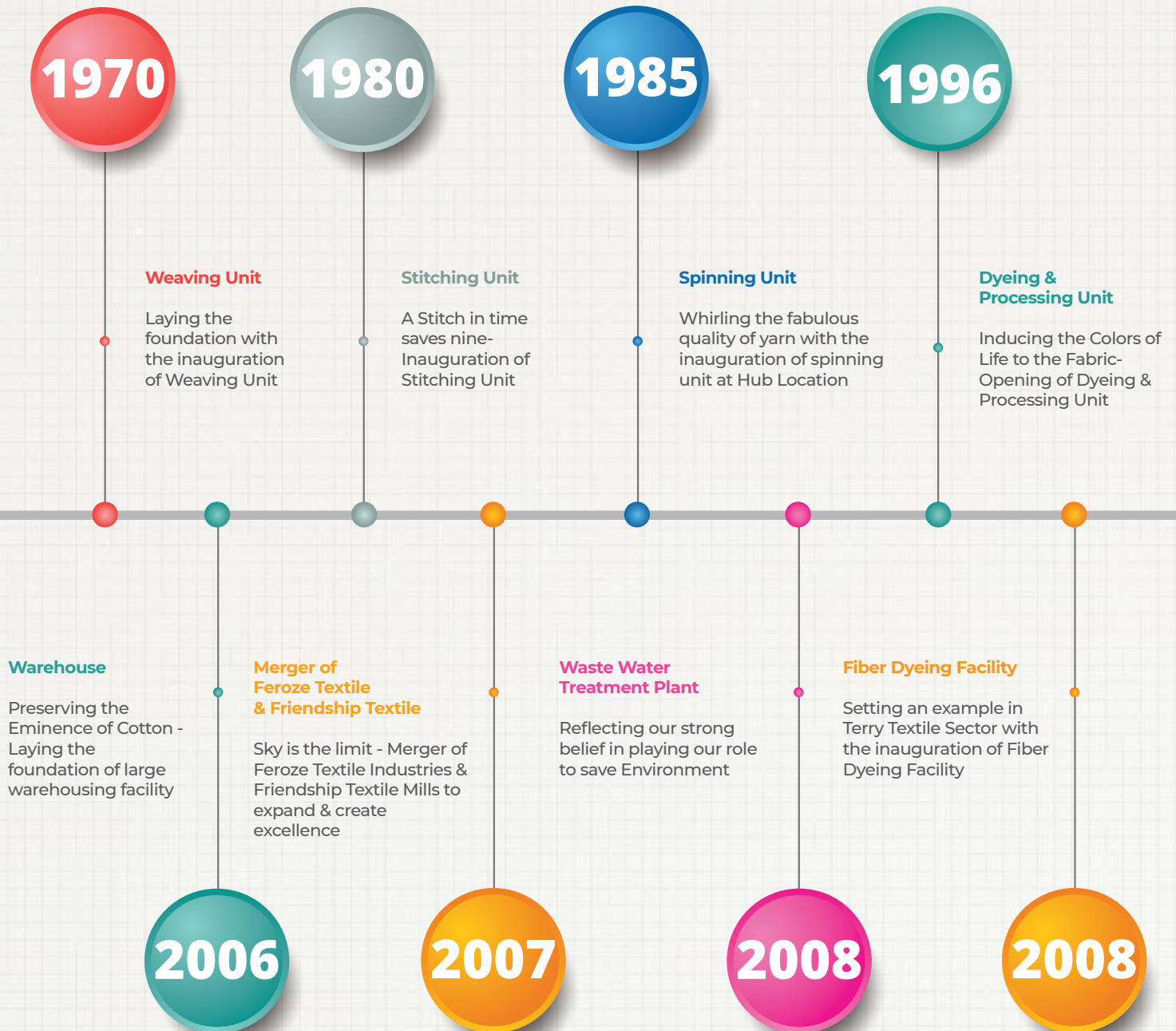
SOCIAL & RELATIONSHIP CAPITAL

Long & trusted relationship with customer
Strong Goodwill





Our Journey Continues...



2009

Acquisition of Nakshbandi Industries Limited

Expanding the business- acquired Nakshbandi Industries

2010

Nakshbandi's Name Changed to Feroze1888

Expanding the Horizons- Conversion of Nakshbandi into Feroze1888

2012

Merger of Feroze Textile Industries & Feroze1888

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

2014

Printing Facility

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

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

Packaging

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

New Product Line & Production Capacity Enhancement

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

Spinning & Weaving manufacturing capacity enhanced

2016

2017

2018

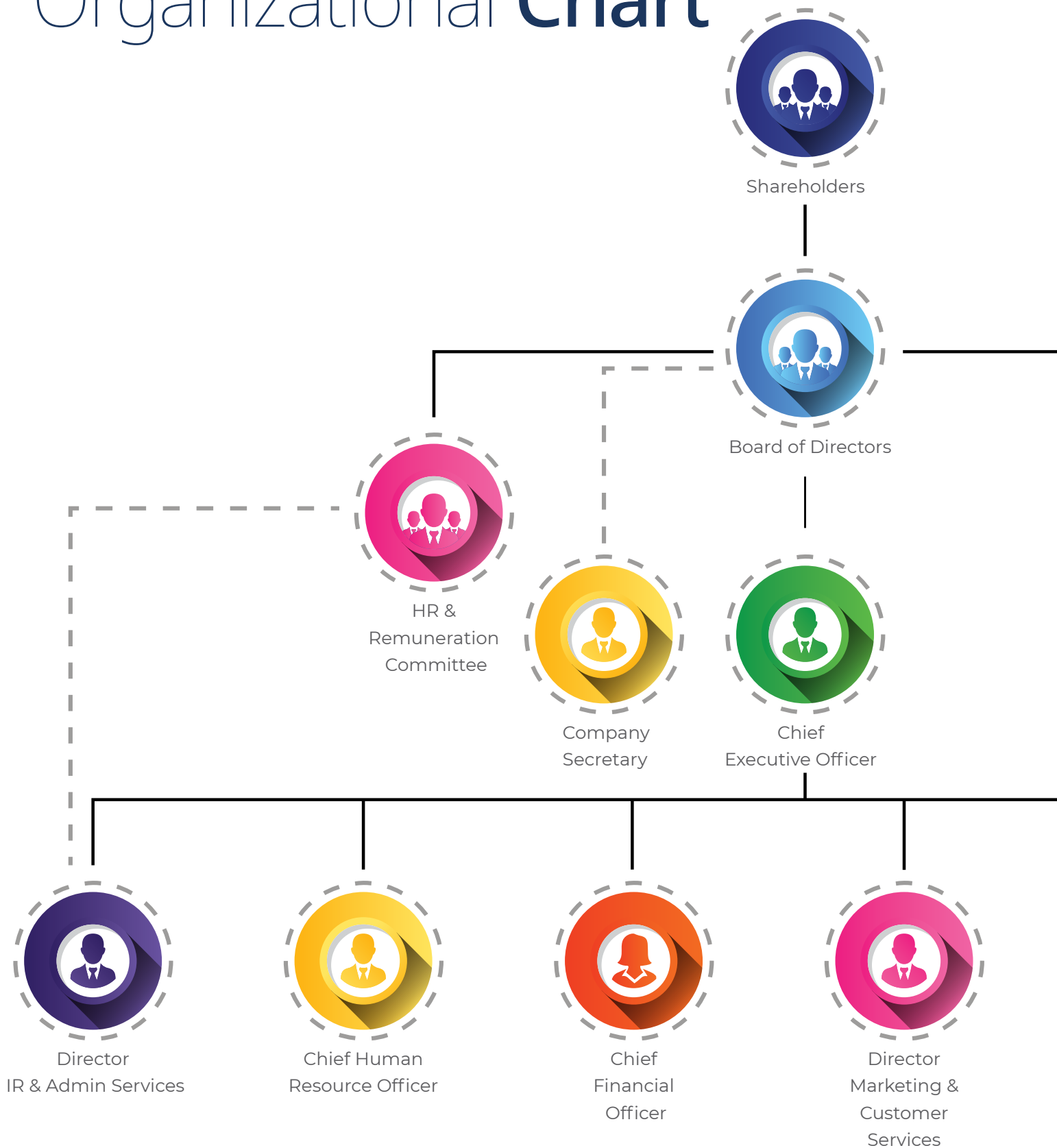
2019 - 2024

Product Glimpses





Organizational Chart





Audit
Committee



Director
Operations



Director
Supply Chain
Management



Director
Plant
Engineering



Director
Quality
Assurance



Head of
System & Control
Assurance



Head of
Information
Technology

Administrative Reporting
Functional Reporting

Geographical Spread





Australia



United States



South Africa



Poland



Japan



Germany



Netherlands



Canada



Saudi Arabia



Portugal



Spain



United Kingdom



France



Denmark

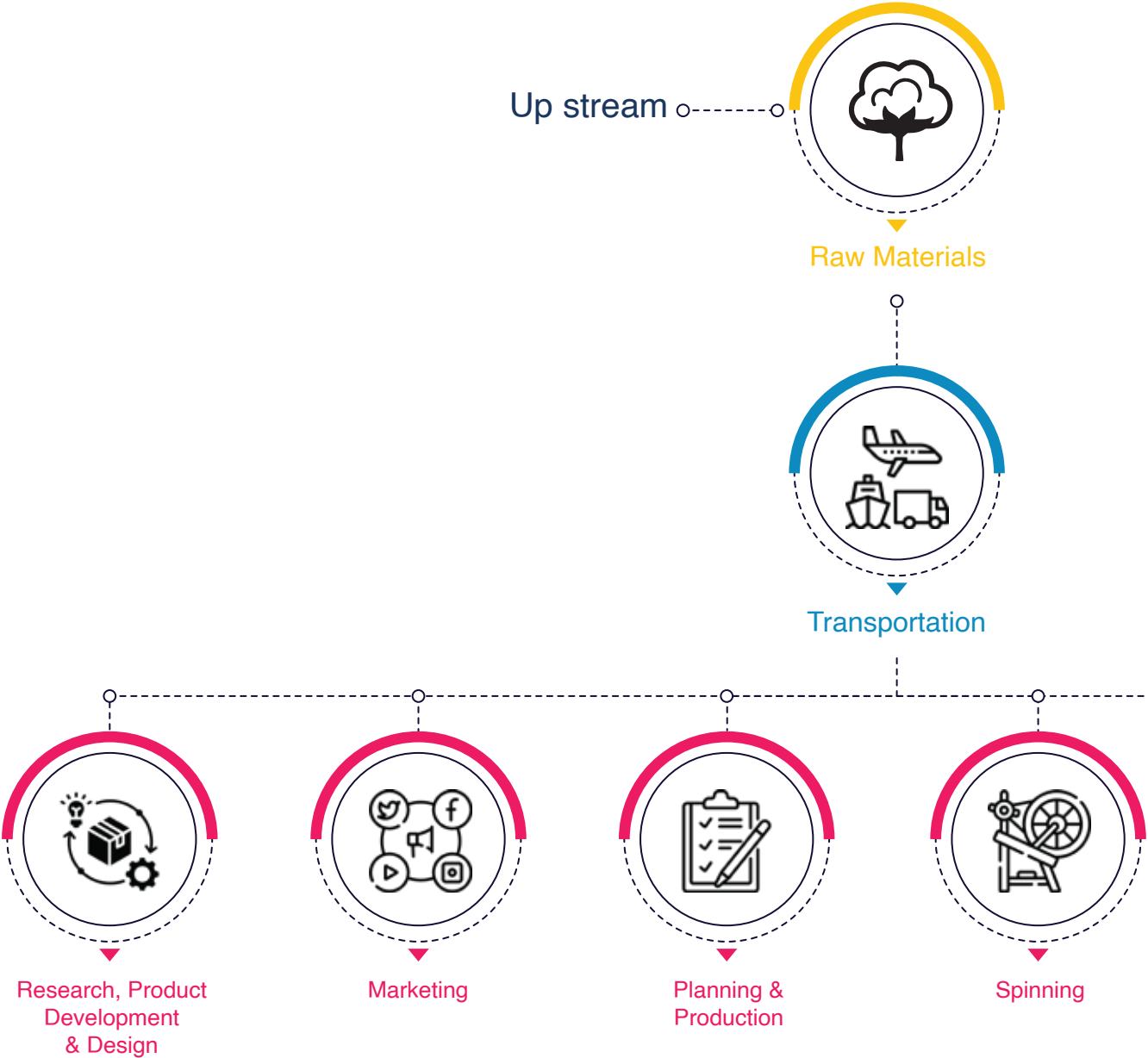


Manufacturing Plant

• Sindh • Balochistan

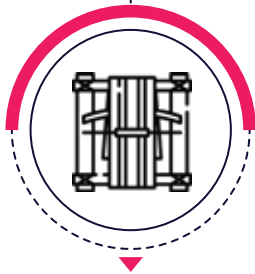


Position within Value Chain





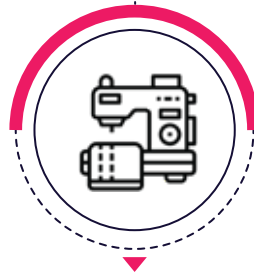
Backward Integrated
Facilities
• Corrugation
• Packaging Accessories



Weaving



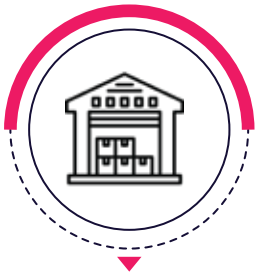
Dyeing & Printing



Stitching
& Finishing



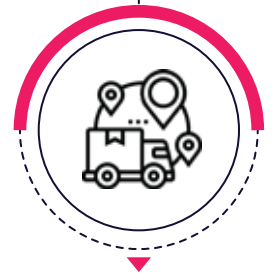
Quality
Assurance



Warehouse

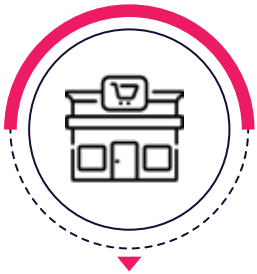


Port



Logistics &
Transportation

End consumer



Retail

Awards & Achievements

By the grace of Almighty

Manufacturing Excellence Award

We have been awarded Manufacturing Excellence Award in Textile Composite Sector by Management Association of Pakistan (MAP) in the 38th Corporate Excellence Award event.



Best Corporate Report Award 2022

Feroze1888 achieved Best Corporate Report 2022 Award by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). This achievement highlights the commitment towards transparency and excellence in corporate reporting.



Annual Environmental Excellence Award 2024

Feroze1888 received an award for its Environmental Initiatives from the National Forum for Environment and Health (NFEH) at the 21st Annual Environmental Excellence Awards (AEEA).



Women Empowerment and Gender Equality Recognition Awards 2024

Feroze1888 has been awarded with Women Empowerment and Gender Equality Recognition Awards 2024 by Employers Federation of Pakistan.



Employer & CEO of the Year Award 2024

Feroze1888 has secured 1st Position at the 10th Employer of the year Awards 2024 and our CEO was awarded as Top CEO of the year (Multinational) award presented by Employer’s Federation of Pakistan.



Pakistan Disability Inclusion Excellence Award 2023

We have been awarded with 1st Pakistan Disability Inclusion Excellence Award 2023 for our contribution in promoting disability inclusion at the workplace.



STEEPLE Analysis

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



<p>Description and Possible Impact</p>	<p>Socio-cultural factors, such as demographics, norms, and customs of the local community, play a vital role in shaping the operational landscape. They offer marketers critical insights into customer preferences and needs, while also underscoring the importance of creating sustainable and supportive 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>Since the onset of the industrial revolution, technology has played a crucial role in the success of businesses. Technological innovations can significantly affect industry operations and market dynamics, sometimes positively and other times negatively. Therefore, thorough analysis and continuous monitoring of these technological factors are essential. They greatly influence key decision-making processes, including entering new industries, launching specific products, or outsourcing production to other countries.</p> <p>The absence of technological advancements can potentially impede the growth of an organization.</p>	<p>Given the growing awareness of environmental issues, businesses cannot ignore related factors. The scarcity of raw materials and the need to meet carbon footprint and pollution reduction targets have made these considerations even more vital to an organization's operations. This shift has led many companies to engage more actively in corporate social responsibility (CSR) and sustainability practices.</p> <p>Ignoring environmental regulations can harm a company's reputation and lead to legal repercussions.</p>
<p>Organizational Response</p>	<p>As a socially responsible organization, our company is fully dedicated to fostering a secure and supportive society. We take pride of our involvement in various social initiatives, including healthcare, education, and environmental sustainability. Furthermore, we have obtained several certifications to ensure the well-being and safety of our employees, promoting a healthy work environment. Our commitment to continuously improving our corporate social responsibility (CSR) efforts remains steadfast.</p>	<p>Management recognizes that technological advancement is a crucial factor in an organization's success in today's world. To thrive in a competitive technological landscape, we actively seek opportunities to leverage the latest technology, improving our operations and gaining a competitive edge. Our organization has consistently invested significant resources in maintaining, modernizing, and replacing our facilities and equipment. This commitment also includes training and developing our employees' technological skills.</p>	<p>The Company adheres to ISO 14001:2015 for its Environmental Management System and ISO 45001:2018 for Occupational Health and Safety. We rigorously comply with all applicable standards and regulations, actively pursuing environmentally responsible initiatives. These efforts are designed to create lasting value for society by efficiently using natural resources to reduce our carbon footprint. We have installed water treatment plants to recover a significant amount of wastewater for reuse. We also have certifications in GOTS, STEP, GRS, and RCS.</p>

E
ECONOMIC



P
POLITICAL



L
LEGAL



E
ETHICAL



Economic factors shape the financial health of an organization or an industry. These elements significantly influence supply-demand models in the economy, having a long-term impact on businesses, both directly and indirectly. They affect consumers' purchasing power and can alter demand and supply dynamics, which in turn influences how companies price their products and services.

Negative fluctuations in exchange rates, interest rates, inflation rates, and similar factors can adversely impact the company's operations.

Political factors refer to how much and in what ways a government intervenes in the operations of an organization or industry. They relate to the potential effects of governmental policies on your business and are crucial when assessing the attractiveness of a potential market.

Political instability can stifle economic growth, while frequent changes in government policies can undermine investor confidence.

In today's business environment, it is crucial for companies to thoroughly understand the legal framework in which they operate. While some elements may overlap with political factors, they generally involve more specific laws and policies. Companies need to be knowledgeable about what is allowed and what isn't to engage in ethical and successful trade. This complexity increases in global commerce, as each country has its own set of regulations. Additionally, it's vital to stay updated on potential legislative changes and their future impacts on the business.

Non-compliance with regulations can lead to fines and legal actions from regulatory authorities, heightening the risk of situations that could harm the company's valued reputation.

Ethics refer to a set of principles that individuals within a particular religious belief system generally follow. Similarly, ethical considerations help a company determine what constitutes morally acceptable or unacceptable business practices. Specifically, they identify actions that are beneficial or harmful to the company, its employees, and society at large.

With a strong financial foundation, the Company prioritizes maintaining an optimal Debt-to-Equity ratio, carefully managing this balance. A dedicated treasury team closely monitors exchange rate fluctuations and develops proactive risk management strategies. Additionally, we implement rigorous cost control measures across all areas of the business. Management is also actively involved in tax planning to ensure the timely receipt of tax refunds.

The Company continually evaluates and monitors the political landscape of the country, including stability and changes in duty structures and taxes, to proactively adjust strategies and minimize any negative effects. Management strictly follows applicable regulations to ensure smooth operations and promote business growth.

The Company prioritizes compliance with all relevant laws and regulations. It remains vigilant in keeping up-to-date with new legal developments and ensures that all relevant departments adhere to these standards. Additionally, the Company has formed a skilled team of professionals focused on maintaining compliance with all enacted or substantially enacted statutes, acts, and ordinances.

Fair and ethical business principles are fundamental to Feroze1888's values. We strive to consistently follow the highest standards of integrity. We are dedicated to maintaining exceptional professionalism and ethical conduct to be recognized as impartial and independent. Management firmly opposes any corrupt or fraudulent activities and is committed to fostering 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 the risk management is to assure uncertainty does not deflect the endeavor 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	<p>Failure to keep pace with technological advancements can result in process inefficiencies, ultimately affecting both production costs and sales volume.</p>
Financial / Commercial Risks	Credit risk stemming from customer defaults.	Low	External	Medium Term / Ongoing	Remote	<p>Payment defaults may impact the Company's cash flow, potentially affecting its overall profitability and working capital needs.</p>
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	<p>Decline in export sales and overall business activity.</p>
Commercial Risk	Economic downturn	Medium	External	Medium Term / Ongoing	Likely	<p>Product demand may be affected.</p>
Financial Risk	Fluctuations in currency exchange rates	High	External	Medium Term	Very likely	<p>Certain operational and capital expenditure are vulnerable to fluctuations in foreign exchange rates. Moreover, the unfavorable exchange rate between the PKR and USD reduces competitiveness in exports and poses a challenge for the business in aligning costs with currency changes, complicating decision-making.</p>

Mitigating Strategy / Organizational Response	Related Opportunities / Value creation	Risk Ranking
<ul style="list-style-type: none"> Senior management regularly conducts market analyses to evaluate marketing needs. Ongoing enhancement of product quality through research and development efforts. Leveraging advanced technology to achieve cost competitiveness. Emphasis on fostering innovation. Growing the customer base by targeting new export markets. Adopting aggressive marketing strategies and fostering 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"> Substantial capital investment is being directed toward new expansion projects and the implementation of BMR initiatives for our existing manufacturing facility. These efforts utilize advanced technology to improve cost competitiveness and optimize production efficiency Continuous improvements to our information technology infrastructure and the development of advanced Management Information Systems (MIS) software, alongside the implementation of an ERP system, aim to address the evolving demands for timely and accurate reporting in our dynamic business environment. 	<p>Timely investments in cutting-edge production facilities create operational synergies and enhance process efficiency, resulting in cost competitiveness and improved production quality. This positions us to meet the growing demands of our customers and maintain a competitive edge in the market.</p>	5
<ul style="list-style-type: none"> Regularly monitoring receivable aging to ensure timely recoveries. Establishing reconciliation and confirmation processes. Exploring new export markets to expand the customer base. The credit committee routinely evaluates and reviews customer credit limits and terms following a thorough assessment of creditworthiness and associated risks. Proactive and timely dissemination of information regarding financial difficulties / potential bankruptcy of customers. 	<p>Strategic management and oversight of cash flows can lead to significant financial benefits by reducing expenses and identifying promising investment opportunities.</p>	7
<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
<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"> A dedicated team of treasury professionals continuously monitors the forex market to capitalize on opportunities created by market fluctuations. The Company benefits from a built-in hedge for USD exposure. We manage the risk of foreign exchange fluctuations by using financial derivatives, such as forward contracts, in line with the policy approved by the Board. 	<p>Mitigating the negative impacts of currency fluctuations can create opportunities for the Company to maintain and improve its profitability across different areas.</p>	4

Risks & Opportunities Report

Type of Risk	Risk	Sensitivity	Source	Nature	Likelihood	Consequences
Operational Risk	Increase in the cost of raw materials Insufficient supply of raw materials	High	External	Medium Term	Very likely	Raw materials represent a substantial portion of the cost of goods sold, so any increase in their prices directly impacts 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 are essential to the manufacturing industry, and any disruption in their supply or increase in costs can significantly affect the business's success and operational efficiency.
Operational Risk	Turnover of skilled staff	Low	Internal	Short Term	Likely	High turnover rates among skilled employees can disrupt operations and make it difficult to find suitable, qualified replacements. This can lead to increased salary costs and additional expenses related to recruitment and training.
Natural Risk	Suspension of operations due to natural disaster	Medium	External	Long term / Ongoing	Likely	A natural disaster can lead to production halts and unexpected capital requirements for reconstruction.
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.

Mitigating Strategy / Organizational Response	Related Opportunities / Value creation	Risk Ranking
<ul style="list-style-type: none"> The Company routinely reviews raw material prices to take a proactive approach to unforeseen circumstances. Enhancements to storage capacity have been made to ensure the timely procurement of goods. Management is committed to implementing strategies that enhance operational efficiency and enforce effective cost control measures. 	<p>For certain direct materials, the ability to secure bulk purchases at discounted rates and expand storage capacity can reduce the Company's dependence on vendors.</p>	6
<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 boosting our capacity for solar and captive power generation has substantially improved 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>Pursuing diverse energy sources to eliminate reliance on any single one, along with enhancing efficiency and reducing costs through achieving an optimal energy mix.</p>	2
<ul style="list-style-type: none"> The Company implements the following measures to mitigate risk, create value, and maintain employee motivation and loyalty: <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. This approach will also help attract a large pool of qualified young talent with the potential to develop into the next generation of highly skilled specialists and executives.</p>	8
<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>	<p>Not applicable</p>	11
<p>The Company has established a skilled legal team of experts and advisors to stay informed and ensure compliance with all legal and regulatory obligations. This includes adherence to employment and industrial laws, tax regulations, corporate governance codes, and the Companies Act of 2017, all aimed at avoiding legal repercussions.</p>	<p>To operate in a stable market with least volatility and low occurrence of unforeseen variables.</p>	9

Competitive Landscape and Market Positioning

To gauge the level of competition, the industry's attractiveness, and its profitability, the industry structure and Feroze1888's business strategy has been examined using Porter's Five Forces model.



RIVALRY AMONG COMPETITORS

High

Large number of competitors with diversification, product price differences, market concentration, barriers to exit.



THREAT OF NEW ENTRANTS

Low

Barriers to entry due economies of scale, limited access to distribution channels, inconsistent government policies, high capital requirements, high energy prices.



BARGAINING POWER OF BUYERS

High to Medium

Abundance of suppliers, low switch of cost & price sensitivity.



THREAT OF SUBSTITUTES PRODUCTS OR SERVICE

Low to Medium

Limited alternatives as substitute product.

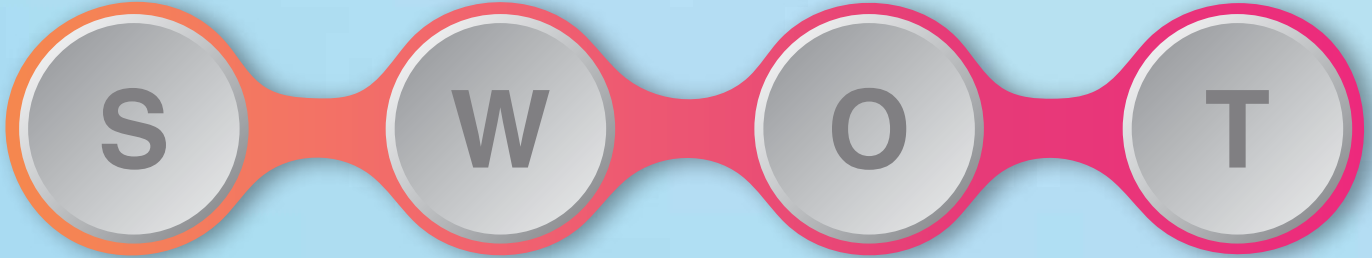


BARGAINING POWER OF SUPPLIERS

Low to Medium

Abundance of suppliers, availability of import option, seasonal product.

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
- Diversification of distribution by region
- 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 local currency
- Inconsistent Government Policies for Textile Industry
- Domestic political instability & International geopolitical situation







Steering through **challenges**

Through strategic decision-making and a commitment to operational excellence, we turned obstacles into stepping stones toward progress. Our ability to respond swiftly, stay agile, and support our team and stakeholders allowed us not only to withstand difficulties but to emerge stronger and more capable than before.

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, all with the aim of maximizing returns for stakeholders.

S.No	OBJECTIVES	NATURE	STRATEGIES
1	Sales growth & profitability	Medium to Long Term	Efforts to boost business growth and profitability focus on continuous optimization, capacity enhancement, and improving efficiency.
2	Risk minimization through business diversification	Short to Medium Term	The Company is dedicated to investigating and evaluating new areas and market segments in line with its brand promise of "Weaving a Better World."
3	Enhance operational efficiency & Cost optimization	Short to Medium Term	Maximize the effective use of Company resources and implement systems and processes that enhance collaboration and synergy across different 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	Medium to Long Term	Reduce carbon emissions and create a positive environmental impact by investing in initiatives focused on 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 and 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 - 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"> - Customer satisfaction index - Product Quality Survey 	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 Decisions

THE LEGISLATIVE AND REGULATORY ENVIRONMENT IN WHICH THE ORGANIZATION OPERATES

Feroze1888 has consistently met the requirements outlined in various corporate and taxation laws. As a listed company, we strictly adhere to the regulations set by the Pakistan Stock Exchange (PSX). Additionally, the Company has a proficient team of professionals dedicated to ensuring compliance with all relevant legislation, including the Customs Act and the SBP's Foreign Exchange Manual.

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 amid ongoing external challenges is largely due to the exceptional efforts of our dedicated workforce. Our employees, our most valuable asset, have consistently shown their commitment and support, driving the Company's growth. It is clear that our strong purpose and deeply rooted values are the foundation of our sustainable competitive advantage. Additionally, other key resources and capabilities include 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

Management, in collaboration with the Board of Directors, continuously improves its capabilities to proactively identify risks and develop effective risk mitigation strategies while shaping the strategic roadmap. The Board regularly assesses the Company's strategic direction, business plans, and performance. Furthermore, the Board has established sub-committees, each with clearly defined roles and responsibilities detailed in their terms of reference. Strategic decisions are discussed by these committees, which also oversee the organizational culture, including approaches to risk management and mechanisms for addressing integrity and ethical issues. These topics are regularly reviewed and updated, with committee members conducting quarterly assessments.

STRATEGY TO OVERCOME ANY LIQUIDITY PROBLEMS

The Company's ability to generate sufficient liquidity is a significant strength, providing management with the flexibility to finance business expansion and invest in cost-saving initiatives. The Company maintains a strong capital structure, bolstered by shareholders' equity.

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 continue to be relevant in the future.

SIGNIFICANT CHANGES FROM PRIOR YEARS

There have been no significant changes to the organization's structure, objectives, or strategies compared to 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 remain competitive and address the growing demands of customers, particularly on a global scale, the Company consistently invests in improving production capacities and optimizing current operations. This year, the Company, primarily aimed at completion of enhancement in production capacity in spinning and routine capital expenditures.

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



Forward Looking Statement

In recent years, the World has faced waves of challenges, from the pandemic to geopolitical turmoil, to the unfolding liquidity challenges - overall risks to economic prospects rose sharply and policy trade-offs became ever more challenging - the impact of such a lengthy period of uncertainty is being felt by everyone. Cautious optimism has though begun to take hold in the global economy, despite modest growth and the persistent shadow of geopolitical risks. Inflation is subsiding faster than anticipated, and labor markets are robust, with unemployment rate at or near historic lows.

Global growth is projected to stabilize at 2.6 % this year, holding steady for the first time in three years despite flaring geopolitical tensions and high interest rates. It is then expected to edge up to 2.7% in 2025-26 amid modest growth in trade and investment. Global inflation is projected to moderate – however, at a slower clip than previously assumed, averaging 3.5 % this year. Given continued inflationary pressures, central banks in both advanced economies and emerging market & developing economies (EMDEs) will likely remain cautious in easing monetary policy. As such, average benchmark policy interest rates over the next few years are expected to remain about double the 2000-19 average.

Despite an improvement in near-term growth prospects, the outlook remains subdued by historical standards in advanced economies and EMDEs alike. Global growth over the forecast horizon is expected to be nearly half a percentage point below its 2010-19 average pace. In 2024-25, growth is set to underperform its 2010s average in nearly 60% of economies, representing more than 80% of global population and world output. EMDE growth is forecast to moderate from 4.2% in 2023 to 4% in both 2024 and 2025. Prospects remain especially lackluster in many vulnerable economies - over half of economies facing fragile and conflict-affected situations will still be poorer by the end of this year than on the eve of the pandemic.

Global risks remain tilted to the downside despite the possibility of some upside surprises. Escalating geopolitical tensions could lead to volatile commodity

prices, while further trade fragmentation risks additional disruptions to trade networks. Already, trade policy uncertainty has reached exceptionally high levels compared to other years that have featured major elections around the world since 2000. The persistence of inflation could lead to delays in monetary easing. A higher-for-longer path for interest rates would dampen global activity. On the upside, global inflation could moderate more quickly than assumed in the baseline, enabling faster monetary policy easing.

The challenges that Pakistan faces are a result of decades of lack of robust policies and implementation in letter and spirit – the geopolitical tensions have just compounded the situation for the already ailing economy. 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, 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 challenges facing the Country's textile industry are virtually a continuation of what it faced earlier – however, the year 2023-24 brought even significant challenges - the industry was jolted by high cost of doing business – back-to-back unprecedented utility cost increases and ballooned financial charges. State of affairs in the domestic economy i.e. tax regime shift, elevated gas and electricity tariffs, abolishment of zero-rating facility under EFS for local procurements, substantial increase in finance costs are all pointing towards even greater challenges in times to come.

The need to be cost effective, close monitoring of changing customer strategies amid fluctuating consumer demand is now more than ever – while, focusing on sustainable supply and competitive pricing to protect the market share.

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 2023-24 was anticipated to be challenging and the variables impacting the business were part of the projections however, back-to-back increases in energy prices by over 3x was something not projected at this magnitude.

The Company's performance is overall in line with the projections. In extremely challenging circumstances, the Company achieved profit after tax of Rs 572 million with a significant increase in sales revenue by Rs 12.7 billion ~ 22%.

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.



Empowering Our Crew

Our people are at the heart of our success. This year, we made progress towards empowering our team, ensuring that every individual is equipped with the tools, skills, and support needed to thrive. By investing in professional development, fostering a culture of inclusion, and encouraging collaboration, we have created an environment where innovation and leadership flourishes.



Chairman's Review

Abdul Rehman Yaqub

Chairman and Director

Dear Shareholders

On behalf of the Board, it is my pleasure to present the Chairman's Review Report for the year ended June 30, 2024. Despite facing challenges, the Company has demonstrated resilience and adaptability by holding firmly to its values – PROSPER.

The year 2023-24 has been a turbulent year characterized by high-inflation, supply chain disruptions amid global conflicts - the Country's economic and political environment remained extremely challenging as it grappled with social, economic and political upheaval. This led to another consecutive year marked by significant double-digit inflation driven by escalating energy & commodity costs and elevated policy rates.

Your Company, nevertheless, sustained its growth trajectory in its topline - margins, however, remained under pressure due to increased cost of doing business and highly competitive export market. The performance was attributed to our emphasis to maintain customer intimacy and proactively adjusting the course of actions to ensure we take the long view for sustainable future. We, at Feroze1888 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.

During the year, election of Directors was held as per the requirements of the Companies Act, 2017. The Board comprises of Directors with diverse and extensive experience who have performed their duties effectively and diligently. The objective of the Board is to provide strategic direction to the Company and to oversee the management. The Board performed its duties as required under the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, including approval of significant policies, establishing a sound system of internal controls, approving budgets and financial results. 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.

The Country's economic and operating environment is expected to remain challenging. We nonetheless, remain steadfast - fueled by our passion on delivering our commitments to our global customers, our shareholders and our people. We continue to pray to Almighty Allah for the sustained growth of the Company and the benefit of all stakeholders, as well as our homeland.

On behalf of the Board of Directors, I would like to express gratitude to all our stakeholders for their continued support and encouragement. I would also like to appreciate the valuable services rendered by the employees of the Company. I also acknowledge the commitment and diligence of my fellow directors for their contributions to the Board and the Company.

Abdul Rehman Yaqub





CEO's Message

Rehan Rahman

Chief Executive Officer

Asalam-o-alaikum

The year 2023-24 was anticipated to be a year full of challenges and it did not fall short of the expectations. The year was characterized by high-inflation, supply chain disruptions amid global conflicts, internal political instability and an unprecedented increase in energy costs and financial charges - the monetary tightening measures further decelerated economic activity throughout the Country.

Despite the challenging operating environment, we at Feroze1888 worked tenaciously towards our relationship with our global customers, understanding their needs and responding accordingly. This has paid us dividends as the sales revenue grew both in USD and PKR terms, thus protecting our market share - margins, however, remained under pressure as industry grapple with high cost of doing business.

I look forward to the year 2024-25 with a focus to building on our strengths; with ensuing year posing a whole new set of challenges, we remain focused on our strategy of *Customer Centricity* - the relentless execution where we anticipate the state of affairs, wants, needs and preferences of our customer - create meaningful experiences, and build lasting relationships and *Innovation* – this has worked like a bridge between Feroze1888 and the human sides of this story. We consider our customers feedback - often, co-create and innovate to serve them better.

I am pleased to share with you our Annual Report 2023-2024 – 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 an expression of sincere thanks to our shareholders, Board of Directors, our business partners and my fellow associates at Feroze1888 - the trustful collaboration with you all is what I count on during these dynamic times. **“Together towards a better tomorrow”** is a deeply rooted credo of Feroze1888 – and together we have achieved in 2023-24 and will continue to do so in future. Inshaa Allah.

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 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.



Mr. Shabbir Ahmed
Non-Executive Director

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



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 possess 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 Directorship

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

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. Perwez Ahmed

Non-Executive Director



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 Groups publically listed equities and identifying new areas for Investment.

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.



Mr. Zain Ashraf Mukaty

Non-Executive Director

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
Liberty Cold Storage 1 (Pvt.) Limited
Liberty Cold Storage 2 (Pvt.) Limited
NOWPDP
Liberty Agriculture Storage (Private) Limited
Liberty Green Storage (Private) Limited
Classis Home Linen (Private) Limited
Liberty Power Holding (Private) Limited



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:

Gadoon Textile Mills Limited



Ms. Huma Pasha
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 indulges 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 Directorship

UBL Fund Manager Ltd
Government Holding (Pvt.) Limited

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 PICCG 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

Packages Convertors Limited



Ms. Aminah Zahid Zaheer
Independent Director



Mr. Rehan Rahman

Chief Executive Officer

Mr. Rehan Rahman was appointed Chief Executive Officer of Feroze1888 Mills in April 2016 and was re-appointed for the fourth term in August 2023.

He was brought up witnessing the family owned businesses having humble beginnings and started to assist his father in his college years. His passion and persistence warranted him to be entrusted with the responsibility of few key areas very early in his career as a professional and an entrepreneur – giving him the extensive and cross functional hands on experience of now over 20 years in Feroze1888 and legacy companies.

Mr. 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 – very recently, he was awarded “Top CEO of the Year (Multinational)” by Employers’ Federation of Pakistan.

Besides focus on business, the cause of the wider community is central to his vision. 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

1888 Mills, LLC
Premier1888 Mills Limited

Directors'
Report

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 30 June 2024.

ECONOMIC OVERVIEW

During the year under review, the global economy continued to grow at a modest pace, according to the OECD's latest Economic Outlook. The Economic Outlook projects steady global GDP growth of 3.1% in 2024, the same pace as was in 2023. Geopolitical tensions, especially conflicts in the Middle East and ongoing issues between Russia and Ukraine, are disrupting the world supply chain. Globally, the central banks tightened monetary policies aggressively to keep inflation depressed and it has borne fruits where global inflation coming down to 5.9% in 2024 and projected at 4.5% in 2025. The flip side has been that the rapid rise in interest rates slowed the global economic activity and also contributed to stress in financial system.

Pakistan's overall economy is still going through a slowdown similar to the past fiscal year. However, the Country's economic outlook improved slightly considering the reduction in current account deficit compared with same period last year, increase in foreign exchange reserves and positive movement of rupee against major foreign currencies. The industries however, are facing significant challenges to survive in the IMF era.

Pakistan's total exports have witnessed increase of 10.6% during 2023-24, recorded at US\$30.65 billion compared to US\$27.72 billion during 2022-23. Whereas, the imports during the period totaled US\$54.73 billion as against US\$55.19 billion during the corresponding period remains nearly flat. The trade deficit decreased by 12.3% or US\$3.4 billion compared to the previous fiscal year – it narrowed to \$24.08 billion in FY24 from \$27.47 billion the year before.

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 50% of the country's total exports and employs around 40% of the manufacturing workforce. The year 2023-24 brought significant challenges - the industry was jolted by high cost of doing business – back-to-back unprecedented utility cost increases and ballooned financial charges.

Pakistan's textile exports recorded a meagre growth of 0.9% in the year 2024, totaling US\$16.55 billion, up from US\$16.50 billion the previous year. The import of textile machinery plummeted, indicating a reduction in industry investments towards expansion or modernization.

State of affairs in the domestic economy i.e. tax regime shift, elevated gas and electricity tariffs, abolishment of zero-rating facility under EFS for local procurements, substantial increase in finance costs are all pointing towards 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 2024 is stated below:

	Rs. in '000	
	Jun-24	Jun-23
Sales- net	69,757,601	57,051,733
Gross profit	11,832,201	12,955,346
Profit before taxation	1,547,720	9,775,691
Profit after taxation	572,341	8,969,458
EPS (in Rs.)	1.43	22.46

The Company's profit after tax fell to Rs 572 million despite sales revenue increasing by Rs 12.7 billion ~ 22%. The plunge in profits is mainly attributable to rising production costs owing to spike in fuel and energy prices – the finance costs increase aggravated the situation. Moreover, Pakistani Rupee remained stable and strengthened during the year whereas had recorded a fall in the corresponding year.

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.

During the meeting held on September 12, 2024, the Company's Board of Directors decided not to recommend any dividend given the existing challenging economic conditions and the likelihood that it persists in the ensuing year.

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 handle any challenges and uncertainties that may come up. By virtue of their combined expertise, proficiency, and efficient business reporting, Management is informed about both internal and external advancements. In order to develop the most proactive strategy, the Company has established specialized cross-functional teams that meet frequently to discuss important topics and risks. Management ensures that the ability to produce and sell is used to its fullest in order to contest fierce competition.

The BoD of the Company has taken proactive measures to reduce the risks it may encounter, having carefully and diligently evaluated all potential external and internal threats. The Company has encountered the following challenges during the given period:

- Pressures from inflation and dampened demand globally
- Significant increase in energy prices
- High finance costs
- Overall upsurge in cost of doing business due to elevated inflation
- Lack of long-term planning for the industry
- Political instability and a dearth 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 Grant Thornton Anjum Rahman, Chartered Accountants, subject to approval of the members in the forthcoming Annual General Meeting. The retiring auditors, for their internal reasons did not offer themselves for re-appointment for the ensuing year.

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, Karachi Vocational Training Center, Kiran Foundation, Pakistan Eye Bank Society, Burns Centre, Family Education Services Foundation, Healthcare and Social Welfare Association and Network of Organizations Working for People with Disabilities Pakistan (NOWPDP). 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 109.

STATEMENT OF COMPLIANCE

As per the standard practices, 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 123.
- 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, 2024 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 2024	Board Audit committee	30 June 2023
Mr. Moin M. Fudda	Chairman	Mr. Nasim Hyder	Chairman
Mr. Khaleequr Rahman	Member	Mr. Khaleequr Rahman	Member
Mr. Temoor Ashraf Mukaty	Member	Mr. Zain Ashraf Mukaty	Member
Ms. Aminah Zahid Zaheer	Member	Ms. Aminah Zahid Zaheer	Member

Board HR & Remuneration Committee	30 June 2024	Board HR & Remuneration Committee	30 June 2023
Ms. Aminah Zahid Zaheer	Chairperson	Ms. Aminah Zahid Zaheer	Chairperson
Mr. Moin M. Fudda	Member	Mr. Nasim Hyder	Member
Mr. Zain Ashraf Mukaty	Member	Mr. Zain Ashraf Mukaty	Member

ELECTION OF DIRECTORS

During the year, election of Directors was held as per the requirements of the Companies Act, 2017. Directors' profiles are disclosed on page 50 of this report. Messers jonathan R.Simon and Nasim Hyder retired from the board in July 2023.

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 fee 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. The details are provided in Note # 33 of the financial statement.

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, 2024 is annexed.

FUTURE OUTLOOK AND CHALLENGES

The economic outlook for remaining 2024 and beyond appears challenging, with GDP growth expected at 1.8% in 2024 due to tight macroeconomic policies, import controls, high inflation, and policy uncertainty. Growth may rise to 2.5% in FY25 however, will remain below potential. The current account deficit is expected to remain low at 0.7% of GDP in FY24, narrowing to 0.6% in FY25 with continued import controls. The fiscal deficit is projected to widen to 8.0% of GDP due to higher interest payments, leading to high-energy inflation and restricted public spending, potentially worsening welfare and human development outcomes. The macroeconomic outlook pivots on the successful negotiation of longer tenor IMF program, increasing tax to GDP%, fiscal restraint, and external financing – progress remain limited in absence of structural reforms and consistency of policies.

The challenges facing the Country's textile industry are virtually a continuation of the challenges it faced earlier – the significant increase in cost of doing business is singling out the Country now in terms of competitiveness in the export market. The need to be cost effective, close monitoring of changing customer strategies amid fluctuating consumer demand is now more than ever - while focusing on sustainable supply and competitive pricing to protect the market share.

ACKNOWLEDGEMENT

The Board of Directors would like to take this opportunity to express its deep appreciation of the commitment, resilience, courage, and dedication of its employees. We would also like to acknowledge the continued support and cooperation received from our esteemed customers, suppliers, financial institutions, and shareholders and thank them for the confidence and faith they have always reposed in the Company.

For and on behalf of the Board of Directors

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director

Karachi
Date: 04 October 2024

اظہارِ تشکر

بورڈ آف ڈائریکٹرز اس موقع سے فائدہ اٹھاتے ہوئے اپنے ملازمین کے عزم ثابت قدمی، حوصلے اور لگن کی گہری تعریف کا اظہار کرنا چاہتے ہیں۔ ہم اپنے معزز صارفین، مالیاتی اداروں اور شیئر ہولڈرز سے ملنے والے مسلسل تعاون اور حمایت کا اعتراف بھی کرتے ہیں۔ اور ان کا شکریہ ادا کرتے ہیں۔ کہ انہوں نے ہمیشہ کمپنی پر اعتماد اور بھروسہ کیا ہے۔

بورڈ آف ڈائریکٹرز کے لیے، اور ان کی جانب سے

آمنہ زاہد ظہیر
ڈائریکٹر

ریحان رحمان
چیف ایگزیکٹو آفیسر

کراچی
مورخہ: ۴ اکتوبر ۲۰۲۲ء

بودر ایچ آر اینڈ آر کمیٹی

جون

بودر ایچ آر اینڈ آر کمیٹی

جون

2023

2024

چیئر پرسن	محترمہ آمنہ زاہد ظہیر	چیئر پرسن	محترمہ آمنہ زاہد ظہیر
رکن	جناب نسیم حیدر	رکن	جناب معین ایم فردا
رکن	جناب زین اشرف مکاتی	رکن	جناب زین اشرف مکاتی

ڈائریکٹرز کے انتخابات

سال کے دوران کمپنیز ایکٹ 2017 کے تقاضوں کے مطابق بودر آف ڈائریکٹرز کے انتخاب ہوئے۔ ڈائریکٹرز کی پروفائل اس رپورٹ کے صفحہ نمبر 50 پر موجود ہے۔ جناب جو ناٹھن آرسائمن اور جناب نسیم حیدر جولائی 2023 میں بورڈ سے ریٹائر ہو گئے۔

ڈائریکٹرز کا معاوضہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019، اور کمپنی کے آرٹیکلز آف ایسوسی ایشنز کے تحت BOD نے نان۔ ایگزیکٹو ڈائریکٹرز (بشمول آزاد ڈائریکٹرز) کے معاوضے کی پالیسی کو منظور کیا ہے، جس کے تحت کمپنی اپنے نان۔ ایگزیکٹو ڈائریکٹرز (بشمول آزاد 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۔ تفصیلات مالیاتی بیان کے نوٹ نمبر 33 میں فراہم کی گئی ہیں۔

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 یا فنگی کی ترتیب

کمپنیز ایکٹ 2017 کے مطابق 30 جون 2024 تک ترتیب حصص یا فنگی کی پورٹ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

مستقبل کا منظر نامہ اور مشکلات کا جائزہ

مالی سال 2024 اور اس کے بعد کے لیے اقتصادی منظر نامہ مشکل نظر آتا ہے۔ کیونکہ سال 2024 میں جی ڈی پی کی شرح 1.8% فیصد تک رہنے کی توقع ہے۔ جس کی وجہ سخت معاشی پالیسیاں، درآمد پر کنٹرول، بلند افراط زر اور پالیسوں میں غیر یقینی صورتحال ہے۔ مالی سال 2025 میں شرح نمو 2.5% تک بڑھ سکتی ہے۔ تاہم یہ اپنی مکمل صلاحیت سے کم رہے گی، موجودہ کرنٹ خسارہ مالی سال 2024 میں جی ڈی پی کا 0.7% رہنے کی توقع ہے۔ جو کہ درآمد پر مسلسل کنٹرول کی وجہ سے مالی سال 2025 میں کم ہو کر 0.6% ہو جائے گا۔ مالیاتی خسارہ 8.0% جی ڈی پی تک بڑھنے کا تخمینہ ہے کیونکہ سود کی ادائیگیوں میں اضافے کی وجہ سے توانائی کی لاگت میں اضافہ ہوگا اور عوامی اخراجات محدود ہونگے جس سے فلاح و بہبود اور انسانی ترقی کے نتائج مزید بگڑ سکتے ہیں۔ معاشی منظر نامہ، طویل مدتی آئی ایم ایف پرور گرام کے کامیاب مذاکرات، جی ڈی پی کے تناسب میں ٹیکس وصولی میں اضافہ، مالیاتی پابندی اور بیرونی مالیات پر منحصر ہے۔ ساختی اصلاحات اور پالیسیوں کی مستقل مزاجی کی عدم موجودگی میں پیشرفت محدود رہی ہے۔

ملکی ٹیکسٹائل صنعت کو درپیش چیلنجز دراصل پہلے کے چیلنجز کا تسلسل ہے۔ کاروبار کے اخراجات میں نمایاں اضافہ اب ملک کو برآمدتی منڈی میں مقابلے کی صلاحیت کے لحاظ سے الگ کر رہا ہے۔ اب پہلے سے زیادہ ضروری ہے کہ لاگت کو موثر بنایا جائے صارفین کی حکمت عملیوں میں تبدیلی کی قریب سے نگرانی کی جائے اور صارفین کی طلب کو مد نظر رکھا جائے ساتھ ہی ساتھ سپلائی اور مقابلے کی قیمتوں پر توجہ دی جائے تاکہ مارکیٹ شیئر کو محفوظ رکھا جاسکے۔

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 123 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-ایگزیکٹو ڈائریکٹرز کی نمائندگی کے ساتھ ساتھ صنفی تنوع کی حوصلہ افزائی کرتی ہے۔ 30 جون 2024 تک ڈائریکٹرز، جن کی کل تعداد 11 ہے اور جس میں چیف ایگزیکٹو آفیسر (بطور ڈائریکٹر) شامل ہیں جن کی تفصیل درج ذیل ہے:

9	حضرات
2	خواتین

بورڈ کی موجودہ تشکیل حسب ذیل ہے:

1	ایگزیکٹو ڈائریکٹر
7	نان-ایگزیکٹو ڈائریکٹرز
3	آزاد ڈائریکٹر

بورڈ کی ذیلی کمیٹیاں

بورڈ آف ڈائریکٹرز نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں جن میں درج ذیل ممبران شامل ہیں۔

بورڈ آف ڈائریکٹرز	بورڈ آف ڈائریکٹرز	بورڈ آف ڈائریکٹرز	بورڈ آف ڈائریکٹرز
جون 2023	جون 2024	جون 2023	جون 2024
چیئر مین	چیئر مین	چیئر مین	چیئر مین
ممبر	ممبر	ممبر	ممبر
ممبر	ممبر	ممبر	ممبر
ممبر	ممبر	ممبر	ممبر

BAC نے بوڈ آف ڈائریکٹرز کو میسرز گرانٹ تھارٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹ کی تقرری کی سفارش کی ہے۔ جو کہ سالانہ جنرل میٹنگ میں شیئر ہولڈر کی منظوری سے مشروط ہے۔ ریٹائر ہونے والے آڈیٹرز نے اپنی اندرونی وجوہات کی بنا پر اگلے سال کے لئے دوبارہ تقرری کی پیشکش نہیں کی ہے۔

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 کنٹریولز موثر اور یقینی طور پر نافذ العمل ہیں، جو ہمارے کارکنان کے لیے معیاری اور محفوظ ماحول کو بنانے کی سبب بنتے ہیں۔ اس کے ساتھ ساتھ ہم (Environmental Management System) ISO 14001-2015، (Occupational Health & Safety) ISO 45001-2018 (Energy Management System) ISO 50001 - 2018 اور (Social Accountability) SA8000:2014 جیسے عالمی سرٹیفیکیشن کے حامل بھی ہیں۔

استحکام اور سماجی ذمہ داری (Sustainability & Corporate Social Responsibility)

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 پروگرام (KDSP)، پاکستان آئی بینک سوسائٹی، برز سینٹر، فیملی ایجوکیشن سروسز فاؤنڈیشن، ہیلتھ کیئر اینڈ سوشل ویلفیئر ایسوسی ایشن اور نیٹ ورک آف آرگنائزیشنز ورکنگ فار دی پیپل ووڈس ایسٹیز ان پاکستان (NOWPDR) 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 109 پر فراہم کی گئی ہیں۔

کوڈ آف کارپوریٹ گورننس ریگولیشنز، 2019- تعمیل و اطلاق

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

..... کمپنی کی 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۔

..... 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 رد و بدل یا تبدیلی کی مناسب وضاحت اور نشاندہی کی گئی ہے۔

..... کمپنی اندرونی کنٹرولز کا مؤثر 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

دیا جاتا ہے۔

اندرونی محاسبہ (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 AFF اس بات کی یقین دہانی کرتا ہے کہ تمام تر اندرونی کنٹرولز اور آڈٹ کے مقاصد خاطر خواہ اور موثر طور پر انجام پا رہے ہیں۔

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

پاکستان میں لاگو اکاؤنٹنگ اور رپورٹنگ کے معیارات اور کنینیز ایکٹ (19 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 بھی 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 موثر صلاحیت رکھتی ہے۔ مشترکہ تجربے، مہارت اور موثر 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 موثر حکمت عملی اور لائحہ 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:

..... مہنگائی کا دباؤ اور عالمی طلب میں کمی

..... توانائی کی قیمت میں اضافہ

..... شرح سود کی لاگت میں اضافہ

..... افراط زر کی وجہ سے مجموعی طور پر آپریشنل اخراجات میں اضافہ

..... صنعت کے لئے طویل منصوبہ بندی کا فقدان

..... سیاسی عدم استحکام اور کاروباری موافق پالیسیوں کا فقدان

محاسب (Auditors)

موجودہ محاسب ای وائی فورڈ روڈس، چارٹرڈ اکاؤنٹنٹس نے ختم ہونے والے سال کے لیے کمپنی کے مالیاتی گوشواروں پر اپنی آزادانہ رپورٹ میں کمپنی کے معاملات کے بارے پر غیر مشروط رائے کا اظہار کیا ہے۔

رقم "000"

جون	جون	
2023	2024	
57,051,733	69,757,601	خالص فروخت
12,956,346	11,832,201	مجموعی منافع
9,775,691	1,547,720	منافع قبل از ٹیکس
8,969,458	572,341	منافع بعد از ٹیکس
22.46	1.43	نی حصہ آمدن

کمپنی کا منافع بعد از ٹیکس 572 ملین روپے رہا۔ حالانکہ سیلز ریونیو میں 12.7 ارب روپے (تقریباً 22 فیصد) کا اضافہ ہوا۔ منافع میں کمی کی بڑی وجہ پیداواری لاگت میں اضافہ ہے جو ایندھن اور توانائی کی قیمتوں میں اضافے کے باعث ہوا ساتھ ہی ساتھ شرح سود میں اضافے کی وجہ سے مزید صورت حال پیچیدہ ہوئی۔ پاکستانی روپے نے دوران سال بہتر کارکردگی دکھائی اور روپے کی قدر میں کچھ بہتری آئی ہے۔ جبکہ گزشتہ سال اس کی قدر میں نمایاں کمی ریکارڈ کی گئی تھی۔

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، گزشتہ 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 حقیقی کارکردگی کا باقاعدگی سے جائزہ، تاکہ بروقت نشانہ ہی 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۔

12 ستمبر 2024 کو منعقدہ بورڈ آف ڈائریکٹرز کی میٹنگ میں موجودہ مشکل معاشی حالات کے پیش نظر اور آئندہ سال ان کے برقرار رہنے کے امکان کے باعث اس سال منافع تقسیم نہ کرنے کا فیصلہ کیا ہے۔

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 قرض / قرض کی ادائیگی، یہاں تک کہ ٹیکسز، ڈیویڈنڈ 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۔

مؤثر اندرونی کنٹرولز

بورڈ آف ڈائریکٹرز نے مضبوط 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 (A.F.Ferguson & Co (AFF))، جو کہ PWC نیٹ ورک کا حصہ اور اس کام کے لیے انتہائی موزوں اور تجربہ کار ہے، کے ذریعے انجام

ڈائریکٹرز 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 2024 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ آڈیٹرز کی رپورٹ بشمول سالانہ رپورٹ حاضر خدمت ہے۔

اقتصادی جائزہ

ادوی سی ڈی کی معاشی آؤٹ لک کے مطابق زیر جائزہ سال کے دوران عالمی معیشت نے معتدل رفتار سے ترقی جاری رکھی معاشی آؤٹ لک کے مطابق عالمی جی ڈی پی کی شرح نمو 2024 میں 3.1% رہنے کی توقع ہے جو کہ 2023 کے برابر ہے۔ جغرافیائی سیاسی کشیدگیاں، خاص طور پر مشرق وسطیٰ میں تنازعات، روس اور یوکرین کے درمیان جاری مسائل، عالمی سپلائی چین کو متاثر کر رہے ہیں۔ عالمی سطح پر مرکزی بینکوں نے افراط زر کو کم رکھنے کے لئے سخت مالیاتی پالیسیاں اختیار کیں۔ جن کے مثبت نتائج سامنے آئے ہیں۔ عالمی افراط زر 2024 میں کم ہو کر 5.9% تک پہنچ گیا ہے۔ اور 2025 میں 4.5% تک رہنے کی توقع ظاہر کی ہے۔ تیزی سے بڑھتی ہوئی شرح سود نے عالمی اقتصادی سرگرمی کو سست کر دیا ہے اور مالیاتی نظام میں دباؤ کا باعث بھی بنی ہے۔

پاکستان کی مجموعی معیشت اب بھی گزشتہ مالی سال کی طرح سست روی کا شکار ہے۔ تاہم ملک کی معاشی صورتحال میں معمولی بہتری آئی ہے۔ کیونکہ موجودہ مالی خسارہ گزشتہ سال کی اس مدت کے مقابلے میں کم ہوا ہے۔ زرمبادلہ کے ذخائر میں اضافہ اور بڑی غیر ملکی کرنسیوں کے مقابلے میں روپے کی مثبت حرکت دیکھی گئی۔ تاہم، صنعتیں آئی ایم ایف کے دور میں بقاء کی جدوجہد کا سامنا کر رہی ہیں۔

پاکستان کی کل برآمدات میں برائے مالی سال 2023-24 کے دوران 10.6% فیصد کا اضافہ دیکھنے میں آیا ہے۔ جو کہ 30.65 ارب امریکی ڈالر تک پہنچ گئی ہے۔ جبکہ سال 2022-23 میں یہ 27.72 ارب امریکی ڈالر تھیں۔ اس کے برعکس درآمدات تقریباً مستحکم رہیں جو 54.73 ارب امریکی ڈالر ہیں۔ جبکہ گزشتہ مالی سال کے دوران درآمدات 155.19 ارب امریکی ڈالر تھیں۔ تجارتی خسارے میں 12.3% یا 3.4 ارب امریکی ڈالر کی کمی واقع ہوئی جو مالی سال 2024 میں کم ہو کر 24.08 ارب امریکی ڈالر رہ گیا ہے۔ جبکہ پچھلے سال یہ 27.47 ارب امریکی ڈالر تھا۔

صنعتی جائزہ

پاکستانی معیشت میں ٹیکسٹائل کی صنعت اہم ترین شرکت دار رہی ہے۔ ملک کی معیشت کے آغاز سے یہ شعبہ جی ڈی پی، روزگار اور برآمدات میں نمایاں حصہ ڈال رہا ہے۔ اس صنعت کا ملک کی کل برآمدات میں 50 فیصد سے زیادہ حصہ ہے اور اس کے ساتھ ساتھ یہ 40 فیصد صنعتی افرادی قوت کو روزگار فراہم کرتی ہے۔ سال 2023-24 اہم چیلنجوں کا سال رہا۔ صنعتوں کو کاروبار کرنے میں پمپٹی کے اخراجات کی زیادہ لاگت سے جھٹکا اور مالی چارجز میں بھی غیر معمولی اضافہ شامل ہے۔

پاکستان کی ٹیکسٹائل صنعت نے مالی سال 2023-24 میں برآمدات میں صرف 0.9 فیصد کی معمولی ترقی کی جو کہ 16.55 ارب امریکی ڈالر ہیں۔ جبکہ پچھلے سال ٹیکسٹائل کی برآمدات 16.50 ارب ڈالر تھیں۔ ٹیکسٹائل مشینری کی درآمد میں نمایاں کمی آئی ہے۔ جو کہ صنعت کی توسیع یا جدید کاری کے لئے سرمایہ کاری میں کمی کی نشاندہی کرتی ہے۔

مقامی معیشت کی حالت، جیسا کہ نظام ٹیکس میں تبدیلی، گیس اور بجلی کے ٹیرف میں اضافہ، مقامی حصولی کے لئے EFS میں صفر ریٹنگ کی سہولت کا خاتمہ اور مالیاتی اخراجات میں قابل قدر اضافہ مستقبل میں بڑے چیلنجز کی طرف اشارہ کر رہے ہیں۔

آپریٹیشنز اور مالیاتی نتائج کا جائزہ

30 جون 2024 کو ختم ہونے والے سال کے لیے کمپنی کی کارکردگی کا ایک مختصر جائزہ درج ذیل میں بیان کیا گیا ہے۔

Governance Framework

Board of Directors

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 Director			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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Justification for independence of Independent Director:

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

According to the requirements of the Companies Act, 2017, and the Code of Corporate Governance, it is mandatory for each listed company to have at least two independent directors or one-third of the Board members, whichever number is higher. An independent director is defined as a director who is not connected to or does not have any other relationship, whether pecuniary or otherwise, with the company, and who can be reasonably perceived as being capable of exercising independent business judgment without being influenced by any conflict of interest. Among the independent directors, there should be an appropriate mix of individuals to ensure an overall adequate level of knowledge and expertise, enabling them to effectively fulfill their roles and responsibilities in relation to 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. Diverse boards not only enhance decision-making but also foster innovation and resonate with varied stakeholder interests, crucial for sustainable success in today's business environment.

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, encompassing varied perspectives, skills, ages, genders, cultures, and ethnicities, is essential for effective decision-making, guidance, and risk management, crucial to achieving success.

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 holds primary responsibility for managing the company and overseeing its procedures in financial and other operational matters. This role operates under the oversight and direction of the Board, in accordance with the Companies Act, 2017.
The Chairman representative of the Non-Executive Directors, the Chairman bears responsibility for overseeing and directing the Board's activities. This includes setting agendas, providing guidance, and approving or delegating the approval of meeting minutes.	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 the Board remains efficient in its primary functions of establishing and executing the company's vision and strategic direction.	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. 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 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 one company in which the executive director of the organization is serving as non-executive director. The details has been given in the directors' profile section if this annual report.

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

As at June 30, 2024, the Sponsors, Directors and Executive of the Company held the following number of shares.

Particulars	Number of Shares
Sponsors and Directors	229,452,671
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 SOURCE & REMUNERATION COMMITTEE

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

- Recommending human resource management policies to the Board;
- 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 of Directors' Meeting	Board Audit Committee Meeting	Board Human Resource and Remuneration Committee
1.	Mr. Jonathan R. Simon*	1/1	-	-
2.	Mr. Nasim Hyder *	1/1	-	-
3.	Mr. Abdul Rehman Yaqub	6/6	NM	NM
4.	Mr. Rehan Rahman	6/6	4/4 ***	4/4 ***
5.	Mr. Shabbir Ahmed	5/6	NM	NM
6.	Mr. Khaleequr Rahman	6/6	4/4	NM
7.	Mr. Perwez Ahmed	6/6	NM	NM
8.	Mr. Zain Ashraf Mukaty	6/6	1/1 **	3/4
9.	Mr. Anas Rahman	6/6	NM	NM
10.	Mr. Temoor Ashraf Mukaty	5/5	2/3	NM
11.	Mr. Moin M. Fudda	5/5	4/4	4/4
12.	Ms. Huma Pasha	6/6	NM	NM
13.	Ms. Aminah Zahid Zaheer	6/6	4/4	4/4

NM Non-member of Board Committees

* Term expired on 20th July 2023

** Resigned from Committee

*** 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 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 records 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 2024 and Audit Committee's activities and matters within the scope of the Committee's responsibilities.

STEPS TAKEN BY THE MANAGEMENT TO ENCOURAGE THE MINORITY SHAREHOLDERS TO ATTEND THE GENERAL MEETINGS.

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 CORPORATE 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 IN THE LAST AGM

General clarifications were sought by the shareholders on Company's Annual Report, however, no significant issue was raised during the 51st AGM of the Company held on October 27, 2023.

CORPORATE BRIEFING

Feroze1888 held a corporate briefing via Zoom on November 23, 2023, to inform stakeholders about the Company's operational and financial performance based on the Financial Statements as of June 30, 2023. The purpose of this briefing was to also engage with shareholders and gain insights into their perspectives. During the briefing, the Senior Manager Financial Reporting presented a summary of the Company's performance for the fiscal year ended on June 30, 2023. The event was attended by the Chief Executive Officer, Chief Financial Officer, Head of Operations 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 2024.

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 considers information as one of the most valued business asset and place great emphasis on safe custody, transmission and storage of its financial and non-financial information. The regulatory requirement applicable to the Company does not enforces Board responsibility in case of any cybersecurity risk, however, the Company has aligned its policies and procedures to efficient use of IT resources in achieving the strategic and operational objectives while increasing shareholders' value.

The IT steering committee is formed with a mandate to oversee the IT governance and cybersecurity related matters of the Company. Head of IT is responsible for manage the cybersecurity risk and assessments and put forwards his findings and recommendations to the IT Steering Committee.

IT Governance Policy

In terms of cybersecurity risk, there are no specific requirements imposed by the regulatory framework applicable to the Company. However, the Company has developed and implemented a comprehensive IT Governance Policy that promotes value creation through effective benefits realization and resource optimization. Additionally, the Company has an IT governance framework designed to achieve excellence in IT risk management, establish internal controls, automate business functions, and facilitate structured decision-making.

Cybersecurity Policy

The purpose of Cybersecurity framework is to define strategies which protect the data and integrity of computing assets belonging to or connecting to an organization's network. Its purpose is to defend those assets against all threat actors throughout the entire life cycle of a cyber-attacks. This helps to ensure that all internet connected assets and information are secured from cyber-threats. The Cybersecurity Framework of the Company is based around five core functions which are depict below;

- Identify
- Protect
- Detect
- Respond
- Recover

Cybersecurity Risk Oversight Function and Engagement

Information and data security, along with risk management, are crucial to the Company's operations. The Board demonstrates a strong commitment to these areas by providing indirect oversight through the IT steering committee and the internal audit function, keeping them informed about cybersecurity issues. The internal audit department regularly conducts thorough network and cybersecurity audits, with the findings carefully reported to the Board's Audit Committee.

This robust framework highlights the Company's steadfast dedication to upholding the highest standards of security and risk management, ensuring the protection of critical information assets and the integrity of its operations. 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

In FY22, the Company conducted an external risk assessment to identify potential vulnerabilities. To strengthen our cybersecurity defenses, we have partnered with a reputable information security provider. This collaboration includes the establishment of a Security Operations Center (SOC), which features Security Information and Event Management (SIEM) and SOAR solutions for all our critical assets, ensuring real-time, 24/7 monitoring and support.

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 have implemented an effective disaster recovery plan designed to quickly contain and reduce the impact of disasters. This plan allows for a smooth transition to backup operations, enabling the rapid restoration of our data center's normal functions. Through this proactive approach, we ensure that critical operations experience minimal disruption after 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

An effective awareness training program focuses on potential cybersecurity mistakes that employees might make in various situations, such as email usage, web browsing, and physical security concerns like tailgating and document disposal. Our IT and security team regularly conducts training sessions for staff, highlighting the importance of following best practices to reduce cybersecurity threats and risks.

The main goal of these security awareness initiatives is to highlight security issues, foster an understanding of potential threats and vulnerabilities in computer systems, and instill the essential need to protect 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 maintain the ongoing effectiveness and operation of our core applications, our IT management team actively seeks and incorporates valuable user feedback and insights as part of the continuous ERP development process. Additionally, the team regularly updates our infrastructure according to industry best practices. We also conduct multiple in-house training sessions to ensure that users are aligned with our strategic ERP objectives.

In 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.

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 29, 2023 and comprises of four members as under:

Mr. Moin M. Fudda	Independent Director (Chairman)
Mr. Khaleequr Rahman	Non-Executive Director
Mr. Temoor 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 internal 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. Moin M. Fudda. 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 made 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 2024), before recommending them to the BOD for approval.

Wherever required, the Chief Financial Officer of the Company attends the meeting by invitation, Internal Auditors are 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 available 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, 2024 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 controls 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, the 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;
- The Committee has ensured that the function has all necessary access to management and the right to seek information and explanations; and
- 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 (the existing auditors), 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, 2024 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. The existing auditors, due to their internal reasons were unable to offer themselves for re-appointment. The Committee accordingly reviewed and recommended M/s Grant Thornton Anjum Rahman, Chartered Accountants for appointment as external auditors to the BOD for the upcoming year 2024-25. 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. The Committee conducts an annual evaluation of its own effectiveness by completing a Self-Assessment checklist in form of a questionnaire.

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 2024 in accordance with the requirements of Regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Board Audit Committee, and upon recommendation of the Board 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 Board Audit Committee.

Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph reference to the Statement of Compliance	Section reference to the Code	Description for non-compliances
18(a)	27(1)(iv) and 27(2)(iii)	<p>Deputy General Manager HR Central was appointed as the secretary to the Board Audit Committee instead of the Head of Internal Audit or Company Secretary (the said positions being vacant).</p> <p>Further, the Head of Internal Audit was not present during the first three meetings of the Board Audit Committee held during the year (the said position being vacant) at which issues relating to accounts and internal audit were discussed.</p>

Based on our review, except for the above instances of non-compliance, 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 Regulations as applicable to the Company for the year ended 30 June 2024.



Chartered Accountants

Place: Karachi

Date: 04 October, 2024

UDIN: CR202410120TyKQmG8CY

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

Feroze1888 Mills Limited
For the year ended 30 June 2024

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 2024

a.	Male	9
b.	Female	2

2. The composition of Board is as follows:

As at 30 June 2024

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

Female Directors	2	Ms. Huma Pasha Ms. Aminah Zahid Zaheer
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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. All 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. However, the minutes of the 71st Board meeting were circulated later than the stipulated time as the Board's term ended in between. After the election of the new Board, the minutes were then duly circulated to the newly elected directors. Further, the 75th and 76th Board meeting was not attended by the Company Secretary or any nominee appointed by the Board, due to the position being vacant.
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 are certified under Directors' Training Program (DTP):
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. Ms. Huma Pasha Independent Director
 7. Ms. Aminah Zahid Zaheer Independent Director
 8. Mr. Rehan Rahman Chief Executive Officer
 9. Mr. Adeel Yahya Executive (Director Operations)

* Mr. Moin M. Fudda appointed on the Board w.e.f. 20 July 2023 is exempt from DTP.

10. The Board has approved terms and conditions of employment and remuneration of Chief Financial Officer along with appointment of Head of Internal Audit and has complied with relevant requirements of the Regulations. However, there was no appointment of Company Secretary during the year against the vacant position as no candidate was considered appropriate;
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).


S. No.	Board Audit Committee	Independent / Non- Executive Director	30 th June 2024
1.	Mr. Moin M. Fudda	Independent Director	Chairman
2.	Mr. Khaleequr Rahman	Non-Executive Director	Member
3.	Mr. Temoor Ashraf Mukaty	Non-Executive Director	Member
4.	Ms. Aminah Zahid Zaheer	Independent Director	Member

b).

S. No.	Board Human Resource & Remuneration Committee	Independent / Non-Executive Director	30 th June 2024
1.	Ms. Aminah Zahid Zaheer	Independent Director	Chairperson
2.	Mr. Moin M. Fudda	Non-Executive Director	Member
3.	Mr. Zain Ashraf Mukaty	Non-Executive Director	Member

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance;
14. The frequency of meetings of the Committees were as per following:
- a) Board Audit Committee: Four meetings were held during the year
 - b) Board HR and Remuneration Committee: Four meetings were held during the year

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. During the year, the position of Head of Internal Audit was vacant which was filled on 16th April 2024 upon finding the appropriate candidate.
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, 6, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with except for the following:
- a) As per the requirement of Regulation 27(1)(iv), the Board Audit Committee of a Company shall appoint a secretary of the Committee who shall either be the Company Secretary or Head of Internal Audit. Further, the Head of Internal Audit shall attend meetings of the Board Audit Committee at which issues, if any, relating to accounts and audit are discussed as per the requirement of Regulation 27(2)(iii). However, due to vacant positions of the Company Secretary and the Head of Internal Audit during the year, Deputy General Manager HR Central was appointed as secretary to the Board Audit Committee on 26th February 2024 until appointment of the Head of Internal Audit on 16th April 2024 who was therefore unable to attend the first three meetings of the Committee held during the year.
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-constituted during the year 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, the Chief Financial Officer has already acquired certification under the DTP previously and considering that the Company has limited female staff at Executive/Senior levels, it is challenging to meet the requirement for DTP for 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 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 Chief Executive Officer 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 is not considered necessary to have a separate committee in this respect.
- d) With respect to disclosure of significant policies on the Company's website as per the requirement of Regulation 35(1), the Company has uploaded majority of the information 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 also uploaded on the Company's website.


Chairman



Setting Sail for Sustainable Growth

As we embark on the next phase of our journey, sustainability remains at the heart of our growth strategy. This year, we have taken decisive steps to balance economic success with environmental stewardship, social responsibility, and innovation. We believe that true progress is measured not just by short-term gains but by the lasting impact we create for our stakeholders, communities, and our country.



About the Report

Reporting Period

Financial year 2024 i.e. (July'23- June'24)

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 driven from the GRI standard 2016 and UNSDGs .

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 present Feroze1888' Annual Sustainability Report as part of the Company's Annual Report 2023-24.

This gives me the opportunity to share with you the actions we have taken on account of 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.

Our experience and results prove sound corporate citizenship and environmental performance are fundamentals of good business. In 2023-24, we focused on raising the bar in terms of our commitments to sustainability targets, accelerating the pace of sustainable practices, and increasing our efforts around governance and management.

In this report you will find in detail about why and how we prioritize sustainability, our performance so far against our targets and what we endeavor to achieve in the future. 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 2023-24 Sustainability Report.

Rehan Rahman
Chief Executive Officer

Status of Adoption of CSR Guidelines

Feroze1888 is deeply committed to Corporate Social Responsibility (CSR), integrating initiatives that empower communities, foster inclusion, and promote sustainability. Central to our approach is the belief in creating positive social impact through strategic partnerships and proactive engagement.

Sustainability Strategy

At Feroze1888, our Commitment and dedication to "Weaving a Better World" is more than just a motto; it's a guiding principle deeply rooted in our Core Values. Our vision serves as a beacon, illuminating our path towards a sustainable future, while our core values form the structured foundation upon which we build our actions. At Feroze1888, our sustainability strategy is firmly rooted in our governance mechanism, providing a robust framework for integrating our triple bottom line of Planet, People, and Prosperity into our operations across the value chain.

Feroze1888 recognizes the critical importance of nurturing and safeguarding our PLANET in our endeavor of sustainable excellence. Our commitment to sustainability extends beyond mere rhetoric, encompassing concrete actions that harmonize with our business operations and contribute meaningfully to global initiatives, including the United Nations Sustainable Development Goals (SDGs) 2030, SBTi Net Zero 2030 Target Commitments, and also aligned with National and Global Commitments. Our planet-centric strategy is built upon the conviction that our business success must not come at the expense of environmental degradation. With this ethos at the forefront, we aspire to mitigate the adverse impacts of our operations, ensuring that the natural resources upon which we rely remain abundant and vibrant for generations to come. Through a multifaceted approach, we endeavor to pioneer innovative solutions that promote environmental stewardship while driving economic prosperity.

Recognizing the indispensable role of individuals within our Value chain, Feroze1888 places paramount importance on the well-being and empowerment of our PEOPLE. In acknowledging the labor-intensive nature of textile manufacturing, we understand that our employees are integral partners in our journey toward sustainability. Our commitment to our workforce extends beyond the confines of our factory walls, reaching into the hearts of the local community. Central to our strategy is the provision of fair and competitive remuneration, ensuring that each member of our team enjoys financial security and dignity in their work. Moreover, we are dedicated to fostering a nurturing work environment where growth and fulfillment are not just aspirations but everyday realities. By prioritizing Health, Safety, Equality, and continuous learning opportunities, we empower our employees to reach their full potential and contribute meaningfully to our Short and long-term Goals. Upholding principles of equality and diversity, we strive to cultivate an inclusive workplace where every voice is heard, valued, and respected. As responsible stewards of our community, we pledge to extend our outreach beyond business transactions, actively engaging in initiatives that uplift and enrich the lives of our Key players.

At the core of our commitment to People and the Planet, The PROSPERITY pillar of our Sustainability strategy paves the way for a future, where success is measured in financial terms and the collective well-being of our stakeholders and the Health of our Ecosystem. Through collaborative partnerships and stringent value chain management, we are dedicated to enhancing industry standards and ensuring that each product bearing the Feroze1888 name exemplifies our commitment to Economic, Environmental, and Social Responsibility. By adhering to ethical business practices and fostering transparent relationships with our stakeholders, we establish a solid foundation for sustained economic prosperity while safeguarding the ecosystems that are crucial to our operations. Our pursuit of prosperity extends far beyond profit margins; It encompasses a holistic approach to success, seamlessly integrating the triple bottom line of people, planet, and profit. With steadfast dedication, we aim to align prosperity with sustainability, ensuring that every stakeholder interest and the legacy we create is impactful and enduring.

Climate Change **Committee**

At Feroze1888, business ethics and sustainability are core principles guiding our operations. To uphold these values, we have established the 'Feroze1888 Climate Change Committee,' spearheaded by the CEO and comprises of key directors and managers. This committee is instrumental in driving sustainability initiatives, setting annual goals, and fostering employee awareness.

The committee reports directly to the CEO, formulating new key performance indicators (KPIs) and interventions. These KPIs permeate throughout the organization, shaping objectives. Regular progress updates are channeled back to the CEO, ensuring accountability and transparency throughout the value chain.

Through concerted efforts, Feroze1888 remains steadfast in its commitment to ethical and sustainable practices, not only driving our success but also contributing to global sustainability endeavors.

Key Highlights

People



25,851 Man hours of trainings were provided



Employee Education Assistance
182 management staff's children
and 1,419 workers' children



Lives impacted 10,000+ since 2022



Increase in Female Employees percentage by 56.32% from FY'23.
The mean and median pay for female employees is 20% and 22% respectively higher than that of male employees



Increase in PWDs by 36.19% from FY'23



19 Combine marriage of female employees / workers & workers' daughter



43 Internship Opportunities provided



Wellness Impact: Nurturing Employee Wellbeing through various engaging sessions

Planet



Energy Saving 702805.186 GJ



Emission reduction through various projects 20,624 MTCO₂eq.



SBTI Signoff



130,000 Number of trees planted



Increase share of Renewable Energy in total Energy mix by 16%



Increase water recycle volume by 11% from FY'23



500 Man-hours Training in sustainability



Using more than 20 Million kg of BCI, CIMA and Organic cotton

Prosperity



Women ratio (board) 18%



Solar investment PKR 350 mn

Our Certifications

Environmental



Vegan Production
Ingredients Not From Animal Origin



STeP



Social



WORKPLACE
CONDITIONS
ASSESSMENT



Security



GLOBAL
SECURITY
VERIFICATION



SUPPLIER
QUALIFICATION
PROGRAM



BUREAU
VERITAS

Our Undertakings



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:

Key Stakeholder Groups

Group	Engagement	Engagement Method	Topic Identified by Stakeholders	Company's Response	Action taken
Investors	Regular	Annual Report, Company secretary, Corporate briefing sessions, AGMs and disclosure of material information, Websites, Official Press Release.	Future prospects of the business, capacity enhancements and expansions, country's export market performance etc.	The Company values transparent reporting and timely communication for sustainable growth.	<ul style="list-style-type: none"> •Provide regular feedback on customer preference on products that have environmental and social impact •Engage investors in collaborative dialogue and decision-making processes regarding major environmental initiatives or investments, seeking their input and support to drive impactful sustainability outcomes •Conduct regular meetings or webinars specifically tailored to investors, focusing on the Company's sustainability efforts, progress, and investment opportunities in environmentally friendly technologies.
Employees	Regular	CEO's "Town hall" meeting, quarterly magazine, annual performance appraisals. internal communication, Trainings, Confidential Calls, Emails, Drop Box, H Interaction etc.	Career and professional growth, and training & development.	The Company emphasizes transparency in employee affairs and prioritizes capacity/skill development through training programs.	<ul style="list-style-type: none"> •Implement regular feedback mechanisms to gather insights from employees regarding their experiences, suggestions, and concerns, ensuring continuous improvement in employee satisfaction, safety, and wellbeing. •Provide specialized training sessions or workshops for managers and team leaders to foster an inclusive workplace culture, emphasizing the importance of diversity, equity, and inclusion in recruitment, promotion, and team dynamics.
Customers	Regular	Effective system to manage customer feedback and follow-up, Site Visits, Exhibitions, Meetings and Electronic Media & Newsletters.	Competitive pricing, product quality, on-time deliveries, and adherence to social, quality, and environmental standards drive business and product development. Sustainability alliances, engagement terms, and cost & quality impacts on environment & society are key focus areas.	Offering attractive and competitive products, ensuring timely deliveries and maintaining compliance with social, quality, and environmental standards	<ul style="list-style-type: none"> • Promote excellency and continuous improvement in product quality and Services • Design products with low environmental footprints. • Regular performance monitoring and effective communication updates.
Local community / NGOs/ Civil Societies / Trade Associations	Regular	Welfare / Funding Programs, Meetings, Employees Engagement and also through Representative of plant's operations and CSR team	Manufacturing site impacts, recruitment initiatives, interventions in health, education, sports, clean water, and infrastructure. Compliance with statutory regulations and laws	The Company prioritizes the welfare and empowerment of local communities through investment in education, health, and sports. Additionally, it ensures compliance with all legal and regulatory requirements.	<ul style="list-style-type: none"> •Ensure collaboration with multiple organizations for community welfare and prosperity. •Develop a comprehensive community-wide outreach program and initiate various initiatives aimed at uplifting the community through social and business collaboration
Social / Electronic / Print Media	Regular	Social Media Activities , News and Public disclosures.	News reporting, awareness initiatives, event coverage, and development updates.	Corporate Communications department ensures the effective management of all media affairs.	<ul style="list-style-type: none"> •Actively engage with the Social media to promote environmental initiatives and other social pledges, along with raising awareness through various drives.
Suppliers / Contractors	As per request	Corporate level communications; visits of supplier's business facilities, Supplier Engagement activities, Meetings, Transactions, Supplier Evaluation, Surveys, ,Request for Quotations	Product development, sustainability partnerships, adherence to code of conduct, cost & quality standards, and fair transaction terms. Plus, favorable payment conditions. Conducting comparative analysis and implementing supplier development programs along with capacity building session.	The Company maintains a transparent system that allows suppliers to engage in discussions and negotiations regarding contract terms and conditions. Committed to an ethical trade philosophy, the Company ensures fair practices throughout its operations.	<ul style="list-style-type: none"> • Ensure that all suppliers and contractors are treated with courtesy and kept informed about our values. We are committed to enhancing supplier capacity to meet sustainability targets through regular knowledge sharing sessions and meetings.

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.

Materiality Matrix of Feroze1888.

Impact on Environment Social and Governance (ESG)	High		<ul style="list-style-type: none"> • Carbon Emissions • Energy Consumption/ Renewable Energy • Water & Effluents • Waste Reduction • Local Community/ People Health & Well-being • Fair Wage • Compliance With Governmental Regulations • Child Labour • Governance 	
	Medium	<ul style="list-style-type: none"> • Anti Corruption 	<ul style="list-style-type: none"> • Responsible Sourcing • Sustainable Packaging • On time payment • Anti competitive Behaviour 	
	Low	<ul style="list-style-type: none"> • Biodiversity 	<ul style="list-style-type: none"> • Responsible Sourcing • Sustainable Packaging • On time payment 	
		Low	Medium	High
		Impact on Business		



People

Key Social Highlights

- No of Training Provided **25,851** hours
- Diversity **56.32%** increase from last year
- Donations **13.73%** increase from last year
- Scholarships **182** employees' children and **1,419** workers
- Combine Marriage **19**
- PWDs **36.19%** increase from last year

At Feroze1888, we don't just consider our employees as members of our workforce; they are integral components of our extended family and the driving force behind our Company's success. Their well-being is paramount, and we are committed to fostering a secure and inclusive workplace environment that prioritizes their health and Social Responsibility.

Our dedication to Diversity, Inclusivity, and Equality ensures that every employee has equal access to opportunities for growth and development. We invest in comprehensive Training and Capacity development programs to enhance their skills, empowering them to excel in their roles and contribute meaningfully across the value chain.

Respecting Human rights is fundamental to our philosophy and Core values. We adhere rigorously to both local and international labor laws, guaranteeing equitable wages and reasonable working hours for all our key players. We maintain open channels of Effective communication, encouraging Employee feedback and providing a platform for employees to raise concerns through a well-structured grievance program.

Additionally, our Company philosophy is centered on community engagement. We actively collaborate with local communities to address their unique needs and participate in initiatives aimed at advancing education, healthcare, and social welfare. Through strategic partnerships and meaningful involvement, we endeavor to make a positive impact beyond the boundaries of our business operations.

At Feroze1888, our commitment to corporate philanthropy, community partnerships, and social integrity is ingrained in every aspect of our value chain. We recognize that by nurturing strong relationships with our employees and the communities we serve, we not only fulfill our corporate responsibilities but also drive Sustainable growth and prosperity for all stakeholders.



Organizational Development and Culture

i) Learning and Development

Fostering a culture of continuous learning and development lies at the heart of Feroze1888's ethos. We recognize our employees as invaluable assets and are deeply committed to nurturing their professional growth. Training serves as a cornerstone of our organizational progress, encompassing both technical proficiencies and soft skills essential for success in today's dynamic business landscape. Through rigorous appraisal processes and attentive supervisor feedback, we diligently assess our workforce's training needs, with a keen emphasis on enhancing critical soft skills such as communication, teamwork, leadership, and

problem-solving. Our robust Training Need Assessment framework ensures targeted interventions, providing employees with tailored training and coaching opportunities to excel in their respective roles. Furthermore, our innovative online platform, "Learning Bite," catalyzes soft skills development, empowering employees to enhance their capabilities and drive transformative business strategies. At Feroze1888, investing in our employees' learning journey is not just a commitment; it's a strategic imperative driving our collective success and growth.

ii) Cultivating a Continuous Improvement Culture

In today's dynamic business environment, fostering a culture of continuous improvement is essential for organizations aiming to stay competitive and innovative. This involves creating an environment where employees at all levels are committed to constantly enhancing processes, products, and services.

At Feroze1888, we have embedded a culture of continuous improvement by integrating Lean methodologies and principles across the organizational processes and practices. Recognizing the crucial role of enhancing efficiency and productivity, we are actively encouraging employees to identify and address issues. This approach is increasing their engagement and commitment to the organization's success. We have extensively trained our employees in Lean tools and concepts, such as Lean, Six Sigma, and Kaizen, which equip them with the necessary skills to contribute effectively. This empowerment fosters a sense of ownership and accountability.

We conducted more than 2000 man-hours of training sessions, encouraging employees to identify improvement opportunities and propose solutions for improvement in their domains so that they can be more invested in the organization's success.



Through our training sessions, we have emphasized the importance of small, incremental changes that cumulatively lead to significant improvements is a core principle of continuous improvement. Here at Feroze1888 we have developed and manifested a culture of Kaizen deeply in the roots of organization. These Kaizens have directed significant improvements in efficiency, quality, and cost savings throughout the organization which remarkably led us towards the successful implementation of 1000+ kaizen (improvement initiatives) across different departments resulting in the optimization of Cost, Quality, and Sustainability.

Recognizing and rewarding contributions to improvement efforts is vital for sustaining motivation. To celebrate the efforts and achievements of our employees in driving these improvements, we hold an annual Kaizen ceremony. During this event, high-impact Kaizens are showcased and discussed, enabling employees to learn from each other's successes and share best practices.

This ceremony serves as a platform for recognizing and appreciating the dedication and creativity of our workforce in promoting continuous improvement. Employees are rewarded with incentives and recognition for their valuable contributions and for fostering a culture of innovation and excellence within our organization.

The incorporation of Lean and Kaizen culture at Feroze1888 has resulted in tangible cost savings and empowered our employees to become active agents of positive change. By continuously seeking ways to enhance our processes and deliver greater value to our customers, we are committed to maintaining a culture of continuous improvement and ensuring sustained success in the ever-evolving textile industry.

Lean Leaders' Championship

To embed Lean Learning into our system, we have appointed Lean Leaders in every department. These leaders act as ambassadors, promoting a lean culture through routine practices. While the dedication and efforts of each Lean Leader are commendable, we aim to maintain a spirit of challenge and positive competition. To this end, we organized the 'Lean Leaders' Championship where the annual progress of Lean Leaders is evaluated, and top performers are recognized.



Six Sigma Mastering Certification Program

Data is essential for business success, and leveraging a data-driven approach leads to exceptional outcomes. Our Six Sigma Mastering Certification Program offers more than a credential; it represents a transformative journey. Let's unlock the power of data together!



Legal and Ethical Compliances

Human Rights

We at Feroze1888 understand that to continually contribute to the sustainable development of humanity and the planet, it is imperative not only to ensure legal compliance but also to uphold the human rights of all individuals affected by our value chain. In alignment with the United Nations Guiding Principles on Business and Human Rights, we have formulated a comprehensive Human Rights Policy as the cornerstone of our approach to human rights within Feroze1888.

We have considered the input from external experts and stakeholders, underscoring our dedication to respecting human rights at the next level. Our actions to weave a better world are rooted in our strategy and also embedded in our core values. We are committed to ensuring that our actions align with the principles by prioritizing community development, fostering local economic empowerment, and advocating transparent natural resource governance, we can not only mitigate risks but also catalyze meaningful change for the betterment of developing a Sustainable society outlined by the United Nations Sustainable Development Goals.

Compliance with Regulations

Adhering to regulatory guidelines is crucial for achieving our business Prosperity. Feroze1888 upholds its core values by prioritizing compliance with regulations. Regulatory compliance ensures adherence to laws, rules, and regulations within relevant jurisdictions. As global regulations continually evolve, Feroze1888 remains dedicated to maintaining compliance, recognizing the increasing responsibilities placed on organizations at regional, national, and international levels.

Regulation not only facilitates the proper functioning of society and the economy but also underscores our commitment to ethical business practices. To ensure regulatory compliance, Feroze1888 implements effective strategies such as establishing policy frameworks, maintaining integrity in audit processes, fostering a culture of compliance, and establishing robust systems for reporting and investigating misconduct. Through these measures, Feroze1888 upholds our commitment to ethical conduct and legal compliance, aligning with our core values.

Anti-Competitive Behavior

In the pursuit of ethical business practices and fair competition, Feroze1888 maintains a steadfast commitment to combatting any anti-competitive behavior. Throughout the reporting period, we have defined a procedure to take legal action against anti-competitive conduct & violations of anti-trust and monopoly legislation. These efforts are integral to upholding transparency and accountability within our Facility. We recognize that fostering a competitive landscape not only benefits consumers but also drives innovation and sustainable growth.

Recruitment and Selection

At Feroze1888, our approach to human resources is deeply integrated into our strategic vision. We prioritize building relationships with our workforce, actively seeking out and nurturing top-tier talent, and promoting local talent. Our commitment to diversity and inclusion is not just a principle but a fundamental aspect of our corporate culture, fostering an environment of innovation and ensuring equal opportunities for all employees. This dedication to equality is reflected in our Grievance Mechanism, which has effectively resolved all instances of reported discrimination.

Looking ahead, our focus is on further enhancing gender diversity within our managerial ranks, with a noticeable increase in female leadership observed this year. We are dedicated to creating an environment where every employee thrives and contributes to our collective success.

Our recent initiatives demonstrate our unwavering commitment to creating a vibrant and inclusive workplace. These endeavors are closely aligned with our objectives of fostering a diverse and skilled workforce, contributing to broader global goals such as those outlined in the United Nations Sustainable Development Goals. Specifically, our initiatives resonate with SDG 3, which emphasizes promoting good health and well-being, and SDG 5, focusing on achieving gender equality. Feroze1888 remains resolute in creating a workplace where every individual's contributions are valued, fostering a sense of belonging and driving success.

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 prioritizes fair, market-based wages, ensuring gender equality by offering equal pay for individuals performing similar roles. By fostering a culture where dedication and hard work are recognized and rewarded, we aim to boost employee motivation and foster a culture of appreciation. It is noteworthy that majority of our employees receive salaries exceeding the government's minimum wage, demonstrating our dedication to fair compensation beyond regulatory requirements. At Feroze1888, our focus on fair wages and supportive workplace dynamics underscores our values of equality and respect for all employees.

Occupational Health and Safety

Feroze1888, we prioritize the well-being of every individual within our organization. Our commitment to health and safety is not just a policy on paper; it is ingrained in our culture from top to bottom. Led by executive leadership team, we have established a robust occupational health and safety management system that encompasses every aspect of our operations. Central to our approach is a comprehensive Health and Safety (H&S) policy communicated effectively throughout our organization. This policy extends to all Company facilities ensuring a safe and inclusive working environment for all.

Our H&S policy framework is not just a set of guidelines; it is based on specific procedures, continuous capacity development, rigorous risk assessments, and effective controls. We operate in compliance with legal regulations such as the Sindh Occupational Safety & Health Act 2017 and Factory Act 2015, as well as international standards like ISO 45001, STeP, SA8000 & Sedex, and buyers' specific Buyer Codes of Conduct.

Our commitment, with a zero-tolerance policy towards unsafe work, every member of our workforce is empowered to follow necessary protocols whenever and wherever needed. Our integrated hazard management procedures, covering areas such as machine safety, ergonomics, and chemical safety, are complemented by extensive capacity development initiatives, including orientations, training, seminars, and workshops.

The result of our proactive approach is evident in our operations like a reduction in work-related injuries and illnesses and enhanced trust from our stakeholders, particularly our export partners. By prioritizing health and safety, we not only ensure the well-being of our workforce but also drive productivity and add significant value to our business.

“Safety is the key to unlocking productivity and innovation”

Safety & Emergency Management

At Feroze1888, we recognize that ensuring the safety of our workforce is paramount, especially in environment where both wet and dry processes present inherent occupational health and safety risks. We operate under

the understanding that there are no second chances when it comes to the health and safety of our well-being, which is why we prioritize stringent controls and mitigation strategies. Our approach to managing workplace hazards is founded on a comprehensive hierarchy of controls, designed to maintain a safe working environment for our stakeholders. We remain vigilant, addressing any first aid cases or minor safety incidents promptly through Root Cause Analysis (RCA) and subsequent corrective actions.

Fire safety is a cornerstone of our Occupational Health and Safety (OHS) management system. We have invested significantly in this area to ensure the protection of our workers and the effective handling of fire hazards. Our commitment is reflected in the infrastructure and resources we have put in place.

Our fully functional emergency control room is staffed with trained firefighting personnel equipped to manage fire emergencies professionally. Furthermore, we have implemented an advanced fire detection and extinguishing system. These proactive measures ensure early detection and swift actions in the event of a fire emergency, minimizing potential damage and safeguarding the well-being of our workforce and our assets. These actions underscore our proactive approach to safety and emergency management, highlighting our commitment to protecting our employees and maintaining a secure working environment.

Total of 42,589 hours of training was conducted in this area during the year.



Planet

Feroze1888 is globally recognized for its innovative approach to manufacturing high-quality products, including home, hospitality, and healthcare. Our extensive reach allows us to set and influence best practices within our supply chain and manufacturing processes, we provide exceptional value, quality, and trust to our customers.

We are acutely aware of the environmental and social challenges associated with the textile industry's resource-intensive practices, including the use of fibers, polyester, yarns, and chemicals. In response, we have devised a comprehensive strategy focused on waste reduction through advanced industrial management practices, technological upgrades, and meticulous material selection.

Our commitment to sustainability is reflected in our focus on recycling and reusing production waste, including packaging materials. We are also integrating sustainable practices into our overall procurement strategy by forging partnerships with raw material suppliers. These initiatives underscore our dedication to environmental stewardship and are central to our ongoing sustainability journey.

Material (Responsible Sourcing & Sustainable packaging)

Feroze1888 is recognized globally for its pioneering approach to manufacturing high-quality textiles for diverse industries, home, hospitality, and healthcare. Our extensive reach enables us to influence best practices within our supply chain and manufacturing operations, delivering sustainable value, quality, and trust to our customers. However, we acknowledge the environmental and social impacts of the textile industry's resource-intensive practices, including using fibers, polyester, yarns, and chemicals.

To address these challenges, we have developed a comprehensive strategy centered on waste reduction through various industrial management practices, technological upgrades, and careful material selection. To prioritize recycling and reusing production waste, including packaging, we are dedicated to implementing innovative initiatives. These initiatives are fully aligned with our sustainability commitment and drive our Sustainability journey.

Ethical Material Sourcing

At Feroze1888, from the production and procurement of cotton yarns to synthetic and recycled options, our triple-bottom-line sustainability strategy guides every step of our material sourcing process. Our commitment goes beyond mere definitions; we prioritize materials that not only outperform conventional options but also align with our core values of environmental stewardship and social responsibility. Through rigorous evaluation processes, we ensure that our materials meet the highest standards of sustainability, procuring them under credible third-party certifications such as the Organic Content Standard (OCS), Global Organic Textile Standard (GOTS), and the Better Cotton Initiative (BCI).

We prefer sourcing raw materials from certified sources. Our focus is to increase the quantity of sustainable and certified materials, including BCI Cotton, Organic Cotton, and Recycled Yarns. By implementing Operational Excellence with innovations and strategic partnerships, we continue to drive a sustainable journey for a climate-resilient future for all.

Feroze1888 roots plant-based innovations into sustainable textiles

Feroze1888, renowned for its steadfast commitment to sustainability, unveils its latest eco-conscious initiatives at the New York Home Fashions Market. Through strategic collaborations with Pond Fibers, Re-Root Tex, and ProTecht, the Company introduces innovative towel collections, marking a significant leap in its green textile solutions. Re-Root Tex harnesses pineapple-waste fibers, epitomizing circular economy principles, while Pond Cycle revolutionizes with bioplastic technology from renewable sources, mitigating CO₂ emissions. ProTecht Fresh, derived from regenerative castor seed oil, enhances textile durability while neutralizing odors. By pioneering plant-based fibers and advocating for sustainability-driven economies of scale, we set a precedent in eco-friendly textile production. Regardless of cost challenges, the Company remains resolute in its mission to make sustainable textiles accessible to all, shaping a greener future for the industry.

• Eco-Conscious Packaging / Responsible Packaging

As a responsible entity, Feroze1888 is dedicated to manufacturing packaging materials from sustainable sources, striving to make a positive impact on our ecosystem. Our procurement practices are committed to sourcing responsible materials that prioritize sustainability and minimize our value chain impacts.

The Company holds certifications for production processes, including FSC (Forest Stewardship Council), RCS (Recycled Claim Standard), and GRS (Global Recycled Standard), which validate our commitment to eco-friendly packaging and filling practices. Our state-of-the-art packaging facility is equipped with advanced machinery that enables us to produce in-house packaging materials using both virgin and recycled content. This includes producing fresh and recycled poly materials, recycled pallets, and high-quality corrugated materials.

Through these practices, we not only meet our demands but also advance our sustainable journey by promoting the concept of eco-conscious packaging. Feroze1888 remains dedicated to leading the industry in responsible manufacturing and environmental stewardship.

The percentage of recycled material usage in production has increased by 30% in last three years.



Energy

Feroze1888 is committed to reducing energy consumption through modern technology, green practices, sustainable buildings, and efficient operations. Recognizing the importance of Energy in the business value chain, we have crafted a comprehensive energy management plan. This plan is strengthened by a dedicated organizational structure focused on energy management, operational excellence, efficiency, and Cost savings.

We are committed to reducing energy use by adopting renewable energy sources and continuously monitoring their impact. As an ISO 50001-certified facility, we go beyond certification by taking tangible actions to enhance our energy management. This includes implementing advanced technology, refining processes, and promoting practices that optimize energy efficiency and load management.

Green Energy reliance accounts for 1.4% of the total energy fuel mix. Our steadfast commitment to sustainability drives us to continually minimize our environmental impact and propel ourselves toward a brighter & more resilient future.

At Feroze 1888, we are committed to transitioning to greener energy sources. As part of this effort, we have installed solar panels on the rooftops of our facilities. By maximizing the available space, we have successfully increased our renewable energy dependency to 70% compared to the base year 2021-2022.

Climate Neutrality

Feroze1888 asserts a proactive commitment to environmental responsibility to move toward a sustainable future. It integrates our Business Strategy with the United Nations Sustainable Development Goals (SDGs), Paris

Agreement, and SBTICommitment. Recognizing our value chain impact, we are dedicated to functioning as conscientious factors of the environment, actively Reducing our Emission footprint, and steadfastly championing sustainability—directly contributing to SDG 13 (Climate Action) and SDG 12 (Responsible Consumption and Production). Our commitment extends to fostering collaboration across all operational facets, amplifying progress, and aligning with the collaborative spirit of SDG 17 (Partnerships for the Goals). With foresight into future advancements, we pledge to ensure transparency and accountability and support SDG 9 (Industry, Innovation, and Infrastructure) and SDG 16 (Peace, Justice, and Strong Institutions).

Feroze1888 envisions progressing towards advanced evaluations, aligning with SDG 8 (Decent Work and Economic Growth) and precisely pinpointing strategic reduction pathways, thus contributing to SDG 7 (Affordable and Clean Energy). Through embracing collaboration with stakeholders, partners, and experts, our collective aim is to drive innovation, molding a sustainable future that resonates with the ethos of multiple SDGs, and leaving a positive impact on future generations.

[Driving Sustainable Change: Feroze 1888's Impactful Town Hall on Net Zero Pakistan](#)

At Feroze1888, we believe in the power of collaboration and knowledge exchange to drive positive change. We were honored to host a Town Hall with Net Zero Pakistan, dedicated to fostering sustainability efforts among our esteemed member companies.

The event featured a comprehensive training session by My Carbon, focusing on communication guidelines post-validation of Science-Based Targets (SBTs). We explored essential insights on monitoring emissions reduction progress annually, laying a strong foundation for our collective journey toward a climate-resilient future.

Tracking Our Impact: Greenhouse Gas Emissions Reporting:

At Feroze1888, our commitment to sustainability extends to tracking and mitigating our greenhouse gas (GHG) emissions, aligning with global goals such as the Paris Agreement. Recognizing the urgency of climate action highlighted at COP26, we acknowledged integrating climate considerations into our business strategy. We have already taken steps to reduce our GHG emissions intensity.

Our strategic plan focuses on transitioning to renewable energy sources and reducing reliance on fossil fuels, supported by technical expertise and collaboration with initiatives like the "NET-ZERO Pakistan". These interventions require significant resources and bold initiatives. However, we are fully committed to integrating responsible sourcing and sustainable practices throughout our entire value chain.

We recognize the critical importance of mitigating GHG emissions for both environmental health and business sustainability. By nurturing and safeguarding our planet, we strive to protect natural resources for future generations while simultaneously driving economic prosperity through innovative solutions and responsible management of our value chain.

Through collaborative partnerships and transparent relationships with stakeholders, we prioritize ethical business practices and elevation of industry standards, fostering the well-being of our stakeholders and the health of our ecosystems. Our commitment to tracking and reducing GHG emissions underscores our dedication to shaping a brighter future, where sustainability and prosperity harmonize, leaving a legacy of lasting significance for future generations.

We assess tCO₂eq. emissions by considering all greenhouse gases from self-generated and purchased energy sources, including non-energy sources. Our calculations adhere to emission factors provided by Defra, following GHG protocol and ISO 14064 Guidelines, alongside IPCC's 5th Assessment.

We consistently monitor greenhouse gas (GHG) emissions to track key performance indicators and targets. We are actively pursuing cleaner technologies, embracing renewable energy sources, transitioning to alternative cleaner fuels, implementing green supply chain practices, and enhancing operational efficiency to continue reducing our carbon footprint. The emissions saved from projects and interventions amounts to 20,626 MTCO₂eq.

Water Conservation

Water conservation is crucial to our operational values, particularly in light of Pakistan's recent classification as a "high water stress area." To effectively address this challenge, we have implemented a robust water

management strategy to optimize our water usage while minimizing our environmental footprint.

Our strategy consists of two parts. First, we prioritize reducing water consumption in our manufacturing operations through targeted efficiency measures, technological innovations, and comprehensive employee engagement initiatives. These efforts aim to create a culture of water conservation among our employees, acknowledging water as a precious and limited resource. Secondly, we are committed to fostering circularity within our processes by maximizing the recycling and reuse of process effluents. Currently, we boast a recycling through process effluent, underscoring our commitment to sustainable water management practices.

As of the most recent reporting period (2023-24), a substantial portion of our water needs are met through a partnership with a government organization, ensuring a dependable source of fresh water for all. Our adherence to regulatory standards is unwavering, with meticulous monitoring of both inflow to and outflow from our Effluent Treatment Plant (ETP) to ensure compliance. Our in-house water quality testing lab and third-party verification ensure that our effluent water consistently meets international standards.

Our commitment to sustainability goes beyond just meeting the requirements. We are certified in Sustainable Textile Production (STeP) and use the Higg Index to benchmark our sustainability performance. We have proactively reduced water consumption and increased reliance on recycled water from our ETP.

Our water management initiatives aim to reduce environmental impact and demonstrate our commitment to a responsible corporate value chain. By prioritizing water conservation and adopting sustainable practices, our goal is to preserve water resources for future generations while creating a positive impact on the communities in which we operate. Water saving through various initiatives amounts to 501.8 Imp Gal X Millions.

Waste Management

Waste management lies at the core of our sustainability philosophy at Feroze1888. Recognizing the hazards posed by improper waste disposal, we uphold stringent protocols to safeguard the environment and public health. Our approach prioritizes proactive measures to minimize waste generation, promote reuse and recycling, and ensure responsible handling of hazardous materials. We actively pursue waste reduction goals through rigorous equipment maintenance and operational efficiency improvements, minimizing our environmental footprint at the source.

Our centralized storage facilities serve as temporary repositories for waste, managed by a dedicated workforce to ensure compliance with environmental standards. Throughout our operations, we mandate adherence to waste management regulations and international best practices, fostering a culture of environmental responsibility.

At Feroze1888, waste is not viewed as a burden but as a valuable resource. We embrace initiatives to reduce, reuse, and recycle non-hazardous waste, maximizing resource efficiency and minimizing environmental impact. For hazardous waste, we implement stringent storage, handling, and disposal protocols, adhering to regulatory requirements and customer expectations without compromise.

Our commitment to responsible waste management is embedded in our sustainability strategy, aligning seamlessly with our core values of integrity, innovation, and environmental stewardship. By embracing best practices, fostering collaboration, and driving continuous improvement, we aim to set new benchmarks for excellence in waste management while contributing positively to the well-being of our communities and the planet. The waste generation intensity has improved by 6% over the base year of 2021-22.

Sustainability in Packaging

We prioritize Packaging waste management with strategic precision. By meticulously mapping its lifecycle, we identify crucial control points more efficiently, enhancing our waste management strategies. Our unwavering commitment to sustainability compels us to minimize packaging waste through proactive measures. This includes returning materials, regardless of their condition, to suppliers for recycling. This approach reflects our dedication to environmental responsibility and ensures resource conservation is aligned with our strategic goals.

Chemical management initiatives

Feroze1888 is committed to complying with all Material & Restricted Substance Lists (MRSLs and RSLs) and government & international regulations across the Value chain. To effectively assess and mitigate potential risks and hazards, we categorize our materials and chemicals based on their unique characteristics and associated risks, through comprehensive training to ensure proficient handling and disposal of chemicals, fostering a culture of safety within our value chain.

We are using ZDHC approved chemicals in production. Perform Verification through the ZDHC Chemical in-Check and Bhive portals that validate these materials' compliance, safety, and quality. Through continuous improvements in Chemical Management, we secured Level-3 in the higg FEM Chemical Management section. Our emphasis on ZDHC Level 3 chemicals demonstrates our dedication to eco-friendly operations.

Our program has achieved a significant milestone with the attainment of our 100% green chemistry through assessments of Tier 1 and Tier 2 supplies, we identify areas for improvement and ensure compliance with standards. In instances of non-compliance, we perform collaborative root cause analyses with suppliers leading to agreed-upon improvements and corrective actions, driving continuous improvement throughout our supply chain.

Chemical supply chain management strategies:

Our approach to chemical supply chain management at Feroze1888 is deeply rooted in our commitment to sustainability and responsible procurement practices. Our Green Purchasing strategy serves as a guiding framework, designed to minimize negative environmental impacts while ensuring high-quality products. Central to our strategy is the adherence to international standards for product specifications and quality by our suppliers. Through stringent procurement policies and a robust supplier code of conduct, we prioritize suppliers who demonstrate compliance with these standards, as well as policies and procedures for managing health, safety, labor, and human rights issues at their sites.

Our supplier induction process places special emphasis on sustainability criteria, ensuring that suppliers align with our values and environmental and Social Sustainability objectives. As part of our overarching supply chain management strategy, our preference for procuring materials and services from local suppliers aligns with our broader strategy to support the development of a local supply chain, contributing to economic growth and development within the Country.

By integrating sustainability principles into our chemical supply chain management practices, we strive to create a more environmentally responsible and resilient supply chain while driving positive social and economic outcomes.

Biodiversity Blue carbon conservation

At Feroze1888, our commitment to sustainability is evident in our dedicated efforts to preserve biodiversity and manage ecosystems. Recognizing the crucial role of these ecosystems in maintaining environmental stability and climate resilience, we have strategically aligned our initiatives to uphold our values.

Our approach involves proactive measures to conserve biodiversity and protect blue-carbon habitats. Through beach cleaning drives aimed at removing plastic waste from coastal areas, we not only safeguard marine life but also nurture healthy ecosystems, our extensive plantation drives target areas for the reforestation and afforestation of mangroves, effectively amplifying biodiversity and enhancing carbon sequestration capabilities. Through these initiatives, we not only contribute to biodiversity conservation but also mitigate climate change impacts through nature-based solutions.

Through these initiatives, we are committed to both advancing biodiversity conservation and addressing climate change impacts through nature-based solutions, reflecting our dedication to environmental stewardship and sustainability. Number of trees planted from 2020 till 2024 are 130,000 and 50,000 alone in FY 2023-24.

Circularity: Weaving a Better World for a Sustainable Tomorrow

In the pursuit of a sustainable future, Feroze1888 champions the principles of circularity, weaving a narrative of environmental stewardship and resource efficiency. Our commitment to circularity is ingrained in our organizational DNA, driving us to embrace innovative practices that minimize waste and maximize the utility of resources. At the forefront of our circularity initiatives is the transformation of waste fabric cuttings into high-quality yarn through a vertically integrated manufacturing process. This creative approach not only reduces waste generation but also lessens our dependence on virgin materials, contributing to the conservation of natural resources and mitigation of environmental impact.

Moreover, our dedication to circularity extends beyond material reuse to include the integration of recycled materials into both our processes and products. We are committed to addressing the end-of-life phase of the textile life cycle value chain. By embracing circularity, we aim to transform waste into opportunity, diverting materials from landfills and incinerators and creating a more sustainable pathway for our industry. Our embrace of circularity is not just a strategic imperative but a moral obligation—a testament to our steadfast commitment to environmental responsibility and sustainable business practices.

Excellence in Waste Recycling

At Feroze1888, our Waste Recycling Unit reflects our strong commitment to environmental responsibility and sustainable practices. We use a range of innovative methods to manage recycling and reduce waste. We convert process waste that reduces our need for virgin materials. We also recycle cotton waste which contributes to minimizing textile waste generation.

By applying Kaizen principles, we continuously improve our processes to cut production waste and enhance process efficiencies. We produce recycled scotch tape to reduce plastic waste and repurpose used chemical drums to make durable plastic pallets. Additionally, we create recycled hangers and J-hooks & H-hooks, further supporting our goal of embedding sustainable material in our value chain.

Prosperity

In adherence to our core values of integrity and accountability, Feroze1888 systematically assesses

operations for risks associated with corruption. Through assessments, it serves as a proactive measure to protect against unethical practices and endorse our commitment to transparent and ethical business conduct.

Furthermore, Feroze1888 prioritizes communication and training on anti-corruption policies and procedures to ensure awareness and adherence across the organization. Board members, employees, and business partners receive comprehensive training and communication on our anti-corruption policies, tailored to their respective roles and regions. Through these initiatives, we aim to foster a culture of integrity and compliance, where everyone understands their role in combating corruption and keeping ethical standards.

In alignment with our zero-tolerance policy towards corruption, we take decisive actions, including disciplinary measures and termination of contracts with concerned business partners, to sustain the integrity of our Business Value chain.

Supplier

Feroze1888 places its immense strategic importance on its suppliers, recognizing them as key partners in advancing sustainability throughout the supply chain. Our overarching objective is to cultivate these partnerships to ensure Excellent Execution throughout our journey, with a keen focus on product quality and adherence to Social and Environmental Sustainability standards.

Selection, Evaluation, and Monitoring

Our supply chain is comprehensive, encompassing the procurement of machinery, raw materials, semi-finished products, services, and various inputs from both local and international vendors. This extensive network enables us to efficiently meet customer demands while fostering beneficial relationships with local suppliers, bolstering the regional economy.

To continuously improve our procurement and material handling processes, we actively seek and implement best practices while exploring opportunities for market synergy. Our supplier assessment and selection procedures are designed to ensure high-quality raw materials from both local and international sources. The eradication of child labor, and forced labor, and the protection of human rights, are integral components of the Supplier Management Program.

We select suppliers based on their ability to meet our quality and quantity requirements within specified timeframes. We regularly monitor performance to ensure adherence to our standards and promptly implement corrective measures in cases of non-conformance.

We prioritize local procurement over imports to support the local economy and alleviate pressure on the Country's balance of payments.

Responsibility for ensuring the timely availability of quality materials lies with our procurement department. Our corporate cost optimization roadmap aims to achieve quality and cost-efficiency while upholding ethical and sustainable business practices. A responsible sourcing strategy, focused on mitigating environmental and social impacts, is integral to our procurement approach throughout our value chain.

Our procurement policy and procedures outline the environmental and social criteria that supply chain stakeholders must adhere to, ensuring alignment with our sustainability objectives. Through these measures, we strive to minimize negative environmental and social impacts within our supply chain while driving sustainable practices in our value chain. Our functional leadership team conducts quarterly reviews of risk registers to ensure proactive risk management. These reviews are integrated into the team meetings, fostering a culture of continual risk evaluation. These detailed metrics guide our efforts, including minimizing customer complaints, and optimizing logistics to support on-time deliveries. As a responsible organization, Feroze1888 prioritizes sourcing raw materials from sustainable sources to contribute positively to society that does not harm the environment.

CUSTOMERS

Feroze1888 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.

Performance & Strategic Positioning

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 our quality manual outlines. Remarkably, 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. Our commitment to minimizing impacts on safety, the environment, and society is evident through systematic improvement initiatives, which identify the root cause of issues and drive necessary actions for improvement.

The economic aspect of sustainability is crucial for any business to survive, as it must be financially sustainable. However, as a responsible business leader striving for sustainability, we acknowledge that profitability is just one aspect of a company's overall strategy. We believe in cultivating a well-rounded culture where social and environmental factors are also given equal consideration alongside profitability and economic sustainability.

COMMUNITY

At Feroze1888, our commitment to sustainable growth is deeply intertwined with our acknowledgment of the profound impacts of climate change on our operations and the broader economic landscape. Recognizing the

vulnerability of our supply chain operations and manufacturing facilities to the material risks posed by climate change, we prioritize the security of raw materials and water as crucial factors affecting our financial resilience both now and in the foreseeable future.

Climate Change: Resilience and Its Business Impact

In response to these challenges, we have embarked on a journey of proactive engagement and action, seeking to convert the risks of climate change into opportunities for social and financial well-being. Through collaborative dialogue and adherence to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we are implementing a comprehensive strategy that encompasses both mitigation and adaptation measures.

Central to our approach is the diligent assessment and measurement of potential negative impacts of climate change on our operations and supply chain. We are committed to creating and implementing long-term plans to eliminate or reduce their potential impacts, with a focus on monitoring and evaluating the effectiveness of our actions. We understand the critical importance of addressing water scarcity, which could create a significant impact on our business operations. To mitigate this risk, our efficient wastewater and recycling system aims to reduce our reliance on natural water resources and ensure the long-term sustainability of our operations.

In alignment with the global commitments of our customers and our aspirations for decarbonization, we are steadfast in our pursuit of a Sustainable Future. Through strategic partnerships and investments in energy-efficient and renewable technologies, we are actively working towards decarbonizing our operations and supply chain. These initiatives form an integral part of our comprehensive roadmap, designed to minimize our greenhouse gas emissions footprint while upholding the highest standards of quality and sustainability in our business operations.

Our approach to driving sustainable growth amidst the challenges of climate change underscores our unwavering commitment to responsible stewardship of environmental resources and the pursuit of enduring economic prosperity. By embracing innovation, collaboration, and proactive action, we aspire to not only mitigate the risks posed by climate change but also to seize upon the opportunities it presents for creating a more resilient and sustainable future generation.

Strategic Branding: Product Marketing and Labeling

Feroze1888 prioritizes responsible sourcing practices to align with its commitment to societal and environmental well-being. Our procurement team diligently seeks out sustainable options for sourcing, raw materials, stitching, and packaging materials, ensuring minimal environmental impact. In line with this ethos, we have opted for FSC-certified paperboard and fibers that adhere to various sustainability standards such as GRS, RCS, OCS, GOTs, STeP by Oeko Tex, and Vegan Standard certification. These certifications underscore our dedication to sourcing materials that meet rigorous environmental and social criteria, reflecting our ongoing efforts to contribute positively to sustainable development.

Sustainability and CSR Snapshot

Feroze1888 is deeply committed to Corporate Social Responsibility (CSR), integrating initiatives that empower communities, foster inclusion, and promote sustainability. Central to our approach is the belief in creating positive social impact through strategic partnerships and proactive engagement.

The Big Picture 2.0

Under our Diversity, Inclusion, and Equity (DI&E) framework, Feroze1888 launched "The Big Picture 2.0", an initiative aimed at celebrating diversity within our workforce. This program encourages each team member to contribute their unique perspectives and talents, symbolizing unity and collaboration towards a shared vision. By promoting inclusivity and valuing every individual's contribution, we enhance our workplace culture and contribute to global goals such as Sustainable Development Goal 10 (Reduced Inequalities) and Goal 17 (Partnerships for the Goals).



Women's Day Celebration

Our commitment to gender equality was highlighted during the "Women's Day Celebration 2024 – Invest Her, Include Her". Partnering with the School of Leadership (SOL), we endeavoured to empower our female employees through specialized training and support sessions. Additionally, our collaboration with Kiran Foundation's Salma Ghar for Women's Day presents underscores our dedication to promoting female entrepreneurship and economic empowerment, aligning with Sustainable Development Goal 5 (Gender Equality) and Goal 8 (Decent Work and Economic Growth).



Karachi Down Syndrome Program (KDSP) Carnival

Feroze1888 proudly supports initiatives like the Karachi Down Syndrome Program (KDSP) Carnival 2024 in our efforts to build inclusive communities. As a Platinum sponsor, we celebrate diversity and promote social inclusion by showcasing the talents and abilities of every participant. Our involvement in events like the Coastal Chase further underscores our commitment to holistic well-being, promoting active lifestyles and community engagement, directly contributing to Sustainable Development Goal 3 (Good Health and Well-being).



Rise-Up Mentorship Program

Beyond community engagement, our CSR initiatives extend to educational empowerment through programs like the Rise-Up Mentorship Program with Kiran Foundation's DCTO School. This initiative provides hands-on experience and guidance to students, preparing them for careers in the textile industry while supporting Sustainable Development Goals 4 (Quality Education) and 8 (Decent Work and Economic Growth).



Skill Development Programs

Our partnerships with organizations like NOWPDP and Deaf Reach exemplify our commitment to creating inclusive workplaces and communities. Through skill development programs and accessibility initiatives, we actively promote equal opportunities and empower individuals with diverse needs, contributing to Sustainable Development Goals 10 (Reduced Inequalities) and 4 (Quality Education).



Nigehban Beyond Traditional Daycare

Feroze1888 continues to drive meaningful change through its CSR initiatives recognizing the challenges faced by working parents who strive to balance their careers with their children's well-being. The Company has collaborated with Ubuntu Care to establish a secure environment catering to both parents and children.



Growth And Well-Being of Employees


In addition to these initiatives, Feroze1888 invests heavily in the growth and well-being of its employees. Over the past year, we have invested 16,000 man-hours in training, with 9,204 dedicated to management and 6,796 to non-management staff, highlighting our holistic approach to employee development. We are dedicated to nurturing future talent through our internship program, with 43 students enrolled last year, providing them with valuable industry experience. Our wellness initiatives have had a significant impact, positively affecting 475+ management employees and offering health awareness and inclusivity sessions to 500+ non-management staff, underscoring our commitment to employee well-being.



Scholarships

Feroze1888 remains committed to supporting our employees' families and the broader community by providing scholarships to 182 employees' children and 1,419 workers' children, ensuring access to quality education. These initiatives underscore Feroze1888 unwavering commitment to our social responsibility, and creating a positive impact across our operations and communities.

Economic, Environmental and **Social Performance**

UN Goals	KPIs
	<p>Reduce Scope1 & Scope2 Emissions by 22% from baseline Year 2020-21 by increasing the share of Green Energy by 100% in total energy mix from the baseline FY 2022-23</p>
	<p>Set up Science Base Target align with Business Ambition 1.5C</p>
	<p>Increase water recycling volume by 10% via increasing efficiency from baseline FY 2022-23</p>
	<p>Provide 500 man-hours of trainings for Sustainability related topics</p>
	<p>Grow a mangrove forest by planting atleast 100,000 saplings from the baseline 2019-2020.</p>
	<p>In order to enhance skills, provide 30,000 man-hours of trainings to Management & Non-Management Employees</p>
	<p>Provide atleast 45 Internship Opportunities to College/University graduates</p>
	<p>Impacting lives of atleast 6,000 people of nearby community through various CSR initiatives.</p>
	<p>Increase overall percentage of female employees across all levels by 69% from the baseline of 2022-2023</p>
	<p>Increase PWDs by 53% from the baseline of 2022-2023</p>

Status

Share of green energy in total energy is increased by 16% from FY 2022-23

Science Based Targets aligned with business ambition 1.5C and submitted timely to SBTI for validation

Water Recycling volume has been increased by 11% from baseline FY 2022-23

500+ man-hours of training has been provided relating to Sustainability related topics

130,000 saplings are planted till date

25,851 man-hours of trainings were provided

43 Internship opportunities were provided

Positively impacted 10,050+ lives through various CSR initiatives

Increase in female employees percentage by 56% from the baseline of FY 2022-23

Increase in PWDs by 36% from the baseline of FY 2022-2023

Chairman Overview

Chairman Overview on how the company's sustainable practices can affect their financial performance

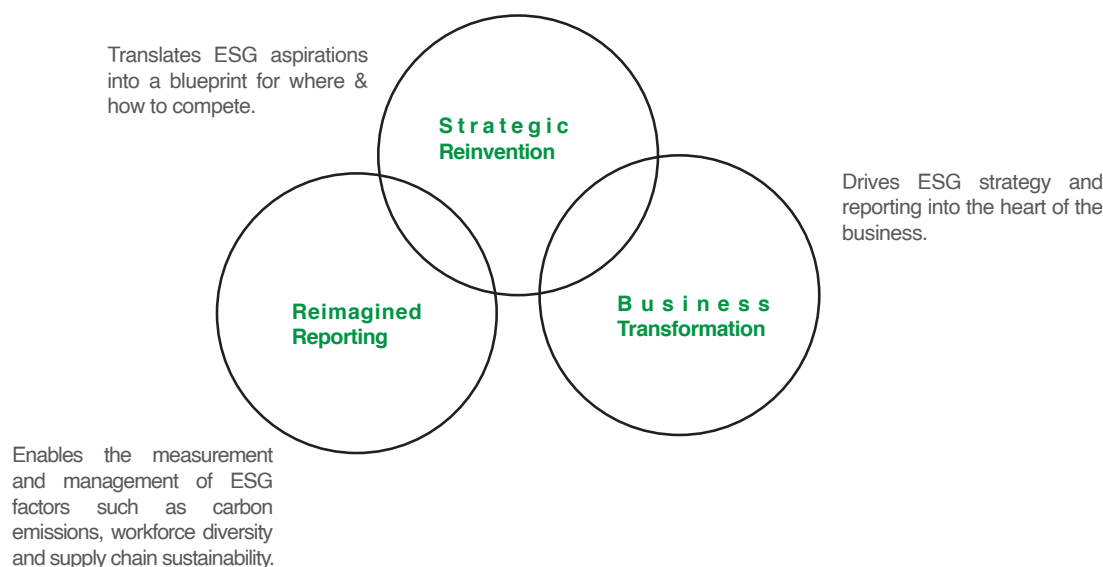
Sustainability is defined as meeting our needs today without compromising future generations' ability to meet theirs. Corporate sustainability is about expanding the financial bottom line into a triple bottom line – the 3Ps – People, Planet & Prosperity. The 3Ps is part of Feroze1888 DNA – and has been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



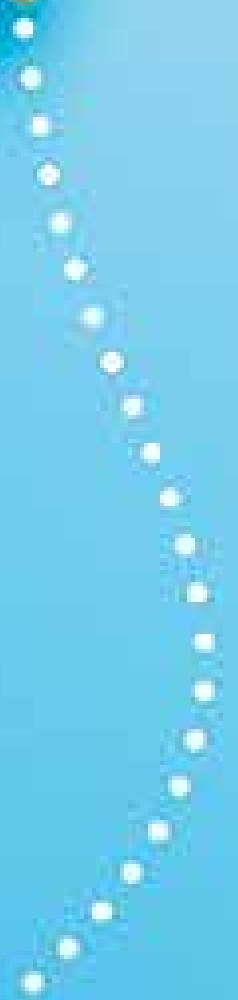
Issue 764
Monday, Jun 14, 2016
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Daily

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Strengthening our **foundation**

We have made significant strides in optimizing processes, improving operational efficiency, and enhancing our financial stability. These efforts ensure that we are well-positioned to sustain growth and deliver value to our stakeholders. Alongside this, we have continued to foster a culture of innovation and collaboration, empowering our teams to drive forward with confidence and creativity.

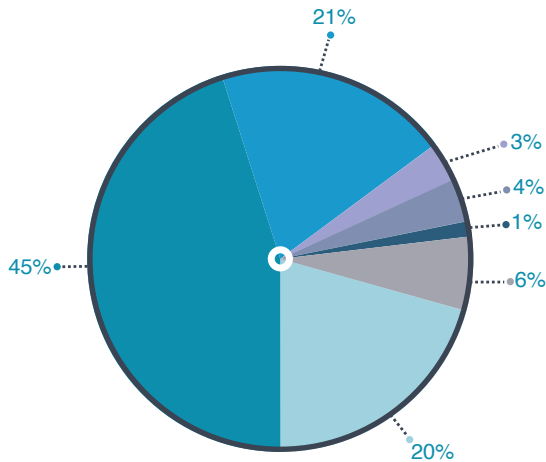




Financials at a Glance

Assets - FY 2024

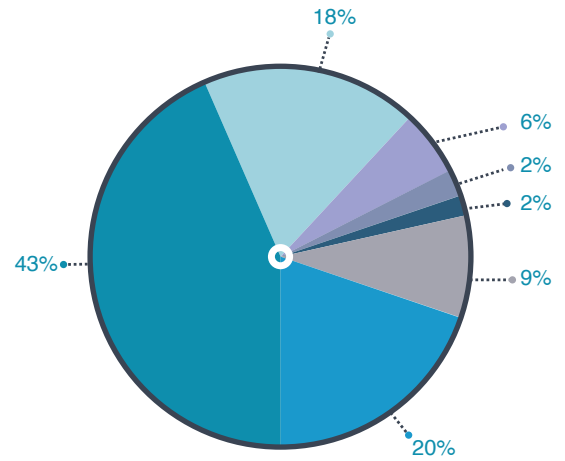
Percentage



- 45% Property, plant and equipment
- 21% Stock in trade
- 04% Stores and spares
- 01% Cash and bank balances
- 20% Trade debts
- 06% Other assets
- 03% Short term investment

Assets - FY 2023

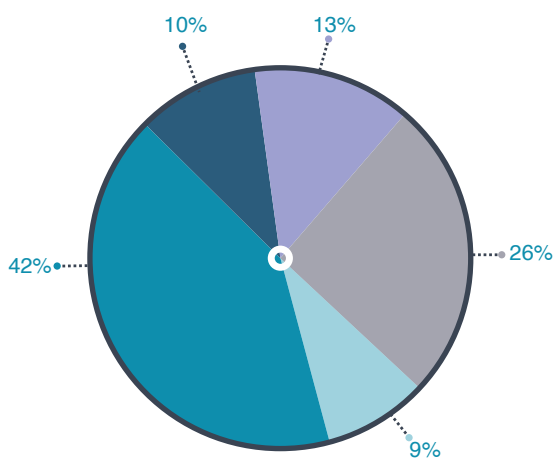
Percentage



- 43% Property, plant and equipment
- 20% Stock in trade
- 02% Stores and spares
- 02% Cash and bank balances
- 18% Trade debts
- 09% Other assets
- 06% Short term investment

Equity and Liabilities - FY 2024

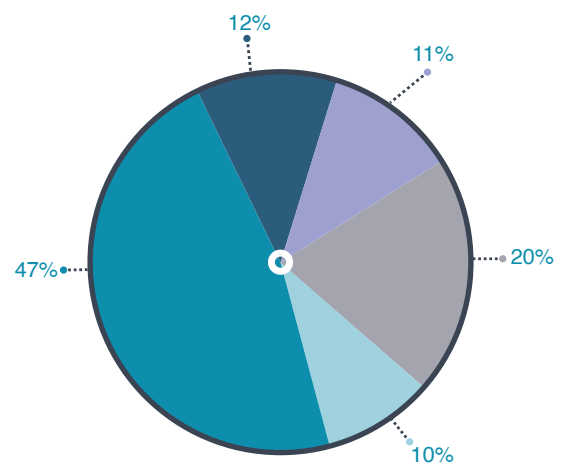
Percentage



- 42% Share capital & reserves
- 13% Trade and other payables
- 09% Other liabilities
- 10% Long term financing
- 26% Short term borrowings

Equity and Liabilities - FY 2023

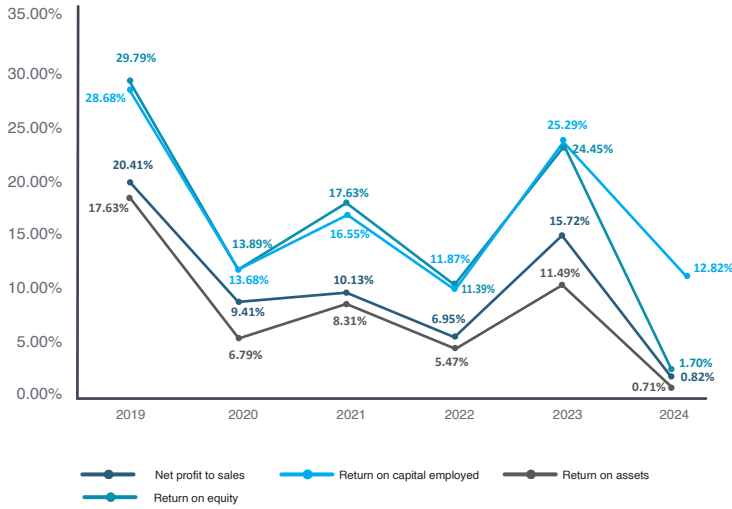
Percentage



- 47% Share capital & reserves
- 11% Trade and other payables
- 10% Other liabilities
- 12% Long term financing
- 20% Short term borrowings

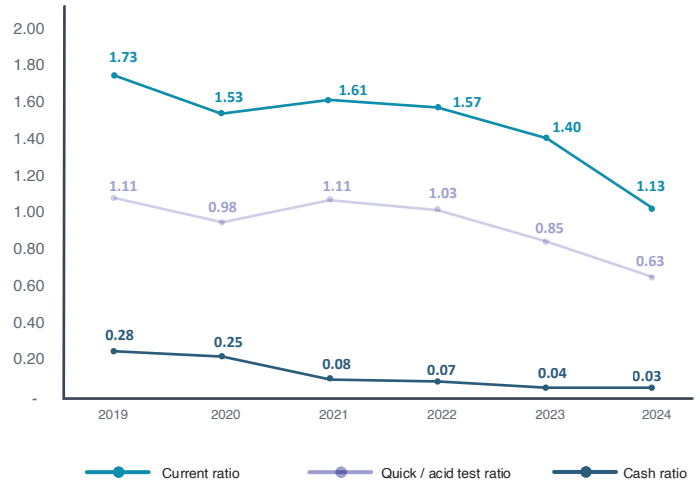
Profitability Ratio

Percentage



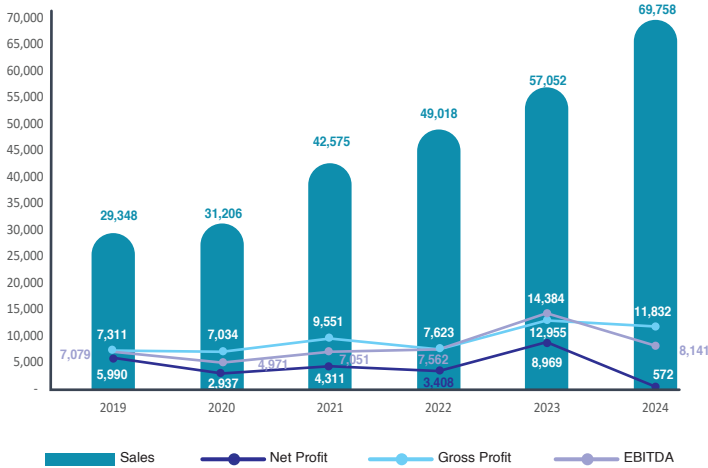
Liquidity Ratios

Times



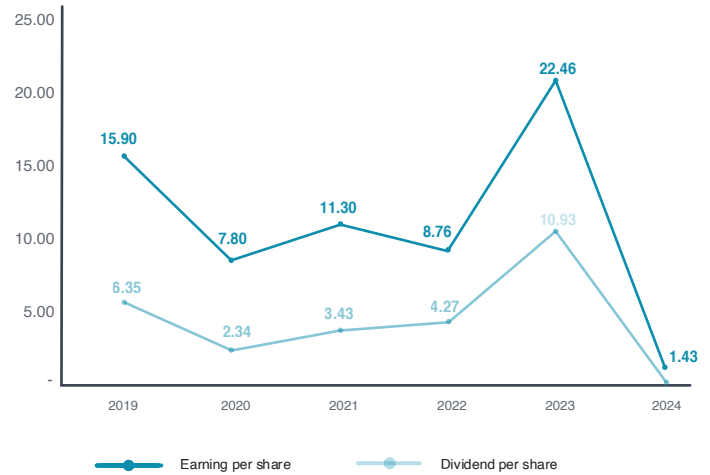
Turnover & Profitability

Rs. in million



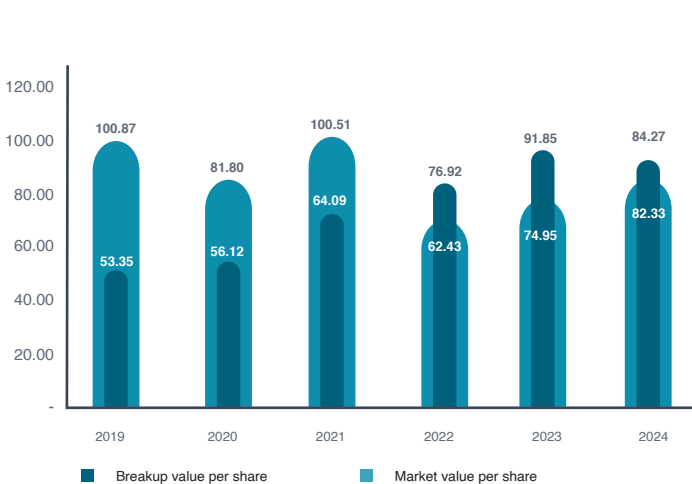
EPS vs Dividend per Share

Rupees



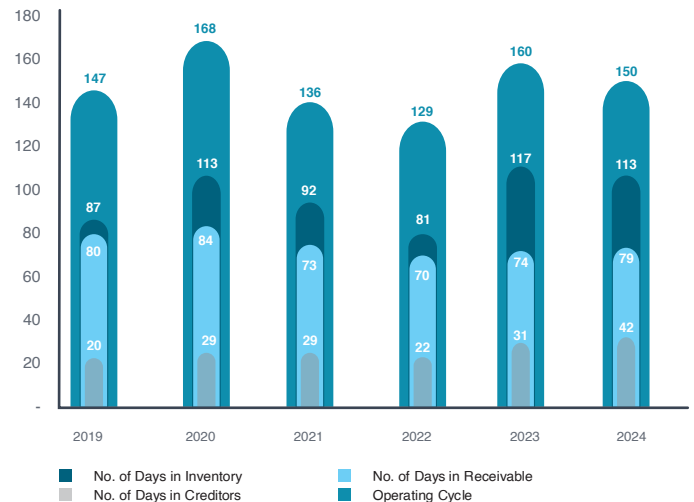
Market Value vs Book Value

Rupees



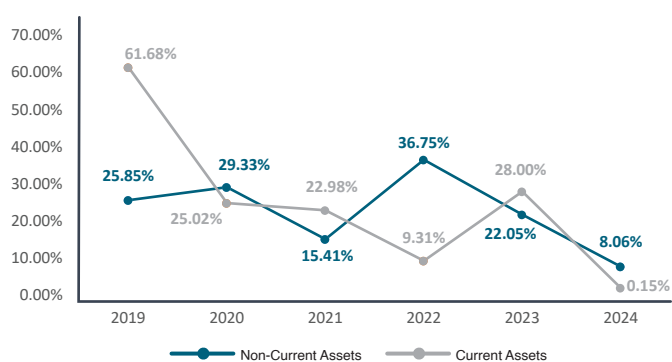
Operating Cycle

Days

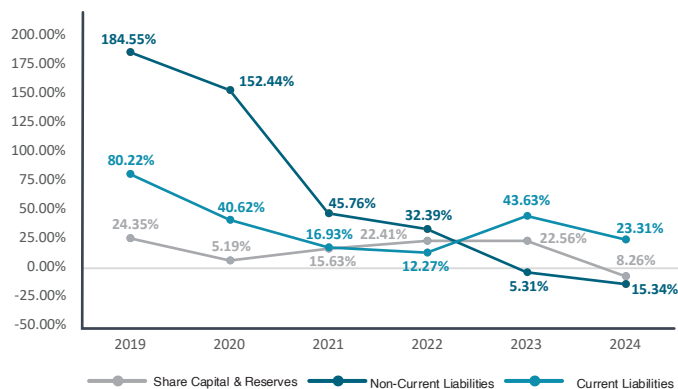


Horizontal & Vertical Analysis Statement of Financial Position

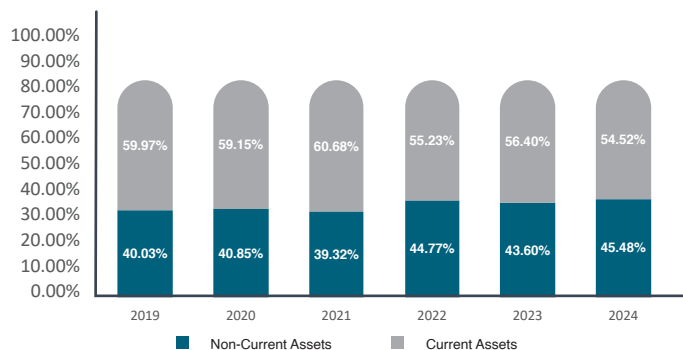
Horizontal Analysis of Total Assets



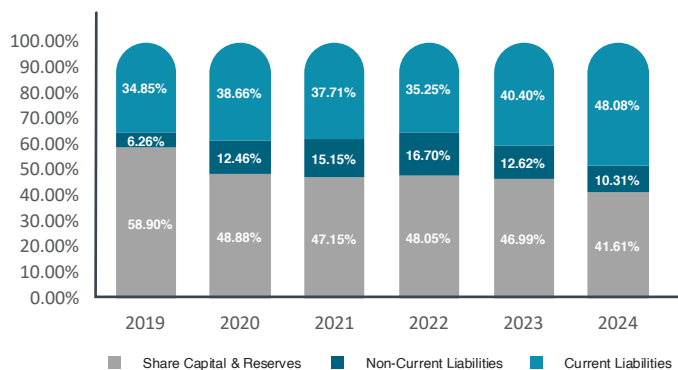
Horizontal Analysis of Total Equity & Liabilities



Vertical Analysis of Total Assets

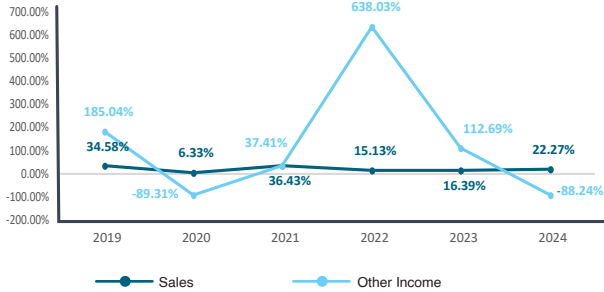


Vertical Analysis of Total Equity and Liabilities

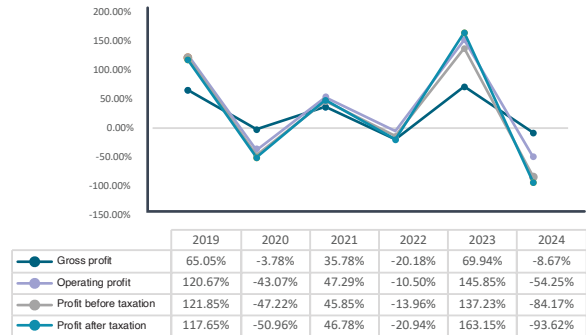


Horizontal & Vertical Analysis Statement of Profit or Loss

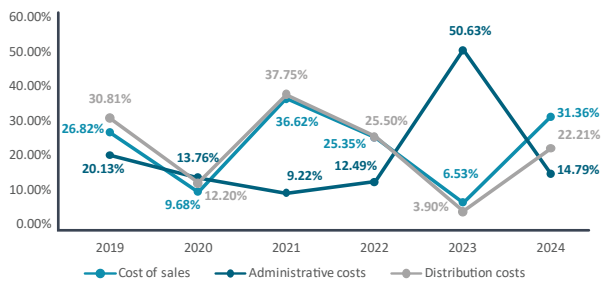
Horizontal Analysis of Income



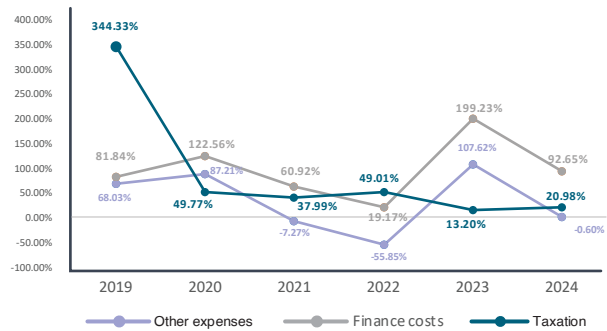
Horizontal Analysis of Profit



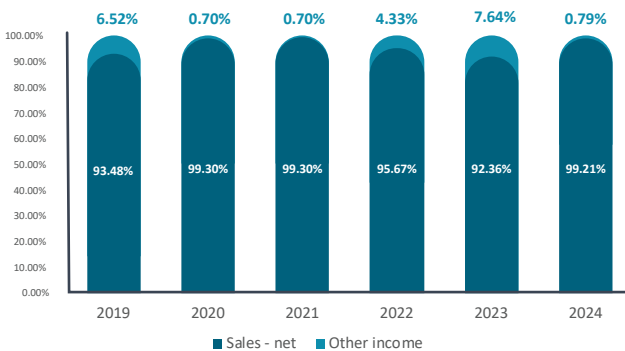
Horizontal Analysis of Expenses



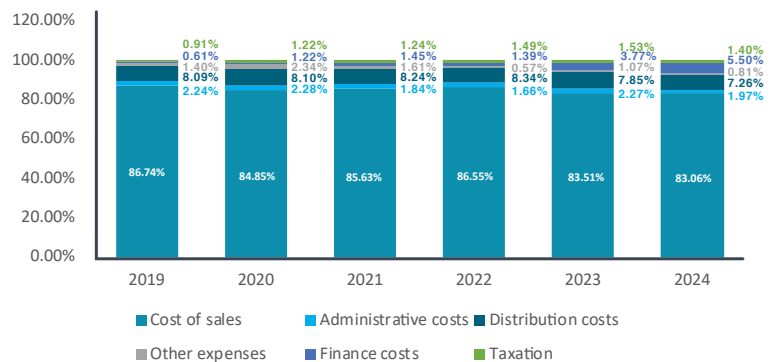
Horizontal Analysis of Expenses



Vertical Analysis of Total Income



Vertical Analysis of Total Expenses



Ratios

		2024	2023	2022	2021	2020	2019
Profitability Ratios							
Gross profit ratio	%	16.96%	22.71%	15.55%	22.43%	22.54%	24.91%
Net profit to sales	%	0.82%	15.72%	6.95%	10.13%	9.41%	20.41%
Return on capital employed	%	12.82%	25.29%	11.87%	16.55%	13.68%	28.68%
Return on assets	%	0.71%	11.49%	5.47%	8.31%	6.79%	17.63%
EBITDA margin to sales	%	11.67%	25.21%	15.43%	16.56%	15.93%	24.91%
Return on equity	%	1.70%	24.45%	11.39%	17.63%	13.89%	29.79%
Operating leverage ratio	Times	(2.44)	8.90	(0.69)	1.30	(6.81)	3.49
Shareholders' Funds	Times	0.42	0.47	0.48	0.47	0.49	0.59
Return on Shareholders' Funds	%	1.70%	24.45%	11.39%	17.63%	13.89%	29.79%
Liquidity Ratios							
Current ratio	Times	1.13	1.40	1.57	1.61	1.53	1.73
Quick / acid test ratio	Times	0.63	0.85	1.03	1.11	0.98	1.11
Cash to current liabilities	Times	0.03	0.04	0.07	0.08	0.25	0.28
Cash flow from operation to sales	Times	0.05	0.07	0.11	0.05	0.12	0.11
Cash flow from operation to capital expenditures	Times	0.59	0.48	0.61	0.51	0.70	0.92
Cash flow from operations coverage ratio	Times	0.08	0.13	0.24	0.10	0.22	0.28
Activity / Turnover Ratio							
Average total asset turnover	Times	0.88	0.81	0.86	0.90	0.81	1.02
Average fixed asset turnover	Times	1.98	1.85	2.04	2.25	2.01	2.41
No. of Days in Inventory	Days	113	117	81	92	113	87
No. of Days in Receivable	Days	79	74	70	73	84	80
No. of Days in Creditors	Days	42	31	22	29	29	20
Operating Cycle	Days	150	160	129	136	168	147
Investment / Market ratio							
Earning per share - basic & diluted	PKR	1.43	22.46	8.76	11.30	7.80	15.90
Price earning ratio	Times	57.57	3.34	7.13	8.89	10.49	6.37
Cash dividend per share	PKR	-	10.93	4.27	3.43	2.34	6.35
Price to Book ratio	Times	0.41	0.38	0.39	0.74	0.72	1.12
Dividend yield ratio	Times	-	0.15	0.07	0.03	0.03	0.06
Dividend payout ratio	Times	-	0.49	0.49	0.30	0.30	0.40
Dividend cover ratio	Times	-	2.05	2.05	3.29	3.33	2.50
Breakup value per share with surplus	PKR	84.27	91.85	76.92	64.90	56.12	53.35
Breakup value per share without surplus	PKR	76.73	84.31	69.19	60.19	52.18	49.37
Market value per share at the year end	PKR	82.33	74.95	62.43	100.51	81.80	100.87
Highest market value during the year	PKR	96.50	82.00	103.13	127.48	105.24	126.00
Lowest market value during the year	PKR	67.98	55.00	59.85	80.01	66.70	53.00
Capital Structure							
Debt to equity ratio (book value)*	%	26.54%	27.19%	31.64%	28.27%	24.74%	11.28%
Debt to equity ratio (market value)**	%	25.55%	31.17%	37.25%	18.13%	16.96%	5.96%
Interest coverage ratio	Times	1.46	6.38	8.58	11.83	13.36	79.11
Financial leverage ratio	Times	1.40	1.13	1.08	1.12	1.05	0.69
Weighted average cost of debt	%	13.30%	7.34%	2.54%	2.61%	2.27%	1.32%
Net assets per share	Times	84.27	91.85	74.94	64.90	56.12	53.35
Employee Productivity Ratio							
Production per employee	Kg	3,412	3,400	3,656	4,122	3,351	3,756
Revenue per employee	PKR in '000	5,588	5,230	3,877	3,362	2,687	2,688
Others							
Spares inventory as % of Total Asset	%	0.27%	0.22%	0.33%	0.40%	0.44%	0.82%
Maintenance cost as % of operating expenses	%	12.00%	12.14%	1.89%	2.07%	2.14%	2.00%

* Debt = long term finance, government grant & current maturity of long term finance & government grant

** Debt = long term finance & current maturity of long term finance

Horizontal Analysis - Statement of Financial Position

	2024	2023	2022	2021	2020	2019
	Rupees in 000' %	Rupees in 000' %	Rupees in 000' %	Rupees in 000' %	Rupees in 000' %	Rupees in 000' %
Assets						
Non current assets						
Property, plant and equipment	36,480,872	33,939,059	27,798,524	20,308,105	17,595,012	13,458,882
Long-term investments	-	-	-	-	(100.00)	24.08
Other non current assets	301,395	98,557	89,866	86,279	75,930	186,153
	36,782,267	34,037,616	27,888,390	20,394,384	17,670,942	18,232
	8.06	22.05	36.75	15.41	29.33	25.85
Current assets						
Store and spares	2,953,568	1,789,066	1,856,132	1,303,298	886,495	908,514
Stock-in-trade	16,698,257	15,449,584	9,896,667	8,437,202	8,269,628	6,411,087
Trade debts	15,967,407	14,389,491	8,766,599	10,115,920	6,809,503	7,629,994
Advances, deposits, prepayments and other receivables	4,520,245	6,251,998	3,938,956	4,108,247	3,117,789	1,770,295
Taxation – net	218,463	455,778	250,197	284,732	472,382	482,195
Short-term investments	2,688,956	4,362,587	8,165,334	5,598,019	3,787,643	-
Cash and bank balances	1,054,766	1,336,630	1,529,044	1,625,126	2,247,990	-
	44,101,662	44,035,134	34,402,929	31,472,544	25,591,430	3,267,698
	0.15	28.00	9.31	22.98	25.02	1,506.82
						20,469,783
						61.68
Total assets	80,883,929	78,072,750	62,291,319	51,866,928	43,262,372	34,133,050
	3.60	25.33	20.10	19.89	26.75	45.14
Share capital and reserves						
Issued, subscribed and paid-up capital	3,994,090	3,994,090	3,994,090	3,768,009	3,768,009	-
Reserves	29,663,050	32,691,791	25,939,234	20,684,867	17,379,049	16,335,440
	(9.26)	26.03	25.40	19.02	6.39	31.75
	(8.26)	36,685,881	29,933,324	24,452,876	21,147,058	20,103,449
		22.56	22.41	15.63	5.19	24.35
Liabilities						
Non-current liabilities						
Deferred liabilities	1,621,440	1,427,225	699,462	451,864	205,355	143,494
Long-term financing	6,573,385	7,839,253	7,949,533	5,409,360	5,012,562	1,991,546
Lease liabilities	143,596	455,578	417,640	660,502	171,678	-
Long-term provisions	-	127,082	1,334,357	1,334,357	-	-
	(100.00)	(90.48)	-	100.00	-	-
	8,338,421	9,849,138	10,400,992	7,856,083	5,389,595	2,135,040
	(15.34)	(5.31)	32.39	45.76	152.44	184.55
Current liabilities						
Trade and other payables	10,910,875	8,807,199	5,796,268	5,958,050	6,646,839	5,076,402
Provisions	4,402,049	4,311,044	-	-	-	-
Short-term borrowings	20,735,654	15,900,000	14,400,000	11,750,000	9,640,000	6,490,000
Current portion of non-current liabilities	2,248,712	1,846,327	1,609,962	1,669,712	346,524	275,388
Other current liabilities	591,078	673,161	150,773	180,207	92,356	52,771
	(12.19)	346.47	(16.33)	95.12	75.01	163.64
	38,888,368	31,537,731	21,957,003	19,557,969	16,725,719	11,894,561
	23.31	43.63	12.27	16.93	40.62	80.22
Total equity and liabilities	80,883,929	78,072,750	62,291,319	51,866,928	43,262,372	34,133,050
	3.60	25.33	20.10	19.89	26.75	45.14

Vertical Analysis - Statement of Financial Position

	2024	2023	2022	2021	2020	2019							
	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%							
Assets													
Non current assets													
Property, plant and equipment	36,480,872	45.10	33,939,059	43.47	27,798,524	44.63	20,308,105	39.15	17,595,012	40.67	13,458,882	39.43	
Long-term investments	301,395	0.37	98,557	0.13	89,866	0.14	86,279	0.17	75,930	0.18	186,153	-	
Other non-current assets	36,782,267	45.48	34,037,616	43.60	27,888,390	44.77	20,394,384	39.32	17,670,942	40.85	18,232	0.05	
												13,663,267	40.03
Current assets													
Store and spares	2,953,568	3.65	1,789,066	2.29	1,856,132	2.98	1,303,298	2.51	886,495	2.05	908,514	2.66	
Stock-in-trade	16,698,257	20.64	15,449,584	19.79	9,896,667	15.89	8,437,202	16.27	8,269,628	19.12	6,411,087	18.78	
Trade debts	15,967,407	19.74	14,389,491	18.43	8,766,599	14.07	10,115,920	19.50	6,809,503	15.74	7,629,994	22.35	
Advances, deposits, prepayments and other receivables	4,520,245	5.59	6,251,998	8.01	3,938,956	6.32	4,108,247	7.92	3,117,789	7.21	1,770,295	5.19	
Taxation – net	218,463	0.27	455,778	0.58	250,197	0.40	284,732	0.55	472,382	1.09	482,195	1.41	
Short-term investments	2,688,956	3.32	4,362,587	5.59	8,165,334	13.11	5,598,019	10.79	3,787,643	8.76	-	-	
Cash and bank balances	1,054,766	1.30	1,336,630	1.71	1,529,044	2.45	1,625,126	3.13	2,247,990	5.20	3,267,698	9.57	
	44,101,662	54.52	44,035,134	56.40	34,402,929	55.23	31,472,544	60.68	25,591,430	59.15	20,469,783	59.97	
Total assets	80,883,929	100.00	78,072,750	100.00	62,291,319	100.00	51,866,928	100.00	43,262,372	100.00	34,133,050	100.00	
Share capital & reserves													
Issued, subscribed and paid-up capital	3,994,090	4.94	3,994,090	5.12	3,994,090	6.41	3,768,009	7.26	3,768,009	8.71	3,768,009	11.04	
Reserves	29,663,050	36.67	32,691,791	41.87	25,939,234	41.64	20,684,867	39.88	17,379,049	40.17	16,335,440	47.86	
	33,657,140	41.61	36,685,881	46.99	29,933,324	48.05	24,452,876	47.15	21,147,058	48.88	20,103,449	58.90	
Liabilities													
Non-current liabilities													
Deferred liabilities	1,621,440	2.00	1,427,225	1.83	699,462	1.12	451,864	0.87	205,355	0.47	143,494	0.42	
Long-term financing	6,573,385	8.13	7,839,253	10.04	7,949,533	12.76	5,409,360	10.43	5,012,562	11.59	1,991,546	5.83	
Lease liabilities	143,596	0.18	455,578	0.58	417,640	0.67	660,502	1.27	171,678	0.40	-	-	
Long-term provisions	-	-	127,082	0.16	1,334,357	2.14	1,334,357	2.57	-	-	-	-	
	8,338,421	10.31	9,849,138	12.62	10,400,992	16.70	7,856,083	15.15	5,389,595	12.46	2,135,040	6.26	
Current liabilities													
Trade and other payables	10,910,875	13.49	8,807,199	11.28	5,796,268	9.31	5,958,050	11.49	6,646,839	15.36	5,076,402	14.87	
Provisions	4,402,049	5.44	4,311,044	5.52	-	-	-	-	-	-	-	-	
Short-term borrowings	20,735,654	25.64	15,900,000	20.37	14,400,000	23.12	11,750,000	22.65	9,640,000	22.28	6,490,000	19.01	
Current portion of non-current liabilities	2,248,712	2.78	1,846,327	2.36	1,609,962	2.58	1,669,712	3.22	346,524	0.80	275,388	0.81	
Other current liabilities	591,078	0.73	673,161	0.86	150,773	0.24	180,207	0.35	92,356	0.21	52,771	0.15	
	38,888,368	48.08	31,537,731	40.40	21,957,003	35.25	19,557,969	37.71	16,725,719	38.66	11,894,561	34.85	
Total equity and liabilities	80,883,929	100.00	78,072,750	100.00	62,291,319	100.00	51,866,928	100.00	43,262,372	100.00	34,133,050	100.00	

Comments on Statement of Financial Position

Assets

Non-Current Assets:

Non-current assets primarily includes property, plant and equipment, which have increased by PKR 23,022 million over the period of last five years at a CAGR of 22.07% on account of expansion, modernization and balancing of manufacturing facilities.

Current Assets:

Current assets mainly consist of stock-in-trade, stores and spares, trade receivables, other receivables, and short-term investments. Over the past five years, stock-in-trade and stores & spares have steadily increased on account of business growth, rising material costs, and significant currency devaluation. Whereas, the Company's trade receivables are directly linked to growth in sales revenue during this period.

For the past four years, the Company has been strategically investing its surplus cash in short-term investments, adjusting the allocation as necessary to meet working capital requirements.

Liabilities

Non-Current Liability:

The non-current liabilities have reduced as it now mainly includes repayments of long term loans obtained in prior years to expand and modernize the production facilities.

Current Liability:

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

Equity:

The shareholder's equity comprises of share capital and reserves. The equity has increased at a CAGR of 10.86% over the past five years, primarily due to increase in retained profits of the Company. Significant decrease is observed in current year due to outflow of dividend of Rs. 3.5 billion.

Vertical Analysis - Statement of Profit or Loss

	2024	2023	2022	2021	2020	2019
	Rupees in 000'	%	Rupees in 000'	%	Rupees in 000'	%
Sales - net	69,757,601	100.00	57,051,733	100.00	49,018,456	100.00
Cost of sales	(57,925,400)	(83.04)	(44,096,387)	(77.29)	(41,394,974)	(84.45)
Gross profit	11,832,201	16.96	12,955,346	22.71	7,623,482	15.55
Administrative costs	(1,376,943)	(1.97)	(1,199,518)	(2.10)	(796,432)	(1.62)
Distribution costs	(5,062,989)	(7.26)	(4,142,936)	(7.26)	(3,987,443)	(8.13)
Other expenses	(564,144)	(0.81)	(567,527)	(0.99)	(273,355)	(0.56)
	(7,004,076)	(10.04)	(5,909,981)	(10.36)	(5,057,230)	(10.32)
Other income	555,227	0.80	4,721,338	8.28	2,219,811	4.53
Operating profit	5,383,352	7.72	11,766,703	20.62	4,786,063	9.76
Finance costs	(3,835,632)	(5.50)	(1,991,012)	(3.49)	(665,374)	(1.36)
Profit before income tax and final taxes	1,547,720	2.22	9,775,691	17.13	4,120,689	8.41
Final taxes	(946,696)	(1.36)	(892,756)	(1.56)	(712,235)	(1.45)
Profit before income tax	601,024	0.86	8,882,935	15.57	3,408,454	6.95
Income tax	(28,683)	(0.04)	86,522	0.15	-	-
Profit after income tax	572,341	0.82	8,969,457	15.72	3,408,454	6.95
			4,311,291	10.13	2,937,221	9.41
			(4,504,365)	(10.58)	(3,622,389)	(11.61)
			(619,275)	(1.45)	(667,832)	(2.14)
			(3,177,152)	(7.46)	(2,306,404)	(7.39)
			(707,938)	(1.66)	(648,153)	(2.08)
			300,776	0.71	218,888	0.70
			5,347,611	12.56	3,630,584	11.63
			4,789,284	11.25	3,283,625	10.52
			(558,327)	(1.31)	(346,959)	(1.11)
			4,311,291	10.13	2,937,221	9.41
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			(619,275)	(1.45)	(667,832)	(2.14)
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			(707,938)	(1.66)	(648,153)	(2.08)
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			(619,275)	(1.45)	(667,832)	(2.14)
			(3,177,152)	(7.46)	(2,306,404)	(7.39)
			(707,938)	(1.66)	(648,153)	(2.08)
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			(558,327)	(1.31)	(346,959)	(1.11)
			4,311,291	10.13	2,937,221	9.41
			4,311,291	10.13	2,937,221	9.41
			(4,504,365)	(10.58)	(3,622,389)	(11.61)
			(619,275)	(1.45)	(667,832)	(2.14)
			(3,177,152)	(7.46)	(2,306,404)	(7.39)
			(707,938)	(1.66)	(648,153)	(2.08)
			300,776	0.71	218,888	0.70
			5,347,611	12.56	3,630,584	11.63
			4,789,284	11.25	3,283,625	10.52
			(558,327)	(1.31)	(346,959)	(1.11)
			4,311,291	10.13	2,937,221	9.41
			4,311,291	10.13	2,937,221	9.41
			(4,504,365)	(10.58)	(3,622,389)	(11.61)
			(619,275)	(1.45)	(667,832)	(2.14)
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			4,311,291	10.13	2,937,221	9.41
			4,311,291	10.13	2,937,221	9.41
			(4,504,365)			

Comments on Statement of Profit or Loss

Sales

Over the last five years, revenues have steadily increased from Rs. 29.35 billion in 2019 to Rs. 69.76 billion in 2024, demonstrating a CAGR of 18.91%. This rise in sales revenue can be attributed to the management's persistent efforts to sustain and grow market share and the customer base. Additionally, the significant devaluation of the rupee against foreign currencies positively influenced the Company's net turnover. However, it is important to note that sales prices are facing pressure due to the global economic situation and heightened competition.

Cost of Sales

Cost of sales increased from Rs. 22.04 billion in 2019 to Rs. 57.93 billion in 2024. The increase in cost of sales is primarily attributable to growth in business operations. However, the substantial increase in energy and fuel cost and negative impact of rupee devaluation on imported materials create challenges to keep the cost under control.

Operating Profit

Operating profit declined from Rs. 6.38 billion in 2019 to Rs. 5.38 billion in 2024, largely due to the factors mentioned above. Nevertheless, management has worked diligently to enhance efficiencies and achieve economies of scale despite these challenges.

Profit After Tax

The Company experienced a decline in net profit from last year due to significant increase in finance costs. This rise was driven by higher working capital and capital expenditure demands, coupled with increased interest rates.

Summary of Cash flow Statement

	2024	2023	2022	2021	2020	2019
	----- (Rupees in 000') -----					
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before taxation	1,547,720	9,775,691	4,120,689	4,789,284	3,283,625	6,221,094
Adjustments for:						
Depreciation and Amortization	2,758,055	2,617,326	2,776,155	1,703,743	1,339,966	933,609
Loss / (gain) on disposal of operating fixed assets	490	(8,828)	(6,147)	20,821	47,595	15,026
Impairment	-	-	-	-	-	-
Operating fixed assets written off	18,481	1,314	2,028	-	13,379	-
Provision for slow moving and obsolete stores and spares	-	-	22,161	14,677	23,807	-
Provision for doubtful advances	-	-	-	-	104,969	-
Charge against Provisions	10,209	1,226,394	-	-	-	-
Exchange gain on derivative financial instruments	(53,539)	-	-	-	-	-
Allowance for expected credit loss on trade debts	(835)	39,198	6,985	6,163	16,944	-
Finance costs	3,835,632	1,991,012	665,374	558,327	346,959	155,892
Provision for gratuity	373,669	242,052	291,073	217,839	111,680	143,494
Advances written off	1,873	-	-	-	-	-
Reversal of provision against doubtful advances	-	(1,461)	(39,878)	(62,901)	-	-
Interest on bank deposit	(54,250)	(60,694)	(64,539)	(49,237)	(59,801)	(55,627)
Dividend income on open ended mutual fund units	(202,929)	(534,842)	(373,304)	(188,638)	(159,087)	-
	6,686,856	5,511,471	3,279,908	2,220,794	1,786,411	1,192,394
Changes in working capital						
Stores and spares	(1,164,502)	67,066	(574,995)	(431,480)	(1,788)	(275,804)
Stock-in-trade	(1,248,673)	(5,552,917)	(1,459,465)	(167,574)	(1,858,541)	(2,518,817)
Trade debts	(1,577,081)	(4,531,805)	1,342,336	(3,312,580)	803,547	(2,438,502)
Advances, deposits, prepayments and other receivables	1,787,305	(2,281,625)	207,429	(933,706)	(1,290,618)	354,769
Trade and other payables	2,099,790	3,773,438	(189,248)	637,500	1,560,598	1,208,769
	(103,161)	(8,525,843)	(673,943)	(4,207,840)	(786,802)	(3,669,585)
Cash generated from operations	8,131,415	6,761,319	6,726,654	2,802,238	4,283,234	3,743,903
Finance costs paid	(3,917,954)	(1,560,388)	(599,004)	(485,281)	(307,408)	(123,636)
Final taxes paid	(696,669)	(642,321)	-	-	-	-
Income taxes paid	(41,395)	(369,495)	(677,700)	(290,343)	(336,591)	(281,830)
Long-term deposits	(147,051)	(14,880)	(9,174)	(16,580)	-	(8,047)
Provisions utilized during the year	(46,286)	-	-	-	-	-
Gratuity paid	(124,774)	(95,271)	(123,107)	(41,175)	(26,888)	-
	(4,974,129)	(2,682,355)	(1,408,985)	(833,379)	(670,887)	(413,513)
Net cash generated from operating activities	3,157,286	4,078,964	5,317,669	1,968,859	3,612,347	3,330,390
CASH FLOWS FROM INVESTING ACTIVITIES						
Fixed capital expenditure	(5,391,969)	(8,441,079)	(8,761,292)	(3,827,021)	(5,253,765)	(3,633,853)
Proceeds from disposal of operating fixed assets	17,343	23,630	28,334	61,611	98,253	73,332
Short-term investments encashed / (made)	1,876,560	4,337,589	(2,567,315)	(3,810,376)	(1,684,533)	-
Interest received on bank deposit	54,250	60,694	66,279	55,386	54,100	53,439
Dividend income received on open ended mutual fund units	-	-	373,304	188,638	55,977	-
Net cash used in investing activities	(3,443,816)	(4,019,166)	(10,860,690)	(7,331,762)	(6,729,968)	(3,507,082)
CASH FLOWS FROM FINANCING ACTIVITIES						
Dividends paid	(3,546,513)	(1,980,887)	(1,148,581)	(909,265)	(1,921,651)	(2,053,066)
Long-term financing obtained – net	(1,040,449)	549,052	2,618,337	1,705,579	2,975,446	1,354,092
Short-term borrowings obtained – net	4,835,654	1,500,000	2,650,000	2,110,000	3,150,000	3,940,000
Proceeds against right issue	-	-	1,571,748	-	-	-
Principal portion of lease liabilities paid	(244,026)	(320,377)	(244,565)	(166,275)	(105,882)	-
Net cash generated from / (used in) financing activities	4,666	(252,212)	5,446,939	2,740,039	4,097,913	3,241,026
Net increase in cash and cash equivalents	(281,864)	(192,414)	(96,082)	(2,622,864)	980,292	3,064,334
Cash and cash equivalents at the beginning of the year	1,336,630	1,529,044	1,625,126	4,247,990	3,267,698	203,364
Cash and cash equivalents at the end of the year	1,054,766	1,336,630	1,529,044	1,625,126	4,247,990	3,267,698

Comments on Statement of Cash Flow

Operating Activities:

The Company's operating cash flow has gradually declined over the past two years. This decrease can largely be attributed to lower profits this year, as finance costs have risen due to higher policy rates and increased borrowing needs along with higher cost of production.

Investing Activities:

Cash used in investment activities primarily includes capital expenditures and short-term investments. In 2024, cash outflows for these activities totalled Rs. 3.44 billion. The capital expenditures mainly focus on ongoing efforts to modernize and replace existing manufacturing facilities, which represented the largest share of cash outflows in investment activities.

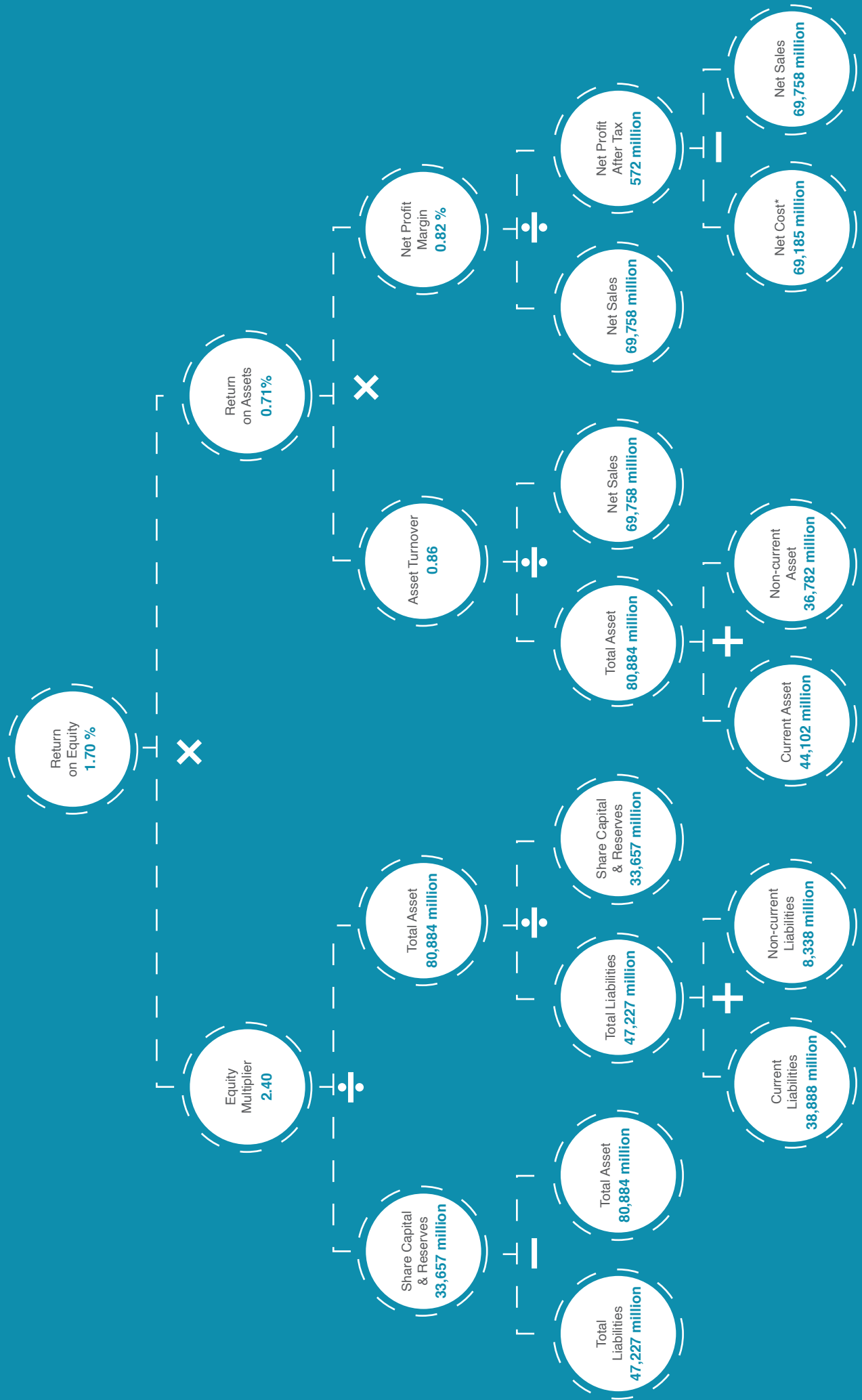
Financing Activities:

Financing activities mainly consist of cash flows related to long-term and short-term loans, along with dividends paid to shareholders. Obtaining of short term loans as necessitated by higher working capital needs is the major component this year.

Statement of Value Addition and its Distribution

	2024		2023	
	Rupees in 000'	%	Rupees in 000'	%
Wealth generated				
Sales including sales tax	70,025,184		57,222,707	
Other operating income	555,227		4,721,338	
Brought-in-material & services	(51,142,572)		(38,484,519)	
	<u>19,437,839</u>	<u>100%</u>	<u>23,405,249</u>	<u>100%</u>
Wealth distribution				
<i>To Employees</i>				
Salaries, benefit and other cost	10,943,964	56.30%	8,779,023	37.51%
<i>To Government</i>				
Final tax, Income tax, sales tax, excise duty and others	1,298,161	6.68%	1,022,328	4.37%
<i>To Society</i>				
Donation towards education and health	29,686	0.15%	26,103	0.11%
<i>To Provider of capital</i>				
Cash dividend to shareholder	3,546,752	18.25%	1,981,069	8.46%
Finance cost	3,835,632	19.73%	1,991,012	8.51%
<i>To Company</i>				
Depreciation, amortization & retained profit	(216,356)	-1.11%	9,605,714	41.04%
	<u>19,437,839</u>	<u>100%</u>	<u>23,405,249</u>	<u>100%</u>

Dupont Analysis



* Net Cost = Total costs net of other income

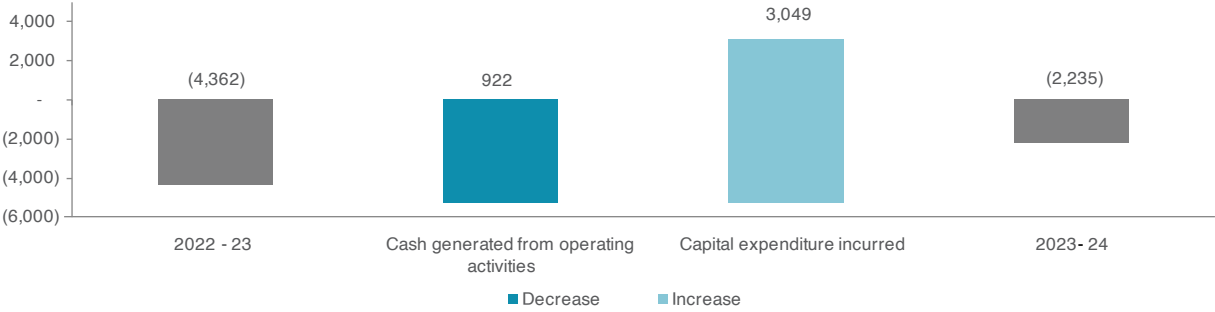
Year	ROE	Profit Margin	Total Asset Turnover	Equity Multiplier
2024	1.70%	0.82%	0.88	2.40
2023	24.45%	15.72%	0.81	2.11
2022	11.39%	6.95%	0.86	2.14
2021	17.63%	10.13%	0.90	2.12
2020	13.89%	9.41%	0.81	2.05
2019	29.79%	20.41%	1.02	1.69

Comments on DuPont Analysis

- Profit margin of the Company decreased in the current year mainly on account of significant increase in energy costs and finance cost.
- The Company's asset base has strengthened this year primarily due to the expansion, modernization, and upgrading of its manufacturing facilities.
- The Company's equity multiplier ratio has risen due to payment of dividend of Rs. 3.5 billion in current year.

Free Cash Flow

	2024	2023
	----- Rupees in '000 -----	
Cash generated from operating activities	3,157,286	4,078,964
Less: Capital expenditure incurred	<u>(5,391,969)</u>	<u>(8,441,079)</u>
	<u>(2,234,683)</u>	<u>(4,362,115)</u>



Statement of Cash Flow

Direct Method

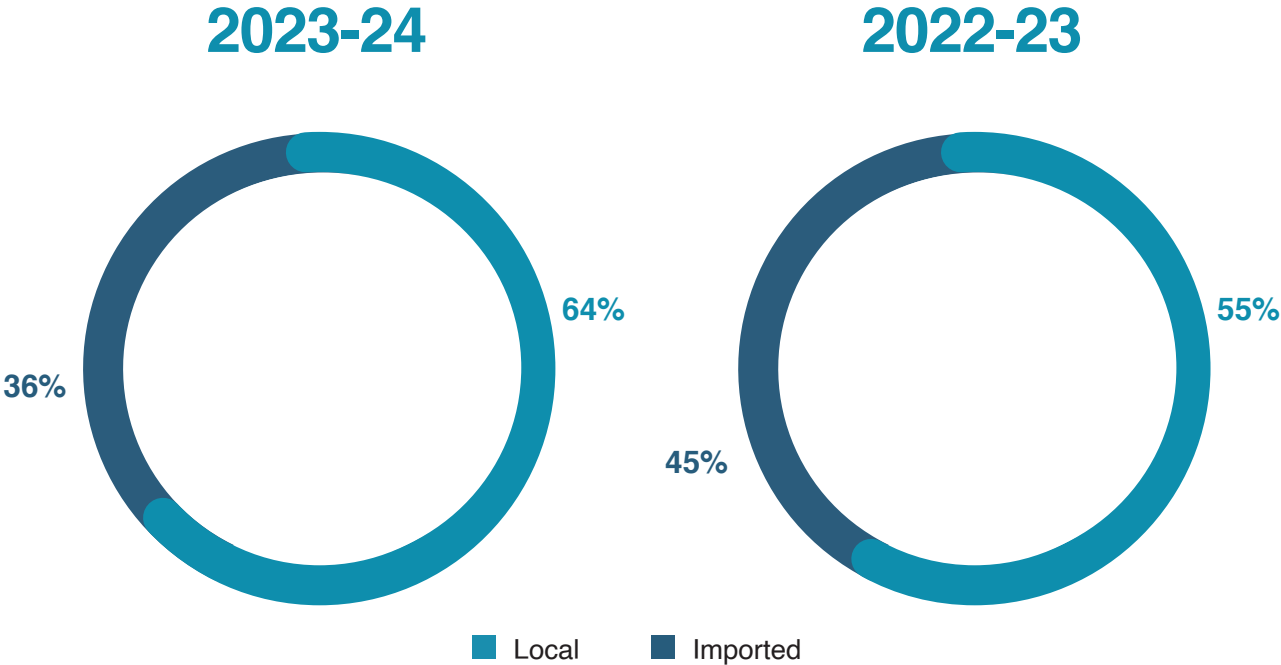
	2024	2023
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceed from customers	67,821,459	56,638,936
Proceed from Government refundable	728,721	355,459
	<u>68,550,180</u>	<u>56,994,395</u>
Payment to suppliers / service providers etc.	(49,477,157)	(42,754,697)
Payment to employees	(10,987,894)	(7,478,379)
Finance costs paid	(3,917,954)	(1,560,388)
Final taxes paid	(696,669)	(642,321)
Income taxes paid	(41,395)	(369,495)
Long-term deposits	(147,051)	(14,880)
Gratuity paid	(124,774)	(95,271)
	<u>(65,392,894)</u>	<u>(52,915,432)</u>
Net cash generated from operating activities	3,157,286	4,078,963
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(5,391,969)	(8,441,079)
Proceeds from disposal of operating fixed assets	17,343	23,630
Short-term investments encashed / (made)	1,876,560	4,337,589
Interest received on bank deposit	54,250	60,694
Net cash used in investing activities	<u>(3,443,816)</u>	<u>(4,019,166)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(3,546,513)	(1,980,887)
Proceeds against right issue	-	-
Issue cost of right shares	-	-
Long-term financing obtained – net	(1,040,449)	549,052
Short-term borrowings obtained – net	4,835,654	1,500,000
Principal portion of lease liabilities paid	(244,026)	(320,377)
Net cash generated from financing activities	<u>4,666</u>	<u>(252,212)</u>
Net increase in cash and cash equivalents	(281,864)	(192,415)
Cash and cash equivalents at the beginning of the year	1,336,630	1,529,044
Cash and cash equivalents at the end of the year	<u><u>1,054,766</u></u>	<u><u>1,336,629</u></u>

Quarterly Performance

Particular	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Annual	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Sales	17,698,959	100.0%	17,139,170	100.0%	18,037,244	100.0%	16,882,228	100.0%	69,757,601	100.0%
Cost of sales	(13,994,232)	-79.1%	(14,626,303)	-85.3%	(14,864,612)	-82.4%	(14,440,253)	-85.5%	(57,925,400)	-83.0%
Gross profit	3,704,727	20.9%	2,512,867	14.7%	3,172,632	17.6%	2,441,975	14.5%	11,832,201	17.0%
Administrative costs	(349,040)	-2.0%	(327,426)	-1.9%	(329,380)	-1.8%	(371,097)	-2.2%	(1,376,943)	-2.0%
Distribution costs	(1,292,543)	-7.3%	(1,155,839)	-6.7%	(1,444,941)	-8.0%	(1,169,666)	-6.9%	(5,062,989)	-7.3%
Other expenses	(144,042)	-0.8%	(379,838)	-2.2%	(130,352)	-0.7%	90,088	0.5%	(564,144)	-0.8%
	(1,785,625)	-10.1%	(1,863,103)	-10.9%	(1,904,673)	-10.6%	(1,450,675)	-8.6%	(7,004,076)	-10.0%
Other income	1,919,102	10.8%	649,764	3.8%	1,267,959	7.0%	991,300	5.9%	4,828,125	6.9%
	178,271	1.0%	12,966	0.1%	6,664	0.0%	357,326	2.1%	555,227	0.8%
Operating Profit	2,097,373	11.9%	662,730	3.9%	1,274,623	7.1%	1,348,626	8.0%	5,383,352	7.7%
Finance costs	(814,785)	-4.6%	(974,082)	-5.7%	(1,035,457)	-5.7%	(1,011,308)	-6.0%	(3,835,632)	-5.5%
Profit before income tax and final taxes	1,282,588	7.2%	(311,353)	-1.8%	239,166	1.3%	337,319	2.0%	1,547,720	2.2%
Final taxes	(275,846)	-1.6%	(229,675)	-1.3%	(240,084)	-1.3%	(201,091)	-1.2%	(946,696)	-1.4%
Profit before income tax	1,006,742	5.7%	(541,028)	-3.2%	(918)	0.0%	136,228	0.8%	601,024	0.9%
Income tax	(831)	0.0%	294	0.0%	1,160	0.0%	(29,306)	-0.2%	(28,683)	0.0%
Profit after income tax	1,005,911	5.7%	(540,734)	-3.2%	242	0.0%	106,922	0.6%	572,341	0.8%
Earning per share	2.52		(1.35)		0.00		0.27		1.43	

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

For the year ended June 30, 2024



The Company is a leading manufacturer and exporter of textile products in the Country. Its raw materials include fibers, yarns, dyes and chemicals, packing materials, and various commercial services. For the year ended June 30, 2024, imported and locally sourced raw materials accounted for 36% and 64% of the cost of sales, compared to 45% and 55% in the previous year.

The Company's cost of sales is expected to rise or fall by 2% and 5% respectively if foreign currency fluctuations are 10% and 20%. This indicates a high sensitivity to such fluctuations, as they significantly impact the overall cost of sales. This analysis assumes that all other variables, particularly interest rates, remain unchanged.

Analysis on Financial & Non - Financial Performance

Financial Performance

I. Financial Performance in comparison with Prior year

In the fiscal year being reviewed, the Company achieved a net sales revenue of PKR 69,758 million, reflecting a significant increase of 22.27% from the previous year. However, the Company faced various challenges related to costs, including increased energy costs, higher finance cost and inflationary pressures on key cost components following rupees devaluation. As a result, the bottom line was negatively impacted compared to the previous year to PKR 572 million, from PKR 8,969 million reflecting a decrease of 93.62% which was amplified due to substantial exchange gain.

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.

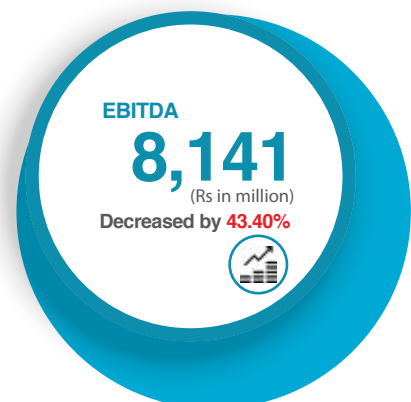
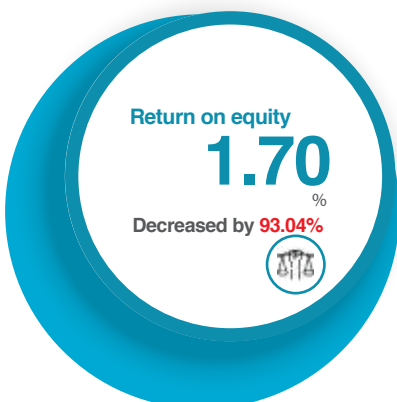
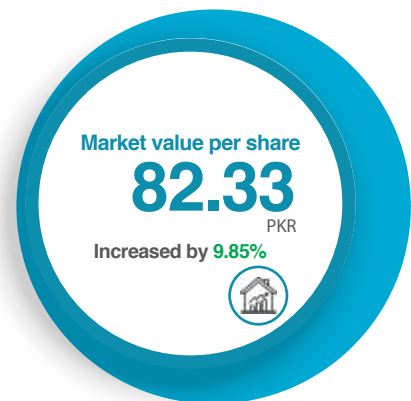
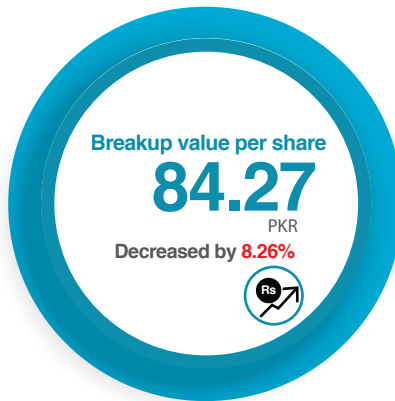
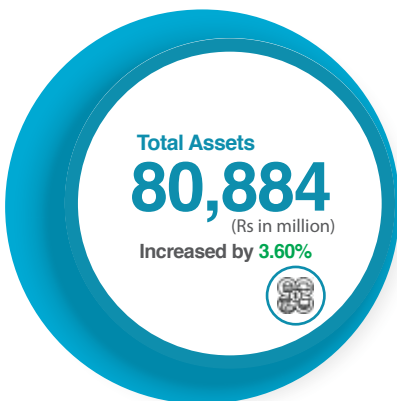
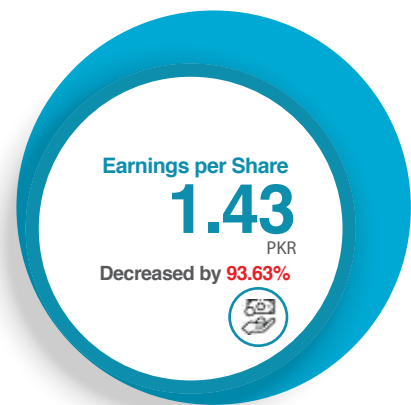
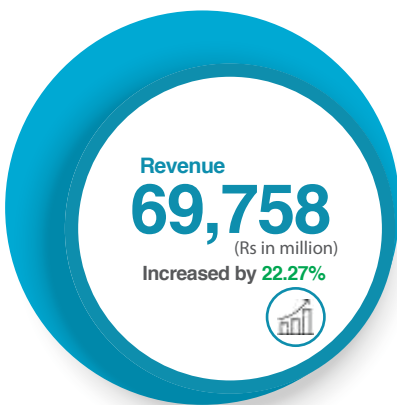
II. Financial performance in comparison with Budget

The management diligently adheres to the practice of establishing and managing budgets. This commitment ensures that the financial, operational, and capital plans crafted and approved during the budgeting process are successfully implemented. Once budgets are in place, they are monitored closely to maintain accountability in expenditures. Additionally, this continuous and detailed monitoring allows management to evaluate service delivery, verify that new initiatives are progressing as intended, and identify trends that may impact future operations.

This year performance is overall in line with Budget excluding the significant increase in energy cost which was not projected at this magnitude.

Key Performance Indicators

Key Performance Indicator (KPI) is a measurable value that illustrates how effectively the Company is achieving its key business objectives. The Company employs KPIs at various levels to assess its success in meeting these targets. Below, we have outlined the specific KPIs used to evaluate progress against objectives:



Non - Financial Indicators

Capital Form	Objective	KPI Monitored
Manufactured Capital	Customer Satisfaction	Maintaining high product quality throughout the entire production process ensures that our offerings consistently meet customer expectations.
	Process improvement and innovation	The application of Kaizen techniques across different levels of the organization has led to several significant enhancements.
Human Capital	Employee's engagement	The Company has consistently organized various activities and events focused on enhancing employee well-being, skill development, and personal growth.
	Health & Safety	Health and safety measures are central to the Company's core philosophy. The Company regularly holds refresher sessions to maintain employee health and safety.
Natural Capital	Adopting and promoting environmental good practices	The Company has implemented various initiatives to adopt the principles of Reduce, Reuse, and Recycle (the 3Rs). These efforts aim to minimize natural resource consumption and mitigate harmful emissions prior to release, ultimately seeking to lessen the Company's environmental impact.
Financial Capital	Maximizing market share and expanding customer base	Consistent growth in sales revenue has enabled the Company to strengthen its position in the Country's terry exports market and expand its customer base.
Social and Relationship Capital	Responsibility & contribution towards society	The Company actively participated in and made significant contributions to various CSR initiatives.
Intellectual Capital	Recruitment, retention and development of employee competencies	As a core Company value, a variety of training sessions have been organized to improve the skills set and development of employees at every level.

Budget

The Company prioritizes its non-financial objectives and has allocated a budget for developing its manufactured, human, social, and relationship capital for the coming year. Management continuously monitors these KPIs, investigates any significant deviations from the previous year to implement corrective actions.

Methods and Assumptions used in compiling the Key Performance Indicators

A key performance indicator reflects the parameters and factors that can significantly influence a company's financial and non-financial performance. The Company employs various methods and assumptions when compiling its financial and non-financial indicators. All indicators are developed based on the fundamental assumptions outlined below and are reviewed and monitored regularly.

The primary assumptions used for compiling non-financial indicators include export market trends, customer relationship building, stakeholder expectations, and process improvements through various technological advancements.

The key assumptions used for compiling financial indicators are below:

Financial Position

- Appropriateness of capital mix in 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

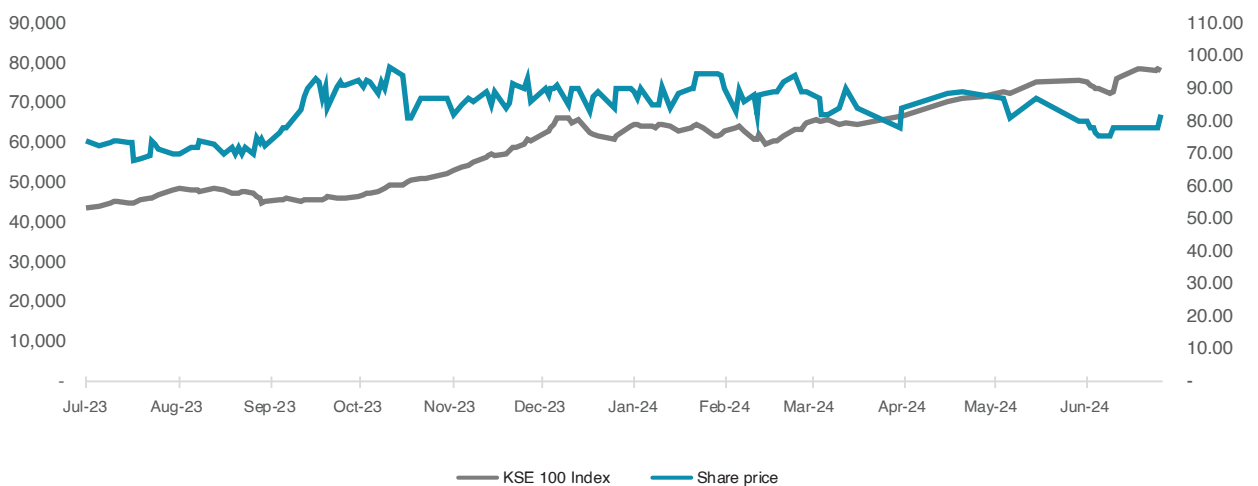
- Monitoring on funds used in / generated from operating, investing and financial cash flow activities.
- Reviewing funds used in working capital management.

Share Price Information and Sensitivity analysis

Share Price sensitivity analysis

Share prices are influenced by various factors, including overall market performance, investor confidence in the economy and specific sectors, the company's fundamental health, availability of cost effective raw materials and government policies or regulations. Positive market sentiment and news can also lead to fluctuations in a company's share price.

As a responsible and compliant organization, Feroze1888 ensures that it disseminates price-sensitive information to the stock exchange in accordance with listing regulations in a timely manner. On June 30, 2023, FML's share price was PKR 74.95 per share, which increased to PKR 82.33 per share by June 30, 2024. As illustrated in the graph, during this period, the share price fluctuated, reaching a low of PKR 67.98 per share on July 19, 2023, and a high of PKR 96.50 per share on October 13, 2023.









Charting a course for **progress**

As we reflect on the past year, it is clear that our path forward has been marked by purposeful decisions and a steadfast commitment to progress. Guided by our vision, we have navigated a rapidly changing landscape, continuously evolving to meet the needs of our customers, stakeholders, and communities.

Adoption and Statement of Adherence with the International Integrated Report 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:

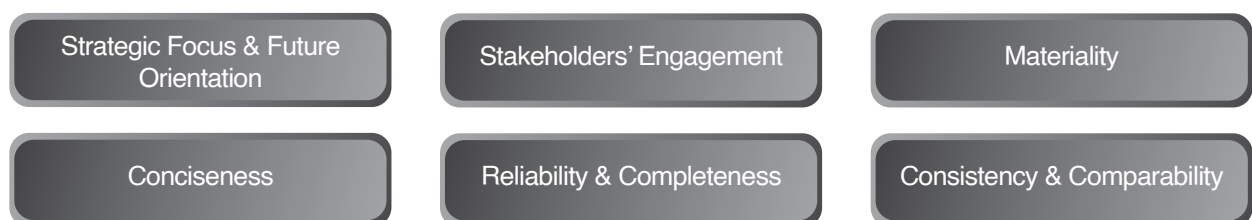
Feroze1888 is in the process of adopting the International Integrated Reporting Framework (IIRF) and is committed to upholding best practices in corporate governance. This framework necessitates a strong commitment from the Company's management, which is ultimately responsible for the messages conveyed to all 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 management believes that maximizing stakeholder value can be achieved through increased revenue and effective cost control measures.

Application of the Integrated Reporting Framework:

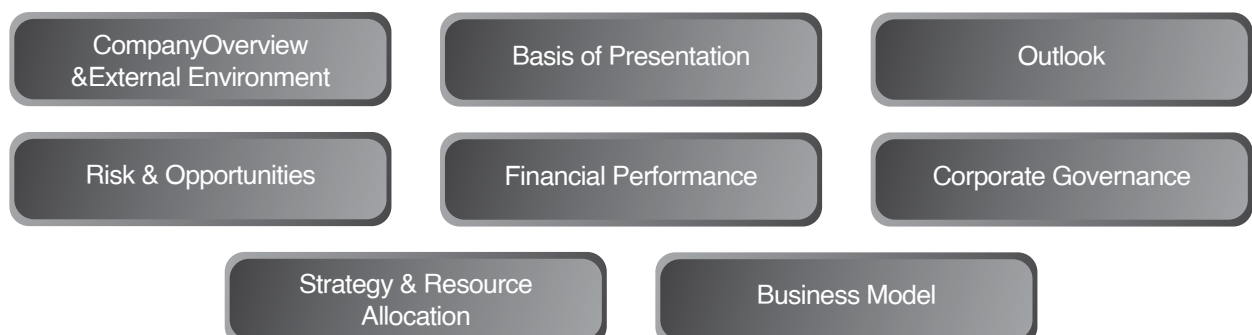
The Company adheres to the proper application of the International Integrated Reporting Framework which is divided into two major segments:

- Guiding Principle of this Report
- Content Element of this Report

Guiding Principle of this Report



Content Element of this Report



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 4.1 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.

Independent Auditors' Report

To the members of Feroze 1888 Mills Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Feroze 1888 Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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 the 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 our audit addressed the key audit matter
1. Existence of property, plant and equipment	
<p>As disclosed in note 6 to the financial statements, property, plant and equipment of the Company as at 30 June 2024 amounted to Rs. 36,481 million which constitutes 45% of total assets of the Company. This comprise of operating fixed assets, capital work-in-progress and right of use assets.</p> <p>We have identified existence of property, plant and equipment as a key audit matter given the relative size of the balance in the statement of financial position.</p>	<p>Our key audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> - obtained an understanding of management's internal controls over the existence of property, plant and equipment and tested effectiveness of controls relevant to such process; - assessed the nature of costs incurred on projects by performing substantive procedures on additions during the year on sample basis and ensured that the cost capitalised met the capitalisation criteria in accordance with the applicable financial reporting standards; - physically verified the fixed assets on sample basis and reviewed the relevant contracts and documents including but not limited to suppliers' invoices, delivery notes, international letter of credit and shipping documentations supporting various components of the capitalized costs; and - considered the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting framework.
2. Existence and valuation of stock-in-trade	
<p>As disclosed in note 10 to the financial statements, stock-in-trade held by the Company amounted to Rs. 16,698 million as at 30 June 2024.</p> <p>Stock-in-trade is valued at lower of cost and net realisable value except raw materials in transit which is valued at cost, comprising invoice price plus other charges incurred thereon up to the reporting date.</p> <p>Given the significant amount of stock-in-trade on the statement of financial position and the degree of judgment inherent in certain assumptions underlying the valuation of stock-in-trade, we have considered this to be a key audit matter.</p>	<p>Our key audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> - obtained an understanding of management's internal controls over the existence and valuation of stock-in-trade and tested effectiveness of controls relevant to such process; - observed physical counts performed by the management for raw materials and finished goods held at various locations;

Key audit matters	How our audit addressed the key audit matter
1. Existence of property, plant and equipment	
	<ul style="list-style-type: none"> - checked that the stock-in-trade as at 30 June 2024 was recorded at the lower of cost and net realisable value by testing a sample of items to the subsequent prices; - performed procedures in respect of stock-in-trade held at major third party locations including circularisation of third party confirmations; and - considered the adequacy of the disclosures as per the guidelines 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:

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

The engagement partner on the audit resulting in this independent auditors' report is Omer Chughtai.



Chartered Accountants

Place: Karachi

Date: 04 October, 2024

UDIN: AR202410120oRYJS2TWG

Statement of Financial Position

As at June 30, 2024

	Note	2024	2023
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property, plant and equipment	6	36,480,872	33,939,059
Intangible assets	7	67,320	11,533
Long-term deposits	8	234,075	87,024
		<u>36,782,267</u>	<u>34,037,616</u>
Current assets			
Stores and spares	9	2,953,568	1,789,066
Stock-in-trade	10	16,698,257	15,449,584
Trade debts	11	15,967,407	14,389,491
Advances, deposits, prepayments and other receivables	12	4,520,245	6,251,998
Taxation - net		218,463	455,778
Short-term investments	13	2,688,956	4,362,587
Cash and bank balances	14	1,054,766	1,336,630
		<u>44,101,662</u>	<u>44,035,134</u>
TOTAL ASSETS		<u>80,883,929</u>	<u>78,072,750</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 400,000,000 (2023: 400,000,000) ordinary shares of Rs 10/- each		4,000,000	4,000,000
Issued, subscribed and paid-up capital	15.1	3,994,090	3,994,090
Share premium	15.2	1,571,733	1,571,733
Merger reserve	15.3	543,413	543,413
Revaluation surplus on land		3,010,172	3,010,172
Revenue reserve - accumulated profit		24,537,732	27,566,473
		<u>33,657,140</u>	<u>36,685,881</u>
LIABILITIES			
Non-current liabilities			
Deferred liabilities	16	1,621,440	1,427,225
Long-term financing	17	6,573,385	7,839,253
Lease liabilities	18	143,596	455,578
Long-term provisions	20	-	127,082
		<u>8,338,421</u>	<u>9,849,138</u>
Current liabilities			
Trade and other payables	19	10,910,875	8,807,199
Provisions	20	4,402,049	4,311,044
Short-term borrowings	21	20,735,654	15,900,000
Accrued mark-up	22	588,661	670,983
Current portion of government grant	16.2	113,326	112,751
Current portion of long-term financing	17	1,827,050	1,493,196
Current portion of lease liabilities	18	308,336	240,380
Unclaimed dividend		2,417	2,178
		<u>38,888,368</u>	<u>31,537,731</u>
Contingencies and commitments	23		
TOTAL EQUITY AND LIABILITIES		<u>80,883,929</u>	<u>78,072,750</u>

The annexed notes 1 to 43 form an integral part of these financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

AMINAH ZAHID ZAHEER
Director

Statement of Profit Or Loss

For the year ended June 30, 2024

	Note	2024 ------(Rupees in '000)-----	2023 (Restated)
Sales - net	24	69,757,601	57,051,733
Cost of sales	25	(57,925,400)	(44,096,387)
Gross profit		<u>11,832,201</u>	<u>12,955,346</u>
Administrative costs	26	(1,376,943)	(1,199,518)
Distribution costs	27	(5,062,989)	(4,142,936)
Other expenses	28	(564,144)	(567,527)
		<u>(7,004,076)</u>	<u>(5,909,981)</u>
		4,828,125	7,045,365
Other income	29	555,227	4,721,338
Operating profit		<u>5,383,352</u>	<u>11,766,703</u>
Finance costs	30	(3,835,632)	(1,991,012)
Profit before income tax and final taxes		<u>1,547,720</u>	<u>9,775,691</u>
Final taxes	31.1 & 31.2	(946,696)	(892,756)
Profit before income tax		<u>601,024</u>	<u>8,882,935</u>
Income tax			
Current - for the year		(19,620)	(9,115)
Current - prior year		(9,063)	95,637
	31.1	<u>(28,683)</u>	<u>86,522</u>
Profit after income tax		<u>572,341</u>	<u>8,969,457</u>
		------(Rupees)-----	
Earnings per share - basic and diluted	32	<u>1.43</u>	<u>22.46</u>

The annexed notes 1 to 43 form an integral part of these financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

AMINAH ZAHID ZAHEER
Director

Statement of Comprehensive Income

For the year ended June 30, 2024

	Note	2024	2023
		------(Rupees in '000)-----	
Profit after income tax		572,341	8,969,457
Other comprehensive loss			
Items that will not be subsequently reclassified to statement of profit or loss			
Actuarial loss on defined benefit obligation - net	16.1.6	(54,330)	(235,831)
Total comprehensive income for the year		<u>518,011</u>	<u>8,733,626</u>

The annexed notes 1 to 43 form an integral part of these financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

AMINAH ZAHID ZAHEER
Director

Statement of Changes in Equity

For the year ended June 30, 2024

	Issued, subscribed and paid-up capital	Capital reserves			Revenue reserve	Total
		Merger reserve	Share premium	Revaluation surplus on land	Accumulated profit	
------(Rupees in '000)-----						
Balance as at June 30, 2022	3,994,090	543,413	1,571,733	3,010,172	20,813,916	29,933,324
Profit after income tax	-	-	-	-	8,969,457	8,969,457
Other comprehensive loss for the year	-	-	-	-	(235,831)	(235,831)
Total comprehensive income for the year	-	-	-	-	8,733,626	8,733,626
Final cash dividend for the year ended June 30, 2022 at Rs. 2.91 /- per share	-	-	-	-	(1,162,280)	(1,162,280)
Interim cash dividend for the year ended June 30, 2023 at 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	27,566,473	36,685,881
Profit after income tax	-	-	-	-	572,341	572,341
Other comprehensive loss for the year	-	-	-	-	(54,330)	(54,330)
Total comprehensive income for the year	-	-	-	-	518,011	518,011
Final cash dividend for the year ended June 30, 2023 at Rs. 8.88 /- per share	-	-	-	-	(3,546,752)	(3,546,752)
Balance as at June 30, 2024	3,994,090	543,413	1,571,733	3,010,172	24,537,732	33,657,140

The annexed notes 1 to 43 form an integral part of these financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

AMINAH ZAHID ZAHEER
Director

Statement of CASH FLOWS

For the year ended June 30, 2024

	Note	2024	2023
------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax and final taxes		1,547,720	9,775,691
Adjustment for:			
Depreciation on operating fixed assets	6.5	2,504,125	2,389,229
Depreciation on right-of-use assets	6.8.1	247,993	221,908
Amortization on intangible assets	7	5,937	6,189
Operating fixed assets written off	28	18,481	1,314
Loss / (gain) on disposal of operating fixed assets - net	28 & 29	490	(8,828)
(Reversal) / allowance for expected credit loss on trade debts - net	29 & 28	(835)	39,198
Net exchange gain on derivative financial instruments	29	(53,539)	-
Finance costs		3,751,717	1,947,921
Accretion of interest on lease liabilities	18.1	83,915	43,091
Amounts recognised in respect of defined benefit obligation	16.1.5	373,669	242,052
Charge against provisions - net		10,209	1,226,394
Interest on conventional savings account	29	(54,250)	(60,694)
Dividend income on open ended shariah compliant mutual funds	29	(202,929)	(534,842)
Advances written off	28	1,873	-
Reversal of provision for doubtful advances	29	-	(1,461)
		6,686,856	5,511,471
(Increase) / decrease in current assets			
Stores and spares		(1,164,502)	67,066
Stock in trade		(1,248,673)	(5,552,917)
Trade debts		(1,577,081)	(4,531,805)
Advances, deposits, prepayments and other receivables		1,787,305	(2,281,625)
		(2,202,951)	(12,299,281)
Increase in current liabilities			
Trade and other payables		2,099,790	3,773,438
Net cash generated from operations		8,131,415	6,761,319
Finance costs paid		(3,917,954)	(1,560,388)
Final taxes paid		(696,669)	(642,321)
Income tax paid		(41,395)	(369,495)
Gratuity paid	16.1.1	(124,774)	(95,271)
Long-term deposits made		(147,051)	(14,880)
Provisions utilized during the year		(46,286)	-
Net cash generated from operating activities		3,157,286	4,078,964
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure during the year		(5,391,969)	(8,441,079)
Proceeds from disposal of operating fixed assets	6.6	17,343	23,630
Short-term investments encashed		4,362,587	8,165,334
Short-term investments made during the year		(2,486,027)	(3,827,745)
Interest received on bank deposit		54,250	60,694
Net cash used in investing activities		(3,443,816)	(4,019,166)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(3,546,513)	(1,980,887)
Principal portion of lease rentals paid		(244,026)	(320,377)
Short-term borrowings repaid		(921,000)	(25,000)
Short-term borrowings obtained		5,756,654	1,525,000
Long term financing repaid		(1,510,652)	(1,337,976)
Long term financing obtained		470,203	1,887,028
Net cash generated from / (used) in financing activities		4,666	(252,212)
Net decrease in cash and cash equivalents		(281,864)	(192,414)
Cash and cash equivalents at the beginning of the year		1,336,630	1,529,044
Cash and cash equivalents at the end of the year	14	1,054,766	1,336,630

The annexed notes 1 to 43 form an integral part of these financial statements.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

AMINAH ZAHID ZAHEER
Director

Notes to the Financial Statements

For the year ended June 30, 2024

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 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
Head office	- 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, 246 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); 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 note 5 to these financial statements.

3.2 These financial statements are prepared in Pakistani Rupees, which is the functional and presentation currency of the Company.

4 NEW STANDARDS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS

4.1 Adoption of amendments to approved accounting standards effective during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except as described below:

IAS 8 - Definition of Accounting Estimates

The amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

Notes to the Financial Statements

For the year ended June 30, 2024

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

IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

The amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

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

IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 - Income Tax narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences i.e., leases and decommissioning liabilities.

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

IAS 12 - International Tax Reform – Pillar Two Model Rules

The amendments to IAS 12 - Income Taxes have been introduced in response to the Organisation for Economic Co-operation and Development's BEPS Pillar Two rules and include:

- i) A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- ii) Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

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

IAS 12 - Application Guidance issued by Institute of Chartered Accountants of Pakistan

On May 15, 2024, the Institute of Chartered Accountants of Pakistan (ICAP) issued a circular titled 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes'. Pursuant to the release of the circular, the Company has changed the presentation for final taxes.

The change has been applied retrospectively resulting in material reclassification in statement of profit and loss. However, this retrospective application has not affected any component of equity for the prior period presented in these financial statements.

Standards and amendments to approved accounting standards that are not yet effective

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

	Standards / Amendments	Effective date (annual periods beginning on or after)
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
IAS 21	Lack of exchangeability - Amendments to IAS 21	January 01, 2025
IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7	January 01, 2026

Notes to the Financial Statements

For the year ended June 30, 2024

IFRS 17	Insurance Contracts	January 01, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 01, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 01, 2027
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

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards

IASB effective date (annual periods beginning on or after)

IFRS 1 - First-time Adoption of International Financial Reporting Standards	January 01, 2004
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The Company expects that above standards and amendments to the approved accounting standards will not have any material impact on the Company's financial statements in the period of initial application.

4.2 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:

Estimates

4.2.1 Property, plant and equipment

The estimates for revalued amounts of freehold and leasehold land are based on valuation performed by external professional valuer while estimates of useful life and residual value are based on recommendation of in house technical department of the Company. The Company reviews appropriateness of these estimates 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.

4.2.2 Stock-in-trade and stores and spares

The Company reviews the net realisable value based on estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale of stock-in-trade and stores and spares to assess any diminution in the respective carrying values and also review the inventories for obsolescence according to degree of ageing based on a specific criteria.

4.2.3 Defined Benefit Obligation

The cost of the retirement benefit plan and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each statement of financial position date.

Notes to the Financial Statements

For the year ended June 30, 2024

4.2.4 Lease liabilities - Estimating the Incremental Borrowing Rate

As the Company cannot readily determine the interest rate implicit in the lease, 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. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) and incorporates applicable spread.

4.2.5 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. The Company, based on the availability of the latest information, estimates the value of provision to be recorded in the financial statements, which may differ on the occurrence / non-occurrence of the uncertain future event(s).

Judgements

4.2.6 Lease liabilities - Determining the lease term of contracts with renewal and termination options

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating if 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 and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

5 MATERIAL ACCOUNTING POLICY INFORMATION

5.1 Property, plant and equipment

Operating fixed 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.

Maintenance and repairs are charged to statement of profit or loss as and when incurred. Major overhauling which increases 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.

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

Revaluation of land is carried out on each asset class separately with sufficient regularity so that the fair value and carrying value do not differ materially at the statement of financial position date. Any revaluation increase arising on the revaluation of each asset is credited in 'revaluation surplus on land' account. A decrease in the carrying amount arising on revaluation of each asset is charged to profit or loss to the extent that it exceeds the balance, if any, held in the 'revaluation surplus on land' account.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific categories of property, plant and equipment as and when these are available for use.

Notes to the Financial Statements

For the year ended June 30, 2024

Right-of-use assets

The Company recognises a right-of-use asset at the commencement date of the lease. Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets.

5.2 Intangible assets

Operating intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during implementation and development period are carried under capital work-in-progress. These are transferred to operating intangible assets as and when these are available for use.

5.3 Stores and spares

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

5.4 Stock-in-trade

Stock-in-trade is valued at lower of cost and net realizable value. Cost of raw material is determined using weighted average cost except raw materials in transit which are valued at cost, comprising invoice price plus other charges incurred thereon up to the statement of financial position date.

Cost in relation to finished goods and work-in-process comprises of the cost of direct material, direct labour and relevant manufacturing expenses that have been incurred in bringing the inventories to their present location and condition.

5.5 Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are initially recognised at fair value and subsequently measured at amortised cost or Fair Value through Profit or Loss (FVPL).

Subsequent measurement

- Financial assets at amortised cost

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 at FVPL

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.

Company's financial assets include investments in mutual funds which are carried at FVPL as the conditions related to business model and contractual terms for measurement at amortized cost and Fair Value through Other Comprehensive Income (FVOCI) are not met.

This category also includes derivative instruments which the Company had not irrevocably elected to classify at FVOCI.

The Company considers a financial asset to be at a risk of default when contractual payments are 90 days past due, unless there are factors that might indicate otherwise. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Financial Statements

For the year ended June 30, 2024

Derecognition

A financial asset is primarily derecognised when the right to receive cash flows from the asset have expired.

ii) Financial liabilities

Initial recognition and measurement

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.

Subsequent measurement

After initial recognition, borrowings and payables are subsequently measured at amortised cost using the EIR method. 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.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Gains and losses on derecognition are recognised in statement of profit or loss.

5.6 Taxation

Final taxes

Taxes imposed on incomes subject to Final Tax Regime in accordance with Income Tax Ordinance, 2001, are classified as final taxes. The charge for final taxes also includes charge for super tax imposed by the incumbent government.

Income tax

Provision for current taxation is based on taxable income at the applicable tax rates after taking into account tax credits and tax rebates available, if any, on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. The charge for income tax includes adjustments to charge for prior year and super tax imposed by the incumbent government.

5.7 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand and bank balances.

5.8 Leases

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. In calculating the present value of lease payments at the lease commencement date the Company uses its incremental borrowing rate (IBR). After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

5.9 Staff benefits

Defined contribution plan

The Company operates an approved 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. Actuarial gains and losses are recognised in full in the period in which they occur in the other comprehensive income. The latest actuarial valuation was carried out as of June 30, 2024 using Projected Unit Credit method.

Notes to the Financial Statements

For the year ended June 30, 2024

5.10 Government grants

Government grant related to an expense item is netted off with the related finance cost in the statement of profit or loss on a systematic basis.

5.11 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. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from Company premises in case of local sales or issuance of the bill of lading in case of export sales.

The normal credit term is 30 to 120 days from transfer of control. A contract liability is recognised if the customer pays consideration before the Company transfers control of goods to the customer. The Company recognizes a refund liability in respect of obligation to refund some or all of the consideration received (or receivable) arising from customers' claims.

5.12 Other income

Dividend income on mutual funds is recognised when the right to receive the dividend is established. Interest on conventional savings account is recognised on accrual basis.

5.13 Foreign currency transactions and translation

Transactions in foreign currencies are accounted for in Pakistan Rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the exchange rates which approximate those prevailing at the statement of financial position date. Exchange differences are recognised in the statement of profit or loss.

5.14 Dividend and appropriation to reserves

Dividend is recognised in the financial statements in which these are approved. Dividend approved subsequent to the statement of financial position date is considered as a non-adjusting event and is recognised in the subsequent financial statements.

	Note	2024	2023
		------(Rupees in '000)-----	
6			
PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	29,460,698	26,600,371
Capital work-in-progress	6.7	6,666,574	6,737,095
Right-of-use assets	6.8	353,600	601,593
		<u>36,480,872</u>	<u>33,939,059</u>

Notes to the Financial Statements

For the year ended June 30, 2024

6.1 Operating fixed assets

	Freehold land	Building on freehold land	Leasehold land	Building on leasehold land	Leasehold improvements	Plant and machinery	Electric fittings / equipment	Office equipment	Computers	Furniture and fixtures	Vehicles	Total
----- (Rupees in '000) -----												
As at July 01, 2022												
Cost / revalued amount	548,729	148,250	3,801,864	5,165,584	233,257	18,728,075	580,065	247,370	173,551	134,940	176,780	29,938,465
Accumulated depreciation	-	(116,677)	-	(1,752,969)	(230,388)	(7,418,739)	(225,275)	(103,678)	(129,305)	(42,875)	(88,351)	(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	3,865,647	1,767	4,697,415	401,785	68,745	35,561	36,841	33,183	9,175,508
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	6,788,534	4,115	14,238,449	701,968	186,080	57,566	117,329	92,757	26,600,371
As at June 30, 2023												
Cost / revalued amount	548,729	148,250	3,836,428	9,031,231	235,024	23,369,757	981,724	313,722	206,298	171,364	186,133	39,028,660
Accumulated depreciation	-	(119,834)	-	(2,242,697)	(230,909)	(9,131,308)	(279,756)	(127,642)	(148,732)	(54,035)	(93,376)	(12,428,289)
Net book value	548,729	28,416	3,836,428	6,788,534	4,115	14,238,449	701,968	186,080	57,566	117,329	92,757	26,600,371
Year ended June 30, 2024												
Opening net book value	548,729	28,416	3,836,428	6,788,534	4,115	14,238,449	701,968	186,080	57,566	117,329	92,757	26,600,371
Additions / transfers during the year	-	-	-	1,157,001	-	3,920,861	211,523	39,446	42,127	15,413	14,395	5,400,766
Disposals / write offs												
Cost	-	-	-	-	-	(164,662)	(1,909)	(6,479)	(7,811)	(4,480)	(7,848)	(193,189)
Accumulated depreciation	-	-	-	-	-	134,050	1,516	4,362	7,456	3,775	5,716	156,875
Net book value	-	-	-	-	-	(30,612)	(393)	(2,117)	(355)	(705)	(2,132)	(36,314)
Depreciation for the year	-	(2,842)	-	(770,049)	(360)	(1,570,180)	(73,632)	(27,575)	(25,735)	(13,581)	(20,171)	(2,504,125)
Closing net book value	548,729	25,574	3,836,428	7,175,486	3,755	16,558,518	839,466	195,834	73,603	118,456	84,849	29,460,698
As at June 30, 2024												
Cost / revalued amount	548,729	148,250	3,836,428	10,188,232	235,024	27,125,956	1,191,338	346,689	240,614	182,297	192,680	44,236,237
Accumulated depreciation	-	(122,676)	-	(3,012,746)	(231,269)	(10,567,438)	(351,872)	(150,855)	(167,011)	(63,841)	(107,831)	(14,775,539)
Net book value	548,729	25,574	3,836,428	7,175,486	3,755	16,558,518	839,466	195,834	73,603	118,456	84,849	29,460,698
Annual rates of depreciation	-	10%	-	10%	40% - 65%	Note 6.1.1	10%	15%	30%	10%	20%	

Depreciation is charged based on expected useful life of asset at the rate, ranging from 10% to 35% (2023: 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.

6.1.1

Notes to the Financial Statements

For the year ended June 30, 2024

- 6.2** The latest 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 (refer note 38.5). 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.105.83 million (2023: Rs.105.83 million) and Rs. 1,269.15 million (2023: Rs. 1,269.15 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.

- 6.4** Particulars of immovable assets in the name of the Company are as follows:

Particulars	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 follows:

	Note	2024	2023
------(Rupees in '000)-----			
Cost of sales	25.1	2,438,635	2,319,597
Administrative costs	26	65,490	69,632
		<u>2,504,125</u>	<u>2,389,229</u>

- 6.6** The details of disposals / write offs of operating fixed assets having net book value of more than Rs. 500,000 during the year are as follows:

Particulars of assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
-----Rupees in '000-----							
Loop dryer lanley	11,112	8,129	2,983	2,775	(208)	Negotiation	Mubarak industries
Pad steam continuous dyeing range	27,514	23,231	4,283	2,049	(2,234)	Negotiation	Mazhar Abbas
Loop dryer with 15 stac cylinder	6,977	5,992	985	1,816	831	Negotiation	Mubarak Industries
Caterpillar telescopic handler	3,287	2,150	1,137	836	(301)	Negotiation	Mohammad Bilal
Stitching machine long ribbon	10,077	7,788	2,289	246	(2,043)	Negotiation	Ali Nawaz
Flat bed screen engraver	6,326	3,738	2,588	-	(2,588)	Write off	-
Humidification plant	10,000	8,803	1,197	-	(1,197)	Write off	-
Gas generator	7,652	6,887	765	-	(765)	Write off	-
Racks	4,300	3,725	575	-	(575)	Write off	-
Machine shearing	5,565	4,992	573	-	(573)	Write off	-
Sealer-L auto holding mag piece	1,097	571	526	-	(526)	Write off	-
Pad steam	3,770	3,259	511	-	(511)	Write off	-
	<u>97,677</u>	<u>79,265</u>	<u>18,412</u>	<u>7,722</u>	<u>(10,690)</u>		
Items having net book value of less than Rs. 500,000	<u>95,512</u>	<u>77,610</u>	<u>17,902</u>	<u>9,621</u>	<u>(8,281)</u>		
Total for the year ended June 30, 2024	<u>193,189</u>	<u>156,875</u>	<u>36,314</u>	<u>17,343</u>	<u>(18,971)</u>		
Total for the year ended June 30, 2023	<u>85,313</u>	<u>69,197</u>	<u>16,116</u>	<u>23,630</u>	<u>7,514</u>		

Notes to the Financial Statements

For the year ended June 30, 2024

Note
------(Rupees in '000)-----

6.7 Capital work-in-progress

Building on leasehold land	2,751,352	2,262,941
Plant and machinery	3,108,677	4,043,441
Furniture and fixtures	32,992	24,298
Equipments	388,889	337,468
6.7.1	<u>6,281,910</u>	<u>6,668,148</u>
Advance against fixed assets	363,535	44,986
Stand-by equipment	21,129	23,961
	<u>6,666,574</u>	<u>6,737,095</u>

6.7.1 The movement in capital work-in-progress is as follows:

Balance at the beginning of the year	6,668,148	7,366,331
Capital expenditure during the year		
Building on leasehold land	1,633,064	2,547,887
Plant and machinery	2,910,490	5,372,356
Furniture and fixtures	20,548	737
Equipments	276,559	10,951
	<u>4,840,661</u>	<u>7,931,931</u>
Transferred to operating fixed assets		
Building on leasehold land	(1,144,653)	(3,820,581)
Plant and machinery	(3,817,492)	(4,394,630)
Leasehold improvement	-	(1,767)
Furniture and fixtures	(11,854)	(1,104)
Equipments	(225,138)	(404,600)
	<u>(5,199,137)</u>	<u>(8,622,682)</u>
Transferred to expenses	<u>(27,762)</u>	<u>(7,432)</u>
Balance at the end of the year	<u>6,281,910</u>	<u>6,668,148</u>

6.8 Right-of-use assets

As at the beginning of the year

Cost	1,280,940	954,231
Accumulated depreciation	(679,347)	(457,439)
Net book value	<u>601,593</u>	<u>496,792</u>

Movement in carrying value for the year

Opening net book value	601,593	496,792
Lease re-assessments during the year	-	326,709
Depreciation charge for the year	(247,993)	(221,908)
6.8.1	<u>353,600</u>	<u>601,593</u>

As at the end of the year

Cost	1,280,940	1,280,940
Accumulated depreciation	(927,340)	(679,347)
Net book value	<u>353,600</u>	<u>601,593</u>

6.8.1 Depreciation charge for the year on right-of-use assets has been allocated as follows:

Note
------(Rupees in '000)-----

Cost of sales	25.1	196,585	185,624
Administrative costs	26	51,408	36,284
		<u>247,993</u>	<u>221,908</u>

Notes to the Financial Statements

For the year ended June 30, 2024

6.8.2 Lease obligations of the Company comprise of lease arrangements giving it the right-of-use over premises utilised as office and factory buildings.

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

7 INTANGIBLE ASSETS

	Note	2024	2023
----- (Rupees in '000) -----			
Operating assets	7.1	5,596	11,533
Capital work-in-progress	7.3	61,724	-
		<u>67,320</u>	<u>11,533</u>
7.1 As at the beginning of the year			
Cost		65,106	65,106
Accumulated amortisation		(53,573)	(47,384)
Net book value		<u>11,533</u>	<u>17,722</u>
Movement in carrying value for the year			
Opening net book value		11,533	17,722
Amortisation charge for the year	7.2	(5,937)	(6,189)
Closing net book value		<u>5,596</u>	<u>11,533</u>
As at the end of the year			
Cost		65,106	65,106
Accumulated amortisation		(59,510)	(53,573)
Net book value		<u>5,596</u>	<u>11,533</u>
Annual rates of amortisation			
		<u>20%</u>	<u>20%</u>

7.2 Amortisation charge for the year has been allocated to cost of sales.

7.3 Represents capital expenditure for the year in respect of implementation and development of Enterprise Resource Planning.

8 LONG-TERM DEPOSITS

	Note	2024	2023
----- (Rupees in '000) -----			
Related parties			
UTI Industries (Private) Limited		11,318	11,318
Nigehban (Private) Limited		21,518	19,566
M&N Impex (Private) Limited		20,246	20,246
Frieden Management (Private) Limited		17,053	15,876
		<u>70,135</u>	<u>67,006</u>
Other than related parties	8.1	163,940	20,018
		<u>234,075</u>	<u>87,024</u>

8.1 Includes Rs. 145.9 million (2023: 4.9 million) deposited with Sui Southern Gas Company for load enhancement.

9 STORES AND SPARES

	Note	2024	2023
----- (Rupees in '000) -----			
General stores	9.1	547,975	254,910
Chemicals	9.2	639,166	724,570
Packing stores	9.3	1,448,380	773,386
		<u>2,635,521</u>	<u>1,752,866</u>
Stores and spares in transit		318,047	36,200
		<u>2,953,568</u>	<u>1,789,066</u>

Notes to the Financial Statements

For the year ended June 30, 2024

- 9.1** Includes items costing Rs. 38.18 million (2023: Rs. 32.14 million) which have been valued at their net realizable value of Rs. 9.83 million (2023: Rs. 9.45 million).
- 9.2** Includes items costing Rs. 0.53 million (2023: Rs. 1.12 million) which have been valued at their net realizable value of Rs. 0.26 million (2023: Rs. 0.56 million).
- 9.3** Includes items costing Rs. 16.70 million (2023: Rs. 22.72 million) which have been valued at their net realizable value of Rs. 4.35 million (2023: Rs. 3.19 million).

10 STOCK-IN-TRADE

	Note	2024	2023
------(Rupees in '000)-----			
Raw materials in hand	10.1	4,407,269	7,903,120
in transit		2,482,302	286,317
		<u>6,889,571</u>	<u>8,189,437</u>
Work-in-progress	10.2 & 10.3	5,648,309	4,172,233
Finished goods	10.4	4,160,377	3,087,914
		<u>16,698,257</u>	<u>15,449,584</u>

- 10.1** Includes items costing Rs. 56.32 million (2023: Rs. 24.86 million) which have been valued at their net realizable value of Rs. 20.29 million (2023: Rs. 9.25 million).
- 10.2** Includes inventory of Rs. 234.80 million (2023: Rs. 109.73 million) held with various parties for processing.
- 10.3** Includes items costing Rs. 94.32 million (2023: Rs. 31.51 million) which have been valued at their net realizable value of Rs. 39.94 million (2023: Rs. 13.64 million).
- 10.4** Includes items costing Rs. 1,356.40 million (2023: Rs. 1,236.26 million) which have been valued at their net realizable value of Rs. 775.21 million (2023: Rs. 859.14 million).

11 TRADE DEBTS

	Note	2024	2023
------(Rupees in '000)-----			
Considered good			
Export			
Secured	11.1	6,247,007	7,789,009
Unsecured	11.2	9,562,565	6,500,507
		<u>15,809,572</u>	<u>14,289,516</u>
Local			
Unsecured		157,835	99,975
		<u>15,967,407</u>	<u>14,389,491</u>
Considered doubtful			
		68,455	69,290
		<u>16,035,862</u>	<u>14,458,781</u>
Allowance for expected credit loss	11.5	(68,455)	(69,290)
		<u>15,967,407</u>	<u>14,389,491</u>

- 11.1** These are secured by way of letters of credit.
- 11.2** Includes due from the following related parties:

1888 Mills LLC	1,557,421	1,122,350
Premier 1888 Limited	100,387	-
	<u>1,657,808</u>	<u>1,122,350</u>

Notes to the Financial Statements

For the year ended June 30, 2024

11.3 The ageing of trade debts due from the related parties is as follows:

	2024				Total
	Neither past due nor impaired	1-60 days	Past due 61-90 days	More than 90 days	
	(Rupees in '000)				
1888 Mills LLC	1,540,673	16,748	-	-	1,557,421
Premier 1888 Limited	100,387	-	-	-	100,387

	2023				Total
	Neither past due nor impaired	1-60 days	Past due 61-90 days	More than 90 days	
	(Rupees in '000)				
1888 Mills LLC	1,080,629	780	40,228	713	1,122,350

11.4 The maximum aggregate amount outstanding from the related parties at any time during the year calculated with reference to month end balances is as follows:

	Note	2024	2023
		(Rupees in '000)	
1888 Mills LLC		1,811,066	1,122,350
Premier 1888 Limited		100,387	-

11.5 Movement of allowance for expected credit loss is as follows:

Balance at the beginning of the year		69,290	30,092
Charge for the year		1,206	39,198
Reversal for the year	11.6 29 & 28	(2,041) (835)	- 39,198
Balance at the end of the year		68,455	69,290

11.6 Represents reversal in respect of unrealized exchange gain on expected credit losses.

12 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2024	2023
		(Rupees in '000)	
Advances			
To suppliers		409,687	516,323
To employees		2,202	1,401
		411,889	517,724
Provision for doubtful advances	12.1	(729)	(729)
		411,160	516,995
Deposits			
		8,009	29,486
Prepayments			
		27,354	24,919

Notes to the Financial Statements

For the year ended June 30, 2024

	Note	2024	2023
		------(Rupees in '000)-----	
Other receivables			
Derivative financial instruments		57,425	-
Export rebate		898,010	630,105
Drawback of local taxes and levies receivable		641,624	641,623
Technology upgradation fund scheme		89,278	89,278
Mark-up receivable		162,645	192,519
Sales tax refundable		2,006,484	3,866,195
Due from related parties	12.2	134,597	53,550
Others		107,253	230,922
		4,097,316	5,704,192
Provision for doubtful other receivables		(23,594)	(23,594)
		4,073,722	5,680,598
		<u>4,520,245</u>	<u>6,251,998</u>
12.1 Movement of provision for doubtful advances is as follows:			
Balance at the beginning of the year		729	2,190
Reversal during the year	29	-	(1,461)
Balance at the end of the year		<u>729</u>	<u>729</u>
12.2 Due from related parties			
1888 Mills LLC		69,161	53,550
Premier 1888 Limited		65,436	-
	12.2.1 & 12.2.2	<u>134,597</u>	<u>53,550</u>
12.2.1 The amounts due from related parties are neither past due nor impaired.			
12.2.2 The maximum aggregate amount outstanding from the related parties at any time during the year calculated with reference to month end balances is as follows:			
	Note	2024	2023
		------(Rupees in '000)-----	
1888 Mills LLC		69,161	53,550
Premier 1888 Limited		65,436	-
13 SHORT-TERM INVESTMENTS			
Islamic - fair value through profit or loss:			
Open ended shariah compliant mutual funds	13.1	<u>2,688,956</u>	<u>4,362,587</u>
13.1 Represents investment of 56.20 million units (2023: 67.86 million units) in open ended shariah compliant mutual funds.			
14 CASH AND BANK BALANCES			
	Note	2024	2023
		------(Rupees in '000)-----	
Conventional - current accounts			
Local currency		672,980	792,246
Foreign currency		66,870	101,652
		739,850	893,898
Conventional - savings account			
Local currency	14.1	105,242	162,628
		845,092	1,056,526
Islamic - current accounts			
Local currency		129,998	224,732
Foreign currency		21,178	50,636
		151,176	275,368
		996,268	1,331,894
Cash in hand			
Local currency		5,415	4,736
Foreign currency		53,083	-
		58,498	4,736
		<u>1,054,766</u>	<u>1,336,630</u>

Notes to the Financial Statements

For the year ended June 30, 2024

14.1 This carries interest at the rate of 20.5% (2023: 19.5%) per annum.

15 SHARE CAPITAL AND RESERVES

15.1 Issued, subscribed and paid-up capital

2024	2023	Note	2024	2023
----- Number of Shares -----			----- (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 – operating fixed assets	2,592,133	2,592,133
<u>22,608,058</u>	<u>22,608,058</u>	Issued as right shares	<u>226,081</u>	<u>226,081</u>
<u>399,409,026</u>	<u>399,409,026</u>		<u>3,994,090</u>	<u>3,994,090</u>

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

15.2 Share premium reserve can be utilised only in accordance with provisions of section 81 of the Act.

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

16 DEFERRED LIABILITIES

	Note	2024	2023
		----- (Rupees in '000) -----	
Defined benefit obligation - approved Gratuity Fund	16.1	1,201,882	898,657
Government grant	16.2	419,558	528,568
		<u>1,621,440</u>	<u>1,427,225</u>

16.1 Defined benefit obligation - approved Gratuity Fund

Present value of defined benefit obligation	16.1.1	1,348,408	1,022,407
Fair value of plan assets	16.1.2	(146,526)	(123,750)
		<u>1,201,882</u>	<u>898,657</u>

16.1.1 Movement in the present value of defined benefit obligation

Present value of obligation at the beginning of the year		1,022,407	536,045
Current service cost	16.1.5	240,575	160,580
Interest cost	16.1.5	173,597	88,834
Transfers from Provident Fund		-	98,837
Benefits paid by the Gratuity Fund during the year		(16,245)	-
Benefits paid by the Company during the year		(124,774)	(95,271)
Actuarial loss on remeasurement of obligation	16.1.6	52,848	233,382
Present value of obligation at the end of the year		<u>1,348,408</u>	<u>1,022,407</u>

16.1.2 Movement in the fair value of plan assets

Fair value of plan assets at the beginning of the year		123,750	20,000
Expected return on plan assets	16.1.5	27,638	7,362
Transfers from Provident Fund		-	98,837
Income in relation to transfer of contribution from Provident Fund	16.1.5	12,865	-
Benefits paid by Gratuity Fund during the year		(16,245)	-
Actuarial loss on remeasurement of plan assets	16.1.6	(1,482)	(2,449)
Fair value of plan assets at the end of the year	16.1.4	<u>146,526</u>	<u>123,750</u>

Notes to the Financial Statements

For the year ended June 30, 2024

	Note	2024	2023
16.1.3 Movement in the liability recognised in the statement of financial position		------(Rupees in '000)-----	
Balance at the beginning of the year		898,657	516,045
Amounts recognised in statement of profit or loss	16.1.5	373,669	242,052
Remeasurement loss recognized in other comprehensive income	16.1.6	54,330	235,831
Benefits paid by the Company during the year		(124,774)	(95,271)
Balance at the end of the year		<u>1,201,882</u>	<u>898,657</u>
16.1.4			
The plan assets comprise of cash and cash equivalents.			
16.1.5 Amounts recognised in statement of profit or loss			
Current service cost		240,575	160,580
Interest cost		173,597	88,834
Expected return on plan assets		(27,638)	(7,362)
Income in relation to transfer of contribution from Provident Fund		(12,865)	-
		<u>373,669</u>	<u>242,052</u>
16.1.6 Remeasurement recognised in other comprehensive income			
(Gain) / loss due to change in financial assumption		(8,785)	13,279
Loss due to experience adjustment		61,633	220,103
Actuarial loss on remeasurement of obligation		52,848	233,382
Actuarial loss on remeasurement of plan assets		1,482	2,449
		<u>54,330</u>	<u>235,831</u>
16.1.7 Actuarial assumptions		2024	2023
Discount rate per annum		14.75%	16.25%
Salary increase rate per annum		14.75%	16.25%
Expected rate of return on plan assets		14.75%	16.25%
Employee turnover rate		Heavy	Heavy
Mortality rates		SLIC (2001-05) -1	SLIC (2001-05) -1
16.1.8 Sensitivity analysis			
		------(Rupees in '000)-----	
Present value of obligation at the end of the year	16.1.1	1,348,408	1,022,407
Following shall be the present values under various sensitivities:			
Discount rate +0.5%		1,299,175	985,632
Discount rate -0.5%		1,401,429	1,061,958
Salary increase rate +0.5%		1,404,240	1,064,063
Salary increase rate -0.5%		1,296,134	983,357
If employee turnover and mortality rates change by 1 year, the resultant change in the present value of defined benefit obligation is insignificant.			
16.1.9 Expected maturity analysis of undiscounted cashflows		2024	2023
		------(Rupees in '000)-----	
Less than a year		191,457	145,222
Between 1-2 years		246,277	173,945
Between 2-3 years		284,028	206,716
Between 3-4 years		329,849	227,990
Between 4-5 years		360,457	267,437
Over 5 years		2,445,738	1,839,263

Notes to the Financial Statements

For the year ended June 30, 2024

16.1.10 Weighted average duration of the obligation is 7.57 years (2023: 7.45 years).

16.1.11 As per the recommendation of the actuary, the expected charge for the year ending June 30, 2025 is Rs. 552.41 million.

16.1.12 Risks on account of defined benefit plan

Final salary risk

It is the risk that the final salary at the time of cessation of service is greater than what has been assumed. Since the benefit is calculated on the final salary, the benefit amount increases accordingly.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate determined by reference to market yields on government bonds at the statement of financial position date. 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

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

Inflation rate fluctuation

The salary inflation is the major risk that the fund carries. 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

It is the risk that the actual mortality experience is different from what has been assumed. The effect depends on the beneficiaries' service/age distribution and the benefit.

16.2 Government grant

	2024	2023
	----- (Rupees in '000) -----	
Balance at beginning of the year	641,319	228,789
Received during the year	-	504,112
Released to the statement of profit or loss	(108,435)	(91,582)
Balance at end of the year	<u>532,884</u>	<u>641,319</u>
Current portion of government grant	113,326	112,751
Non-current portion of government grant	419,558	528,568
	<u>532,884</u>	<u>641,319</u>

16.2.1 Government grant has been recorded against loan obtained from commercial banks pursuant to a refinance scheme introduced by State Bank of Pakistan - Temporary Economic Refinance Facility at concessional mark-up rates for businesses to import plant and machinery. There are no unfulfilled conditions attached to this grant.

Notes to the Financial Statements

For the year ended June 30, 2024

	Note	2024	2023
		------(Rupees in '000)-----	
17 LONG-TERM FINANCING - secured			
Conventional			
Long Term Finance Facility	17.1	2,617,010	3,605,375
Temporary Economic Refinance Facility	17.2	3,882,793	4,160,064
Renewable solar financing scheme	17.3	556,223	245,414
Current portion		(1,630,256)	(1,357,079)
		<u>5,425,770</u>	<u>6,653,774</u>
Islamic			
Long Term Finance Facility (LTFF)	17.1	76,980	136,880
Temporary Economic Refinance Facility (TERF)	17.2	1,154,429	1,184,716
Renewable solar financing scheme	17.3	113,000	-
Current portion		(196,794)	(136,117)
		<u>1,147,615</u>	<u>1,185,479</u>
		<u>6,573,385</u>	<u>7,839,253</u>
17.1	Represent financing facilities obtained from various conventional and Islamic banks under LTFF Scheme by State Bank of Pakistan (SBP) repayable in six to ten years through semi-annual and quarterly instalments latest by October 2032. These carry mark-up at the SBP rate plus spread ranging from 0.45% to 1% (2023: 0.45% to 1%) per annum. These facilities are secured against charge on plant and machinery of the Company. As of June 30, 2024, unutilized portion of the facility is Nil (2023: Rs. 899.28 million).		
17.2	Represent financing facilities obtained from various conventional and Islamic banks under TERF Scheme by SBP repayable in five to ten years through semi-annual and quarterly instalments latest by September 2032 and have 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% (2023: 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, 2024, unutilized portion of the facility is Nil (2023: Rs. 27.87 million).		
17.3	Represent financing facilities obtained during the year from various conventional and Islamic banks for SBP financing scheme for renewable solar financing repayable in ten years through semi-annual and quarterly installments latest by December 2033. These carry mark-up at the SBP rate plus spread ranging from 0.50% to 4% (2023: 0.50%) per annum. These are secured against specific hypothecation charge over plant and machinery of the Company. As of June 30, 2024, unutilized portion of the facility is Rs. 237 million. (2023: Rs. 540 million).		
18 LEASE LIABILITIES			
	Note	2024	2023
		------(Rupees in '000)-----	
Lease liabilities		451,932	695,958
Current portion of lease liabilities		(308,336)	(240,380)
	18.1	<u>143,596</u>	<u>455,578</u>
18.1 Reconciliation of the carrying amount is as follows:			
Balance at the beginning of the year		695,958	689,626
Lease re-assessment during the year		-	326,709
Accretion of interest	30	83,915	43,091
Lease rentals paid		(327,941)	(363,468)
Balance at the end of the year		451,932	695,958
Current portion of lease liabilities		(308,336)	(240,380)
Long-term lease liabilities at the end of the year		<u>143,596</u>	<u>455,578</u>

Notes to the Financial Statements

For the year ended June 30, 2024

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

	Note	2024	2023
------(Rupees in '000)-----			
Maturity analysis			
Gross lease liabilities - minimum lease payments:			
Not later than one year		356,705	327,088
Later than one year but not later than five years		161,034	520,879
		<u>517,739</u>	<u>847,967</u>
Future finance charge		(65,807)	(152,009)
Present value of finance lease liabilities		<u>451,932</u>	<u>695,958</u>

19 TRADE AND OTHER PAYABLES

Creditors	19.1	7,863,483	5,419,934
Accrued liabilities	19.2	2,713,412	2,697,262
Workers' Profits Participation Fund	19.3	33,028	450,751
Workers' Welfare Fund		55,908	46,540
Derivative financial instruments		3,886	-
Contract liabilities		114,206	92,481
Refund liabilities		58,000	43,439
Payable to Provident Fund		36,210	32,505
Others		32,742	24,287
		<u>10,910,875</u>	<u>8,807,199</u>

19.1 Includes an amount of Rs. 1,172.99 million (2023: Rs. 1,819.15 million) due to 1888 Mills LLC.

19.2 Includes an amount of Rs. 186.49 million (2023: Rs. 140.34 million) accrued in respect of fee against marketing services received from 1888 Mills LLC.

19.3 Workers' Profits Participation Fund

	Note	2024	2023
------(Rupees in '000)-----			
Balance at the beginning of the year		450,751	172,461
Interest on Workers' Profits Participation Fund	30	2,796	238
Charge for the year	28	33,028	450,751
		<u>486,575</u>	<u>623,450</u>
Payments made during the year		(453,547)	(172,699)
Balance at the end of the year		<u>33,028</u>	<u>450,751</u>

20 PROVISIONS

Legal provisions	20.1 & 20.2	1,845,662	1,863,342
Gas Infrastructure Development Cess (GIDC) provision	20.1 & 20.3	1,524,979	1,524,979
Gas tariff provision	20.1	510,126	539,780
Regasified Liquefied Natural Gas (RLNG) provision	20.1	300,646	296,450
Others	20.1	220,636	213,575
		<u>4,402,049</u>	<u>4,438,126</u>
Non-current portion of GIDC provision		-	(127,082)
		<u>4,402,049</u>	<u>4,311,044</u>

Notes to the Financial Statements

For the year ended June 30, 2024

20.1 Movement of provisions is as follows:

	'Legal provisions (note 20.2)	GIDC provision (note 20.3)	Gas tariff provision	RLNG provision	Others	Total
----- Rupees in '000 -----						
Balance at the beginning of the year	1,863,342	1,524,979	539,780	296,450	213,575	4,438,126
Provisions made during the year	188,320	-	-	4,196	166,839	359,355
Utilized during the year	-	-	-	-	(46,286)	(46,286)
Reversals during the year	(206,000)	-	(29,654)	-	(113,492)	(349,146)
Balance at the end of the year	<u>1,845,662</u>	<u>1,524,979</u>	<u>510,126</u>	<u>300,646</u>	<u>220,636</u>	<u>4,402,049</u>

20.2 Represent provisions for certain legal claims raised by the regulatory authorities. The outcome of these legal claims are not expected to give rise to material obligations beyond those provided for.

20.3 In 2021, the Honorable Supreme Court of Pakistan (SCP) 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 filed an appeal before the Honorable High Court of Sindh (the Court) on the grounds that the burden of GIDC had not 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 granted stay to the Company. The Company without prejudice to the suit filed, has booked a provision under the relevant accounting standards.

	Note	2024	2023
----- (Rupees in '000) -----			
21 SHORT-TERM BORROWINGS			
Export re-finance			
Conventional		14,729,000	10,900,000
Islamic		5,166,000	5,000,000
	21.1	<u>19,895,000</u>	<u>15,900,000</u>
Foreign exchange loans against import facilities			
Conventional	21.2	840,654	-
		<u>20,735,654</u>	<u>15,900,000</u>

21.1 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 spread ranging from 0.50% to 1% (2023: 0.25% to 1%) per annum and will expire by August 2024. These are secured against first pari-passu charge over stock-in-trade, receivables and other current assets of the Company. As of June 30, 2024, unutilized portion for this facility is Rs 1,855 million (2023 Rs. 3,150 million).

21.2 This represents foreign exchange loan against import facilities from various conventional banks carrying mark-up at the rates ranging from 6% to 7% per annum and will expire by August 2024. These are secured against first pari-passu charge over stock-in-trade, receivables and other current assets of the Company. As of June 30, 2024, unutilized portion for this facility is Rs. 810 million.

21.3 The Company has various unutilized running finance facilities of Rs. 2,500 million (2023: Rs. 180 million). These carry mark-up at the rates ranging from 1 month KIBOR plus 0.10% to 3 month KIBOR plus 0.50% (2023: 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.

22 ACCRUED MARK-UP

	Note	2024	2023
----- (Rupees in '000) -----			
Long-term financing			
Conventional		44,402	50,891
Islamic		1,680	2,207
		<u>46,082</u>	<u>53,098</u>
Short-term borrowings			
Conventional		303,305	428,517
Islamic		239,274	189,368
		<u>542,579</u>	<u>617,885</u>
		<u>588,661</u>	<u>670,983</u>

Notes to the Financial Statements

For the year ended June 30, 2024

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

There are no material contingencies as at the statement of financial position date which require disclosure in these financial statements.

23.2 Commitments

Note

	2024	2023
	------(Rupees in '000)-----	

Outstanding letters of credit	23.2.1	4,994,152	2,552,186
Outstanding letters of guarantee	23.2.1	2,970,509	2,113,825
Capital expenditure		561,651	1,452,869
Post dated cheques	23.2.2	17,441,448	19,587,716
Commitments against various lease arrangements not later than 1 year		9,190	7,980

23.2.1 Total facilities for letters of credit amount to Rs. 9,400 million (2023: 7,350 million) and for letters of guarantee amount to Rs. 3,321 million (2023: 2,552 million).

23.2.2 This represents post dated cheques issued to Custom Authorities. The maturity dates of these cheques extend to September 1, 2029.

24 SALES - net

Note

	2024	2023
	------(Rupees in '000)-----	

Local		1,760,642	1,131,591
Export	24.1	67,396,833	55,318,761
		69,157,475	56,450,352
Export rebate		877,570	782,619
		70,035,045	57,232,971
Sales tax		(267,583)	(170,974)
Trade discounts		(9,861)	(10,264)
		(277,444)	(181,238)
		69,757,601	57,051,733

24.1 Represents sales made to the following geographical regions:

America	50,239,523	41,499,845
Europe	15,326,568	12,936,237
Asia	1,579,109	674,690
Australia	95,092	124,787
Africa	156,541	83,202
	67,396,833	55,318,761

24.2 Revenue recognised during the year from contract liabilities as at the beginning of the year amounted to Rs. 92.48 million (2023: Rs. 50.78 million).

Notes to the Financial Statements

For the year ended June 30, 2024

	Note	2024	2023
		------(Rupees in '000)-----	
25 COST OF SALES			
Opening stock of finished goods		3,087,914	2,744,841
Cost of goods manufactured	25.1	58,997,863	44,439,460
		<u>62,085,777</u>	<u>47,184,301</u>
Closing stock of finished goods	10	(4,160,377)	(3,087,914)
		<u>57,925,400</u>	<u>44,096,387</u>
25.1 Cost of goods manufactured			
Raw material consumed	25.1.1	32,571,326	26,310,110
Stores and spares consumed		7,438,448	5,787,615
Salaries, wages and other benefits	25.1.2	9,601,178	7,191,686
Fuel, power and water		7,429,559	3,637,024
Insurance expense		82,908	83,433
Repairs and maintenance		301,316	250,551
Communication and transportation		220,840	170,143
Rent	25.1.3	14,298	29,044
Depreciation on operating fixed assets	6.5	2,438,635	2,319,597
Depreciation on right-of-use assets	6.8.1	196,585	185,624
Amortisation on intangible assets	7.2	5,937	6,189
Quality control and inspection		139,553	111,461
Others		33,356	17,914
		<u>60,473,939</u>	<u>46,100,391</u>
Opening work-in-progress		4,172,233	2,511,302
Closing work-in-progress	10	(5,648,309)	(4,172,233)
		<u>58,997,863</u>	<u>44,439,460</u>
25.1.1 Raw material consumed			
Opening stock		8,189,437	4,640,524
Purchases made during the year		31,271,460	29,859,023
		<u>39,460,897</u>	<u>34,499,547</u>
Closing stock	10	(6,889,571)	(8,189,437)
		<u>32,571,326</u>	<u>26,310,110</u>
25.1.2			
Includes an amount of Rs. 144.02 million (2023: Rs. 113.43 million) in respect of Provident Fund and Rs. 373.67 million (2023: Rs. 242.05 million) in respect of approved Gratuity Fund.			
25.1.3			
Represents rent expense in respect of short-term leases not included in the measurement of lease liabilities.			
26 ADMINISTRATIVE COSTS			
	Note	2024	2023
		------(Rupees in '000)-----	
Directors' meeting fee		19,477	12,972
Salaries and benefits	26.1	797,178	706,424
Utilities		135,988	74,027
Repairs and maintenance		54,425	33,383
Communication		10,871	10,750
Rent, rates, taxes and license fee	26.2	8,390	58,258
Conveyance and traveling		120,016	106,245
Printing and stationery		2,916	2,858
Legal and professional		15,643	17,897
Fees and subscriptions		38,778	26,514
Depreciation on operating fixed assets	6.5	65,490	69,632
Depreciation on right-of-use assets	6.8.1	51,408	36,284
Security and janitorial services		16,309	12,399
Training and development expense		13,112	12,928
Others		26,942	18,947
		<u>1,376,943</u>	<u>1,199,518</u>

Notes to the Financial Statements

For the year ended June 30, 2024

26.1 Includes amount of Rs. 30.72 million (2023: Rs. 25.48 million) in respect of Provident Fund.

26.2 The Company has recognised charge of Rs. 0.22 million (2023: Rs. 0.20 million) in respect of short-term leases not included in the measurement of lease liabilities.

27 DISTRIBUTION COSTS

	Note	2024	2023
------(Rupees in '000)-----			
Salaries and benefits	27.1	493,103	417,190
Freight and insurance		1,045,071	823,539
Inspection and forwarding charges		482,534	353,773
Marketing and other related expenses		2,808,414	2,347,527
Export development surcharge		155,729	137,509
Others		78,138	63,398
		<u>5,062,989</u>	<u>4,142,936</u>

27.1 Includes amount of Rs. 21.33 million (2023: Rs. 19.07 million) in respect of Provident Fund.

28 OTHER EXPENSES

Operating fixed assets written off		18,481	1,314
Loss on disposal of operating fixed asset - net		490	-
Workers' Profit Participation Fund	19.3	33,028	450,751
Workers' Welfare Fund		55,199	45,120
Allowance for expected credit loss	11.5	-	39,198
Advances written off		1,873	-
Exchange loss - net		418,987	-
Donations	28.1 & 28.2	29,686	26,103
Auditors' remuneration	28.3	6,400	5,041
		<u>564,144</u>	<u>567,527</u>

28.1 Donation to parties exceeding higher of Rs. 1 million or 10% of total donations are as follows:

	Note	2024	2023
------(Rupees in '000)-----			
Name of Donee			
Pakistan Textile Council		1,250	3,000
The Indus Hospital & Health Network		5,000	2,500
Karachi Down Syndrome Program		3,500	2,500
Karachi Vocational Training Center		2,573	-
Kiran Foundation		1,500	-
Pakistan Eye Bank Society		2,000	1,500
Burns Center		1,500	1,500
Family Education Services Foundation		1,500	1,500
Health Care and Social Welfare Association		1,625	1,000
Bait ul Sukoon		-	1,000
Network of Organizations Working For People With Disabilities Pakistan (NOWPDP)		1,000	1,000
		<u>21,448</u>	<u>15,500</u>

28.2 Includes the following in which a director or their spouse were interested:

Name of Directors	Name and address of donee	Interest in Donee
Mr. Zain Ashraf Mukatay	NOWPDP Bungalow no. 83/1, Rizvi Shaheed Road, Saddar, Karachi	Advisor to Board
Mr. Khaleequr Rehman	Indus Hospital & Health Network Plot C-76, Sector 31/5, opposite Darussalam Society, Korangi Crossing, Karachi.	Chairman Endowment Committee

Notes to the Financial Statements

For the year ended June 30, 2024

	Note	2024	2023
------(Rupees in '000)-----			
28.3 Auditors' remuneration			
Audit fee		3,643	2,103
Half yearly review		1,228	819
Other certifications		792	866
Out of pocket expenses		337	880
Sales tax		400	373
		<u>6,400</u>	<u>5,041</u>
29 OTHER INCOME			
Income from financial assets			
Interest on conventional savings account		54,250	60,694
Dividend income on open ended shariah compliant mutual funds		202,929	534,842
Reversal of allowance for expected credit loss - net	11.5	835	-
Exchange gain - net		-	4,115,513
Net exchange gain on derivative financial instruments		53,539	-
		<u>311,553</u>	<u>4,711,049</u>
Income from non-financial assets			
Gain on disposal of operating fixed asset - net		-	8,828
Insurance claim		37,674	-
Reversal of legal provisions	29.1	206,000	-
Reversal of provision for doubtful advances	12.1	-	1,461
		<u>243,674</u>	<u>10,289</u>
		<u>555,227</u>	<u>4,721,338</u>
29.1	Represents reversal in respect of a sales tax demand raised by the taxation authorities, appeal against which has been decided in favour of the Company.		
30 FINANCE COSTS			
	Note	2024	2023
------(Rupees in '000)-----			
Long-term financing			
Conventional		189,255	185,335
Islamic		29,439	21,759
		<u>218,694</u>	<u>207,094</u>
Short-term borrowings			
Conventional		2,390,341	1,081,606
Islamic		996,831	513,333
		<u>3,387,172</u>	<u>1,594,939</u>
Accretion of interest on lease liabilities	18.1	83,915	43,091
Interest on Workers' Profits Participation Fund	19.3	2,796	238
Bank charges		143,055	145,650
		<u>3,835,632</u>	<u>1,991,012</u>
31 TAXATION			
31.1	The aggregate of final taxes and income tax, amounting to Rs. 975.38 million (2023: Rs. 806.23 million) represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.		
31.2	This represents final taxes paid under section 154 of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets and IFRIC 21 - Levies.		
31.3	The Company has filed its return of income up to tax year 2023. The return so filed is deemed to be an assessment order issued by the Taxation Authorities on the date the complete return is filed.		
31.4	With effect from July 01, 2024, Income Tax Ordinance, 2001 has been amended vide Finance Act 2024. Consequently, exporters have been removed from the Final Tax Regime (FTR) and will be subject to minimum tax under the Normal Tax Regime (NTR). As a result of the change, the Company has carried out an assessment of deferred taxation on temporary differences as at the statement of financial position date. Based on the projections of probable future taxable profits, the Company has not recognised net deferred tax asset amounting to Rs. 7,550.35 million.		

Notes to the Financial Statements

For the year ended June 30, 2024

	Note	2024	2023
		----- (Rupees in '000) -----	
32 EARNINGS PER SHARE – basic and diluted			
Profit after income tax		572,341	8,969,457
		----- (Number of shares) -----	
Weighted average number of ordinary shares in issue		399,409,026	399,409,026
		----- Rupees -----	
Earnings per share - basic and diluted		1.43	22.46

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

33 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2024			2023		
	Chief Executive Officer	Executives	Total	Chief Executive Officer	Executives	Total
	----- Rupees in '000 -----					
Managerial remuneration	69,984	1,934,146	2,004,130	51,840	1,486,162	1,538,002
Bonus	8,748	232,407	241,155	6,480	207,516	213,996
Retirement benefits	4,640	116,901	121,541	3,437	89,286	92,723
Leave encashment		44,903	44,903	-	35,291	35,291
Other benefits	6,156	108,567	114,723	5,400	167,336	172,736
	<u>89,528</u>	<u>2,436,924</u>	<u>2,526,452</u>	<u>67,157</u>	<u>1,985,591</u>	<u>2,052,748</u>
Numbers	<u>1</u>	<u>586</u>	<u>587</u>	<u>1</u>	<u>470</u>	<u>471</u>

33.1 The Chief Executive Officer and certain Executives are provided with Company maintained work related cars and are also covered under Company's health insurance plans along with their dependents.

33.2 Meeting fee of Rs.19.48 million (2023: Rs. 12.97 million) has been paid to 13 (2023: 10) directors.

34 PROVIDENT FUND

34.1 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.

35 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of companies with common directorship, associates, directors (including their relatives), major shareholders of the Company, key management personnel and retirement benefit funds. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

	Note	2024	2023
		----- (Rupees in '000) -----	
Associated companies			
Sale of goods		6,687,110	3,303,875
Sale of operating fixed asset		-	1,946
Purchases of goods and services		33,040	6,412
Purchases of operating fixed asset		13,715	-
Marketing fee		2,483,240	2,082,776
Lease rentals paid		242,771	302,196
Rent expense		11,013	2,550
Dividend income on mutual funds		39,058	-
Dividends paid		1,069,951	528,861
Donation		6,000	3,500

Notes to the Financial Statements

For the year ended June 30, 2024

Note	2024	2023
	------(Rupees in '000)-----	
Directors		
Dividends paid	2,287,536	1,268,378
Meeting fee	19,477	12,972
Sale of vehicle	-	1,978
Key management personnel		
Remuneration paid	108,853	90,657
Post-employment benefits	6,308	4,804
Other related parties		
Contribution to Provident Fund	192,356	150,124

35.1 Following are the related parties with whom the Company has entered into transactions or have arrangement / arrangement in place

Particular	Relationship	Aggregate % of shareholding
1888 Mills LLC	Common Directorship	1.09%
Premier 1888 Limited	Common Directorship	-
Indus Hospital Health Network	Common Directorship	-
M&N Impex (Private) Limited	Common Directorship	-
Frieden Management (Private) Limited	Common Directorship	0.10%
Nigehban (Private) Limited	Common Directorship	-
UTI Industries (Private) Limited	Common Directorship	-
Gadoon Textile Mills Limited	Common Directorship	-
Pak Suzuki Motor Company Limited	Common Directorship	-
Liberty Mills Limited	Common Directorship	18.57%
Central Depository Company of Pakistan NOWPDP	Common Directorship	-
Grangeford USA Inc	Entity under significant influence of Director	-
UBL Funds Manager Limited	Common Directorship	9.81%
GMI Fund, LLC	Common Directorship	-
Feroze1888 Mills Limited - Provident Fund	Common Directorship	0.60%
Feroze1888 Mills Limited - Gratuity Fund	Retirement benefit fund	-
Mr. Rehan Rahman	Retirement benefit fund	-
Mr. Abdul Rahman Yaqub	Chief Executive / Director	2.24%
Mr. Khaleequr Rahman	Director	-
Mr. Shabbir Ahmed	Director	12.96%
Mr. Perwez Ahmed	Director	19.81%
Mr. Anas Rahman	Director	14.48%
Mr. Zain Ashraf Mukaty	Director	14.99%
Mr. Temoor Ashraf Mukaty	Director	-
Mr. Moin M. Fudda	Director	-
Ms. Huma Pasha	Director	0.0001%
Ms. Aminah Zahid Zaheer	Director	0.0001%
Ms. Javeria Siddiqui	Director	0.0001%
Mr. Mudassir Moten	Key Management Personnel	-
	Key Management Personnel	-

* Shareholding of directors include shares held by their relatives.

35.2 All transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company.

35.3 None of the key management personnel had any agreements with the Company other than the employment contract.

35.4 Associated companies incorporated outside Pakistan

Name	Country of Incorporation
Premier 1888 Limited	Bangladesh
1888 Mills LLC	United States of America
GMI Fund, LLC	United States of America
Grangeford USA Inc	United States of America

Notes to the Financial Statements

For the year ended June 30, 2024

36 PRODUCTION CAPACITY	2024	2023
Spinning		
Total number of spindles installed	78,792	57,288
Average number of spindles worked	59,080	57,288
Total number of rotors installed	3,312	3,312
Average number of rotors worked	3,312	3,312
Weaving		
Total number of looms installed	451	447
Average number of looms worked	432	414

The production capacity and its comparison with actual production of processing and stitching is impracticable to determine due to varying manufacturing processes, run length of order lots and various other factors.

37 FINANCIAL INSTRUMENTS BY CATEGORY

37.1 Financial assets as per statement of financial position

	Note	2024	2023
------(Rupees in '000)-----			
Financial assets measured at amortised cost			
Trade debts	11	15,967,407	14,389,491
Other receivables		241,850	284,472
Cash and bank balances	14	1,054,766	1,336,630
		<u>17,264,023</u>	<u>16,010,593</u>
Financial assets measured at fair value through profit or loss			
Derivative financial instruments		57,425	-
Short-term investments	13	2,688,956	4,362,587
		<u>2,746,381</u>	<u>4,362,587</u>
		<u>20,010,404</u>	<u>20,373,180</u>

37.2 Financial liabilities as per statement of financial position

Financial liabilities measured at amortised cost			
Long-term financing		8,400,435	9,332,449
Lease liabilities	18	451,932	695,958
Trade and other payables		10,667,637	8,184,922
Short-term borrowings	21	20,735,654	15,900,000
Accrued mark-up	22	588,661	670,983
Unclaimed dividend		2,417	2,178
		<u>40,846,736</u>	<u>34,786,490</u>
Financial liabilities measured at fair value through profit or loss			
Derivative financial instruments		3,886	-
		<u>40,850,622</u>	<u>34,786,490</u>

38 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 senior management of the Company oversees the management of these risks and 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:

Notes to the Financial Statements

For the year ended June 30, 2024

38.1 Market risk

It is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market risk comprises of three types of risks which include 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.

38.1.1 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 bank balances maintained in savings account and short-term borrowings obtained with floating rates.

At the statement of financial position date, the interest rate profile of the Company's interest-bearing financial instruments is as follows:

	Note	2024	2023
----- (Rupees in '000) -----			
Fixed rate instruments			
Financial liabilities			
Long-term financing	17	8,400,435	9,332,449
Lease liabilities	18	451,932	695,958
		<u>8,852,367</u>	<u>10,028,407</u>
Variable rate instruments			
Financial asset			
Savings account	14	105,242	162,628
Financial liabilities			
Short-term borrowings	21	20,735,654	15,900,000

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 of variable rate instruments to a reasonably possible change in interest rate, with all other variables held constant on the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax
Rupees in '000		
2024	± 100	206,304
2023	± 100	157,374

38.1.2 Currency risk

Currency risk is the risk that the value of financial assets or financial liabilities will fluctuate due to a change in the foreign exchange rates. 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	2024	2023
----- AED in '000 -----			
Trade and other payables		(1.76)	-
Other receivable		-	492.41
		<u>(1.76)</u>	<u>492.41</u>
----- Rupees -----			
Closing exchange rate		75.78	77.86
Average exchange rate		<u>77.12</u>	<u>67.52</u>

Notes to the Financial Statements

For the year ended June 30, 2024

	Note	2024	2023
		----- (EUR in '000) -----	
Trade debts		0.23	70.46
Trade and other payables		(72.82)	(2.37)
		<u>(72.59)</u>	<u>68.09</u>
		----- (Rupees) -----	
Closing exchange rate		297.69	312.93
Average exchange rate		306.38	260.44
		----- USD in '000 -----	
Trade debts		57,053	46,080
Foreign currency bank balances		316	531
Foreign currency cash balances		191	-
Trade and other payables		(5,898)	(6,329)
		<u>51,662</u>	<u>40,282</u>
		----- (Rupees) -----	
Closing exchange rate		278.34	285.99
Average exchange rate		283.24	248.00

Sensitivity Analysis

The sensitivity of the Company's profit before income tax and final taxes to a reasonably possible change in the exchange rates, with all other variables held constant is as follows:

	Increase / decrease in exchange rate	Effect on profit before tax
		Rupees in '000
2024	± 10%	<u>1,435,786</u>
2023	± 10%	<u>1,157,990</u>

The Company manages its currency risk by close monitoring of currency markets.

38.1.3 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.

38.2 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. The management of the Company regularly conducts detailed analysis of its credit risk.

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 statement of financial position date is as follows:

	Note	2024	2023
		----- (Rupees in '000) -----	
Trade debts	11	9,720,400	6,600,482
Other receivables		241,850	284,472
Short-term investments	13	2,688,956	4,362,587
Bank balances	14	996,268	1,331,894
Derivative financial instruments		57,425	-
		<u>13,704,899</u>	<u>12,579,435</u>

Notes to the Financial Statements

For the year ended June 30, 2024

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 are as follows:

	Note	2024	2023
----- (Rupees in '000) -----			
Bank balances			
A1+		984,336	1,306,465
A1		11,932	25,429
		<u>996,268</u>	<u>1,331,894</u>
Short-term investments			
AA+		815,426	2,987,603
AA		1,873,530	1,374,984
		<u>2,688,956</u>	<u>4,362,587</u>
Derivative financial instruments			
A1+		57,425	-

Trade debts

The aging of trade debts at the statement of financial position date is as follows:

	Neither past due nor impaired	Past due			Total
		1-60 days	61- 90 days	More than 90 days	
----- Rupees in '000 -----					
2024	15,339,746	618,005	7,521	70,590	16,035,862
2023	13,594,434	772,128	22,637	69,582	14,458,781

38.3 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:

2024	Up to 1 year	1 – 5 years	More than 5 years	Total
----- Rupees in '000 -----				
Long-term financing	1,827,050	4,879,628	2,226,641	8,933,319
Lease liabilities	356,705	161,034	-	517,739
Trade and other payables	10,671,523	-	-	10,671,523
Short-term borrowings	20,735,654	-	-	20,735,654
Accrued mark-up	588,661	-	-	588,661
Unclaimed dividend	2,417	-	-	2,417
	<u>34,182,010</u>	<u>5,040,662</u>	<u>2,226,641</u>	<u>41,449,313</u>

Notes to the Financial Statements

For the year ended June 30, 2024

2023	Up to 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	8,184,922	-	-	8,184,922
Short-term borrowings	15,900,000	-	-	15,900,000
Accrued mark-up	670,983	-	-	670,983
Unclaimed dividend	2,178	-	-	2,178
	<u>26,578,367</u>	<u>6,103,796</u>	<u>2,897,655</u>	<u>35,579,818</u>

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in their respective notes in these financial statements.

38.3.1 Changes in liabilities from financing activities

	July 01, 2023	Net cash flows	Non cash item	June 30, 2024
	----- Rupees in '000 -----			
Long-term financing	9,332,449	(1,150,708)	218,694	8,400,435
Short-term borrowings	15,900,000	1,448,482	3,387,172	20,735,654
Lease liabilities	695,958	(327,941)	83,915	451,932
Dividends payable	2,178	(3,546,513)	3,546,752	2,417
	<u>25,930,585</u>	<u>(3,576,680)</u>	<u>7,236,533</u>	<u>29,590,438</u>

38.4 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.

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.

Notes to the Financial Statements

For the year ended June 30, 2024

The gearing ratio as at statement of financial position date is as follows:

	Note	2024	2023
------(Rupees in '000)-----			
Deferred liabilities	16	1,621,440	1,427,225
Long-term financing	17	6,573,385	7,839,253
Provisions	20	4,402,049	4,438,126
Lease liabilities	18	143,596	455,578
Trade and other payables	19	10,910,875	8,807,199
Short-term borrowings	21	20,735,654	15,900,000
Accrued mark-up	22	588,661	670,983
Current portion of government grant	16.2	113,326	112,751
Current portion of long-term financing	17	1,827,050	1,493,196
Current portion of lease liabilities	18	308,336	240,380
Unclaimed dividend		2,417	2,178
Total debt		47,226,789	41,386,869
Cash and bank balances	14	(1,054,766)	(1,336,630)
Net debt		46,172,023	40,050,239
Share capital	15.1	3,994,090	3,994,090
Reserves		29,663,050	32,691,791
Total capital		33,657,140	36,685,881
Capital and net debt		79,829,163	76,736,120
Gearing ratio		57.84%	52.19%

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.

38.5 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.

Below table shows fair value of the assets analysed based on the following:

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).

	2024			
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
Assets measured at fair value				
Freehold and leasehold land	-	-	4,385,157	4,385,157
Derivative financial asset	-	57,425	-	57,425
Short-term investment	2,688,956	-	-	2,688,956

Notes to the Financial Statements

For the year ended June 30, 2024

	2023			Total
	Level 1	Level 2	Level 3	
	----- 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

38.5.1 Details of valuation techniques and inputs for freehold and leasehold land are as follows:

	Note	2024	2023
		----- (Rupees in '000) -----	
Fair value		4,385,157	4,385,157
Key unobservable inputs - price per acres		24,353	24,353

Increase / (decrease) in price per acres in isolation would result in higher (lower) fair value. Sensitivity analysis of change of key inputs is as follows:

	Increase / decrease in price per acres	Effect on fair values Rs. in '000
2024	± 10%	438,524
2023	± 10%	438,524

38.5.2 The Company has entered into foreign exchange forward contracts with various banks which are valued using market observable inputs other than quoted prices. The valuation incorporates foreign exchange spot and forward rates of USD.

38.5.3 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.

38.5.4 Short term investments are valued using the net asset value of mutual fund units obtained from Mutual Funds Association of Pakistan.

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

39 OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment.

Revenue from export sales represents 97.45% (2023: 97.99%) of the total gross revenue of the Company.

All non-current assets of the Company at June 30, 2024 are located in Pakistan.

Sales made by the Company to two major customers constitute 29.13% (2023: 32.51%) and 21.10% (2023: 21.70%) of the total sales.

40 DIVIDEND AND APPROPRIATIONS

Subsequent to year ended June 30, 2024, the Board of Directors in its meeting held on September 12, 2024 has proposed final cash dividend at Rs. Nil /- per share amounting to Rs. Nil million (2023: 8.88/- per share amounting to Rs.3,546.75 million) for approval of the members at the Annual General Meeting.

41 NUMBER OF PERSONS EMPLOYED

Number of persons employed as at June 30, 2024 were 12,483 (2023: 10,908) and average number of persons employed during the year were 11,696 (2023: 10,677).

Notes to the Financial Statements

For the year ended June 30, 2024

42 GENERAL

42.1 Corresponding figures have been reclassified / rearranged wherever necessary for better presentation. However, there are no material reclassifications to report in these financial statements, except as disclosed below:

	Reclassified		Rs. in '000
	From	To	
Reclassification of trade payable balance of 1888 Mills, LLC previously netted off with trade debts	Trade debts	Trade debts	1,130,285
Provisions shown separately on statement of financial position	Trade and other payables	Provisions	3,103,769
	Long-term provisions	Provisions	1,207,275
Reclassification of refund liabilities	Distribution costs	Sales - net	120,208

42.2 All figures in these financial statements are rounded off to the nearest thousand, unless otherwise stated.

42.3 Disclosures in relation to shariah compliance as per the requirements of the Fourth Schedule to the Act have been made in the respective notes to these financial statements.

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 12, 2024 by the Board of Directors of the Company.

JAVERIA SIDDIQUI
Chief Financial Officer

REHAN RAHMAN
Chief Executive Officer

AMINAH ZAHID ZAHEER
Director



Purchased

50000

10%

Total Earning

100000

10%

Notes

Sample text

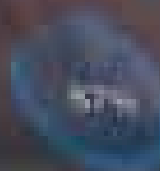
Today

10000

Revenue

10%

10%





Anchoring **our values**

In an ever-evolving landscape, our values remain the cornerstone of everything we do. This year, more than ever, our guiding principles have anchored us, shaping our decisions, driving our actions, and strengthening our relationships with stakeholders. By staying true to our mission and upholding our commitment to ethical practices, we have fostered a culture of trust, accountability, and respect.



Calendar of Notable Events

Calendar of Corporate Events July 2023 to June 2024

July 2023	71st BOD for Annual Budget for the year 2023-24	Thursday, July 6, 2023
August 2023	72nd BOD for Other than Financial Results 73rd BOD for Annual Financial Statements June 30 2023	Thursday, August 3, 2023 Tuesday, August 29, 2023
October 2023	74th BOD for 1st Quarter Ended September 30, 2023	Monday, October 30, 2023
November 2023	Corporate Briefing Session	Thursday, November 23, 2023
February 2024	75th BOD for 2nd Quarter/Half Year Ended December 31, 2023	Wednesday, February 28, 2024
April 2024	76th BOD for 3rd Quarter Ended March 31, 2024	Monday, April 29, 2024

Calendar of Other Events

July 2023 to June 2024

August 2023	Independence Day Celebration {**}	Monday, August 14, 2023
	Bowling Tournament	Thursday, August 24, 2023
September 2023	Market Week (New York)	Thursday, September 07, 2023 to Sunday, September 10, 2023
	International Sign Language Day {**}	Saturday, September 23, 2023
	World Heart Day {**}	Friday, September 29, 2023
	The KIN - Company's 1st Quarter Magazine	Saturday, September 30, 2023
	Futsal Tournament	Sunday, September 24, 2023
October 2023	World Mental Health Day {*}	Tuesday, October 10, 2023
	Breast Cancer Awareness Day {*}	Friday, October 13, 2023
	Cricket Tournament	Saturday, October 21, 2023
November 2023	World Quality Day {**}	Saturday, November 11, 2023
	World Diabetes Day {**}	Tuesday, November 14, 2023
	Sports Week	Monday, November 27, 2023
December 2023	International Day of Persons with Disability {**}	Sunday, December 3, 2023
	Sports Day	Tuesday, December 5, 2023
	Human Rights Day {*}	Sunday, December 10, 2023
	Cricket Tournament	Saturday, December 16, 2023
	The KIN - Company's 2nd Quarter Magazine	Sunday, December 31, 2023
January 2024	Heimtex Germany Textile Fair	Tuesday, January 09, 2024 To Friday, January 12, 2024
	Bowling Tournament	Tuesday, January 30, 2024
February 2024	World Cancer Day {*}	Sunday, February 4, 2024
	Badminton Tournament	Sunday, February 18, 2024
March 2024	The KIN - Company's 3rd Quarter Magazine	Sunday, March 31, 2024
	Zero Discrimination Day {*}	Friday, March 1, 2024
	International Women Day {**}	Friday, March 8, 2024
	International Day of Happiness {*}	Wednesday, March 20, 2024
	World Water Day {*}	Friday, March 22, 2024
	Pakistan Day {*}	Saturday, March 23, 2024
April 2024	World Health Day {**}	Sunday, April 7, 2024
	Earth Day {*}	Monday, April 22, 2024
	Health & Safety Day {*}	Sunday, April 28, 2024
	Cricket Tournament	Sunday, April 28, 2024
May 2024	Labour Day {*}	Wednesday, May 1, 2024
	World Fire Fighters Day {**}	Saturday, May 4, 2024
	Mothers Day {**}	Wednesday, May 8, 2024
	World Hypertention Day {**}	Friday, May 17, 2024
	World No Tobacco Day {**}	Friday, May 31, 2024
	Bowling Tournament	Thursday, May 23, 2024
June 2024	The KIN - Company's 4th Quarter Magazine	Sunday, June 30, 2024
	World Environment Day {**}	Wednesday, June 5, 2024
	World Blood Donor Day {**}	Friday, June 14, 2024

* Flyer

** Activity / Flyer

Pattern of holdings of the shares held by the Shareholders as at 30 June 2024

No of Shareholders		Shareholdings			Total shares held
569	From	1	to	100	12,219
207	From	101	to	500	57,984
88	From	501	to	1000	71,670
110	From	1001	to	5000	262,786
31	From	5001	to	10000	234,813
12	From	10001	to	15000	151,797
7	From	15001	to	20000	128,498
2	From	20001	to	25000	45,500
3	From	25001	to	30000	89,222
3	From	30001	to	35000	101,000
2	From	35001	to	40000	76,890
2	From	40001	to	45000	88,890
1	From	45001	to	50000	50,000
1	From	50001	to	55000	53,000
1	From	60001	to	65000	62,000
1	From	65001	to	70000	70,000
1	From	70001	to	75000	72,000
1	From	85001	to	90000	90,000
1	From	105001	to	110000	107,040
1	From	140001	to	145000	141,066
1	From	175001	to	180000	178,250
1	From	195001	to	200000	200,000
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
1	From	780001	to	785000	783,000
1	From	1595001	to	1600000	1,600,000
1	From	1645001	to	1650000	1,650,000
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	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	10030001	to	10035000	10,033,785
1	From	10540001	to	10545000	10,541,494
1	From	11490001	to	11495000	11,491,135
1	From	13105001	to	13110000	13,105,422
1	From	14040001	to	14045000	14,044,901
1	From	14915001	to	14920000	14,917,699
1	From	14995001	to	15000000	15,000,000
1	From	18445001	to	18450000	18,447,546
1	From	36785001	to	36790000	36,787,800
1	From	37395001	to	37400000	37,400,000
1	From	39190001	to	39195000	39,192,607
1	From	60055001	to	60060000	60,056,774
1084					399,409,026

Pattern of Shareholding

As at 30 June 2024

Categories of Shareholders	Number of shareholders	Shares Held	Percentage
Associated Companies, undertaking and related parties	6	120,490,030	30.17
Investment Companies and Mutual Funds	1	13	0.00
Directors, Chief Executive Officer and their Spouse	11	129,329,016	32.38
Joint Stock Companies	12	7,050,066	1.77
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance and others	10	439,677	0.11
Individuals	1044	142,100,224	35.58
	<u>1,084</u>	<u>399,409,026</u>	<u>100.00</u>

Pattern of Shareholding

As at 30 June 2024

Shareholders' Category	Number of Shareholders	Number of Shares held
Associated Companies, undertaking and related parties	6	120,490,030
Investment Companies, Mutual Funds and Other		
M/s. Shirazi Investment Ltd	1	13
Directors and their Spouse(s)		
Mr. Abdul Rehman Yaqub	Director/Chairman	-
Mr. Rehan Rahman	Chief Executive	8,963,796
Mr. Khaleequr Rahman	Director	13,105,422
Mr. Shabbir Ahmed	Director	60,056,774
Mr. Perwez Ahmed	Director	10,541,494
Mr. Zain Ashraf Mukaty	Director	-
Mr. Anas Rahman	Director	6,565,231
Mr. Temoor Ashraf Mukaty	Director	-
Mr. Moin M. Fudda	Director	500
Ms.Huma Pasha	Director	530
Ms. Aminah Zahid Zaheer	Director	530
Mrs. Shahnaz Rahman (Spouse)	Spouse	8,286,796
Mrs. Saba Perwez (Spouse)	Spouse	14,917,699
Mrs. Sana Rehan (Spouse)	Spouse	6,890,244
Executives	3	26,098,234
Joint Stock Companies	12	7,050,066
Bank, Development Finance Institutions, Non-Banking Finance Companies	3	304,571
Insurance Companies, Takaful, Modarabas and Pension Fund	7	135,106
Shareholders holding 5% or more voting interest:		
M/s. Grangeford USA Inc	1	39,192,607
M/s. Liberty Mills Limited	1	36,787,800
M/s. Liberty Power Tech Limited	1	37,400,000
Mr. Shabbir Ahmed	1	60,056,774

Notice of 52nd Annual general meeting

Notice is hereby given to the Members that the 52nd Annual General Meeting of the Company will be held on Monday, 28 October 2024 at 04:00 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 Annual General Meeting of the Company held on Friday, 27 October 2023.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended 30 June, 2024 together with the Chairman's Review, Directors' and Auditors' report thereon.

In accordance with Section 223 of the Companies Act, 2017 and SRO 389(I)/2023 dated 21st March 2023, the Financial Statements of the Company has been uploaded on the website of the Company, which can be downloaded from the following link and QR enabled code:

<https://feroze1888.com/wp-content/uploads/2024/09/Feroz1888-AR-2024.pdf>



3. To appoint auditors of the Company and fix their remuneration for the financial year 2024-25. The Board of Directors, on the recommendation of the Board Audit Committee of the Company has proposed the appointment of M/s. Grant Thornton Anjum Rahman, Chartered Accountants, as External Auditors, of the Company for the year ending 2024-25.

ANY OTHER BUSINESS:

5. To transact any other business with the permission of the Chair.

By order of the Board
(Rehan Rahman)
Chief Executive Officer

Karachi: 04 October 2024

NOTES:

1. Share Transfer Books of the Company will remain closed from Tuesday, 22 October 2024 to Monday, 28 October 2024 (both days inclusive). Transfer received at the office of Share Registrar at the close of business on Monday, 21 October 2024 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 Share Registration Services (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 Share Registration Services (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 Monday, 21 October 2024, 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 Share Registration Services (Pvt.) Ltd for the conversion of physical shares into book-entry form.

10. 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 Share Registration Services (Pvt.) Ltd for receipt of dividend / shares.
11. 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 Consent Email Transmission Form available on the Company’s website <https://feroze1888.com/investor/investor-relations/others/>, to the Company’s Share Registrar.
12. Notice of the Annual General Meeting of the Company for the year ended 30th June 2024 have been placed on the website of the Company, <https://feroze1888.com/investor/investor-relations/notices/>.
13. The audited financial statements of the Company for the year ended June 30, 2024 have been placed on the website of the Company <https://feroze1888.com/investor/financial-information/>.

Notwithstanding the above, the Company will provide hard copies of the audited financial statements, to any Member on their request, at their registered address, free of cost, within one (1) week of receiving such request.

14. 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.
15. **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 Share Registration Services (Pvt.) Ltd
8-F, Next to Hotel Faran, Nursery
Block-6 PECHS, Shahrah-e-Faisal, Karachi
www.famcosrs.com
Email: info.shares@famcosrs.com
Phone # +92 21 34380101-5

6. ممبران سے درخواست کی جاتی ہے کہ وہ اپنے ای میل اور سیل نمبر برائے فزیکل نوٹیو اور بروکر / سی ڈی سی انویسٹر اکاؤنٹ سروسز جن کے حصص الیکٹرانک شکل میں رکھے گئے ہیں کمپنی کے شیئر رجسٹرار کے ساتھ اپڈیٹ کروائیں۔

7. کمپنیز ایکٹ 2017ء کی شق 242 کی تعمیل میں جس کا مینڈیٹ ہے کہ تمام فہرست شدہ کمپنیوں کو ان کی جانب سے نامزد کردہ حقدار شیئر ہولڈرز کے بینک اکاؤنٹ میں براہ راست الیکٹرونک طریقے سے ڈیویڈنڈ ادا کئے جائیں، لہذا، اس نوٹس کے ذریعے تمام شیئر ہولڈرز سے درخواست کی جاتی ہے کہ اپنے متعلقہ شرکاء کے ذریعے سینٹرل ڈپازٹری سسٹم میں اپنے بینک اکاؤنٹ کی تفصیلات اپ ڈیٹ کر لیں۔ فزیکل شیئرز کی صورت میں بینک اکاؤنٹ کی تفصیلات کمپنی شیئر رجسٹرار میسرز فیکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ کو فراہم کریں۔

برائے مہربانی نوٹ فرمائیں کہ کمپنی کے اعلانہ ڈیویڈنڈز صرف نامزد کردہ بینک اکاؤنٹس میں جمع کروائے جائیں گے، اس لئے برائے مہربانی مستقبل میں زحمت سے بچنے کے لیے اپنی تفصیلات جلد از جلد اپ ڈیٹ کر لیں۔
8. شیئر 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 منقسم 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%

شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ وہ فالنگز کیلئے قابل اطلاق وہ ہولڈنگ ٹیکس ریٹ کا فائدہ حاصل کرنے کے لیے CDC کے شرکاء اور ہماری کمپنی کے شیئر رجسٹرار کو اپنا درست اور اپ ڈیٹ CNIC/NTN فراہم کریں۔
مشیر کہ اکاؤنٹ کی صورت میں شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے پاس موجود شیئر ہولڈنگ کے تناسب کی تفصیل بطور پرنسپل شیئر ہولڈرز اور ان کے مشیر کہ ہولڈرز کمپنی کے شیئر رجسٹرار کو فراہم کر دیں تاکہ کمپنی اس کے مطابق ہر ایک شیئر ہولڈر کے وہ ہولڈنگ ٹیکس کا تعین کر سکے۔ مطلوبہ معلومات پیر، 21 اکتوبر 2024 کمپنی کے شیئر رجسٹرار تک موصول ہونی چاہے بصورت دیگر ہر شیئر ہولڈر کے پاس حصص کا مساوی تناسب فرض کیا جائے گا اور اس کے مطابق ٹیکس کاٹ لیا جائیگا۔

9. کمپنیز ایکٹ 2017ء کا سیکشن 72 تمام کمپنیوں سے مطالبہ کرتا ہے کہ وہ ایکٹ کے نفاذ کے چار سالوں کے اندر فزیکل فارم میں جاری کردہ شیئر کو بک انٹری فارم میں اندراج کروائیں فزیکل شیئر رکھنے والے شیئر ہولڈرز کی حوصلہ افزائی کی جاتی ہے کہ وہ اپنے شیئر کو جلد از جلد بک انٹری فارم میں تبدیل کریں۔ کمپنی کے شیئر ہولڈرز شیئر رجسٹرار فیکو شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ یعنی فزیکل شیئر کو بک انٹری فارم میں تبدیل کرنے کے لئے رابطہ کر سکتے ہیں۔

10. بحوالہ کمپنیز ایکٹ 2017ء کے سیکشن 244 کے تحت، فیروز 1888 ملز لمیٹڈ (کمپنی) کی جانب سے غیر دعویٰ دار حصص / ڈیویڈنڈ کی تازہ ترین فہرست اور تفصیلات کمپنی کی ویب سائٹ <https://feroze1888.com/investor/investor-relations/others/> پر جاری کر دی گئی ہیں۔ حصص / ڈیویڈنڈ کی وصولی و رسید کے لیے دعویٰ یا تو کمپنی کے دفتر یا پھر کمپنی کے شیئر رجسٹرار، میسرز فیکو شیئر رجسٹریشن سروسز (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، شیئر ہولڈرز کی تحریری اجازت کے ساتھ، انہیں ای میل پر ارسال کر سکیں۔
جو شیئر 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 شیئر رجسٹرار کو فراہم کریں۔

12. 30 جون 2024 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ مجلس عامہ کا نوٹس کمپنی کی ویب سائٹ <https://feroze1888.com/investor/investor-relations/notices/> پر موجود ہیں۔
13. 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کی سالانہ رپورٹ کمپنی کی ویب سائٹ <https://feroze1888.com/investor/financial-information/> پر موجود ہیں۔ اس کے باوجود کمپنی کسی بھی ممبر کی درخواست پر ان کے رجسٹرڈ پیس پر آڈٹ شدہ مالیاتی اسٹیٹمنٹس کی ہارڈ کاپی بغیر کسی قیمت ایک ہفتہ کے اندر فراہم کرے گی۔

14. ممبران کمپنیز ایکٹ 2017ء کی شق 143 اور 144 اور کمپنیز (پوشل بیلٹ) ریگولیشن 2018ء کے تحت ممبران ای۔ ڈوونگ کا حق بھی استعمال کر سکتے ہیں۔

15. **سیکیورٹیز اینڈ ایکسچینج کمیشن کی جانب سے سی ڈی سی اکاؤنٹ ہولڈرز کے لیے جاری کردہ ہدایات:-**

اجلاس میں شرکت کیلئے:-

- انفرادی حیثیت میں اکاؤنٹ ہولڈر یا سب ہولڈر اور / یا وہ فرد 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 اصل شناختی کارڈ پیش کر کے اپنی شناخت کو ثابت کر سکتا / کر سکتی ہے۔
- 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:-

- انفرادی حیثیت میں اکاؤنٹ ہولڈر یا سب ہولڈر اور / یا ایسا فرد جس کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور اس کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، کو درج بالا مطلوبہ شرائط کے تحت پراکسی فارم جمع کرانا ہوگا۔
- 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۔
- بینیفیشل اور / یا پراکسی کی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ہمراہ پیش کرنی ہوں گی۔
- اجلاس کے وقت اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
- 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۔

رجسٹرڈ آفس:

فیروز شیئر رجسٹریشن سروسز (پرائیویٹ) لمیٹڈ
F-8 فاران ہوٹل کے فوری بعد، نرسری،
بلاک-6، PECHS، شاہراہ فیصل، کراچی
www.famcosrs.com

فیروز 1888 ملز لمیٹڈ
H-23/4، اسکیم نمبر 3
لاٹھی انڈسٹریل ایریا، کراچی
www.feroze1888.com

Email: info.shares@famcosrs.com
Phone # +92 21 34380101-5

Email: secretary@feroze1888.com
Phone # +91 21 35083643

52 واں سالانہ اجلاس عام کا نوٹس

بذریعہ ہذا مطلع کیا جاتا ہے کہ کمپنی کے ممبران کا 52 واں سالانہ اجلاس عام بروز پیر 28 اکتوبر 2024 بوقت 04:00 بجے دوپہر بمقام انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی کیپ) آڈیٹوریم چارٹرڈ اکاؤنٹنٹس ایونیو، کانٹن، کراچی اوپن یونٹ کے ذریعے مندرجہ ذیل امور کی انجام دہی کے لئے منعقد کیا جائیگا۔

عمومی امور:

1. 27 اکتوبر 2023ء کو منعقدہ کمپنی کے سالانہ اجلاس عام کی کارروائی کی توثیق۔
 2. 30 جون 2024ء کو ختم شدہ سال کے لیے کمپنی کے سالانہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس بشمول ان پر چیئرمین کا جائزہ، ڈائریکٹرز اور آڈیٹرز کی رپورٹ وصول کرنا، غور کرنا اور اختیار کرنا۔
- کمپنی ایکٹ 2017 کے سیکشن 223 اور SRO389(1)/2023 مورخہ 21 مارچ 2023 کے مطابق کمپنی کے مالیاتی اسٹیٹمنٹس کو کمپنی کی ویب سائٹ پر اپ لوڈ کر دیا گیا ہے جس کو مندرجہ ذیل لنک کے ذریعے ڈاؤن لوڈ کیا جاسکتا ہے یا (QR) فعال کوڈ کے ذریعے رسائی حاصل کی جاسکتی ہے:



<https://feroze1888.com/wp-content/uploads/2024/09/Feroz1888-AR-2024.pdf>

3. 30 جون 2025ء کو ختم ہونے والے سال کے لیے قانونی آڈیٹرز کا تقرر اور ان کا اعزاز یہ مقرر کرنا۔ کمپنی کی بورڈ آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے میسرز گرانٹ تھارنٹون انجمن رحمان، چارٹرڈ اکاؤنٹنٹس کو مالی سال 2024-25 کے لیے بیرونی آڈیٹرز کے طور پر مقرر کرنے کی تجویز پیش کی ہے۔

دیگر امور:

4. چیئرمین مجلس کی اجازت سے دیگر امور پر کارروائی۔

حسب الحکم بورڈ
(ریحان رحمان)
چیف ایگزیکٹو آفیسر

کراچی: 04 اکتوبر 2024ء

نوٹس

1. کمپنی کی شیئرز ٹرانسفرنگس منگل 22 اکتوبر 2024ء تا پیر 28 اکتوبر 2024ء (بشمول دونوں ایام) بند رہیں گی، شیئرز رجسٹرار کے آفس میں پیر 21 اکتوبر 2024ء 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 لئے کسی دوسرے کو اپنا مجاز مقرر کر سکتا ہے، مجاز فرد لازمی طور پر کمپنی ممبر ہونا چاہئے، مجاز مقرر کے 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 پی اجلاس کے مقررہ وقت سے 48 گھنٹے قبل کمپنی کے رجسٹرار آفس یا شیئرز رجسٹرار کے دفتر میں لازمی موصول ہو جانی چاہئے، ایک رکن ایک سے زائد مجاز مقرر کرنے کا حقدار نہیں، اگر کوئی رکن ایک سے زائد مجاز مقرر کرے گا یا مجاز فرد سے 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 رجسٹرار آفس میں فوری طور پر مطلع کریں۔
4. اراکین کو مراسلت کے لیے اور اجلاس میں شرکت کے وقت اپنا فولیو ای سی ڈی سی نمبر درج کرنا ہوگا۔
5. شیئرز ہولڈرز جو اجلاس عام (اے جی ایم) میں ویڈیو لنک سہولت (زوم) کے ذریعے شرکت کرنے کے خواہشمند ہیں (جو کہ گوگل پلے اسٹور اور ایپل اسٹور سے ڈاؤن لوڈ کیا جاسکتا ہے) ان سے درخواست ہے کہ کمپنی سیکریٹری کے آفس میں (اے جی ایم) کے انعقاد سے کم از کم دو کاروباری روز قبل ای میل secretary@feroze1888.com پر یا کمپنی کے شیئرز رجسٹرار فیکو شیئرز رجسٹریشن سروسز (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	فولیو ای سی ڈی سی	موبائل نمبر	ای میل

✓ خواہشمند شیئرز ہولڈرز سے مذکورہ بالا تفصیلات کی وصولی کے بعد کمپنی لاگ ان تفصیلات ان کے ای میل ایڈریس پر ارسال کر دے گی۔

✓ (اے جی ایم) کے موقع پر شیئرز ہولڈرز بذریعہ اپنے اسمارٹ فون اور کمپیوٹر آلات سے اپنے سہولت کے مقام سے (اے جی ایم) 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 شرکاء کی اجلاس میں شرکت کو یقینی بنایا جاسکے۔

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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 Monday, 28 October 2024 at 04:00 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:

- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be stated on the form
- Attested copies of CNIC or the passport of the beneficial owner(s) and the proxy shall be proved with the proxy form.
- The proxy shall produce his/her CNIC or original passport at the time of the meeting.
- 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/ہم

پتہ

بحیثیت ممبر/ممبران فیروز 1888 ملز لمیٹڈ حصص

عمومی حصص شیئر رجسٹر کے فولیو نمبر کے تحت

اور/یا سی ڈی سی

ممبر/ممبران کی آئی ڈی نمبر اور اکاؤنٹ/سب اکاؤنٹ نمبر

نازد کرتا ہوں

پتہ

یا ان کے نا جانے پر

پراکسی فارم ای۔ ووٹنگ (آپشن 2)

میں/ہم

پتہ

بحیثیت ممبر/ممبران فیروز 1888 ملز لمیٹڈ حصص

عمومی حصص شیئر رجسٹر کے فولیو نمبر کے تحت

اور/یا سی ڈی سی

ممبر/ممبران کی آئی ڈی نمبر اور اکاؤنٹ/سب اکاؤنٹ نمبر

نازد کرتا ہوں

پتہ

یا ان کے نا جانے پر

بطور پراکسی 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 پیر 28 اکتوبر 2024 بوقت 04:00 بجے دوپہر منعقد ہو رہا ہے، اس میں یا اس کے کسی ملتی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

ریونیو اسٹامپ پر دستخط

رقم-5/روپے

ممبر دستخط

ممبر کا نام:

فولیو نمبر سی ڈی سی 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 سیکریٹری کو رجسٹرڈ آفس پر اجلاس کے مقررہ وقت سے 48 گھنٹے قبل بھجوائیں۔
- ICDC اکاؤنٹ ہولڈرز/کارپوریٹ اثٹیس

مندرجہ بالا شقوں 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/پاور آف 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