2024
ANNUAL REPORT

Shadab Textile Mills Limited

CONTENTS

COMPANY INFORMATION

CHIEF EXECUTIVE	Mian Aamir Naseem	
BOARD OF DIRECTORS	Mian Farrukh Naseem	**Chairman/Non Executive Director**
	Mr. Saad Naseem	**Non Executive Director**
	Mr. Yasir Naseem	**Executive Director**
	Mr. Hamza Naseem	**Non Executive Director**
	Mrs. Fatima Aamir	**Female - Non Executive Director**
	Mr. Fahad Shafiq	**Independent Director**
	Mr. Ghazanfer Feroz	**Independent Director**
AUDIT COMMITTEE	Mr. Fahad Shafiq	**Chairman**
	Mian Farrukh Naseem	**Member**
	Mr. Hamza Naseem	**Member**
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Fahad Shafiq	**Chairman**
	Mr. Ghazanfer Feroz	**Member**
	Mr. Saad Naseem	**Member**
CHIEF FINANCIAL OFFICER	Mr. Muhammad Adeel Anwar Khan	
COMPANY SECRETARY	Mr. Tariq Javaid	
AUDITORS	M/s. Fazal Mehmood & Company, Chartered Accountants	
SHARE REGISTRAR	Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore. Ph: 042-35887262, 35839182 Fax: 042-35869037	
BANKERS	Bank Al-Falah Limited Bank Al- Habib Limited	
REGISTERED OFFICE	A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II,Lahore Ph: No. 042-35788714-16	
WEBSITE ADDRESS	www.shadabtextile.com	
MILLS	Unit # 1: Nasimabad, Shahkot, District Nankana Sahib. Unit # 2: Habibabad, Pattoki, District Kasur.	

VISION STATEMENT

To Strive for excellence through commitments, integrity, honesty and team work.

MISSION STATEMENT

To be a model amongst the textile spinning, capable of producing high quality blended and hundred percent cotton yarn both for knitting and weaving.

- Complete satisfaction of Buyers/Consumers is our Motto.
- Manufacturing of blended and hundred percent cotton yarn as per the customers' requirements and market demand.
- Keeping pace with the rapidly changing technology by continuously balancing, modernization and replacement (BMR) of plant and machinery.
- Enhancing the profitability by improved efficiency and cost controls.
- Betterment of Mills Employees as quality policy.
- Protecting the environment and contributing towards the economic strength of the country and function as a good corporate citizen.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 45th Annual General Meeting of the Shareholders of **SHADAB TEXTILE MILLS LIMITED** will be held on Monday, October 28, 2024 at 11.30 a.m. at the Registered Office of the Company at A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2024 together with Directors' and Auditors' Reports thereon.

   In accordance with section 223 of the Companies Act, 2017, and pursuant to S.R.O.389(1)/2023 dated March 21, 2023, the financial statements of the Company have been uploaded on the website of the Company which can be accessed through the following weblink and QR enabled code:

   QR Enabled Code:

   Weblink: https://www.shadabtextile.com/pdf/Annual30-06-2024.pdf

2. To declare and approve the Final Cash Dividend at Rs. 0.75 per share i.e. 7.50% for the year ended June 30, 2024 as recommended by the Board of Directors.
3. To appoint auditors for the year 2024-2025 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

By order of the Board

(Tariq Javaid)
Company Secretary

LAHORE: September 27, 2024

NOTES:

1. **Closure of Share Transfer Books:** The Share Transfer Books of the Company will remain closed from October 22, 2024 to October 28, 2024 (both days inclusive). Transfers received at Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company by the close of business on October 21, 2024 will be treated in time for the purpose of above entitlement to the transferees.

2. **Participation in Annual General Meeting:** An individual beneficial owner of share must bring his/her original CNIC or Passport, Account and Participant's I.D numbers to prove his/her identity. A representative of corporate members must bring the Board of Directors' Resolution and / or Power of Attorney and the specimen signature of the nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

   A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the time of holding the meeting. A proxy must be a member.

   The shareholders interested to participate in the AGM through ZOOM are requested to get themselves registered by sending an email at least 48 hours prior to the date of meeting at tariq@shadabtextile.com by providing the following details:

Name	CNIC No.	Folio/CDC A/c No.	Cell No	Email Address

The shareholders who are registered after the necessary verification shall be provided a video link by the Company on the said email address. The login facility will remain open from start of the meeting till its proceedings are concluded. Members will be able to login and participate in the Annual General Meeting proceedings through their devices.

3. **Deposit of Physical Shares into CDC Account:** As per Section 72 of the Companies Act, 2017, every existing listed company will be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by Commission, within a period not exceeding four years from the commencement of the Act i.e., May 30, 2017.

   The Shareholders having physical shareholding are encouraged to open CDC sub-accounts with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including sale custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

4. **Dividend Mandate (Mandatory):** In accordance with the provisions of section 242 of the Companies Act and Companies (Distribution of Dividends), Regulations 2017, a listed company is required to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

   All shareholders who have still not provided their IBAN are once again requested to provide the details of their bank mandate specifying (a) Title of Account (b) Account Number (c) IBAN Number (d) Name of Bank (e) Branch Name, code and address to the Company's Share Registrar. Those shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide bank mandate detail as mentioned above, to the concerned Participants/CDC. The Dividend Mandate Form is placed on Company's website www.shadabtextile.com.

5. **Deduction of Income Tax under section 150 of the Income Tax Ordinance, 2001:** The rates of deduction of income tax from dividend payments under Section150 of the Income Tax Ordinance, 2001 are prescribed as under:

   - Persons appearing in Active Tax Payers List (ATL) 15%
   - Persons not appearing in Active Tax Payers List (ATL) 30%

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

   The FBR has clarified that withholding tax will be determined separately on 'Filer/Non Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders, who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar, in the following format:

Folio No./CDS Account No.	Name of Principal Shareholder/Joint Holder	Shareholding Proportions	CNIC/Passport No. (Copy attached)	Signature

   The required information must reach our Share Registrar by the close of business on October 21, 2024 otherwise it will be assumed that the shares are equally held by Principal Shareholder and joint holders.

   Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, M/s. Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, upto October 21, 2024.

6. **Unclaimed Dividend/Shares:** As per Section 244 of the Act any dividend and/or share certificate remained unclaimed or unpaid for a period of three years from the date these have become due and payable, the Company shall be liable to deposit those unclaimed/unpaid amounts with the Federal Government as per the directives to be issued by SECP from time to time.

   Shareholders, who by any reason, could not claim their dividend/shares, if any, are advised to contact our Share Registrar M/s. Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore to enquire about their unclaimed dividend/shares.

7. **Transmission of Annual Financial Statements:** The SECP vide SRO 787(1)/2014 dated September 8, 2014 has provided an option to receive audited financial statements electronically through email, those shareholders who are interested in receiving the annual reports electronically in future are required to submit their e-mail address at Registered Office of the Company on a standard request form which is available on Company's website: www.shadabtextile.com.

   Pursuant to Section 223(7) of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2024 together with Chairman's Review Report, Directors' and Auditors' Report thereon have been made available on the Company's website: www.shadabtextile.com .

8. **Submission of Copies of Valid CNICs:** Shareholders are requested to submit copy of their valid CNIC mentioning company name & Folio Number at our Share Registrar's address for compliance of SECP SRO No. 831(1)/2012. In case of non-receipt of copy of valid CNIC, the company may be constrained to withhold payment of dividend.

9. **Request of Video Conference Facility:** Members can also avail Video Conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard please fill the following and submit to the registered address of the company within ten (10) days before holding of annual general meeting.

   I/We.____ of ________________________________ being a member of SHADAB TEXTILE MILLS LIMITED, holder of _______________Ordinary Shares as per Registered Folio No./CDC A/C No.________ hereby opt for Video conference Facility at________

   ____
   Signature of members

10. **Change of Address:** Shareholders are requested to immediately notify the change of address, if any to Share Registrar of the Company.

CHAIRMAN’S REVIEW

I am pleased to present the report on the overall performance of the Board and effectiveness of the role in achieving the Company’s objective.

The Board is responsible for overall management of the Company and carry out its fiduciary duties with a sense of objective judgement in the best interest of the Company and its stakeholders. The committees of the Board worked diligently and focused on their terms of reference during the year under review.

During the financial year 2023-24 four board meetings, five audit committee meetings and four Human Resource and Remuneration Committees were conducted. The Board has carried out a review of its effectiveness and performances which is satisfactory.

The board evaluation during the year 2024 robustly considered all aspects of the Board including the performance of individual Directors, Board Committees and the Board as a whole and I am happy to report that your Board continues to function effectively and is focused on priorities for the Company’s business.

I wish to thank all stakeholders, for their untiring efforts in achieving very good results under difficult circumstances. May Allah continue to bless us.

MIAN FARRUKH NASEEM
Chairman

Lahore: September 27, 2024

DIRECTORS' REPORT

Dear Shareholders,

The Directors of the Company welcome you to the 45th Annual General Meeting and are pleased to present the Annual Report together with Audited Accounts of the Company for the year ended June 30, 2024.

Financial Results

The financial results of the Company in comparative form are as follows:-

	(RUPEES IN THOUSAND)	
	June 30, 2024	**June 30, 2023**
Sales - net	**7,280,768**	5,962,782
Cost of sales	**6,881,703**	5,779,130
GROSS PROFIT	**399,065**	183,652
Administrative and general expenses	**153,660**	140,023
Selling and distribution expenses	**391**	2,089
	154,051	142,112
OPERATING PROFIT	**245,014**	41,540
Finance costs	**133,911**	137,046
Other charges	**36,030**	-
	75,073	(95,506)
Other income	**39,834**	2,933
PROFIT/(LOSS) BEFORE LEVIES AND TAXATION	**114,907**	(92,573)
Minimum tax	**(57,971)**	(12,891)
PROFIT /(LOSS) BEFORE TAXATION	**56,936**	(105,464)
Taxation	**41,530**	(2,278)
PROFIT/(LOSS) AFTER TAXATION	**98,466**	(107,742)
Basic & diluted earning / (loss) per share-(Rupees)	**5.93**	(6.49)

During the year under review, the Company earned a profit after tax of Rs. 98.466 million, a significant improvement compared to the previous year's loss of Rs.107.742 million. The net sales for the year amounted to Rs. 7,280.768 million, showing an increase of Rs. 1,317.986 million i.e 22.10% from the previous year's sales of Rs. 5,962.782 million. Earnings per share (EPS) increased to Rs. 5.93, compared to a loss of Rs. 6.49 per share in the previous year.

Despite the company's improved performance, the textile sector faced several challenges such as higher raw material prices, rising energy costs such as a significant 150% increase in tariff of local gas and higher mark-up costs which impacted production costs and competitiveness in the international market of textile sector. It is also anticipated that the Government would stop supplying gas to industry which is relatively cheaper than electricity to prioritize domestic consumers could severely affect the textile sector.

However, Pak Rupee's stable exchange rate during the year provided predictability in the cost of imported raw materials, aiding better and informed decision-making. To address increasing energy costs, the company had completed a 0.910 MW solar system as of the reporting date and installed further 0.840 MW system after the end of reporting period. The Company is committed to expanding this capacity further, to reduce energy expenses and mitigate the impact of rising energy prices.

Moreover, the reduction in the government's policy rate from 22.00% to 17.50% after the reporting date is a positive development. This decrease will likely lower the company's finance costs, improving overall financial efficiency and we further expect that the Government will take well planned concrete steps such as lower rate of electricity and gas tariff for textile sector, further decrease in mark-up rates and long term financing for renewable energy to revive the textile industry particularly the spinning sector which is the core industry of Pakistan and is backbone of economy of the country.

Earnings Per Share

Earnings per Share is Rs.5.93 (2023: Rs.(6.49))

Dividend

The Board of Directors has recommended a Final Cash Dividend of Rs. 0.75 per share i.e. @ 7.50% to the shareholders of the Company.

Corporate Governance and Financial Reporting Framework

a. The financial statements, prepared by the management of the company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.

b. Proper books of account have been maintained by the Company.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. There are no significant doubts upon the company's ability to continue as a going concern.

g. Key operating and financial data of last six years is annexed to the annual report.

h. There are no outstanding statutory payments on account of taxes, duties, levies and charges except routine payments of various levies.

i. Value of investments of provident fund as on 30-06-2024 as per un-audited accounts was Rs. 140.428 million.

j. The pattern of shareholding and the additional information as required by the CCG is annexed to the annual report.

k. Directors, CFO, Company Secretary and their spouses and minor children traded in the Company's shares during the year have been disclosed in the pattern of shareholding.

Board of Directors

The Board of Directors consist of:

Total number of Directors

a)	Male	06
b)	Female	01

Composition:

a)	Independent Directors	02
b)	Non-Executive Directors	04
c)	Executive Directors	02 (including Cheif Executive)

The Board as of June 30, 2024:

	Mian Aamir Naseem	Chief Executive
1.	Mian Farrukh Naseem	Chairman/Non-Executive Director
2.	Mr. Yasir Naseem	Executive Director
3.	Mr. Saad Naseem	Non-Executive Director
4.	Mr. Hamza Naseem	Non-Executive Director
5.	Mrs. Fatima Aamir	Female Non-Executive Director
6.	Mr. Fahad Shafiq	Independent Director
7.	Mr. Ghazanfer Feroz	Independent Director

During the year four meetings of the Board of Directors were held and attendance of these meetings is as under:

Name of Director	Meetings Attended
Mian Farrukh Naseem	4
Mr. Yasir Naseem	4
Mr. Saad Naseem	4
Mr. Hamza Naseem	4
Mrs. Fatima Aamir	4
Mr. Fahad Shafiq	4
Mr. Ghazanfer Feroz	4

Audit Committee

The Board of Directors has formed an audit committee comprising of the followings:

Mr. Fahad Shafiq	Chairman
Mian Farrukh Naseem	Member
Mr. Hamza Naseem	Member

During the year five meetings of the Audit Committee (AC) were held and attendance of these meetings is as under:

Name of Members	Meetings Attended
Mr. Fahad Shafiq	5
Mian Farrukh Naseem	5
Mr. Hamza Naseem	5

Human Resource and Remuneration Committee

The Board of Directors has formed Human Resource and remuneration Committee comprising of the followings:

Mr. Fahad Shafiq	Chairman .
Mr. Ghazanfer Feroz	Member
Mr. Saad Naseem	Member

During the year four meetings of the Human Resource & Remuneration Committee (HR & R) were held and attendance of these meetings is as under:

Name of Members	Meetings Attended
Mr. Fahad Shafiq	4
Mr. Ghazanfer Feroz	4
Mr. Saad Naseem	4

Appointment of CFO and Company Secretary

The CFO and Company Secretary has resigned during the year and the vacancies were filled accordingly. The board has approved appointment of CFO and Company Secretary including their remuneration and terms and conditions of employment and complied with relevant requirements.

Directors' Remuneration

The Board of Directors has approved a Remuneration Policy for Directors and Members of Senior Management. The Company will not pay remuneration to its non-executive directors except as meeting fee for attending the Board and its Committee meetings. Aggregate amount of remuneration paid to executive and non -executive directors have been disclosed in Note 37 of the annexed financial statements.

Chairman's Review

The Chairman's review is endorsed by the Board of Directors.

Performance Evaluation of the Board

As required under the Listed Companies (Code of Corporate governance) Regulations, 2019, the Board has undertaken a formal process of self-evaluation of performance of the Board as a whole and its committees.

Directors Training Programme

The Company has arranged orientation courses for the Directors in the preceding years. However, during this year there was no Directors Training Program held as the majority of Directors have either completed the Director's Certification from authorized institutions in past or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG.

Related Party Transactions

All transactions with related parties have been executed at arm's length and have been disclosed in the financial statements under relevant notes.

Auditors

The present Auditors M/s Fazal Mehmood & Company, Chartered Accountants, retire and being eligible offer them-selves for re-appointment. The audit committee of the board has recommended the re-appointment of M/s Fazal Mahmood & Company, Chartered Accountants, as external auditors of the Company for the year 2024-25 on the current level of auditors' remuneration.

Corporate Social Responsibility

The company recognizes that the key to successful and sustainable business is to give back to the society from where we derive economic benefits. We create value for our local community, employees and the government by providing a vast array of facilities to our employees, financial assistance to the families of our deceased employees, promoting a better work life balance amongst our employees, contributing regularly to the national exchequer as per law.

Health, Safety and Environment:

We work continuously to ensure that our employees work in a safe and healthy working environment. Besides, the Company is registered with Social Security Department of the Government and pay regular contribution for the health of worker of the Company.

Work-Life Balance:

In order to promote a health work – life balance we strictly follow a 9:00 a.m to 5:30 p.m. working routine. This ensures that our employees have plenty of time after work for extra-curricular activities with their families and friends.

Business Ethics and Anti-corruption Measures:

The management is committed to conduct all business activities with integrity, honestly and in full compliance with the current laws and regulations. A code of conduct has been developed and approved by the Board, which is signed by all employees.

Contribution to the National Exchequer:

To meet our legal and social obligation towards the development of the economy of the country, the company has contributed Rs. 761.452 million in the FY 2023-24 into the Government exchequer on account of taxes, levies, excise duty and sales tax.

Energy Conservation:

The Company has taken many measures at mill premises to conserve the energy by fixing energy conserving devices.

Acknowledgements

The board avails the opportunity to appreciate the devoted work done by the executives, officers, staff and workers of the company.

For and on behalf of the Board

MIAN AAMIR NASEEM	**MIAN FARRUKH NASEEM**
(Chief Executive)	(Chairman/Director)

Lahore: September 27, 2024

کام اور زندگی کا توازن

صحت کام اور زندگی کے توازن کو فروغ دینے کے لئے ہم سختی سے صبح 9:00 بجے سے سہ پہر 5:30 بجے کام کے معمول کے مطابق عمل کرتے ہیں۔ یہ یقینی بناتا ہے کہ ہمارے ملازمین کے پاس کام کے بعد اپنے اہل خانہ اور دوستوں کے ساتھ غیر نصابی سرگرمیوں کے لیے کافی وقت میسر ہے۔

کاروباری اخلاقیات اور اینٹی کرپشن کے اقدامات

انتظامیہ سالمیت، ایمانداری اور موجودہ قوانین وضوابط کی مکمل پاسداری کے ساتھ تمام کاروباری سرگرمیوں کو منظّم کرنے پر کاربند ہے۔ بورڈ کی طرف سے ایک ضابطہ اخلاق تیار اور منظور کیا گیا ہے جس پر تمام ملازمین کے دستخط ہیں۔

قومی خزانے میں شراکت

ملک کی اقتصادی ترقی کے لئے اپنی قانونی اور سماجی ذمہ داری کو پورا کرنے کے لئے کمپنی نے ٹیکس، لیویز، ایکسائز ڈیوٹی اور سیلز ٹیکس کی مد میں حکومتی خزانے مالی سال 24-2023 میں 761.452 ملین روپے حصہ شامل کیا ہے۔

توانائی کی بچت

کمپنی نے مل کے احاطہ میں بجلی کی بچت کے آلات نصب کر کے توانائی کے تحفظ کے کئی اقدامات کئے ہیں۔

شکر گذاری

بورڈ کمپنی کے ایگزیکٹوز، افسران، کمپنی کے عملے اور کارکنوں کی انتھک کوششوں کا شکر گذار ہے۔

منجانب بورڈ

Aamir Naseem
میاں عامر نسیم
(چیف ایگزیکیٹو)

Farrukh Naseem
میاں فرخ نسیم
(ڈائریکٹر/چیئرمین)

لاہور: **27 ستمبر 2024**

اس سال کے دوران افرادی قوت ومشاہرہ کمیٹی کے 4 اجلاس ہوئے اور حاضری کی تفصیل درج ذیل ہے۔

جناب فہد شفیق	4
جناب غضنفر فیروز	4
جناب سعد نسیم	4

چیف فنانشل آفیسر اور کمپنی سیکٹری کی تقرری

چیف فنانشل آفیسر اور کمپنی سیکرٹری نے سال کے دوران استعفیٰ دے دیا اور اس کے مطابق اسامیاں پُر کی گئیں۔ بورڈ نے چیف فنانشل آفیسر اور کمپنی سکریٹری کی تقرریوں کو منظوری دی ہے جس میں ان کے معاوضے اور شرائط وضوابط شامل ہیں اور متعلقہ تقاضوں کی تعمیل کی گئی ہے۔

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے ڈایریکٹرز اور سینئر مینجمنٹ ارکان کے لیے معاوضہ پالیسی منظور کی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی مجموعی رقم منسلک مالی گوشواروں کے نوٹ 37 میں بھی درج ہے۔

چیئرمین کا جائزہ

چیئرمین کے جائزہ کی بورڈ آف ڈائریکٹرز نے توثیق کی ہے۔

بورڈ کی کارکردگی کی تشخیص

جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن، 2019 کے تحت ضروری ہے، بورڈ نے مجموعی طور پر بورڈ اور اس کی کمیٹیوں کی کارکردگی کی خود تشخیص کا ایک باضابطہ عمل شروع کیا ہے۔

ڈائریکٹرز ٹریننگ پروگرام

کمپنی نے گزشتہ سالوں کے دوران ڈائریکٹرز ٹریننگ پروگرام کا انتظام کیا تھا، تاہم اس سال ڈائریکٹرز ٹریننگ پروگرام کا انعقاد نہیں کیا جا سکا کیونکہ زیادہ تر ڈائریکٹرز نے یا تو مجاز اداروں سے ڈائریکٹر کا سرٹیفکیٹ مکمل کر لیا ہے یا وہ سی سی جی کے ضابطہ 19 کے تحت مروجہ قابلیت اور تجربہ کے حامل ہیں۔

متعلقہ فریقین سے لین دین

متعلقہ فریقین کے ساتھ لین دین پر ہر ممکن عمل درآمد کیا گیا ہے اور اس کی تفصیل متعلقہ نوٹس کے تحت مالیاتی گوشواروں میں درج ہے۔

محاسب

موجودہ محاسب میسرز فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بنا پر دوبارہ تقرری کے لیے خود کو پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے سال 25-2024 کے لئے کمپنی کے محاسب کے طور پر میسرز فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی تسلیم کرتی ہے کہ معاشرہ کو اقتصادی فوائد پہنچانا کامیاب اور پائیدار کاروبار کی کلید ہے۔ ہم اپنے ملازمین کو وسیع سہولیات کی فراہمی، اپنے مرحوم ملازمین کے خاندانوں کی مدد، اپنے ملازمین کے درمیان بہتر کام اور زندگی کے توازن کا فروغ، قانون کے مطابق قومی خزانے میں باقاعدہ حصہ فراہم کر کے اپنی مقامی کمیونٹی، ملازمین اور حکومت کی قدر پیدا کرتے ہیں۔

صحت، حفاظت اور ماحول

ہم اپنے ملازمین کے لیے محفوظ اور صحت مند کام کا ماحول یقینی بنانے کے لیے مسلسل کام کرتے ہیں۔ اس کے علاوہ، کمپنی حکومت کے سوشل سیکورٹی ڈیپارٹمنٹ کے ہاں رجسٹرڈ ہے۔ اور کمپنی کارکن کی صحت کے لیے باقاعدہ حصہ ادا کر رہی ہے۔

30 جون 2024 کو مشتمل بورڈ

	میاں عامر نسیم	چیف ایگزیکٹو
-1	میاں فرخ نسیم	نان ایگزیکٹیو ڈائریکٹر/ چیئر مین
-2	جناب یاسر نسیم	ایگزیکٹیو ڈائریکٹر
-3	جناب سعد نسیم	نان ایگزیکٹیو ڈائریکٹر
-4	جناب حمزہ نسیم	نان ایگزیکٹیو ڈائریکٹر
-5	محترمہ فاطمہ عامر	خاتون نان ایگزیکٹیو ڈائریکٹر
-6	جناب فہد شفیق	آزاد ڈائریکٹر
-7	جناب غضنفر فیروز	آزاد ڈائریکٹر

اس سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس ہوئے اور حاضری کی تفصیل درج ذیل ہے۔

ڈائریکٹرز کا نام	اجلاس میں شرکت
میاں فرخ نسیم	4
جناب یاسر نسیم	4
جناب سعد نسیم	4
جناب حمزہ نسیم	4
محترمہ فاطمہ عامر	4
جناب فہد شفیق	4
جناب غضنفر فیروز	4

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی تشکیل دی ہے جو حسبِ ذیل پر مشتمل ہے۔

جناب فہد شفیق	چیئر مین
میاں فرخ نسیم	رکن
جناب حمزہ نسیم	رکن

اس سال کے دوران آڈٹ کمیٹی کے 5 اجلاس ہوئے اور حاضری کی تفصیل درج ذیل ہے۔

جناب فہد شفیق	5
میاں فرخ نسیم	5
جناب حمزہ نسیم	5

افرادی قوت ومشاہرہ کمیٹی

بورڈ آف ڈائریکٹرز نے درج ذیل پر مشتمل افرادی قوت ومشاہرہ کمیٹی تشکیل دی ہے۔

جناب فہد شفیق	چیئر مین
جناب غضنفر فیروز	رکن
جناب سعد نسیم	رکن

تاہم، سال کے دوران پاک روپے کی مستحکم شرح مبادلہ نے درآمدی خام مال کی قیمت میں پیشین گوئی فراہم کی، جس سے بہتر اور باخبر فیصلہ سازی میں مدد ملی۔ بڑھتی ہوئی توانائی کی لاگت سے نمٹنے کے لیے، کمپنی نے رپورٹنگ کی تاریخ تک 0.910 میگاواٹ کا سولر سسٹم مکمل کرلیا تھا اور رپورٹنگ کی مدت کے اختتام کے بعد مزید 0.840 میگاواٹ کا نظام نصب کیا ہے۔ کمپنی توانائی کے اخراجات کو کم کرنے اور توانائی کی بڑھتی ہوئی قیمتوں کے اثرات کو کم کرنے کے لیے اس صلاحیت کو مزید بڑھانے کے لیے پرعزم ہے۔

مزید برآں، رپورٹنگ کی تاریخ کے بعد حکومت کی پالیسی ریٹ میں 22.00% سے 17.50% تک کمی ایک مثبت پیش رفت ہے۔ یہ کمی ممکنہ طور پر کمپنی کے مالیاتی اخراجات کو کم کرے گی، مجموعی مالیاتی مدتی فنانسنگ کارکردگی میں بہتری آئے گی۔ اور ہم مزید توقع کرتے ہیں کہ حکومت ٹیکسٹائل سیکٹر کے لیے بجلی اور گیس کے ٹیرف کی کم شرح، مارک اپ کی شرح میں مزید کمی اور قابل تجدید توانائی کے لیے اچھی منصوبہ بندی سے ٹھوس اقدامات اٹھائے گی تاکہ ٹیکسٹائل کی صنعت بالخصوص اسپننگ سیکٹر کو بحال کیا جاسکے جو پاکستان کی بنیادی صنعت ہے اور ملک کی معیشت میں ریڑھ کی ہڈی کی حیثیت رکھتی ہے۔

فی شیئر آمدنی

فی شیئر آمدنی 5.93 روپے ((2023: Rs.(6.49))

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے کمپنی کے حصص یافتگان کو 0.75 روپے فی شیئر یعنی 7.50 فیصد کی شرح سے حتمی نقد منافع منقسمہ تقسیم کرنے کی سفارش کی ہے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک۔

اے: کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

بی: کمپنی کے کھاتہ جات بلکل صحیح طور پر بنائے گئے ہیں۔

سی: مالی حسابات کی تیاری میں مناسب اکاونٹنگ پالیسوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاونٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

ڈی: مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

ای: اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

ایف: کمپنی کے رواں دواں ہونے کی صلاحیت کو قابلِ ذکر شکوک وشبہات نہیں ہیں۔

جی: گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

ایچ: مختلف لیویز کی معمول کی ادئیگیوں کے علاوہ ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہیں۔

آئی: 30 جون 2024 کے مطابق پراویڈنٹ فنڈ کی سرمایہ کاری کی غیر آڈٹ شدہ قیمت 140.428 ملین روپے ہے۔

جے: شیئر ہولڈنگ کا پیٹرن اور CCG کو درکار اضافی معلومات اس سالانہ رپورٹ کے ہمراہ منسلک ہیں۔

کے: سال کے دوران کمپنی کے حصص میں اس کے ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کے زوج اور نابالغ بچوں کی طرف سے جو تجارت کی گئی ہے اس کی تفصیل شیئر ہولڈنگ پیٹرن میں دی گئی ہے

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز مشتمل ہے:-

ڈائریکٹرز کی کل تعداد

اے:	مرد	6
بی:	خاتون	1

تشکیل

اے:	آزاد ڈائریکٹرز	2
بی:	نان ایگزیکٹیو ڈائریکٹرز	4
سی:	ایگزیکٹیو ڈائریکٹرز	2 (بشمول چیف ایگزیکٹیو)

مجلس نظماء کی رپورٹ

محترم حصص یافتگان،

کمپنی کی مجلس نظماء پنتالیسویں سالانہ عام اجلاس میں آپ کا استقبال کرتی ہے اور 30 جون 2024 کو ختم ہونے والے سال کے لیے کمپنی کے نظر ثانی شدہ گوشواروں کے ساتھ سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

مالیاتی نتائج

کمپنی کے مالیاتی نتائج تقابلی شکل میں حسبِ ذیل ہیں۔

	روپے ہزاروں میں	
	30 جون 2024	**30 جون 2023**
خالص فروخت	**7,280,768**	5,962,782
فروخت کی لاگت	**6,881,703**	5,779,130
مجموعی منافع	**399,065**	183,652
انتظامی اور عمومی اخراجات	**153,660**	140,023
فروخت اور تقسیمی اخراجات	**391**	2,089
	154,051	142,112
آپریٹنگ منافع	**245,014**	41,540
مالی لاگت	**133,911**	137,046
دیگر واجبات	**36,030**	-
	75,073	(95,506)
دیگر آمدنی	**39,834**	2,933
منافع / (نقصان) قبل از لیویز اور ٹیکس	**114,907**	(92,573)
کم از کم ٹیکس	**(57,971)**	(12,891)
منافع / (نقصان) قبل از ٹیکس	**56,936**	(105,484)
ٹیکس	**41,530**	(2,278)
منافع / (نقصان) بعد از ٹیکس	**98,466**	(107,742)
فی شیئر بنیادی اور تحلیل شدہ آمدنی / (نقصان) (روپے میں)	**5.93**	(6.49)

زیرِ نظر سال کے دوران کمپنی نے بعد از ٹیکس 98.466 ملین روپے کا منافع کمایا جو کہ پچھلے سال کے 107.742 ملین روپے کے نقصان کے مقابلے میں ایک نمایاں بہتری ہے۔ سال میں ہونے والی خالصتاً فروخت 7280.768 ملین روپے کی ہے۔ جو کے پچھلے سال کے مقابلے میں 1317.986 ملین روپے یعنی کے 22.10 فیصد اضافہ ظاہر کرتی ہے۔ فی حصص آمدنی پچھلے سال کے 6.49 روپے فی حصص نقصان سے بڑھ کر 5.93 روپے ہوگئی ہے۔

کمپنی کی بہتر کارکردگی کے باوجود، ٹیکسٹائل سیکٹر کو کئی چیلنجوں کا سامنا کرنا پڑا جیسے خام مال کی بلند قیمتیں، توانائی کی بڑھتی ہوئی قیمتیں جیسے کہ مقامی گیس کے ٹیرف میں 150 فیصد کا نمایاں اضافہ اور مارک اپ کی زیادہ لاگت جس نے بین الاقوامی مارکیٹ میں پیداواری لاگت اور مسابقت کو متاثر کیا۔ ٹیکسٹائل سیکٹر کے لیے یہ بھی توقع ہے کہ حکومت گھریلو صارفین کو ترجیح دینے کے لیے صنعتوں کو گیس کی فراہمی بند کر دے گی جو بجلی سے نسبتاً سستی ہے جو ٹیکسٹائل سیکٹر کو بری طرح متاثر کر سکتی ہے۔

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

Name of the Company: **SHADAB TEXTILE MILLS LIMITED**

Period Ended: **JUNE 30, 2024**

The Company has complied with the requirements of the regulations in the following manner:

1. The total number of directors are 7 and chief executive as per the following:

   a. Male: 6
   b. Female: 1

2. The composition of the Board is as follows:

Category	Names
a) Independent Directors*	Mr. Fahad Shafiq Mr. Ghazanfer Feroz
b) Executive Directors	Mian Aamir Naseem (Chief Executive) Mr. Yasir Naseem
c) Non-Executive Directors	Mian Farrukh Naseem Mr. Saad Naseem Mr. Hamza Naseem
d) Female Director	Mrs. Fatima Aamir

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

4. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

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

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

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

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

9. The majority of Directors have either completed the Director's Certification from authorized institutions or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG;

10. The board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

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

a) **Audit Committee**

Mr. Fahad Shafiq	(Chairman)
Mian Farrukh Naseem	(Member)
Mr. Hamza Naseem	(Member)

b) **HR & R Committee**

Mr. Fahad Shafiq	(Chairman)
Mr. Ghazanfer Feroz	(Member)
Mr. Saad Naseem	(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 were as per followings:

    a) **Audit Committee:** Five meetings during the financial year ended June 30, 2024.

    b) **HR and R Committee:** Four meetings during the financial year ended June 30, 2024

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

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

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

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

    Note* Number of Directors are seven and one third of ID is 2.33, therefore, as a general principal 0.33 is not rounded off to one.

For and on behalf of the Board

(Mian Farrukh Naseem)
Chairman

September 27, 2024

Independent Auditor's Review Report to the Members of SHADAB TEXTILE MILLS LIMITED

Review Report on the Statement of Compliance Contained in 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 **SHADAB TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

Fazal Mahmood & Co.

FAZAL MAHMOOD & CO.
CHARTERED ACCOUNTANTS
LAHORE

Date: September 27, 2024

UDIN: CR202410338MjgRdI1v6

SIX YEAR'S FINANCIAL DATA AT A GLANCE

(RUPEES IN MILLION)

PARTICULARS	2024	2023	2022	2021	2020	2019
ASSETS EMPLOYEED						
Property, plant and equipment	1,384.065	1,428.625	1,478.907	1,502.395	374.019	301.426
Right of use assets	26.230	32.788	40.985	7.551	14.993	18.741
Intangible assets	0.987	-	-	-	-	-
Long term deposits	2.348	2.434	2.434	2.434	2.434	2.434
Current assets	1,675.413	1,385.464	1,447.569	930.517	985.012	456.427
TOTAL ASSETS EMPLOYEED	3,089.043	2,849.311	2,969.895	2,442.897	1,376.458	779.028
FINANCED BY						
Share holders' equity	1,612.397	1,452.661	1,571.200	1,402.545	854.604	489.354
Long term financing	203.686	264.001	322.285	328.677	-	-
Gas Infrastructure Development Cess	-	-	-	1.074	-	-
Lease Liabilities	0.950	10.039	19.596	-	1.262	6.092
Deferred liabilities	20.252	104.918	114.151	107.177	32.899	10.767
Current liabilities	1,251.758	1,017.692	942.663	603.424	487.693	272.815
TOTAL FUNDS INVESTED	3,089.043	2,849.311	2,969.895	2,442.897	1,376.458	779.028
PROFIT & (LOSS)						
Sales-net	7,280.768	5,962.782	5,297.444	3,305.217	2,290.540	2,813.430
Cost of sales	6,881.703	5,779.130	4,784.455	2,922.424	2,160.400	2,614.441
Gross profit	399.065	183.652	512.989	382.793	130.140	198.989
Administrative & general	153.660	140.023	124.103	97.966	73.267	68.824
Selling & distribution	0.391	2.089	10.038	7.090	5.470	5.831
Operating profit	245.014	41.540	378.848	277.737	51.403	124.334
Finance costs	133.911	137.046	71.681	32.628	10.644	10.183
Other charges	36.030	-	21.678	17.750	4.975	7.988
	75.073	(95.506)	285.489	227.359	35.784	106.163
Other income	39.834	2.933	7.008	12.131	27.552	2.485
PROFIT / (LOSS) BEFORE TAXATION	114.907	(92.573)	292.497	239.490	63.336	108.648
Taxation	16.441	15.169	97.242	68.849	22.486	30.603
PROFIT / (LOSS) AFTER TAXATION	98.466	(107.742)	195.255	170.641	40.850	78.045
EARNING PER SHARE (Rs.)	5.93	(6.49)	11.76	10.28	3.27	24.31
Dividend paid	-	8.300	16.600	8.300	15.600	4.950
Number of spindles installed						
Ring	36480	36480	33600	33600	33600	33600
MVS	576	576	576	576	-	-
Number of spindles worked						
Ring	34080	36000	33120	33120	33120	33120
MVS	576	576	576	576	-	-
Number of shifts per day	3	3	3	3	3	3
Actual production converted into 20/S count (Kgs. in million)	22.237	21.322	22.998	20.017	16.287	19.082

INDEPENDENT AUDITOR'S REPORT
To the members of SHADAB TEXTILE MILLS LIMITED
Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Key Audit matters

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

S.No.	Key Audit Matters	How the matter was addressed in our audit
(i)	**Stock in trade existence and valuation** As at reporting date, the company held stock in trade as amounting to Rupees 796.765 million which constitute 25.793% of total assets, as disclosed in note 22 to the financial statements. As described in note 5.4 to the financial statements, stock in trade is measured at lower of cost and net realizable value (NRV). The cost of work in process and finished goods is determined at average manufacturing cost including a proportion of production overheads. Judgments are required to determine the appropriate basis for costing and its valuation. Given the significance of the amount involved and the level of judgments and estimates required to value the stock in trade, we have identified valuation of stock in trade as key audit matter.	Our key audit procedures in this area amongst others included the following: • Obtained an understanding of Company's valuation process for stock in trade and tested controls relevant to such process. • Tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads. • Tested the NRV of the stock in trade by performing a review of sales close to and subsequent to the year end and comparing with the cost for a sample of products. • Observed physical stock count activities to ascertain the condition and existence of stock in trade, performed testing on a sample of items to assess their NRV and if any adjustment was required at year end.

S.No.	Key Audit Matters	How the matter was addressed in our audit
	For further information on stock in trade, refer to the following: Material accounting policy information, stock in trade note 5.4 to the financial statements. Stock in trade note 22 to the financial statements.	• Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statements of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

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

Fazal Mahmood & Co.

Fazal Mahmood & Company
Chartered Accountants
Lahore

Date: September 27, 2024

UDIN: AR202410338pn1G4K0cP

STATEMENT OF FINANCIAL POSITION

	NOTE	2024	2023
		(RUPEES IN THOUSAND)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 40 million (2023: 40 million) Ordinary shares of Rs.10/- each.		**400,000**	400,000
Issued, subscribed and paid-up share capital	6	**166,000**	166,000
Capital reserves	7	**204,000**	204,000
Revenue reserves		**808,024**	709,558
Equity contributions from sponsors	8	**434,373**	373,103
TOTAL EQUITY		**1,612,397**	1,452,661
NON - CURRENT LIABILITIES			
Long term loans	9	**203,686**	264,001
Lease liabilities	10	**950**	10,039
Deferred liabilities	11	**20,252**	104,918
		224,888	378,958
CURRENT LIABILITIES			
Trade and other payables	12	**439,461**	364,736
Unclaimed dividend		**673**	673
Accrued mark-up	13	**23,648**	23,144
Short term borrowings	14	**617,777**	475,264
Current portion of long term liabilities	15	**78,422**	78,850
Provision for taxation		**91,777**	75,025
		1,251,758	1,017,692
CONTINGENCIES AND COMMITMENTS	16	**-**	-
TOTAL EQUITY & LIABILITIES		**3,089,043**	2,849,311

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

AS AT JUNE 30, 2024

	NOTE	2024	2023
		(RUPEES IN THOUSAND)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	17	**1,384,065**	1,428,625
Intangible Assets	18	**987**	-
Right of use assets	19	**26,230**	32,788
Long term deposits	20	**2,348**	2,434
		1,413,630	1,463,847
CURRENT ASSETS			
Stores, spares and loose tools	21	**143,781**	179,838
Stock in trade	22	**796,765**	577,799
Trade debts	23	**322,808**	373,940
Loans and advances	24	**108,250**	61,878
Trade deposits and prepayments	25	**130,840**	70,701
Other receivables	26	**144,103**	108,800
Cash and bank balances	27	**28,866**	12,508
		1,675,413	1,385,464
TOTAL ASSETS		**3,089,043**	2,849,311

(Muhammad Adeel Anwar Khan)
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	NOTE	2024	2023
		(RUPEES IN THOUSAND)	
Sales - net	28	**7,280,768**	5,962,782
Cost of sales	29	**6,881,703**	5,779,130
GROSS PROFIT		**399,065**	183,652
Administrative and general expenses	30	**153,660**	140,023
Selling and distribution expenses	31	**391**	2,089
		154,051	142,112
OPERATING PROFIT		**245,014**	41,540
Finance costs	32	**133,911**	137,046
Other charges	33	**36,030**	-
		75,073	(95,506)
Other income	34	**39,834**	2,933
PROFIT / (LOSS) BEFORE LEVIES AND TAXATION		**114,907**	(92,573)
Minimum Tax	35	**(57,971)**	(12,891)
PROFIT / (LOSS) BEFORE TAXATION		**56,936**	(105,464)
Taxation	36	**41,530**	(2.278)
PROFIT / (LOSS) AFTER TAXATION		**98,466**	(107,742)
BASIC AND DILUTED EARNING / (LOSS) PER SHARE- (RUPEES)	39	**5.93**	(6.49)

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

(Mian Aamir Naseem)	(Mian Farrukh Naseem)	(Muhammad Adeel Anwar Khan)
Chief Executive	**Director**	**Chief Financial Officer**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	(RUPEES IN THOUSAND)	
PROFIT/(LOSS) AFTER TAXATION FOR THE YEAR	**98,466**	(107,742)
Other comprehensive income	**-**	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**98,466**	(107,742)

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

(Mian Aamir Naseem)	(Mian Farrukh Naseem)	(Muhammad Adeel Anwar Khan)
Chief Executive	**Director**	**Chief Financial Officer**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

(RUPEES IN THOUSAND)

Description	Share Capital	Revenue Reserves		Capital Reserves	Equity contribution from Sponsors	Total Equity
	Issued, subscribed and paid up ordinary shares	General reserve	Un-appropriated profit	Share premium		
Balance as at June 30, 2022	166,000	260,000	565,600	204,000	375,600	1,571,200
Total comprehensive income						
- (Loss) after taxation	-	-	(107,742)	-	-	(107,742)
Transaction with owners						
Final dividend for the year ended June 30, 2022 @ Rs.0.50 per share	-	-	(8,300)	-	-	(8,300)
Transfer from equity contribution to sponsors	-	-	-	-	(2,497)	(2,497)
Balance as at June 30, 2023	**166,000**	**260,000**	**449,558**	**204,000**	**373,103**	**1,452,661**
Total comprehensive income						
- Profit after taxation	-	-	98,466	-	-	98,466
Transaction with owners						
Transfer to equity contribution from sponsors	-	-	-	-	61,270	61,270
Balance as at June 30, 2024	**166,000**	**260,000**	**548,024**	**204,000**	**434,373**	**1,612,397**

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Adeel Anwar Khan)
Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	NOTE	2024	2023
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	**207,916**	413,440
Finance cost paid		**(133,407)**	(126,512)
Income tax and levies paid		**(68,574)**	(48,893)
Paid to workers' profit participation fund	12.2	**-**	(15,709)
Profit on deposits with bank	34	**3,748**	1,925
Net cash generated from operating activities		**9,683**	224,251
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		**(151,498)**	(97,605)
Payments for acquisition of intangible assets		**(999)**	-
Proceeds from disposal of property, plant and equipment		**34,464**	1,138
Decrease in long term deposit		**86**	-
Net cash (used in) investing activities		**(117,947)**	(96,467)
CASH FLOWS FROM FINANCING ACTIVITIES			
Re-payment of long term borrowings		**(69,603)**	(70,697)
Payment against lease liabilities		**(9,558)**	(9,557)
Proceeds from / Payments to equity contributions from sponsors		**61,270**	(2,498)
Proceeds from / Payments to short term borrowings		**142,513**	(40,467)
Dividends paid		**-**	(8,400)
Net cash generated from / (used in) financing activities		**124,622**	(131,619)
NET CASH GENERATED / (USED IN) DURING THE YEAR		**16,358**	(3,835)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**12,508**	16,343
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	41	**28,866**	12,508

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

(Mian Aamir Naseem)	(Mian Farrukh Naseem)	(Muhammad Adeel Anwar Khan)
Chief Executive	**Director**	**Chief Financial Officer**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. THE COMPANY AND ITS OPERATIONS

Shadab Textile Mills Limited (the Company) was incorporated as a public limited company on 19th August 1979 under the Companies Act 1913 which was replaced by Companies Ordinance, 1984 (now the Companies Act, 2017). The company is registered as a public limited company in Pakistan and quoted on Pakistan Stock Exchange and engaged in the business of manufacturing, selling, buying and dealing in yarn of all types. The registered office of the company is situated at 6th Floor, A-601/A, City Towers, Main Boulevard, Gulberg-II, Lahore. The manufacturing facilities of the Company are located at Faisalabad Road, Nasimabad, Shahkot, District Nankana Sahib & 1-KM Chunian Road, Habibabad, District Kasur.

1.1 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

Sr.	Particulars of Immovable Property	Location	Total Area
1	Registered Office	6th Floor, A-601/A, City Towers, Main Boulevard, Gulberg-II, Lahore	6847 Sq. Ft
2	Manufacturing Facilities	Faisalabad Road, Nasimabad, Shahkot, District Nankana Sahib	146 Kanal 11 Marla
3	Manufacturing Facilities	1-KM Chunia Road, Habibabad, Pattoki, District Kasur	34 Kanal 9 Marla

2. BASIS OF PREPARATION

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention, except as otherwise stated in relevant notes.

2.2 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:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and;
- Provisions of and directives issued under the Companies Act, 2017.

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Company’s functional currency and has been rounded to the nearest thousand.

3. USE OF KEY ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that effect the application of policies and reported amount of assets, liabilities, income and expenses. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The estimates and underlying policies 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 in future periods, if the revsion affects both current and future periods.The areas involving significant estimates or judgements are:

i) Useful lives, residual values, depreciation method, fair value and impairment of property, plant and equipment (note 5.1 and 17)

ii) Provision for impairment of inventories (note 5.4)

iii) Provision for current income tax and recognition of deferred tax asset (note 5.16, 11.2 and 36)

iv) Revenue from contracts with customers (note 5.10)

v) Financial instruments - fair value and allowances for expected credit losses (note 5.17, 23, 46 and 47)

vi) Estimation of provisions (note 5.13)

vii) Estimation of contingencies (note 5.15, 16)

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

4.1 Standards, amendments to published standards and interpretations that are effective in the current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release - 27 'IAS - 12, Income Taxes (Revised 2012)' and issued the IAS - 12 'Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Company has changed its accounting policy to designate the amount calculated on taxable income using the enacted tax rate as current income tax within the scope of IAS - 12 'Income Taxes' and recognize the excess minimum tax and final taxes as 'Levy' under IAS - 37 'Provisions, Contingent Liabilities and Contingent Assets' which were previously being recognized as per IAS - 12 'Income tax'.

The Company has accounted for the effects of these changes in accounting policy retrospectively under IAS - 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the corresponding figures have been restated in these financial statements. The effects of restatements are as follows:

	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporatng effects of change in accounting policy
Effect on statement of profit or loss			
For the year ended June 30, 2024:			
Levies			
- Minimum tax	**-**	**(57,971)**	**(57,971)**
Profit before taxation	**114,907**	**(57,971)**	**56,936**
- Taxation	**(16,441)**	**57,971**	**41,530**
Profit for the year	**98,466**	**-**	**98,466**
For the year ended June 30, 2023:			
Levies			
- Minimum tax	-	(12,891)	(12,891)
Profit before taxation	(92,573)	(12,891)	(105,464)
- Taxation	(15,169)	(12,891)	(28,060)
Loss for the year	(107,742)	-	(107,742)

The related changes to the statement of cash flows with respect to the amount of profit before taxation have been made as well. There is no impact on the statement of financial position, profit after tax and earnings per share, basic and diluted.

4.2 Amendments to published accounting and reporting standards which are effective for the year ended June 30, 2024

There were certain amendments that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 Presentation of Financial Statements have become applicable to the Company which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

4.3 Standard, amendments to published accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Company

There are certain new standards and certain amendments to the accounting and reporting standards that will become mandatory for the Company's annual accounting periods beginning on or after July 1, 2024. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

During the year certain amendments to IAS - 1 ‘Presentation of Financial Statements’ became applicable to the Company which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in these financial statement. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies. Further, accounting policies related to material class of accounts does not necessarily means it is material. These policies have been consistently applied to all years presented, unless otherwise stated:

5.1 Property, plant and equipment

a) Owned

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs, if any. Borrowing costs pertaining to the construction and erection are capitalized up to the date of completion.

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

Depreciation on property, plant & equipment is charged to income on reducing balance method at the rates specified in note no. 17. to the accounts to write off the cost cover their estimated useful lives.

Depreciation on addition and deletion is charged on the basis of number of months the asset remain in use of the company up to the date of its disposal. The effect of any changes in estimate is accounted for on a prospective basis. Assets residual values, useful life and depreciation rates are reviewed and adjusted, if appropriate at each reporting date. An asset carrying amount is written down immediately to its recoverable amount. Normal repair and maintenance is charged to income as and when incurred. Major renewals and improvements are capitalized.

The carrying amount of property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit, or CGU”).

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefit is expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within “other income” in statement of profit or loss.

b) Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the statement of financial position date less accumulated impairment losses, if any. These are transferred to specific assets as and when these are made available for use.

c) Intangible asset

Intangible assets acquired separately are initially measured at cost. After initial recognition, these are measured at cost less accumulated amortization and accumulated impairment losses. Costs associated with routine maintenance of intangible assets are recognized as an expense when incurred. However, costs that are directly attributable to identifiable intangible assets and which enhance or extend the performance of intangible assets beyond the original specification and useful life is recognized as capital improvement and added to the original cost of the intangible assets. Intangible asset is estimated to have definite useful live and is amortized from the month it is acquired or made available for use, using the straight line method at the rate of 14.28%. Intangible asset is reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. If any such indications exist, an estimate of the recoverable amount is calculated and impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset. The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

5.2 Leases

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

Company as a lessee:

The Company as a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use asset: The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the reducing balance method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Depreciation on addition and deletion is charged on the basis of number of months the asset remain in use of the company up to the date of its transfer or lease period. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Where the Company determines that the lease term of identified lease contracts is short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of profit or loss.

Financial charges are calculated at the interest rate implicit in the lease and are charged to profit or loss account. Right of use assets are depreciated on a reducing balance basis at the rates as disclosed in note 19 to these financials statements.

Lease liability: The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liability comprise the following:

a. fixed payments, including in-substance fixed payments;
b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c. amounts expected to be payable under a residual value guarantee; and
d. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero. Variable lease payments are recognised in the profit or loss in the period in which the condition that triggers those payments occurs.

5.3 Stores, spares & loose tools

These are valued at cost. The cost is determined on moving average basis less allowance for obsolete and slow moving items. Stores and spares in transit are stated at invoice values plus other charges incurred thereon upto the reporting date.

5.4 Stock in trade

These are valued at lower of cost and net realizable value. Cost comprises of:

Raw material	At weighted average cost
Work in Process	At direct cost & appropriate portion of production overhead
Finished Goods	At estimated manufacturing cost
Wastes	At net realizable value.

Cost of finished goods comprises cost of direct material, labour and appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred for its sale. Net realizable value of stores, spares and loose tools and raw material inventory is determined on the basis of replacement cost. Cost of inventories held for use in production of finished goods is not written down below cost, if the finished products for which they will be consumed are expected to be sold at or above cost.

The Company reviews the carrying amount of inventories on a regular basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolescence / excess inventories, if there is any change in usage pattern and / or physical form of related inventory. Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature, which can change significantly as a result of changes in market conditions. Major spare parts and stand-by equipment qualify as property, plant and equipment when the Company expects to use them for more than one year. Transfers are made to tangible fixed assets category as and when such items are available for use.

5.5 Trade debts and other receivables

Trade debts and other receivables are recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 5.17 to these financial statements.

5.6 Balances from contract with customers

Contract assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

Right of return assets:

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the stock in trade, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities:

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

5.7 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Foreign exchange gains and losses on translation are recognized in the statement of profit or loss.

5.8 Staff retirement benefits

Defined contribution plan - Provident fund

The company operates a funded provident fund scheme covering all its permanent employees. Equal monthly contributions are made to the fund, both the company and the employees, at the rate of 6.25% of basic salary. Obligation for contributions to the fund are recognized as an expense in the statement of profit or loss when they are due. Prepaid contribution are recognized as an asset to the extent that cash refund or reduction in future payment is available.

5.9 Trade and other payables

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

5.10 Revenue recognition

Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and the performance obligations are satisfied. The Company's contract performance obligations are fulfilled at the point in time when the goods are dispatched / shipped to the customer. Invoices are generated and revenue is recognized at that point in time, as the control has been transferred to the customers.

Revenue is measured based on the consideration specified in a contract with a customer. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any. The Company’s contract with customers do not contain any other promises that are separate performance obligations to which a portion of the transaction price needs to be allocated.

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Company does not enter into any contracts that provide customers with a right of return which give rise to variable consideration, nor any volume rebates / discounts are given.

The Company only receives short-term advances from its customers. Using the practical expedient, the Company does not adjust the promised amount of consideration for the effects of a significant financing component, if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Company applies the requirements of IFRS - 13 'Fair Value Measurement' in measuring the fair value of the non-cash consideration, if any. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the respective material.

The Company pays sales commission to agents for each contract that they obtain for sales of different goods. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions because the amortization period of the asset that the Company otherwise would have used is one year or less.

Interest income is recognised on a time proportion basis on the principal amount outstanding and at the applicable rate.

5.11 Borrowings cost

Borrowing Cost on long term finances and short term borrowings which are specifically obtained for the acquisition, construction or production of a qualifying assets are capitalized upto the date of commencement of commercial production on the respective assets. All other borrowing costs are charge to statement of profit or loss in the period in which these are incurred.

5.12 Finance cost

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets, if any.

5.13 Provisions

A provision is recognized when the company has a 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 can be made to the amount of obligation. Provision are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.14 Impairment

a) Financial assets

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

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

For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. For all other financial assets, the Company applies the general approach.

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

b) Non financial assets

The carrying amount of the Company's non-financial assets, other than stock in trade, deferred tax asset and stores and spares are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

5.15 Contingent liabilities

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

5.16 Taxation

Current

The Company designates the amount calculated on taxable income using the enacted tax rate, after taking into account tax credits, rebates and exemptions, if any, as current income tax within the scope of IAS - 12 ‘Income Taxes’. Any excess of minimum tax, over the amount designated as current income tax expense, is recognized as a ‘Levy’ falling under the scope of IAS - 37 ‘Provisions, Contingent Liabilities and Contingent Assets’.

Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Prior income tax

This includes adjustments, where considered necessary, to existing provision for tax made in previous years arising from assessments framed during the period for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is not recognized on temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences arising on the initial recognition of goodwill and temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Levies

As per IAS - 12 'Application Guidance on Accounting for Minimum Taxes and Final Taxes' issued by the Institute of Chartered Accountants of Pakistan (ICAP), the Company designates any excess of minimum tax, over the amount designated as current income tax expense, and final taxes as a ‘Levy’.

5.17 Financial instruments

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. All recognised financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

(i) Financial assets at amortized cost

Instruments that meet the following conditions are measured subsequently at amortised cost:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at fair value through profit or loss (FVTPL). Specifically:-

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch’) that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.
- Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the statement of profit or loss.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company’s statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

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

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

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

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

(iv) Impairment of Financial assets

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

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

For trade debts, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. For all other financial assets, the Company applies the general approach.

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

(a) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For Financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(a) The financial instrument has a low risk of default,

(b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and

(c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations

(b) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identifiation for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(c) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event;
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(d) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(e) Measurement and recognition of ECL.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Financial Liabilities

(i) Financial Liabilities at FVTPL

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. Any gains or losses arising on changes in fair value recognized in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the statement of profit or loss incorporates any interest paid on the financial liability. Company's financial liabilities include trade and other payables, borrowings including lease liabilities, unclaimed dividend, and accrued mark up.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in statement of the profit or loss. The remaining amount of change in the fair value of liability is recognized in the statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to the statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit or loss.

(ii) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

(iii) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of profit or loss.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.18 Basic and diluted earning per share

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

5.19 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consists of cash in hand, balances with banks, short term highly liquid investments that are readily convertible to known amount of cash and the subject to insignificant risk of change in values.

5.20 Loans, deposits, and interest accrued

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

5.21 Related party transactions

All transactions between the company and related parties are accounted for at arm's length price in accordance with the method prescribed under the Companies Act, 2017.

5.22 Share capital

Ordinary shares are classified as equity instruments and recognized at their face value. Transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

5.23 Proposed dividends and transfer between reserves

Final dividend distributions to the Company's shareholders are recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognized in the period in which the dividends are approved by the Board of Directors. Any other movements in reserves are recognized in the year in which the appropriations are approved by the Board of Directors.

5.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief executive officer (CEO) has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated. The operations principally comprise of only one segment.

5.25 Deferred grant

State Bank of Pakistan (SBP) has introduced various refinance schemes. One of the key features of the refinance schemes is that borrowers can obtain loan at interest rates that are below normal lending rates and hence include transfer of resources from the Government to the borrowers in the form of below-market interest rate on the loans obtained under the Refinance Schemes. Accordingly, the loans obtained under the various SBP refinance schemes have been recognized at fair value which is the present value of loan proceeds received discounted using prevailing market rates of interest for similar instruments, whereas, the benefit in the form of the below-market interest rate has been determined as 'Deferred Grant' since it involved assistance by the Government in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to the operating activities of the Company. The deferred grants are initially recognized at their fair value and subsequently recognized in statement of profit or loss, in line with the recognition of interest expenses the grant is compensating.

	NOTE	2024	2023
		(RUPEES IN THOUSAND)	

6. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

		2024	2023
2,000,000 ordinary shares of Rs. 10/- each fully paid in cash		**20,000**	20,000
1,000,000 ordinary shares of Rs. 10/- each issued as bonus shares		**10,000**	10,000
13,600,000 ordinary shares of Rs. 10/-each issued as right shares		**136,000**	136,000
		166,000	166,000

6.1 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding of the shareholders.

7. CAPITAL RESERVES

		2024	2023
Share premium account		**204,000**	204,000
		204,000	204,000

7.1 Share premium account represents premium of Rs. 15/- per share charged on right issue of 13,600,000 ordinary shares of Rs. 10/- each in finacial year 2020. It has been accounted for in accordance with the provisions of Section 81 of the Companies Act, 2017. This reserve can be utilized by the Company only for the purposes specified in accordance with the said section.

8. EQUITY CONTRIBUTIONS FROM SPONSORS

		2024	2023
Equity contributions from sponsors		**434,373**	**373,103**
		434,373	**373,103**

8.1 This represents interest-free and unsecured loan provided by Sponsors. Since, it is repayable at discretion of the Company, therefore, it has been recognized as part of equity.

9. LONG TERM LOANS

	NOTE	2024	2023
Bank Al-Habib Ltd - TERF	9.1	**169,392**	224,807
Bank Al-Habib Ltd - LTF	9.2	**34,294**	39,194
		203,686	264,001

9.1 Bank Al-Habib Ltd

	NOTE	2024	2023
TERF Finance - 1	9.1.1	**64,000**	96,000
TERF Finance - 2	9.1.2	**12,096**	18,144
TERF Finance - 3	9.1.3	**62,016**	71,557
TERF Finance - 4	9.1.4	**76,300**	87,200
TERF Finance - 5	9.1.5	**38,500**	44,000
		252,912	316,901
Less:			
- Discounting adjustments for recognition at fair value - deferred government grant		**(39,212)**	(51,948)
- Unwinding of discount on liability		**10,787**	12,736
		(28,425)	(39,212)
- Current portion shown under current liabilities:		**(55,095)**	(52,882)
		169,392	224,807

9.1.1 This represents the financing under Temporary Economic Refinance Facility (TERF) obtained for the retirement of already established LC for import of Gas Generators. Principal is repayable in 10 equal half yearly installments which will be started after completion of grace period of 6 months and mark up payment will be made on quarterly basis. It carries mark up at the rate of 4% per annum.The loan is secured against specific charge on imported machinery, and is registered with SECP. Personal guarantees of two sponsoring directors have been provided for this facility.

9.1.2 This represents the financing under Temporary Economic Refinance Facility (TERF) obtained for the retirement of already established LC for import of machinery. Principal is repayable in 10 equal half yearly installments which will be started after completion of grace period of 6 months and mark up payment will be made on quarterly basis. It carries mark up at the rate of 4% per annum. The loan is secured against specific charge on imported machinery, and is registered with SECP. Personal guarantees of two sponsoring directors have been provided for this facility.

9.1.3 This represents the financing under Temporary Economic Refinance Facility (TERF) obtained for the retirement of already established 3 sight LCs for import of machinery. Principal is repayable in 19 equal half yearly installments which will be started after completion of grace period of 6 months and mark up payment will be made on quarterly basis. It carries mark up at the rate of 5% per annum. The loan is secured against specific charge on imported machinery, registered with SECP. Personal guarantees of two sponsoring directors have been provided for this facility.

9.1.4 This represents the financing under Temporary Economic Refinance Facility (TERF) obtained for the retirement of already established LC Sight for import of machinery. Principal is repayable in 20 equal half yearly installments and mark up payment will be made on quarterly basis. It carries mark up at the rate of 5% per annum. The loan is secured against specific charge on imported machinery, registered with SECP. Personal guarantees of two sponsoring directors have been provided for this facility.

9.1.5 This represents the financing under Temporary Economic Refinance Facility (TERF) obtained for the retirement of already established for the import of machinery. Principal is repayable in 20 equal half yearly installments and mark up payment will be made on quarterly basis. It carries mark up at the rate of 5% per annum. The loan is secured against specific charge on imported machinery, registered with SECP. Personal guarantees of two sponsoring directors have been provided for this facility.

9.1.6 The fair value of the loans have been determined by discounting the loans proceeds using prevailing market rates of interest for similar instruments ranging from 9.28% to 9.87% (2023: 9.28% to 9.87%). The differential between the loans proceeds and fair value of the loan has been recorded as deferred grant. (note 11.1)

	(RUPEES IN THOUSAND)	
	2024	**2023**
9.2 Bank Al-Habib Ltd.		
LTF for Solar	**44,093**	48,992
Less: Repayment during the year	**(4,899)**	(4,899)
	39,194	44,093
Less: Current Portion of LTF	**(4,899)**	(4,899)
	34,294	39,194

9.2.1 This represents the financing under SBP Finance Scheme for Renewable Energy for purchase of imported and local manufactured plant and machinery. Principal is repyable in equal half yearly installments. The loan carries markup @ 4% payable on quarterely basis. This is secured against specific charge on imported machinery, registered with SECP. Personal guarantees of two sponsoring directors have been provided for this facility.

9.3 The above outstanding facilities are secured by specific charges to the extent of Rs. 616.129 million (2023: Rs. 616.129 million) over present and future fixed assets (excluding land and building) of the Company and by way of personal guarantees of two sponsoring directors.

	(RUPEES IN THOUSAND)	
10 LEASE LIABILITIES	**2024**	**2023**
As at 01 July 2023	**19,597**	29,154
Add: Addition	**-**	-
Add: Interest expense relating to lease liability	**3,792**	4,915
Less: Payment	**(13,350)**	(14,472)
Less: Disposal	**-**	-
As at 30 June 2024	**10,039**	19,597

	Note	2024	2023
		(RUPEES IN THOUSAND)	
Current		**9,088**	9,558
Non-Current		**950**	10,039
		10,039	19,597

10.1 The implicit rate against lease liabilities ranges from 24.49% to 24.74% p.a. (2023: 17.85% to 24.73% p.a.)

10.2 Maturity Analysis of Lease Liability

	2024			2023		
	Not later than 1 year	Later than 1 year but not later than 5 years	Total	Not later than 1 year	Later than 1 year but not later than 5 years	Total
Future minimum lease payments	10,439	979	11,418	13,390	11,500	24,890
Less: Un-amortized finance charge	-		(1,379)			(5,293)
Present value of minimum lease payments			10,039			19,597

11. DEFERRED LIABILITIES

	Note	2024	2023
Deferred government grants	11.1	**20,252**	29,582
Deferred income tax liability	11.2	**-**	75,336
		20,252	104,918

11.1 Deferred government grants

	2024	2023
Opening balance	**41,093**	54,564
Less: Amortisation of deferred government grant	**(11,501)**	(13,471)
	29,592	41,093
Less: Current portion of deferred government grant	**(9,340)**	(11,511)
	20,252	29,582

11.1.1 This represents deferred government grants in respect of long term loan obtained under "SBP Temporary Economic Refinance Facility" for import of plant and machinery as disclosed in note 9.1 to the financial statements. There are no unfulfilled conditions or other contingencies attached to these grants.

11.2 Deferred income tax liability

	2024	2023
Deferred tax liabilities on taxable temporary differences:		
Accelerated tax depreciation	**147,762**	146,529
Finance lease - net	**4,857**	3,957
Deferred tax asset on deductible temporary differences:		
Allowance for expected credit loss	**(202)**	(125)
Minimum tax available for carry forward	**(132,996)**	(75,025)
Tax ilosses carry forward	**(36,581)**	(35,365)
Unrecognized Deferred tax asset	**17,160**	35,365
	-	75,336

11.2.1 Deferred tax asset has not been recognized on the ground that sufficient taxable profits are not expected in foreseeable future against which the asset could be utilized.

11.2.2 The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the Statement of Financial Position.

11.2.3 Finance Act, 2023 has introduced progressive rate on high earning persons ranging from 1% to 10%. Such higher rate of tax has been made perpetual thus substantially increasing the overall tax costs for the businesses. Accordingly, deferred tax assets and liabilities have been recognised using the expected applicable rate.

(RUPEES IN THOUSAND)

12. TRADE AND OTHER PAYABLES

	Note	2024	2023
Creditors		**168,903**	118,498
Contractors' retention money		**672**	1,090
Security deposits - Interest free	12.1	**11,214**	11,214
Provident fund trust		**2,438**	1,933
Accrued expenses		**161,298**	183,107
Contract liabilities (Running account with customers)		**73,195**	35,670
Workers' profit participation fund	12.2	**6,172**	-
Workers' welfare fund		**15,369**	13,024
Others		**200**	200
		439,461	364,736

12.1 No interest is payable on the deposits and it can be used for the business in accordance with requirements of written agreements and have been kept in accordance with section 217 of the Companies Act, 2017.

12.2 Workers' Profit Participation Fund

	2024	2023
Balance as on 01 July	**-**	15,709
Add: Provision for the year	**6,172**	-
Interest for the year	**-**	2,741
	6,172	18,450
Less: Payment during the year	**-**	(18,450)
Balance as on 30 June	**6,172**	-

13. ACCRUED MARK-UP

	2024	2023
Short term borrowings	**23,249**	22,696
Long term financing	**399**	448
	23,648	23,144

14. SHORT TERM BORROWINGS

	Note	2024	2023
From banking companies - secured	14.1	**617,777**	475,264
		617,777	475,264

14.1 These have been obtained from banking companies on mark-up basis and are secured by pledge and hypothecation of stocks & stores, charge on stocks, specific charge over imported machinery, lien over import documents, book debts, first charge over present and future fixed assets (Land, building and machinery) of the company and against personal guarantee of two sponsoring directors. The borrowing form a part of total credit facilities available to the extent of Rs. 1500 million (2023: Rs. 1500 million). Unavailed facility as at reporting date is Rs. 882.22 Million (2023: Rs. 1,025 million). Mark-up is paid at the rate ranging from 1 months Kibor plus 2% to 3 months Kibor plus 2%.

	Note	2024	2023
		(RUPEES IN THOUSAND)	
15. CURRENT PORTION OF LONG TERM LIABILITIES			
Long term loans	9.1 & 9.2	**59,994**	57,781
Lease liabilities	10	**9,088**	9,558
Deferred government grant	11.1	**9,340**	11,511
		78,422	78,850

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

Counter guarantees of Rs. 99.204 million (2023: Rs.49.756 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited, Lahore Electric Supply Company.

16.2 Commitments

Capital expenditure commitments are amounting to Rs. Nil (2023: Rs. Nil) during the year and non capital expenditure commitments are amounting to Rs. 438.431 million (2023: Rs. 289.432 million).

(RUPEES IN THOUSAND)

	Note	2024	2023
17. PROPERTY, PLANT & EQUIPMENT			
Operating fixed assets	17.1	**1,326,056**	1,400,475
Capital work-in-progress	17.4	**58,009**	28,150
		1,384,065	1,428,625

17.1 Operating fixed assets

Description	Land Freehold	Buildings	Plant and Machinery	Electric Installations	Factory Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Total
At June 30, 2022									
Cost	46,205	272,444	1,754,956	39,863	15,501	3,783	56,932	4,833	2,194,517
Accumulated depreciation	-	121,723	628,773	7,034	1,801	3,400	34,019	3,379	800,129
Closing net book value	46,205	150,721	1,126,183	32,829	13,700	383	22,913	1,454	1,394,388
Year ended June 30, 2023									
Opening net book value	46,205	150,721	1,126,183	32,829	13,700	383	22,913	1,454	1,394,388
Additions	-	-	52,851	-	-	-	-	-	52,851
Transfer from CWIP	-	24,210	28,023	48,890	-	-	-	-	101,123
Disposals									
Cost	-	-	-	-	-	-	1,039	-	1,039
Depereciation	-	-	-	-	-	-	(909)	-	(909)
Net book value	-	-	-	-	-	-	130	-	130
Depreciation for the year	-	(15,779)	(117,696)	(8,172)	(1,370)	(38)	(4,557)	(145)	(147,757)
Closing net book value	46,205	159,152	1,089,361	73,547	12,330	345	18,226	1,309	1,400,475
At June 30, 2023									
Cost	46,205	296,654	1,835,830	88,753	15,501	3,783	55,893	4,833	2,347,452
Accumulated depreciation	-	137,502	746,469	15,206	3,171	3,438	37,667	3,524	946,977
Net book value	46,205	159,152	1,089,361	73,547	12,330	345	18,226	1,309	1,400,475
Year ended June 30, 2024									
Opening net book value	46,205	159,152	1,089,361	73,547	12,330	345	18,226	1,309	1,400,475
Additions	-	-	47,630	-	-	-	10,743	-	58,373
Transfers from CWIP	-	-	-	63,266	-	-	-	-	63,266
Disposals									-
Cost	-	-	33,713	24,041	-	-	4,193	-	61,947
Depriciation	-	-	(4,902)	(200)	-	-	(3,269)	-	(8,371)
Net book value	-	-	28,811	23,841	-	-	924	-	53,576
Depreciation for the year	-	(15,915)	(111,141)	(9,843)	(1,233)	(34)	(4,185)	(131)	(142,482)
Closing net book value	46,205	143,237	997,039	103,129	11,097	311	23,860	1,178	1,326,056
At June 30, 2024									
Cost	46,205	296,654	1,849,747	127,978	15,501	3,783	62,443	4,833	2,407,144
Accumulated depreciation	-	153,417	852,708	24,849	4,404	3,472	38,583	3,655	1,081,088
Net book value	46,205	143,237	997,039	103,129	11,097	311	23,860	1,178	1,326,056
Depreciation Rate (%)	-	10	10	10	10	10	20	10	

17.2 Depreciation for the year has been allocated as follows:	2024	2023
Cost of goods sold	**134,778**	143,017
Administrative and general expenses	**7,705**	4,740
	142,482	147,757

17.3 The detail of tangible fixed assets disposed off during the year is as follows:

Description / particulars of buyers/ relation with Company or its Directors	Mode of disposal	Cost	Net book value	Net Proceeds	Gain/ (loss)
Machinery					
IGI Insurance	Insurance claim	11,299	8,254	-	(8,254)
IGI Insurance	Insurance claim	19,586	19,259	-	(19,259)
Mubashir Brothers	Negotiation	2,828	1,298	2,771	1,473
Various Parties	Negotiation	17,322	17,177	18,330	1,152
Total Lubricant Pak Private Limited and M. Shoaib	Negotiation	6,720	6,664	6,664	0.38
Vehicles					
Syed Abuzar Hussain	Negotiation	1,527	294	2,500	2,206
Mr. Salman Chishti	Negotiation	2,667	630	4,200	3,570
2024		**61,947**	**53,576**	**34,464**	**(19,111)**

17.4 Following is the movement in capital work in progress

	Opening balance	Additions	Transfers to operating fixed asset	Closing balance
Tangible:				
- Civil works	**26,153**	**16,148**	**-**	**42,301**
- Plant and machinery	**1,997**	**5,181**	**-**	**7,178**
- Electric Installation	**-**	**71,796**	**63,266**	**8,530**
June 30,2024	**28,150**	**93,125**	**63,266**	**58,009**
Tangible:				
- Civil works	16,860	33,503	24,210	26,153
- Plant and machinery	19,299	10,721	28,023	1,997
- Electric Installation	48,360	530	48,890	-
June 30,2023	84,519	44,754	101,123	28,150

18. INTANGIBLE ASSETS

This represented Concurrence for the Distributed Generation Facility (License). It was amortized on straight line basis over a period of 84 months.

	(RUPEES IN THOUSAND)	
Gross carrying value basis	**2024**	**2023**
As at June 30,		
Cost	**-**	-
Accumulated amortization	**-**	-
Net book value	**-**	-
Net carrying value basis		
Year ended June 30,		
Opening net book value	**-**	-
Addition	**999**	-
Amortization charge	**(12)**	-
Balance as at June 30,	**987**	-
Gross carrying value basis		
As at June 30,		
Cost	**999**	-
Accumulated amortization	**(12)**	-
Net book value	**987**	-

18.1 The amortization charge for the year was allocated to administrative expenses.

	Note	(RUPEES IN THOUSAND) 2024	2023
19. RIGHT OF USE ASSETS			
Right of use assets	19.1	**26,230**	32,788
		26,230	32,788

19.1 Right of Use Assets

	Description	Vehicles	Total
	Opening net book value as on July 01, 2022	**40,985**	40,985
	Additions	**-**	-
Less:	Transferred to owned assets	**-**	-
	Depreciation Transferred	**-**	-
Less:	Depreciation charge	**8,197**	8,197
	Closing net book value	**32,788**	32,788
	At June 30, 2023		
	Cost	**48,055**	48,055
	Accumulated depreciation	**15,267**	15,267
	Net book value	**32,788**	32,788
	Depreciation Rate (%)	**20**	
	Opening net book value as on July 01, 2023	**32,788**	32,788
	Additions	**-**	-
Less:	Transferred to owned assets	**-**	-
	Depreciation Transferred	**-**	-
Less:	Depreciation charge	**6,558**	6,558
	Closing net book value	**26,230**	26,230
	At June 30, 2024		
	Cost	**48,055**	48,055
	Accumulated depreciation	**21,825**	21,825
	Net book value	**26,230**	26,230
	Depreciation Rate (%)	**20**	

	NOTE	(RUPEES IN THOUSAND) 2024	2023
20. LONG TERM DEPOSITS			
Others		**2348**	2,434
		2348	2,434
21. STORES, SPARES AND LOOSE TOOLS			
Stores		**99,958**	92,795
Spares		**43,823**	87,043
		143,781	179,838
22. STOCK IN TRADE			
Raw materials		**554,628**	308,416
Work in process		**77,278**	75,327
Finished goods		**163,129**	192,444
Waste		**1,730**	1,612
		796,765	577,799

22.1 Stock in trade is under hypothecation and is pledged as security to commercial banks for facilities in respect of short term borrowings facilities.

(RUPEES IN THOUSAND)

23. TRADE DEBTS - UNSECURED

	Note	2024	2023
Considered good		**322,808**	373,940
Considered doubtful		**674**	415
		323,482	374,355
Less: Allowance for expected credit losses	23.1	**(674)**	(415)
		322,808	373,940

23.1 Movement in allowance for expected credit losses of trade debts is as below:

	2024	2023
Opening balance	**415**	289
Charge for the year	**259**	126
Closing balance	**674**	415

23.2 The ageing of trade debts at the reporting date is:

	2024	2023
Neither past due nor impaired	-	-
Past due but not impaired:		
- Past due 1-30 days	**216,927**	237,555
- Past due 31-180 days	**69,581**	136,098
- Past due 180-365 days	**36,974**	702
- Total trade debts	**323,482**	374,355
Less: Allowance for expected credit losses	**(674)**	(415)
	322,808	373,940

23.3 The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, group based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, economic conditions during the period over which the historical data has been collected, current conditions and the Company’s view of economic conditions over the expected lives of the trade debts. The management believes that none of the balances are credit impaired nor any impairment allowance is necessary in respect of 'neither past due nor impaired' amounts as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

22.4 Trade receivables are pledged to commercial banks as security for facilities in respect of short term borrowings facilities.

24. LOANS AND ADVANCES

	Note	2024	2023
(Unsecured but considered good):-			
Advances to :			
Suppliers and contractors	24.1	**107,418**	60,510
Employees	24.2	**832**	1,368
		108,250	61,878

24.1 Advances to suppliers are non-adjustable and are refundable after the contract with the supplier is concluded.

24.2 Advances to employees - Interest free:

	2024	2023
- Executives	**50**	1,030
- Other employees	**782**	338
	832	1,368

24.3 These advances are not carried at amortized cost as the impact was considered immaterial.

	Note	2024 (RUPEES IN THOUSAND)	2023
25. TRADE DEPOSITS AND PREPAYMENTS			
Letters of credit		**118,019**	63,614
Margin on bank guarantee		**10,424**	5,479
Prepayments		**2,397**	1,608
		130,840	70,701

	Note	2024	2023
26. OTHER RECEIVABLES			
Advance income tax-net	26.1	**97,287**	103,738
Sales tax		**19,057**	4,538
Others	26.2	**27,759**	524
		144,103	108,800

26.1 Advance income tax -net

	2024	2023
Opening balance	**103,738**	68,792
Payments	**68,574**	103,697
Adjustements	**(75,025)**	(68,751)
Closing balance	**97,287**	103,738

26.2 This includes insurance claim receivable from IGI General Insurance Company Limited of Rs. 27.500 million against theft of Machinery parts. Subsequent to the year end claim was received.

	Note	2024	2023
27. CASH AND BANK BALANCES			
Cash in hand		**3,146**	1,877
Cash with banks:			
- In current accounts		**22,533**	1,988
- In saving accounts	27.1	**3,187**	8,643
		28,866	12,508

27.1 These carry markup at the rate of 17.88 % to 20.50 % (2023: 6.72% to 17.88%) per annum.

	2024	2023
28. SALES - NET		
Local:		
- Yarn	**8,116,626**	6,483,273
- Raw material	**516,182**	539,812
- Waste	**15,783**	23,384
	8,648,591	7,046,469
Less:		
Sales tax	**1,306,447**	1,044,438
Commission	**61,376**	39,249
	7,280,768	5,962,782

28.1 All goods are transferred at point of time. Revenue recognized during the year from contract liabilities as at the beginning of the year amounted to Rs. 33.732 million (2023: Rs. 2.561 million.)

(RUPEES IN THOUSAND)

29. COST OF SALES

	Note	2024	2023
Raw materials consumed	29.1	**4,955,908**	4,345,838
Salaries, wages and benefits	29.2	**432,147**	375,823
Stores and spares		**154,844**	113,967
Packing materials		**99,980**	81,893
Fuel and power		**1,062,822**	765,612
Repair and maintenance		**7,124**	16,064
Insurance		**6,772**	6,087
Other factory overheads		**81**	361
Depreciation	17.2	**134,779**	143,017
		1,898,549	1,502,824
		6,854,457	5,848,662
Opening work in process		**75,327**	49,310
Fire insurance		**-**	(1,940)
Closing work in process	22	**(77,278)**	(75,327)
Cost of goods manufactured		**6,852,506**	5,820,705
Opening stock of finished goods		**194,056**	152,481
Closing stock of finished goods	22	**(164,859)**	(194,056)
		6,881,703	5,779,130

29.1 RAW MATERIAL CONSUMED

	Note	2024	2023
Opening stock		**308,416**	545,812
Purchases	29.1.1	**5,202,120**	4,108,442
		5,510,536	4,654,254
Less: Closing stock		**(554,628)**	(308,416)
		4,955,908	4,345,838

29.1.1 Raw materials purchases include cost of raw materials sold of Rs.426.920 million (2023: Rs. 424.570 million).

29.2 Salaries, wages and other benefits include Rs. 10.248 million (2023: Rs. 9.503 million) in respect of staff retirement benefits.

30. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2024	2023
Salaries, allowances and benefits	30.1	**98,035**	87,574
Traveling and conveyance		**1,884**	3,528
Vehicle running and maintenance		**14,480**	12,192
Printing and stationery		**1,889**	2,645
Newspaper and periodicals		**35**	35
Postage, telegram and telephone		**1,635**	1,421
Advertisement		**248**	392
Rent, rates, and taxes		**660**	2,310
Legal and professional		**2,374**	2,339
Auditors' remuneration	30.2	**685**	571
Subscription		**1,807**	2,002
Insurance		**4,127**	3,596
Entertainment		**2,842**	1,997
Computerization		**796**	438
General		**2,210**	1,503
Electricity expense		**5,419**	4,417
Allowance for expected credit loss	23.1	**259**	126
Depreciation	17.2 & 19.1	**14,263**	12,937
Amortization	18.1	**12**	-
		153,660	140,023

30.1 Salaries, allowances and benefits include Rs. 1.961 million (2023: Rs. 2.025 million) in respect of staff retirement benefits.

(RUPEES IN THOUSAND)

	Note	2024	2023
30.2 Auditors' remuneration			
Statutory audit fee		**550**	500
Half yearly review fee		**32**	32
Provident fund audit & other certification fee		**103**	39
		685	571

31. SELLING AND DISTRIBUTION EXPENSES

	Note	2024	2023
Freight and expenses on local sales		**391**	2,089
		391	2,089

32. FINANCE COSTS

	Note	2024	2023
Mark-up on:			
Long term loans - secured		**15,108**	18,043
Short term bank borrowings - secured		**111,248**	107,093
		126,356	125,136
Bank charges and commission		**3,763**	4,254
Interest on lease liabilities	10	**3,792**	4,915
Interest on workers' profit participation fund	12.2	**-**	2,741
		133,911	137,046

33. OTHER CHARGES

	Note	2024	2023
Workers' profit participation fund	12.2	**6,172**	-
Workers' welfare fund		**2,345**	-
Loss on machinery parts		**27,513**	-
		36,030	-

34. OTHER INCOME

	Note	2024	2023
Income from financial assets			
Profit on deposits with banks		**3,748**	1,925
		3,748	1,925
Income from non financial assets			
Gain on disposal of property, plant and equipment		**8,402**	1,008
Insurance claim		**27,684**	-
		36,086	1,008
		39,834	2,933

35 Minimum tax

	Note	2024	2023
Levies		**57,971**	75,025
Prior year		**-**	(62,134)
		57,971	12,891

35.1 This represents excess portion of minimum tax over current income tax recognized as levy.

36. TAXATION

	Note	2024	2023
Current		**33,806**	-
Deferred tax		**(75,336)**	2,278
		(41,530)	2,278

Due to tax loss, the tax liability, as per applicable tax laws represented minimum tax u/s 113 of the Income Tax Ordinance, 2001, which has recognized as levies. Accordingly, no current income tax was recognized. Relationship between tax liability as per applicable tax laws and accounting profit along with its bifurcation into current income tax and levies is as follows:

	Note	2024	2023
		(RUPEES IN THOUSAND)	
36.1 Reconcilition of income tax Expense for the year			
Profit before tax		**114,907**	(92,573)
Applicable tax rate		**29%**	29%
Tax calculated as the applicable tax rate			
-Tax on accounting profit under normal tax Regime at the appliable tax rate 29% (2023: 29%)		**33,323**	(26,846)
-Tax effect of amounts that are admissible for tax purposes		**(51,926)**	(55,475)
-Tax effect of the amounts that are inadmissible for tax purposes		**52,409**	46,959
-Tax losses		**-**	35,362
-Tax effect o minimum tax		**57,971**	12,891
-Deferred tax		**(75,336)**	2,278
Tax liability for the year as per applicable tax laws		**16,441**	15,169
Portion of current tax representing minimum tax categorized as levy		**(57,971)**	(12,891)
Portion of tax liability as per tax laws, representing income tax undr IAS-12		**(41,530)**	2,278

36.2 The company's income tax assessments have been finalized upto and including tax year 2023.

37. CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES' REMUNERATION

The aggregate amount charged in the accounts during the year for remuneration including benefits to Chief Executive Officer, Director and Executives is as follows:

(RUPEES IN THOUSAND)

	Chief Executive Officer	Director	Executives
	2024	2024	2024
Managerial remuneration	**2,592**	**1,260**	**11,304**
House rent	**1,166**	**567**	**5,087**
Medical allowance	**259**	**126**	**1,130**
Utility allowance	**302**	**147**	**1,319**
Provident fund contribution by company	**-**	**-**	**337**
	4,320	**2,100**	**19,176**
Number (s)	**1**	**1**	**7**

	Chief Executive Officer	Director	Executives
	2023	2023	2023
Managerial remuneration	2,394	690	12,184
House rent	1,077	311	5,483
Medical allowance	240	69	1,218
Utility allowance	279	80	1,421
Provident fund contribution by company	-	-	351
	3,990	1,150	20,657
Number (s)	1	1	7

37.1 Chief Executive Officer of the company has been provided with a free company maintained car.

37.2 No remuneration was paid to non-executive directors of the company.

37.3 No meeting fee was paid to the directors of the company during the year (2023: Rs. Nil).

38. RELATED PARTIES

Related parties comprise of the Associated Companies, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

(RUPEES IN THOUSAND)

Sr. No.	Name of Related party	Relationship	Direct Shareholding% No. in the Company	Particular	2024	2023
					Balances and Transaction with related parties during the year	
1	Mr. Farrukh Naseem	Director	6.33%	Opening Balance	184,683	187,180
				Received during the year	21,175	-
				Payment Duringthe year	-	(2,497)
				Closing Balance	205,858	184,683
2	Mr. Saad Naseem	Director	5.75%	Opening Balance	439	439
				Received during the year	13,150	-
				Payment During the year	(4,800)	-
				Closing Balance	8,789	439
3	Mr. Ahmad Naseem	Lineal descendant	5.69%	Opening Balance	-	-
				Received during the year	8,500	-
				Payment During the year	(2,500)	-
				Closing Balance	6,000	-
4	Mr. Aamir Naseem	CEO	17.01%	Opening Balance	187,800	187,800
				Received during the year	21,695	-
				Payment During the year	-	-
				Closing Balance	209,495	187,800
5	Mrs. Fatima Aamir	Director	3.70%	Opening Balance	-	-
				Received during the year	2,050	-
				Payment During the year	-	-
				Closing Balance	2,050	
6	Mr. Yasir Naseem	Director	3.01%	Opening Balance	-	-
				Received during the year	2,000	-
				Payment During the year	-	-
				Closing Balance	2,000	-
7	Hamza Naseem	Director	5.75%	Opening Balance	181	181
				Received during the year	-	-
				Payment During the year	-	-
				Closing Balance	181	181
					434,373	373,103

(RUPEES IN THOUSAND)

39. EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earning per share of the company.

	NOTE	2024	2023
Profit / (loss) after taxation		**98,466**	(107,742)
Weighted average number of ordinary shares outstanding during the year (No. in '000')		**16,600**	16,600
Basic earning / (loss) per share (Rupees)		**5.93**	(6.49)

	NOTE	2024	2023
		(RUPEES IN THOUSAND)	
40. CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		**114,907**	(92,573)
Adjustments for non cash incomes and expenses:			
Depreciation of property, plant and equipment	17.2	**142,482**	147,757
Depreciation of right of use assets	19.1	**6,558**	8,197
Amortization of intangible assets	18.1	**12**	-
Financial costs	32	**133,911**	137,046
Workers' profit participation fund	33	**6,172**	-
Workers' welfare fund	33	**2,345**	-
Allowance for expected credit loss	23.1	**259**	126
Loss / (gain) on sale of operating fixed assets	34	**19,111**	(1,008)
Profit on deposits with banks	34	**(3,748)**	(1,925)
Working capital changes	40.1	**(214,093)**	215,820
		207,916	413,440

40.1 WORKING CAPITAL CHANGES

	2024	2023
(Increase) / decrease in current assets		
Stores, spares and loose tools	**36,057**	(79,459)
Stock in trade	**(218,966)**	169,804
Trade debts	**50,873**	(40,916)
Loans and advances	**(46,372)**	(15,026)
Trade deposits and prepayments	**(60,139)**	57,346
Other receivables	**(41,754)**	1,341
	(280,301)	93,090
Increase / (decrease) in current liabilities		
Trade and other payable	**66,208**	122,730
	(214,093)	215,820

41. CASH AND CASH EQUIVALENTS

	NOTE	2024	2023
Cash and bank balances	27	**28,866**	12,508

42. STAFF RETIREMENT BENEFITS

42.1 DEFINED CONTRIBUTION PLAN

The Company has maintained an employee provident fund trust and all investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act 2017, and the rules formulated for this purpose. The information of the fund is based on un-audited financial statements of the fund for the year ended 30 June 2024:

	NOTE	2024		2023
		(RUPEES IN THOUSAND)		
Size of the fund		**160,343**		116,313
Cost of investment made		**87,162**		83,542
Percentage of investment made		**54.36%**		71.82%
Fair value of investment		**140,428**		94,269
42.2 BREAKUP OF INVESTMENTS	**%age**		%age	
Investment in mutual fund	**82.97%**	**116,527**	78.8%	74,319
Term deposit receipts				
Special Saving Certificate				
Meezan Rozana Amdani Fund	**0.91%**	**1,274**	1.1%	1,047
Meezan Fixed Term Fund MPM-III	**16.12%**	**22,627**	20.1%	18,903
		140,428		94,269

	NOTE	(RUPEES IN THOUSAND) 2024	2023
42.3 Balance in scheduled banks			
Saving account		**14,139**	17,130

43. PLANT CAPACITY AND ACTUAL PRODUCTION

	2024	2023
Number of spindles installed		
Unit - 01 (Ring)	**36,480**	36,480
Unit - 02 (MVS)	**576**	576
Number of spindles worked		
Unit - 01 (Ring)	**34,080**	36,000
Unit - 02 (MVS)	**576**	576
Production at normal capacity converted to 20/s (Kgs.)	**22,570,339**	22,693,249
Actual production converted to 20/s (Kgs.)	**22,237,602**	21,321,688
No. of shifts worked per day	**3**	3
43.1 Production loss due to normal maintenance, gas and electric shut down / closures (Kgs.)	**332,737**	1,371,561

44. OPERATING SEGMENTS

Chief Executive considers the business as a single operating segment as the Company's asset allocation decisions are based on a single side, integrated business strategy, and the Company's performances is evaluated on an overall basis. At the year end, all non-current assets of the Company are located within Pakistan.

45. NUMBER OF EMPLOYEES

	2024	2023
At the year end number of employees of the company		
- Total employees	**1,083**	1,125
- Factory employees	**966**	1,088
Weighted average number of employees of the company		
- Total employees	**1,056**	1,134
- Factory employees	**1,019**	1,095

46. FINANCIAL INSTRUMENTS BY CATEGORY

	2024	2023
FINANCIAL ASSETS as per Statement of Financial Position		
Cash and bank balances	**28,866**	12,508
Trade debts	**322,808**	373,940
Loans and advances	**832**	1,368
Trade deposits and prepayments	**10,424**	5,479
Other receivables	**27,759**	524
Long term deposits	**2,348**	2,434
	393,037	396,253
FINANCIAL LIABILITIES as per Statement of Financial Position		
Lease liabilities	**10,039**	19,597
Long term loans	**263,680**	321,782
Short term borrowings	**617,777**	475,264
Trade and other payables	**344,725**	316,042
Unclaimed dividend	**673**	673
Accrued mark-up	**23,648**	23,144
	1,260,543	1,156,502

46.1 Fair value of financial instruments

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

47. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies. The company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits, risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to developed a disciplined and constructive control environment in which all employees understand their roles and obligations.

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk and the company's management of capital.

The Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

47.1 CREDIT RISK

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, deposits, balances with banks and loans to / due from related parties (if any).

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, deposits, and balances with banks, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors. Limits are reviewed periodically and the customers may transact with the company on prepayment basis.

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

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	(RUPEES IN THOUSAND) 2024	2023
Bank balances	**25,720**	10,631
Trade debts	**322,808**	373,940
Loans and advances	**832**	1,368
Margin on bank guarantee	**10,424**	5,479
Other receivables	**27,759**	524
Long term deposits	**2,348**	2,434
	389,891	394,376

The Company's credit risk is primarily attributable to its trade debts and balances at banks. The Company's exposure to customers is diversified and majority of the Company's customers have been transacting with the Company without any default history. None of the customers are credit-impaired at the reporting date. Expected credit loss assessment in respect of trade debts is provided in note 23 and 5.17. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

Loan and advances other receivables, bank guarantee margin and long term deposits are considered to have low credit risk. Expected credit loss policy in respect of these financial assets is provided in note 5.17.

Bank balances are held only with reputable banks with high quality credit ratings. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank Name	Agency	Short term rating	Long term rating	(RUPEES IN THOUSAND) 2024	2023
Bank Al Habib Limited	PACRA	A-1+	AAA	**426**	4,662
Bank Alfalah Limited	PACRA	A-1+	AA+	**294**	479
Bank Islami Pakistan Limited	PACRA	A-1	AA-	**0.13**	50
Habib Bank Limited	VIS	A-1+	AAA	**60**	119
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	**21,393**	435
Meezan Bank Limited	VIS	A-1+	AAA	**2,976**	4,222
National Bank of Pakistan	PACRA	A-1+	AAA	**570**	585
United Bank Limited	VIS	A-1+	AAA	**-**	79
				25,720	10,631

The other financial assets are neither material to the financial statements nor exposed to any significant credit risk.

47.2 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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements as mentioned in note no. 9 and note no. 14. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

Folllowing is the maturity analysis of financial liabilieies

2024	Carrying amount	Contractual Cash Flows	Within1 Year	Mor than 1 but less than 5 year	Aftar 5 year
Financial liabilities at amortised cost					
Long term liabilities	273,719	340,345	90,474	228,024	21,847
Short term borrowings	617,777	755,984	755,984	-	-
Trade and other payable	344,725	344,725	344,725	-	-
Unclaimed dividend	673	673	673		-
Accrued mark-up	23,648	23,648	23,648	-	-
	1,260,543	1,465,376	1,215,504	228,024	21,847

2023	Carrying amount	Contractual Cash Flows	Within1 Year	Mor than 1 but less than 5 year	Aftar 5 year
Financial liabilities at amortised cost					
Long term liabilities	341,379	475,412	102,078	266,424	106,911
Short term borrowings	475,264	475,264	475,264	-	-
Trade and other payable	316,042	316,042	316,042	-	-
Unclaimed dividend	673	673	673		-
Accrued mark-up	23,144	23,144	23,144	-	-
	1,156,502	1,290,535	917,201	266,424	106,911

47.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rate effectively as at 30 June. The rate of mark-up have been disclosed in respective notes to the financial statements.

47.3 MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest rate risk and price risk.

47.3.1 Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rates. The Company is mainly exposed to currency risk on off , which are denominated in currency other than the functional currency of the Company.

The Company's net exposure to foreign currency risk is as follows: 2024	US$	Euro	Yen
Off statement of financial position- Letter of Credit (amount in, 000)	1,636	37	1,974
- Pakistani rupee to foreign currency exchange rate as at June 30,	278.04	298.97	1.73
The Company's net exposure to foreign currency risk is as follows: 2023			
Off statement of financial position- Letter of Credit (amount in, 000)	995	15	-
- Pakistani rupee to foreign currency exchange rate as at June 30,	287.90	312.93	-

Sensitivity analysis:

In rupee had reasonably possibly strengthened / weakened by 10% against foreign currency, it would have affected the measurement of financial instruments denominated in foreign currency and affected profit or loss on net basis by the amounts shown below at the reporting date:

	US$	Euro	Yen
- Increase / decrease in conversion Rate (Rs. in, 000) 2024	45,481	1,108	341
- Increase / decrease in conversion Rate (Rs. in, 000) 2023	28,640	471	-

The analysis assumes that all other variables, in particular interest and tax rates, remain constant and ignores any impact of forecast sales and purchases.

Foreign currency risk management:

The Company manages currency risk by maintaining balance between sight and deferred letters of credit and switching amongst them when required necessary and taking currency exposures for limited periods within predefined limits while rigorously monitoring open exposures. Foreign currency risk is also curtailed due to existence of both import and export activities in foreign currencies.

47.3.2 Interest Rate Risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long-term financing, short-term borrowings and saving accounts. At the reporting date the interest rate risk profile of the Company's interest bearing financial instruments is:

- Financial assets	3,187	8,643
- Financial liabilities	831,743	819,193

Fair value sensitivity analysis for fixed rate instruments:

The Company does not account for any fixed rate financial instruments at fair value through profit or loss, therefore, a change in interest rate at the reporting date would not affect the profit or loss.

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rate of long term loans at the reporting date would have increased / (decreased) equity and profit or (loss) by Rs. 8.317 million (2023: Rs. 8.191) as a result of higher / lower interest expense on floating rate borrowings.

The related mark-up rates for variable rate financial instruments are indicated in the relevant notes to the financial statements. The sensitivity analysis prepared is not necessarily indicative of the effects on the profit for the period and assets / liabilities of the Company.

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company's significant borrowings are based on variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

47.3.3 Price Risk

Price risk represents the risk that fair value of financial instrument will fluctuate because of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all or similar financial instruments traded in the market. The company is not exposed to any price risk at the reporting date.

Fair value of financial assets and liabilities

Fair value hierarchy

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating fair value of an asset or liability, the Company takes into the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

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

i) Fair value at initial recognition

The Company takes in to account factors specific to the transaction and to the asset or liability, when determining whether or not the fair value at initial recognition equals the transaction price. Except for long term deposits, the fair value of financial assets and financial liabilities recognised in these financial statements equals the transaction price at initial recognition. Due to immaterial effect the fair value of the long-term deposits has not been determined and their carrying value has been assumed to be equal to their fair value.

ii) Valuation techniques and inputs used

For instruments carried at amortized cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

iii) Fair value of the Company's financial assets and liabilities that are measured at fair value on recurring basis after initial recognition

The Company does not have any financial asset or liability measured at fair value on recurring basis after initial recognition.

iv) Fair value of the Company's financial assets and liabilities that are not measured at fair value after initial recognition

The carrying amount of financial assets and financial liabilities recognized in these financial statements approximate their respective fair values.

	(RUPEES IN THOUSAND)	
	2024	2023
Financial assets carried at amortized cost:		
Cash and bank balances	**28,866**	12,508
Trade debts	**322,808**	373,940
Loans and advances	**832**	1,368
Trade deposits and prepayments	**10,424**	5,479
Other receivables	**27,759**	524
Long term deposits	**2,348**	2,434
	393,037	396,253
Financial liabilities carried at amortized cost:		
Lease liabilities	**10,039**	19,597
Long term loan	**263,680**	321,782
Short term borrowings	**617,777**	475,264
Trade and other payable	**344,725**	316,042
Unclaimed dividend	**673**	673
Accrued mark-up	**23,648**	23,144
	1,260,543	1,156,502

v) Determination of fair values

If the policies require the determination of fair value, for both financial and non-financial assets and liabilities, fair values have been determined for measurement and / or disclosure purposes based on the following methods:

a) Non-derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

b) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non–cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

(RUPEES IN THOUSAND)

	FOR THE YEAR ENDED JUNE 30, 2024			
	Opening balance	Financing cash flows (48.1)	Other changes	Closing balance
Long-term loans (including current portion)	**321,782**	**(69,603)**	**11,502**	**263,681**
Lease Liabilities (including current portion)	**19,597**	**(9,558)**	**-**	**10,039**
Equity contributions from sponsors	**373,102**	**61,270**	**-**	**434,372**
Unclaimed dividend	**673**	**-**	**-**	**673**
Short term borrowings	**475,264**	**142,513**	**-**	**617,777**
	1,190,418	**124,622**	**11,502**	**1,326,542**

	FOR THE YEAR ENDED JUNE 30, 2023			
	Opening balance	Financing cash flows (48.1)	Other changes	Closing balance
Long-term loans (including current portion)	377,934	(70,697)	14,545	321,782
Lease Liabilities (including current portion)	29,154	(9,557)	-	19,597
Equity contributions from sponsors	375,600	(2,498)	-	373,102
Unclaimed dividend	773	(8,400)	8,300	673
Short term borrowings	515,731	(40,467)	-	475,264
	1,299,192	(131,619)	22,845	1,190,418

48.1 This represents net amount of proceeds and repayments.

49. CAPITAL MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations / investing activities through long-term financing and short-term loans in addition to its equity. The Company has a gearing ratio of 34.43% (2023: 36.06%) as of the reporting date.

The Company's objectives when managing capital are:

(i) to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

Total debt comprises of long term loans from banking companies, long term loan from SubsidiaryCompany, accrued markup on borrowings and short term borrowings.

Total equity includes issued, subscribed and paid-up share capital, capital reserves, revenue reserved and equity contributions from sponsors.

50. CORRESPONDING FIGURES

Comparative figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison. Rearrangements have been made in these financial statements for better presentation of the financial statements.

51. GENERAL

Figures have been rounded off to the nearest thousand rupee.

52. NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors in their meeting held on September 27,2024 has recommended a cash dividend at Rs. 0.75 per share (i.e. 7.50 %) (2023: Rs Nil/- per share) amounting to Rs. 12.450 million for the year ended 30 June 2024. The above proposed cash dividend is subject to the approval of the members at the Annual General Meeting to be held on October 28, 2024. These financial statements do not include the effect of the above proposal which will be accounted for in the period in which it is approved by the members.

53. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 27, 2024 by the Board of Directors of the Company.

(Mian Aamir Naseem)	(Mian Farrukh Naseem)	(Muhammad Adeel Anwar Khan)
Chief Executive	**Director**	**Chief Financial Officer**

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2024

No. of Shareholders	Shareholdings From		Shareholdings To	Total shares held
117	1	-	100	2,380
83	101	-	500	26,837
48	501	-	1,000	43,312
102	1,001	-	5,000	292,815
39	5,001	-	10,000	308,070
14	10,001	-	15,000	186,749
10	15,001	-	20,000	174,653
2	25,001	-	30,000	55,500
5	30,001	-	35,000	162,274
4	35,001	-	40,000	148,192
1	45,001	-	50,000	50,000
1	50,001	-	55,000	51,000
4	60,001	-	65,000	246,286
1	70,001	-	75,000	75,000
1	90,001	-	95,000	95,000
1	95,001	-	100,000	95,089
1	100,001	-	105,000	103,964
1	105,001	-	110,000	107,000
1	110,001	-	115,000	110,500
1	115,001	-	120,000	117,000
1	200,001	-	205,000	203,200
1	235,001	-	240,000	240,000
1	250,001	-	255,000	250,785
1	260,001	-	265,000	261,106
1	310,001	-	315,000	310,333
1	330,001	-	335,000	331,230
1	445,001	-	450,000	446,833
2	475,001	-	480,000	955,215
2	495,001	-	500,000	1,000,000
1	520,001	-	525,000	521,278
1	610,001	-	615,000	614,545
1	940,001	-	945,000	944,715
2	955,001	-	960,000	1,910,430
1	1,050,001	-	1,055,000	1,051,000
1	2,280,001	-	2,285,000	2,283,500
1	2,820,001	-	2,825,000	2,824,209
456				16,600,000

Categories of shareholders	Shares Held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	7,386,091	44.4945%
Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
NIT and ICP	521,878	3.1438%
Banks Development Financial Institutions, Non Banking Financial Institutions.	53	0.0003%
Insurance Companies	0	0.0000%
Modarabas and Mutual Funds	0	0.0000%
Share holders holding 10% or more *	0	0
General Public		
a. Local	8,300,334	50.0020%
b. Foreign	0	0.0000%
Others (to be specified)		
1- Joint Stock Companies	382,700	2.3054%
2- Pension Funds	8,613	0.0519%
3- Others	331	0.0020%
	16,600,000	100.0000%

* Share holders holding 10% or more

1.	Aamir Naseem	2,824,209	17.0133%
2.	Mst. Rukhsana Abdul Rasheed	2,283,500	13.7560%
		5,107,709	30.7693%

CATEGORIES OF SHAREHOLDERS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE (CCG) AS AT JUNE 30, 2024

Name		No. of Shares Held	%age
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)		-	-
Directors and their Spouse and Minor Chidren (Name Wise Detail):			
1	MR. FAHAD SHAFIQ	2,766	0.0167%
2	MR. FARRUKH NASEEM (CDC)	1,051,000	6.3313%
3	MR. AAMIR NASEEM (CDC)	2,824,209	17.0133%
4	MRS. FATIMA AAMIR (CDC)	614,545	3.7021%
5	MR. SAAD NASEEM (CDC)	955,215	5.7543%
6	MR. YASIR NASEEM (CDC)	500,000	3.0120%
7	MR. HAMZA NASEEM (CDC)	955,215	5.7543%
8	MR. GHAZANFER FEROZ (CDC)	5,533	0.0333%
9	MRS. HINA FARRUKH W/O MR. FARRUKH NASEEM (CDC)	477,608	2.8772%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		8,666	0.0522%
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MR. AAMIR NASEEM (CDC)	2,824,209	17.0133%
2	MST. RUKHSANA ABDUL RASHEED (CDC)	2,283,500	13.7560%
3	MR. FARRUKH NASEEM (CDC)	1,051,000	6.3313%
4	MR. SAAD NASEEM (CDC)	955,215	5.7543%
5	MR. HAMZA NASEEM (CDC)	955,215	5.7543%
6	MR. AHMED NASEEM (CDC)	944,715	5.6911%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children.

Sr. No.	Name	Sale	Purchase
1	MR. AAMIR NASEEM (CDC)	-	369,636
2	MRS. FATIMA AAMIR (CDC)	1,223,803	-
3	MR. YASIR NASEEM (CDC)	-	444,667

Folio No./CDC Participant ID
and Account No. ______________________
CNIC No. ______________________

FORM OF PROXY

I / We ____

Son / Daughter / Wife of ______________________________________

being a member of **SHADAB TEXTILE MILLS LIMITED** and holder of ______________________ (Number of Shares)

Ordinary Shares as per Registered Folio No./ CDC/ Participant ID No. and Account No. __________

hererby appoint Mr. ______________________ of ______________________

of failing him Mr. ______________________ of ______________________

who is also a member of **SHADAB TEXTILE MILLS LIMITED**, Vide Registered Folio No./ CDC/ Participant ID No. and Account No. ______________________________

as my / our proxy to vote for me / us and on my / our behalf at the 45th Annual General Meeting of the Company to be held on Monday, October 28, 2024 at 11:30 a.m. and at any adjournment thereof.

As witness my / our hand (s) this ______________ day of ______________ 2024

1. Witness:

   Signature ______________________

   Name ______________________

   Address ______________________

   ____

   CNIC No. ______________________

Affix Revenue
Stamp of Rs. 50/-

2. Witness:

   Signature ______________________

   Name ______________________

   Address ______________________

   ____

   CNIC No. ______________________

____
Signature of Shareholder

NOTE:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint an other member as his / her proxy to attend and vote on his/her behalf. Proxies in order to be valid must be received at the Registered Office of the Company 48 hours before the time of the meeting. A proxy must be a member of the Company.

2. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original CNIC or Passport to prove his/her identity and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representative of corporate members should bring the usual documents required for such purposes.

3. Signature should agree with specimen signature registered with the company.

فولیونمبر/سی ڈی سی پارٹیسپنٹ (شرکت) ID

اور کھاتا نمبر:______________________

کمپیوٹرائزڈ شناختی کارڈ نمبر:______________________

پراکسی فارم

میں/ہم ______________________

بیٹا/بیٹی/زوجہ ______________________ بحثیت رکن

شاداب ٹیکسٹائیل ملزلمیٹڈ اور حامل ______________________ عام حصص، بمطابق رجسٹرڈ فولیونمبر/

(تعداد حصص)

سی ڈی سی پارٹیسپنٹ (شرکت) آئی ڈی اور اکاؤنٹ (کھاتہ) نمبر:______________________

محترم______________________ کا/کے ______________________

یا عدم موجودگی کی صورت میں، محترم ______________________

کا/کے ______________________ بھی جو کے شاداب ٹیکسٹائیل ملزلمیٹڈ کے رکن ملاحظہ رجسٹرڈ فولیونمبر/سی ڈی سی پارٹیسپنٹ

(شرکت) آئی ڈی اور اکاؤنٹ (کھاتہ) نمبر:______________________ کو اپنے/ہمارے ایماء پر مورخہ 28 اکتوبر 2024 بروز سوموار

صبح 11:30 بجے منعقد ہونے والے کمپنی کے پینتالیسواں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التوا کی صورت میں اپنا/ہمارا پراکسی مقرر کرتا ہوں/کرتے ہیں۔

آج بروز______ بتاریخ______ 2024 بطور گواہ دستخط کئے گئے۔

1) گواہ:

دستخط:______________________

نام:______________________

پتہ:______________________

کمپیوٹرائزڈ شناختی کارڈ نمبر:______________________

پچاس روپے مالیت کی رسیدی
ٹکٹ چسپاں کریں

2) گواہ:

دستخط:______________________

نام:______________________

پتہ:______________________

کمپیوٹرائزڈ شناختی کارڈ نمبر:______________________

____
ممبر کے دستخط

نوٹ:

1- کوئی بھی رکن (ممبر) جو سالانہ اجلاس میں شرکت کرنے اور ووٹ دینے کا/کی حقدار ہے وہ اجلاس میں شرکت کرنے اور ووٹ دینے کے لیے کسی دوسرے رکن (ممبر) کو اپنا پراکسی مقرر کرسکتا/سکتی ہے۔ پراکسیاں موثر ہونے کے لیے اجلاس کے انعقاد سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہو جانی چاہیئیں۔ پراکسی کا رکن (ممبر) ہونا لازمی ہے۔

2- سی ڈی سی کے انفرادی مالک جو اس اجلاس میں شرکت کے اہل ہیں اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ اپنی شناخت کے لیے ہمراہ لائیں۔ پراکسی کی صورت میں اپنے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کریں۔ کارپوریٹ ممبرز کے نمائندگان شناخت کے لیے اس موقع پر درکار معمول کی دستاویزات ہمراہ لے کر آئیں۔

3- دستخط کمپنی کے رجسٹرڈ نمونہ دستخط سے مماثل ہونے چاہئیں۔