ANNUAL REPORT 2023

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 Aslam	
COMPANY SECRETARY	Mr. Muhammad Adeel Anwar Khan	
AUDITORS	M/s. Fazal Mehmood & Company, Chartered Accountants	
SHARE REGISTRAR	Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 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 44th Annual General Meeting of the Shareholders of **SHADAB TEXTILE MILLS LIMITED** will be held on Saturday, October 28, 2023 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, 2023 together with Directors' and Auditors' Reports thereon.

2. To appoint auditors for the year 2023-2024 and fix their remuneration.

SPECIAL BUSINESS

3. To consider and, it deemed fit, pass, with or without modification(s), the following resolution, as an ordinary resolution, to enable and authorize the Company to circulate the Annual Report (including the audited financial statements, auditor's report, Director's report, Chairman's review report) to the members of the company through QR enable code and weblink.

   "RESOLVED THAT the company be and is hereby authorized to circulate its annual audited financial statements to its members through QR enabled code and weblink in accordance with S.R.O. 389(1)/2023 dated 21 March, 2023 issued by the Securities and Exchange Commission of Pakistan to view and download the annual audited financial statements instead of transmitting through CD/DVD/USB form."

   "RESOLVED FURTHER THAT the Chief Executive and the Company Secretary be and are hereby singly authorized to complete all legal formalities for giving effect to the resolution".

By order of the Board

(Muhammad Adeel Anwar Khan)
Company Secretary

LAHORE: September 27, 2023

NOTES:

1. **Closure of Share Transfer Books:** The Share Transfer Books of the Company will remain closed from October 22, 2023 to October 28, 2023 (both days inclusive). Transfers received at Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company by the close of business on October 21, 2023 will be treated in time for the purpose to attend and vote at the AGM.

2. **Participation in 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.

3. **Electronic Voting:**

a) In accordance with the Companies (Postal Ballot) Regulation, 2018, (the "Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017 in the manner and subject to conditions contained in the Regulations;

b) Detail of E-Voting facility will be shared through e-mail with those members of the company who have valid cell numbers/e-mail addresses available in the Register of Members of the Company by the end of business on October 21, 2023 by M/s Corplink (Pvt) Limited being the E-voting service provider.

c) Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.

d) Members shall cast vote online form October 25, 2023 at 09:00 a.m. till October 27, 2023 at 5:00 p.m. and voting shall close on October 27, 2023 at 5:00 p.m. Once the vote on the resolution has been casted by a Member, he/she shall not be allowed to change it subsequently.

4. Procedure for Voting Through Postal Ballot

a) Members may alternatively opt for voting through post ballot. For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website www.shadabtextile.com to download.

b) The members must ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore or email at the chairman@shadabtextile.com one day before the AGM, i.e. on October 27, 2023 before 5:00 p.m. A postal ballot received after this time/date shall not be considered for voting. The signature on Ballot Paper shall match with signature on the CNIC.

5. **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.

6. **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.

7. 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.

8. **Unclaimed Dividend/Shares:** 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.

9. **Transmission of Annual Financial Statements through Email:** 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, 2023 together with Chairman's Review Report, Directors' and Auditors' Report thereon have been made available on the Company's website: www.shadabtextile.com.

10. **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.

11. **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 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

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

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on October 28, 2023.

The Securities and Exchange Commission of Pakistan vide its S.R.O. 389(1)/2023 dated March 21, 2023 has allowed companies to circulate annual audited financial statements to its members through QR enable code and weblink, therefore, the Board of Directors of the Company in their meeting held on September 27, 2023 has recommended for transmission of Annual Report (including the audited financial statements, auditor's report, Director's report, Chairman's review report) to its members through QR enabled code and weblink instead of transmitting the same through CD/DVD/USB, however, hard copy of the annual audited financial statements will be supplied to the shareholders, on demand, at their registered addresses, free of cost, within one week of receipt of such demand.

None of the Directors of the Company have any personal interest in the aforesaid special business, except in their capacity as members and Directors of the Company.

SHADAB TEXTILE MILLS LIMITED

BALLOT PAPER FOR VOTING THROUGH POST

For voting through post for the Special Business at the Annual General Meeting of **Shadab Textile Mills Limited t**o be held on Saturday, October 28, 2023 at Registered Office A-601/A, City Towers, 6-K Main Boulevard,Gulberg-II, Lahore.

Designated e-mail address of the Chairman at which the duly filled in ballot paper may be sent chairman@shadabtextile.com

Name of Shareholder/Joint Shareholders	
Registered Address	
Folio No. / CDC Participant / Investor ID with sub-account No.	
Number of Shares Held	
CNIC, NICOP/Passport No. (in case of foreigner copy to be attached)	
Additional Information and enclosures: (In case of representative of body corporate and Federal Government)	
Name of Authorized Signatory:	
CNIC, NICOP/Passport No. (In case of foreigner) of Authorized Signatory-(Copy to be attached).	

I/We hereby exercise my/our vote in respect of the following resolution through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (✓) mark in the appropriate box below.

Special Resolution for Agenda Item # 3

"RESOLVED THAT the company be and is hereby authorized to circulate its annual audited financial statements to its members through QR enabled code and weblink in accordance with S.R.O. 389(1)/2023 dated 21 March, 2023 issued by the Securities and Exchange Commission of Pakistan to view and download the annual audited financial statements instead of transmitting through CD/DVD/USB form."

"RESOLVED FURTHER THAT the Chief Executive and the Company Secretary be and are hereby singly authorized to complete all legal formalities for giving effect to the resolution".

Sr. No.	Nature and Description of resolution	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1.	Special Resolution Agenda Item # 3		

____
Signature of Shareholder / Proxy holder /
Authorized Signatory (In case of corporate entity, please affix company stamp)

Place: ________________

Date: ________________

NOTES:

1. Duly filled postal ballot paper should be sent to the Chairman at A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore or through email at chairman@shadabtextile.com

2. Copy of CNIC, NICOP/Passport No. (in case of foreigner) should be enclosed with postal ballot form.

3. Postal ballot paper should reach, the Chairman of the Meeting one day before the AGM i.e. on October 27, 2023 before 5:00 p.m. Any postal ballot paper received after this date, will not be considered for voting.

4. In case of representative of a body corporate, corporation or Federal Government, the Ballot Paper form must be accompanied by a copy of the CNIC of any authorized person, an attested copy of Board Resolution/Power of Attorney/Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member.

5. Signature on ballot paper should match with signature on CNIC, NICOP/Passport (In case of foreigner).

6. Incomplete, unsigned, incorrect, torn, mutilated, over written ballot paper will be rejected.

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 2022-23 five board meetings, five audit committee meetings and three 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 2023 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, 2023

DIRECTORS' REPORT

Dear Shareholders,

The Directors of the Company welcome you to the 44th Annual General Meeting and are pleased to present the Annual Report together with Audited Accounts of the Company for the year ended June 30, 2023.

Financial Results

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

	(RUPEES IN THOUSAND)	
	June 30, 2023	**June 30, 2022**
Sales - net	**5,962,782**	5,297,444
Cost of sales	**5,779,130**	4,784,455
GROSS PROFIT	**183,652**	512,989
Administrative and general expenses	**140,023**	124,103
Selling and distribution expenses	**2,089**	10,038
	142,112	134,141
OPERATING PROFIT	**41,540**	378,848
Finance costs	**137,046**	71,681
Other charges	**-**	21,678
	(95,506)	285,489
Other income	**2,933**	7,008
(LOSS) / PROFIT BEFORE TAXATION	**(92,573)**	292,497
Taxation	**15,169**	97,242
(LOSS) / PROFIT AFTER TAXATION	**(107,742)**	195,255
Basic & diluted (Loss) / earning per share-(Rupees)	**(6.49)**	11.76

During the year under review, your Company sustained loss after tax of Rs.107.742 million as compared to profit after tax of Rs.195.255 million of the previous year. The net sales made in the year are amounting to Rs. 5,962.782 million as compared to previous year sales of Rs. 5,297.444 million showing increase of Rs.665.338 million i.e 12.56% against previous year sales. Earning per share is Rs.(6.49) as compared to Rs.11.76 per share.

The textile industry has probably never been in such a dire situation. Many units are closed during the period being no longer economically viable under the prevailing circumstances. Performance of textile sector overall remain depressed. During the period under review, the financial results of the company mainly affected due to the market conditions is very slow down because of unfortunately heavy flood came in Pakistan and overall recession period in the world. In this situation the company reduced its production capacity by 10% and operated at 90% of its production capacity and sustained all fixed cost of the company. During the year the prices of raw material remained on higher side due to huge devaluation in Pak Rupees, increase in high energy cost, very higher mark-up rates and increase in other input costs.

The textile industry in Pakistan is facing such a depressing operating environment and still passing through severe crises. Presently it is very difficult time for textile sector due to rising in raw material prices, high cost of production i.e very high energy cost due to the Government withdrawal of subsidy in electricity for export oriented sectors w.e.f 01.03.2023 and also 8% increase in markup rate during the financial year . In these circumstances, it is very difficult task to compete with the other countries, resultantly the textile units are forced to close of their operation due to heavy losses. Currently in prevailing political scenario and worst economic conditions in Pakistan one cannot predict economic improvement as a whole and especially in textile sector.

The government should have to take further well planned concrete steps to uplift the economy and textile industry especially for spinning sector which is the core industry of Pakistan and is backbone of economy of the country. We hope our government will take vigorous steps to revive textile industry as followings:-

- Continuous supply of energy.
- Lower rate of Electricity & Gas Tariff for textile industry.
- Lower rate of mark-up.
- Rationalising of currency exchange rate.
- Long Term Finance (LTF) SBP financing scheme for renewable energy category II for Solar system.

Earning Per Share

Earning per Share is Rs. (6.49) (2022: Rs.11.76).

Dividend

The Board of Directors have not declared dividend due to massive loss.

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 30-06-2023 as per audited accounts of Provident Fund was Rs. 94.269 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 have not traded in the company’s shares during the year.

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 Chief Executive)

The Board as of June 30, 2023:

	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 five 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	5
Mr. Saad Naseem	4
Mr. Hamza Naseem	5
Mrs. Fatima Aamir	5
Mr. Fahad Shafiq	5
Mr. Ghazanfer Feroz	5

Leave of absence granted to Mian Farrukh Naseem and Mr. Saad Naseem Directors whom could not attend the meeting.

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	4
Mr. Hamza Naseem	5

Leave of absence granted to Mian Farrukh Naseem, who could not attend the meeting.

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 three 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	3
Mr. Ghazanfer Feroz	3
Mr. Saad Naseem	3

Appointment of Head of Internal Audit

The HR & R Committee has recommended the appointment of HIA during the year ended June 30, 2023 and his terms of appointment and remuneration were duly approved by the Board of Directors.

Directors' Remuneration

The Board of Directors has approved a Remuneration Policy for Directors and Members of Senior Management. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in Note 36 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 2023-24 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.529.030 million in the FY 2022-23 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
(Chief Executive)

MIAN FARRUKH NASEEM
(Chairman/Director)

Lahore: September 27, 2023

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 با قاعدہ حصہ فراہم کر کے اپنی مقامی کمیونٹی، ملازمین اور حکومت کی قدر پیدا کرتے ہیں۔

صحت، حفاظت اور ماحول:

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

کام اور زندگی کا توازن

صحت کام اور زندگی کے توازن کو فروغ دینے کے لئے ہم سختی سے صبح 9:00 بجے تا 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 ذاتی سرگرمیوں کے لئے 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 میں مالی سال 2022-23 میں 529.030 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۔

شکرگذاری

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

منجانب بورڈ

میاں عامر نسیم	میاں فرخ نسیم
(چیف ایگزیکیٹو)	(ڈائریکٹر/چیئرمین)

لاہور: **27** ستمبر **2023**

افرادی قوت و مشاہرہ کمیٹی

بورڈ آف ڈائریکٹرز نے درج ذیل پر مشتمل افرادی قوت و مشاہرہ کمیٹی تشکیل دی ہے:

• جناب فہد شفیق	چیئرمین
• جناب غضنفر فیروز	رکن
• جناب سعد نسیم	رکن

اس سال کے دوران افرادی قوت و مشاہرہ کمیٹی کے 3 اجلاس ہوئے اور حاضری کی تفصیل درج ذیل ہے:

جناب فہد شفیق	3
• جناب غضنفر فیروز	3
• جناب سعد نسیم	3

انٹرنل آڈٹ کے سربراہ کی تقرری

افرادی قوت و مشاہرہ کمیٹی نے 30 جون 2023 کو اختتام شدہ سال کے دوران انٹرنل آڈٹ کے سربراہ کی تقرری کی سفارش کی ہے اور اس تقرری کی شرائط اور معاوضے کو بورڈ آف ڈائریکٹر کی طرف سے منظور کیا گیا۔

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز اور سینئر مینجمنٹ ارکان کے لئے معاوضہ پالیسی منظور کی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی مجموعی رقم منسلک مالی گوشواروں کے نوٹ 36 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 سال کے دوران ڈائریکٹرز ٹریننگ پروگرام کا انتظام کیا تھا، تاہم اس سال ڈائریکٹرز ٹریننگ پروگرام کا انعقاد نہیں کیا جا سکا کیونکہ زیادہ تر ڈائریکٹران نے یا تو مجاز اداروں سے ڈائریکٹرز کا سرٹیفکیٹ مکمل کر لیا ہے یا وہ سی سی جی کی کے ضابطہ 19 کے تحت مروجہ قابلیت اور تجربہ کے حامل ہیں۔

متعلقہ فریقین سے لین دین

متعلقہ فریقین کے ساتھ تمام لین دین پر ہر ممکن عمل درآمد کیا گیا ہے اور اس کے 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 بناء پر دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے سال 24-2023 کے لئے کمپنی کے محاسب کے طور پر میسرز فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

تشکیل

a۔آزادڈائریکٹرز	2
b۔نان ایگزیکٹوڈائریکٹرز	4
c۔ایگزیکٹوڈائریکٹرز	2 (بشمول چیف ایگزیکٹو)

30جون2023 کومشتمل بورڈ

میاں عامرنسیم	چیف ایگزیکٹو
1۔میاں فرخ نسیم	نان ایگزیکٹوڈائریکٹر/چیئرمین
2۔جناب یاسرنسیم	ایگزیکٹوڈائریکٹر
3۔جناب سعدنسیم	نان ایگزیکٹوڈائریکٹر
4۔جناب حمزہ نسیم	نان ایگزیکٹوڈائریکٹر
5۔محترمہ فاطمہ عامر	خاتون نان ایگزیکٹوڈائریکٹر
6۔جناب فہدشفیق	آزاد ڈائریکٹر
7۔جناب غضنفر فیروز	آزاد ڈائریکٹر

اس سال کے دوران بورڈ آف ڈائریکٹرز کے 5 اجلاس ہوئے اور حاضری کی تفصیل درج ذیل ہے:

ڈائریکٹرز کا نام	اجلاس میں شرکت
میاں فرخ نسیم	4
جناب یاسرنسیم	5
جناب سعدنسیم	4
جناب حمزہ نسیم	5
محترمہ فاطمہ عامر	5
جناب فہدشفیق	5
جناب غضنفر فیروز	5

میاں فرخ نسیم اور جناب سعد نسیم کو اجلاس میں شرکت نہ کر سکنے پر غیر حاضری کی رخصت دی گئی ہے

آڈٹ کمیٹی

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

• جناب فہدشفیق	چیئرمین
• 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:

ممبر کا نام	اجلاسوں میں شرکت
• جناب فہدشفیق	5
•میاں فرخ نسیم	4
• جناب حمزہ نسیم	5

میاں فرخ نسیم کو اجلاس میں غیر حاضری کی رخصت دی گئی ہے جو کہ اجلاس میں شرکت نہ کر سکے

پاکستان میں ٹیکسٹائل انڈسٹری کو اس طرح کے مایوس کن آپریٹنگ ماحول کا سامنا ہے اور وہ اب بھی شدید بحرانوں سے گزر رہی ہے۔اس وقت ٹیکسٹائل سیکٹر کے لئے خام مال کی قیمتوں میں اضافے، پیداوار کی زیادہ لاگت یعنی بہت زیادہ توانائی کی لاگت کی وجہ سے حکومت کی جانب سے ۔برآمدی شعبوں کے لئے بجلی پر سبسڈی ختم کرنے کی وجہ سے یکم مارچ 2023 سے بہت مشکل وقت ہے۔ اور مالی سال کے دوران شرح سود میں 8% اضافہ بھی ان حالات میں دوسرے ممالک سے مقابلہ کرنا بہت مشکل کام ہے، نتیجتاً ٹیکسٹائل یونٹس بھاری نقصان کی وجہ سے اپنا آپریشن بند کرنے پر مجبور ہیں۔ اس وقت پاکستان کے موجودہ سیاسی منظر نامے اور بدترین معاشی حالات میں مجموعی طور پر اور خاص طور پر ٹیکسٹائل کے شعبے میں معاشی بہتری کی پیش گوئی نہیں کی جاسکتی ۔حکومت کو معیشت اور ٹیکسٹائل انڈسٹری بالخصوص سپننگ سیکٹر جو کہ پاکستان کی بنیادی صنعت ہے اور ملکی معیشت میں ریڑھ کی ہڈی کی حیثیت رکھتی ہے کی بہتری کے لئے مزید منصوبہ بندی اور ٹھوس اقدامات کرنے ہوں گے۔ہم امید کرتے ہیں کہ ہماری حکومت ٹیکسٹائل صنعت کی بحالی کے لئے درج ذیل کے مطابق بھرپور اقدامات کرے گی :-

- توانائی کی مسلسل فراہمی
- ٹیکسٹائل صنعت کے لئے بجلی اور گیس کے نرخوں کی کم شرح
- مارک اپ کا کم ریٹ
- کرنسی ایکسچینج ریٹ کی معقولیت
- لانگ ٹرم فنانس (ایل ٹی ایف) ایس بی پی فنانسنگ سکیم برائے قابل تجدید توانائی کیٹگری II برائے سولر سسٹم

فی شیئر آمدنی

فی شیئر آمدنی (6.49) روپے (2022 : Rs. 11.76) ہے۔

منافع منقسمہ

بورڈ آف ڈائریکٹر نے بڑے نقصان کی وجہ سے منافع منقسمہ کا اعلان نہیں کیا ہے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک

a۔ 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۔

b۔ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

c۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

d۔ 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۔

e۔ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

f۔ کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

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

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

i۔ 30 جون 2023 کے آڈٹ شدہ اکاؤنٹس کے مطابق پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 94.269 ملین روپے ہے۔

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

k۔ 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 کوئی تجارت نہیں ہوئی ہے۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز مشتمل ہے۔

ڈائریکٹرز کی کل تعداد

a۔ مرد 6

b۔ خاتون 1

مجلس نظماء کی رپورٹ

محترم حصص یافتگان،

کمپنی کی مجلس نظماء چوالسیواں سالانہ اجلاس میں آپ کا استقبال کرتی ہے۔اور 30 جون 2023 کو ختم ہونے والے سال کے لئے 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 حسب ذیل ہیں:۔

روپے ہزاروں میں

	30 جون 2023	30 جون 2022
خالص فروخت	**5,962,782**	5,297,444
فروخت کی لاگت	**5,779,130**	4,784,455
مجموعی منافع	**183,652**	512,989
انتظامی اور عمومی اخراجات	**140,023**	124,103
فروخت اور تقسیمی اخراجات	**2,089**	10,038
	142,112	134,141
آپریٹنگ منافع	**41,540**	378,848
مالی لاگت	**137,046**	71,681
دیگر واجبات	**-**	21,678
	(95,506)	285,489
دیگر آمدنی	**2,933**	7,008
قبل از ٹیکس (نقصان)/منافع	**(92,573)**	292,497
ٹیکس	**15,169**	97,242
بعد از ٹیکس (نقصان)/منافع	**(107,742)**	195,255
فی شیئر بنیادی اور تحلیل شدہ آمدنی (روپے میں)	**(6.49)**	11.76

زیر جائزہ سال کے دوران کمپنی نے گذشتہ سال کے بعد از ٹیکس منافع 195.255 ملین روپے کے مقابلے میں بعد از ٹیکس 107.742 ملین روپے نقصان کمایا۔ سال میں ہونے والی خالص فروخت 5,962.782 ملین روپے ہے جبکہ گذشتہ سال فروخت 5,297.444 ملین روپے تھی جوکہ گذشتہ سال فروخت کے مقابلے میں 665.338 ملین روپے یعنی 12.56 فیصد اضافہ ظاہر کر رہی ہے۔ فی شیئر آمدنی گذشتہ سال 11.76 روپے فی شیئر کے مقابلے میں (6.49) روپے فی شیئر نقصان ہے۔

ٹیکسٹائل کی صنعت کو شاید اس طرح کی سنگین صورتحال کبھی نہیں ملی۔ بہت سے یونٹ اس مدت کے دوران بند ہیں جوکہ موجودہ حالات میں معاشی طور پر قابل عمل نہیں ہیں۔ مجموعی طور پر ٹیکسٹائل سیکٹر کی کارکردگی ابتر ہے۔ زیر نظر سال کے دوران کمپنی کے مالیاتی نتائج بنیادی طور پر مارکیٹ کے حالات کی وجہ سے بہت سست رہے کیونکہ بدقسمتی سے پاکستان میں شدید سیلاب آیا اور دنیا میں مجموعی طور پر کساد بازاری کا دور رہا۔ اس صورتحال میں کمپنی نے اپنی پیداواری صلاحیت میں %10 کمی کی اور اپنی پیداواری صلاحیت کے %90 پر کام کیا اور کمپنی کی تمام مقررہ لاگت کو برقرار رکھا۔ سال کے دوران خام مال کی قیمتیں بلند رہیں، جس کی وجہ پاک روپے کی قدر میں بہت زیادہ کمی ہوئی، توانائی کی لاگت میں بے حد اضافہ، مارک اپ کی بہت زیادہ بلند شرح اور دیگر ان پٹ لاگت میں اضافہ ہوا۔

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, 2023**

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 (quarterly / annually) were as per followings:

a)	Audit Committee	Quarterly
b)	HR and R Committee	Annually

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, 2023

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, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

Fazal Mahmood & Co.

FAZAL MAHMOOD & CO.
CHARTERED ACCOUNTANTS
LAHORE

Dated: September 27, 2023
UDIN: CR202310338AX0xBc9q5

SIX YEAR'S FINANCIAL DATA AT A GLANCE

(RUPEES IN MILLION)

PARTICULARS	2023	2022	2021	2020	2019	2018
ASSETS EMPLOYEED						
Property, plant and equipment	1,428.625	1,478.907	1,502.395	374.019	301.426	314.245
Right of use assets	32.788	40.985	7.551	14.993	18.741	23.426
Long term deposits	2.434	2.434	2.434	2.434	2.434	2.387
Current assets	1,385.464	1,447.569	930.517	985.012	456.427	423.679
TOTAL ASSETS EMPLOYEED	2,849.311	2,969.895	2,442.897	1,376.458	779.028	763.737
FINANCED BY						
Share holders' equity	1,452.661	1,571.200	1,402.545	854.604	489.354	416.259
Long term financing	264.001	322.285	328.677	-	-	-
Gas Infrastructure Development Cess	-	-	1.074	-	-	-
Lease Liabilities	10.039	19.596	-	1.262	6.092	11.729
Deferred liabilities	104.918	114.151	107.177	32.899	10.767	14.557
Current liabilities	1,017.692	942.663	603.424	487.693	272.815	321.192
TOTAL FUNDS INVESTED	2,849.311	2,969.895	2,442.897	1,376.458	779.028	763.737
PROFIT & (LOSS)						
Sales-net	5,962.782	5,297.444	3,305.217	2,290.540	2,813.430	2,271.534
Cost of sales	5,779.130	4,784.455	2,922.424	2,160.400	2,614.441	2,172.226
Gross profit	183.652	512.989	382.793	130.140	198.989	99.308
Administrative & general	140.023	124.103	97.966	73.267	68.824	53.852
Selling & distribution	2.089	10.038	7.090	5.470	5.831	4.521
Operating profit	41.540	378.848	277.737	51.403	124.334	40.935
Finance costs	137.046	71.681	32.628	10.644	10.183	7.583
Other charges	-	21.678	17.750	4.975	7.988	2.771
	(95.506)	285.489	227.359	35.784	106.163	30.581
Other income	2.933	7.008	12.131	27.552	2.485	3.852
PROFIT / (LOSS) BEFORE TAXATION	(92.573)	292.497	239.490	63.336	108.648	34.433
Taxation	15.169	97.242	68.849	22.486	30.603	9.730
PROFIT / (LOSS) AFTER TAXATION	(107.742)	195.255	170.641	40.850	78.045	24.703
EARNING PER SHARE (Rs.)	(6.49)	11.76	10.28	3.27	24.31	8.23
Dividend paid	8.300	16.600	8.300	15.600	4.950	7.590
Number of spindles installed						
Ring	36480	33600	33600	33600	33600	33600
MVS	576	576	576	-	-	-
Number of spindles worked						
Ring	36000	33120	33120	33120	33120	33120
MVS	576	576	576	-	-	-
Number of shifts per day	3	3	3	3	3	3
Actual production converted into 20/S count (Kgs. in million)	21.322	22.998	20.017	16.287	19.082	18.343

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, 2023, 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 a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017) , in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the loss 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 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 577.799 million which constitute 20.28% 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: Summary of significant accounting policies, 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit or loss, 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, 2023
UDIN: AR202310338Mf5oNqRYl

STATEMENT OF FINANCIAL POSITION

	NOTE	2023	2022
		(RUPEES IN THOUSAND)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 40 million (2022: 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		**709,558**	825,600
Equity contributions from sponsors	8	**373,103**	375,600
TOTAL EQUITY		**1,452,661**	1,571,200
NON - CURRENT LIABILITIES			
Long term loans	9	**264,001**	322,285
Gas Infrastructure Development Cess (GIDC)	10	**-**	-
Lease liabilities	11	**10,039**	19,596
Deferred liabilities	12	**104,918**	114,151
		378,958	456,032
CURRENT LIABILITIES			
Trade and other payables	13	**364,736**	257,715
Unclaimed dividend		**673**	773
Accrued mark-up	14	**23,144**	12,610
Short term borrowings	15	**475,264**	515,731
Current portion of long term liabilities	16	**78,850**	79,752
Provision for taxation		**75,025**	76,082
		1,017,692	942,663
CONTINGENCIES AND COMMITMENTS	17	**-**	-
TOTAL EQUITY & LIABILITIES		**2,849,311**	2,969,895

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

AS AT JUNE 30, 2023

	NOTE	2023	2022
		(RUPEES IN THOUSAND)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	18	**1,428,625**	1,478,907
Right of use assets	19	**32,788**	40,985
Long term deposits	20	**2,434**	2,434
		1,463,847	1,522,326
CURRENT ASSETS			
Stores, spares and loose tools	21	**179,838**	100,379
Stock in trade	22	**577,799**	747,603
Trade debts	23	**373,940**	333,150
Loans and advances	24	**61,878**	46,852
Trade deposits and prepayments	25	**70,701**	128,047
Other receivables	26	**108,800**	75,195
Cash and bank balances	27	**12,508**	16,343
		1,385,464	1,447,569
TOTAL ASSETS		**2,849,311**	2,969,895

(Muhammad Aslam)
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	NOTE	(RUPEES IN THOUSAND) 2023	2022
Sales - net	28	**5,962,782**	5,297,444
Cost of sales	29	**5,779,130**	4,784,455
GROSS PROFIT		**183,652**	512,989
Administrative and general expenses	30	**140,023**	124,103
Selling and distribution expenses	31	**2,089**	10,038
		142,112	134,141
OPERATING PROFIT		**41,540**	378,848
Finance costs	32	**137,046**	71,681
Other charges	33	**-**	21,678
		(95,506)	285,489
Other income	34	**2,933**	7,008
(LOSS) / PROFIT BEFORE TAXATION		**(92,573)**	292,497
Taxation	35	**15,169**	97,242
(LOSS) / PROFIT AFTER TAXATION		**(107,742)**	195,255
BASIC AND DILUTED (LOSS) / EARNING PER SHARE- (RUPEES)	38	**(6.49)**	11.76

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

(Mian Aamir Naseem)	(Mian Farrukh Naseem)	(Muhammad Aslam)
Chief Executive	**Director**	**Chief Financial Officer**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	(RUPEES IN THOUSAND)	
(LOSS) / PROFIT AFTER TAXATION FOR THE YEAR	**(107,742)**	195,255
Other comprehensive income	**-**	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR	**(107,742)**	195,255

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

(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 July 01, 2021	166,000	260,000	386,945	204,000	385,600	1,402,545
Total comprehensive income						
- Profit after taxation	-	-	195,255	-	-	195,255
Transaction with owners						
Final dividend for the year ended June 30, 2021 @ Rs.1.00 per share	-	-	(16,600)	-	-	(16,600)
Transfer to equity contribution from sponsors	-	-	-	-	(10,000)	(10,000)
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**

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

(Mian Aamir Naseem)	(Mian Farrukh Naseem)	(Muhammad Aslam)
Chief Executive	**Director**	**Chief Financial Officer**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	NOTE	2023	2022
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	**413,440**	12,650
Finance cost paid		**(126,512)**	(64,634)
Income tax paid		**(48,893)**	(55,010)
Paid to workers' profit participation fund	13.2	**(15,709)**	(12,862)
Profit on deposits with bank	34	**1,925**	1,503
Net cash generated from / (used in) operating activities		**224,251**	(118,353)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		**(97,605)**	(118,667)
Proceeds from disposal of property, plant and equipment		**1,138**	7,095
Net cash (used in) investing activities		**(96,467)**	(111,572)
CASH FLOWS FROM FINANCING ACTIVITIES			
Re-payment of long term borrowings - net		**(70,697)**	(27,543)
Re-payment of lease - net		**(9,557)**	(20,163)
Payment to / proceeds from equity contributions from sponsors		**(2,498)**	(10,000)
Proceeds from short term borrowings - net		**(40,467)**	297,484
Dividends paid		**(8,400)**	(16,532)
Net cash (used in) / generated from financing activities		**(131,619)**	223,246
NET CASH (USED IN) DURING THE YEAR		**(3,835)**	(6,679)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**16,343**	23,022
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	40	**12,508**	16,343

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

(Mian Aamir Naseem)	(Mian Farrukh Naseem)	(Muhammad Aslam)
Chief Executive	**Director**	**Chief Financial Officer**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency and has been rounded to the nearest thousand.

3. USE OF 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 assumptions 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 revision affects both current and future periods.The areas involving significant estimates or judgements are:

Property, plant and equipment and right of use assets

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

Stock-in-trade and stores, spares and loose tools

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

Expected credit loss

The Company reviews the recoverability of its trade debts, advances and other receivables to assess amount of expected credit losses and credit impaired trade debts, advances and other receivables.

Provisions and contingencies

The Company takes in to account advice of the legal advisors to estimate provisions and contingent liabilities and their estimated financial outcomes.

Income Taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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, 2022 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.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

Following are the standards and amendments to the IFRS that are mandatory for companies having accounting periods beginning on or after July 1, 2022 and have not been early adopted by the Company. These are considered either not to be relevant or to have any significant effect on the Company’s operations upon their initial application and are, therefore, not detailed in these financial statements:

New standards:		Effective date (annual periods beginning on or after)
Amendments to existing Standards:		
IFRS - 16	**Leases**	
	Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	1 January 2024
IFRS - 17	**Insurance Contracts**	
	Amendments to address concerns and implementation challenges that were identified after IFRS 17.	1 January 2023
IAS - 1	**Presentation of Financial Statements**	
	Amendments regarding the classification of debt with covenants	1 January 2024
	Amendments regarding classification of liabilities	1 January 2024
	Amendment to defer the effective date of the January 2020 amendments	1 January 2024
IAS - 7	**Statement of Cash Flows**	
	Amendments regarding supplier finance arrangements	1 January 2024
IAS - 8	**Accounting Policies, Changes in Accounting Estimates and Errors**	
	Amendments regarding the definition of accounting estimates.	1 January 2023
IAS - 12	**Income Taxes**	
	Amendments regarding deferred tax on leases and decommissioning obligations	1 January 2023
	Amendments to provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	1 January 2023

IFRS - 1 - (First Time Adoption of International Financial Reporting Standards), IFRS - 17 - (Insurance Contracts) and IFRIC-12 - (Service concession arrangements), have not been notified locally or declared exempt by the SECP as at June 30, 2023.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the 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. 18. to the accounts to write off the cost cover their estimated useful lives. Depreciation is charged from the date when the asset becomes available for use up to the date of its disposal.

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.

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.

Company as a lessor:

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Assets subject to operating lease are initially stated at cost. Subsequently, these are stated at cost less accumulated depreciation, and less impairment, if any.

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.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as property, plant and equipment under the 'plant and machinery' category and are depreciated over a time period not exceeding the useful life of the related assets.

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 estimated cost of completion and the estimated costs necessary to make the sale.

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, if there is any change in usage pattern and / or physical form of related stock in trade.

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 is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. Revenue from contracts with customers is recognized at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods. Interest income is recognized on a time proportionate basis using the effective interest method.

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

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all 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 assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Prior

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.

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 recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classifcation of the financial assets.

(i) Financial assets at amortized cost

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

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

(b) the contractual terms of the financial asset give rise on specifed 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 amortized cost or FVTOCI are measured at fair value through the statement of profit or loss (FVTPL). Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is not a held for trading on initial recognition.
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized 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 recognizing 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 recognized in the statement of profit or loss.

(iii) Financial assets at fair value through OCI (FVTOCI)

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

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

(iv) 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.

(v) 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 identification 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 dificulty 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 dificulty, 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 dificulties.

(d) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial dificulty 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 fair 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	2023	2022
		(RUPEES IN THOUSAND)	

6. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

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

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

Equity contributions from sponsors		**373,103**	**375,600**
		373,103	**375,600**

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

Bank Al-Habib Ltd - TERF	9.1	**224,807**	277,947
Bank Al-Habib Ltd - LTF	9.2	**39,194**	44,338
		264,001	322,285

9.1 Bank Al-Habib Ltd

TERF Finance - 1	9.1.1	**96,000**	128,000
TERF Finance - 2	9.1.2	**18,144**	24,192
TERF Finance - 3	9.1.3	**71,557**	81,098
TERF Finance - 4	9.1.4	**87,200**	98,100
TERF Finance - 5	9.1.5	**44,000**	49,500
		316,901	380,890
Less:			
- Discounting adjustments for recognition at fair value - deferred government grant		**(51,948)**	(65,173)
- Unwinding of discount on liability		**12,736**	13,225
		(39,212)	(51,948)
- Current portion shown under current liabilities:		**(52,882)**	(50,995)
		224,807	277,947

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% (2022: 9.28% to 9.87%). The differential between the loans proceeds and fair value of the loan has been recorded as deferred grant. (note 12.1)

		(RUPEES IN THOUSAND)	
		2023	**2022**
9.2	**Bank Al-Habib Ltd.**		
	LTF for Solar	**48,992**	48,992
Less:	Repayment during the year	**(4,899)**	-
		44,093	8,992
Less:	Current Portion of LTF	**(4,899)**	(4,654)
		39,194	44,338

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 (2022: 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.

10. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC)

		2023	2022
	GIDC payable	**-**	11,607
Less:	Gain on remeasurement of GIDC	**-**	-
Less:	Payment during the year	**-**	(10,533)
Add:	Unwinding of discount on GIDC	**-**	-
		-	1,074
Less:	Current portion of GIDC	**-**	(1,074)
		-	-

10.1 The company has paid all the installments of GIDC during the year.

	Note	2023	2022
		(RUPEES IN THOUSAND)	

11. LEASE LIABILITIES

		2023	2022
	As at 01 July 2022	**29,154**	1,262
Add:	Addition	**-**	37,995
Add:	Interest expense relating to lease liability	**4,915**	3,932
Less:	Payment	**(14,472)**	(14,035)
Less:	Disposal	**-**	-
	As at 30 June 2023	**19,597**	29,154
	Current	**9,558**	9,558
	Non-Current	**10,039**	19,596

11.1 The implicit rate against lease liabilities ranges from 17.85% to 24.73% p.a. (2022: 10.90% to 17.58% p.a.)

11.2 Maturity Analysis of Lease Liability

	2023			2022		
	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	13,390	11,500	24,890	14,003	23,368	37,371
Less: Un-amortized finance charge			(5,293)			(8,217)
Present value of minimum lease payments			19,597			29,154

12. DEFERRED LIABILITIES

	Note	2023	2022
Deferred government grants	12.1	**29,582**	41,093
Deferred income tax liability	12.2	**75,336**	73,058
		104,918	114,151

12.1 Deferred government grants

	2023	2022
Government grant recognised during the year	**54,564**	69,802
Less: Amortisation of deferred government grant	**(13,471)**	(15,238)
	41,093	54,564
Less: Current portion of deferred government grant	**(11,511)**	(13,471)
	29,582	41,093

12.1.1 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, respectively. There are no unfulfilled conditions or other contingencies attached to these grants.

12.2 Deferred income tax liability

Deferred tax liabilities on taxable temporary differences:

	2023	2022
Accelerated tax depreciation	**146,529**	133,582
Finance lease - net	**3,957**	3,431
Deferred tax asset on deductible temporary differences:		
Allowance for expected credit loss	**(125)**	(84)
Minimum tax available for carry forward	**(75,025)**	(63,871)
	75,336	73,058

12.2.1 Deferred tax asset is recognized for tax losses, minimum tax, alternative corporate tax, and tax losses available for carry forward, if, the realization of the related tax benefit through future taxable profits is probable.Deferred tax asset on tax losses of Rs 35.362 million (2022: Nil) has not been recognized as sufficient taxable profits would not be available for adjustment / utilization in the foreseeable future.

12.2.2 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.

12.2.3 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)

	Note	2023	2022
13. TRADE AND OTHER PAYABLES			
Creditors		**118,498**	72,698
Contractors' retention money		**1,090**	764
Security deposits - Interest free	13.1	**11,214**	11,214
Provident fund trust		**1,933**	2,015
Accrued expenses		**183,107**	139,530
Contract liabilities (Running account with customers)		**35,670**	2,561
Workers' profit participation fund	13.2	**-**	15,709
Workers' welfare fund		**13,024**	13,024
Others		**200**	200
		364,736	257,715

13.1 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.

13.2 Workers' Profit Participation Fund

	2023	2022
Balance as on 01 July	**15,709**	12,862
Add: Provision for the year	**-**	15,709
Interest for the year	**2,741**	1,312
	18,450	29,883
Less: Payment during the year	**(18,450)**	(14,174)
Balance as on 30 June	**-**	15,709

	Note	2023	2022
14. ACCRUED MARK-UP			
Short term borrowings		**22,696**	12,259
Long term financing		**448**	351
		23,144	12,610
15. SHORT TERM BORROWINGS			
From banking companies - secured	15.1	**475,264**	515,731
		475,264	515,731

15.1 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 (2022: Rs. 1230 million). Unavailed facility as at reporting date is Rs. 1,025 Million (2022: Rs. 714 million). Mark-up is paid at the rate ranging from 1 months Kibor plus 2% to 3 months Kibor plus 2%.

	Note	2023	2022
		(RUPEES IN THOUSAND)	
16. CURRENT PORTION OF LONG TERM LIABILITIES			
Long term loans	9.1	**57,781**	55,649
Gas Infrastructure Development Cess (GIDC)	10	**-**	1,074
Lease liabilities	11	**9,558**	9,558
Deferred government grant	12.1	**11,511**	13,471
		78,850	79,752

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

Counter guarantees of Rs. 49.756 million (2022: Rs.36.545 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited, Lahore Electric Supply Company and State Bank of Pakistan against connections & TUF rebate.

17.2 Commitments

Capital expenditure commitments are amounting to Rs. Nill (2022: Rs. 91.248 million) during the year and non capital expenditure commitments are amounting to Rs. 289.432 million (2022: Rs. 365.905 million).

(RUPEES IN THOUSAND)

	Note	2023	2022
18. PROPERTY, PLANT & EQUIPMENT			
Operating fixed assets	18.1	**1,400,475**	1,394,388
Capital work-in-progress	18.4	**28,150**	84,519
		1,428,625	1,478,907

18.1 Operating fixed assets

Description	Land Freehold	Buildings	Plant and Machinery	Electric Installations	Factory Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Total
At June 30, 2021									
Cost	46,205	211,669	1,726,964	39,487	12,917	3,783	38,158	4,833	2,084,016
Accumulated depreciation	-	107,912	506,469	3,387	418	3,358	23,219	3,217	647,980
Closing net book value	46,205	103,757	1,220,495	36,100	12,499	425	14,939	1,616	1,436,036
Year ended June 30, 2022									
Opening net book value	46,205	103,757	1,220,495	36,100	12,499	425	14,939	1,616	1,436,036
Additions	-	-	29,767	376	2,584	-	7,005	-	39,732
Transfer from CWIP	-	60,775	-	-	-	-	-	-	60,775
Transfer from right of use assets									
Cost	-	-	-	-	-	-	16,087	-	16,087
Depreciation	-	-	-	-	-	-	(9,042)		(9,042)
	-	-	-	-	-	-	7,045	-	7,045
Disposals									
Cost	-	-	1,775	-	-	-	4,318	-	6,093
Depereciation	-	-	(1,434)	-	-	-	(2,861)	-	(4,295)
Net book value	-	-	341	-	-	-	1,457	-	1,798
Depreciation for the year	-	(13,811)	(123,738)	(3,647)	(1,383)	(42)	(4,619)	(162)	(147,402)
Closing net book value	46,205	150,721	1,126,183	32,829	13,700	383	22,913	1,454	1,394,388
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
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
Transfers from CWIP	-	24,210	28,023	48,890	-	-	-	-	101,123
Disposals									
Cost	-	-	-	-	-	-	1,039	-	1,039
Depreciation	-	-	-	-	-	-	(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
Depreciation Rate (%)	-	10	10	10	10	10	20	10	

18.2 Depreciation for the year has been allocated as follows:	2023	2022
Cost of goods sold	**143,017**	142,579
Administrative and general expenses	**4,740**	4,823
	147,757	147,402

18.3 Following is the movement in capital work in progress

(RUPEES IN THOUSAND)

	Opening balance	Additions	Transfers to operating fixed assets	Closing balance
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**
Tangible:				
- Civil works	66,359	11,276	60,775	16,860
- Plant and machinery	-	19,299	-	19,299
- Electric Installation	-	48,360	-	48,360
June 30,2022	66,359	78,935	60,775	84,519

19. RIGHT OF USE ASSETS

	Note	2023	2022
Right of use assets	19.1	**32,788**	40,985
		32,788	40,985

19.1 Right of Use Assets

	Description	Vehicles	Total
	Opening net book value as on July 01, 2021	7,551	7,551
	Additions	48,055	48,055
Less:	Transferred to owned assets	(16,087)	(16,087)
	Depreciation Transferred	9,043	9,043
Less:	Depreciation charge	7,577	7,577
	Closing net book value	40,985	40,985
	At June 30, 2022		
	Cost	48,055	48,055
	Accumulated depreciation	7,070	7,070
	Net book value	40,985	40,985
	Depreciation Rate (%)	20	
	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**	

		NOTE	2023	2022
			(RUPEES IN THOUSAND)	
20.	**LONG TERM DEPOSITS**			
	Others		**2,434**	2,434
			2,434	2,434
21.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		**92,795**	47,563
	Spares		**87,043**	52,816
			179,838	100,379
22.	**STOCK IN TRADE**			
	Raw materials		**308,416**	545,812
	Work in process		**75,327**	49,310
	Finished goods		**192,444**	150,924
	Waste		**1,612**	1,557
			577,799	747,603

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.

		NOTE	2023	2022
23.	**TRADE DEBTS - UNSECURED**			
	Considered good		**373,940**	333,150
	Considered doubtful		**415**	289
			374,355	333,439
	Less: Allowance for expected credit losses	23.1	**(415)**	(289)
			373,940	333,150

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

	2023	2022
Opening balance	**289**	262
Charge for the year	**126**	27
Closing balance	**415**	289

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

	2023	2022
Neither past due nor impaired	**-**	51,184
Past due but not impaired:		
- Past due 1-30 days	**237,555**	254,256
- Past due 31-180 days	**136,098**	27,999
- Past due 180-365 days	**702**	-
- Total trade debts	**374,355**	333,439
Less: Allowance for expected credit losses	**(415)**	(289)
	373,940	333,150

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.

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

	Note	2023	2022
		(RUPEES IN THOUSAND)	
24. LOANS AND ADVANCES			
(Unsecured but considered good):-			
Advances to :			
Suppliers and contractors	24.1	**60,510**	45,940
Employees	24.2	**1,368**	912
		61,878	46,852

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:

	2023	2022
- Executives	**1,030**	550
- Other employees	**338**	362
	1,368	912

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

25. TRADE DEPOSITS AND PREPAYMENTS

	2023	2022
Letters of credit	**63,614**	125,157
Margin on bank guarantee	**5,479**	1,797
Prepayments	**1,608**	1,093
	70,701	128,047

26. OTHER RECEIVABLES

	2023	2022
Advance income tax	**103,738**	68,792
Sales tax	**4,538**	5,879
Others	**524**	524
	108,800	75,195

27. CASH AND BANK BALANCES

	Note	2023	2022
Cash in hand		**1,877**	444
Cash with banks:			
- In current accounts		**1,988**	4,000
- In saving accounts	27.1	**8,643**	11,899
		12,508	16,343

27.1 These carry markup at the rate of 6.72 % to 17.88 % (2022: 4.56% to 12.50%) per annum.

28. SALES - NET

	2023	2022
Local:		
- Yarn	**6,483,273**	6,069,685
- Raw material	**539,812**	153,761
- Waste	**23,384**	14,429
	7,046,469	6,237,875
Less:		
Sales tax	**1,044,438**	914,140
Commission	**39,249**	26,291
	5,962,782	5,297,444

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. 2.561 million.

(RUPEES IN THOUSAND)

29. COST OF SALES

	Note	2023	2022
Raw materials consumed	29.1	**4,345,838**	3,665,405
Salaries, wages and benefits	29.2	**375,823**	358,335
Stores and spares		**113,967**	80,723
Packing materials		**81,893**	74,825
Fuel and power		**765,612**	543,201
Repair and maintenance		**16,064**	19,702
Insurance		**6,087**	5,383
Other factory overheads		**361**	265
Depreciation	18.2	**143,017**	142,579
		1,502,824	1,225,013
		5,848,662	4,890,418
Opening work in process		**49,310**	32,576
Fire insurance		**(1,940)**	-
Closing work in process	22	**(75,327)**	(49,310)
Cost of goods manufactured		**5,820,705**	4,873,684
Opening stock of finished goods		**152,481**	63,252
Closing stock of finished goods	22	**(194,056)**	(152,481)
		5,779,130	4,784,455

29.1 RAW MATERIAL CONSUMED

	Note	2023	2022
Opening stock		**545,812**	309,397
Purchases	29.1	**4,108,442**	3,901,820
		4,654,254	4,211,217
Less: Closing stock		**(308,416)**	(545,812)
		4,345,838	3,665,405

29.1.1 Raw materials purchases include cost of raw materials sold of Rs. 424.570 million (2022: Rs. 110.043 million).

29.2 Salaries, wages and other benefits include Rs. 9.503 million (2022: Rs. 9.605 million) in respect of staff retirement benefits.

30. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2023	2022
Salaries, allowances and benefits	30.1	**87,574**	81,342
Traveling and conveyance		**3,528**	952
Vehicle running and maintenance		**12,192**	10,099
Printing and stationery		**2,645**	1,644
Newspaper and periodicals		**35**	27
Postage, telegram and telephone		**1,421**	1,265
Advertisement		**392**	323
Rent, rates, and taxes		**2,310**	517
Legal and professional		**2,339**	1,549
Auditors' remuneration	30.2	**571**	610
Subscription		**2,002**	1,770
Insurance		**3,596**	3,756
Entertainment		**1,997**	1,773
Computerization		**438**	671
General		**1,503**	1,672
Electricity expense		**4,417**	3,706
Allowance for expected credit loss	23.1	**126**	27
Depreciation	18.2	**12,937**	12,400
		140,023	124,103

30.1 Salaries, allowances and benefits include Rs. 2.025 million (2022: Rs. 1.735 million) in respect of staff retirement benefits.

(RUPEES IN THOUSAND)

		Note	2023	2022
30.2	**Auditors' remuneration**			
	Statutory audit fee		**500**	500
	Half yearly review fee		**32**	32
	Provident fund audit & other certification fee		**39**	78
			571	610

31. SELLING AND DISTRIBUTION EXPENSES

		2023	2022
Freight and expenses on local sales		**2,089**	10,038
		2,089	10,038

32. FINANCE COSTS

	Note	2023	2022
Mark-up on:			
Long term loans - secured		**18,043**	19,416
Short term bank borrowings - secured		**107,093**	44,680
		125,136	64,096
Bank charges and commission		**4,254**	2,150
Interest on lease liabilities	11	**4,915**	4,123
Interest on workers' profit participation fund	13.2	**2,741**	1,312
		137,046	71,681

33. OTHER CHARGES

	Note	2023	2022
Workers' profit participation fund	13.2	**-**	15,709
Workers' welfare fund		**-**	5,969
		-	21,678

34. OTHER INCOME

	2023	2022
Income from financial assets		
Profit on deposits with banks	**1,925**	1,503
	1,925	1,503
Income from non financial assets		
Gain on disposal of property, plant and equipment	**1,008**	5,297
Miscellaneous income	**-**	208
	1,008	5,505
	2,933	7,008

35. TAXATION

	2023	2022
Current	**75,025**	76,082
Prior	**(62,134)**	-
Deferred tax	**2,278**	21,160
	15,169	97,242

		2023	2022
35.1	Reconcilition of income tax Expense for the year		
	Profit before tax	**(92,573)**	292,497
	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% (2022: 29%)	**-**	81,824
	-Tax effect of amounts that are admissible for tax purposes	**-**	(49,080)
	-Tax effect of the amounts that are inadmissible for tax purposes	**-**	49,303
	-The effect of timing differences	**-**	21,160
	-Super tax	**-**	8,798
	-Tax losses	**-**	(17,763)
		-	94,242
	Average effective rate of tax charged to statement of profit or loss %	**-**	32%

35.2 During the year, provision for current taxation is based on minimum tax regime. Accordingly the reconciliation between accounting profit before tax and tax expense has not been presented in these financial statements.

35.3 The company's income tax assessments have been finalized upto and including tax year 2022.

36. CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES' REMUNERATION

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

(RUPEES IN THOUSAND)

	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**

	Chief Executive Officer	Director	Executives
	2022	2022	2022
Managerial remuneration	1,800	540	12,509
House rent	810	243	5,629
Medical allowance	180	54	1,251
Utility allowance	210	63	1,459
Provident fund contribution by company	-	-	357
	3,000	900	21,205
Number (s)	1	1	8

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

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

36.3 No meeting fee was paid to the directors of the company during the year (2022: Rs. Nil).

37. 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:

Associated Companies due to common directorship

- Sargodha Spinning Mills Limited

37.1 TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

Transaction with Related Parties / Associated Undertakings, other than remuneration and benefits to key management personnel's under the terms of their employment (refer note no. 36) and other than the payments made to the retirement benefit plans are as under:

No transactions with associated undertaking (2022: Nill) were made during the year. No aggregate amount due from / due to associated undertaking at the end of the year (2022: Nil).

	NOTE	2023	2022
		(RUPEES IN THOUSAND)	
38. (LOSS) / EARNING PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earning per share of the company.			
(loss) / profit after taxation		**(107,742)**	195,255
Weighted average number of ordinary shares outstanding during the year (No. in '000')		**16,600**	16,600
Basic (loss) / earning per share (Rupees)		**(6.49)**	11.76
39. CASH GENERATED FROM OPERATIONS			
(loss) / profit before taxation		**(92,573)**	292,497
Adjustments for non cash charges & other items:			
Depreciation of property, plant and equipment	18.2	**147,757**	147,402
Depreciation of right of use assets	19	**8,197**	7,577
Financial costs	32	**137,046**	71,681
Workers' profit participation fund	33	**-**	15,709
Workers' welfare fund	33	**-**	5,969
Allowance for expected credit losses	23.1	**126**	27
Gain on sale of operating fixed assets	34	**(1,008)**	(5,297)
Profit on deposits with banks	34	**(1,925)**	(1,503)
Working capital changes	39.1	**215,820**	(521,412)
		413,440	12,650
39.1 WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(79,459)**	(28,767)
Stock in trade		**169,804**	(342,378)
Trade debts		**(40,916)**	(106,690)
Loans and advances		**(15,026)**	(9,502)
Trade deposits and prepayments		**57,346**	(94,115)
Other receivables		**1,341**	62,853
		93,090	(518,599)
Increase / (decrease) in current liabilities			
Trade and other payable		**122,730**	(2,813)
		215,820	(521,412)
40. CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	**12,508**	16,343

41. STAFF RETIREMENT BENEFITS

41.1 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 audited financial statements of the fund for the year ended 30 June 2023:

	NOTE	%age	2023 (RUPEES IN THOUSAND)	%age	2022 (RUPEES IN THOUSAND)
Size of the fund			**116,313**		124,886
Cost of investment made			**83,542**		74,892
Percentage of investment made			**71.82%**		59.97%
Fair value of investment	41.2		**94,269**		101,965
41.2 BREAKUP OF INVESTMENTS					
Investment in mutual fund		**78.84%**	**74,319**	83.26%	84,898
Meezan Rozana Amdani Fund		**1.11%**	**1,047**	16.74%	17,067
Meezan Fixed Term Fund MPM-III		**20.05%**	**18,903**		-
			94,269		101,965
41.3 Balance in scheduled banks					
Saving account			**17,130**		16,768

42. PLANT CAPACITY AND ACTUAL PRODUCTION

	2023	2022
Number of spindles installed		
Unit - 01 (Ring)	**36,480**	33,600
Unit - 02 (MVS)	**576**	576
Number of spindles worked		
Unit - 01 (Ring)	**36,000**	33,120
Unit - 02 (MVS)	**576**	576
Production at normal capacity converted to 20/s (Kgs.)	**22,693,249**	23,347,354
Actual production converted to 20/s (Kgs.)	**21,321,688**	22,998,125
No. of shifts worked per day	**3**	3
42.1 Production loss due to normal maintenance, gas and electric shut down / closures (Kgs.)	**1,371,561**	349,229

43. 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..

44. NUMBER OF EMPLOYEES

	2023	2022
At the year end number of employees of the company		
- Total employees	**1,125**	1,173
- Factory employees	**1,088**	1,132
Weighted average number of employees of the company		
- Total employees	**1,134**	1,180
- Factory employees	**1,095**	1,140

	NOTE	2023	2022
		(RUPEES IN THOUSAND)	

45. FINANCIAL INSTRUMENTS BY CATEGORY

	2023	2022
FINANCIAL ASSETS		
as per Statement of Financial Position		
Cash and bank balances	**12,508**	16,343
Trade debts	**373,940**	333,150
Loans and advances	**1,368**	912
Trade deposits and prepayments	**5,479**	1,797
Other receivables	**524**	524
Long term deposits	**2,434**	2,434
	396,253	355,160
FINANCIAL LIABILITIES		
as per Statement of Financial Position		
Lease liabilities	**19,597**	29,154
Long term loans	**321,782**	377,934
Gas Infrastructure Development Cess (GIDC)	**-**	1,074
Short term borrowings	**475,264**	515,731
Trade and other payables	**316,042**	226,421
Unclaimed dividend	**673**	773
Accrued mark-up	**23,144**	12,610
	1,156,502	1,163,697

45.1 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.

46. 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.

46.1 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)	
	2023	**2022**
Bank balances	**10,631**	15,899
Trade debts	**373,940**	333,150
Loans and advances	**1,368**	912
Margin on bank guarantee	**5,479**	1,797
Other receivables	**524**	524
Long term deposits	**2,434**	2,434
	394,376	354,716

The Company’s credit risk is primarily attributable to its trade debts and balances at banks. Based on past experience the management believes that no impairment allowance is necessary as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

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:

(RUPEES IN THOUSAND)

Bank Name	Agency	Short term rating	Long term rating	2023	2022
Bank Al Habib Limited	PACRA	A-1+	AAA	**4,662**	1,860
Bank Alfalah Limited	PACRA	A-1+	AA+	**479**	1,295
Bank Islami Pakistan Limited	PACRA	A-1	AA-	**50**	49
Habib Bank Limited	VIS	A-1+	AAA	**119**	477
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	**435**	686
Meezan Bank Limited	VIS	A-1+	AAA	**4,222**	10,842
National Bank of Pakistan	PACRA	A-1+	AAA	**585**	615
United Bank Limited	VIS	A-1+	AAA	**79**	75
				10,631	15,899

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

46.2 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. 15. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

Following is the maturity analysis of financial liabilities:

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
Gas Infrastructure Development Cess (GIDC) payable	-	-	-	-	-
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

2022	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	407,088	563,082	105,215	316,811	141,056
Gas Infrastructure Development Cess (GIDC) payable	1,074	1,074	1,074	-	-
Short term borrowings	515,731	515,731	515,731	-	-
Trade and other payable	226,421	226,421	226,421	-	-
Unclaimed dividend	773	773	773	-	-
Accrued mark-up	12,610	12,610	12,610	-	-
	1,163,697	1,319,691	861,824	316,811	141,056

46.2.1 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.

46.3 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.

46.3.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is not significantly exposed to currency risk as the company does not maintain bank accounts in foreign currencies.

46.3.2 Interest Rate Risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts.

46.3.3 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)	
	2023	**2022**
Financial assets carried at amortized cost:		
Cash and bank balances	**12,508**	16,343
Trade debts	**373,940**	333,150
Loans and advances	**1,368**	912
Trade deposits and prepayments	**5,479**	1,797
Other receivables	**524**	524
Long term deposits	**2,434**	2,434
	396,253	355,160
Financial liabilities carried at amortized cost:		
Lease liabilities	**19,597**	29,154
Long term loan	**321,782**	377,934
Gas Infrastructure Development Cess (GIDC) payable	**-**	1,074
Short term borrowings	**475,264**	515,731
Trade and other payable	**316,042**	226,421
Unclaimed dividend	**673**	773
Accrued mark-up	**23,144**	12,610
	1,156,502	1,163,697

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.

47. 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, 2023			
	Opening balance	Financing cash flows (47.1)	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**

	FOR THE YEAR ENDED JUNE 30, 2022			
	Opening balance	Financing cash flows (47.1)	Other changes	Closing balance
Long-term loans (including current portion)	379,706	(27,543)	25,771	377,934
Lease Liabilities (including current portion)	1,263	(20,164)	48,055	29,154
Equity contributions from sponsors	385,600	(10,000)	-	375,600
Unclaimed dividend	705	(16,532)	16,600	773
Short term borrowings	218,247	297,484	-	515,731
	985,521	223,245	90,426	1,299,192

47.1 This represents net amount of proceeds and repayments.

48. 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 36.06% (2022: 36.51%) 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 Subsidiary Company, 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.

49. 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.

50. GENERAL

Figures have been rounded off to the nearest thousand rupee.

51. NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors in their meeting held on September 27, 2023 has recommended a cash dividend at Rs. Nil (2022: Rs. 0.50/- per share) amounting to Rs. Nil (2022: Rs. 8.300 Million) for the year ended 30 June, 2023.

52. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 27, 2023 by the Board of Directors of the Company.

(Mian Aamir Naseem)	(Mian Furrakh Naseem)	(Muhammad Aslam)
Chief Executive	**Director**	**Chief Financial Officer**

PATTERN OF SHAREHOLDING

FORM 34

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

2.1 Pattern of holding of the shares held by the shareholders as at **30 06 2023**

2.2

No. of Shareholders	Shareholdings From		To	Total shares held
119	1	-	100	2,497
91	101	-	500	30,394
47	501	-	1,000	41,642
114	1,001	-	5,000	332,295
45	5,001	-	10,000	356,318
15	10,001	-	15,000	198,591
5	15,001	-	20,000	88,355
3	20,001	-	25,000	73,000
5	25,001	-	30,000	136,750
6	30,001	-	35,000	195,274
3	35,001	-	40,000	110,350
4	45,001	-	50,000	195,000
2	50,001	-	55,000	106,000
1	55,001	-	60,000	55,333
2	60,001	-	65,000	122,286
1	70,001	-	75,000	75,000
1	75,001	-	80,000	80,000
1	85,001	-	90,000	86,000
1	90,001	-	95,000	90,500
1	95,001	-	100,000	95,089
1	105,001	-	110,000	107,863
1	210,001	-	215,000	212,606
1	230,001	-	235,000	234,000
1	250,001	-	255,000	250,785
1	275,001	-	280,000	276,950
1	305,001	-	310,000	310,000
1	330,001	-	335,000	331,230
1	445,001	-	450,000	446,833
2	475,001	-	480,000	955,215
1	520,001	-	525,000	521,278
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	1,835,001	-	1,840,000	1,838,348
1	2,280,001	-	2,285,000	2,283,500
1	2,450,001	-	2,455,000	2,454,573
485				**16,600,000**

2.3 Categories of shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	7,795,591	46.9614%
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3 NIT and ICP	521,878	3.1438%
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	53	0.0003%
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	0	0.0000%
2.3.7 Share holders holding 10% or more	6,576,421	39.6170%
2.3.8 General Public		
a. Local		
b. Foreign	7,975,334	48.0442%
	0	0.0000%
2.3.9 Others (to be specified)		
1- Joint Stock Companies	298,200	1.7964%
2- Pension Funds	8,613	0.0519%
3- Others	331	0.0020%

4.	Signture of Company Secretary	
5.	Name of Signatory	Muhammad Adeel Anwar Khan
		Company Secretary
6.	NIC Number	3 1 1 0 1 – 6 1 1 3 3 1 4 – 9
7.	Date	30-06-2023

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2023

S.No.	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)	2,454,573	14.7866%
4	MRS. FATIMA AAMIR (CDC)	1,838,348	11.0744%
5	MR. SAAD NASEEM (CDC)	955,215	5.7543%
6	MR. YASIR NASEEM (CDC)	55,333	0.3333%
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)	2,454,573	14.7866%
2	MST. RUKHSANA ABDUL RASHEED (CDC)	2,283,500	13.7560%
3	MRS. FATIMA AAMIR (CDC)	1,838,348	11.0744%
4	MR. FARRUKH NASEEM (CDC)	1,051,000	6.3313%
5	MR. SAAD NASEEM (CDC)	955,215	5.7543%
6	MR. HAMZA NASEEM (CDC)	955,215	5.7543%
7	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
	Nil	Nil	Nil

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 43rd Annual General Meeting of the Company to be held on Saturday, October 28, 2023 at 11:30 a.m. and at any adjournment thereof.

As witness my / our hand (s) this ______________ day of ______________ 2023

1. Witness:
   Signature ______________________
   Name ______________________
   Address ______________________
   ____
   CNIC No. ______________________

2. Witness:
   Signature ______________________
   Name ______________________
   Address ______________________
   ____
   CNIC No. ______________________

Affix Revenue Stamp of Rs. 5/-

____
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.

فولیو نمبر / سی ڈی سی پارٹیسپنٹ (شرکت) ID

اور کھاتا نمبر: ____________________

کمپیوٹرائزڈ شناختی کارڈ نمبر: ____________________

پراکسی فارم

میں / ہم ____

بیٹا / بیٹی / زوجہ ____________________________________ بحثیت رکن

شاداب ٹیکسٹائیل ملز لمیٹڈ اور حامل ____________________ عام حصص، بمطابق رجسٹرڈ فولیو نمبر /

(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 ملز لمیٹڈ** کے رکن ملاحظہ رجسٹرڈ فولیو نمبر / سی ڈی سی پارٹیسپنٹ (شرکت) آئی ڈی اور اکاؤنٹ (کھاتہ) نمبر: ____________________ کو اپنے / ہمارے ایماء پر مورخہ 28 اکتوبر 2023 بروز ہفتہ صبح 11:30 بجے منعقد ہونے والے کمپنی کے ترتالیسواں 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 __________ 2023 بطور گواہ دستخط کیئے گئے۔

1) **گواہ:**

دستخط: ____________________

نام: ____________________

پتہ: ____________________

کمپیوٹرائزڈ شناختی کارڈ نمبر: ____________________

پانچ 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 کر سکتا / سکتی ہے۔ پراکسیاں موثر ہونے کے لیے اجلاس کے انعقاد سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہو جانی چاہئیں۔ 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 چائیں۔