

CONTENTS

Vision and Mission Statements	2
Company Information	3
Notice of Annual General Meeting	4-5
Chairman's Review	6
Chairman's Review (Urdu Translate)	7
Director's Report	8-11
Director's Report (Urdu Translate)	12-15
Key Operating and Financial Data	16
Statement of Compliance with the Code of Corporate Governance	17-18
Auditor's Review Report on Code of Corporate Governance	19
Auditor's Report to the Members	20-22
Statement of Financial Position	23
Statement of Profit or Loss	24
Statement of Comprehensive Income	25
Statement of Cash Flows	26
Statement of Changes in Equity	27
Notes to the Financial Statements	28-62
Pattern of Share Holding	63

NADEEM TEXTILE MILLS LIMITED

Vision Statement

To be a dynamic, profitable and growth oriented Company.

Mission Statement

The mission of the Company is to prudently utilize the human resources and plant and machinery in order to achieve high levels of sustainable profitability and growth by:

- Offering high class products and services to all our customers.
- Building a long term relationship with our customers, suppliers and other stake holders.
- Continuously upgrading the latest production facilities to achieve higher levels of operational efficiency and develop potential as well as performance.
- Nurturing a work culture that generates creativity, enthusiasm, professionalism and teamwork.
- Maintaining the highest standards of ethics, safety and environment.
- Contributing towards the economic development of the country.
- Being a good corporate citizen by fulfilling our social responsibilities

COMPANY INFORMATION

Board of Directors	:	Mr. Zahid Mazhar (Chief Executive) Mr. Omer Bin Zahid (Executive Director) Mr. Hassan Bin Zahid (Executive Director) Mrs. Naila Zahid (Chairperson) Mrs. Anam Omer Mrs. Shafia Hassan Mr. Waqar Hassan Siddiqui Mr. Nadeem Ahmed Mr. Noor Muhammad
Chief Financial Officer	:	Mr. Omer Bin Zahid
Company Secretary	:	Mr. Abdul Amin
Audit Committee	:	Mr. Waqar Hassan Siddiqui (Chairman) Mrs. Anam Omer (Member) Mrs. Shafia Hassan (Member)
H. R. & Remuneration Committee	:	Mr. Nadeem Ahmed (Chairman) Mrs. Anam Omer (Member) Mrs. Shafia Hassan (Member)
Auditors	:	M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants
Legal Advisor	:	Mr. Abdul Ghani Khan (Advocate)
Bankers	:	Habib Bank Limited Bank Al-Falah Limited Soneri Bank Limited Habib Metropolitan Bank Limited J. S. Bank Limited Samba Bank Limited Askari Bank Limited Dubai Islamic Bank Pakistan Limited
Head Office / Registered Office	:	A 801-804, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi - Pakistan. Phone : (021) 35220481-8 Fax : (92-21) 35220495-6
Share Registrar	:	M/s Hameed Majeed Associates (Pvt.) Ltd. 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi. Phone : 32424826-32412754 Fax : 32424835 E-mail : majeed@hmaconsultants.com
Mills	:	Unit 1: A-265, S.I.T.E., Nooriabad, District jamshoro, Sindh. Unit 2: E-11, S.I.T.E, Kotri, District jamshoro, Sindh.
URL	:	www.nadeem.com.pk

NADEEM TEXTILE MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 37th Annual General Meeting of **Nadeem Textile Mills Limited (the "Company")** will be held on Monday, November 27, 2023 at 5:00 p.m. at registered office 801-804, 8th Floor, Lakson Square Building No.3, Block-A, Sarwar Shaheed Road, Karachi, to transact the following business:

Ordinary Business:

1. To confirm the Minutes of the Extra Ordinary General Meeting of the Company held on 20th March, 2023.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2023 together with the Directors' report, Auditors' Reports and Chairman's Review Report thereon.
3. To appoint external auditors for the next term i.e. year 2023-2024 and fix their remuneration. The retiring auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, being eligible, offer themselves for reappointment as auditors of the Company.

4. Special Business:

- (A) To ratify the transactions carried out by the Company with related parties as disclosed in the Financial Statements for the year ended June 30, 2023 by passing the following resolutions as ordinary resolutions:

"RESOLVED that the related parties transactions carried out by the Company with Nadeem International (Pvt.) Ltd. and directors of the company being related parties during the year ended June 30, 2023 be and are hereby approved."

FURTHER RESOLVED THAT the Company may carry out transactions including, but not limited to, the sale/purchase of yarn, sale/purchase of cotton/fibre, reprocessing of yarns, rent/lease of assets, sale/purchase of machinery and equipment and other necessary goods, including receipt, with related parties from time to time for the financial year 2023-24 and loan received from and return to the related parties.

- (B) To consider, and if deemed appropriate, to pass the following resolutions (with or without modifications) which would enable the Company to circulate the annual audited financial statements by way of QR enabled code and weblink to its shareholders as a part of the notice for annual general meeting.

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

5. To transact any other business with the permission of the chairman. Moreover, the notice along with statement of material fact have been dispatched to the shareholders by post and uploaded/ placed on Company website at www.nadeem.com.pk

Karachi

Dated: October 30, 2023



By order of the Board
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from November 21, 2023 to November 27, 2023 (both days inclusive).
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company.
3. The instrument appointing a proxy, in order to be valid must be received at the Head Office of the Company at A -801-804, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi, not less than forty-eight (48) hours before the time fixed for the meeting.
4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her participant ID number and account/sub account number along-with original Computerized National Identity Card (CNIC) or passport at the time of attending the meeting to prove his/her identity and in case of Proxy must enclose additionally an attested copy of his/her CNIC or Passport, Representatives of corporate members should bring the usual documents required for such purpose.
5. CDC Account Holders will also have to follow the guidelines laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
6. Members are requested to immediately inform of any change in their addresses to our Share Registrar, M/S Hameed Majeed Associates (Pvt.) Ltd., 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.

7. **Submission of copies of CNIC and NTN Certificate (Mandatory)**

Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrant shall mandatory bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, Hameed Majeed Associates (Pvt.) Ltd., Karachi, without any delay.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall withhold the Dividend in terms of Clause (a) of proviso under Section 243(2) of the Companies Act 2017, which will be released by the Share Registrar, only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

8. Unclaimed Dividend

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar: M/s Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber, Hasrat Mohani Road, Karachi to collect / enquire their unclaimed dividend, if any.

In compliance with section 244 of the Companies Act, 2017, after having completed the stipulated procedure all such dividend outstanding for a period of three years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend, shall be delivered to the SECP.

9. Deposit of Physical Shares into CDC Accounts:

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017. The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Ltd.

10. Ballot Paper:

Postal poll paper is available for download from the website of Nadeem Textile Mills Limited at www.nadeem.com.pk Shareholders may download the ballot paper from website or use an original, photocopy and printed in annual reports.

11. Placement of Financial Statements on Website:

The Financial Statements of the Company for the year ended June 30, 2023 along with reports have been placed on the website of the Company:

<http://www.nadeem.com.pk>

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

This statement sets out the material facts concerning the Special Business, given as agenda item no. 6 of the Notice to be transacted at the 37th Annual General Meeting of the Company.

ITEMS NO. 5(A) OF THE AGENDA:

Nadeem Textile Mills Limited is engaged in manufacture and sale of yarn. The Company in the normal course of business carries out transactions with its associated entities. Summary of transactions carried out during the year with the associated entities is as follow:

S. No	Name of Associated Undertaking	Nature of Transactions	Rupees
1	Nadeem International (Pvt) Ltd.	Loan Received	-
2	Nadeem International (Pvt) Ltd.	Loan Re-Paid	21,800,000
3	Nadeem International (Pvt) Ltd.	Weigh Bridge Expenses	180,000
4	Nadeem International (Pvt) Ltd.	Balance outstanding	38,200,000
5	Nadeem International (Pvt) Ltd.	Contribution from Associated undertaking	340,000,000
6	Mr. Zahid Mazhar	Loan Received	72,000,000
7	Mr. Zahid Mazhar	Balance outstanding	82,000,000
8	Mr. Omer Bin Zahid	Loan Received	19,800,000
9	Mr. Omer Bin Zahid	Loan Re-paid	19,800,000
10	Mr. Omer Bin Zahid	Balance outstanding	-
11	Mr. Hassan Bin Zahid	Loan Received	19,800,000
12	Mr. Hassan Bin Zahid	Loan Re-paid	4,000,000
13	Mr. Hassan Bin Zahid	Balance outstanding	15,800,000

Mr. Zahid Mazhar, Mr. Omer Bin Zahid, Mr. Hassan Bin Zahid and Mrs. Naila Zahid are Directors of Nadeem Textile Mills Limited and are also Directors of Nadeem International (Private) Limited.

All related party transactions, during the year 2023, were reviewed and approved by the Audit Committee and the Board in their respective meetings. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method.

The above concerned Directors abstained while the Board approved the above transactions in accordance with the requirement of relevant provision of the Companies Act, 2017 and listed Companies (Code of Corporate Governance) Regulations 2017.

The above transactions with related parties are an ongoing process and will also remain continued in future.

None of the Directors other than the above concerned directors have any direct or indirect interest in the above mentioned associated entities and have no interest in the above business, other than shareholders of the Company.

NADEEM TEXTILE MILLS LIMITED

CHAIRMAN'S REVIEW REPORT FOR THE YEAR ENDED JUNE 30, 2023

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual results of the Company for the year ended June 30, 2023.

BOARD COMPOSITION AND PERFORMANCE

The Board of Directors comprises both young and experienced professionals with relevant textile expertise and capabilities. The Board plays a vital role in guiding the company to achieve its goals while upholding the highest standards of corporate governance in a challenging business environment. The Board remains focused on its strategic role of helping the company achieve its key objectives and increase shareholder returns.

The Board has formed the "Audit Committee" and the "Human Resource and Remuneration Committee." These committees carried out their responsibilities effectively in accordance with the code of corporate governance and terms of reference duly approved by the Board of Directors. We will continue our efforts to adopt and implement best governance practices.

All quarterly, half-yearly, and annual financial results were thoroughly reviewed, and the Board extended its guidance to the management on a regular basis. The Board also played a key role in monitoring the management's performance and focused on major risk areas.

During the year under review, the Board effectively discharged its responsibilities as required under the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2019.

BOARD PERFORMANCE AND EFFECTIVENESS

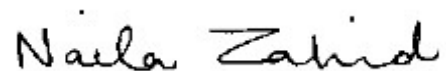
The Company adheres to the highest standards of corporate governance and complies with all applicable requirements of the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019, with respect to the composition, meetings, and procedures of the Board of Directors and its Committees.

The Board has developed a mechanism for the annual evaluation of its own performance in compliance with the Listed Companies (Code of Corporate Governance) Regulations 2019. The performance evaluation mechanism ensures that all statutory and legal requirements are fulfilled regarding procedures, meetings, and the role of the Board.

The Board played a pivotal role in achieving the Company's objectives by providing oversight, guidance, and strategic direction, and monitoring the Company's performance. All significant issues, including the planning process, risk management system, policy development, and financial management, were presented before the Board or its committees to formalize the corporate decision-making process.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express my sincere gratitude to all of our employees for their dedication and contributions to the Company's success. I would also like to thank our shareholders, customers, suppliers, bankers, and other stakeholders for their continued trust and support.



for and on Behalf of the Board of Directors

NAILA ZAHID
Chairperson

Karachi

Dated: October 30, 2023

ندیم ٹیکسٹائل ملز لمیٹڈ چیئرمین کی جائزہ رپورٹ

محترم ممبران،

۳۰ جون ۲۰۲۳ء کو اختتام پذیر ہونے والے سال کے لئے بورڈ آف ڈائریکٹرز کی طرف سے چیئرمین کی جائزہ رپورٹ پیش کرنا میرے لئے باعث مسرت ہے۔

بورڈ کی تشکیل اور کارکردگی

بورڈ آف ڈائریکٹرز نوجوان اور تجربہ کار افراد پر مشتمل ہے جو کہ ٹیکسٹائل کے شعبے سے متعلق مہارت اور صلاحیتوں کے حامل ہیں۔ کارپوریٹ گورننس کے معیار کے مطابق اپنی ذمہ داریوں کو نبھاتے ہوئے کمپنی کا مقصد حاصل کرنے کے لئے چیلنجنگ ماحول میں بورڈ کا کردار بہت اہم ہوتا ہے۔ بورڈ کمپنی کے اہم مقاصد اور اپنے تمام حصص یافتگان کے لئے زیادہ سے زیادہ منافع کے حصول میں اپنی حکمت عملی سے بخوبی آگاہ رہتا ہے۔

بورڈ نے آڈٹ کمیٹی اور افرادی وسائل اور معاوضہ کمیٹی تشکیل دی ہے۔ ان کمیٹیوں نے اپنی ذمہ داری کو کارپوریٹ گورننس کے ضابطے اور بورڈ آف ڈائریکٹرز کے منظور شدہ ٹرم آف ریفرنس کے مطابق موثر انداز میں انجام دیا۔ ہم گورننس کے بہترین طریقوں کو اپنانے اور ان پر عمل درآمد کے لئے اپنی کوششیں جاری رکھیں گے۔

تمام سہ ماہی، شش ماہی اور سالانہ مالیاتی نتائج کا مکمل جائزہ لیا گیا اور بورڈ باقاعدہ بنیادوں پر انتظامیہ کو اپنی رہنمائی دیتا رہا۔ بورڈ نے مینجمنٹ کی کارکردگی کی نگرانی اور اہم خطرے والے مقامات پر توجہ دینے میں بھی اپنا کلیدی کردار ادا کیا۔

زیر نظر سال کے دوران بورڈ نے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019) کے تحت ضرورت کے مطابق اپنی ذمہ داریوں کو موثر طریقے سے انجام دیا ہے۔

بورڈ کی کارکردگی اور اثرات

کمپنی کارپوریٹ گورننس سے متعلق بہترین طریقہ کار پر عمل پیرا ہے اور بورڈ آف ڈائریکٹرز کی تشکیل، مینٹننگ اور طریقہ کار کے حوالے سے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تمام متعلقہ شرائط کی تعمیل کرتی ہے۔

بورڈ نے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 کی شقوں کی تعمیل میں اپنے بورڈ کے اراکین اور اس کی کمیٹیوں کی سالانہ کارکردگی کا جائزہ لینے کے لئے ایک طریقہ کار تیار کیا ہے تاکہ تمام طریقہ کار، مینٹننگ اور بورڈ کے متعلقہ قانونی تقاضے پورے کئے جاسکیں۔

بورڈ نے رہنمائی، حکمت عملی اور کمپنی کی کارکردگی کی نگرانی کے ذریعے کمپنی کے مقاصد کے حصول میں اہم کردار ادا کیا۔ تمام اہم مسائل بشمول منصوبہ بندی، رسک مینجمنٹ سسٹم، پالیسی کی تشکیل اور مالیاتی انتظام کارپوریٹ فیصلہ سازی کے لئے بورڈ یا اس کی کمیٹیوں کے سامنے پیش کئے گئے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز کی جانب سے میں کمپنی کی کامیابی میں اپنے تمام ملازمین کی لگن اور تعاون کا تہ دل سے شکریہ ادا کرنا چاہتی ہوں۔ میں اپنے حصص یافتگان، صارفین، سپلائی کنندگان، بینکرز اور دیگر اسٹیک ہولڈرز کے اعتماد اور تعاون کے لئے ان کا بھی شکریہ ادا کرتی ہوں۔

منجانب بورڈ آف ڈائریکٹرز

Naila Zahid

نانکھ زاہد

چیئر پرسن

کراچی 30 اکتوبر 2023

NADEEM TEXTILE MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS FOR THE YEAR ENDED JUNE 30, 2023

Dear Shareholders,

The Directors of the company are pleased to present the audited financial statements of the Company for the year ended June 30, 2023, together with the Auditor's Report thereon.

FINANCIAL HIGHLIGHTS

During the fiscal year ended June 30, 2023, the Company achieved sales turnover of Rs. 10.67 billion, a decrease of 22.57% from the Rs. 13.77 billion reported in the comparative year. The Company incurred a net loss after tax of Rs. 588.97 million during the period, primarily due to the increase in the cost of raw materials and other expenses.

The following table summarizes the Company's financial results for the year ended June 30, 2023, along with comparative figures for the previous year:

	Rupees in Million	
	2023	2022
Sales	10,666.65	13,775.87
Gross profit	510.00	2,318.58
Gross profit % to sales	4.78%	16.83%
Profit / (loss) before tax	(584.06)	1,384.93
Profit / (loss) after tax	(588.97)	1,213.98

KEY FINANCIAL INDICATORS

- Sales decreased by Rs. 3,109.22 million, a decrease of 22.57%.
- The gross profit margin decreased to 4.78%, from 16.83% in the previous year.
- Net loss after tax was 5.52%, compared to net profit after tax of 8.81% in the previous year.

BREAK-UP VALUE AND EARNING PER SHARE

The break-up value per share as at June 30, 2023, was Rs. 181.88, compared to Rs. 191.86 as at June 30, 2022. The earnings per share for the year ended June 30, 2023, decreased to Rs. (27.31), from Rs. 56.43 for the year ended June 30, 2022.

DIVIDEND

The Board of Directors of the company has not recommended any dividend due to requirement of liquidity for BMR.

OVERVIEW

The economic and political environment of the country remained very challenging throughout the financial year 2023, leading to subdued business activities, low foreign reserves, high inflation, and a balance of payments crisis.

The year ending 30th June 2023 was one of the most difficult years for the textile industry of Pakistan. On the one hand, due to the global recession there was massive decline in the demand of textile products which resulted in reduction of sales volume. On the other hand, SBP raised the interest rate to a historically high figure of 22%. On top of this, there was a huge rise in the cost of energy. All of this compelled the company to curtail its production activities. Due to these factors your company has ended up in a loss this year. However, we forecast better times ahead and are confident that next year will be a profitable year.

OPERATING PERFORMANCE

The Company produced 19.45 million Kgs. 20/s count of spun yarn during the year as compared to 27.37 million Kgs. of previous year, showing a decrease of 28.94%.

PRESENT AND FUTURE OUTLOOK

Pakistan is currently facing a number of economic challenges, including political unrest and uncertainty, high debt, low foreign exchange reserves, rising cost of living, expensive international trade, low investor confidence, delayed sales tax and income tax

refunds, depreciating value of the Pakistani rupee, high interest rates, shortage of gas and very high price of energy, and volatile cotton prices. These challenges are making it difficult for Pakistan to pay its debt, keep its currency stable, and attract foreign investment. The government needs to carefully manage the economy in a way that addresses these challenges and keeps investors confident.

The outlook for Pakistan's cotton crop in 2023-24 is positive, with a projected production of about 10 million bales. This would be a significant improvement over the previous year, which was affected by unfavorable weather conditions and pest and disease outbreaks. However, the crop faces some challenges from heavy rains and floods that can damage the yield and quality of the fiber. In addition to weather risks, the cotton crop also faces challenges from pests and diseases. The government is working to develop and implement pest management strategies to minimize crop losses.

EXPANSION AND MODERNIZATION

The Company has a policy of continuous business process reengineering (BPR) to improve technology and manufacturing processes. During the year, the Company added the following machinery:

Blow Room Machinery
20 Sets Carding Machines
3 Nos. Draw Frames with Auto levellers
1 Set Autocone Savio Polar with Quantum
1 Set Murata 21-C Winder Machine
Clipping Machine
1 Set Gas Genset MTU 1,500 KW
Equipment for electricity load enhancement

HUMAN RESOURCE

The management firmly believes in teamwork and the integral role of manpower in achieving the targeted results of the Company.

The company has established a Human Resource and Remuneration Committee (HR&R Committee) comprised of three members, as mentioned in the company information. Based on the recommendations of the HR&R Committee, the management has developed a team of highly competent professionals and continuously upgrades its manpower through training facilities and by inducting more qualified staff.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Statement of Compliance with the Code of Corporate Governance is annexed.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board is committed to maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and declares that:

- The financial statements, together with the notes thereon have been drawn up in conformity with the Companies Act 2017. These statements present fairly the Company's state of affairs, results of its operations, cash flow, comprehensive income and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of Internal Control is sound in design and has been effectively implemented and monitored. The process of review and monitoring continues with the object to improve it further.
- There is no significant doubt upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations. The key operating and financial data for the last six years in a summarized form is annexed.
- Information about taxes and levies is given in the notes to the accounts.
- The Company entered in arm-length transactions with other members of the group. These transactions are in compliance with the directives issued by the Securities & Exchange Commission of Pakistan in this regard.
- All the directors of the company are registered as tax-payer and none of the company's directors is in default of payment of any

dues to a banking company, DFI, NBFI or Stock Exchange.

- None of the directors of the company is serving on the Board of 7 or more listed companies.
- The company operates an unfunded gratuity covering all its employees who have completed their qualifying period. Provision is made annually to cover current obligations under the scheme. The company has adopted the revised IAS 19.
- Trading in the shares of the Company during the year by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children are mentioned in the annexed pattern of shareholding.

CORPORATE SOCIAL RESPONSIBILITY

The company has a strong commitment to corporate social responsibility. The Company believes in contributing to the society and environment by promoting a better working environment and contributing regularly to the national exchequer as per law.

i. Health, Safety and Environment:

We work continuously to ensure that our employees work in a safe and healthy working environment. The Company regularly contributes towards the health facility and retirement benefits available for the workers of the Company.

ii. Business Ethics:

The Management is committed to conducting all business activities with integrity, honesty, and observance of laws and regulations. A Code of Conduct detailing policies concerning the same has been developed and approved by the Board.

iii. Energy Savings:

The Management focuses on energy conservation. Many preventive measures have been adopted by fixing energyconserving devices to save energy. Workers are also made aware of various energy conservation methods to curtail the unnecessary consumption of energy.

BOARD MEETINGS

During the period under review, 8 meetings of the Board of Directors were held and the following were in attendance:

Name of Directors	No. of Meetings Attended
1. Mr. Zahid Mazhar	8
2. Mr. Omer Bin Zahid	7
3. Mr. Hassan Bin Zahid	7
4. Mrs. Naila Zahid	8
5. Mrs. Anam Omer	8
6. Mrs. Shafia Hassan	7
7. Mr. Waqar Hassan Siddiqui	8
8. Mr. Nadeem Ahmed	8
9. Mr. Noor Muhammad	7

Leave of absence was granted to the members not attending the board meetings.

COMPOSITION OF BOARD

Directors	Numbers
(a) Male	06
(b) Female	03

Composition	Numbers
a) Independent Director	03
b) Other Non-Executive Directors	03
c) Executive Directors	03

ASSOCIATED COMPANIES

Following is the list of associated companies:

- (a) Nadeem International (Pvt.) Ltd.

All transactions between related parties were conducted at arm's length, in full compliance with the best practices of transfer pricing as stated in the Listing Regulations. The related party transactions were approved by the Board of Directors on the recommendation of the Audit Committee.

AUDIT COMMITTEE

The company has established an audit committee, as required by the Code of Corporate Governance, comprising three members as mentioned in the company information. The audit committee has established an internal audit function to monitor and review the adequacy and implementation of internal controls at all levels.

STATUTORY AUDITORS

The Company's auditors, Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, will retire at the conclusion of the Annual General Meeting. They are eligible for reappointment and have offered to serve as auditors for the next term.

The Board of Directors recommends their reappointment as auditors of the Company for the year ending June 30, 2024, as suggested by the Audit Committee.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the company as at June 30, 2023 is annexed.

CHAIRMAN'S REVIEW

The Directors of the Company endorse the contents of the Chairman's review, which is deemed to be a part of the Director's report.

ACKNOWLEDGMENT

The Board of Directors of the Company would like to take this opportunity to thank our shareholders, valued clients, and bankers for their cooperation and support throughout the year. The Directors also wish to express their sincere appreciation to the Company's staff members and workers for their continued diligence and dedication.

for and on Behalf of the Board of Directors



ZAHID MAZHAR
Chief Executive



OMER BIN ZAHID
Director

Karachi.
Date: October 30, 2023

ندیم ٹیکسٹائل ملز لمیٹڈ ڈائریکٹرز رپورٹ

محترم ممبران،

کمپنی کے ڈائریکٹرز ۳۰ جون ۲۰۲۳ کو اختتام پذیر مالی سال کے لئے اپنی رپورٹ مع کمپنی کے آڈٹ شدہ مالیاتی نتائج اور اس پر آڈیٹر کی رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں۔

اہم مالیاتی نتائج

۳۰ جون ۲۰۲۳ کو اختتام پذیر ہونے والے مالی سال کے دوران کمپنی کی فروخت 10.67 بلین روپے رہی جو کہ تقابلی سال کے 13.77 بلین روپے کے مقابلے میں 22.57 فیصد کم ہے۔

کمپنی کو 588.97 ملین روپے کا بعد از ٹیکس نقصان ہوا جس کی بنیادی وجہ خام مال کی قیمتوں اور دیگر اخراجات میں اضافہ ہے۔

30 جون 2023 کو اختتام پذیر سال کے لئے کمپنی کے مالیاتی نتائج اور پچھلے سال کے تقابلی اعداد و شمار مختصر طور پر درج ذیل ہیں۔

----- روپے بلین میں -----

30 جون 2022 کو ختم ہونے والا مالی سال	30 جون 2023 کو ختم ہونے والا مالی سال	
13,775.87	10,666.65	فروخت
2,318.58	510.00	کل منافع / (نقصان)
16.83%	4.78%	کل منافع / (نقصان) (فروخت کی شرح فیصد)
1,384.93	(584.06)	خالص منافع / (نقصان) قبل از ٹیکس
1,213.98	(588.97)	خالص منافع / (نقصان) بعد از ٹیکس

اہم مالیاتی انڈیکسٹرز

مالی سال کے دوران کمپنی کی فروخت میں 3,109.22 بلین روپے کی کمی ہوئی جو کہ 22.57 فیصد کی کمی کو ظاہر کرتی ہے۔

مجموعی نقصان 4.78 فیصد رہا جبکہ پچھلے سال کا مجموعی منافع 16.83 فیصد تھا۔

بعد از ٹیکس نقصان 5.52 فیصد رہا جبکہ پچھلے سال کا بعد از ٹیکس خالص منافع 8.81 فیصد تھا۔

بریک اپ ویلیو اور فی حصص آمدن

۳۰ جون ۲۰۲۳ کو فی حصص بریک اپ ویلیو کم ہو کر 181.88 روپے رہ گئی جو کہ ۳۰ جون ۲۰۲۲ کو 191.86 روپے تھی۔ ۳۰ جون ۲۰۲۳ کو اختتام پذیر سال کے لئے فی حصص آمدن کم ہو کر

(27.31) روپے ہو گئی جو کہ ۳۰ جون ۲۰۲۲ کو ختم ہونے والے سال کے لئے 56.43 روپے تھی۔

ڈیویڈنڈ

کمپنی کے بورڈ آف ڈائریکٹرز نے BMR کے لئے درکار کلوڈیٹی کی وجہ سے کسی ڈیویڈنڈ کی سفارش نہیں کی ہے۔

چائزہ

پورے مالی سال ۲۰۲۳ کے دوران ملک کا معاشی اور سیاسی ماحول انتہائی چیلنجنگ رہا جس کی وجہ سے کاروباری سرگرمیاں کم ہوئیں اور زرمبادلہ کے ذخائر میں کمی، بلند افراط زر اور ادائیگیوں کے توازن کا بحران پیدا ہوا۔

۳۰ جون ۲۰۲۳ کو ختم ہونے والا سال پاکستان کی ٹیکسٹائل انڈسٹری کے لئے مشکل ترین سالوں میں سے ایک تھا۔ ایک طرف عالمی کساد بازاری کے باعث ٹیکسٹائل کی مصنوعات کی مانگ میں بڑے پیمانے پر کمی ہوئی جس کے نتیجے میں فروخت کا حجم کم ہو گیا۔ دوسری جانب اسٹیٹ بینک نے شرح سود کو بڑھا کر 22 فیصد کی تاریخی بلندی تک پہنچا دیا۔ مزید برآں توانائی کی قیمت میں بھی کافی اضافہ ہوا۔ ان تمام عوامل کے باعث کمپنی کو اپنی پیداواری سرگرمیاں کم کرنی پڑیں جس کے باعث آپ کی کمپنی اس سال خسارے میں چلی گئی ہے۔ تاہم، ہم آگے بہتر وقت کی پیش گوئی کرتے ہیں اور پر اعتماد ہیں کہ اگلا سال ایک منافع بخش سال ہوگا۔

پیداواری کارکردگی

کمپنی نے سال کے دوران 19.45 ملین کلوگرام 20/s دھاگے کی پیداواری کی جو کہ پچھلے سال کے 27.37 ملین کلوگرام کے مقابلے میں 28.94 فیصد کی کمی کو ظاہر کرتا ہے۔

موجودہ اور مستقبل کے نقطہ نظر

پاکستان کو اس وقت کئی معاشی چیلنجز کا سامنا ہے جن میں سیاسی بد امنی اور غیر یقینی صورتحال، بیرونی قرض، ذرمبادلہ کے ذخائر میں کمی، بڑھتے ہوئے مصارف زندگی، مہنگی بین الاقوامی تجارت، سرمایہ کاروں کا عدم اعتماد، سٹریٹجک اور انکم ٹیکس کے ریفرنڈم میں تاخیر، پاکستانی روپے کی قدر میں کمی، بلند شرح سود، گیس کی قلت، توانائی کی بڑھتی ہوئی قیمتیں اور کپاس کی غیر مستحکم قیمتیں شامل ہیں جو کہ پاکستان کو قرض کی ادائیگی، اپنی کرنسی کو مستحکم رکھنے اور غیر ملکی سرمایہ کاروں کو راغب کرنا مشکل بنا رہے ہیں۔ حکومت کو معیشت کو سنبھالنے کی ضرورت ہے جس سے ان چیلنجز سے نمٹنا جائے اور سرمایہ کاروں کے اعتماد کو بحال کیا جائے۔

2023-24 میں پاکستان کی کپاس کی فصل کا آؤٹ لک مثبت ہے، جس کی بنیاد پر تقریباً 10 ملین گانٹھوں کی پیداوار متوقع ہے۔ یہ پچھلے سال کے مقابلے میں ایک نمایاں بہتری ہوگی جب کپاس کی فصل ناموافق موسمی حالات اور کیڑوں اور بیماریوں کے پھیلنے سے متاثر ہوئی تھی۔ تاہم، فصل کو شدید بارشوں اور سیلاب جیسے چیلنجز کا سامنا ہے جو کپاس کے ریشے کے معیار کو نقصان پہنچا سکتے ہیں۔ موسمی خطرات کے علاوہ کپاس کی فصل کی کیڑوں اور بیماریوں کا بھی سامنا ہے۔ حکومت فصلوں کے نقصانات کو کم کرنے کے لئے کیڑوں کے خلاف حکمت عملی تیار کرنے اور پر عمل درآمد کرنے کے لئے کام کر رہی ہے۔

توسیع اور جدت

کمپنی کے پاس ٹیکنالوجی اور مینوفیکچرنگ کے شعبے کو بہتر بنانے کے لئے BMR کی ایک مستقل پالیسی ہے۔ کمپنی نے سال کے دوران مندرجہ ذیل مشینوں کا اضافہ کیا ہے۔

بلوروم مشینری

20 سیٹ کارڈنگ مشین

3 ڈرائنگ فریم بمعہ آٹو لیولرز

1 سیٹ ساوپولار آؤٹ کون بمعہ کوٹم

1 سیٹ مرانا C-21 ڈائنڈر مشین

کلنگ مشین

1 سیٹ MTU 1500KW جزیر

بجلی کے لوڈ میں اضافے کے لئے آلات

افراد و وسائل

کمپنی انتظامیہ ٹیم ورک اور کمپنی کے مطلوبہ نتائج کے حصول کے لئے افرادی قوت کے لازمی کردار پر یقین رکھتی ہے۔

کمپنی نے ایک افرادی وسائل اور معاوضہ کمیٹی قائم کی ہے جو کہ تین ارکان پر مشتمل ہے جن کے نام کمپنی کی معلومات کے صفحے پر درج ہیں۔ اس کمیٹی کی سفارشات پر کمپنی اپنے ملازمین کی مسلسل تربیت اور زیادہ تعلیم یافتہ عملے کی بھرتی کے ذریعے اپنے افرادی قوت میں بہتری لارہی ہے۔

کوڈ آف کارپوریٹ گورننس

بورڈ آف کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لئے پرعزم ہے۔

کوڈ آف کارپوریٹ گورننس کے فریم ورک کے مطابق مالیاتی رپورٹ کے ضمن میں ڈائریکٹرز مندرجہ ذیل امور کی تصدیق کرتے ہیں :

☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے تمام معاملات کو واضح طور پر پیش کرتے ہیں جیسے سرگرمیوں کے نتائج، رقم کی آمد و رفت اور کاروباری سرمایہ میں ہونے والی تبدیلیاں۔

☆ حساب داری کے مناسب کھاتے رکھے جاتے ہیں۔

☆ مالیاتی گوشواروں کی تیاری کے لئے ہمیشہ مناسب اور متعلقہ اکاؤنٹنگ پالیسیوں میں ہونے والی کسی بھی تبدیلی کو مالیاتی گوشواروں میں ظاہر کیا جاتا ہے۔ حساب داری کے گوشوارے ہمیشہ انتہائی منطقی اور محتاط

اندازوں پر مشتمل ہوتے ہیں۔

☆ پاکستان میں لاگو انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز کو مالیاتی گوشواروں کی تیاری کے لئے بروئے کار لایا جاتا ہے اور ان میں ہونے والی کسی بھی تبدیلی کو مناسب طور پر ظاہر کیا جاتا ہے اور اس کی وضاحت کی جاتی

ہے۔

☆ اندرونی کنٹرول کا نظام مضبوط بنیادوں پر استوار ہے اور موثر طریقے سے رو بہ عمل ہے جس کی مسلسل نگرانی کی جاتی ہے۔

☆ کمپنی کے قائم نہ رہنے کے حوالے سے کسی بھی قسم کا کوئی خدشہ نہیں پایا جاتا۔

☆ کارپوریٹ گورننس کے درج کردہ اصولوں سے کسی قسم کا انحراف نہیں کیا جا رہا۔

☆ گزشتہ ۶ برس کے مالی اور انتظامی امور سے متعلق اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔

☆ واجب الادائیسوں اور دیگر دوسری ادائیگیوں کے بارے میں معلومات گوشوارے کے نوٹس میں دی گئی ہیں۔

☆ گروپ کے دوسرے اراکین کے ساتھ لیٹن دین ضابطے کے مطابق ہے۔ تمام سودوں میں سیکوریٹی اینڈ ایکچینج کمیشن کی ہدایات کو ملحوظ خاطر رکھا گیا ہے۔

☆ کمپنی کے تمام ڈائریکٹرز رجسٹرڈ ٹیکس دہندگان ہیں اور ان میں سے کوئی بھی کسی بینکنگ کمپنی، NBF، DFI، یا اسٹاک ایکچینج کا نااہل ہندہ نہیں ہے۔

☆ کمپنی کا کوئی بھی ڈائریکٹر 7 سے زیادہ لسٹڈ کمپنیوں کے بورڈ میں اپنی خدمات پیش نہیں کر رہا۔

☆ کمپنی اپنے تمام ملازمین جو کہ اپنی اہلیت کی مدت پوری کر چکے ہوں گے لئے ایک ان فنڈڈ گریجویٹ اسکیم چلاتی ہے جس کی پرویشن سالانہ کی بنیاد پر کی جاتی ہے۔ کمپنی نے اس سلسلے میں نظر ثانی شدہ IAS-19 کو اپنایا ہے۔

☆ سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانسئل آفیسر، کمپنی سیکرٹری اور ان کے شریک حیات اور نابالغ بچوں کی طرف سے کئے گئے کمپنی کے حصص کے تمام تر سودے منسلک پیٹرن آف شیئر ہولڈنگ میں درج ہیں۔

کمپنی کی سماجی ذمہ داریاں

کمپنی اپنی سماجی ذمہ داریوں کے بارے میں پرعزم ہے۔ کمپنی کام کے بہتر ماحول کو فروغ دینے اور قانون کے مطابق قومی خزانے میں باقاعدگی سے شراکت کے ذریعہ معاشرے اور ماحولیات کی بہتری پر یقین رکھتی ہے۔

(۱) صحت، حفاظت اور ماحولیات

اپنے ملازمین کو محفوظ اور صحت مند ماحول کی فراہمی کو یقینی بنانے کے لئے ہم مستقل کوشاں ہیں۔ کمپنی باقاعدگی سے کمپنی کے کارکنوں کے لئے صحت کی سہولیات اور ریٹائرمنٹ کے فوائد میں اپنا کردار ادا کرتی ہے۔

(۲) کاروباری اخلاقیات

انتظامیہ اپنی کاروباری سرگرمیوں کو جاری رکھنے کے لئے دیانتداری اور قوانین اور قواعد و ضوابط کی پاسداری پر یقین رکھتی ہے۔ بورڈ نے اس سلسلے میں ایک ضابطہ اخلاق تیار کیا ہے جس میں تمام پالیسیوں کا تفصیلی ذکر ہے۔

(۳) توانائی کی بچت

میںجمنٹ توانائی کے تحفظ پر خصوصی توجہ دیتی ہے اور توانائی کو بچانے والے آلات کی تنصیب جیسے اقدامات اختیار کئے ہیں۔ محنت کشوں کو توانائی کے غیر ضروری استعمال کو کم کرنے کے لئے توانائی کے مختلف طریقوں سے آگاہ کیا جاتا ہے۔

بورڈ کے اجلاس

زیرجائزہ مدت کے دوران بورڈ آف ڈائریکٹرز کے آٹھ اجلاس منعقد ہوئے جس میں مندرجہ ذیل افراد حاضر تھے۔

ڈائریکٹرز کے نام	اجلاس میں حاضری
۱ جناب زاہد مظہر	8
۲ جناب عمر بن زاہد	7
۳ جناب حسن بن زاہد	7
۴ محترمہ نائلہ زاہد	8
۵ محترمہ انعم عمر	8
۶ محترمہ شافیہ حسن	7
۷ جناب وقار حسن صدیقی	8
۸ جناب ندیم احمد	8
۹ جناب نور محمد	7

بورڈ کے اجلاس میں شرکت نہ کرنے والے ممبران کو عدم شرکت کی چھٹی دی گئی۔

بورڈ کے اراکین

تعداد	ڈائریکٹرز
6	مرد
3	خواتین
تعداد	ترتیب
3	آزاد ڈائریکٹرز
3	دیگر غیر انتظامی ڈائریکٹرز
3	انتظامی ڈائریکٹرز

متعلقہ کمپنیاں

متعلقہ کمپنیوں کی فہرست درج ذیل ہے۔

(1) ندیم انٹرنیشنل (پرائیوٹ) لمیٹڈ

متعلقہ کمپنیوں کے مابین لین دین قابل رسائی قیمتوں کی بنیاد پر کی گئی ہیں۔ کمپنی نے فرانسفر پرائسنگ کے لئے لسٹنگ ریگولیشنز کے ضوابط کو مد نظر رکھا ہے۔ متعلقہ کمپنیوں کی لین دین کو بورڈ نے آڈٹ کمیٹی کی سفارشات پر منظور کیا تھا۔

آڈٹ کمیٹی

کارپوریٹ گورننس کے تقاضوں کو پورا کرنے کے لئے کمپنی نے تین اراکان پر مشتمل ایک آڈٹ کمیٹی قائم کی ہے جن کے نام کمپنی کی معلومات کے صفحے پر درج ہیں۔ آڈٹ کمیٹی نے نگرانی اور اندرونی کنٹرول کے نفاذ کا جائزہ لینے کے لئے ہر سطح پر انٹرنل آڈٹ کے نظام کا نفاذ کیا ہے۔

آڈیٹرز

سالانہ اجلاس عام کے اختتام پر کمپنی کے آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق چارٹرڈ اکاؤنٹنٹس کی خدمات کا عرصہ مکمل ہو چکا ہے اور اپنی اہلیت کی بنیاد پر انہوں نے دوبارہ تعیناتی کی خدمات پیش کی ہیں۔ بورڈ آف ڈائریکٹرز نے یہ سفارش کی ہے کہ آڈٹ کمیٹی کی تجویز کے مطابق انہیں اگلے مالی سال ۲۰۲۳ کے لئے بھی کمپنی کا آڈیٹر مقرر کیا جائے۔

حصص یافتگان کی تفصیل

حصص یافتگان کی تفصیل برائے ۳۰ جون ۲۰۲۳ اس رپورٹ کے ساتھ منسلک ہے۔

چیئر مین کا جائزہ

کمپنی کے ڈائریکٹر چیئر مین کے جائزے کے مندرجات کی توثیق کرتے ہیں جسے ڈائریکٹر رپورٹ کا حصہ سمجھا جاتا ہے۔

اظہار تشکر

کمپنی کے ڈائریکٹر اپنے حصص یافتگان، قابل قدر گاہکوں اور بینکاروں کا تہہ دل سے مشکور ہیں جنہوں نے کمپنی کے معاملات میں تعاون کیا۔ ڈائریکٹرز کمپنی کے عملے اور کارکنوں کی مسلسل کوششوں اور لگن کا اعتراف کرنے میں خوشی محسوس کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

عمر بن زاہد

ڈائریکٹر

زاہد مظہر

چیف ایگزیکٹو

کراچی :

مورخہ : ۳۰ اکتوبر ۲۰۲۳

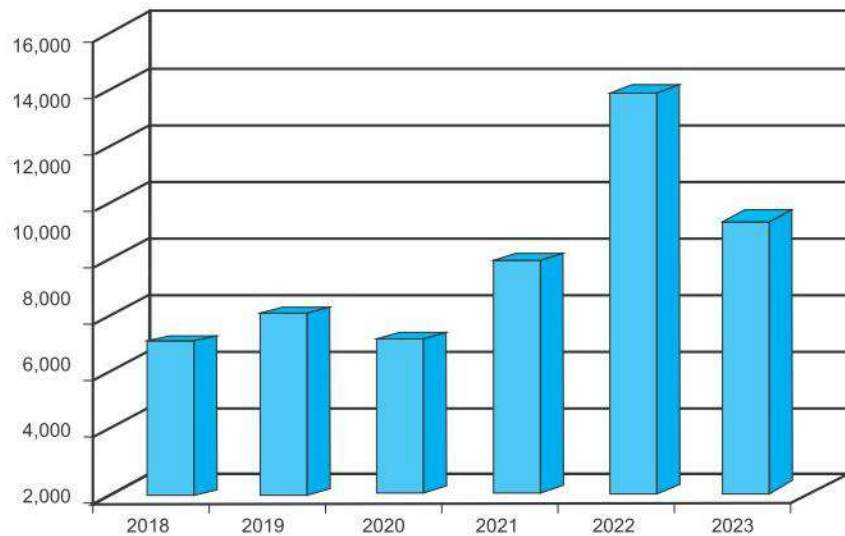
NADEEM TEXTILE MILLS LIMITED

Key Operating & Financial Data For the Period From July 2017 To June 2023

PERIODS	Jul - Jun 2022-2023	Jul - Jun 2021-2022	Jul - Jun 2020-2021	Jul - Jun 2019-2020	Jul - Jun 2018-2019	Jul - Jun 2017-2018
Net Sales Revenue	10,666,652,889	13,775,867,794	9,494,360,590	6,792,767,434	7,186,097,611	6,441,230,473
Cost Of Goods Sold	10,156,646,606	11,457,286,298	8,166,931,512	6,179,618,395	6,431,415,146	5,877,270,121
Gross Profit	510,006,283	2,318,581,496	1,327,429,078	613,149,039	754,682,465	563,960,352
Operating Profit	153,491,530	1,946,901,890	1,064,253,153	443,112,207	579,109,853	382,570,826
Profit/(Loss) Before Tax	(584,066,959)	1,384,930,950	758,174,989	105,521,813	322,690,888	168,299,087
Profit/(Loss) After Tax	(588,977,446)	1,213,984,141	638,868,823	17,544,745	200,160,181	149,755,696
Paid Up Capital	212,667,350	215,119,850	215,119,850	192,119,850	192,119,850	192,119,850
Current Assets	4,551,240,382	5,152,573,608	3,226,528,764	3,606,835,263	2,576,356,301	2,409,635,450
Current Liabilities	3,694,962,728	3,562,665,783	2,381,107,605	3,318,504,593	2,486,387,751	2,529,508,675

TURNOVER

Year	Sales in (M)
2023	10,667
2022	13,776
2021	9,494
2020	6,793
2019	7,186
2018	6,441



APPLICATION OF REVENUE FOR THE YEAR ENDED JUNE 30, 2023

	RUPEES	PERCENTAGE
Cost of Sale	10,156,646,606	95.22%
Operating Expenses	356,514,753	3.34%
Other Epenses + Financial	737,558,489	6.91%
Taxation	4,910,487	0.05%
Profit / (Loss) After Tax	(588,977,446)	-5.52%
TOTAL	10,666,652,889	100.00%



NADEEM TEXTILE MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES

(Code of Corporate Governance) Regulation, 2019 For the year ended June 30, 2023

The Company has complied with the requirements of the Listed Companies (code of Corporate Governance) Regulations, 2019 (“the CCG Regulations”) in the following manner:

1. The total numbers of directors are 9 (including the Chief Executive Officer) as per the following:
 - a. Male 6
 - b. Female 3
2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Noor Muhammad Mr. Waqar Hassan Siddiqui Mr. Nadeem Ahmed
Executive Directors	Mr. Zahid Mazhar (CEO) Mr. Omer Bin Zahid Mr. Hassan Bin Zahid
Non-Executive Directors	Mrs. Naila Zahid (Chairperson) Mrs. Anam Omer Mrs. Shafia Hassan
Female Directors	Mrs. Naila Zahid (Chairperson) Mrs. Anam Omer Mrs. Shafia Hassan

The independent directors meet the criteria of independence under the Companies Act, 2017 (“the Act”).

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of the Meetings of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with Act and the Regulations.
9. Out of nine directors, six directors have either obtained certificate of Director's training program or are exempt from the requirement of Director's Training program as per the Listed Companies (Code of Corporate Governance) regulations 2019. However, during the year, no Director's training program was arranged.
10. There was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year. However, all such appointments including their remuneration and terms and conditions of employment were duly approved by the Board and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed Committees comprising of members given below:

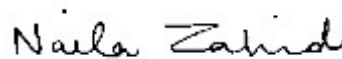
Committee	Name of members and Chairman
(a) Audit Committee	Mr. Waqar Hassan Siddiqui (Chairman) Mrs. Anam Omer Mrs. Shafia Hassan
(b) HR & R Committee	Mr. Nadeem Ahmed (Chairman) Mrs. Anam Omer Mrs. Shafia Hassan

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;
14. The frequency of meetings of the committees were as per following:

Committee	Frequency of meetings
(a) Audit Committee	Quarterly
(b) HR & R Committee	Annually

15. The Board has setup an effective internal audit function manned by competent personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the CCG Regulations have been complied.

for and on Behalf of the Board of Directors



NAILA ZAHID
Chairperson



ZAHID MAZHAR
Chief Executive

Karachi.
Date: October 30, 2023

**INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of M/s. Nadeem 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 **M/s. Nadeem 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.

Karachi.
Date: October 30, 2023
UDIN: CR202310213qui6eNd92


Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

INDEPENDENT AUDITORS' REPORT
To the members of Nadeem Textile Mills Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Nadeem 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 ('the financial statements'), 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, total comprehensive loss, changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter(s)	How the matter was addressed in our audit
<p>Merger of Nadeem Power Generation (Private) Limited with and into the Company</p> <p>As reported in note 1.4 to the financial statements, during the year, the entire undertaking of M/s. Nadeem Power Generation (Private) Limited (NPGL), a related party, was merged with and into the Company and, resultantly, all the assets, liabilities and other rights and obligations of NPGL are now vested into the Company. As explained in the said note, the merger was effected under the Scheme of Arrangement which was sanctioned by the Honourable High Court of Sindh on December 13, 2022 (and effective from July 01, 2022). We considered this matter to be the one requiring our significant attention keeping in view the non-recurring nature of the transaction and the significance of risks involved as to the recognition, measurement, presentation and disclosure of the assets acquired, liabilities assumed, and the consideration transferred in</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Reading the Scheme of Arrangement for the merger sanctioned by the Honourable High Court of Sindh to obtain an understanding of the principal terms and conditions, facts and circumstances of the merger transaction; • Evaluating the management's conclusion as to how they have identified the merger as a 'Common Control Transaction' in accordance with the related guidance provided in the financial reporting standard 'Accounting for Common Control Transactions' notified by the Securities and Exchange Commission of Pakistan; • Established whether the assets acquired and the liabilities assumed as recognized by the Company in its

Key audit matter(s)	How the matter was addressed in our audit
<p>the merger which had a significant effect on our overall audit strategy.</p> <p>We also considered this matter to be of most significance (relative to other matters in the audit) due to its importance to intended users' understanding of the financial statements as a whole (in particular, the materiality of the amounts involved) as well as the nature and extent of audit effort needed to address the matter, including the involvement of senior staff members possessing specialized knowledge and skills in the subject matter in order to obtain sufficient appropriate audit evidence.</p>	<p>financial statements are part of what the Company and the members of NPGL have exchanged in the merger transaction (and based on which the share swap ratio has been worked out);</p> <ul style="list-style-type: none"> • Verified whether the assets acquired and the liabilities assumed by the Company in the merger transaction have been measured, using the Predecessor Method, at their carrying amounts as reflected in the audited financial statements of NPGL for the year ended June 30, 2022. In particular, we ensured that there have been no fair value adjustments to the assets acquired and the liabilities assumed, or recognition of any new assets or liabilities; and • Assessed the understandability and completeness of the disclosures relating to the merger as provided in note 1.4 to the financial statements. In addition, we evaluated, for adequacy, the presentation of various other notes / line items in the financial statements affected by the merger, in particular, the statement of cash flows, and the disclosure of the issued, subscribed and paid up capital of the Company.

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 reports thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism 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.

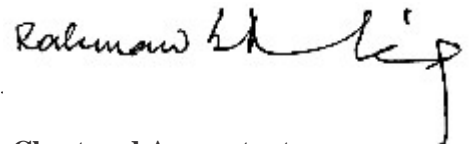
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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 statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns.
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Waseem**.

Karachi.
Date: October 30, 2023
UDIN: AR202310213m27bhqXB6



Chartered Accountants

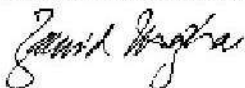
NADEEM TEXTILE MILLS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2023

ASSETS	Note	2023	2022
		Rupees	
Non-current assets			
Property, plant and equipment	5	3,646,539,872	3,437,590,070
Long term deposits	6	33,031,245	21,119,188
Deferred taxation - net	7	47,289,353	-
		<u>3,726,860,470</u>	<u>3,458,709,258</u>
Current assets			
Stores, spares and loose tools	8	225,979,175	148,838,619
Stock-in-trade	9	2,131,080,589	1,875,031,314
Trade debts	10	1,661,921,437	2,641,925,967
Investments	11	158,867,171	112,113,452
Loans, advances and prepayments	12	76,090,504	118,404,750
Other receivables	13	34,645,635	39,831,004
Tax refunds due from government	14	112,544,688	42,437,110
Cash and bank balances	15	150,111,183	173,991,392
		<u>4,551,240,382</u>	<u>5,152,573,608</u>
		<u>8,278,100,852</u>	<u>8,611,282,866</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorized capital</i>			
33,000,000 ordinary (2022: 25,000,000) shares of Rs. 10/- each		<u>330,000,000</u>	<u>250,000,000</u>
Issued, subscribed and paid up capital	16	212,667,350	215,119,850
<i>Revenue reserve</i>			
Unappropriated profits		1,666,651,399	2,359,779,547
<i>Capital reserves</i>			
Revaluation surplus on property, plant and equipment - net of deferred tax	17	1,260,116,348	1,278,283,722
Share premium		388,683,536	274,197,289
		<u>1,648,799,884</u>	<u>1,552,481,011</u>
		<u>3,528,118,633</u>	<u>4,127,380,408</u>
Contribution from associated undertaking	18	340,000,000	-
		<u>3,868,118,633</u>	<u>4,127,380,408</u>
Non-current liabilities			
Long term financing	19	602,365,548	366,765,949
Deferred liabilities	20	112,653,943	148,627,376
Loan from related parties	21	-	404,205,204
Deferred income - Government grant	22	-	1,638,146
		<u>715,019,491</u>	<u>921,236,675</u>
Current liabilities			
Loans from directors	23	97,800,000	10,000,000
Trade and other payables	24	1,261,544,922	1,443,401,894
Accrued mark-up	25	130,953,689	64,077,060
Short term borrowings - secured	26	2,085,566,551	1,866,383,279
Unclaimed dividend		1,506,408	1,491,024
Current portion of long term financing	19	79,391,158	122,212,526
Current portion of loan from related parties	21	38,200,000	55,100,000
		<u>3,694,962,728</u>	<u>3,562,665,783</u>
Contingencies and commitments	27	-	-
		<u>8,278,100,852</u>	<u>8,611,282,866</u>

The annexed notes from 1 to 44 form an integral part of these financial statements.



Zahid Mazhar
Chief Executive
Karachi

Dated: October 30, 2023



Omer Bin Zahid
Director



Omer Bin Zahid
Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	<i>Note</i>	2023	2022
		————— Rupees —————	
Sales - net	28	10,666,652,889	13,775,867,794
Cost of sales	29	<u>(10,156,646,606)</u>	<u>(11,457,286,298)</u>
Gross profit		510,006,283	2,318,581,496
Administrative expenses	30	<u>(175,166,361)</u>	<u>(143,210,520)</u>
Distribution costs	31	<u>(181,348,392)</u>	<u>(228,469,086)</u>
		<u>(356,514,753)</u>	<u>(371,679,606)</u>
Operating profit		153,491,530	1,946,901,890
Other income	32	<u>49,511,738</u>	<u>16,616,924</u>
Other expenses	33	<u>(123,607,472)</u>	<u>(132,433,523)</u>
Finance costs	34	<u>(663,462,755)</u>	<u>(446,154,341)</u>
		<u>(737,558,489)</u>	<u>(561,970,940)</u>
(Loss) / profit before taxation		(584,066,959)	1,384,930,950
Taxation	35	<u>(4,910,487)</u>	<u>(170,946,809)</u>
(Loss) / profit after taxation		<u>(588,977,446)</u>	<u>1,213,984,141</u>
(Loss) / earning per share - basic and diluted	36	<u>(27.31)</u>	<u>56.43</u>

The annexed notes from 1 to 44 form an integral part of these financial statements.



Zahid Mazhar
 Chief Executive
 Karachi
 Dated: October 30, 2023



Omer Bin Zahid
 Director



Omer Bin Zahid
 Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2023</u>	<u>2022</u>
	<u>Rupees</u>	
(Loss) / profit after taxation	(588,977,446)	1,213,984,141
Other comprehensive income		
<i>Items that will not be subsequently reclassified in profit or loss:</i>		
Remeasurement of defined benefit obligation	(16,917,019)	(13,314,381)
Deferred tax charge on above	2,043,853	1,013,943
	(14,873,166)	(12,300,438)
Increase in fair value of a non-factory building disposed of during the year	-	11,440,487
Deferred tax charge on above	-	(871,239)
	-	10,569,248
Total comprehensive (loss) / income for the year	(603,850,612)	1,212,252,951

The annexed notes from 1 to 44 form an integral part of these financial statements.



Zahid Mazhar
 Chief Executive
 Karachi
 Dated: October 30, 2023



Omer Bin Zahid
 Director



Omer Bin Zahid
 Chief Financial Officer

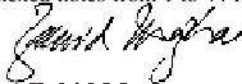
NADEEM TEXTILE MILLS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

	<i>Note</i>	2023	Rupees	2022
CASH FLOWS FROM OPERATING ACTIVITIES:				
(Loss) / profit before taxation		(584,066,959)		1,384,930,950
<i>Adjustments for non cash and other items:</i>				
- Depreciation expense	5.1.6	245,763,860		188,885,026
- Provision for staff gratuity	20.1.2	53,644,725		38,126,507
- Provision for gas tariff difference	24	49,878,230		19,174,729
- Provision for anti-dumping duty	24	7,180,484		-
- Profit on saving accounts	32	(20,424,024)		(10,642,605)
- Profit on Term Deposits Receipts (TDRs)	32	(19,888,639)		(4,707,370)
- Gain on sale of property, plant and equipment	32	(7,649,075)		-
- Bad debts recovered	32	(1,550,000)		(1,256,949)
- Loss on sale of property, plant and equipment	33	6,059,067		1,328,371
- Provision for Workers' Profit Participation Fund	33	-		75,823,742
- Provision for Workers' Welfare Fund	33	-		28,813,022
- Provision against slow moving store items	33	1,324,934		2,250,301
- Provision for expected credit losses	33	36,831,558		10,993,220
- Markup costs	34	558,315,491		289,663,029
		909,486,611		638,451,023
Operating profit before working capital changes		325,419,652		2,023,381,973
<i>(Increase) / decrease in current assets</i>				
- Stores, spares and loose tools		(74,360,333)		(33,244,923)
- Stock in trade		(256,049,275)		(833,925,289)
- Trade debts		968,822,692		(972,897,001)
- Loans and advances		42,413,389		(2,929,214)
- Other receivables		16,284,000		(13,797,234)
- Sales tax refundable		(25,075,083)		(31,606,574)
		672,035,390		(1,888,400,235)
<i>Increase / (decrease) in current liabilities</i>				
- Trade and other payables		(191,203,647)		401,152,540
Cash generated from operations		806,251,395		536,134,278
Long term deposits placed		(11,912,057)		(7,510,700)
Income tax paid		(147,264,300)		(175,276,100)
Gratuity paid	20.1.1	(56,689,735)		(33,399,437)
Markup paid		(478,579,544)		(249,410,649)
Workers' Profit Participation Fund paid	24.5	(88,762,727)		(47,496,651)
Workers' Welfare Fund paid	24.6	(1,842,548)		(15,919,735)
Net cash generated from operating activities		21,200,484		7,121,006
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment		(455,017,287)		(570,228,436)
Short term investments obtained		(180,641,125)		(135,018,465)
Cash and bank balances acquired in merger		2,348,175		-
Proceeds realized from disposal of short term investments		149,267,171		105,344,495
Profit received on saving accounts and TDRs		29,214,031		12,613,221
Proceeds from disposal of property, plant and equipment		39,216,364		55,215,251
Net cash used in investing activities		(415,612,671)		(532,073,934)
CASH FLOWS FROM FINANCING ACTIVITIES				
Long term finance obtained		314,210,799		290,922,552
Long term finance repaid		(121,432,568)		(209,622,873)
Loan obtained from director		111,600,000		-
Loan repaid to director		(23,800,000)		(50,700,000)
Loan repaid to related parties		(21,800,000)		(25,745,000)
Loan obtained from a related party		-		34,400,000
Short term borrowings excluding running finance		184,478,949		491,980,130
Dividend paid		(107,429,526)		(64,530,403)
Net cash generated from financing activities		335,827,654		466,704,406
Net decrease in cash and cash equivalents		(58,584,533)		(58,248,522)
Cash and cash equivalents at beginning of the year		(276,200,013)		(217,951,491)
Cash and cash equivalents at end of the year	37	(334,784,546)		(276,200,013)

The annexed notes from 1 to 44 form an integral part of these financial statements.



Zahid Mazhar
Chief Executive
Karachi

Dated: October 30, 2023



Omer Bin Zahid
Director



Omer Bin Zahid
Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED

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

	Revenue reserve		Capital reserves			Total
	Issued, subscribed and paid up capital	Unappropriated profits	Share premium	Revaluation surplus on property, plant and equipment - net of deferred tax	Contribution from associated undertaking	
Rupees						
Balance as at July 01, 2021	215,119,850	1,184,734,861	274,197,289	1,305,611,412	-	2,979,663,412
<i>Total comprehensive income for the year ended June 30, 2022</i>						
- Profit after taxation	-	1,213,984,141	-	-	-	1,213,984,141
- Other comprehensive income	-	(12,300,438)	-	10,569,248	-	(1,731,190)
	-	1,201,683,703	-	10,569,248	-	1,212,252,951
Surplus on revaluation of a non-factory building realized upon disposal - net of deferred tax	-	17,864,670	-	(17,864,670)	-	-
Transfer to unappropriated profit on account of incremental depreciation - net of deferred tax	-	20,032,268	-	(20,032,268)	-	-
	-	37,896,938	-	(37,896,938)	-	-
<i>Transactions with owners</i>						
Final dividend @ 30% for the year ended June 30, 2021	-	(64,535,955)	-	-	-	(64,535,955)
Balance as at June 30, 2022	215,119,850	2,359,779,547	274,197,289	1,278,283,722	-	4,127,380,408
<i>Transactions pursuant to the merger of NPGL with & into the Company (refer note 1.4)</i>						
- Shares held as treasury shares	(36,045,000)	-	-	-	-	(36,045,000)
- Shares issued to NPGL shareholders	33,592,500	-	-	-	-	33,592,500
- Increase in share premium	-	-	114,486,247	-	-	114,486,247
	(2,452,500)	-	114,486,247	-	-	112,033,747
Contribution from associated undertaking	-	-	-	-	340,000,000	340,000,000
<i>Total comprehensive income for the year ended June 30, 2023</i>						
- Profit after taxation	-	(588,977,446)	-	-	-	(588,977,446)
- Other comprehensive income	-	(14,873,166)	-	-	-	(14,873,166)
	-	(603,850,612)	-	-	-	(603,850,612)
Transfer to unappropriated profit on account of incremental depreciation - net of deferred tax	-	18,167,374	-	(18,167,374)	-	-
<i>Transactions with owners</i>						
Final dividend @ 60% for the year ended June 30, 2022	-	(107,444,910)	-	-	-	(107,444,910)
Balance as at June 30, 2023	212,667,350	1,666,651,399	388,683,536	1,260,116,348	340,000,000	3,868,118,633

The annexed notes from 1 to 44 form an integral part of these financial statements.



Zahid Mazhar
Chief Executive
Karachi
Dated: October 30, 2023



Omer Bin Zahid
Director



Omer Bin Zahid
Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1. INTRODUCTION

1.1 Legal status of the Company

Nadeem Textile Mills Limited ('the Company') was incorporated in Pakistan on July 15, 1984 as a public limited company under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and its shares are listed on Pakistan Stock Exchange Limited.

1.2 Location of the registered office and the manufacturing facilities

Registered office:

The registered office of the Company is situated at 801-804, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi.

Manufacturing facilities:

The Company's manufacturing facilities are situated as follows:

- Unit-1: A-265, S.I.T.E., Nooriabad, district Jamshoro, Sindh.
- Unit-2: E-11, S.I.T.E., Kotri, district Jamshoro, Sindh.

1.3 Principal business activity

The main business of the Company is manufacturing and sale of yarn.

1.4 Merger of Nadeem Power Generation (Private) Limited with and into the Company

With effect from July 01, 2022, the entire undertaking of M/s. Nadeem Power Generation (Private) Limited (NPGL), a related party, stands merged with and into the Company (including all its assets, liabilities and other rights and obligations which are now vested into the Company). The said merger was effected under the Scheme of Arrangement for the merger sanctioned by the Honourable High Court of Sindh ('the Court') on December 13, 2022. Prior to its sanction by the Court, the said scheme of merger had also been approved by the respective shareholders of NPGL and the Company in their Extra Ordinary General Meetings held last year on January 24, 2022.

Since, after the merger, the merged entity continues to be controlled by the same parties as those ultimately controlling NPGL and the Company before the merger, the amalgamation has been identified as a 'Common Control Transaction' in light of the guidance provided in the financial reporting standard 'Accounting for Common Control Transactions' as developed by the Institute of Chartered Accountants of Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 53(I)/2022 dated January 12, 2022. In accordance with the said standard, the Company has applied the 'Predecessor Method' of accounting and measured all the assets acquired and the liabilities assumed at their carrying amounts as reflected in the statement of financial position of NPGL as at June 30, 2022 (as included in its audited financial statements for the year then ended).

Following are the details of the assets acquired, liabilities assumed and the consideration transferred:

Assets acquired:	Note	- In Rupees -
Property, plant and equipment	5.1	37,322,731
Investments	11	15,379,765
Stores, spares and loose tools	8	4,105,157
Trade debts	10	24,099,721
Loan to a related party	21.1	59,305,204
Loan and advances	12	99,143
Tax refunds due from Government	14	1,544,490
Cash and bank balances	15	2,348,175
		144,204,386
 Liabilities assumed:		
Trade and other payables	24	(29,987,889)
Deferred liabilities - Gratuity	20.1.1	(2,182,750)
		(32,170,639)
Net assets acquired		112,033,747
 Changes in issued share capital pursuant to merger		
- Cancellation of shares held by NPGL		36,045,000
- Issuance of shares to registered members of NPGL	1.4.1	(33,592,500)
		2,452,500
Increase recognized in share premium		114,486,247

1.4.1 In accordance with the provisions of the merger scheme sanctioned by the Court, the Company issued 3,359,250 fully paid ordinary shares of Rs. 10 each to the registered members of NPGL (based on a swap ratio of 09 shares of the Company for every 01 share of NPGL). In addition, as part of the merger, the Company also cancelled its 3,604,500 ordinary shares which were previously held by NPGL. This has resulted in the net reduction in the paid up share capital of the Company by Rs. 2.452 million (also refer note 15 to these financial statements) .

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

Items in these financial statements have been measured at their historical cost except for leasehold land, factory building and office premises which are carried at revalued amounts less accumulated depreciation therein.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policy are as follows:

	Note
- Revaluation of certain items of property, plant and equipment	4.1
- Useful life and residual values of property, plant and equipment	4.1
-Discount rate used to determine the value of government grant element embedded in the long term 'finance received from a commercial bank under the SBP Refinance Scheme for Payment of Wages and Salaries	
- Provision for staff retirement benefits	4.6
- Provision for taxation	4.8

3. NEW ACCOUNTING PRONOUNCEMENTS

3.1 New and amended standards and interpretations mandatory for the first time for the financial year beginning July 01, 2022:

(a) IAS 37 -Onerous contracts

**Effective date:
January 01, 2022**

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations - i.e. the lower of the costs of fulfilling the contract and the costs of terminating it - outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs - e.g. direct labour and materials; and an allocation of other direct costs - e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

(b) IAS 16 - Proceeds before an asset's intended use

**Effective date:
January 01, 2023**

Amendment to IAS 16 'Property, Plant and Equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments.

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 01, 2022 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

(c) IAS 12 - Deferred tax

**Effective date:
January 01, 2023**

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

(d) IAS 1 - Classification of liabilities as current or non current

**Effective date:
January 01, 2024**

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendment, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of

the reporting period. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. At October 31, 2022, after reconsidering certain aspects of the amendments, the IASB reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

(e) **IFRS 16 - Sale and leaseback transaction**

**Effective date:
January 01, 2024**

Amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered.

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 - First Time Adoption of Financial Reporting Standards
- IFRS 17 - Insurance Contracts

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. The accounting policies set out below have been applied consistently to all periods presented.

4.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment loss, if any, except lease hold land, factory building and office premises which are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

Depreciation is charged to the statement of profit or loss applying written down value method whereby the cost or revalued amount of an asset is written off over its useful life at the rates specified in note 5.1 the financial statements. Depreciation on additions is charged from the day in which asset is available for use and on disposals up to the day immediately preceding that of disposal.

The assets' residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment at year end did not require any adjustment as its impact is considered insignificant.

Any revaluation increase arising on the revaluation of assets is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of freehold land, factory building and office premises is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profit.

Capital work - in - progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work - in - progress. These are transferred to specified assets as and when assets are available for use

4.2 Stores, spares and loose tools

These are valued at cost less the provision for slow-moving or obsolete items, if any, except for the items in transit which are stated at cost (comprising invoice value and other directly attributable costs incurred thereon). The cost of the items consumed and those held in stock at the reporting date is determined using average cost method.

Provisions are made in the financial statements for obsolete and slow moving items based on the management's best estimate regarding their future usability.

4.3 Stock in trade

Basis of valuation

All items of stock-in-trade are valued at the lower of cost and their net realizable value as of the reporting date.

Determination of cost

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the Company from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The **costs of conversion** of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities (which is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance). However, in periods of abnormally high production, the amount of fixed overhead allocated to each unit of production is decreased so that inventories are not measured above cost. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

The cost of the items consumed or sold and those held in stock at the reporting date is determined using the average cost formula.

Determination of net realizable value

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

The Company estimates the net realisable value of inventories based on the most reliable evidence available, at the reporting date, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

Raw materials and other supplies held for use in the production of inventories are not written down below cost if the finished product in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished product exceeds net realisable value, the materials are written down to net realisable value. In such circumstances, the replacement cost of the materials is used as the measure of their net realisable value.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realisable value.

4.4 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized when the goods are delivered to dealers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4.5 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances and short term borrowings from banks which are repayable on demand and form an integral part of the Company's cash management.

4.6 Staff retirement benefits

A defined benefit plan is a post-employment benefit plan under which an entity regularly pays contributions into a separate fund but will continue to have legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the entity.

The Company operates an unfunded gratuity scheme for its employees which is classified as a defined benefit plan.

The Company's obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed annually by a qualified actuary using the Projected Unit Credit Method.

Remeasurements of the defined benefit liability (i.e. the actuarial gains or losses) are recognised immediately in other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate to the defined benefit liability at the beginning of the annual reporting period, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

4.7 Provisions and contingent liabilities

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event 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 of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, 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 the obligation cannot be measured with sufficient reliability.

4.8 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

4.9 Revenue recognition

Revenue from local sales

Revenue from sale of goods (yarn) is recognised when the customer obtains control of the goods, being when the goods are delivered to the customer, the customer has full discretion over the selling price of the goods and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been dispatched from the company premise, the risk of loss has been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company does not expect to have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Revenue from export sales

Revenue from sale of goods to foreign customers is recognized when those customers obtain control of the exported goods which is when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.

The Company does not expect to have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Other income

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

4.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the Company that are outstanding during the period. However, the Company excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete.

The Company begins capitalising borrowing costs as part of the cost of a qualifying asset on the 'commencement date' which is the date when the Company first meets all of the following conditions: (a) it incurs expenditures for the asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

The Company suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

The Company ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

4.11 Foreign currency transactions and translation

Transactions in foreign currencies are converted into Rupees at the rate of exchange ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rate of exchange ruling at the balance sheet date. All exchange differences arising on transaction are charged to profit and loss account in that period.

4.12 Financial assets

4.12.1 Classification and initial measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortized cost;
- (b) fair value through other comprehensive income (FVOCI);
- (c) fair value through profit or loss (FVTPL); and

(a) *Financial assets measured at amortized cost.*

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) *Fair value through other comprehensive income (FVOCI);*

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) *Fair value through profit or loss (FVTPL); and*

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

4.12.2 Subsequent measurement

(a) *Financial assets measured at amortized cost*

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in profit or loss.

(b) *Financial assets at FVOCI*

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and

for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

4.12.3 Impairment

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

4.12.4 De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

4.13 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

4.14 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

4.15 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved.

	Note	2023 ----- Rupees -----	2022
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	3,576,148,224	3,141,716,888
Capital work in progress	5.2	70,391,648	136,578,844
Machinery in transit		-	159,294,338
		<u>3,646,539,872</u>	<u>3,437,590,070</u>

5.1 Operating fixed assets

	Leasehold land	Freehold land	Factory building	Non factory building	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Total
	Rupees									
As at June 30, 2021										
Gross carrying amount	885,000,000	80,000,000	478,010,905	404,002,545	2,505,476,984	14,757,660	3,258,832	9,062,369	85,422,001	4,464,991,296
Accumulated depreciation	-	-	(160,420,041)	(86,837,890)	(1,226,943,972)	(7,841,560)	(2,654,657)	(4,637,738)	(39,173,691)	(1,528,509,549)
Net book value	885,000,000	80,000,000	317,590,864	317,164,655	1,278,533,012	6,916,100	604,175	4,424,631	46,248,310	2,936,481,747
<i>Movement during the year ended June 30, 2022</i>										
Opening net book value	885,000,000	80,000,000	317,590,864	317,164,655	1,278,533,012	6,916,100	604,175	4,424,631	46,248,310	2,936,481,747
Additions	-	-	8,688,740	-	115,842,693	245,213	784,807	366,765	22,114,082	148,042,300
Transfer from CWIP	-	-	5,254,715	300,000	285,626,287	-	-	-	-	291,181,002
Increase in fair value of a non-factory building	-	-	-	11,440,487	-	-	-	-	-	11,440,487
Disposals:										
-Cost	-	-	-	(21,440,487)	(115,642,224)	-	-	-	(6,827,000)	(143,909,711)
-Accumulated depreciation	-	-	-	1,973,487	82,396,667	-	-	-	2,995,935	87,366,089
Depreciation for the year	-	-	(16,120,513)	(15,687,521)	(143,482,019)	(708,739)	(278,596)	(457,076)	(12,150,562)	(188,885,026)
Closing net book value	885,000,000	80,000,000	315,413,806	293,750,621	1,503,274,416	6,452,574	1,110,386	4,334,320	52,380,765	3,141,716,888

	Leasehold land	Freehold land	Factory building	Non factory building	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Total
	Rupees									
As at June 30, 2022										
Gross carrying amount	885,000,000	80,000,000	491,954,360	394,302,545	2,791,303,740	15,002,873	4,043,639	9,429,134	100,709,083	4,771,745,374
Accumulated depreciation	-	-	(176,540,554)	(100,551,924)	(1,288,029,324)	(8,550,299)	(2,933,253)	(5,094,814)	(48,328,318)	(1,630,028,486)
Net book value	885,000,000	80,000,000	315,413,806	293,750,621	1,503,274,416	6,452,574	1,110,386	4,334,320	52,380,765	3,141,716,888
<i>Movement during the year ended June 30, 2023</i>										
Opening net book value	885,000,000	80,000,000	315,413,806	293,750,621	1,503,274,416	6,452,574	1,110,386	4,334,320	52,380,765	3,141,716,888
Additions										
- Direct	-	-	8,521,127	-	132,444,914	304,425	1,643,617	1,115,878	15,090,000	159,119,961
- Transferred upon merger	-	-	7,716,706	-	29,252,798	21,414	-	331,813	-	37,322,731
Transfer from CWIP	-	-	-	-	521,378,859	-	-	-	-	521,378,859
Disposals:										
-Cost	-	-	-	-	(123,651,624)	-	-	-	(7,179,600)	(130,831,224)
-Accumulated depreciation	-	-	-	-	88,828,979	-	-	-	4,375,889	93,204,868
Depreciation for the year	-	-	(16,674,168)	(14,687,531)	(200,226,444)	(672,612)	(554,374)	(516,828)	(12,431,902)	(245,763,860)
Closing net book value	885,000,000	80,000,000	307,260,765	279,063,090	1,922,049,101	6,084,387	2,199,629	4,933,370	52,235,152	3,576,148,224
As at June 30, 2023										
Gross carrying amount	885,000,000	80,000,000	508,192,193	394,302,545	3,350,728,688	15,328,712	5,687,256	10,876,825	108,619,483	4,837,356,842
Accumulated depreciation	-	-	(193,214,722)	(115,239,455)	(1,399,426,789)	(9,222,911)	(3,487,627)	(5,611,642)	(56,384,331)	(1,782,587,478)
Net book value	885,000,000	80,000,000	314,977,471	279,063,090	1,951,301,899	6,105,801	2,199,629	5,265,183	52,235,152	3,576,148,224
Annual rates of depreciation	0%	0%	5%	5%	10%	10%	30%	10%	20%	

5.1.1 Leasehold land of the Company are located at A-265 S.I.T.E, Nooriabad, Sindh and E-11, S.I.T.E., Kotri Sindh with an area of 67,760 and 38,720 square yards respectively

5.1.2 The Company measure its land, buildings and office premises using revaluation model. The latest revaluation of land, building, and office premises was carried out by an independent valuer M/s. Joseph Lobo as on April 01, 2021 on the basis of present market values for similar sized land in the vicinity and replacement values of similar type of buildings adjusted for depreciation factor for the existing assets in use.

5.1.3 Forced sales value of leasehold land, buildings and office premises based on the valuation conducted in April 2021 by independent valuer were as follows:

	Fair value	Forced sale value
Freehold land	<u>80,000,000</u>	<u>60,000,000</u>
Leasehold land	<u>885,000,000</u>	<u>663,200,100</u>
Factory building	<u>328,599,766</u>	<u>246,387,750</u>
Office premises	<u>325,217,121</u>	<u>243,842,900</u>

5.1.4 Had the leasehold land, factory building and office premises been carried under the cost model of accounting, their carrying amount at the reporting date would have been as follows:

	2023	2022
	Rupees	
Freehold land	<u>2,942,589</u>	2,942,589
Leasehold land	<u>43,441,451</u>	43,441,451
Factory building	<u>103,963,702</u>	95,945,093
Office premises	<u>98,635,758</u>	98,635,758
	<u>248,983,500</u>	<u>240,964,891</u>

5.1.5 The particulars of fixed assets disposed off during the year are as follows;

Particular of assets	Cost	Accumulated depreciation	WDV	Sales proceeds	(Gain) / loss on disposal	Particulars of purchaser	Relation with purchaser	Mode of disposal
Rupees								
Obsolete 2 Set Of Carding Machine 2003	3,646,000	2,242,352	1,403,648	1,000,000	403,648	Alhamd Textiles	No relation	Negotiation
9 Set Of Obsolete Card Machine Mk-5D 1997	18,195,305	13,575,034	4,620,271	3,780,000	840,271	S.Fazal Elahi & Sons	No relation	Negotiation
Obsolete Loptex (Opto Sonoc) 2003	614,250	65,487	548,763	500,000	48,763	Salman Machinery Trading Co.	No relation	Negotiation
Obsolete Gas Generator 3516	33,696,770	26,880,716	6,816,054	3,148,589	3,667,465	Gencom Spares & Services	No relation	Negotiation
2 Machine (Drawing Dx 8) 2004-2008	4,000,000	2,455,413	1,544,587	1,600,000	(55,413)	Ideal Trading & Co	No relation	Negotiation
2 Simplex FL 16 (108 Spindels 1987)	8,880,000	5,552,812	3,327,188	3,380,000	(52,812)	GS Traders	No relation	Negotiation
4 Card Machine Mk 5B 1997 & 6 Card Machine 1996-1997	6,440,000	4,065,319	2,374,681	4,011,940	(1,637,259)	Abdul Hameed Trading Company	No relation	Negotiation
Obsolete 3 Set 2005/ 2006 Model FA102C	2,000,000	1,226,008	773,992	600,000	173,992	Ideal Trading & Co	No relation	Negotiation
15 Used Obsolete Card Machine Mk-5D	29,429,300	22,290,728	7,138,572	6,300,000	838,572	Abdullah Waleed Textile Mills	No relation	Negotiation
Obsolete 4 Card Machine Mk-5D 1997	800,000	385,878	414,122	1,434,300	(1,020,178)	S.Fazal Elahi & Sons	No relation	Negotiation
1 Machine (Drawing DYH 500C) 1990	660,000	405,143	254,857	307,692	(52,835)	Alhamd Textiles	No relation	Negotiation
2 Machine Blow Room Dust X 2003-2005	1,000,000	616,188	383,812	400,000	(16,188)	Ghani & Company	No relation	Negotiation
2 Machine MPM 06 Chambers 1989 1991	610,000	377,105	232,895	250,000	(17,105)	Granda Textile Mills	No relation	Negotiation
15 Reeling Machine & 4 Bundle Press	2,075,000	1,304,361	770,639	799,337	(28,698)	Rafi Enterprises	No relation	Negotiation
3 Card Machine MK-5D 2003	495,000	312,474	182,526	1,203,582	(1,021,056)	Abdul Hameed Trading Company	No relation	Negotiation
8 Card Machine MK-5B & 2 Card Machine Mk-5D 2003	11,000,000	7,003,413	3,996,587	4,011,940	(15,353)	Abdul Hameed Trading Company	No relation	Negotiation
Multi Mixer 3 Chamber 1988	110,000	70,548	39,452	338,983	(299,531)	Alhamd Textiles	No relation	Negotiation
Suzuki Mehran AHF-585 2005	359,500	330,011	29,489	200,000	(170,511)	Mr.Saeed	No relation	Negotiation
Mehran AFE-147	310,100	299,754	10,346	250,000	(239,654)	Manzoor Ahmed	No relation	Negotiation
Mercedes Benz BPB-898	4,500,000	2,495,267	2,004,733	4,200,000	(2,195,267)	Mr.Sohaib Bin Ishrat	No relation	Negotiation
Toyota Corolla BDP-864	2,010,000	1,250,856	759,144	1,500,000	(740,856)	Mr.Saeed	No relation	Negotiation
Total	130,831,224	93,204,867	37,626,357	39,216,363	(1,590,006)			

			2023	2022
5.1.6	Depreciation charge for the year is allocated as under:	<i>Note</i>	----- Rupees -----	
	Cost of goods manufactured - conversion costs incurred	29.1.2	216,900,612	159,602,532
	Administrative expenses	30	28,863,247	29,282,494
			<u>245,763,860</u>	<u>188,885,026</u>

5.2 Capital work in progress

Capital work in progress

	Plant and Machinery	Civil Works	Total
	----- Rupees -----		
<i>Movement during the year ended June 30, 2022</i>			
Opening balance	169,401	5,404,309	5,573,710
Additions during the year	420,063,227	2,122,909	422,186,136
Transfer to operating fixed asset	420,232,628	7,527,218	427,759,846
Balance as at June 30, 2022	<u>(285,626,287)</u>		
	<u>134,606,341</u>	<u>1,972,503</u>	<u>136,578,844</u>
<i>Movement during the year ended June 30, 2023</i>			
Opening balance	134,606,341	1,972,503	136,578,844
Additions during the year	455,191,663	-	455,191,663
Transfer to operating fixed asset	589,798,004	1,972,503	591,770,507
Balance as at June 30, 2023	<u>-</u>		
	<u>68,419,145</u>	<u>1,972,503</u>	<u>70,391,648</u>

			2023	2022
6.	LONG TERM DEPOSITS	<i>Note</i>	----- Rupees -----	
	Long term advances		437,500	437,500
	Long term security deposits	6.1	32,593,745	20,681,688
			<u>33,031,245</u>	<u>21,119,188</u>
6.1	Long term security deposits			
	WAPDA		17,409,760	17,409,760
	HESCO		5,118,100	-
	SSGC		6,768,957	-
	Pakistan State Oil Limited		450,000	450,000
	Others		2,846,928	2,821,928
			<u>32,593,745</u>	<u>20,681,688</u>
7.	DEFERRED TAXATION - NET			

	Opening balance	Change / (reversal) recognized in profit or loss	Change / (income) recognized in other comprehensive income	Closing balance
<i>For the year ended June 30, 2023</i>				
<i>Available temporary differences</i>				
- Accelerated tax depreciation	29,730,723	69,579,526	-	99,310,251
- SHP loan for salaries and wages	66,582	(66,582)	-	-
- Indirect export debtors	13,024,034	(4,664,606)	-	8,359,428
- Surplus on revaluation of fixed assets	38,246,932	-	-	38,246,932
	<u>101,068,291</u>	<u>64,844,341</u>	<u>-</u>	<u>165,912,632</u>
<i>Available permanent differences</i>				
- Excess of minimum tax carried forward	(27,600,488)	(50,711,490)	-	(78,311,978)
- Deferred Govt grant	(124,781)	124,781	-	-
- Provisions for slow moving store items	448,596	(1,641,134)	-	(992,538)
- Unused tax losses	-	(98,839,936)	-	(98,839,936)
- Provisions for expected credit losses	(4,907,044)	(7,890,193)	-	(12,797,237)
- Staff retirement benefits	(7,336,414)	(6,254,022)	(2,043,853)	(13,634,290)
	<u>(49,340,090)</u>	<u>(162,121,032)</u>	<u>(2,043,853)</u>	<u>(213,505,975)</u>
	<u>52,028,192</u>	<u>(97,276,691)</u>	<u>(2,043,853)</u>	<u>(47,292,352)</u>

	Opening balance	Charge / (reversal) recognized in profit or loss	Charge / (income) recognized in other comprehensive income	Closing balance
For the year ended June 30, 2022				
----- Rupees -----				
<i>Taxable temporary differences</i>				
- Accelerated tax depreciation	101,531,341	(71,800,619)	-	29,730,723
- SBP loan for salaries and wages	724,662	(658,080)	-	66,582
- Indirect export debtors	-	13,024,034	-	13,024,034
- Provisions for slow moving store items	(700,116)	1,348,714	-	648,598
- Surplus on revaluation of fixed assets	57,675,713	-	871,239	58,546,952
	<u>159,231,600</u>	<u>(58,085,950)</u>	<u>871,239</u>	<u>102,016,889</u>
<i>Deductible temporary differences</i>				
- Provisions for expected credit losses	(2,348,191)	(2,558,853)	-	(4,907,044)
- Excess of minimum tax carried forward	(72,917,562)	35,217,074	-	(37,600,488)
- Deferred Govt grant	(904,553)	679,802	-	(124,751)
- Staff retirement benefits	(11,847,131)	5,504,660	(1,013,943)	(7,356,414)
	<u>(87,817,437)</u>	<u>38,842,683</u>	<u>(1,013,943)</u>	<u>(49,988,697)</u>
	<u>71,414,163</u>	<u>(19,243,267)</u>	<u>(142,704)</u>	<u>52,028,192</u>

8. STORES, SPARES AND LOOSE TOOLS	Note	2023	2022
		----- Rupees -----	
Stores in hand		159,028,265	69,443,111
Spares in hand		74,289,500	80,852,733
Spares in transit		-	4,653,759
		<u>74,289,500</u>	<u>85,506,492</u>
Loose tools		876,649	779,321
		<u>234,194,414</u>	<u>155,728,924</u>
Less: Provision against slow moving store items		(8,215,239)	(6,890,305)
		<u>225,979,175</u>	<u>148,838,619</u>
9. STOCK IN TRADE			
Raw material in hand		585,319,746	620,289,804
Raw material in transit		175,971,767	506,313,149
		<u>761,291,513</u>	<u>1,126,602,953</u>
Work- in- process		98,450,984	115,178,451
Finished goods		1,220,096,730	612,505,201
Waste		51,241,362	20,744,709
	9.1	<u>2,131,080,589</u>	<u>1,875,031,314</u>

9.1 This includes stocks amounting to Rs. 1,130 million (2022: Rs. 873 million) pledged with banks as security with banks against finance facilities.

		2023	2022
	Note	Rupees	
10. TRADE DEBTS			
Local trade debts - unsecured		876,505,299	1,356,443,430
Indirect export debts - unsecured		835,942,837	1,302,403,377
		1,712,448,136	2,658,846,807
Less: Provision for expected credit losses	10.1	(50,526,699)	(16,920,840)
		1,661,921,437	2,641,925,967
10.1	The movement in the allowance for the doubtful debts is as follows:		
Opening balance		16,920,840	8,097,212
Charge during the year		36,831,559	10,993,220
Reversal during the year		(1,550,000)	(1,256,949)
Write-off during the year		(1,675,700)	(912,643)
Closing balance		50,526,699	16,920,840
11. INVESTMENTS			
Term Deposits Receipts (TDRs)	11.1	158,867,171	112,113,452
11.1	These TDRs were deposited as margin against bank guarantees issued by different banks as disclosed in note No. 27.2. This carries markup at a rate of 8.25% - 14.95% per annum (2022: 5.75% - 11.25%). These TDRs shall mature between 6 to 36 months.		
12. LOANS, ADVANCES AND PREPAYMENTS	Note	2023	2022
		Rupees	
Loans to staff and workers	12.1	3,110,603	1,202,664
Advance to suppliers		71,695,009	116,429,932
Prepayments		1,284,892	772,154
		76,090,504	118,404,750
12.1	These represent interest-free loans provided to employees in accordance with the Company policy. The loans are secured against their retirement benefits and are recoverable in equal monthly installments.		
13. OTHER RECEIVABLES	Note	2023	2022
		Rupees	
Insurance claim receivable		-	16,284,000
Interest income receivable		17,116,122	6,017,491
Others		17,529,513	17,529,513
		34,645,635	39,831,004
14. TAX REFUNDS DUE FROM GOVERNMENT			
Income tax refundables		55,863,031	10,830,536
Sales tax refundables		56,681,657	31,606,574
		112,544,688	42,437,110
15. CASH AND BANK BALANCES			
Cash in hand		2,185,870	4,848,557
Cash at bank - current accounts		61,994,412	38,371,800
Cash at bank - deposit accounts	15.1	85,930,900	130,771,035
		147,925,312	169,142,835
		150,111,183	173,991,392

15.1 These carry markup rate ranging from 12.25% to 19.5% per annum on daily product basis (2022: 5.75% to 8.25% per annum).

16. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2023	2022		2023	2022
— Number of shares —		Note	— Rupees —	
		Ordinary shares of Rs.10 each issued:		
11,407,485	15,011,985	- for consideration paid in cash	114,074,850	150,119,850
6,500,000	6,500,000	- as bonus shares	65,000,000	65,000,000
3,359,250	-	- as a result of merger of Nadeem Power Generation (Private) Limited with and into the Company	33,592,500	-
<u>21,266,735</u>	<u>21,511,985</u>	16.1	<u>212,667,350</u>	<u>215,119,850</u>

Note

16.1 Reconciliation of the opening and closing of share capital

	Note	Number of shares	Amount (Rs.)
Paid-up capital of the Company as at June 30, 2022		21,511,985	215,119,850
Shares allotted to NPGPL as a result of merger	1.4	3,359,250	33,592,500
Cancellation of the shares previously held by NPGPL	1.4	(3,604,500)	(36,045,000)
Paid-up capital of the Company as at June 30, 2023		21,266,735	212,667,350

16.2 There are no agreements among shareholders for voting rights, board selection, rights of first refusal and block voting.

17. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT -net

	2023	2022
	— Rupees —	
On leasehold land		
Gross surplus		
Opening balance	918,615,960	918,615,960
On factory and non-factory building		
Gross surplus		
Opening balance	415,090,812	444,671,165
Revaluation increase recognised during the year	-	11,410,487
Surplus realized on disposal during the year	-	(19,337,281)
Incremental depreciation transferred to retained earnings	(20,667,041)	(21,683,559)
	394,423,771	415,090,812
Related deferred tax charge		
Opening balance	(55,423,050)	(57,675,715)
Revaluation increase recognised during the year	-	(871,239)
Supls realized on disposal during the year	-	1,472,611
Incremental depreciation transferred to retained earnings	2,499,667	1,651,291
	(52,923,383)	(55,423,050)
	341,500,388	359,667,762
Surplus on revaluation- net of deferred tax	1,260,116,348	1,278,283,722

18. CONTRIBUTION FROM ASSOCIATED UNDERTAKING

During the period, the associated Company M/s Nadeem International (Pvt) Limited, and the Company has agreed that the loan is interest free and can be repaid to the associated company by the Company at its discretion. Hence, the loan has been treated as "Capital Contribution" with effect from December 2022 in accordance with Technical Release -32 issued by the Institute of Chartered Accountants of Pakistan.

19. LONG TERM FINANCING	Note	2023 Rupees	2022
Long Term Finance Facility (LTFF)			
- Bank Al Falah Limited	19.1	111,060,000	133,268,000
- Habib Bank Limited	19.2	123,043,206	130,000,000
- Askari Bank Limited	19.3	39,439,400	-
- JS Bank Limited	19.4	61,653,500	95,850,500
		335,196,106	359,118,500
Medium Term Loans			
- Askari Bank Limited	19.5	160,560,600	71,789,200
- Soneri Bank Limited	19.6	125,000,000	-
- Habib Metro Bank Limited	19.7	61,000,000	-
- Bank Al Falah Limited		-	12,503,020
		346,560,600	84,292,220
SBP Refinance Scheme for Payment of Salaries and Wages			
- Soneri Bank Limited	19.8	-	45,567,755
		681,756,706	488,978,475
Less: Current portion shown under current liabilities		(79,391,158)	(122,212,526)
Non-current maturity		602,365,548	366,765,949

19.1 Long Term Financing Facility from Bank Al Falah Limited

This represents amount availed for purchase of 2 MTU gas generators. It is secured by having the exclusive charge over the imported machinery along with 25% margin and ranking charge of Rs. 25 million over the existing plant and machinery located Nooriabad unit, District Jamshoro, Sindh with the tenor of 8 years (including 1-year grace period commencing from the date of first disbursement) at the mark-up rate of 4.5% to be repaid in 16 equal semi-annually installments.

19.2 Long Term Financing Facility from Habib Bank Limited

This represents amount availed for purchase of new plant and machinery (Spinning system, carding machine and bale plucker). It is secured by exclusive hypothecation charge over specific plant and machinery for Rs. 130 million with 25% margin over the plant and machinery amounting to Rs. 44 million with the tenor of 7 years (including 1-year grace period commencing from the date of first disbursement) at the mark-up rate of 4.5% to be repaid in 24 equal quarterly installments.

19.3 Long Term Financing Facility from Askari Bank Limited

This represents the amount availed under LTFF obtained from M/s. Askari Bank Limited. The facility has been obtained for procurement of machinery in relation to the BMR of existing plant and machinery of the Company, and is secured by first exclusive and specific charge over the machinery being imported under the letter of credit (to be located at the Company's manufacturing facilities in Nooriabad and Kotri, District Jamshoro, Sindh with 25% margin) with the tenor of 7 years (including 2-year grace period commencing from the date of first disbursement) at the mark-up rate of 9.25% to be repaid in 20 equal quarterly installments.

19.4 Long Term Financing Facility from JS Bank Limited

This represents the amount availed under LTFF obtained for procurement of machinery in relation to the BMR of existing plant and machinery of the Company. It is secured by first exclusive and specific charge over the machinery being imported under the letter of credit (to be located at the Company's manufacturing facilities in Nooriabad and Kotri, District Jamshoro, Sindh with 20% margin) with the tenor of 5 years at the mark-up rate of 5% to be repaid in 20 equal quarterly installments.

19.5 Medium Term Loan from Askari Bank Limited

This represents the amount availed under a term finance facility (will be converted in SBP-LTFF) obtained from M/s. Askari Bank Limited. The facility has been obtained for procurement of machinery in relation to the BMR of existing plant and machinery of the Company, and is secured by first exclusive and specific charge over the machinery being imported under the letter of credit (to be located at the Company's manufacturing facilities in Nooriabad and Kotri, District Jamshoro, Sindh with 25% margin) with the tenor of 7 years (including 2-year grace period commencing from the date of first disbursement) at the mark-up rate of 3-Month KIBOR + 2.25% to be repaid in 20 equal quarterly installments (to be commenced after the aforesaid grace period).

19.6 Medium Term Loan from Soneri Bank Limited

This represents the amount availed under a term finance facility (will be converted in SBP-LTFF) obtained from M/s. Soneri Bank Limited. The facility has been obtained for two brand new Gas Gensets MTU 16V4000GS of 1521 KW, and is secured by first exclusive and specific charge over the machinery being imported under the letter of credit (to be located at the Company's manufacturing facilities in Nooriabad and Kotri, District Jamshoro, Sindh with 25% margin) with the tenor of 7 years (including 1-year grace period commencing from the date of first disbursement) at the mark-up rate of 3-Month KIBOR + 3% to be repaid in 28 equal quarterly installments (to be commenced after the aforesaid grace period).

19.7 Medium Term Loan from Habib Metro Bank Limited

This represents the amount availed for purchase of five Carding Machine. It is secured by having the exclusive charge on machinery along with margin of 40% for Rs. 167 million with the tenor of 8 years (including 1-year grace period commencing from the date of first disbursement) at the mark-up rate of 3-Month KIBOR + 2% to be repaid in 32 equal quarterly installments (to be commenced after the aforesaid grace period).

19.8 SBP Refinance Scheme for Payment of Salaries and Wages	Note	2023	2022
		Rupees	
Opening carrying amount - net of deferred grant		45,567,755	103,562,140
Interest recognized on unwinding of the liability		1,997,219	6,420,116
Loan installments paid during the year		(47,564,974)	(64,414,501)
Closing carrying amount - net of deferred grant		-	45,567,755
Less: Current maturity shown under current liabilities		-	(45,567,755)
Non-current maturity		-	-

20. DEFERRED LIABILITIES

Staff retirement benefits - defined benefit plan (gratuity)	20.1	112,653,943	96,599,184
Deferred taxation - net	7	-	52,028,192
		<u>112,653,943</u>	<u>148,627,376</u>

20.1 Staff retirement benefits - Defined benefit plan (gratuity)

As disclosed in note 4.6 to these financial statements, the Company operates an unfunded gratuity scheme for its staff employees. The latest actuarial valuation was carried out as at June 30, 2023, using the Projected Unit Credit Method.

		2023	2022
		Rupees	
20.1.1 Movement in defined benefit obligation	<i>Note</i>		
Opening defined benefit obligation		96,599,184	78,557,736
Amount transferred upon merger	1.4	2,182,750	-
Current service cost		38,684,919	31,940,705
Past service cost		2,160,414	-
Interest cost		12,799,392	6,185,802
Benefits paid		(56,689,735)	(33,399,437)
Remeasurements		16,917,019	13,314,378
Closing defined benefit obligation		<u>112,653,943</u>	<u>96,599,184</u>

20.1.2 Expenses recognized in the statement of profit or loss account

Current service cost		38,684,919	31,940,705
Past service cost		2,160,414	-
Interest cost on defined benefit obligation		12,799,392	6,185,802
		<u>53,644,725</u>	<u>38,126,507</u>

20.1.3 Remeasurement losses / (gains) recognised in other comprehensive income

Actuarial losses / (gains) on defined benefit obligation due to:

- Changes in financial assumptions		5,746,053	(3,659,128)
- Experience adjustments		11,170,966	16,973,509
		<u>16,917,019</u>	<u>13,314,381</u>

20.1.4 Year-end sensitivity analysis on defined benefit obligation

Discount rate + 100 bps		<u>107,271,626</u>	<u>92,525,839</u>
Discount rate - 100 bps		<u>118,711,415</u>	<u>101,166,855</u>
Salary increment rate + 100 bps		<u>118,711,415</u>	<u>101,246,877</u>
Salary increment rate -100 bps		<u>107,182,807</u>	<u>92,387,959</u>

20.1.5 As of June 30, 2023 the weighted average duration of the defined benefit obligation is 5 Years (2022: 4 years).

20.1.6 Principal actuarial assumptions used in the valuation of gratuity

	2023	2022
Discount rate used for interest cost in profit and loss	13.25%	10.00%
Discount rate used for year end obligation	16.25%	13.25%
Expected rate of increase in salary level (per annum)	N/A	N/A
Mortality rates	SLIC 2001-2005	SLIC 2001-2005

		2023	2022
		Rupees	
21.	LOAN FROM RELATED PARTIES		
	Nadeem Power Generation (Private) Limited (NPGL)	-	59,305,204
	Nadeem International (Private) Limited (NIL)	-	344,900,000
		<u>-</u>	<u>404,205,204</u>
21.1	Loan from Nadeem Power Generation (Private) Limited		
	Opening balance	59,305,204	32,750,204
	Loan obtained during the year	-	34,400,000
	Loan extinguished upon merger	(59,305,204)	-
	Repayment during the year	-	(7,845,000)
	Closing balance	<u>-</u>	<u>59,305,204</u>
21.2	Loan from Nadeem International (Private) Limited		
	Opening balance	400,000,000	417,900,000
	Transfer to shareholders' equity	(340,000,000)	-
	Repayment during the year	(21,800,000)	(17,900,000)
	Closing balance	<u>38,200,000</u>	<u>400,000,000</u>
	Less : Current maturity shown under current liabilities	<u>(38,200,000)</u>	<u>(55,100,000)</u>
		<u>-</u>	<u>344,900,000</u>
22.	DEFERRED INCOME - GOVERNMENT GRANT		
	Opening balance	1,638,146	5,332,154
	Less: Amortized during the year	(1,638,146)	(3,694,008)
		<u>-</u>	<u>1,638,146</u>
23.	LOANS FROM DIRECTORS		
	Opening balance	10,000,000	60,700,000
	Loan received during the year	111,600,000	-
		<u>121,600,000</u>	<u>60,700,000</u>
	Loan repaid during the year	(23,800,000)	(50,700,000)
	Closing balance	<u>97,800,000</u>	<u>10,000,000</u>
23.1	This represents director's loans that is interest-free and repayable on-demand.		
		2023	2022
24.	TRADE AND OTHER PAYABLES	Rupees	
	Creditors		
	- local	692,442,806	393,924,862
	- foreign	95,862,105	589,636,858
		<u>788,304,912</u>	<u>983,561,720</u>
	Accrued expenses	188,273,513	182,608,824
	Provision for gas tariff difference	190,194,419	131,186,064
	Provision against Excise and Taxation charges	10,017,753	10,017,753
	Provision against Anti-dumping duty	19,053,287	11,872,803
	Advances from customer	14,227,836	13,630,122
	Worker's Profit Participation Fund payable	1,558,479	75,823,742
	Worker's Welfare Fund payable	28,813,022	32,247,697
	Withholding income tax payable	18,309,845	2,231,730
	Withholding sales tax payable	2,791,856	221,449
		<u>1,261,544,922</u>	<u>1,443,401,894</u>

- 24.1** This includes creditors for purchase of machinery amounting to Rs. Nil (2022: Rs. 159.127 million).
- 24.2** On August 31, 2015, the Oil and Gas Regulatory Authority (OGRA) issued S.R.O. 876(I)/2015 whereby, with effect from September 01, 2015, the sale price of natural gas for gas consumers falling under the category 'Industrial' was increased to Rs. 600 per MMBTU (as against the previously applicable tariff of Rs. 488.23 per MMBTU notified vide S.R.O. 01(I)/2013 dated January 01, 2013). The said notification was widely challenged by companies operating in the textile industry (including the Company vide Suit No. 129 of 2017) before the Honourable High Court of Sindh ('the Court'). In its interim order dated January 18, 2017, the Court held that, till further orders of the Court, the plaintiffs (i.e. the gas consumers) shall continue to deposit their monthly bills at the rate of Rs. 488.23 per MMBTU and the differential amount of Rs. 111.77 per MMBTU shall be secured by providing post-dated cheques to the Nazir of the Court. Accordingly, until September 2018, the Company continued to pay its monthly gas bills at the rate of Rs. 488.23 per MMBTU and recognized a provision for the differential liability which, as at June 30, 2023, amounted to **Rs. 105.75 million (2022: Rs. 105.75 million)**.

In addition, on October 23, 2020, the OGRA issued S.R.O. No. 1107(I)/2020 whereby, with effect from September 01, 2020, the sale price of natural gas for the aforesaid class of gas consumers was increased to Rs. 819 per MMBTU (as against the previously applicable tariff of Rs. 786 per MMBTU). The said notification was also widely challenged by companies operating in the textile industry (including the Company vide Suit No. 1790 of 2020 & Suit No. 1798 of 2020) before the Court. In its interim order dated May 25, 2021 the Court held that, till further orders of the Court, the plaintiffs (i.e. the gas consumers) shall continue to deposit their monthly bills at the rate of Rs. 786 per MMBTU and the differential amount of Rs. 33 per MMBTU shall be secured by providing post-dated cheques to the Nazir of the Court. Accordingly, for the period from March 2021 to January 2023, the Company has recognized a provision for the differential rate of Rs. 33 per MMBTU which, as at June 30, 2023, amounted to **Rs. 42.23 million (2022: Rs. 25.44 million)**. The said amount of Rs. 42.23 million includes the effect of the provision for gas tariff difference amounting to Rs. 9.13 million transferred to the Company as a result of its merger with M/s. Nadeem Power Generation (Private) Limited (refer note 1.4 to these financial statements for further details).

On February 18, 2023, the Court announced its final verdict in Suit No. 1790 of 2020 and Suit No. 1798 of 2020 (and several other connected suits on similar matters) upholding the validity of the aforesaid notification (i.e. S.R.O. 1107(I)/2020 dated October 23, 2020 issued by the OGRA). The said decision also discussed, at length, the issue of incremental tariff chargeable to gas consumers falling under the category 'Captive Power' and made it explicit that that the Company would fall into such category of gas consumers and, thus, would be subjected to the incremental tariff of Rs. 852 per MMBTU as specified in the S.R.O. 1107(I)/2020. In view of this development, the Company has recognized a further provision of **Rs. 42.23 million**, which represents the difference between the tariff chargeable at the aforesaid rate of Rs. 852 per MMBTU and the rate of Rs. 819 per MMBTU chargeable to 'Industrial' gas consumers, for the period from March 2021 to January 2023.

- 24.3** Pursuant to the powers conferred to it under section 50(1) of the Anti-Dumping Act, 2015, the National Tariff Commission (the "Commission"), in order to prevent material injury to the domestic industry, vide its notification no. A.D.C No. 59/2022/NTC/PSF dated February 04, 2022 ('the impugned notification'), imposed, for a period of five years, an anti-dumping duty on the import of 'Polyester Staple Fiber' (PSF) [classified under PCT Heading

5503.2010] from certain exporting countries. As per the said notification, the amount of duty payable is to be determined by applying the specified rates on the import assessed value of PSF.

Being aggrieved by the said notification, the Company, on February 11, 2022, filed an appeal bearing no. 459/2022 before the Anti-Dumping Appellate Tribunal, Islamabad ('ADAT') on the grounds that the duty has been determined and imposed in sheer violation of various provisions of the Anti-Dumping Act, 2015 and that the Commission has failed to properly appreciate the facts. Consequently, in the appeal, the Company prayed that the said notification be declared as legally invalid and be set aside. In addition, the Company also submitted a stay application to ADAT (identified as M.A Stay 234/2022 and dated February 11, 2022) seeking that the operation of the impugned notification be suspended until the final disposition of the appeal.

In order to prevent the concerned authorities from taking any coercive measures for the recovery of the imposed duty prior to any decision by the ADAT, the Company, on February 11, 2022, filed a Writ Petition (W.P. No.508/2022) before the Honourable Islamabad High Court ('the Court') which vide its order dated on February 15, 2022 disposed off the petition by restraining the authorities from taking any coercive action against the Company until a decision is reached by the ADAT either in the aforesaid appeal or the stay application, whichever occurs earlier.

As of the reporting date, both the aforementioned appeal and stay application were pending for adjudication before the ADAT. In view of the aforesaid stay granted by the Court, no payments in relation to the anti-dumping duty have been made by the Company. However, as a matter of prudence, the Company has recognized the full amount of the duty payable which, as at June 30, 2023, amounted to **Rs. 19.053 million (2022: Rs. 11.873 million)**.

- 24.4** During the year, the performance obligations underlying the opening contract liability of **Rs. 13.63 million** were satisfied in full. Accordingly, the said liability was recorded as revenue during the year. Information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of **Rs. 24.59 million** is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

24.5	<i>Note</i>	2023	2022
		Rupees	
Worker's Profit Participation Fund payable			
Opening balance		75,823,742	41,894,040
Provision for the year		-	75,823,742
Interest charged during the year		14,497,464	5,602,611
		<u>90,321,206</u>	<u>123,320,393</u>
Payment during the year		<u>(88,762,727)</u>	<u>(47,496,651)</u>
		<u>1,558,479</u>	<u>75,823,742</u>
 24.6			
Worker's Welfare Fund payable			
Opening balance		32,247,697	19,354,410
Adjustment		(1,592,127)	-
Provision for the year		-	28,813,022
		<u>30,655,570</u>	<u>48,167,432</u>
Payment during the year		<u>(1,842,548)</u>	<u>(15,919,735)</u>
		<u>28,813,022</u>	<u>32,247,697</u>
 25.			
ACCRUED MARK - UP			
Long term financing		25,701,930	6,589,076
Short term borrowings		105,251,759	57,487,984
		<u>130,953,689</u>	<u>64,077,060</u>
 26.			
SHORT TERM BORROWINGS - secured			
Running Finance (RF)			
- Samba Bank Limited	26.1 & 44.2	49,523,344	49,300,710
- JS Bank Limited	26.2	99,572,728	98,082,108
- Bank Al Falah Limited	26.3	39,350,683	43,967,260
- Soneri Bank Limited	26.4	199,871,438	147,570,994
- Habib Metro Bank Limited	26.5 & 44.2	48,146,411	62,048,818
- Askari Bank Limited	26.6	48,431,125	49,221,516
		<u>484,895,729</u>	<u>450,191,406</u>

Cash Finance (CF)

- JS Bank Limited	26.7	110,461,718	170,478,192
- Bank Al Falah Limited		-	45,360,000
- Soneri Bank Limited	26.8	370,336,640	363,702,400
- Habib Metro Bank Limited	26.9	79,225,038	-
- Askari Bank Limited	26.10	46,507,500	49,762,500
- Habib Bank Limited	26.11	123,999,999	116,481,983
		730,530,895	745,785,075

Finance Against Imported Merchandise (FIM)

- JS Bank Limited	26.12	122,652,099	-
- Bank Al Falah Limited	26.13	129,174,555	101,989,505
- Habib Metro Bank Limited	26.14	29,157,976	-
- Habib Bank Limited	26.15	20,455,298	72,217,293
		301,439,927	174,206,798

Finance Against Packing Credit

- Habib Metro Bank Limited	26.16 & 44.2	75,000,000	75,000,000
- Samba Bank Limited	26.17 & 44.2	119,700,000	119,700,000
		194,700,000	194,700,000

Istisna Financing

- Dubai Islamic Bank Limited	26.18	374,000,000	301,500,000
		2,085,566,551	1,866,383,279

- 26.1** This represents the amount availed under a running finance facility obtained from M/s. Samba Bank Limited with a limit of Rs. 50 million (2022: Rs. 50 million). The facility carries mark-up at the rate of 1-Month KIBOR plus 2% (2022: 1-Month KIBOR plus 2%) per annum and is secured by way of first pari-passu hypothecation charge over all present and future stocks and receivables amounting to Rs. 367 million with 25% margin and first pari-passu charge over the fixed assets (including land and buildings) amounting to Rs. 227 million with 25% margin. The expiry date of the facility is May 31, 2024.
- 26.2** This represents the amount availed under a running finance facility obtained from M/s. JS Bank Limited with a limit of Rs. 100 million (2022: Rs.100 million). The facility carries mark-up at the rate of 1-Month KIBOR plus 2.25% (2022: 1-Month KIBOR plus 2.25%) per annum and is secured by way of first pari-passu charge over the Company's fixed assets (including land, buildings and plant & machinery) amounting to Rs. 134 million with 25% margin over the market value of fixed assets. The expiry date of the facility is February 28, 2024.
- 26.3** This represents the amount availed under a running finance facility obtained from M/s. Bank Al Falah Limited with a limit of Rs. 45 million (2022: Rs. 45 million). The facility carries mark-up at the rate of 1-Month KIBOR plus 2.25% (2022: 1-Month KIBOR plus 2.25%) per annum and is secured by way first pari-passu charge over the Company's fixed assets (including land, buildings and plant & machinery) amounting to Rs. 75 million with 25% margin . The expiry date of the facility is October 31, 2023.
- 26.4** This represents the amount availed under a running finance facility obtained from M/s. Soneri Bank Limited with a limit of Rs. 200 million (2022: Rs. 200 million). The facility carries mark-up at the rate of 3-Month KIBOR plus 2.25% (2022: 3-Month KIBOR plus 2.25%) per annum and is secured by way of first pari-passu charge over fixed assets (including land, buildings and plant & machinery) amounting to Rs. 269 million .The expiry date of the facility is March 31, 2024
- 26.5** This represents the amount availed under a running finance facility obtained from M/s. Habib Metro Bank Limited with a limit of Rs. 75 million (2022: Rs. 75 million). The facility carries mark-up at the rate of 3-Month KIBOR plus 2.25% (2022: 3-Month KIBOR plus 2.25%) per annum and is secured by way of first charge over industrial land located at plot No. A-293 SITE Nooriabad amounting to Rs. 200 million. The expiry date of the facility is December 31, 2023.

- 26.6** This represents the amount availed under a running finance facility obtained from M/s. Askari Bank Limited with a limit of Rs. 50 million (2022: Rs.50 million). The facility carries mark-up at the rate of 3-Month KIBOR plus 2% (2022: 3-Month KIBOR plus 2%) per annum and is secured by way of ranking charge over all present and future stocks and receivables of the company amounting to Rs. 67 million with 25% margin and first pari-passu charge over the fixed assets (including land, buildings and plant & machinery) amounting to Rs. 67 million with 25% margin. The expiry date of the facility is August 31, 2023.
- 26.7** This represents the amount availed under a cash finance facility obtained from M/s. JS Bank Limited with a limit of Rs. 250 million (2022: Rs. 350 million). The facility carries mark-up at the rate of 3-Month KIBOR plus 2.25% (2022: 3-Month KIBOR plus 2.25%) per annum and is secured by way of first exclusive charge over pledge of stocks, (Raw Cotton, Yarn and Polyester Fibre). The expiry date of the facility is February 28, 2024.
- 26.8** This represents the amount availed under a cash finance facility obtained from M/s. Soneri Bank Limited with a limit of Rs. 375 million (2022: Rs. 375 million). The facility carries mark-up at the rate of 3-Month KIBOR plus 2.25% (2022: 3-Month KIBOR plus 2.25%) per annum and is secured by way of first exclusive charge over pledge of stocks, (Raw Cotton, Yarn and Polyester Fibre). The expiry date of the facility is March 31, 2024.
- 26.9** This represents the amount availed under a cash finance facility obtained from M/s. Habib Metro Bank Limited with a limit of Rs. 275 million (2022: Rs. 200 million). The facility carries mark-up at the rate of 3-Month KIBOR plus 2.25% (2022: 3-Month KIBOR plus 2.25%) per annum and is secured by way of first exclusive charge over pledge of stocks (Raw Cotton) of Rs.501 million with 10% margin. The expiry date of the facility is December 31, 2023.
- 26.10** This represents the amount availed under a cash finance facility obtained from M/s. Askari Bank Limited with a limit of Rs. 220 million (2022: Rs. 220 million). The facility carries mark-up at the rate of 3-Month KIBOR plus 2% (2022: 3-Month KIBOR plus 2%) per annum and is secured by way of first exclusive charge over pledge of stocks, (Raw Cotton, Yarn and Polyester Fibre). The expiry date of the facility is August 31, 2023.
- 26.11** This represents the amount availed under a cash finance facility obtained from M/s. Habib Bank Limited with a limit of Rs. 450 million (2022: Rs. 250 million). The facility carries mark-up at the rate of 1-Month KIBOR plus 1.85% (2022: 1-Month KIBOR plus 1.85%) per annum and is secured by way of first exclusive charge over pledge of stocks, (Raw Cotton, Yarn and Polyester Fibre). The expiry date of the facility is March 31, 2024.
- 26.12** This represents the amount availed under the finance against imported merchandise obtained from M/s. JS Bank Limited with a limit of Rs. 350 million (2022: Rs. 350 million). The facility carries mark-up at the rate of 3-Month KIBOR plus 2.15% (2022: 3-Month KIBOR plus 2.15%) per annum and is secured by way of first exclusive charge over pledge of stocks (Raw Cotton and Polyester Fibre). The expiry date of the facility is February 28, 2024.
- 26.13** This represents the amount availed under the finance against import merchandise obtained from M/s. Bank Al Falah Limited with a limit of Rs. 300 million (2022: Rs. 300 million). The facility carries mark-up at the rate of 1-Month KIBOR plus 2.25% (2022: 1-Month KIBOR plus 2.25%) per annum and is secured same as per note No. 26.3. The expiry date of the facility is October 31, 2023.
- 26.14** This represents the amount availed under the finance against imported merchandise obtained from M/s. Habib Metro Bank Limited with a limit of Rs. 275 million (2022: Rs. 400 million). The facility carries mark-up at the rate of 3-Month KIBOR plus 2.0% (2022: 3-Month KIBOR plus 2.0%) per annum and is secured same as per note No. 26.9. The expiry date of the facility is December 31, 2023.
- 26.15** This represents the amount availed under the finance against imported merchandise obtained from M/s. Habib Bank Limited with a limit of Rs. 150 million (2022: Rs. 150 million). The facility carries mark-up at the rate of 1-Month KIBOR plus 1.85% (2022: 1-Month KIBOR plus 1.85%) per annum and is secured by way of first exclusive charge over pledge of stocks, (Raw Cotton, and Polyester Fibre). The expiry date of the facility is March 31, 2024.
- 26.16** This represents the amount availed under the finance against packing credit obtained from M/s. Habib Metro Bank Limited with a limit of Rs. 75 million (2022: Rs. 75 million). The facility carries mark-up at the rate of 3-Month KIBOR plus 2.25% (2022: 3-Month KIBOR plus 2.25%) per annum and is secured same as per note No. 25.9. The expiry date of the facility is December 31, 2023.

- 26.17** This represents the amount availed under the finance against packing credit obtained from M/s. Samba Bank Limited with a limit of Rs. 120 million (2022: Rs. 120 million). The facility carries mark-up at the rate of 1-Month KIBOR plus 2% (2022: 1-Month KIBOR plus 2%) per annum and is secured by way of first pari-passu hypothecation charge over all present and future stocks and receivables amounting to Rs. 367 million with 25% margin and first pari-passu charge over the fixed assets (including land and buildings) amounting to Rs. 227 million with 25% margin. The expiry date of the facility is May 31, 2024.
- 26.18** This represents the amount availed under the istisna financing obtained from M/s. Dubai Islamic Bank Limited with a limit of Rs. 400 million (2022: Rs. 400 million). The facility carries mark-up at the rate of relevant KIBOR plus 2.25% (2022: KIBOR plus 2%) per annum and is secured by way of equitable mortgage over land and building on Plot No. E-11, SITE, Kotri amounting to Rs. 375 million with 25% margin, first pari passu charge over plant and machinery at Plot No. E-11, SITE, Kotri amounting to Rs. 158.34 million with 25% margin. The expiry date of the facility is December 31, 2023.
- 26.19** As of the reporting date, the Company had unutilized facilities for short term borrowings available from above mentioned banks amounting to Rs. 1,249 million (2022: Rs. 949 million).

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

As disclosed last year, in the matter of GIDC levy under act 2011 and GIDC Act 2015 the Company and other petitioners had been contesting the imposed levy since 2011 and it was in August 13, 2020 that the honorable Supreme Court of Pakistan upheld the constitutionality of the GIDC Act 2015.

Moreover, in para 37 of the above judgment, the Honorable Supreme Court has held that the Cess under GIDC Act, 2015 is leviable to those customers of natural gas who on account of their industrial or commercial dealings pass on its burden to their customer. The Apex Court also restrained the Federal Government from charging further Cess from the date of the judgment and also imposed certain eventualities on the basis of which this Cess would become nullified.

The Company along with several other petitioners filed review petitions before the Honorable Supreme Court of Pakistan seeking a setting aside of the judgment of the Supreme Court and also challenging the applicability of the GIDC on the Company including the amount to be recovered including its retrospective application from the year 2011. The Hon'ble Supreme Court was pleased to clarify that the question as to the retrospective applicability of GIDC from 2011 to 2015 would remain open to be decided by the Hon'ble High Courts.

As a result the Company filed Suit 1343 /2020 in the Honorable High Court of Sindh along with several other companies on the ground that the Company falls within the category of gas consumers, who have neither collected GIDC from their clients / customers and even not passed on to the customers through addition in the cost of goods and accordingly, the Company is not liable to pay any amounts pursuant to the above judgment of the Supreme Court. The Company also raised the issue of retrospective applicability of the Act from 2011. The Honorable High Court has granted stay to the Company and other petitioners to the extent of payment of GIDC.

The Company has also filed a Suit No. 1682/2021 and Suit No. 1338/2020 in the Honorable High Court of Sindh at Karachi along with several other petitioners seeking a declaration that after the lapse of time period of six months for laying of the North-South gas pipe line allowed by the Honourable Supreme Court of Pakistan, the Act has now become in-operational and dead for all intents and purposes. Consequently, the Company is not liable to pay any GIDC.

The legal counsel of the Company has given his considered opinion that in view of above two suits the Company will not be subject to pay any amount of Cess and the Company has therefore in view of the above opinion not recorded any provision.

In view of the above, the Company continues to disclose the GIDC amounting to Rs. 368 million as a contingent liability. (2022: 234 million). The said amount of Rs. 368 million includes the effect of the contingent liability relating to GIDC, amounting to Rs. 134 million, as reported in the audited financial statements of M/s. Nadeem Power Generation (Private) Limited for the year ended June 30, 2022.

27.2 Commitments

As of the reporting date, following were the financial commitments:

	2023	2022
	Rupees	
Letters of credit		
- Against raw material	<u>269,239,437</u>	<u>287,758,687</u>
- Against machinery	<u>2,009,700</u>	<u>189,161,772</u>
Bank guarantees to Excise and Taxation department	<u>135,975,753</u>	<u>92,375,753</u>
Revolving Letter of credit to SSGC	<u>87,219,100</u>	<u>59,598,010</u>

		2023	2022
		Rupees	
28. SALES - net	<i>Note</i>		
Revenue from local sales	28.1	4,310,669,994	3,421,639,574
Revenue from export sales - indirect	28.2	4,902,094,607	8,371,835,691
Revenue from export sales - direct		1,320,742,698	1,786,068,974
Wastage sales	28.3	<u>133,145,591</u>	<u>196,323,555</u>
		<u>10,666,652,889</u>	<u>13,775,867,794</u>
28.1 Revenue from local sales			
Gross sales revenue		5,202,279,255	4,026,135,328
Less: Sales return		<u>(146,479,435)</u>	<u>(19,922,329)</u>
		5,055,799,820	4,006,212,999
Less: Sales tax		<u>(745,129,826)</u>	<u>(584,573,425)</u>
		<u>4,310,669,994</u>	<u>3,421,639,574</u>
28.2 Revenue from export sales - indirect			
Gross sales revenue		5,833,396,154	9,850,016,434
Less: Sales return		<u>(84,069,840)</u>	<u>(47,995,038)</u>
		5,749,326,314	9,802,021,396
Less: Sales tax		<u>(847,231,707)</u>	<u>(1,430,185,705)</u>
		<u>4,902,094,607</u>	<u>8,371,835,691</u>
28.3 Wastage sales			
Gross sales revenue		156,296,797	231,229,596
Less: Sales returns		-	<u>(1,336,801)</u>
		156,296,797	229,892,795
Less: Sales tax		<u>(23,151,206)</u>	<u>(33,569,240)</u>
		<u>133,145,591</u>	<u>196,323,555</u>
29. COST OF SALES			
Opening stock of finished goods and waste		633,249,910	420,909,134
Cost of goods manufactured	29.1	<u>10,794,734,789</u>	<u>11,669,627,074</u>
		11,427,984,699	12,090,536,208
Closing stock of finished goods and waste		<u>(1,271,338,092)</u>	<u>(633,249,910)</u>
		<u>10,156,646,606</u>	<u>11,457,286,298</u>
29.1 Cost of goods manufactured			
Raw material consumed	29.1.1	8,965,299,329	9,796,489,741
Conversion costs incurred	29.1.2	<u>1,812,707,992</u>	<u>1,927,241,239</u>
		10,778,007,321	11,723,730,980
Change in work-in-process inventory:			
- Opening stock		<u>115,178,451</u>	61,074,545
- Closing stock		<u>(98,450,984)</u>	<u>(115,178,451)</u>
		16,727,467	(54,103,906)
		<u>10,794,734,789</u>	<u>11,669,627,074</u>

		2023	2022
	Note	Rupees	
29.1.1 Raw material consumed			
Opening		620,289,804	373,846,564
Add: Purchases		8,930,329,271	10,042,932,981
		<u>9,550,619,075</u>	<u>10,416,779,545</u>
Closing stock		<u>(585,319,746)</u>	<u>(620,289,804)</u>
		<u>8,965,299,329</u>	<u>9,796,489,741</u>
29.1.2 Conversion costs incurred			
Stores and spares consumed	29.1.2.1	187,852,059	171,243,865
Packing materials consumed	29.1.2.2	132,182,621	153,375,332
Salaries, wages and other benefits	29.1.2.3	668,581,541	684,798,790
Repair and maintenance		18,014,904	17,841,731
Insurance		15,233,690	20,050,832
Fuel and power	29.1.2.4	556,001,697	695,374,441
Depreciation	5.1.6	216,900,612	159,602,532
Other manufacturing expenses		17,940,867	24,953,716
		<u>1,812,707,992</u>	<u>1,927,241,239</u>
29.1.2.1 Stores and spares consumed			
Opening stock		121,816,515	83,620,729
Add: Purchases during the year		277,343,649	209,439,651
		<u>399,160,164</u>	<u>293,060,380</u>
Closing stock		<u>(211,308,104)</u>	<u>(121,816,515)</u>
		<u>187,852,059</u>	<u>171,243,865</u>
29.1.2.2 Packing materials consumed			
Opening		24,618,646	34,223,266
Add: Purchases		130,450,285	143,770,712
		<u>155,068,931</u>	<u>177,993,978</u>
Closing stock		<u>(22,886,310)</u>	<u>(24,618,646)</u>
		<u>132,182,621</u>	<u>153,375,332</u>
29.1.2.3			
This includes staff retirement benefits amounting to Rs. 48.49 million (2022: Rs. 34.10 million).			
29.1.2.4 Fuel and power			
	Note	2023	2022
		Rupees	
Gas expense		509,020,161	405,887,581
Electricity expense		36,948,397	280,531,648
Diesel expense		10,033,139	8,955,212
		<u>556,001,697</u>	<u>695,374,441</u>
30. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	30.1	55,902,192	50,516,298
Directors' remuneration	41	6,400,000	6,000,000
Travelling and conveyance		10,324,072	7,928,304
Legal and professional		6,519,304	5,326,592
Fees and subscription		5,571,261	4,126,063
Rent, rates and taxes		1,498,133	1,226,054
Electricity, gas and water		7,285,282	6,241,534
Repairs and maintenance		19,658,839	8,595,437
Communication expenses		2,666,097	2,416,958
Printing and stationery		3,795,220	3,454,541
Motor vehicle expenses		17,195,414	10,761,022
Advertisement expenses		723,820	392,345
Entertainment expenses		4,204,176	2,773,999
Auditor's remuneration	30.2	1,500,000	1,365,000
Depreciation	5.1.6	28,863,247	29,282,494
Donation		1,250,000	750,000
Miscellaneous expenses		1,809,305	2,053,879
		<u>175,166,361</u>	<u>143,210,520</u>
30.1			
This includes staff retirement benefits amounting to Rs. 5.16 million (2022: Rs. 4.03 million).			

30.2	Auditors' remuneration	<i>Note</i>	2023	2022
			Rupees	
	Audit fee		1,097,000	997,500
	Half yearly review		280,000	255,000
	Code of Corporate Governance		57,000	52,500
	Other certifications		55,000	50,000
	Out of pocket expenses		11,000	10,000
			<u>1,500,000</u>	<u>1,365,000</u>

31. DISTRIBUTION COSTS

	Commission on local sales		75,539,358	97,372,964
	Commission on export sales		13,501,366	26,425,967
	Export development charges		3,325,890	4,408,621
	Export insurance charges		1,278,645	1,335,934
	Export selling expenses		6,572,700	6,800,851
	Foreign travelling expense		8,821,100	4,683,000
	Freight and octroi charges		38,865,586	32,909,758
	Ocean freight		6,535,440	25,489,164
	Stamp duty on export sales		986,361	3,447,680
	Trailer charges		3,236,202	4,654,430
	Others	<i>31.1</i>	22,685,744	20,940,717
			<u>181,348,392</u>	<u>228,469,086</u>

31.1 This includes charges in respect of stamp duty on local sales, letter of credit expenses, sales promotion, export and foreign bank charges and forwarding charges.

32.	OTHER INCOME	<i>Note</i>	2023	2022
			Rupees	
	Profit on saving accounts		20,424,024	10,642,605
	Profit on Term Deposit Receipts (TDRs)		19,888,639	4,707,370
	Gain on sale of property, plant and equipment		7,649,075	-
	Bad debts recovered		1,550,000	1,256,949
	Rental Income		-	10,000
			<u>49,511,738</u>	<u>16,616,924</u>

33. OTHER EXPENSES

	Loss on sale of property, plant and equipment		6,059,067	1,328,371
	Realized exchange loss - net		60,360,544	5,986,555
	Workers' Profit Participation Fund		-	75,823,742
	Workers Welfare Fund		-	28,813,022
	Provision against slow moving store items		1,324,934	2,250,301
	Surcharge on late filing of sales tax returns	<i>44.2</i>	19,031,369	7,238,312
	Provision for expected credit losses		36,831,558	10,993,220
			<u>123,607,472</u>	<u>132,433,523</u>

34. FINANCE COSTS	Note	2023 Rupees	2022
<i>Short term financing</i>			
- Markup on cash finance		227,972,007	134,831,227
- Markup on running finance		92,292,016	41,545,704
- Markup on finance imported merchandise		107,111,723	64,602,411
- Markup on packing finance		37,397,296	18,883,331
- Markup on export loan		-	2,339,547
		464,773,042	262,202,220
<i>Long term financing</i>			
- Markup on Term finance		79,044,984	18,716,438
- Markup on SBP salary and wages scheme	34.1	-	3,141,760
		79,044,984	21,858,198
Interest on Workers' Profit Participation Fund		14,497,464	5,602,611
		558,315,491	289,663,029
Bank charges and guarantee commission	44.2	85,208,068	146,628,511
Premium on discounting of export bills		19,939,197	9,862,801
		663,462,755	446,154,341

34.1 An amortization of government grant amounting to Rs. 1.6 million (2022: Rs. 3.6 million) has been netted off from the finance cost on SBP salary and wages scheme.

35. TAXATION	Note	2023 Rupees	2022
Current - for the year		122,333,714	183,471,292
Prior tax charge		11,084,991	6,718,784
Prior tax income	35.1	(31,234,526)	-
		(20,149,535)	6,718,784
		102,184,179	190,190,076
Deferred	7	(97,273,691)	(19,243,267)
		4,910,487	170,946,809

35.1 On October 10, 2022, the Honourable High Court of Sindh announced its final decision by disposing of constitutional petition (C.P. No. D - 5842/2022, along with various petition) whereby it declared the 10% rate of Super Tax chargeable to taxpayers earning income exceeding Rs. 300 million and operating in certain industry sectors as specified under Division IIB of Part I of the First Schedule to the Income Tax Ordinance, 2001 as discriminatory and ultra vires the Constitution of Pakistan (in view of the fact that the rate of 4% is otherwise applicable to the taxpayers earning the same level of income and operating in different industry sectors). In light of the said judgment, the Company in these financial statements, has derecognized the incremental 6% liability for Super Tax amounting to **Rs. 31.23 million**. This represents the difference between the liability recognized during the financial year ended June 30, 2022 (Rs. 56.054 million) and the settled amount of the liability (Rs. 24.81 million).

35.2 Status of income tax assessments

The income tax assessments of the Company have been finalized up to, and including, the tax year 2022. Tax returns filed by the Company are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for re-assessment or audit by the taxation authorities. However, at any time during a period of five

years from the date of filing of a return, the taxation authorities may select an income tax return filed by the Company for the purpose of re-assessment.

35.3 Relationship between income tax expense and accounting loss before taxation

	2022
	-- In Rupees --
Profit before taxation	1,384,930,950
Tax at the applicable rate of 29% (2022: 29%)	401,629,976
Tax effect of non deductible / other expenses	(29,177,738)
Tax effect of income apportioned to FTR	(229,164,965)
Tax effect of super tax	56,045,014
Tax effect of adjustment of minimum tax carryforward	(35,104,262)
Prior year effect	6,718,784
	170,946,809

35.3.1 In respect of the year ended June 30, 2023, the numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate as required by IAS 12 'Income Taxes' has not been presented in these financial statements since the Company has suffered an accounting loss before tax in that year and its income subject to taxation under the normal tax regime has attracted the provisions of section 113 of the Income Tax Ordinance, 2001 (Minimum tax).

	2023	2022
	————— Rupees —————	————— Rupees —————
36. (LOSS) / EARNING PER SHARE - BASIC AND DILUTED		
36.1 Basic (loss) / earnings per share		
(Loss) / profit after taxation	(588,977,446)	1,213,984,141
	————— Number of shares —————	
Weighted average number of ordinary shares outstanding	21,568,234	21,511,985
	————— Rupees —————	
(Loss) / earnings per share - basic	(27.31)	56.43
36.2 Diluted earnings per share		

There is no dilutive effect on the basic earnings per share of the Company, since there were no potential ordinary shares in issue as at June 30, 2023 and June 30, 2022.

37. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following:

	Note	2023 Rupees	2022
Cash and bank balances	15	150,111,183	173,991,392
Short term borrowings - running finance	26	(484,895,729)	(450,191,406)
		<u>(334,784,546)</u>	<u>(276,200,013)</u>

38. FINANCIAL INSTRUMENTS

38.1 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

38.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is **past due for 90 days or more**.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

Maximum exposure to credit risk

	Note	June, 30 2023		June, 30 2022	
		Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
Amount in rupees					
At amortised cost					
-Long term deposits		33,031,245	33,031,245	21,119,188	21,119,188
-Trade debts	(a)	1,712,448,136	1,712,448,136	2,658,846,807	2,658,846,807
-Investments		158,867,171	158,867,171	112,113,432	112,113,432
-Loans to staff and workers		3,110,603	3,110,603	1,202,664	1,202,664
-Other receivables		34,645,635	34,645,635	39,831,004	39,831,004
-Bank balances	(b)	147,925,312	147,925,312	169,142,835	169,142,835
		<u>2,090,028,102</u>	<u>2,090,028,102</u>	<u>3,002,255,950</u>	<u>3,002,255,950</u>

Note (a) - Credit risk exposure on trade debts

To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payments from its customers. Except for customers relating to the Government and certain small and medium sized enterprises, the management strictly adheres to this policy.

Export receivables as at year end are not past due. The aging of local trade debts as at the reporting date is as follows:

	June, 30 2023		June, 30 2022	
	Gross value	Life time expected credit losses	Gross value	Life time expected credit losses
	Rupees			
Not past dues	1,607,325,633	-	1,758,782,056	-
1-90 Days	36,115,717	4,333,886	775,632,171	-
91-180 Days	8,223,079	2,055,770	57,852,564	-
181-270 Days	2,656,004	666,501	1,158,838	-
271-360 Days	470,941	235,471	27,929,564	-
More than 360 days	57,646,762	43,235,072	37,491,614	16,920,840
	<u>1,712,448,136</u>	<u>50,526,699</u>	<u>2,658,846,807</u>	<u>16,920,840</u>

Note (b) - Credit risk exposure on bank balances

The Company's credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

Banks	Short term rating	Credit rating agency	2023	2022
			Rupees	
Askari Bank Limited	A1+	Pacra	98,012	52,827
Bank Al Habib Limited	A1+	Pacra	2,992,512	1,385,545
Bank Al Falah Limited	A1+	Pacra	36,577	3,868,691
Bank Islami Limited	A1	Pacra	99,463	10,500
Bank of Punjab Limited	A1+	Pacra	9,700	9,700
Dubai Islamic Bank Limited	A1+	JCR-VIS	19,413,638	1,248,798
Habib Bank Limited	A-1+	JCR-VIS	5,685,504	2,115,204
Habib Metropolitan Bank Limited	A1+	Pacra	14,970	-
JS Bank Limited	A1+	Pacra	5,027,057	160,767
MCB Bank Limited	A1+	Pacra	329,468	211,234
Meezan Bank Limited	A-1	JCR-VIS	11,497,907	19,366,078
National Bank of Pakistan	A1+	Pacra	4,956,880	8,315,759
Silk Bank Limited	A-2	JCR-VIS	39,230	39,230
Soneri Bank Limited	A1+	Pacra	97,371,507	132,005,615
Summit Bank Limited	-	-	352,886	352,887
			<u>147,925,312</u>	<u>169,142,835</u>

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As of the reporting date, the Company was exposed to the following concentrations of credit risk:

	June 30, 2023			June 30, 2022		
	Total exposure	Concentration	% of total exposure	Total exposure	Concentration	% of total exposure
	Rupees					
Trade debts	1,661,921,437	312,673,679	19%	2,641,925,967	421,854,917	16%
Bank balances	147,925,312	97,371,507	66%	169,142,835	132,005,615	78%
		<u>410,045,186</u>			<u>553,860,532</u>	

38.1.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities 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, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying value		Contractual cashflows	
		Total	upto one year	More than one year
June 30, 2023	Rupees			
Long term financing	681,756,706	(681,756,706)	(79,391,158)	(602,365,548)
Loan from related parties	38,200,000	(38,200,000)	(38,200,000)	-
Loan from director	97,800,000	(97,800,000)	(97,800,000)	-
Trade and other payables	976,578,424	(976,578,424)	(976,578,424)	-
Accrued mark-up	130,953,689	(130,953,689)	(130,953,689)	-
Short term borrowings	2,085,566,551	(2,085,566,551)	(2,085,566,551)	-
	<u>4,010,855,370</u>	<u>(4,010,855,370)</u>	<u>(3,408,439,822)</u>	<u>(602,365,548)</u>

	Carrying value		Contractual cashflows	
		Total	upto one year	More than one year
June 30, 2022	Rupees			
Long term financing	488,978,475	(488,952,786)	(123,086,837)	(366,765,949)
Loan from related parties	459,305,204	(459,305,204)	(55,100,000)	(404,205,204)
Loan from director	10,000,000	(10,000,000)	(10,000,000)	-
Trade and other payables	1,166,170,544	(1,166,170,544)	(1,166,170,544)	-
Accrued mark-up	64,077,060	(64,077,060)	(64,077,060)	-
Short term borrowings	1,866,383,279	(1,866,383,279)	(1,866,383,279)	-
	<u>4,054,914,562</u>	<u>(4,055,788,873)</u>	<u>(3,284,817,720)</u>	<u>(770,971,153)</u>

38.1.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and other price risk.

(a) 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. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The foreign currency risk of the Company is minimal as the export bills are immediately realized via sale to bank. As of the reporting date, the Company was exposed to currency risk on payables that are denominated in US Dollars as follows:

	June 30, 2023		June 30, 2022	
	Rupees	US Dollars	Rupees	US Dollar
Foreign trade payables	<u>95,862,544</u>	<u>\$ 334,412</u>	<u>594,568,112</u>	<u>\$ 2,902,456</u>

The following significant exchange rates applied during the year:

	2023		2022	
	Average rate	Reporting date rate	Average rate	Reporting date rate
	Rupees			
US Dollar	<u>246.20</u>	<u>286.66</u>	<u>181.50</u>	<u>204.85</u>

Sensitivity analysis:

As of the reporting date, 10% strengthening / (weakening) of the Pak Rupee against the US Dollar would have reduced / (increased) the profit before tax of the Company by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	— Rupees —
As at June 30, 2023	<u>9,586,254</u>
As at June 30, 2022	<u>59,456,811</u>

(b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and term deposits with banks. As of the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2023		2022	
	Effective interest rate (%)		Carrying amount (Rs.)	
Financial assets				
Bank deposits - Pls accounts	12.25% - 19.50%	5.75% - 8.25%	<u>85,930,900</u>	<u>130,771,035</u>
Financial liabilities				
Long term financing	4.5% - 25.08%	3% - 16.23%	<u>681,756,706</u>	<u>488,978,475</u>
Short term financing: -Kibor based	19.06% - 24.42%	9.30% - 17.60%	<u>2,085,566,351</u>	<u>1,866,383,279</u>

A change of 100 basis points in interest rates at the reporting date would have increase / decrease profit by Rs. 27.67 million (2022: Rs. 23.55 million). This analysis assumes that all other variables remain constant. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

	2023	2022
	Rupees	
38.2 Financial instruments by category		
38.2.1 Financial assets:		
<i>Amortized cost</i>		
Long term deposits	33,031,245	21,119,188
Trade debts	1,661,921,437	2,641,925,967
Investments	158,867,171	112,113,452
Loans to staff and workers	3,110,603	1,202,664
Other receivables	34,645,635	39,831,004
Cash and bank balances	<u>150,111,183</u>	<u>173,991,392</u>
	<u>2,041,687,274</u>	<u>2,990,183,667</u>
38.2.2 Financial liabilities:		
<i>At amortized cost</i>		
Long term financing	681,756,706	488,978,475
Loan from related party	38,200,000	459,305,204
Loan from director	97,800,000	10,000,000
Trade and other payables	976,578,424	1,166,170,544
Accrued mark-up	130,953,689	64,077,060
Short term borrowings	<u>2,085,566,551</u>	<u>1,866,383,279</u>
	<u>4,010,855,370</u>	<u>4,054,914,562</u>
39. FAIR VALUE OF ASSETS AND LIABILITIES		

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. Consequently, differences can arise between carrying values and the fair value estimates.

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 : Quoted market price (unadjusted) in an active market.
- Level 2 : Valuation techniques based on observable inputs.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Presently, items in the financial statements that are carried at fair value are leasehold land, factory building and non-factory building. On a periodic basis, the Company engages an independent external valuer to carry out a fresh revaluation of these operating fixed assets to ensure that their carrying amounts in the financial statements do not differ materially from that which would be determined using fair value at the end of the reporting period. Such valuation usually involves the use of observable and unobservable inputs; however, the weightage of observable inputs used is considered as significant. Accordingly, the Company classifies the aforesaid classes of operating fixed assets within Level 2 of the fair value hierarchy.

The management considers that the carrying amount of all other assets and liabilities recognised in the financial statements approximate their fair value.

40. CAPITAL MANAGEMENT

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company is not subject to any externally imposed capital requirement.

Following is the quantitative analysis of what the Company manages as capital:

	2023	2022
	----- Rupees -----	
Borrowings:		
Long term financing	681,756,706	488,978,475
Loan from related parties	38,200,000	459,305,204
Loan from director	97,800,000	10,000,000
	<u>817,756,706</u>	<u>958,283,679</u>
Shareholders' equity:		
Issued, subscribed and paid up capital	212,667,350	215,119,850
Share premium	388,683,536	274,197,289
Unappropriated profits	1,666,651,399	2,359,779,547
Capital contribution from associate undertaking	340,000,000	-
	<u>2,608,002,285</u>	<u>2,849,096,686</u>
Total capital managed by the Company	<u><u>3,425,758,991</u></u>	<u><u>3,807,380,365</u></u>

41. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2023			2022		
	Chief executive	Directors	Executives	Chief executive	Directors	Executives
	Rupees			Rupees		
	Total	Total	Total	Total	Total	Total
Managerial remuneration and fee	3,636,364	2,181,818	11,671,992	3,272,727	2,161,818	8,352,200
Other allowances and reimbursable expenses	363,636	218,182	1,984,239	327,273	218,182	1,448,156
	<u>4,000,000</u>	<u>2,400,000</u>	<u>13,656,231</u>	<u>3,600,000</u>	<u>2,400,000</u>	<u>9,800,356</u>
Number of persons	<u>1</u>	<u>2</u>	<u>8</u>	<u>1</u>	<u>2</u>	<u>6</u>

41.1 The Chief Executive and two directors are provided with cars maintained by the Company and Electricity, gas and telephone consumption at their residence is also borne by the Company

41.2 The Chief Executive and directors have waived their meeting fees.

42. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of 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:

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	----- Rupees -----	
			2023	2022
Nadeem Power Generation (Private) Limited	Associated company by virtue of common directorship	<i>Transactions during the year</i>		
		Electricity purchased	-	276,099,717
		Loan received	-	34,400,000
		Loan repaid	-	7,845,000
		Rental income	-	10,000
		<i>Balance outstanding</i>	-	59,305,204
Nadeem International (Private) Limited	Associated company by virtue of common directorship	<i>Transactions during the year</i>		
		Loan received	-	-
		Loan repaid	21,800,000	17,900,000
		Weight bridge expenses	180,000	180,000
		Contribution from associated undertaking	340,000,000	-
		<i>Balance outstanding</i>	<u>38,200,000</u>	<u>400,000,000</u>

Zabid Mazhar	Chief Executive Officer	<i>Transactions during the year</i>		
		Loan received	72,000,000	-
		Loan repaid	-	40,300,000
		<i>Balance outstanding against loan</i>	82,000,000	10,000,000
Omer Bin Zahid	Executive Director/CFO	<i>Transactions during the year</i>		
		Loan received	19,800,000	-
		Loan repaid	19,800,000	-
		<i>Balance outstanding against loan</i>	-	-
Hasan Bin Zahid	Executive Director	<i>Transactions during the year</i>		
		Loan received	19,800,000	-
		Loan repaid	4,000,000	-
		<i>Balance outstanding against loan</i>	15,800,000	-
Naila Zahid	Chairperson	<i>Transactions during the year</i>		
		Loan received	-	-
		Loan repaid	-	10,400,000
		<i>Balance outstanding against loan</i>	-	-

43. OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment as the company's asset allocation decisions are based on a single, integrated business strategy, and the company's performance is evaluated on an overall basis:

Entity wide information with respect to IFRS-8 "Operating Segments" are stated below:

- Revenue from sales of yarn represents 98.75% (2022: 98.57%) of total revenue whereas remaining represent revenue from sale of waste.
- All non current assets of the Company as at June 30, 2023 are located in Pakistan.
- 58% sales of the company relate to customer outside Pakistan (direct and indirect export) (2022: 74%)
- There is no major customer that amount to more than 10% of the company's revenue excluding sales tax and federal excised duty.

44. GENERAL

44.1 Investments made by the provident fund

The investments out of the 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.

44.2 Reclassification of corresponding figures

In these financial statements the following corresponding figures have been rearranged and reclassified, wherever considered necessary for the purposes of comparison and better presentation. The effect of these reclassification is not regarded as material.

	<i>Note</i>	Rupees
Reclassified from component Short term borrowing <i>(Running finance)</i> Trade and other payable <i>(Accrued expenses)</i> Finance cost <i>(Bank charges and guarantee commission)</i>	Reclassified to component Short term borrowing <i>(Finance against packing credit)</i> Trade and other payable <i>(Provision against antidumping payable)</i> Other expense <i>(Surcharge on late filing of sales tax return.</i>	 25.16 23.3 34 <hr/> <hr/>
44.3 Plant capacity and actual production	2023	2022
Total number of spindles installed	<u>77,592</u>	<u>77,592</u>
Average numbers of spindle worked	<u>51,924</u>	<u>75,316</u>
Number of shifts worked per day	<u>3</u>	<u>3</u>
Installed capacity after conversion into 20/s count (kgs.)	<u>28,304,329</u>	<u>28,304,329</u>
Actual production after conversion into 20/s count (kgs.)	<u>19,449,602</u>	<u>27,373,635</u>
Capacity utilisation	<u>68.72%</u>	<u>96.71%</u>

44.3.1 The present normal capacity of the Company's manufacturing facilities is to produce 72,563.77 kgs of yarn per day. The above disclosed annual production capacity of 28.30 million kgs of yarn is based on 365 operating days a year.

44.3.2 Actual production is less than the installed capacity due to planned maintenance shutdown and gap between market demand and supply.

44.4 Number of employees

The total number of employees and average number of employees at year end and during the year respectively are as follows:

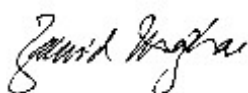
	2023	2022
	----- (Number) -----	
Total employees of the Company at the year end	<u>1,145</u>	<u>1,165</u>
Average employees of the Company during the year	<u>1,090</u>	<u>1,115</u>

44.5 Date of authorization for issue

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on October 30, 2023.

44.6 Level of rounding

Figures in these financial statements have been rounded off to the nearest rupee.



Zahid Mazhar
Chief Executive
Karachi
Dated: October 30, 2023



Omer Bin Zahid
Director



Omer Bin Zahid
Chief Financial Officer

NADEEM TEXTILE MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT JUNE 30,2023

NUMBERS OF SHAREHOLDERS	SHARE HOLDING FROM TO	TOTAL SHARES HELD	PERCENTAGE
13	Shareholding from 1 to 100 shares	107	0.00
16	Shareholding from 101 to 500 shares	7,283	0.03
1	Shareholding from 501 to 1000 shares	693	0.00
1	Shareholding from 150001 to 155000 shares	153,852	0.72
1	Shareholding from 175001 to 180000 shares	179,477	0.84
1	Shareholding from 505001 to 510000 shares	506,806	2.38
1	Shareholding from 685001 to 690000 shares	686,352	3.23
1	Shareholding from 710001 to 715000 shares	712,934	3.35
1	Shareholding from 715001 to 720000 shares	715,704	3.37
1	Shareholding from 2305001 to 2310000 shares	2,306,349	10.84
1	Shareholding from 2515001 to 2520000 shares	2,518,197	11.84
1	Shareholding from 4140001 to 4145000 shares	4,144,171	19.49
2	Shareholding from 4665001 to 9335000 shares	9,334,810	43.89

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

SR #	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
1	Directors, Chief Executive Officer their Spouse and minor children	9	17,427,509	81.95
2	Associated Companies, undertaking and related parties	-	-	-
3	NIT & ICP	-	-	-
4	Bank / Financial Institution	-	-	-
5	Insurance Companies	-	-	-
6	General Public / Individuals	32	3,839,226	18.05
7	Joint Stock Companies	-	-	-
		41	21,266,735	100.00

SR #	Shareholder Category	Percentage	No. of Shares
1	CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN <u>DIRECTORS AND THEIR SPOUSES</u>		
	MR. ZAHID MAZHAR	19.49	4,144,171
	MR. OMER BIN ZAHID	21.94	4,666,020
	MR. HASSAN BIN ZAHID	21.95	4,668,790
	MRS. NAILA ZAHID	11.84	2,518,197
	MRS. ANAM OMER	3.37	715,704
	MRS. SHAFIA HASSAN	3.35	712,934
	MR. NOOR MUHAMMAD	0.00	500
	MR. WAQAR HASSAN SIDDIQUI	0.00	500
	MR. NADEEM AHMED	0.00	693
2	Associated companies undertakings and related parties	0.00	-
3	NIT & ICP	0.00	-
4	Banks, development financial institutions, non banking finance institutions and Insurance companies	0.00	-
5	Individual shareholders	18.05	3,839,226
6	Joint stock companies	0.00	-
7	Shareholders holding 5% or more		
	MR. ZAHID MAZHAR	19.49	4,144,171
	MR. OMER BIN ZAHID	21.94	4,666,020
	MR. HASSAN BIN ZAHID	21.95	4,668,790
	MRS. NAILA ZAHID	11.84	2,518,197
	MS. SARAH ZAHID	10.84	2,306,349
8	Trading in the shares of Company during the year by the Director, Chief Executive officer, Chief Financial Officer, Company Secretary and their spouses and minor children.	NIL	NIL
	Shares received from merger of Nadeem Power Generation (Pvt.) Ltd. with and into Nadeem Textile Mills Ltd. by the following Directors:		
	MR. ZAHID MAZHAR	3.89	827,604
	MR. OMER BIN ZAHID	3.63	772,632
	MR. HASSAN BIN ZAHID	3.63	772,632
	MRS. NAILA ZAHID	3.63	772,632

www.jamapunji.pk



سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

- 📄 Licensed Entities Verification
- ⚠️ Scam meter*
- 🎮 Jamapunji games*
- 📊 Tax credit calculator*
- 🏢 Company Verification
- 📋 Insurance & Investment Checklist
- 🗨️ FAQs Answered

- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 👤 Risk profiler*
- 📊 Financial calculator
- 📱 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📺 Online Quizzes



Jama Punji is an investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

@jamapunji_pk

*Mobile apps are also available for download for android and ios devices