



Shadman

Cotton Mills Limited

44TH ANNUAL REPORT 2023

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VISION STATEMENT

To be a dynamic, profitable and growth oriented Organization through dedication, integrity and professionalism.

MISSION STATEMENT

Our mission is to achieve higher level of sustainable growth and profitability by:

- a) Striving for excellence and sustaining position as a preferred supplier of yarn with a customers focused strategy.
- b) Providing diversified and value added textile products.
- c) Building a long term relationship with our customers, suppliers and other stake holders.
- d) Enhancing the profitability by employing latest technologies for achieving higher levels of efficiency, quality and productivity.
- e) Continuously responding to the changing needs of all our customers.
- f) Nurturing a work culture that generates creativity, enthusiasm, participation and professionalism.
- g) Developing motivation and retaining people to achieve high team performance.
- h) Being a good corporate citizen by fulfilling our social responsibilities.

COMPANY INFORMATION

BOARD OF DIRECTORS	MR. SHAHID MAZHAR (Chief Executive) MRS. GHAZALA SHAHID (Chairperson) MR. AHMED BIN SHAHID MR. MUHAMMAD AFNAN SHAHID MR. MUHAMMAD AKHTAR MR. NADEEM BHATTI MR. HAMID BASIR
AUDITORS	MUSHTAQ & COMPANY CHARTERED ACCOUNTANTS
LEGAL ADVISOR	MR. FAZAL MAHMOOD (ADVOCATE)
AUDIT COMMITTEE	MR. NADEEM BHATTI (Chairman) MRS. GHAZALA SHAHID (Member) MR. MUHAMMAD AKHTAR (Member)
H.R. AND REMUNERATION COMMITTEE	MR. HAMID BASIR (Chairman) MR. AHMED BIN SHAHID (Member) MR. MUHAMMAD AFNAN SHAHID (Member)
CHIEF FINANCIAL OFFICER	MR. SHAHID MAHMUD
COMPANY SECRETARY	MR. MUHAMMAD AKHTAR
BANKERS	ALLIED BANK LIMITED SONERI BANK LIMITED THE BANK OF PUNJAB HABIB BANK LIMITED MEEZAN BANK LIMITED
REGISTERED OFFICE	3.5 KM FEROZE WATOAN WARBURTON ROAD KOT SHAH MUHAMMAD NEAR CHANDI KOT TEHSIL & DISTRICT NANKANA SAHIB TEL: 056-3731270-72
HEAD OFFICE	3.5 KM FEROZE WATOAN WARBURTON ROAD KOT SHAH MUHAMMAD NEAR CHANDI KOT TEHSIL & DISTRICT NANKANA SAHIB TEL: 056-3731270-72
SHARE REGISTRAR	M/S HAMEED MAJEED ASSOCIATES (PVT.) LTD. H.M. HOUSE, 7-BANK SQUARE LAHORE. TEL: 042-37235081-82 FAX: 042-37358817
MILLS	3.5 KM FEROZE WATOAN WARBURTON ROAD KOT SHAH MUHAMMAD NEAR CHANDI KOT TEHSIL & DISTRICT NANKANA SAHIB TEL: 056-3731270-72
URL	WWW.SHADMAN.COM.PK

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Fourth Annual General Meeting of the Shareholders of **SHADMAN COTTON MILLS LIMITED** will be held at Registered Office 3.5 KM Feroze Watoan Warburton Road, Kot Shah Muhammad Near Chandi Kot Tehsil & District Nankana Sahib on Saturday, **October 28, 2023 at 10.30 a.m.** to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Extraordinary General Meeting of the members of the Company held on Saturday, March 11, 2023.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2023 together with the Chairperson's Review, Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year ending June 30, 2024 and fix their remuneration. The present Auditors M/s Mushtaq & Company, Chartered Accountants, retire and being eligible offered themselves for re-appointment.

ANY OTHER BUSINESS:

4. To consider and approve the lease or rent out any vacant buildings of the company as disclosed in Investment Property note of the financial statements for increase in funds inflow of the company by passing the following resolutions, with or without any modification, addition or deletion.

“RESOLVED, that approval and consent of the general meeting be and is hereby accorded for the lease or rent out any vacant buildings as disclosed in Investment Property note of the financial statements of the company and the Chief Executive Officer of the company be and is hereby authorized to lease or rent out any portion of buildings of the company in such manner, on such basis and on such terms and subject to such conditions as may be deemed in the best interest of the company.”

“FURTHER RESOLVED, that the Chief Executive Officer or his nominee(s)/representative(s) be and is/are hereby authorized and empowered on behalf of the company to do all acts, deeds and things and take all necessary steps including negotiations and signing of the documents, deeds and papers, agreements and all other documents as may be necessary to give effect to implement the resolution as aforesaid and all matters connected, necessary and incidental thereto.”

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

By order of the Board



(MUHAMMAD AKHTAR)

Company Secretary

Place: Lahore

Dated: October 05, 2023

NOTES:

1. **Closure of Share Transfer Books:** The Share Transfer Books of the Company will remain closed from October 21, 2023 to October 28, 2023 both days inclusive. Transfers received at Hameed Majeed Associates (Pvt) Ltd H.M House, 7 Bank Square Lahore by the close of business on October 20, 2023 will be treated in time for the purpose of above entitlement to the transferees.
2. **Participation in Annual General Meeting (AGM) through electric means:** The shareholders intended to participate in the AGM through electronic means, are hereby requested to get themselves registered with the company Secretary Office by providing the required details by the end of business on Tuesday, October 25, 2023 through following means:
 - a) Mobile/WhatsApp No. 0333-4646499
 - b) E-mail address: finance@shadman.com.pk

Required information: Name, CNIC Number, Folio/CDC Account Number and E-mail ID for their identification.

Upon receipt of above information from the interested shareholders, the company will provide login credentials to participate in AGM via electronic means.

3. **Participation in Annual General Meeting:** A member entitled to participate and vote at this meeting is entitled to appoint another proxy to participate and vote on his/her behalf. Proxies in order to be effective must be received at the Registered Office of the company duly stamped and signed not later than 48 hours before the time of the meeting.

For Appointing Proxies:

- a) In case of individuals the account holders or sub account holders whose registration details are uploaded as per regulations, shall submit the proxy form as per the above requirements. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the proxy form. Copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with proxy form.
 - b) In case of corporate entities, the Board of Directors' Resolution/ Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the Corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the company.
4. **CNIC/IBAN for E-Dividend Payment:** Pursuant to section 242 of the Companies Act 2017, members are requested to provide their CNIC's and bank details including name of the bank branch and IBAN Number to receive their cash dividend directly into their bank account. Therefore, all the members who have not yet provided their CNIC and bank account details are again reminded to immediately submit a copy of their CNIC and duly filled Dividend Bank Mandate Form to the company's share registrar. In absence of valid bank account and CNIC, dividend amount will be withheld in compliance with the provisions of the Act and Regulations made by the commission. The Dividend Bank Mandate Form is available on the company's website.

Members who hold shares in CDC accounts are requested to provide their bank mandates to their respective participants.

5. **Circulation of Annual Report:** Pursuant to the SECP notification SRO 389(I)/2023 dated March 21, 2023, the shareholders of Shadman Cotton Mills Limited had accorded their consent for circulation of Annual Report and notice of Annual General Meeting electronically, i.e. through email. The members are required to submit their email addresses at Registered Office of the Company on a standard request form which is available on Company's website: www.shadman.com.pk.

The audited financial statements of the company for the year ended June 30, 2023 have been made available on the Company's website www.shadman.com.pk.

The shareholders who wish to receive hard copy of Annual Report may send the standard request to the company secretary/ share registrar on Request Form available on company website. Hard copy of aforesaid documents will be supplied free of cost.

6. **Tax Deduction:** For cash dividend, the rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 are as follows:

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

In case of joint accounts, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing to the company/share registrar. If no notification is received each joint holder shall be assumed to have equal number of shares.

The CNIC number/NTN detail is now mandatory and is required for checking the tax status as per the Active Taxpayer List (ATL) issued by the FBR from time to time.

7. **Exemption from deduction of Income Tax and Zakat:** Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax withholding exemption certificate or necessary documentary evidence for this purpose. Members desiring non-deduction of Zakat are also requested to submit valid declaration for non-deduction of Zakat.

CDC account holders are requested to submit their declaration for non-deduction of Zakat to the relevant members of stock exchange or to CDC if maintaining CDC investor account.

8. **Unclaimed Dividend/Shares:** Shareholders, who by any reason could not claim their dividend/shares, if any, are advised to contact our Share Registrar M/S Hameed Majeed Associates H.M. House, 7 Bank Square Lahore, to inquire about their unclaimed dividend/shares.
9. **Conversion of Physical Shares into CDC Account:** As per Section 72 of the Companies Act, 2017 every listed company is 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 act, i.e. May 30, 2017. Further, vide its letter dated March 26, 2021 SECP has directed all the listed companies to pursue its shareholder for conversion of their physical securities into book entry system.

In the light of the aforementioned directives, the shareholders having physical shareholding are encouraged to open CDC account with CDS participant/CDC Investor Account Services and convert their existing physical securities into book entry form.

10. **Video Conference Facility:** Pursuant to the provisions of the Companies Act, 2017 the shareholders residing in a city and holding at least ten percent of the total paid up capital may demand the company to provide the facility of video-link for participating in the AGM. The demand of video-link facility shall be received by the share registrar at the address given above at least seven(7) days prior to the date of the meeting on the Standard Form available on the Company's website www.shadman.com.pk.
11. **Change of Address:** Members are requested to immediately notify the change of address, if any to Share Registrar of the Company.

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

This statement sets out the material facts concerning the Special Business to be transacted at the AGM of the company to be held on October 28, 2023.

Item No. 5 of the notice- Lease or rent out any vacant building of Investment property of the company

Net Book Value of Investment Property as on June 30, 2023	Rs. <u>111,365,413</u>
-----------------------------------------------------------	---------------------------

The company has rented out vacant portion of this Investment Property in many parts and on utilization basis. It is impracticable to disclose in the notice of AGM the tenure, rental amount, incremental rate, mode/basis of determination of rentals and other important terms and conditions of the agreements.

Accordingly, the directors have placed the matter before the shareholders for their approval and to pass the ordinary resolution as provided in the notice of meeting. The Directors are not interested, directly or indirectly, in the above business except to the extent of their shareholding.

نوٹس برائے سالانہ اجلاس عام

اطلاع دی جاتی ہے کہ شادمان کاشن ملز لمیٹڈ کے شیئرز ہولڈرز کا چوالیسواں سالانہ اجلاس 28 اکتوبر 2023 بروز ہفتہ کو صبح 10.30 بجے رجسٹرڈ آفس 3.5 کلومیٹر فیروز ٹوٹاں واربرٹن روڈ، کوٹ شاہ محمد نزد چنبری کوٹ تحصیل اور ضلع بنکان صاحب میں درج ذیل کاروبار کے لیے منعقد ہوگا:

عام کاروبار:

- 1 - 11 مارچ 2023 بروز ہفتہ کو منعقدہ کمپنی کے اراکین کی غیر معمولی اجلاس عام کے منٹس کی تصدیق کرنے کے لیے۔
- 2 - 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کو حاصل کرنے، ان پر غور کرنے اور اپنانے، چیئرمین کے جائزے، ڈائریکٹرز اور آڈیٹرز کی رپورٹس کے ساتھ کرنے کے لیے۔
- 3 - 30 جون 2024 کو ختم ہونے والے سال کے لیے آڈیٹرز کا تقرر کرنا اور ان کا معاوضہ طے کرنا۔ موجودہ آڈیٹرز میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو رہے ہیں اور اہل ہونے کی وجہ سے خود کو دوبارہ تقرر کے لیے پیش کر رہے ہیں۔

کوئی اور کاروبار:

- 4 - کمپنی کی کسی بھی خالی عمارت کو لیز پر دینے یا کرایہ پر دینے پر غور کرنا اور منظور کرنا، جیسا کہ کمپنی کے فنڈز کی آمد میں اضافے کے لیے مالیاتی بیانات کے انوسٹمنٹ پر اپنی نوٹ میں انکشاف کیا گیا ہے بغیر کسی ترمیم، اضافے یا حذف کے، درج ذیل قراردادیں پاس کرنا۔
- "منظور کیا گیا، کہ جنرل میٹنگ کی منظوری اور رضامندی کسی بھی خالی عمارت کو لیز پر دینے یا کرایہ پر دینے کے لیے دی جائے گی جیسا کہ کمپنی کے مالیاتی گوشواروں میں انوسٹمنٹ پر اپنی نوٹ میں ظاہر کیا گیا ہے اور کمپنی کے چیف ایگزیکٹو آفیسر اس کے ذریعے کمپنی کی عمارتوں کے کسی بھی حصے کو اس طریقے سے، ایسی بنیادوں پر اور ایسی شرائط کے ساتھ جو کمپنی کے بہترین مفاد میں سمجھی جائیں، لیز پر دینے یا کرایہ پر دینے کے مجاز ہیں۔

"مزید منظور کیا گیا، کہ چیف ایگزیکٹو آفیسر یا ان کے نامزد کردہ/نمائندے اس کے ذریعے کمپنی کی جانب سے تمام اعمال، چیزیں اور ضروری اقدامات کرنے کے لیے مجاز اور اختیار ہیں مذکورہ قرارداد کو عملی جامہ پہنانے کے لیے ضروری دستاویزات، ڈیٹرز اور پیپرز، معاہدوں اور دیگر تمام دستاویزات پر دستخط کرنا اور اس سے منسلک، ضروری اور واقعاتی تمام معاملات کے مجاز ہیں۔

5 - چیئرمین کی اجازت سے کوئی دوسرا کاروبار کرنا۔

بورڈ کے حکم سے

کمپنی سیکرٹری

(محمد اختر)

مقام: لاہور تاریخ: 05 اکتوبر 2023

نوٹس:

- 1 - حصص کی منتقلی کی کتابوں کی بندش: کمپنی کی حصص کی منتقلی کی کتابیں 21 اکتوبر 2023 سے 28 اکتوبر 2023 تک دونوں دنوں سمیت بند رہیں گی۔ حمید مجید ایسوسی ایٹس (پرائیویٹ) لمیٹڈ H.M. ہاؤس، 7، بنک اسکوائر لاہور میں 20 اکتوبر 2023 کو کاروبار کے اختتام تک موصول ہونے والی منتقلیوں کو مذکورہ بالا احکام کے مقصد کے لیے بروقت سمجھا جائے گا۔
- 2 - سالانہ اجلاس عام میں برقی ذرائع سے شرکت: حصص یافتگان جو سالانہ اجلاس عام میں الیکٹرانک ذرائع سے شرکت کرنا چاہتے ہیں، ان سے درخواست کی جاتی ہے کہ وہ بدھ 25 اکتوبر 2023 کو کاروبار کے اختتام تک مطلوبہ تفصیلات فراہم کرتے ہوئے کمپنی کے سیکرٹری آفس میں درج ذیل ذرائع سے رجسٹرڈ ہو جائیں:

الف) موبائل/ واٹس ایپ نمبر 03334646499

ب) ای میل ایڈریس: finance@shadman.com.pk

مطلوبہ معلومات: ان کی شناخت کے لیے نام، CNIC نمبر، فوٹو/ CDC اکاؤنٹ نمبر اور ای میل آئی ڈی۔

دلچسپی رکھنے والے شیئرز ہولڈرز سے اوپر کی معلومات کی وصولی کے بعد، کمپنی الیکٹرانک ذرائع سے سالانہ اجلاس عام میں شرکت کے لیے لاگ ان کی اسناد فراہم کرے گی۔

- 3 - سالانہ اجلاس عام میں شرکت: اس میٹنگ میں حصہ لینے اور ووٹ دینے کا حقدار ممبر اپنی طرف سے حصہ لینے اور ووٹ دینے کے لیے ایک اور پراکسی مقرر کرنے کا حقدار ہے۔ پراکسی کو مؤثر ہونے کے لیے درست مہر اور دستخط کے ساتھ کمپنی کے رجسٹرڈ آفس میں 48 گھنٹے پہلے موصول ہونا چاہیے۔

پراکسیوں کی تقرری کے لیے:

(ا) افراد کے معاملے میں اکاؤنٹ ہولڈرز یا ذیلی اکاؤنٹ ہولڈرز جن کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہیں، مندرجہ بالا ضروریات کے مطابق پراکسی فارم جمع کرائیں گے۔ پراکسی فارم پر دو افراد گواہی دیں گے جن کے نام، پتے اور CNIC نمبر پراکسی فارم پر درج ہوں گے۔ CNIC کی کاپیاں یا فائدہ اٹھانے والے مالکان کے پاسپورٹ اور پراکسی فارم کے ساتھ پیش کیا جائے گا۔

(ب) کارپوریٹ اداروں کے معاملے میں، بورڈ آف ڈائریکٹرز کا بزنس لیٹن / پاور آف اٹارنی کارپوریٹ ادارے کی جانب سے نمائندگی اور ووٹ دینے کے لیے نامزد شخص کے نمونے کے دستخط کے ساتھ، پراکسی فارم (جب تک یہ پہلے فراہم نہ کیا گیا ہو) کمپنی کو جمع کرایا جائے گا۔

4۔ ای ڈی پوڈیٹڈ کی ادائیگی کے لیے CNIC / IBAN کمپنیز ایکٹ 2017 کے سیکشن 242 کے مطابق ممبران سے درخواست کی جاتی ہے کہ وہ اپنے CNIC اور بینک کی تفصیلات بشمول بینک برانچ کا نام اور IBAN نمبر فراہم کریں تاکہ اپنا نقد ڈیپازٹ براہ راست اپنے بینک اکاؤنٹ میں وصول کریں۔ لہذا، تمام ممبران جنہوں نے ابھی تک اپنے CNIC اور بینک اکاؤنٹ کی تفصیلات فراہم نہیں کی ہیں، انہیں دوبارہ یاد دہانی کرائی جاتی ہے کہ وہ اپنے CNIC کی ایک کاپی فوری طور پر کمپنی کے شیئر رجسٹرار کو ڈیپازٹڈ بینک مینڈٹ فارم کے ساتھ جمع کرائیں۔ درست بینک اکاؤنٹ اور CNIC کی عدم موجودگی میں، کمیشن کی طرف سے بنائے گئے ایکٹ اور ضوابط کی دفعات کے مطابق ڈیپازٹڈ بینک مینڈٹ فارم کی رقم لوٹی جائے گی۔ ڈیپازٹڈ بینک مینڈٹ فارم کمپنی کی ویب سائٹ پر دستیاب ہے۔

سی ڈی ای اکاؤنٹس میں حصص رکھنے والے ممبران سے درخواست کی جاتی ہے کہ وہ اپنے متعلقہ شرکاء کو اپنا بینک مینڈٹ فراہم کریں۔

5۔ سالانہ رپورٹ کی سرکولیشن: ایس ای سی پی کے نوٹیفیکیشن SRO 389 (I) / 2023 مورخہ 21 مارچ 2023 کے مطابق، شادمان کاشن ملز لمیٹڈ کے شیئر ہولڈرز نے ای میل کے ذریعے سالانہ رپورٹ اور سالانہ اجلاس عام کے نوٹس کی گردش کے لیے اپنی رضامندی ظاہر کی تھی۔ ممبران سے لازمی ہے کہ وہ اپنے ای میل ایڈریسز کمپنی کے رجسٹرڈ آفس میں ایک معیاری درخواست فارم پر جمع کرائیں جو کمپنی کی ویب سائٹ www.shadman.com.pk پر دستیاب ہے۔

30 جون 2023 کو تمام ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کو کمپنی کی ویب سائٹ www.shadman.com.pk پر دستیاب کر دیا گیا ہے۔ جو شیئر ہولڈرز سالانہ رپورٹ کی بارڈ کاپی حاصل کرنا چاہتے ہیں وہ کمپنی کی ویب سائٹ پر دستیاب درخواست فارم پر کمپنی کے سربراہ / شیئر رجسٹرار کو معیاری درخواست بھیج سکتے ہیں۔ مذکورہ دستاویزات کی بارڈ کاپی مفت فراہم کی جائے گی۔

6۔ فیکس کٹوتی: نقد منافع کے لیے، انکم ٹیکس آرڈیننس، 2001 کے سیکشن 150 کے تحت انکم ٹیکس کی کٹوتی کی شرحیں حسب ذیل ہیں:

فعال ٹیکس ادا کرنے والوں کی فہرست میں ظاہر ہونے والے افراد 15% . فعال ٹیکس ادا کرنے والوں کی فہرست میں ظاہر نہ ہونے والے افراد 30%

مشترک کھاتوں کی صورت میں، ہر ہولڈر کو انفرادی طور پر فائلر یا نان فائلر سمجھا جائے گا اور ٹیکس ہرجوائنٹ ہولڈرز کے شیئر ہولڈنگ کی بنیاد پر کاٹا جائے گا جیسا کہ شیئر ہولڈر کمپنی کو تحریری طور پر مطلع کرے گا۔ رجسٹرار کو کوئی اطلاع موصول نہیں ہوتی ہے تو ہر جوائنٹ ہولڈر کے پاس حصص کی تعداد براہ کرم جمع کی جائے گی۔

NTN / CNIC نمبر تفصیل اب لازمی ہے اور FBR کی طرف سے وقتاً فوقتاً جاری کردہ ایکٹو ٹیکس ریزسٹ کے مطابق ٹیکس کی حیثیت کو جانچنے کے لیے ضروری ہے۔

7۔ انکم ٹیکس اور زکوٰۃ کی کٹوتی سے استثنیٰ: جو آرکائیو انکم ٹیکس کی کٹوتی سے استثنیٰ یا سٹیٹیا جاتے ہیں یا کم شرح پر کٹوتی کے اہل ہیں ان سے درخواست کی جاتی ہے کہ وہ اس مقدمہ کے لیے ایک درست ٹیکس وڈ ہولڈنگ استثنیٰ کا حقیقی یا ضروری دستاویزی ثبوت جمع کرائیں۔ زکوٰۃ کی کٹوتی نہ کرنے کے خواہشمند ارکان سے بھی درخواست ہے کہ وہ زکوٰۃ کی کٹوتی نہ کرنے کے لیے درست اعلامیہ جمع کرائیں۔

سی ڈی ای اکاؤنٹ ہولڈرز سے درخواست ہے کہ وہ زکوٰۃ کی کٹوتی نہ کرنے کے لیے اپنا اعلامیہ اسٹاک ایکسچینج کے متعلقہ ممبران یا سی ڈی ای سرمایہ کار اکاؤنٹ کو برقرار رکھتے ہیں جو جمع کرائیں۔

8۔ غیر دعویٰ شدہ ڈیپازٹڈ / حصص: شیئر ہولڈرز، جو کسی بھی وجہ سے اپنے ڈیپازٹڈ / حصص کا دعویٰ نہیں کر سکے، اگر کوئی ہے تو، انہیں ہمارے شیئر رجسٹرار S / M / حمید مجید ایسوسی ایٹس H.M۔ ہاؤس، 7 بینک اسکوئر لاہور، ان کے غیر دعویٰ کردہ ڈیپازٹڈ / حصص کے بارے میں پوچھ گچھ کرنے کے لیے رابطہ کرنے کا مشورہ دیا جاتا ہے۔

9۔ فزیکل شیئر ڈکویٹی سی ڈی ای اکاؤنٹ میں تبدیل کرنا: کمپنیز ایکٹ، 2017 کے سیکشن 72 کے مطابق ہر ایڈمنسٹریٹو پراکسی ہے کہ وہ اپنے فزیکل شیئر ڈکویٹ انٹری فارم کے ساتھ تبدیل کرے جیسا کہ بیان کیا گیا ہے اور کمیشن کی طرف سے مطلع کردہ تاریخ سے ایکٹ کے آغاز یعنی 30 مئی، 2017 سے پارسال کی مدت کے اندر تبدیل کرے۔ مزید، 26 مارچ 2021 ایس ای سی پی کے اپنے خط کے ذریعے تمام سلف کمپنیوں کو ہدایت کی ہے کہ وہ اپنے شیئر ہولڈر کو اپنی فزیکل سٹیٹوٹیز کو کتاب میں تبدیل کرنے کے لیے آگے بڑھیں۔

مذکورہ بالا ہدایات کی روشنی میں، فزیکل شیئر ہولڈنگ رکھنے والے شیئر ہولڈرز کی حوصلہ افزائی کی جاتی ہے کہ وہ CDS / CDC / نوٹس اکاؤنٹ سروسز کے ساتھ CDC اکاؤنٹ کھولیں اور اپنی موجودہ فزیکل سٹیٹوٹیز کو بک انٹری فارم میں تبدیل کریں۔

10۔ ڈیپازٹڈ بینک اکاؤنٹ کی سہولت: کمپنیز ایکٹ 2017 کی دفعات کے مطابق کسی شہر میں رہنے والے لاکھ ادا شدہ سرمائے کا کم از کم دس فیصد رکھنے والے شیئر ہولڈرز کمپنی سے مطالبہ کر سکتے ہیں کہ وہ اس میں شرکت کے لیے ویڈیولنک کی سہولت فراہم کرے۔ سالانہ اجلاس عام میں شرکت کے لیے ویڈیولنک کی سہولت کا مطالبہ شیئر رجسٹرار کو اجلاس کی تاریخ سے کم از کم سات (7) دن پہلے اوپر دیئے گئے پتے پر کمپنی کی ویب سائٹ www.shadman.com.pk پر دستیاب معیاری فارم پر موصول ہوگا۔

11۔ ایڈریس کی تبدیلی: ممبران سے درخواست کی جاتی ہے کہ ایڈریس کی تبدیلی، اگر کوئی ہو تو کمپنی کے شیئر رجسٹرار کو فوری طور پر مطلع کریں۔

کمپنیز ایکٹ 2017 کے سیکشن 134 (3) کے تحت مادی حقائق کا بیان

یہ بیان 28 اکتوبر 2023 کو ہونے والے کمپنی کے سالانہ اجلاس عام میں لین دین کے لیے خصوصی کاروبار سے متعلق مادی حقائق کا تعین کرتا ہے۔

نوٹس کا آئٹم نمبر 5۔ کمپنی کی سرمایہ کاری کی جانیداد کی کسی بھی خالی عمارت کو لیز یا کرایہ پر دینا

30 جون 2023 تک انوشنٹ پراپرٹی کی خالص بک ویلیو 111,365,413 روپے ہے۔

کمپنی نے اس انوشنٹ پراپرٹی کا خالی حصہ کئی حصوں میں اور استعمال کی بنیاد پر کرائے پر دیا ہے۔ سالانہ اجلاس عام کے نوٹس میں مدت، کرایے کی رقم، اضافی شرح، کرایے کے تعین کا طریقہ / بنیاد اور معاہدوں کی دیگر اہم شرائط و ضوابط کا انکشاف کرنا ناقابل عمل ہے۔

اس کے مطابق، ڈائریکٹرز نے اس معاملے کو شیئر ہولڈرز کے سامنے ان کی منظوری کے لیے رکھا ہے اور عام قرارداد کو پاس کرنے کے لیے جیسا کہ اجلاس کے نوٹس میں فراہم کیا گیا ہے۔ ڈائریکٹرز براہ راست یا بالواسطہ طور پر سوائے ان کے شیئر ہولڈنگ کی حد کے مذکورہ کاروبار میں دلچسپی نہیں رکھتے۔

CHAIRPERSON'S REVIEW

The composition of the Board of Directors represents mix of varied back grounds and rich experience in the fields of business.

The Board provides strategic directions to the company and directs the management to achieve objectives and goals of the company.

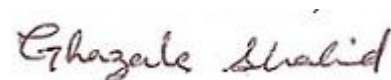
Annual evaluation of Board of Directors as required under the Code of Corporate Governance has been carried out to measure the performance and effectiveness of the Board against the objectives of the company set at the beginning of the year and I report that:

1. The overall performance of the Board for the year under review was satisfactory.
2. The Board had full understanding of the vision and mission statements and frequently revisits them to update with the changing conditions.
3. The Board members attended all Board Meetings during the year and participated in important company's matters.
4. The Board undertook an overall review of business risks to ensure effectiveness of risk identification, risk management and internal controls to safeguard assets and interest of the company and shareholders.
5. The Board members regularly received reports on finance / budgets, production and other important matters which helped them to take effective decisions.
6. The board members were updated with regard to achievement of financial results through regular presentations by the management and accordingly received directions and oversight on a timely basis.

I would like to thank the Board members for their commitments, untiring efforts by overcoming the difficulties posed by unstable market environments and safeguard measures taken during the peak period of COVID-19 pandemic.

Place: Lahore

(Mrs. Ghazala Shahid)



Date: October 06, 2023

CHAIRPERSON

DIRECTORS REPROT TO THE SHAREHOLDERS FOR THE YEAR ENDED JUNE 30, 2023

The Directors are pleased to present the 44th Annual Report of the Company together with Audited Financial Statements and Auditors reports thereon for the year ended June 30, 2023.

SUMMARY OF FINANCIAL RESULTS

Following is the brief highlights of the financial results of the Company for the year ended June 30, 2023.

	2023	2022
Rupees in Million		
Turnover-net	349.130	377.850
Gross Profit	2.577	24.917
Operating Profit	162.493	21.142
Profit before Taxation	67.900	14.908
Profit after Taxation	93.712	11.075

BREAK-UP VALUE AND EARNING PER SHARE

The break-up value of shares as on June 30, 2023 is Rs. 52.315 as compared to Rs. 25.91 as on June 30, 2022 which increased due to fresh revaluation of land, building and plant & machinery. The profit per share for the year ended June 30, 2023 is Rs. 5.31 as compared to profit per share of Rs. 0.63 of previous year as per computation given below:

	2023	2022
Rupees		
Profit after Taxation	93,712,370	11,074,544
No. of ordinary shares	17,636,719	17,636,719
Profit per share	5.31	0.63

OVERVIEW

The auditors continued the qualified opinion on the liability of Habib Bank Limited which is already recognized in the books of account of the company on decreed amount as the case is in the Court of Law.

Regarding amount payable to Excise and Taxation Officer (ETO) Government of Sindh of Rs. 18.316 million it is stated that this amount relates to the year 2008 and the company have submitted the bank guarantees in favour of Excise and Taxation Officer (ETO) Government of Sindh against said liability.

So far as the qualified opinion of auditors regarding trade debts includes an amount receivable from LESCO of Rs. 16.198 million is concerned, it is stated that the matter is in Court of Law. The management is confident of favourable outcome of this case as per opinion of our legal counsel consequently no provision has been recognized against this receivable.

The liability of Meezan Bank Limited of Rs. 28.545 million is already recognized in the books of account of the company on decreed amount as the case is in the Court of Law.

During the year under review, the management of the company negotiated with The Bank of Punjab and successfully made out of Court settlement through restructuring/ rescheduling its principal amount of Rs. 392.209 million and the markup of Rs. 367.739. Markup will be waived 100% at tail end subject to no default in payment of principal amount by the company. This restructuring/ rescheduling of liabilities of The Bank of Punjab has helped to improve the current ratio of the company on the one hand and on the other hand also reduced the accumulated losses of the company to the extent of markup waived off standing in the books of the company.

During the year under review, the Company has earned Profit after tax of Rs.93.712 million as compared to profit after tax of Rs.11.075 million of previous year. The net turnover in the current year is Rs.349.130 million including export sales of Rs. 257.202 million as compared to Rs. 377.850 million of last year which shows decrease of 8.23 % on account of increase in closing stock. The export-oriented apparel division of the company is working successfully and getting pace with passage of time. Earnings per share is Rs. 5.31 as compared to Rs. 0.63 of corresponding previous year.

FUTURE OUTLOOK

Pakistan textile industry is already facing an uncertain environment from the last one year. The unusual increase in cost of production like high prices of raw materials, high increase in electricity tariff and high inflationary effects on all items of production are disturbing all the industries across the country. The Government policies are not supporting industries in the country and the business environment is very much dependent on petroleum prices, exchange rate of Pak Rupee against US Dollar and political & economic stability in the country.

However, the management continues to support the Company in the form of interest free directors' loan for smooth running of its affairs. Moreover, the management is planning to add further machinery in apparel division for its expansion and increase in production more aggressively to enhance the export of the company along with other alternative measures. We hope that these steps will help to improve the financial performance of the Company in the coming year.

DIVIDEND

The directors have not recommended any dividend in view of weak financial position of the company for the year ended June 30, 2023.

CORPORATE GOVERNANCE AND FINANCIAL REPORTING FRAME WORK

We confirm that:

- The financial statements have been drawn up in conformity with the Companies Act, 2017 and present fairly the state of its affairs, operating results, cash flow, other comprehensive income and changes in equity.
- Proper books of account have been maintained in the manner required under Companies. Act, 2017.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- 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 required by the listing regulations, except as stated otherwise in the statement of compliance with best practices of the code of corporate governance.
- The key operating and financial data for the last six years is annexed to this report.
- Outstanding duties and taxes, if any, have been disclosed in the financial statements.
- The Directors' Report dealing with the performance of the company during the year ended June 30, 2023, future prospects and other matters of concern to the Company forms part of this report.

BOARD OF DIRECTORS

The Board of Directors consist of: -

Total Number of Directors is Seven (7)

- a) **Male** **6**
- b) **Female** **1**

Composition: -

- a) Independent Directors 2
- b) Non-Executive Directors 3
- c) Executive Directors 2

The election of directors of the company was held on March 11, 2023. The following directors have been elected for a period of three years: -

- | | | |
|----|---------------------------|--------------------------------------------|
| 1. | Mr. Shahid Mazhar | Executive Director/Chief Executive Officer |
| 2. | Mrs. Ghazala Shahid | Non-Executive Director/Chairperson |
| 3. | Mr. Ahmed Bin Shahid | Executive Director |
| 4. | Mr. Muhammad Afnan Shahid | Non-Executive Director |
| 5. | Mr. Muhammad Akhtar | Non-Executive Director |
| 6. | Mr. Nadeem Bhatti | Independent Director |
| 7. | Mr. Hamid Basir | Independent Director |

BOARD OF DIRECTOR'S MEETINGS

The number of Board Meetings held during the year 2022-23 were Six (6). The attendance of the directors is as under: -

<u>Sr. #</u>	<u>Name of Directors</u>	<u>No. of Meetings Attended</u>
1.	Mr. Shahid Mazhar	6
2.	Mrs. Ghazala Shahid	6
3.	Mr. Ahmed Bin Shahid	6
4.	Mr. Muhammad Afnan Shahid	6
5.	Mr. Muhammad Akhtar	6
6.	Mr. Nadeem Bhatti	6
7.	Mr. Hamid Basir	6

AUDIT COMMITTEE

Subsequent to election of directors, the audit committee was reconstituted. The detail of audit committee members is as under: -

1.	Mr. Nadeem Bhatti	Chairman
2.	Mrs. Ghazala Shahid	Member
3.	Mr. Muhammad Akhtar	Member

During the year Four (4) meetings of Audit Committee were held and the attendance of these meetings is as under: -

1.	Mr. Nadeem Bhatti	4
2.	Mrs. Ghazala Shahid	4
3.	Mr. Muhammad Akhtar	4

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Subsequent to election of directors, the Human Resource and Remuneration Committee was reconstituted. The detail of Human Resource and Remuneration Committee members is as under:

1.	Mr. Hamid Basir	Chairman
2.	Mr. Ahmed Bin Shahid	Member
3.	Mr. Muhammad Afnan Shahid	Member

During the year One (1) meeting of Human Resource and Remuneration Committee was held and the attendance of this meeting is as under: -

1.	Mr. Hamid Basir	1
2.	Mr. Ahmed Bin Shahid	1
3.	Mr. Muhammad Afnan Shahid	1

• The Chief Executive of the Company has made the following transaction in the shares of the company during the year:

- Mr. Shahid Mazhar (Gift received from his Mother) 1,105,528 Shares

Except as mentioned above we confirm that Directors, CFO and Company Secretary and their spouse and minor children have made no transactions in the Company's shares during the year.

- The Statement of Compliance with the Code of Corporate Governance is annexed to this report.
- The Chairperson's Review is endorsed by the Board of Directors.
- Pattern & Category of shareholding as at June 30, 2023 is annexed to this report.

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

The present Auditors M/S Mushtaq & Company, Chartered Accountants, retire and being eligible offer themselves for re-appointment. The Audit Committee of Board has recommended the re-appointment of M/S Mushtaq & Company, Chartered Accountants, as external auditors of the company for the year ending on June 30, 2024 on the level of Auditors remuneration to be fixed by the members in the Annual General Meeting.

CORPORATE SOCIAL RESPONSIBILITIES (CSR)

Corporate Social Responsibility (CSR) is about business giving back to society. As routine, we strive to safeguard the health and well-being of our employees, neighbors and customers, as well as the communities in which we live, work and co-operate.

SAFETY, HEALTH & ENVIRONMENT

We maintain a culture of encouraging best health and safety practices amongst our workers by imparting awareness. We are pleased to inform you that there has been no incident of safety and health during the year. The Company actively strives to provide a safe and healthy workplace for its employees toward communities and environment in which it operates. There have been more plantations by increasing the area of green field to improve the environment.

WORK-LIFE BALANCE

In order to promote a health work-life balance, we strictly follow a 9.00 a.m. to 5.00 p.m. working routine. This ensures that our employees have plenty of time after work for extra-curricular activities with their families and friends.

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

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

ENERGY CONSERVATION

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

ACKNOWLEDGEMENT

The Directors of the Company would like to take the opportunity to thank the Shareholders, valued clients and bankers for the co-operation extended by them during the course of business activities. The Directors are also pleased to record their appreciation for the continued diligence and devotion of the staff members and workers of the Company.

On behalf of the Board of Directors



Chief Executive Officer

On behalf of the Board of Directors



Director

Place: Lahore

Date: October 06, 2023

ڈائریکٹرز رپورٹ

ڈائریکٹرز کمپنی کے 44ویں سالانہ اجلاس کی رپورٹ کے ساتھ آڈٹ شدہ مالیاتی گوشواروں اور اس پر ختم ہونے والے سال 30 جون 2023 کے لیے آڈیٹرز کی رپورٹ پیش کرنے پر خوشی محسوس کر رہے ہیں۔

مالیاتی نتائج کا خلاصہ

30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کے مالی نتائج کی مختصر جھلکیاں درج ذیل ہیں۔

30 جون 2022	30 جون 2023	
	(روپے ملین میں)	
377.850	349.130	ٹرن اوور نیٹ
24.917	2.577	مجموعی منافع
21.142	162.493	آپریٹنگ منافع
14.908	67.900	ٹیکس سے پہلے منافع
11.075	93.712	ٹیکس کے بعد منافع

بریک اپ ویلیو اور کمائی فی شیئر

30 جون 2023 کو شیئرز کی بریک اپ ویلیو 52.315 روپے ہے۔ جو کہ 30 جون 2022 میں 25.91 روپے تھی۔ بریک اپ ویلیوز میں، عمارت اور پلانٹ اور مشینری کی تازہ تشخیص کی وجہ سے بڑھ گئی ہے۔ 30 جون 2023 کو ختم ہونے والے سال کے لیے فی شیئر منافع 5.31 روپے ہے۔ فی حصص منافع پچھلے سال کے 0.63 روپے کے مقابلے میں ذیل میں دی گئی:

2022	2023	
	(روپے)	
11,074,544	93,712,370	ٹیکس کے بعد منافع
17,636,719	17,636,719	عام حصص کی تعداد
0.63	5.31	منافع فی حصص

جائزہ

آڈیٹرز نے حبیب بینک لمیٹڈ کی ذمہ داری پر مستند رائے جاری رکھی جو کمپنی کے اکاؤنٹس کی کتابوں میں طے شدہ رقم پر پہلے سے تسلیم شدہ ہے کیونکہ مقدمہ عدالت میں ہے۔

ایکسائز اینڈ ٹیکسٹائل ٹیکسٹائل آفیسر (ای ٹی او) حکومت سندھ کو قابل ادائیگی رقم کے حوالے سے 18.316 ملین روپے بتایا گیا ہے کہ یہ رقم سال 2008 سے متعلق ہے اور کمپنی نے مذکورہ ذمہ داری کے خلاف ایکسائز اینڈ ٹیکسٹائل آفیسر (ای ٹی او) حکومت سندھ کے حق میں بینک گارنٹی جمع کرائی ہے۔

جہاں تک تجارتی قرضوں کے حوالے سے آڈیٹرز کی اہل رائے میں لیسکو سے 16.198 ملین روپے کی وصولی کی جانے والی رقم شامل ہے۔ بتایا گیا ہے کہ معاملہ عدالت میں ہے۔ انتظامیہ کو ہمارے قانونی وکیل کی رائے کے مطابق اس کیس کے سازگار نتائج کا یقین ہے اس کے نتیجے میں اس قابل وصولی کے خلاف کوئی شق تسلیم نہیں کی گئی ہے۔

میزان بینک لمیٹڈ کی واجبات روپے 28.545 ملین پہلے ہی کمپنی کے حساب کتاب میں طے شدہ رقم پر تسلیم شدہ ہے کیونکہ یہ مقدمہ عدالت میں ہے۔

زیر نظر سال کے دوران، کمپنی کی انتظامیہ نے دی بینک آف پنجاب کے ساتھ گفت و شنید کی اور اپنی اصل رقم 392.209 ملین روپے کی ری اسٹرکچرنگ/ری شیڈولنگ کے ذریعے کامیابی کے ساتھ عدالت سے باہر تصفیہ کیا اور مارک اپ۔ 367.739 ملین روپے کمپنی کی طرف سے اصل رقم کی ادائیگی میں کوئی ڈیفالٹ نہ ہونے پر ٹیل اینڈ پر 100% معاف کر دیا جائے گا۔ بینک آف پنجاب کی واجبات کی اس تنظیم نو/ری شیڈولنگ سے ایک طرف کمپنی کے موجودہ تناسب کو بہتر بنانے میں مدد ملی ہے اور دوسری طرف کمپنی کے جمع شدہ نقصانات کو بھی اس حد تک کم کیا گیا ہے جو کہ کمپنی کی کتابوں میں موجود مارک اپ کو معاف کر دیا گیا ہے۔

زیر نظر سال کے دوران، کمپنی نے گزشتہ سال کے 11.075 ملین روپے کے بعد از ٹیکس منافع کے مقابلے میں 93.712 ملین روپے کا بعد از ٹیکس منافع کمایا ہے۔ رواں سال خالص کاروبار 349.130 ملین روپے کا ہے جس میں 257.202 ملین روپے کی برآمدی فروخت بھی شامل ہے۔ پچھلے سال میں خالص کاروبار 377.850 ملین روپے تھا جو کہ بند ہونے والے اسٹاک میں اضافے کی وجہ سے 8.23 فیصد کی کمی کو ظاہر کرتا ہے۔ کمپنی کا ایکسپورٹ پر مبنی ملبوسات کا ڈویژن کامیابی سے کام کر رہا ہے اور وقت گزرنے کے ساتھ ساتھ اس کی رفتار بڑھ رہی ہے۔ فی حصص آمدنی 5.31 روپے ہے۔ پچھلے سال میں فی حصص آمدنی 0.63 تھی۔

مستقبل کا آؤٹ لک

پاکستان کی ٹیکسٹائل انڈسٹری کو پچھلے ایک سال سے پہلے ہی غیر یقینی ماحول کا سامنا ہے۔ پیداواری لاگت میں غیر معمولی اضافہ جیسے خام مال کی بلند قیمتیں، بجلی کے نرخوں میں بے تحاشہ اضافہ اور تمام پیداواری اشیاء پر مہنگائی کے اثرات ملک بھر کی تمام صنعتوں کو

پریشان کر رہے ہیں۔ حکومتی پالیسیاں ملک میں صنعتوں کو سہارا نہیں دے رہی ہیں اور کاروباری ماحول پیٹرولیم کی قیمتوں، امریکی ڈالر کے مقابلے پاکستانی روپے کی شرح مبادلہ اور ملک میں سیاسی و اقتصادی استحکام پر بہت زیادہ منحصر ہے۔

تاہم، انتظامیہ کمپنی کے معاملات کو آسانی سے چلانے کے لیے بلا سود ڈائریکٹرز کے قرض کی صورت میں کمپنی کی حمایت جاری رکھے ہوئے ہے۔ مزید برآں، انتظامیہ اس کی توسیع اور پیداوار میں مزید جارحانہ انداز میں اضافے کے لیے ملبوسات کے ڈویژن میں مزید مشینری شامل کرنے کی منصوبہ بندی کر رہی ہے تاکہ کمپنی کی برآمدات کو دیگر متبادل اقدامات کے ساتھ بڑھایا جا سکے۔ ہمیں امید ہے کہ یہ اقدامات آنے والے سال میں کمپنی کی مالی کارکردگی کو بہتر بنانے میں مددگار ثابت ہوں گے۔

ڈیویڈنڈ

ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والے سال کے لیے کمپنی کی کمزور مالی پوزیشن کے پیش نظر کسی ڈیویڈنڈ کی سفارش نہیں کی ہے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک

ہم تصدیق کرتے ہیں کہ:

- مالیاتی بیانات کمپنیز ایکٹ، 2017 کے مطابق بنائے گئے ہیں اور اس کے معاملات کی حالت، آپریٹنگ نتائج، نقد بہاؤ، دیگر جامع آمدنی اور ایکویٹی میں ہونے والی تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔
- کمپنیز ایکٹ، 2017 کے تحت مطلوبہ طریقے سے اکاؤنٹ کی مناسب کتابوں کو برقرار رکھا گیا ہے۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
- بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالی بیانات کی تیاری میں پیروی کی گئی ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- کمپنی کا کاروبار چالو حالت میں ہونے کی صلاحیت پر کوئی قابل ذکر شک نہیں ہے۔

• فہرست سازی کے ضوابط کے مطابق کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے، سوائے اس کے کہ جیسا کہ کارپوریٹ گورننس کے کوڈ کے بہترین طریقوں کی تعمیل کے بیان میں بیان کیا گیا ہے • پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا اس رپورٹ کے ساتھ منسلک ہے۔

• بقایا ڈیوٹی اور ٹیکس، اگر کوئی ہیں، مالی بیانات میں ظاہر کیے گئے ہیں۔

• 30 جون 2023 کو ختم ہونے والے سال کے دوران کمپنی کی کارکردگی سے متعلق ڈائریکٹرز کی رپورٹ، مستقبل کے امکانات اور کمپنی کے لیے دیگر تشویش کے معاملات اس رپورٹ کا حصہ ہیں۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز کی تشکیل مندرجہ ذیل ہے:-

ڈائریکٹرز کی کل تعداد سات (7) ہے

(ا) مرد 6

(ب) خاتون 1

ترکیب:-

(ا) آزاد ڈائریکٹرز 2

(ب) نان ایگزیکٹو ڈائریکٹرز 3

(ج) ایگزیکٹو ڈائریکٹرز 2

کمپنی کے ڈائریکٹرز کا انتخاب 11 مارچ 2023 کو ہوا تھا۔ درج ذیل ڈائریکٹرز کو تین سال کی مدت کے لیے منتخب کیا گیا ہے:

1. جناب شاہد مظہر ایگزیکٹو ڈائریکٹر/چیف ایگزیکٹو آفیسر

2. مسز غزالہ شاہد نان ایگزیکٹو ڈائریکٹر/چینرپرسن

3. جناب احمد بن شاہد ایگزیکٹو ڈائریکٹر

4. جناب محمد افنان شاہد نان ایگزیکٹو ڈائریکٹر

5. جناب محمد اختر نان ایگزیکٹو ڈائریکٹر

6. جناب ندیم بھٹی آزاد ڈائریکٹر

7. جناب حامد بصیر آزاد ڈائریکٹر

بورڈ آف ڈائریکٹرز کے اجلاس

سال 2022-2023 کے دوران منعقدہ بورڈ کے اجلاس کی تعداد چھ (6) تھی۔ ڈائریکٹرز کی حاضری حسب ذیل ہے:-

ڈائریکٹرز کے نام	اجلاس کی تعداد
1. جناب شاہد مظہر	6
2. مسز غزالہ شاہد	6
3. جناب احمد بن شاہد	6
4. جناب محمد افنان شاہد	6
5. جناب محمد اختر	6
6. جناب ندیم بھٹی	6
7. جناب حامد بصیر	6

آڈٹ کمیٹی

ڈائریکٹرز کے انتخاب کے بعد آڈٹ کمیٹی کی تشکیل نو کی گئی۔ آڈٹ کمیٹی کے ارکان کی تفصیل حسب ذیل ہے:-

1. جناب ندیم بھٹی	چیئرمین
2. مسز غزالہ شاہد	ممبر
3. جناب محمد اختر	ممبر

سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے اور ان اجلاسوں کی حاضری حسب ذیل ہے:-

1. جناب ندیم بھٹی	4
2. مسز غزالہ شاہد	4
3. جناب محمد اختر	4

بیومن ریسورس اینڈ ریمونریشن کمیٹی

ڈائریکٹرز کے انتخاب کے بعد بیومن ریسورس اینڈ ریمونریشن کمیٹی کی تشکیل نو کی گئی۔ بیومن ریسورس اور ریمونریشن کمیٹی کے ممبران کی تفصیل حسب ذیل ہے:

1. جناب حامد بصیر	چیئرمین
2. جناب احمد بن شاہد	ممبر
3. جناب محمد افنان شاہد	ممبر

سال کے دوران بیومن ریسورس اینڈ ریمونریشن کمیٹی کا ایک (1) اجلاس منعقد ہوا اور اس اجلاس کی حاضری حسب ذیل ہے:-

1. جناب حامد بصیر 1
2. جناب احمد بن شاہد 1
3. جناب محمد افنان شاہد 1

کمپنی کے چیف ایگزیکٹو نے سال کے دوران کمپنی کے حصص میں درج ذیل لین دین کیا ہے:
- جناب شاہد مظہر (اپنی والدہ کی طرف سے تحفہ) 1,105,528 شیئرز
ماسوائے جیسا کہ اوپر بتایا گیا ہے ہم تصدیق کرتے ہیں کہ ڈائریکٹرز، سی ایف او اور کمپنی سیکرٹری اور ان کی شریک حیات اور نابالغ بچوں نے سال کے دوران کمپنی کے حصص میں کوئی لین دین نہیں کیا۔

• کوڈ آف کارپوریٹ گورننس کے ساتھ تعمیل کا بیان اس رپورٹ کے ساتھ منسلک ہے۔
• چیئرپرسن کے جائزے کی توثیق بورڈ آف ڈائریکٹرز نے کی ہے۔
• 30 جون 2023 تک شیئر ہولڈنگ کا پیٹرن اور زمرہ اس رپورٹ کے ساتھ منسلک ہے۔
متعلقہ فریقوں کے ساتھ تمام لین دین کو مکمل طور پر انجام دیا گیا ہے اور متعلقہ نوٹس کے تحت مالی بیانات میں ظاہر کیا گیا ہے۔

موجودہ آڈیٹرز میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو رہے ہیں اور اہل ہونے کی وجہ سے خود کو دوبارہ تقرری کی پیشکش کرتے ہیں۔ بورڈ کی آڈٹ کمیٹی نے میسرز مشتاق اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2024 کو ختم ہونے والے سال کے لیے کمپنی کے ایکسٹرنل آڈیٹرز کے طور پر دوبارہ تقرری کی سفارش کی ہے جو کہ ممبران کے سالانہ اجلاس عام کے ذریعے طے کیے جانے والے آڈیٹرز کے معاوضے کی سطح پر ہے۔

کارپوریٹ سماجی ذمہ داریاں

کارپوریٹ سماجی ذمہ داری معاشرے کو کاروبار دینے کے بارے میں ہے۔ معمول کے مطابق، ہم اپنے ملازمین، پڑوسیوں اور گاہکوں کے ساتھ ساتھ ان کمیونٹیز کی صحت اور بہبود کے تحفظ کی کوشش کرتے ہیں جن میں ہم رہتے ہیں، کام کرتے ہیں اور تعاون کرتے ہیں۔

حفاظت، صحت اور ماحولیات

ہم آگاہی فراہم کر کے اپنے کارکنوں میں صحت اور حفاظت کے بہترین طریقوں کی حوصلہ افزائی کے کلچر کو برقرار رکھتے ہیں۔ ہمیں آپ کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ سال بھر میں حفاظت اور صحت کا کوئی ناخوشگوار واقعہ پیش نہیں آیا۔ کمپنی اپنے ملازمین کے لیے ان کمیونٹیز اور ماحول کے لیے جہاں وہ کام تے ہیں ایک محفوظ اور صحت مند کام کی

جگہ فراہم کرنے کے لیے سرگرم عمل ہے۔ ماحولیات کو بہتر بنانے کے لیے گرین فیلڈ کے رقبے میں اضافہ کر کے مزید پودے لگائے گئے ہیں۔

کام اور زندگی کا توازن

صحت کے کام اور زندگی کے توازن کو فروغ دینے کے لیے، ہم صبح 9.00 بجے سے شام 5.00 بجے تک کام کرنے کے معمول پر سختی سے پیروی کرتے ہیں۔ یہ اس بات کو یقینی بنانا ہے کہ ہمارے ملازمین کے پاس کام کے بعد اپنے اہل خانہ اور دوستوں کے ساتھ غیر نصابی سرگرمیوں کے لیے کافی وقت ہو۔

کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

انتظامیہ تمام کاروباری سرگرمیاں دیانتداری، ایمانداری اور موجودہ قوانین اور ضوابط کی مکمل تعمیل کے ساتھ انجام دینے کے لیے پرعزم ہے۔ بورڈ کی طرف سے ایک ضابطہ اخلاق تیار اور منظور کیا گیا ہے، جس پر تمام ملازمین کے دستخط ہیں۔

توانائی کا تحفظ

کمپنی نے ملوں کے احاطے میں توانائی کی بچت کرنے والے آلات کو ٹھیک کر کے توانائی کے تحفظ کے لیے بہت سے اقدامات کیے ہیں۔

شکر گزاری

کمپنی کے ڈائریکٹرز اس موقع پر شیئر ہولڈرز، قابل قدر کلائنٹس اور بینکرز کا کاروباری سرگرمیوں کے دوران تعاون کے لیے شکریہ ادا کرنا چاہیں گے۔ ڈائریکٹرز کمپنی کے عملے کے ارکان اور کارکنوں کی مسلسل محنت اور لگن کے لیے اپنی تعریف ریکارڈ کرتے ہوئے بھی خوش ہیں۔

منجانب بورڈ



ڈائریکٹر

منجانب بورڈ



چیف ایگزیکٹو آفیسر

جگہ: لاہور تاریخ: 06 اکتوبر 2023

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES

(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Shadman Cotton Mills Limited for the year ended June 30, 2023.

The Company has complied with the requirements of the Regulations in the following manner;

1. The total number of directors are 7 as per the following:
 - a) Male: 6
 - b) Female: 1
2. The composition of Board is as follows:

Category	Directors
Independent Directors	Mr. Nadeem Bhatti
	Mr. Hamid Basir
Non-executive Directors	Mrs. Ghazala Shahid (Chairperson)
	Mr. Muhammad Afnan Shahid
	Mr. Muhammad Akhtar
Executive Directors	Mr. Shahid Mazhar (Chief Executive)
	Mr. Ahmed Bin Shahid

Fraction (0.33) related to the requirement for number of independent directors each is less than 0.5 and therefore, has not rounded up as one.

3. All directors have confirmed that none of them is serving as a director in 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 significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. One of the directors is exempt from Directors' Training Program and rest of the board could not attend the Directors' Training Program due to heavy load of work on directors in production matters.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and head of internal auditor, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

- a) Audit Committee

Mr. Nadeem Bhatti	Chairman
Mrs. Ghazala Shahid	Member
Mr. Muhammad Akhtar	Member

b) HR and Remuneration Committee

Mr. Hamid Basir	Chairman
Mr. Ahmed Bin Shahid	Member
Mr. Muhammad Afnan Shahid	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee: Quarterly (Four Meetings)
 - b) HR and Remuneration Committee: Annually (One Meeting)
15. The board has set up an effective internal audit function team 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 Regulations have been complied with and.
19. Explanation for non-compliance with requirements other than 3, 6, 7, 8, 27, 32, 33 and 36 are below:
 - i) The Board was not able to comply with the requirement of Directors training program due to heavy load of work on directors in production matters.



Ghazala Shahid
Chairperson

Dated: October 06, 2023

Key Operating & Financial Data For the Period from July 2017 to June 2023

PARTICULARS	July-June	July-June	July-June	July-June	July-June	July-June
	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Turnover -Net	349,129,692	377,849,670	110,031,908	111,554,212	431,005,657	546,927,040
Cost of Goods Sold	(346,552,569)	(352,932,424)	(165,587,176)	(136,658,852)	(413,356,190)	(596,269,741)
Gross Profit / (Loss)	2,577,123	24,917,246	(55,555,268)	(25,104,640)	17,649,467	(49,342,701)
Operating Profit/(Loss)	162,493,366	21,142,116	(47,229,732)	15,175,674	59,384,617	(63,892,751)
Profit/ (Loss) Before Tax	67,899,836	14,908,084	(52,865,581)	10,519,460	17,773,262	(69,037,173)
Profit/ (Loss) After Tax	93,712,371	11,074,544	(56,757,942)	1,008,509	12,641,569	(96,628,505)
Paid Up Capital	176,367,190	176,367,190	176,367,190	176,367,190	176,367,190	176,367,190
Current Assets	363,867,526	204,557,205	204,402,062	127,106,520	160,691,801	167,498,401
Current Liabilities	400,764,233	760,274,568	781,129,079	661,189,788	728,065,147	935,123,489
Production in '000' Kgs	-	-	-	1,240	3,620	1,094

Independent Auditor's Review Report

To the members of Shadman Cotton Mills Limited on the Statement of Compliance with the Code of Corporate Governance

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 Shadman Cotton Mills Limited 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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.

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

**Paragraph
Reference
Description**

19 (i)

Paragraph Reference Description

i) The board was not able to comply with the requirements of Directors Training Program.

Place: Lahore
Dated: 06 OCT 2023

Mushtaq & Co.
MUSHTAQ & CO
Chartered Accountants
Engagement Partner:



Nouman Arshad, ACA

UDIN: CR202310724I9IVeQQdB

Independent auditor's report to the members of Shadman Cotton Mills Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Shadman Cotton 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 other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion except for the effects of the matters described in the Basis for Qualified Opinion section of our report, and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of other 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 profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

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

- a) An amount of Rs.4.01 million of long term loan from Habib Bank Limited in note 9 has been confirmed by the bank as 8.11 million, also as referred to in note 18.1.1 to these financial statements, Company had not recognized expenses for the cost of suit and cost of funds on outstanding liability, the case is decreed in favour of Habib Bank Limited by the Banking Court, appeal of which had been filed in Honorable Lahore High Court, thereafter, appeal was allowed on April 27,2023 and the case was remanded back to the Banking court. In the absence of any estimate, we are unable to calculate its impact on the financial statements.
- b) As referred in note 10.1 this liability of Rs. 18.316 million was payable to Excise and Taxation Officer (ETO) Government of Sindh. Company had filed the suit against ETO in Sindh High Court against this levy. No copy of suit filed provided to us neither legal advisor confirmed this suit in his direct confirmation. We were also unable to verify the bank guarantees issued in favor of Excise and Taxation Officer (ETO) Government of Sindh.
- c) Trade debts includes an amount receivable from LESCO of Rs. 16.198 million, this receivable is past due since 30th June, 2011. The balance is not directly confirmed by the party as the said balance is also under litigation. In our opinion, this past due balance has been impaired but no loss allowance in respect of this receivable balance has been made in the financial statements. The company is also in litigation which is fully disclosed in Note 18.1.2 of these financial statements.

d) As disclosed in Note 18.1.3, a suit has been filed by the Meezan bank limited before the banking court, Lahore, against recovery of outstanding balance of ijarah rentals amounting to Rs. 51.419 million. Suit decreed by Banking Court for Rs. 28.54 million. Appeal of said decree has been filed in High Court. Bank's execution is also pending before Banking Court Lahore. We have not received bank confirmation for the said amount.

Key Audit Matter(s)

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.

We have determined the matters described below to be the key audit matters to be communicated in our report:

<i>S. No.</i>	<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
1.	<p><i>Stock in Trade</i></p> <p>Refer to note 3.14 & 24 to the financial statements.</p> <p>We identified this area as a key audit matter because inventories constitute significant portion of total assets of the Company.</p> <p>Further, determining an appropriate write down as a result of net realizable value (NRV) and provision for slow moving inventories involves management judgment and estimation.</p>	<p>Our key audit procedures in this area amongst others included the following;</p> <ul style="list-style-type: none"> - Observed physical inventory count procedures and compared on a sample basis, physical count with inventory sheets. - Compared on sample basis specific purchases and directly attributable cost with underlying supporting documents. - Checked overhead absorption rates at different stages of production to ascertain valuation of work in process and finished goods. - Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards. - Assessed the provision for slow moving stock as at the year end and assessed whether it is in accordance with the Company's policies and relevant accounting and reporting standards. - Considered adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and financial reporting.

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

Management is responsible for the other information. The other information comprises directors' report and last six years' financial analysis but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provided 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 except for the matters referred in Basis for Qualified Opinion section of our report, 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 and other 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) no 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 **Nouman Arshad, ACA**.

MUSHTAQ & CO
Chartered Accountants



Lahore.

Dated: 06 OCT 2023

UDIN: AR202310724DLM8ebFmz

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized share capital</i>			
18,000,000 (2022: 18,000,000) ordinary shares of Rs. 10 each		180,000,000	180,000,000
Issued, subscribed and paid-up capital	5	176,367,190	176,367,190
Share premium reserve	6	53,218,752	53,218,752
Accumulated losses		(285,358,788)	(384,138,821)
Director's loan	7	210,000,000	120,000,000
Surplus on revaluation of property, plant and equipment	8	768,436,536	491,502,502
TOTAL EQUITY		922,663,690	456,949,623
NON-CURRENT LIABILITIES			
Long term finances	9	294,158,000	-
Long term payables	10	40,678,309	40,678,309
Employees benefit obligation	11	11,081,534	7,965,892
		345,917,843	48,644,201
CURRENT LIABILITIES			
Trade and other payables	12	129,619,787	139,604,366
Accrued interest/markup	13	-	103,514,885
Short term borrowings	14	171,126,317	373,052,846
Current maturity of non-current liabilities	15	53,030,608	101,868,864
Current portion of GIDC payable		-	440,170
Ijarah lease rentals payable	16	28,544,690	28,544,690
Provision for taxation	17	18,442,831	13,248,747
		400,764,233	760,274,568
TOTAL LIABILITIES		746,682,076	808,918,769
CONTINGENCIES AND COMMITMENTS			
	18	-	-
TOTAL EQUITY AND LIABILITIES		1,669,345,766	1,265,868,393
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	19	1,165,913,953	918,909,478
Investment property	20	111,365,413	114,220,936
Long term deposits	21	28,198,874	28,180,774
Deferred taxation	22	-	-
		1,305,478,240	1,061,311,188
CURRENT ASSETS			
Stores, spares and loose tools	23	24,549,121	22,012,525
Stock in trade	24	81,397,205	58,099,251
Trade debts	25	127,622,186	56,730,307
Loans and Advances	26	7,117,658	2,146,946
Trade deposits and short term prepayments	27	4,220,202	3,881,706
Other receivables	28	4,678,959	7,364,421
Tax refunds due from Government	29	49,159,451	29,424,653
Short term investments	30	37,768,609	269,604
Cash and bank balances	31	27,354,135	24,627,792
		363,867,526	204,557,205
TOTAL ASSETS		1,669,345,766	1,265,868,393

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

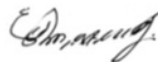
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2023

	<i>Note</i>	June 30, 2023	June 30, 2022
		<i>Rupees</i>	<i>Rupees</i>
Turnover - net	32	349,129,692	377,849,670
Cost of sales	33	(346,552,569)	(352,932,424)
Gross profit / (loss)		<u>2,577,123</u>	<u>24,917,246</u>
Selling and distribution expenses	34	(8,173,034)	(17,557,471)
Administrative and general expenses	35	(38,817,490)	(34,652,189)
		(46,990,524)	(52,209,660)
Other income	36	206,906,767	48,434,530
Operating profit / (loss)		<u>162,493,366</u>	<u>21,142,116</u>
Finance cost	37	(484,524)	(68,577)
Other expenses	38	(94,109,006)	(6,165,455)
Profit / (loss) before taxation		<u>67,899,836</u>	<u>14,908,084</u>
Taxation	39	25,812,535	(3,833,540)
Profit after taxation		<u><u>93,712,371</u></u>	<u><u>11,074,544</u></u>
Earnings per share - basic and diluted	40	<u><u>5.31</u></u>	<u><u>0.63</u></u>

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

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

	<i>Note</i>	June 30, 2023	June 30, 2022
		<i>Rupees</i>	<i>Rupees</i>
Profit after taxation for the year		93,712,371	11,074,544
Other comprehensive income/ (loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of defined benefit obligation		1,314,236	1,182,222
Deferred tax on remeasurement of staff retirement benefits		(381,128)	(342,844)
		933,108	839,378
Revaluation surplus on PPE		317,377,236	-
Deferred tax on revaluation surplus of PPE		(36,308,648)	-
		281,068,588	-
Total comprehensive income		375,714,067	11,913,922

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

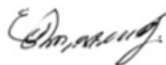
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023	June 30, 2022
		<i>Rupees</i>	<i>Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from/(used in) operations	41	51,768,814	52,133,195
Payments for:			
Employees retirement benefits		(1,268,397)	(1,541,116)
Finance cost		(484,524)	(68,577)
Income tax		(10,561,390)	(8,269,868)
		(12,314,311)	(9,879,561)
Net cash generated from/(used in) operating activities		39,454,503	42,253,634
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		4,150,000	1,900,000
Purchase of property, plant and equipment		(33,238,390)	(13,945,132)
Short term investment		(37,500,000)	2,202,560
Long term deposits		(18,100)	-
		(66,606,490)	(9,842,572)
Net cash (used in)/generated from investing activities		(66,606,490)	(9,842,572)
CASH FLOW FROM FINANCING ACTIVITIES			
Net (decrease) / increase in long term financing		294,345,744	-
Repayment of long term loan		(49,026,000)	-
Net (decrease) / increase in short term borrowings		(111,926,529)	(8,822,302)
Net (decrease) / increase in accrued mark up		(103,514,885)	-
		29,878,330	(8,822,302)
Net cash (used in)/generated from financing activities		29,878,330	(8,822,302)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,726,343	23,588,760
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR		24,627,792	1,039,032
CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR	42	27,354,135	24,627,792

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

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

	Issued subscribed and paid-up capital	Share Premium reserve	Revenue Reserve Accumulated Profit / (loss)	Directors' Loan	Surplus on revaluation of property, plant & equipment	Total equity
Rupees						
Balance as at July 01, 2021	176,367,190	53,218,752	(400,293,309)	120,000,000	495,743,069	445,035,702
Profit for the year	-	-	11,074,544	-	-	11,074,544
Other comprehensive income	-	-	839,378	-	-	839,378
Transaction with owners	-	-	-	-	-	-
Incremental depreciation- net off deferred tax	-	-	4,240,567	-	(4,240,567)	-
Balance as at June 30, 2022	<u>176,367,190</u>	<u>53,218,752</u>	<u>(384,138,821)</u>	<u>120,000,000</u>	<u>491,502,502</u>	<u>456,949,623</u>
Balance as at July 01, 2022	176,367,190	53,218,752	(384,138,821)	120,000,000	491,502,502	456,949,623
Profit for the year	-	-	93,712,371	-	-	93,712,371
Other comprehensive income	-	-	933,108	-	-	933,108
Transaction with owners	-	-	-	-	-	-
Surplus on revaluation of building- net off deferred tax	-	-	-	-	281,068,588	281,068,588
Incremental depreciation- net off deferred tax	-	-	4,134,554	-	(4,134,554)	-
Transferred from Liability portion of directors loan	-	-	-	90,000,000	-	90,000,000
Balance as at June 30, 2023	<u>176,367,190</u>	<u>53,218,752</u>	<u>(285,358,788)</u>	<u>210,000,000</u>	<u>768,436,536.00</u>	<u>922,663,690</u>

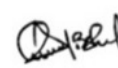
The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

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

1 THE COMPANY AND ITS OPERATIONS

1.1 Shadman Cotton Mills Limited ('the Company') was incorporated in Pakistan as a public limited company on November 24, 1979 and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing and sale of yarn. The registered office of the Company is situated at 2/E, Block G, Mushtaq Ahmed Gurmani Road, Gulberg II, Lahore. Manufacturing facilities and land covering 328 Kanals 15 Marlas of the company is located at 3.5 K.M, Feroze Watwan, Warburton Road, Kot Shah Mohammad tehsil, Nankana Sahib.

2 Basis of Preparation

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These financial statements have been prepared on the historical cost convention except for certain financial instruments at fair value and employees retirement benefits at present value. In these financial statements, except for cash flow statements, all transactions have been accounted for on accrual basis.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is also the company's functional currency. All financial information presented in Pakistani Rupees has been rounded to the nearest Rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are 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.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

2.5 Standards, interpretations and amendments to published approved accounting standards

2.5.1 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the company:

	Effective date (annual reporting periods beginning on or after)
IAS 1 Presentation of financial statements (Amendments)	January 1, 2023 & January 1, 2024
IAS 7 Statement of Cash Flows (Amendments)	January 1, 2024
IAS 8 Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2023
IAS 12 Income Taxes (Amendments)	January 1, 2023
IFRS 4 Insurance Contracts (Amendments)	January 1, 2023
IFRS 9 Financial Instruments: Disclosures (Amendments)	January 1, 2024
IFRS 16 Leases (Amendments)	January 1, 2024

The management anticipates that adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 17 Insurance contracts
- IFRIC 12 Service concession arrangements

Summary of Significant Accounting Policies

3.1 Investment property

Property held for capital appreciation and rental yield, which is not in the use of the Company is classified as investment property. Investment Property comprises of building. The company has adopted cost model for its investment property.

3.2 Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

3.3 Employee benefits

Short term employees benefits

The company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

Post retirement benefits

Defined benefit plans

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.

Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

Actuarial gains and losses are recognized in statement of comprehensive income for the period in which these arise.

There is risk that the final salary at the time of cessation of service is greater than what the entity has assumed.

Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

3.4 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or minimum of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is accounted for using the balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the requirement of "Technical Release - 27" of the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for timing differences that are not expected to reverse and for the temporary differences arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination and that at the time of transaction affects neither the accounting nor the taxable profit.

3.5 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result

of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.6 Trade and other payables

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

3.7 Dividend

Dividend is recognized as a liability in the period in which it is approved by shareholders.

3.8 Property, plant and equipment and depreciation

Owned assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, which is stated at revalued amount, and buildings, plant and machinery which are carried at revalued amounts less accumulated depreciation. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Subsequent cost

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

Depreciation

Depreciation is charged to income on reducing balance method over its estimated useful life at the rates specified in property, plant and equipment note. Depreciation on additions to property, plant and equipment is charged from the month in which an item is acquired or capitalized while no depreciation is charged for the month in which the item is disposed off.

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is material.

The gain or loss on disposal of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Impairment

Where the carrying amount of asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

3.9 Capital work in progress

Capital work in progress and stores held for capital expenditure are stated at cost and represents expenditure incurred on property, plant and equipment during construction and installation. Cost includes borrowing cost as referred in accounting policy of borrowing cost. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

3.10 Financial assets and liabilities

Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised Cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value and subsequent to initial recognition changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

Derecognition

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

Financial Liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

Derecognition

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

3.11 Impairment

Financial Assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

Non-Financial Assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.13 Stores and spares

Stores and spares are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

3.14 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows:

Raw material	At weighted average cost or replacement cost whichever is lower
Work in progress	At average manufacturing cost
Finished goods	At average manufacturing cost or net realizable value whichever is lower
Waste	Net realizable value

Raw material in transit is stated at invoice price plus other charges paid thereon upto the balance sheet date.

Average manufacturing cost in relation to work in process and finished goods, consist of direct material and

Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling expenses.

3.15 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently after deducting allowance for ECLs.

3.16 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and balances with bank for the purpose of cash flow statement.

3.17 Revenue recognition

According to the core principles of IFRS-15, the company recognizes the revenue from sale when the company satisfies a performance obligation (at a point of time) by transferring promised goods to customers being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts.

Interest income is recognized on the basis of constant periodic rate of return.

Dividend income is recognized when the right to receive dividend is established i.e. the book closure date of the investee company declaring the dividend.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in statement of comprehensive income in the period in which they arise.

Unrealised gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in statement of profit or loss in the period in which they arise.

3.18 Borrowing costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.

3.19 Ijarah

Leases in which the significant portion of risks and rewards and ownership is retained by the lessor are classified as Ijarah. Payments made under ijarah agreements are charged to statement of profit or loss on straight line basis over the lease term of ijarah agreement.

3.20 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are retranslated into Pak Rupees at the rates of exchange prevailing at the balance sheet date.

Exchange differences, if any, are taken to profit and loss account.

3.21 Transactions with related party

Transactions with related parties are priced at comparable uncontrolled market price. All transactions involving related parties arising in the normal course of business are conducted at arm's length using valuation modes, as admissible. Parties are said to be related when they meet the definition as provided in the Companies Act, 2017.

4 Capital Management

The company'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 board of directors monitors the return on capital and level of dividends to ordinary shareholders. The company seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the company's approach to capital management during the year. Further the company is not subject to externally imposed capital requirements.

5 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023		2022	
No. of shares	No. of shares	Rupees	Rupees
Ordinary shares of Rs. 10 each			
11,627,344	11,627,344	116,273,440	116,273,440
6,009,375	6,009,375	60,093,750	60,093,750
17,636,719	17,636,719	176,367,190	176,367,190

The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.

6 SHARE PREMIUM RESERVE

This represents premium on issue of right ordinary shares recognized under Section 83(1) of the repealed Companies Ordinance, 1984.

7 DIRECTOR'S LOAN

This represents interest free loan from directors and repayable at the discretion of the Company. Therefore, this amount is accounted for in accordance with the Technical Release- 32 issued by ICAP and is classified under equity.

8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT (NET OF DEFERRED TAX)

	Note	2023	2022
		Rupees	Rupees
As at beginning of the year - gross		584,955,009	590,927,639
Add:			
Surplus arising on land		192,175,000	-
Surplus arising on building		125,202,236	-
Prior year impairment loss reversed		-	-
		317,377,236	-
Less:			
Disposal of fixed assets		-	-
Less:			
Transferred to equity in respect of:			
Incremental depreciation on revalued assets		(5,823,314)	(5,972,630)
		(5,823,314)	(5,972,630)
Closing Balance - Gross		896,508,931	584,955,009
Less: Related deferred tax liability			
Revaluation at the beginning of the year		93,452,507	95,184,570
Deferred tax adjustment due to revaluation on building		36,308,648	-
Amount realized during the year on account of incremental depreciation		(1,688,760)	(1,732,063)
		128,072,395	93,452,507
As at end of the year		768,436,536	491,502,502

9 LONG TERM FINANCES - SECURED

	Note	2023	2022
		Rupees	Rupees
These represent long term finances utilized under interest/markup arrangements from banking companies			
The Bank of Punjab - Demand finance - I		17,863,256	17,863,256
The Bank of Punjab - Demand finance - II		80,000,000	80,000,000
The Bank of Punjab - Cash Finance		26,792,065	-
The Bank of Punjab - Running Finance		128,672,679	-
The Bank of Punjab - Overdue acceptance against LCs		89,855,000	-
	9.1	343,183,000	97,863,256
Habib Bank Limited - Term finance	9.2	4,005,608	4,005,608
		347,188,608	101,868,864
Current maturity presented under current liabilities		(49,025,000)	-
Overdue Payments		(4,005,608)	(101,868,864)
		(53,030,608)	(101,868,864)
		294,158,000	-

9.1 This represent out of Court settlement through rescheduling/restructuring of entire principal liability of long term financing and short term borrowings of the company payable to The Bank of Punjab as on December 31, 2022, as per bank letter dated January 19, 2023. The finance is secured by charge over operating fixed assets and current assets of the company. The finance carries mark up at the rate of 5.97% and shall be waived 100% at the tail end subject to no default by the company. In case of default, company has to pay a mark up of Rs. 367.739 million. The company has paid 10% down payment of Rs. 39.221 million on January 25, 2023 immediately on signing of letter and balance amount is payable in 36 equal quarterly installments commencing from March 31, 2023. "

9.2 The finance was obtained from Habib Bank Limited to finance capital expenditure and was secured by charge over operating fixed assets of the Company. The finance carried interest/markup at three months KIBOR plus 1.50% per annum, payable quarterly. The finance was repayable in eighteen equal monthly installments with the first installment was due in June 2010. The entire outstanding balance is over due as at the reporting date. Refer to note 18.1.1 for details of litigation between the Company and Habib Bank Limited regarding recovery of this amount.

9.3 For restrictions on title, and assets pledged as security, refer to note 48 to the financial statements.

10	LONG TERM PAYABLES	Note	2023	2022
			Rupees	Rupees
	Infrastructure fee payable - ETO	10.1	18,316,926	18,316,926
	Infrastructure cess payable - Gas	10.2	22,361,383	22,361,383
			40,678,309	40,678,309
10.1	Movement in liability recognized in the statement of financial position			
		Note	2023	2022
			Rupees	Rupees
	Balance at beginning of the year		18,316,926	18,316,926
	Accrued for the year		-	-
	Paid during the year		-	-
			18,316,926	18,316,926

This represents infrastructure cess levied by Excise and Taxation Officer (ETO) Government of Sindh on movement of imported goods entering the Sindh Province from outside Pakistan. The Company and others have filed a suit before the Sindh High Court (SHC) challenging the levy. The Supreme Court of Pakistan through order has declared all levies and collections before December 26, 2008 to be invalid. During the pendency of decision on the levies and collections on or after December 26, 2008, SHC has directed the petitioners to pay 50% of liability for levies on or after December 26, 2008 to ETO and to arrange bank guarantees for the remaining amount in favour of ETO. The liability represents 50% of levies after December 26, 2008 against which guarantees have been arranged in favour of ETO.

10.2 Movement in liability recognized in the statement of financial position

	Note	2023	2022
		Rupees	Rupees
Balance at beginning of the year		22,801,553	25,442,573
Accrued for the year		-	-
Paid during the year		-	(2,641,020)
		22,361,383	22,801,553
Less: Current maturity		-	(440,170)
		22,361,383	22,361,383

The Company has filed petition W.P.No. 42176 of 2020. Through this petition court has instructed GIDC for reduced payments. Presently the recovery of arrears of GIDC has been stayed vide W.P.No 43274/2021 by the Lahore High Court, Lahore. It is anticipated that this case would be decided in favor of The Company, However, the time frame for decision of the Court cannot be prejudged for the said case.

11	EMPLOYEES BENEFIT OBLIGATION	Note	2023	2022
			Rupees	Rupees
11.1	Movement in present value of defined benefit obligation			
	As at beginning of the year		7,965,892	5,993,171
	Charged / (credit) to profit or loss for the year	11.2	5,698,275	4,696,059
	Benefits paid during the year		(1,268,397)	(1,541,116)
	Remeasurements recognized in other comprehensive income	11.4	(1,314,236)	(1,182,222)
	As at end of the year		11,081,534	7,965,892
11.2	Charge to statement of profit or loss			
	Current service cost		4,726,826	4,173,798
	Interest cost		971,449	522,261
			5,698,275	4,696,059

	Note	2023	2022
		<i>Rupees</i>	<i>Rupees</i>
11.3 The charge to statement of profit or loss has been allocated as follows			
Cost of sales	33	2,522,856	1,606,203
Administrative and general expenses	35	3,175,419	3,089,856
		5,698,275	4,696,059
11.4 Remeasurements recognized in other comprehensive income			
Actuarial (income) / loss arising from changes in:			
Demographic assumptions		-	-
Financial assumptions		-	-
Experience adjustments		(1,314,236)	(1,182,222)
		(1,314,236)	(1,182,222)

11.5 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date is based on actuarial valuation carried out by independent actuaries. The principal assumptions used in determining present value of defined benefit obligation are:

	Note	2023	2022
Discount rate		16.25%	13.25%
Expected rates of increase in salary		15.25%	12.25%
Expected average remaining working lives of employees		9 years	8 years

11.6 Average duration of the defined benefit obligation

The average duration of the defined benefit obligation is 8 years.

11.7 Expected charge to profit or loss for the next financial year

The expected charge to profit or loss for the year ending June 30, 2024 amounts to Rs. 7.296 million.

11.8 Sensitivity analysis

An analysis of sensitivity for discount rate and expected rate of increase in salary used to determine the present value of defined benefit obligation as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:

	2023		2022	
	Change in actuarial assumption	Defined benefit obligation	Change in actuarial assumption	Defined benefit obligation
		<i>Rupees</i>		<i>Rupees</i>
Discount rate	+ 1%	10,233,736	+ 1%	7,430,023
	- 1%	11,999,831	- 1%	8,540,598
Expected rate of increase in salary	+ 1%	11,999,566	+ 1%	8,540,410
	- 1%	10,233,611	- 1%	7,429,931

A change in expected remaining working lives of employees is not expected to have a material impact on the present value of defined benefit obligation. Accordingly, the sensitivity analysis for the same has not been carried out.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

	Note	2023	2022
		<i>Rupees</i>	<i>Rupees</i>
12 TRADE AND OTHER PAYABLES			
Trade creditors - <i>Unsecured</i>		99,228,190	107,709,401
Accrued liabilities		22,291,322	23,430,782
Advances from customers - <i>Unsecured</i>	12.1	-	5,712,120
Workers' Profit Participation Fund	12.2	3,817,260	907,240
Workers' Welfare Fund	12.3	1,793,117	344,751
Other payables - <i>Unsecured</i>		2,489,898	1,500,072
		129,619,787	139,604,366

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12.1 Advance received from customer is recognised as revenue when the performance obligation in accordance with the policy is satisfied. Revenue for an amount of Rs. 5.71 million (2022: Rs.8.49 million) has been recognised in current year in respect of advances from customers at the beginning of period.

	Note	2023	2022
		Rupees	Rupees
12.2 Workers' Profit Participation Fund			
As at beginning of the year		907,240	-
Charged during the year		3,817,260	907,240
Interest on funds utilized by the Company		109,626	-
		4,834,126	907,240
Less: Paid during the year		(1,016,866)	-
As at end of the year		3,817,260	907,240

12.2.1 Interest has been charged at 18.15% (2022: Nil) per annum.

12.3 Workers' Welfare Fund

As at beginning of the year		344,751	-
Charged to profit or loss for the year		1,448,366	344,751
Paid during the period		-	-
As at end of the year		1,793,117	344,751

	Note	2023	2022
		Rupees	Rupees
13 ACCRUED INTEREST/MARKUP			
Long term finance	13.1	39,813,820	39,813,820
Short term borrowings	13.1	63,701,065	63,701,065
		103,514,885	103,514,885
Less: Waived off during the year		(103,514,885)	-
		-	103,514,885

13.1 This represent out of Court settlement through restructuring/rescheduling of mark up liability of the company amounting to Rs. 367.739 million payable to The Bank of Punjab as per letter dated January 19, 2023. This secured by charge over operating fixed assets and current assets of the company. This shall be waived 100% at tail end subject to no default by the company in repayment of principal amount in 36 equal quarterly installments. During the year ended June 30, 2023 the company has reversed the liability of accrued mark up as company is committed to repay the amount of loan as per agreed terms.

	Note	2023	2022
		Rupees	Rupees
14 SHORT TERM BORROWINGS			
<i>Secured</i>			
<i>These represent short term finances utilized under interest/markup arrangements from banking companies</i>			
Borrowings from Bank of Punjab	9.1	-	289,710,774
Unsecured -from related parties (Directors)			
Opening Balance		203,342,072	180,949,374
Received during the year		303,334,245	44,752,698
Repaid during the year		(125,550,000)	(22,360,000)
		381,126,317	203,342,072
Less: Equity portion		(210,000,000)	(120,000,000)
	14.1	171,126,317	83,342,072
		171,126,317	373,052,846

14.1 This represents temporary loan obtained from director of the Company to meet workings capital requirements. The loan is unsecured and interest free.

14.2 For restrictions on title, and assets pledged as security, refer to note 48 to the financial statements.

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	Note	2023	2022
		Rupees	Rupees
15 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long term finances	9	53,030,608	101,868,864
16 IJARAH LEASE RENTALS PAYABLE			
Ijarah rentals payable		28,544,690	28,544,690
16.1 These represent Ijarah obtained under sale and lease back arrangements for acquiring plant and machinery. The lease was priced at three months KIBOR plus 1.75% per annum, subject to floor and cap of 10% and 24% per annum respectively. Lease rentals were payable quarterly over a tenor of three years with the first installment due from November 2012. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to ijarah lease are borne by the Company. The lease term has expired and the entire outstanding balance represents overdue installments.			
	Note	2023	2022
		Rupees	Rupees
17 PROVISION FOR TAXATION			
Taxation	17.1	18,442,831	13,248,747
17.1 Taxation			
Balance at the beginning		13,248,747	10,140,770
Provision made during the year		18,442,831	13,248,747
		31,691,578	23,389,517
Adjusted during the year		(13,248,747)	(10,140,770)
		18,442,831	13,248,747
18 CONTINGENCIES AND COMMITMENTS			
18.1 Contingencies			
18.1.1 The Company is contesting recovery suit filed by Habib Bank Limited amounting to Rs. 8.996 million on account of principal and markup claimed in the suit. The suit was decreed by the Banking Court for an amount of Rs. 8.105 million. Appeal was filed in Lahore High Court. An amount of Rs. 4.1 million was paid through Court during the year ended June 30, 2021. Thereafter, appeal was allowed on April 27, 2023 and the case was remanded back to the Banking court. As on reporting date, evidence of both parties is under process. Subsequently, the amount of Rs. 4.1 million was received by the company from deputy registrar (judicial) Lahore High Court.			
18.1.2 A suit has been filed by the company before the Civil Court, Lahore against recovery of outstanding balance amounting to Rs. 16.113 million from Lahore Electric Supply Company (LESCO). The case is pending in court however legal advisor is of the view that the outcome of the case will be in favor of the company.			
18.1.3 A suit has been filed by the Meezan bank limited before the banking court, Lahore, against recovery of outstanding balance of ijarah rentals amounting to Rs. 51.419 million. Suit decreed by the Banking Court for Rs. 28.545 million. Appeal of said decree has been filed in High Court. Bank's execution is also pending before Banking Court Lahore.			
18.1.4 Refer to note 9.1 of these financial statements pertaining to settlement of long term finance from The Bank of Punjab during the year and the contingency arised thereto.			
	Note	2023	2022
		Rupees	Rupees
18.2 Commitments			
Letters of credit-Raw Material		11,626,743	-
	Note	2023	2022
		Rupees	Rupees
19 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	19.1	1,165,913,953	918,909,478
		1,165,913,953	918,909,478

19.1 Operating fixed assets

2023													
	COST/REVALUED AMOUNT						DEPRECIATION						Net book value as at June 30, 2023
	As at July 01, 2022	Additions	Revaluation Addition/(Reversal)	Adjustments	Disposals	As at June 30, 2023	Rate %	As at July 01, 2022	For the period	Adjustments	Disposals	As at June 30, 2023	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<i>Assets owned by the Company</i>													
Freehold land	309,025,000	-	192,175,000	-	-	501,200,000	-	-	-	-	-	-	501,200,000
Buildings	274,305,000	-	125,202,236	(34,107,236)	-	365,400,000	2.5%	27,948,319	6,158,917	(34,107,236)	-	-	365,400,000
Plant and machinery	366,508,549	192,000	(82,917,737)	(28,782,812)	-	255,000,000	2.5%	20,121,814	8,660,998	(28,782,812)	-	-	255,000,000
Office equipment	6,101,286	135,000	-	-	-	6,236,286	10%	4,937,674	125,361	-	-	-	5,063,035
Furniture and fixtures	5,551,686	-	-	-	-	5,551,686	10%	3,442,096	210,959	-	-	-	3,653,055
Vehicles	33,546,064	32,911,390	-	-	(3,285,500)	63,171,954	20%	19,678,204	4,656,248	-	(2,404,569)	21,929,883	41,242,071
	995,037,585	33,238,390	234,459,499	(62,890,048)	(3,285,500)	1,196,559,926		76,128,107	19,812,483	(62,890,048)	(2,404,569)	30,645,973	1,165,915,953
2022													
	COST/REVALUED AMOUNT						DEPRECIATION						Net book value as at June 30, 2022
	As at July 01, 2021	Additions	Revaluation Addition/(Reversal)	Adjustments	Disposals	As at June 30, 2022	Rate %	As at July 01, 2021	For the period	Adjustments	Disposals	As at June 30, 2022	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<i>Assets owned by the Company</i>													
Freehold land	309,025,000	-	-	-	-	309,025,000	-	-	-	-	-	-	309,025,000
Buildings	274,305,000	-	-	-	-	274,305,000	2.5%	21,631,481	6,316,838	-	-	27,948,319	246,356,681
Plant and machinery	357,843,787	8,664,762	-	-	-	366,508,549	2.5%	11,324,991	8,796,823	-	-	20,121,814	346,386,735
Office equipment	6,101,286	-	-	-	-	6,101,286	10%	4,808,384	129,290	-	-	4,937,674	1,163,612
Furniture and fixtures	4,190,286	1,361,400	-	-	-	5,551,686	10%	3,249,962	192,134	-	-	3,442,096	2,109,590
Vehicles	31,498,884	3,918,970	-	-	(1,871,790)	33,546,064	20%	18,405,508	2,910,007	-	(1,637,311)	19,678,204	13,867,860
	982,964,243	13,945,132	-	-	(1,871,790)	995,037,585		59,420,326	18,345,092	-	(1,637,311)	76,128,107	918,909,478

19.1.1 Disposal of operating fixed assets

	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
.....Rupees.....							
<i>Vehicles</i>							
Toyota Corolla LEE-13-7833	1,705,500	1,423,140	282,360	2,000,000	1,717,640	Negotiation	Housing Society Valencia Town Lahore
Suzuki Mehran LZY-1133	345,000	306,296	38,704	400,000	361,296	Negotiation	Mr. Fahad Arshad House No. 19, Block A, Phase-4, Lahore
Suzuki Wagon R LEE-14-2938	1,235,000	675,133	559,867	1,750,000	1,190,133	Negotiation	27-A/E-90, Block A, Super Town, Lahore Cantt
2023	3,285,500	2,404,569	880,931	4,150,000	3,269,069		
.....Rupees.....							
<i>Vehicles</i>							
Toyota Corolla LEC-12-9391	1,871,790	1,637,311	234,479	1,900,000	1,665,521	Negotiation	Mr. Saad Mahmood H No. 73-P, DHA Phase-1, Lahore Cantt
2022	1,871,790	1,637,311	234,479	1,900,000	1,665,521		

	Note	2023	2022
		Rupees	Rupees
19.1.2	The depreciation charge for the year has been allocated as follows:		
Cost of sales	33	14,819,915	15,113,661
Administrative and general expenses	35	4,992,568	3,231,431
		19,812,483	18,345,092

19.1.3 Most recent valuation of land, building and plant and machinery of the Company was carried out by an independent valuer Messrs Sakina Enterprises as on June 30, 2023. For basis of valuation and other fair value measurement disclosures refer to note 47.

Had there been no revaluation, the cost, accumulated depreciation and net book values of revalued items would have been as follows:

	2023		
	Cost	Accumulated depreciation	Net book value
	Rupees	Rupees	Rupees
Freehold land	47,334,333	-	47,334,333
Building on freehold land	14,121,350	1,837,880	12,283,470
Plant and machinery	366,700,549	28,790,497	337,910,052
	2022		
	Cost	Accumulated depreciation	Net book value
	Rupees	Rupees	Rupees
Freehold land	47,334,333	-	47,334,333
Building on freehold land	14,121,350	1,522,919	12,598,431
Plant and machinery	366,508,549	20,129,697	346,378,852

19.1.4 This freehold land and building of 328 Kanals 15 Marlas is located at 21 KM, Sheikhpura Road, Ferozwattwan, Off 3.5 KM Warburton Road, Hadbast Mauza, Kot Shah Muhammad, Tehsil Nankana, District, Sheikhpura.

19.1.5 Forced sales value as per the last revaluation report as of June 30, 2023

Asset class	Forced sale value
Freehold land	426,020,000
Building on freehold land	310,590,000
Plant and machinery	216,750,000
	953,360,000

20	INVESTMENT PROPERTY	Note	2023	2022
			Rupees	Rupees
	Carrying value as at July 01		114,220,936	117,149,678
	Depreciation charged during the period		(2,855,523)	(2,928,742)
	Net book value as at June 30		111,365,413	114,220,936
	Gross carrying value as at June 30			
	Cost		122,267,095	122,267,095
	Accumulated depreciation		10,901,682	8,046,159
			111,365,413	114,220,936
20.1	Depreciation is charged by reducing balance method at the rate % per annum		2.50%	2.50%
20.2	Depreciation charged for the period has been allocated as follows:			
	Other Expenses	38	2,855,523	2,928,742

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- 20.3 The market value of investment property was assessed by independent valuers at June 30, 2023 is Rs. 145 million (2022:Rs. 140 million). Valuation of property has been determined by obtaining key market dealers and estate agents to ascertain the asking and selling price of properties of the same nature in the neighbourhood and adjoining areas.

21	LONG TERM DEPOSITS - unsecured, considered good	Note	2023	2022
			Rupees	Rupees
	Security deposits			
	- LESCO		11,343,203	11,343,203
	- SINGPL		14,668,324	14,668,324
	- Others		2,187,347	2,169,247
			<u>28,198,874</u>	<u>28,180,774</u>

22 DEFERRED TAXATION

- 22.1 Revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. Deferred tax is not presented as company is expecting income under final tax regime in the future years that is taxable under section 154 (3) of the Income Tax Ordinance, 2001.

23	STORES, SPARES AND LOOSE TOOLS	Note	2023	2022
			Rupees	Rupees
	Spares		61,954,062	59,417,466
			<u>61,954,062</u>	<u>59,417,466</u>
	Less: Impairment allowance for obsolete stores, spares and loose tools		(37,404,941)	(37,404,941)
			<u>24,549,121</u>	<u>22,012,525</u>

- 23.1 There are no stores, spares and loose tools held exclusively for capitalization.

- 23.2 No item of stores, spares and loose tools is pledged as security as at reporting date.

24 STOCK IN TRADE

Raw material		24,930,957	12,322,399
Work in process		51,771,748	44,975,791
Finished goods	24.1	4,620,130	701,061
Waste		74,370	100,000
		<u>81,397,205</u>	<u>58,099,251</u>

- 24.1 Finished Goods stock cost PKR 9.625 million (2022: 1.11 million) have been valued at PKR 4.695 million (2022: 0.70 million) being the net realizable value of finished goods. The amount charge to profit or loss in respect of Finished Goods written down to net realizable value.

- 24.2 No item of stock in trade is pledged as security as at reporting date.

25	TRADE DEBTS	Note	2023	2022
			Rupees	Rupees
	Local - unsecured			
	considered good		20,712,256	23,121,210
	considered doubtful		-	37,753,398
			<u>20,712,256</u>	<u>60,874,608</u>
	Foreign - secured			
	considered good		106,909,930	33,609,097
	considered doubtful		10,709,709	7,640,582
			<u>117,619,639</u>	<u>41,249,679</u>
	Allowance for ECL on trade debts	25.1	138,331,895	102,124,287
			(10,709,709)	(45,393,980)
			<u>127,622,186</u>	<u>56,730,307</u>
25.1	Allowance for ECL on trade debts			
	As at beginning of the year		45,393,981	60,339,139
	Realised during the year		(37,753,398)	-
	Written off during the year		-	(16,657,993)
	Recognized during the year		3,069,126	1,712,835
	As at end of the year		<u>10,709,709</u>	<u>45,393,981</u>
		Note	2023	2022
			Rupees	Rupees

26 LOANS AND ADVANCES

Considered Good

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	Advances to suppliers - <i>unsecured</i>		3,845,146	1,774,390
	Advances to employees - <i>unsecured, considered good</i>	26.1	558,780	372,556
	Letters of credit		2,713,732	-
			<u>7,117,658</u>	<u>2,146,946</u>
26.1	These represent advances to employees for purchases and expenses on behalf of the Company and those against future salaries and post employment benefits in accordance with the Company policy. These advances do not carry any interest or markup.			
		<i>Note</i>	<u>2023</u>	<u>2022</u>
27	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
	Security deposits	27.1	3,560,000	3,500,000
	Prepaid insurance		660,202	381,706
			<u>4,220,202</u>	<u>3,881,706</u>
27.1	The security deposits carries return at the rate of 10.47% per annum (June 30, 2022: 7.26%).			
28	OTHER RECEIVABLES			
	Considered good		4,678,959	7,364,421
	Considered doubtful		1,507,300	1,507,300
			6,186,259	8,871,721
	Less: Provision for doubtful receivables	28.1	(1,507,300)	(1,507,300)
			<u>4,678,959</u>	<u>7,364,421</u>
28.1	Movement in provision for doubtful other receivables			
	As at beginning of the year		1,507,300	1,507,300
	Recognized during the year		-	-
	Write off during the year		-	-
	As at end of the year		<u>1,507,300</u>	<u>1,507,300</u>
29	TAX REFUNDS DUE FROM GOVERNMENT			
	Advance income tax	29.1	25,115,915	20,237,682
	Sales tax refundable		24,043,536	9,186,971
			<u>49,159,451</u>	<u>29,424,653</u>

29.1 Advance income tax

Opening balance	20,237,682	13,036,221
Advance tax deducted during the year	10,561,390	8,269,868
Advance tax adjusted during the year	(5,683,157)	(1,068,407)
Closing balance	<u>25,115,915</u>	<u>20,237,682</u>

30 SHORT TERM INVESTMENTS

This represents investment in listed equity securities held for trading classified as "financial assets at fair value through profit or loss". Particulars of investments are as follows:

	Note	2023 Rupees	2022 Rupees
Cost		37,765,500	265,500
Fair value adjustment		3,109	4,104
		<u>37,768,609</u>	<u>269,604</u>
30.1 Market value of investments			
MCB Bank 357 (2022: 357) shares		40,609	43,904
Engro Powergen Qadirabad 10,000 (2022: 10,000) shares		228,000	225,700
Others			
Term deposit certificates	30.2	37,500,000	-
		<u>37,768,609</u>	<u>269,604</u>

30.2 These represent term deposits with the commercial banks having maturity period of one month and carry interest rate ranging from 4.47% to 20.67% (2022: NIL) per annum.

31 CASH AND BANK BALANCES

Cash in hand	2,100	68,244
Cash at banks		
Current accounts-Local	15,992,854	22,044,478
Current accounts-Foreign	11,328,394	2,468,953
Deposit/saving accounts - Local	30,787	46,117
	<u>27,352,035</u>	<u>24,559,548</u>
	<u>27,354,135</u>	<u>24,627,792</u>

31.1 Effective markup rate in respect of deposit/saving accounts, for the year, ranges from 12.25% to 19.50% (2022: 3.75% to 10.57%).

32 TURNOVER - NET

	2023		
	Local Rupees	Export Rupees	Total Rupees
Raw material	101,128,303	-	101,128,303
Apparel Sales	-	257,202,464	257,202,464
Processing services	7,188,654	-	7,188,654
	<u>108,316,957</u>	<u>257,202,464</u>	<u>365,519,421</u>
Sales tax	(16,389,729)	-	(16,389,729)
	<u>91,927,228</u>	<u>257,202,464</u>	<u>349,129,692</u>
	2022		
	Local Rupees	Export Rupees	Total Rupees
Raw material	11,115,755	-	11,115,755
Apparel Sales	-	323,276,380	323,276,380
Processing services	52,515,890	-	52,515,890
	<u>63,631,645</u>	<u>323,276,380</u>	<u>386,908,025</u>
Sales tax	(9,058,355)	-	(9,058,355)
	<u>54,573,290</u>	<u>323,276,380</u>	<u>377,849,670</u>

32.1 Export sales includes exchange gain of PKR 4.38 million (2022: PKR 2.65 million).

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	Note	2023 Rupees	2022 Rupees
33 COST OF SALES			
Raw material consumed	33.1	185,555,715	161,056,900
Stores, spares and loose tools consumed		26,685,904	32,106,724
Salaries, wages and benefits	33.2	93,993,526	81,034,233
Power and fuel		20,527,771	25,377,441
Insurance		227,214	183,371
Repair and maintenance		2,370,453	3,644,045
Travelling and conveyance		2,821,148	2,016,589
Depreciation	19.1.2	14,819,915	15,113,661
Others		10,240,319	7,209,640
Manufacturing cost		<u>357,241,965</u>	<u>327,742,604</u>
Work in process			
As at beginning of the year		44,975,791	44,575,402
As at end of the year		(51,771,748)	(44,975,791)
		(6,795,957)	(400,389)
Cost of goods manufactured		<u>350,446,008</u>	<u>327,342,215</u>
Finished goods			
As at beginning of the year		801,061	26,391,270
As at end of the year		(4,694,500)	(801,061)
		(3,893,439)	25,590,209
		<u>346,552,569</u>	<u>352,932,424</u>
33.1 Raw material consumed			
As at beginning of the year	Note	12,322,399	11,899,909
Purchased during the year		198,164,273	161,479,390
As at end of the year		(24,930,957)	(12,322,399)
		<u>185,555,715</u>	<u>161,056,900</u>
33.2			
These include charge in respect of employees retirement benefits amounting to Rs.2,522,856 (2022: Rs.1,606,203).			
	Note	2023 Rupees	2022 Rupees
34 SELLING AND DISTRIBUTION EXPENSES			
Local			
Commission		139,972	862,699
Forwarding charges			3,216,145
		139,972	4,078,844
Export			
Ocean freight		93,042	1,691,699
Forwarding charges		3,695,073	-
Commission on export		-	6,846,109
Export development surcharge		471,589	737,474
Export trailer charges		1,243,700	1,541,440
Export bank charges		2,519,968	2,332,454
Others		9,690	329,451
		8,033,062	13,478,627
		<u>8,173,034</u>	<u>17,557,471</u>

	Note	2023 <i>Rupees</i>	2022 <i>Rupees</i>
35 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	35.1	14,452,609	15,662,276
Travelling and conveyance		5,345,292	2,495,830
Legal and professional		2,632,232	3,267,423
Fee and subscription		2,014,359	2,400,708
Rent, rates and taxes		729,239	42,067
Electricity, gas and water		1,833,764	2,300,058
Insurance		645,516	425,522
Repair and maintenance		275,000	289,725
Communication		469,051	863,533
Printing and stationery		26,115	82,642
Vehicle running and maintenance		-	916,913
Advertisement		413,150	182,450
Entertainment		-	473,256
Auditor's remuneration	35.2	400,000	380,000
Depreciation	19.1.2	4,992,568	3,231,431
Miscellaneous expenses		4,588,595	1,638,355
		38,817,490	34,652,189
35.1	These include charge in respect of employees retirement benefits amounting to Rs.3,175,419 (2022: Rs.3,089,856).		
35.2 Auditor's remuneration	Note	2023 <i>Rupees</i>	2022 <i>Rupees</i>
Annual statutory audit		350,000	330,000
Half yearly review		50,000	50,000
		400,000	380,000
36 OTHER INCOME	Note	2023 <i>Rupees</i>	2022 <i>Rupees</i>
Gain on financial instruments			
Foreign exchange gain		14,793,722	1,738,762
Return on bank deposits		22,775,005	232,851
Unrealised gain on short term investments	30	-	22,545
Dividend income		80,000	1,423,785
		37,648,727	3,417,943
Other income			
Gain on disposal of operating fixed assets	19.1.1	3,269,069	1,665,521
Mark up waived off	9.1	98,879,915	-
Bad debts recovered		37,753,398	-
Rental income		29,355,658	43,351,066
		169,258,040	45,016,587
		206,906,767	48,434,530
37 FINANCE COST	Note	2023 <i>Rupees</i>	2022 <i>Rupees</i>
Interest on workers' profit participation fund	12.2	109,626	-
Bank charges		374,898	68,577
		484,524	68,577

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	Note	2023	2022
		<i>Rupees</i>	<i>Rupees</i>
38 OTHER EXPENSES			
Workers' profit participation fund	12.2	3,817,260	907,240
Workers' Welfare fund	12.3	1,448,366	344,751
ECL for doubtful debts		3,069,125	1,712,835
Loss on revaluation		82,917,737	-
Realised loss on short term investments		995	271,887
Depreciation on Investment Property	20.2	2,855,523	2,928,742
		94,109,006	6,165,455
39 TAXATION			
Current taxation			
current year		18,442,831	13,248,747
prior year		(7,565,590)	(9,072,363)
		10,877,241	4,176,384
Deferred taxation		(36,689,776)	(342,844)
		(25,812,535)	3,833,540
39.1	Provision for current tax for the year has been made in accordance with section 18 and section 154 of the Income Tax Ordinance 2001. Income tax assessment of company has been finalized upto tax year 2022.		
39.2	There is no relationship between tax expense and accounting profit since the Company's profits are subject to tax under the Final Tax Regime for the current year. Accordingly, no numerical reconciliation has been presented.		
39.3	Assessments for the tax years up to 2022 are deemed assessments in terms of Section 120 (1) of the Ordinance, as per returns filled by the Company.		
39.4	The Government of Pakistan vide Finance Act 2018 notified 29% for tax year 2023.		
	Unit	2023	2022
40 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED			
Profit attributable to ordinary shareholders	<i>Rupees</i>	93,712,371	11,074,544
Weighted average number of ordinary shares outstanding during the year	<i>No. of shares</i>	17,636,719	17,636,719
Earning per share - <i>Basic</i>	<i>Rupees</i>	5.31	0.63
	There is no anti-dilutive effect on the basic profit/ loss per share of the Company.		
41 CASH GENERATED FROM OPERATIONS			
Profit before taxation		67,899,836	14,908,084
Adjustments for non-cash and other items			
(Gain)/Loss on disposal of operating fixed assets		(3,269,069)	(1,665,521)
Provision for employees retirement benefits		5,698,275	4,696,059
Changes in fair value investments at fair value through profit or loss		995	(22,545)
Finance cost		484,524	68,577
Loss on revaluation		82,917,737	-
Depreciation		22,668,006	21,273,834
		108,500,468	24,350,404
Operating profit / (loss) before changes in working capital		176,400,304	39,258,488
Changes in working capital			
Stores, spares and loose tools		(2,536,596)	12,333,734
Stock in trade		(23,297,954)	24,767,330
Trade debts		(70,891,880)	(29,589,326)
Advances, prepayments and other receivables		(17,480,311)	20,943,325
Trade and other payables		(10,424,749)	(15,580,356)
		(124,631,490)	12,874,707
Cash generated from/(used in) operations		51,768,814	52,133,195
42 CASH AND CASH EQUIVALENTS			
Cash and bank balances	31	27,354,135	24,627,792
		27,354,135	24,627,792

43 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies and undertakings and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. Details of transactions and balances with related parties is as follows:

		2023	2022	
		<i>Rupees</i>	<i>Rupees</i>	
43.1 Transactions with related parties				
Nature of relationship	Nature of transactions			
Directors	<u>Short term borrowings obtained</u>			
	(Mr. Shahid Mazhar, 64.50% Shareholding, Director)	18,034,245	32,662,698	
	(Mrs. Ghazala Shahid, 2.28% Shareholding, Director)	4,000,000	7,325,000	
	(Mr. Ahmed Bin Shahid, 12.02% Shareholding, Director)	190,750,000	4,765,000	
	(Mr. M Afuan Shahid, 12.02% Shareholding, Director)	90,550,000	-	
	<u>Short term borrowings repaid</u>			
	(Mr. Shahid Mazhar, 64.50% Shareholding, Director)	10,000,000	17,595,000	
	(Mr. Ahmed Bin Shahid, 12.02% Shareholding, Director)	88,775,000	4,765,000	
	(Mr. M Afuan Shahid, 12.02% Shareholding, Director)	26,775,000		
	Associate	<u>Short term borrowings repaid</u>		
	(Delta Oil Mills (Pvt) Limited, Common Directorship)	-	31,215,000	
Balances with related parties				
Nature of relationship	Nature of balances			
Directors	<u>Equity</u>			
	(Mr. Shahid Mazhar, 64.50% Shareholding, Director)	130,000,000	120,000,000	
	(Mrs. Ghazala Shahid, 2.28% Shareholding, Director)	10,000,000	-	
	(Mr. Ahmed Bin Shahid, 12.02% Shareholding, Director)	50,000,000	-	
	(Mr. M Afuan Shahid, 12.02% Shareholding, Director)	20,000,000	-	
	Total	<u>210,000,000</u>	<u>120,000,000</u>	
		<u>Short term borrowings</u>		
	(Mr. Shahid Mazhar, 64.50% Shareholding, Director)	32,501,317	34,467,072	
	(Mrs. Ghazala Shahid, 2.28% Shareholding, Director)	22,525,000	28,525,000	
	(Mr. Ahmed Bin Shahid, 12.02% Shareholding, Director)	66,075,000	14,100,000	
(Mr. M Afuan Shahid, 12.02% Shareholding, Director)	50,025,000	6,250,000		
	<u>171,126,317</u>	<u>83,342,072</u>		

44 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	Note	2023 Rupees	2022 Rupees
Financial assets			
<i>Cash in hand</i>	31	2,100	68,244
<i>Financial assets at amortized cost</i>			
Long term deposits	21	28,198,874	28,180,774
Trade debts	25	127,622,186	56,730,307
Security deposits	27	3,560,000	3,500,000
Loans and Advances	26	558,780	372,556
Other receivables	28	2,894,139	4,906,500
Short term investments	30	37,500,000	-
Cash at bank	31	27,352,035	24,559,548
		227,686,014	118,249,685
<i>Financial assets at fair value through profit or loss</i>			
Short term investments	30	268,609	269,604
		227,956,723	118,587,533
Financial liabilities			
<i>Financial liabilities at amortized cost</i>			
Long term finances	9	347,188,608	101,868,864
Long term payables	10	40,678,309	41,118,479
Employees benefit obligation	11	11,081,534	7,965,892
Short term borrowings	14	261,126,317	373,052,846
Accrued interest/markup	13	-	103,514,885
Trade creditors	12	99,228,190	107,709,401
Ijarah rentals payables	16	28,544,690	28,544,690
Accrued liabilities	12	22,291,322	23,430,782
		810,138,970	787,205,839

45 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

45.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

45.1.1 Maximum exposure to credit risk

The maximum exposure to credit risk as at the reporting date is as follows:

	Note	2023 Rupees	2022 Rupees
Long term deposits	21	28,198,874	28,180,774
Trade debts	25	127,622,186	56,730,307
Security deposits	27	3,560,000	3,500,000
Loans and Advances	26	558,780	372,556
Other receivables	28	2,894,139	4,906,500
		162,833,979	93,690,137

45.12 Concentration of credit risk

The Company's maximum exposure to credit risk, as at the reporting date, by type of counterparty is as follows:

	Note	2023	2022
		Rupees	Rupees
Pakistan	25	20,712,256	23,121,210
Europe	25	106,909,930	33,609,097
		<u>127,622,186</u>	<u>56,730,307</u>

45.13 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to 'insurance claims receivable', 'security deposits' and 'cash at bank'. These counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company.

(b) Counterparties without external credit ratings

These include customers which are counter parties to 'trade debts' and utility companies and regulatory authorities which are counter parties to 'long term deposits'. Credit risk in respect of 'long term deposits' is considered to be insignificant as non-performance by these parties is not expected. The Company is exposed to credit risk in respect of trade debts. The analysis of ages of trade debts as at the reporting date is as follows:

Note	2023		2022	
	Gross carrying amount Rupees	Accumulated Impairment Rupees	Gross carrying amount Rupees	Accumulated Impairment Rupees
Neither past due nor impaired	-	-	39,240,797	-
Past due by 0 to 30 days	46,223,260	-	-	-
Past due by 31 to 90 days	63,274,227	-	-	-
Past due by 90 days to one year	461,005	-	90,916	-
Over one year	28,373,403	10,709,708	62,792,575	45,393,981
	<u>138,331,895</u>	<u>10,709,708</u>	<u>102,124,288</u>	<u>45,393,981</u>

45.14 Collateral held

The Company does not hold any collateral to secure its financial assets.

45.15 Credit risk management

As mentioned in note 45.13 to the financial statements, the Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by customers. In respect of trade debts, the Company manages credit risk by limiting significant exposure to any single customer. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

45.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

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45.2.1 Exposure to liquidity risk

The following is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	2023				
	Carrying amount <i>Rupees</i>	Contractual cash flows <i>Rupees</i>	One year or less <i>Rupees</i>	One to five years <i>Rupees</i>	More than five years <i>Rupees</i>
Long term finances	347,188,608	347,188,608	347,188,608	-	-
Short term borrowings	261,126,317	261,126,317	261,126,317	-	-
Accrued interest/markup	-	-	-	-	-
Trade creditors	99,228,190	99,228,190	99,228,190	-	-
Ijarah rentals payable	28,544,690	28,544,690	28,544,690	-	-
Accrued liabilities	22,291,322	22,291,322	22,291,322	-	-
	<u>758,379,127</u>	<u>758,379,127</u>	<u>758,379,127</u>	-	-
	2022				
	Carrying amount <i>Rupees</i>	Contractual cash flows <i>Rupees</i>	One year or less <i>Rupees</i>	One to five years <i>Rupees</i>	More than five years <i>Rupees</i>
Long term finances	101,868,864	101,868,864	101,868,864	-	-
Short term borrowings	373,052,846	373,052,846	373,052,846	-	-
Accrued interest/markup	103,514,885	103,514,885	103,514,885	-	-
Trade creditors	107,709,401	107,709,401	107,709,401	-	-
Ijarah rentals payable	28,544,690	28,544,690	28,544,690	-	-
Accrued liabilities	23,430,782	23,430,782	23,430,782	-	-
	<u>738,121,468</u>	<u>738,121,468</u>	<u>738,121,468</u>	-	-

45.2.2 Overdue financial liabilities

As at the reporting date, the following debt finances and accrued interest/markup thereon are overdue.

	Note	2023	2022
		<i>Rupees</i>	<i>Rupees</i>
Long term finances	9	4,005,608	101,868,864
Ijarah rentals payable	16	28,544,690	28,544,690
Short term borrowings	14	-	373,052,846
Accrued interest/mark-up	13	-	103,514,885
		<u>32,550,298</u>	<u>606,981,285</u>

The Company is contesting recovery suits filed by the lenders. Refer to note 18.1 for details.

45.2.3 Liquidity risk management

The Company's approach to managing liquidity risk 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 Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. The Company also has continued financial support from its directors in the form of interest free loans for any short term or long term liquidity requirements.

45.3 Market risk

45.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency.

(a) *Exposure to currency risk*

The Company's exposure to currency risk as at the reporting date is as follows:

	Note	2023	2022
		<i>Rupees</i>	<i>Rupees</i>
<i>Financial assets</i>			
Trade debts		117,619,639	41,249,679
Bank Accounts-FCY		11,328,394	2,468,953
<i>Financial liabilities</i>			
		-	-
<i>Net exposure</i>		<u>128,948,033</u>	<u>43,718,632</u>

(b) *Exchange rates applied as at the reporting date*

The following spot exchange rates were applied as at the reporting date.

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
USD	286.18	286.18	204.17	204.17

(c) *Sensitivity analysis*

A ten percent appreciation in Pak Rupee against foreign currencies would have decreased profit for the year by Rs. 12.894 million (2022: Rs. 4.371 million). A ten percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) *Currency risk management*

The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities/payments to assets/receipts and using source inputs in foreign currency.

45.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

(a) *Interest/markup bearing financial instruments*

The effective interest/markup rates for interest/markup bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/markup bearing financial instruments as at the reporting date are as follows:

	Note	2023	2022
		<i>Rupees</i>	<i>Rupees</i>
<i>Fixed rate instruments</i>			
Financial assets		-	-
Financial liabilities		-	-
<i>Variable rate instruments</i>			
Financial assets		37,530,787	46,117
Financial liabilities		636,859,615	503,466,400

(b) *Fair value sensitivity analysis for fixed rate instruments*

The Company does not account for fixed rate financial assets and liabilities at fair value through profit or loss.

(c) *Cash flow sensitivity analysis for variable rate instruments and cash flow hedges*

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs.6.368 million (2022: Rs. 5.034 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) *Interest rate risk management*

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

45.3.3 Other Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is exposed to price risk in respect of its investment in listed equity securities.

A ten percent appreciation in prices of equity securities as at reporting date would have increased profit for the year by Rs. 26,861 (2022: Rs. 26,960). A ten percent diminution in prices of equity securities as at the reporting date would have had equal but opposite effect on profit. The analysis assumes that all other variables remain constant and ignores the impact, if any, on provision for taxation for the year.

46 CAPITAL MANAGEMENT

The Company'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. These are subject to operational conditions both internal and external, and generation of cash flows for working capital requirements and meeting of debt obligations. Any temporary shortfall is met through interest free loans from directors. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders and seeks to keep a balance between the higher return that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position. The Company monitors capital using the gearing ratio which is debt divided by total capital employed. Debt comprises long term finances and liabilities against assets subject to finance lease, including current maturity. Total capital employed includes total equity, as shown in the balance sheet plus surplus on revaluation of property, plant and equipment, plus debt. The Company's strategy is to maintain an optimal capital structure in order to minimize cost of capital. Gearing ratio of the Company as at the reporting date is as follows:

	Unit	2023	2022
Total debt	Rupees	347,188,608	101,868,864
Total equity	Rupees	922,663,690	456,949,623
		<u>1,269,852,298</u>	<u>558,818,487</u>
Gearing	% age	<u>27.34%</u>	<u>18.23%</u>

There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements, except those, related to maintenance of debt covenants, commonly imposed by the providers of debt finances, including the impact, if any, of recovery suits filed by them against the Company. See note 18.

47 FAIR VALUE MEASUREMENTS

47.1 Financial Instruments

47.1.1 Financial instruments measured at fair value

The Company measures some of its assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of assets measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

a) Recurring fair value measurements

Nature of asset	Hierarchy	Valuation techniques/Key inputs	2023	2022
			Rupees	Rupees
Financial assets at fair value through profit or loss				
Short term investments	Level 1	Quoted prices in an active market	268,609	269,604

b) Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

47.1.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

47.2 Assets and liabilities other than financial instruments.

47.2.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	2023	2022
				Rupees	Rupees
Freehold land	-	501,200,000	-	501,200,000	309,025,000
Factory building	-	365,400,000	-	365,400,000	246,356,681
Plant and machinery	-	255,000,000	-	255,000,000	346,386,735
Short term investments	-	268,609	-	268,609	269,604

The fair valuation of the revalued assets are considered to represent a level 2 valuation of fair value hierarchy based on significant observable inputs. The fair values are subject to change owing to change in input. However, the management does not expect there to be a material sensitivity to the fair values arising from the observable inputs. The basis of revaluation for items of these fixed assets were as follows:

Freehold land:

Revalued amount of freehold land has been determined by reference to local market values of land taking into account prevailing fair market prices under the position and circumstances present on the date of revaluation and current market scenario for properties of similar nature in the immediate neighborhood and adjoining areas.

Building:

Revalued amount of building has been determined by reference to present depreciated replacement values after taking into consideration covered area and type of construction, age of civil and ancillary structures, physical condition and level of preventive maintenance carried out by the Company.

Plant and machinery:

Valuation is based on inquiries from the local manufacturers / suppliers of the similar machinery that was compared to the prices of machinery and equipment installed in other comparable companies and the information provided by the client. The invoice value was enhanced to about 20% to cater for the duty structure and overheads like insurance, cleaning and freight costs and installation etc to come to the landed cost, which was compared with the prices of equivalent and similar machinery.

47.2.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

48 RESTRICTION ON TITLE AND ASSETS PLEDGED AS SECURITY	Note	2023	2022
		Rupees	Rupees
Mortgages and charges			
Charge over current assets		762,670,000	209,000,000
Charge over fixed assets		904,670,000	321,000,000

49 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	2023		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	-	2,412,000	5,692,778
Allowances and perquisites	-	1,188,000	2,846,389
	-	3,600,000	8,539,167
Number of persons	-	2	3
	2022		
	Chief Executive Rupees	Directors Rupees	Executives Rupees
Managerial remuneration	-	1,889,400	5,829,000
Allowances and perquisites	-	930,600	2,871,000
Post employment benefits	-	-	-
	-	2,820,000	8,700,000
Number of persons	-	2	3

The chief executive and directors are provided with cars maintained by the Company and telephone at their residence. The chief executive and other directors have waived their meeting fees and remuneration.

50 SEGMENT INFORMATION

50.1 The Company is a single reportable segment.

50.2 Geographical information

The geographic information analyses the entity's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

	2023
UK	176,312,805
Portugal	6,363,772
Spain	50,611,485
Germany	22,482,535
Poland	1,431,867
Pakistan	108,316,957
	365,519,421
less: Sales tax	(16,389,729)
	349,129,692

50.3 Information about significant customers

There are three significant external customer " Rhodi suppliers, Fashion Division Int. Trade Spain & Boohoo.com UK Limited" to whom sales in excess of 10% of the Company's total sales were made during the year.

50.4 All non-current assets of the Company are situated in Pakistan.

50.5 All sales of the Company have originated from Pakistan.

51 NUMBER OF EMPLOYEES

Total number of employees of the Company as at the reporting date are 159 (2022: 136). Average number of persons employed by the Company during the year are 153 (2022: 145).

52 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, subject to appropriateness of going concern assumption, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

53 PLANT CAPACITY AND ACTUAL PRODUCTION

	<i>Unit</i>	2023	2022
<i>Owned</i>			
Total number of spindles installed	No.	43,944	43,944
Average number of spindles worked	No.	-	-
Number of shifts worked per day	No.	-	-
Plant capacity on the basis of utilization converted into 20s count	Kgs	-	-
Actual production converted into 20s count	Kgs	-	-

It is difficult to precisely compare production capacity and the resultant production converted into base count in the textile industry since it fluctuates widely depending on various factors such as count of yam spun, raw materials used, spindle speed and twist etc. It would also vary according to pattern of production adopted in a particular year.

The company has installed apparel division with main component of 76 sewing machines. The capacity of these machines cannot be determined as these vary very widely with the product and design of the articles produced.

54 EVENTS AFTER BALANCE SHEET DATE

There is no event after the reporting period requiring any adjustment in or disclosure in financial statements.

55 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 06, 2023 by the Board of Directors of the Company.

56 GENERAL

56.1 Figures have been rounded off to the nearest rupee.

56.2 Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

**SHADMAN COTTON MILLS LIMITED
PATTERN OF SHAREHOLDINGS
AS ON JUNE 30, 2023**

Number of ShareHolders	Shareholdings		Total Number of Share Held	Percentage of Total
	From	To		
572	1 -	100	15,095	0.09
226	101 -	500	51,630	0.29
157	501 -	1000	114,723	0.65
123	1001 -	5000	247,451	1.40
10	5001 -	10000	62,215	0.35
6	10001 -	15000	76,193	0.43
2	15001 -	20000	31,179	0.18
4	20001 -	25000	82,559	0.47
1	25001 -	30000	29,121	0.17
2	50001 -	55000	102,484	0.58
1	70001 -	75000	74,016	0.42
2	105001 -	110000	213,308	1.21
1	400001 -	405000	401,566	2.28
1	515001 -	520000	519,793	2.95
2	2115001 -	2120000	4,240,000	24.04
1	3065001 -	3070000	3,065,303	17.38
1	8310001 -	8315000	8,310,083	47.12
1,112			17,636,719	100.00

**SHADMAN COTTON MILLS LIMITED
CATEGORIES OF SHAREHOLDERS
AS ON JUNE 30, 2023**

Sr. #	Name	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children			
1	MR. SHAHID MAZHAR	11,376,386	64.5040
2	MUHAMMAD AFNAN SHAHID	2,120,000	12.0204
3	MUHAMMAD AKHTAR	939	0.0053
4	MR. NADEEM BHATTI	500	0.0028
5	MR. HAMID BASIR	500	0.0028
6	AHMED BIN SHAHID	2,120,000	12.0204
7	GHAZALA SHAHID	401,566	2.2769
	Running Total:	16,019,891	90.8326
NIT and ICP			
1	M/S. INVESTMENT CORPORATION OF PAKISTAN	479	0.0027
2	M/S. NATIONAL BANK OF PAKISTAN, TRUSTEE DEPARTMENT	2,500	0.0142
	Running Total:	2,979	0.0169
Banks, Development Financial Institutions, Non Banking Financial Institutions			
1	IDBL (ICP UNIT)	600	0.0034
2	NATIONAL BANK OF PAKISTAN LTD.	2	0.0000
	Running Total:	602	0.0034
General Public (Local)			
	Running Total:	1,608,097	9.1179
Others			
1	M/S. COLOMBY TRADING LTD.	100	0.0006
2	MRA SECURITIES LIMITED - MF	1,000	0.0057
3	FIKREES (PRIVATE) LIMITED	1,000	0.0057
4	MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIMITED	27	0.0002
5	AWJ SECURITIES (PRIVATE) LIMITED.	386	0.0022
6	CAPITAL VISION SECURITIES (PVT) LTD.	1,361	0.0077
7	MAPLE LEAF CAPITAL LIMITED	1	0.0000
8	NH SECURITIES (PVT) LIMITED.	120	0.0007
9	NH HOLDINGS (PVT) LTD	1,077	0.0061
10	Y.S. SECURITIES & SERVICES (PVT) LTD.	78	0.0004
	Running Total:	5,150	0.0292
	GRAND TOTAL:	17,636,719	100.0000

Shareholders having 5% or more voting rights

1	MR. SHAHID MAZHAR	11,376,386	64.5040
2	AHMED BIN SHAHID	2,120,000	12.0204
3	MUHAMMAD AFNAN SHAHID	2,120,000	12.0204
	Total:	15,616,386	88.5447

Shadman Cotton Mills Limited

Folio No./CDC Participant ID

And Account No. _____

CNIC No. _____

PROXY FORM

I/We _____ Son / Daughter / Wife of _____ being member(s) of **Shadman Cotton Mills Limited** and holder of _____ Ordinary Shares as per Registered Folio No. /CDC Participant ID No. Account No. _____ do hereby appoint Mr. _____ of _____ or failing him/her _____ of _____ who is also member of **Shadman Cotton Mills Limited**, vide registered folio no./CDC/ Participant ID No. and Account No. _____ as my / our proxy to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on **Saturday, October 28, 2023 at 10.30 a.m.** at 2-E, Block-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2023

1. Witness:

Signature _____

Name _____

Address: _____

CNIC/Passport No. _____

Please affix here
Revenue Stamp of
Rs.5/-

Members' Signature

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as his / her proxy to attend and vote on his / her behalf. Proxies in order to be valid must be received at the Registered Office of the Company 48 hours before the time of the meeting. A proxy must be a member of the Company.
2. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his / her original CNIC or Passport to prove his / her identity and in case of proxy must encloses an attested copy of his / her CNIC or Passport. Representative of corporate members should bring the usual documents required for such purposes.
3. Signature should agree with specimen signature registered with the company.

فولیڈر / CDC پارٹنرسھپ نمبر (شرکت نمبر)

کھاتا نمبر:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

پراکسی فارم

میں اہم _____
 بیلابیلی ازبچہ _____
 شادمان کاٹن ملز لمیٹڈ اور حامل _____
 سی ڈی سی پارٹنرسھپ (شرکت) آئی ڈی اور اکاؤنٹ (کھاتا) نمبر: _____
 محترم _____ کا کے _____
 یا عدم موجودگی کی صورت میں محترم _____
 کا کے _____ بھی جو کہ شادمان کاٹن ملز لمیٹڈ کے رکن ملاحظہ حضر فولیڈر سی ڈی سی پارٹنرسھپ
 (شرکت) آئی ڈی اور اکاؤنٹ (کھاتا) نمبر: کو اپنے اہل سالیانہ پر مورخہ 28 اکتوبر 2023 بروز ہفت روزہ 10:30 بجے منعقد ہونے والے کھٹی کے سالانہ اجلاس عام میں حق رائے دہی
 استعمال کرنے یا کسی بھی صورت میں اپنا اہل سالیانہ پراکسی مقرر کرنا ہوں کرتے ہیں۔

آج بروز _____ تاریخ _____ 2023 بطور گماہ دستخط کئے گئے۔

(1) گواہ

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ شناختی کارڈ نمبر: _____

(2) گواہ

دستخط: _____

نام: _____

پتہ: _____

کمپیوٹرائزڈ شناختی کارڈ نمبر: _____

نوٹ:

- 1- کوئی بھی رکن (ممبر) جو سالانہ اجلاس میں شرکت کرنے اور ووٹ دینے کا اہل حق ہے وہ اجلاس میں شرکت کرنے اور ووٹ دینے کے لئے کسی دوسرے رکن (ممبر) کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی مقرر ہونے کے لیے اجلاس کے انعقاد سے 48 گھنٹے قبل کھٹی کے حضر ڈائمنس میں موصول ہونی چاہیں۔ پراکسی کارکن (ممبر) ہونا لازمی ہے۔
- 2- سی ڈی سی کے انفرادی مالک جو اس میں شرکت کے اہل ہیں اپنا کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ اپنی شناخت کے لیے مبراہ لائیں۔ پراکسی کی صورت میں اپنے قومی کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ کی تصدیق منسلک کریں۔ کارپوریٹ ممبرز کے نمائندگان شناخت کے لیے اس موقع پر درکار معمول کی دواویہ استھرا دے کر آئیں۔

پانچ روپے مالیت کی رسیدی
 ٹکٹ چسپاں کریں

ممبر کے دستخط