



HALF YEARLY REPORT

DECEMBER 31, 2023

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Shadman Cotton Mills Limited

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 K.M. FEROZE WATOAN, WARBURTON ROAD, KOT SHAH MOHAMMAD, NEAR CHANDI KOT TESIL & DISTRICT: NANKANA SAHIB
HEAD OFFICE	3.5 K.M. FEROZE WATOAN, WARBURTON ROAD, KOT SHAH MOHAMMAD, NEAR CHANDI KOT TESIL & DISTRICT: NANKANA SAHIB
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 K.M. FEROZE WATOAN, WARBURTON ROAD, KOT SHAH MOHAMMAD, NEAR CHANDI KOT TESIL & DISTRICT: NANKANA SAHIB
URL	WWW.SHADMAN.COM.PK

DIRECTORS' REPORT

Dear Shareholders,

The Directors are presenting the un-audited condensed interim financial statements of the company for the Half Year and Quarter ended December 31, 2023 together with independent auditor's review report.

During the six months under review, the net turnover of the company is Rs. 414.249 million including export sale of Rs. 359.218 million as compared to net turnover of Rs. 102.938 million of corresponding period of previous year. The production of apparel division increased and consequently turnover also increased proportionately. During the half year after tax loss of the company is Rs. (8.170) million as compared to after tax Profit of Rs. 40.833 million. Loss per share is Rs. (0.46) as compared to profit per share of Rs. 2.32 of the corresponding half year of the previous year.

During the period under review the company mainly utilized the export oriented apparel division manufacturing process in a well-planned manner and also adopted alternative strategies to keep up the project. High cost of production of apparel including high prices of fabrics, high fuel & power rates, high cost of related factory overheads and competitive low sale rates to attract the customers resulted in loss during the period.

The country is struggling to overcome the economic challenges such as low foreign currency reserves level, high foreign exchange rates, high rate of inflation and high fuel & energy prices badly affected all the industry. The textile industry of Pakistan is totally dependent on policies of new government, political stability and law & order situation in the country. However, in spite of all these challenges, the management of the company is mainly focusing to decrease the cost of production with increase in productivity of apparel division along with alternative measures. We anticipate positive financial performance during the remaining period of current financial year.

We remain committed to the difficult task to improve the financial results. We would like to highlight the hard work put in by the member of corporate family. We look forward to same dedication and cooperation in the days ahead.

For and on behalf of the Board



Chief Executive Officer

For and on behalf of the Board



Director

مجلس نظاماء کی رپورٹ

محترم حصص یافتگان

ہم آزاد اڈیٹر کے جائزہ کے ساتھ کمپنی کے غیر آڈٹ شدہ مالیاتی حسابات 31 دسمبر 2023 کو ختم ہونے والی ششماہی اور سہ ماہی کے لیے پیش کر رہے ہیں۔


زیر جائزہ چھ مہینوں کے دوران، کمپنی کی خالص فروخت 414.249 ملین روپے ہے جس میں 359.218 ملین روپے برآمدی فروخت بھی شامل ہے پچھلے سال کی اسی مدت میں خالص فروخت 102.938 ملین روپے تھی۔ کمپنی کا ششماہی کے دوران بعد ٹیکس نقصان (8.170) ملین روپے ہے۔ پچھلے سال کی اسی ششماہی میں بعد ٹیکس منافع 40.833 ملین روپے تھا۔ ملبوسات کی تقسیم کی پیداوار میں اضافہ ہوا اور اس کے نتیجے میں کاروبار میں بھی متناسب اضافہ ہوا۔ اس مدت میں فی حصص نقصان (0.46) روپے ہے پچھلے سال کی اسی ششماہی کافی شیئر منافع 2.32 روپے تھا۔

زیر جائزہ مدت کے دوران کمپنی نے بنیادی طور پر برآمدی ملبوسات کی پیداواری کے عمل کو منصوبہ بند طریقے سے استعمال کیا اور اس منصوبے کو جاری رکھنے کے لیے متبادل حکمت عملی بھی اپنائی۔ ملبوسات کی پیداوار کی زیادہ لاگت بشمول کپڑوں کی زیادہ قیمت، ایندھن اور بجلی کے زیادہ نرخ، متعلقہ فیکٹری کے اوور ہیڈز کی زیادہ قیمت اور صارفین کو راغب کرنے کے لیے مسابقتی کم قیمت فروخت اس عرصے کے دوران نقصان کا باعث بنیں۔

ملک معاشی مسائل پر قابو پانے کے لیے جدوجہد کر رہا ہے جیسے کہ زرمبادلہ کے ذخائر کی کم سطح، بلند زرمبادلہ کی شرح، افراط زر کی بلند شرح، ایندھن اور توانائی کی زیادہ قیمت سے تمام صنعتیں بہت بری طرح متاثر ہوئی ہیں۔ پاکستان کی ٹیکسٹائل انڈسٹری کا مکمل انحصار نئی حکومت کی پالیسیوں، سیاسی استحکام اور ملک میں امن و امان کی صورتحال پر ہے۔ تاہم، ان تمام مسائل کے باوجود، کمپنی کی انتظامیہ بنیادی طور پر متبادل اقدامات کے ساتھ ملبوسات کی تیاری کی پیداواری صلاحیت میں اضافے کے ساتھ پیداواری لاگت کو کم کرنے پر توجہ مرکوز کر رہی ہے۔ ہم رواں مالی سال کی بقیہ مدت کے دوران مثبت مالی کارکردگی کی توقع کرتے ہیں۔

ہم مالیاتی نتائج کو بہتر بنانے کے مشکل کام کے لیے پرعزم ہیں۔ ہم کارپوریٹ فیملی کے ممبر کی طرف سے کی گئی محنت کو اجاگر کرنا چاہیں گے۔ ہم آنے والے دنوں میں اسی لگن اور تعاون کے منتظر ہیں۔

منجانب بورڈ


ڈائریکٹر

منجانب بورڈ


چیف ایگزیکٹو افسیسر

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

Report on the Review of the Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Shadman Cotton Mills Limited** as at December 31, 2023 and the related condensed interim statement of profit or loss and condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2023 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2023.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedure. A review is substantially less in scope than audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

1. As referred in note 5.1, 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.
2. Trade debts includes an amount receivable from LESCO of Rs. 16.196 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.
3. As disclosed in Note 6.1.2, 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 Lahore High Court. Bank's execution is also pending before Banking Court Lahore. We do not receive bank confirmation for this Rental Payable.

Shadman Cotton Mills Limited

Qualified Conclusion

Based on our review, with the exception of the matters described in the basis for qualified conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on review resulting in this independent auditor's report is **Nouman Arshad, ACA**.

Mushtaq & Co.
MUSHTAQ & CO
Chartered Accountants



Lahore.

Dated: 29-Feb-2024

UDIN: RR2023107246W3a01JUD

SHADMAN COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	Note	December 31, 2023 Rupees (Un-Audited)	June 30, 2023 Rupees (Audited)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
18,000,000 (June 30, 2023: 18,000,000) ordinary shares of Rs. 10 each		180,000,000	180,000,000
Issued, subscribed and paid-up capital		176,367,190	176,367,190
Capital reserve		53,218,752	53,218,752
Accumulated losses		(290,401,613)	(285,358,788)
Director's loan		210,000,000	210,000,000
Surplus on revaluation of property, plant and equipment		765,309,771	768,436,536
TOTAL EQUITY		914,494,100	922,663,690
NON-CURRENT LIABILITIES			
Long term finances - <i>secured</i>	4	274,548,000	294,158,000
Long term payable	5	40,678,309	40,678,309
Employee retirement obligation		14,319,534	11,081,534
		329,545,843	345,917,843
CURRENT LIABILITIES			
Trade and other payables		141,717,109	129,619,787
Short term borrowings		173,126,317	171,126,317
Current portion of non-current liabilities		49,025,000	53,030,608
Ijara rentals payable		28,544,690	28,544,690
Provision for taxation		4,174,218	18,442,831
		396,587,334	400,764,233
TOTAL LIABILITIES		726,133,177	746,682,076
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		1,640,627,277	1,669,345,766
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,107,316,734	1,165,913,953
Investment property	8	109,973,345	111,365,413
Long term deposits - <i>unsecured, considered good</i>		28,198,874	28,198,874
		1,245,488,953	1,305,478,240
CURRENT ASSETS			
Stores, spares and loose tools		27,310,929	24,549,121
Stock in trade		82,473,473	81,397,205
Trade debts - <i>unsecured</i>		123,136,141	127,622,186
Loans and advances		13,552,473	7,117,658
Trade deposits and short term prepayments		4,828,672	4,220,202
Other receivables		5,223,637	4,678,959
Tax refunds due from Government		59,687,793	49,159,451
Short term investments	9	65,379,400	37,768,609
Cash and bank balances		13,545,806	27,354,135
		395,138,324	363,867,526
TOTAL ASSETS		1,640,627,277	1,669,345,766

The annexed notes form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

SHADMAN COTTON MILLS LIMITED

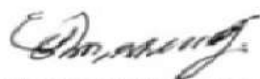
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

Note	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Rupees	Rupees	Rupees	Rupees
Turnover - net	414,248,973	102,937,575	223,226,079	19,806,518
Cost of sales	(406,218,626)	(114,908,221)	(240,486,121)	(25,804,734)
Gross profit / (loss)	8,030,347	(11,970,646)	(17,260,042)	(5,998,216)
Selling and distribution expenses	(19,007,706)	(3,398,465)	(11,426,654)	(423,530)
Administrative and general expenses	(22,712,687)	(18,767,041)	(13,724,774)	(10,216,115)
	(41,720,393)	(22,165,506)	(25,151,428)	(10,639,645)
Other income	(33,690,046)	(34,136,152)	(42,411,470)	(16,637,861)
	27,834,998	75,796,452	19,492,659	56,092,613
Operating profit / (loss)	(5,855,048)	41,660,300	(22,918,811)	39,454,752
Finance cost	(1,160,188)	(259,173)	(1,047,420)	(158,037)
Other Expenses	(1,890,818)	(6,889,589)	(1,194,784)	(6,106,181)
Profit /(loss) before taxation	(8,906,054)	34,511,538	(25,161,015)	33,190,534
Taxation	736,464	6,321,736	3,220,224	7,161,363
Profit /(loss) after taxation	(8,169,590)	40,833,274	(21,940,791)	40,351,897
Earning /(loss) per share - basic and diluted	(0.46)	2.32	(1.24)	2.29

The annexed notes form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

SHADMAN COTTON MILLS LIMITED**CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023**

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Rupees	Rupees	Rupees	Rupees
Profit /(loss) after taxation for the period	(8,169,590)	40,833,274	(21,940,791)	40,351,897
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation surplus on Property, plant and equipment	-	-	-	-
Remeasurements of defined benefit obligation	-	-	-	-
Total comprehensive income /(loss)	(8,169,590)	40,833,274	(21,940,791)	40,351,897

The annexed notes form an integral part of this condensed interim financial information.

**CHIEF EXECUTIVE****CHIEF FINANCIAL OFFICER****DIRECTOR**

SHADMAN COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Half year ended	
	December 31, 2023	December 31, 2022
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit /(loss) before taxation	(8,906,054)	34,511,538
Adjustments for non-cash items		
Depreciation	13,239,294	10,703,336
Provision for employees retirement benefits	3,648,000	2,500,000
Gain on disposal of property, plant and equipment	(5,916,667)	(1,717,640)
Changes in fair value of investments at fair value through profit or loss	(110,791)	(19,665)
Finance cost	1,160,188	259,173
	12,020,024	11,725,204
Operating profit /(loss) before changes in working capital	3,113,970	46,236,742
Changes in working capital		
Stores, spares and loose tools	(2,761,808)	(2,767,432)
Stock in trade	(1,076,268)	34,826,746
Trade debts	4,486,045	17,204,218
Advances, prepayments and other receivables	(22,328,339)	(1,701,627)
Trade and other payables	12,097,322	(11,253,385)
	(9,583,048)	36,308,520
Net cash generated from / (used in) operations	(6,469,078)	82,545,262
Payments for		
Finance cost	(1,160,188)	(187,232)
Income tax	(9,320,115)	(4,028,464)
Employees retirement benefits	(410,000)	(1,088,397)
Net cash generated from / (used in) operating activities	(17,359,381)	77,241,169
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,833,340)	(4,619,500)
Proceeds from disposal of property, plant and equipment	55,500,000	2,000,000
Short term investment	(27,500,000)	(210,300,000)
Long term deposits	-	(18,100)
Net cash generated from / (used in) investing activities	25,166,660	(212,937,600)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase / (decrease) in long term financing	(23,615,608)	397,860,629
Net increase / (decrease) in short term borrowings	2,000,000	(168,426,529)
Net increase / (decrease) in accrued markup	-	(103,514,885)
Net cash generated from / (used in) financing activities	(21,615,608)	125,919,215
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(13,808,329)	(9,777,216)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	27,354,135	24,627,792
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13,545,806	14,850,576

The annexed notes form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Shadman Cotton Mills Limited

SHADMAN COTTON MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2023

	Share capital	Reserves		Equity	Revaluation Surplus	Total equity
	Issued, subscribed and paid-up capital	Capital reserve	Accumulated losses	Director's loan	Revaluation Surplus on Property, plant and equipment	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2022 - Audited	176,367,190	53,218,752	(384,138,821)	120,000,000	491,502,502	456,949,623
Loss after taxation for the Period	-	-	40,833,274	-	-	40,833,274
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive Income/ (Loss)	-	-	40,833,274	-	-	40,833,274
Incremental Depreciation-net of deferred tax	-	-	2,067,276	-	(2,067,276)	-
Balance as at December 31, 2022 - Un-audited	<u>176,367,190</u>	<u>53,218,752</u>	<u>(341,238,271)</u>	<u>120,000,000</u>	<u>489,435,226</u>	<u>497,782,897</u>
Balance as at July 01, 2023 - Audited	176,367,190	53,218,752	(285,358,788)	210,000,000	768,436,536	922,663,690
Profit after taxation for the period	-	-	(8,169,590)	-	-	(8,169,590)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive Income/ (Loss)	-	-	(8,169,590)	-	-	(8,169,590)
Incremental Depreciation-net of deferred tax	-	-	3,126,765	-	(3,126,765)	-
Balance as at December 31, 2023 - Un-audited	<u>176,367,190</u>	<u>53,218,752</u>	<u>(290,401,613)</u>	<u>210,000,000</u>	<u>765,309,771</u>	<u>914,494,100</u>

The annexed notes form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Shadman Cotton Mills Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2023

1 STATUS AND NATURE OF BUSINESS

Shadman Cotton Mills Limited ('the Company') was incorporated in Pakistan as a public limited company on November 24, 1979 under the then Companies Act, 1973 (now the Companies Act 2017) and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing and sale of yarn and apparels. The registered office, the manufacturing facilities and land covering 328 kanals 15 marlas of the company is located at 3.5 KM Feroze Watoan Warburton Road, Kot Shah Mohammad, Near Chandi Kot Tehsil & District Nankana Sahib.

2 STATEMENT OF COMPLIANCE

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the IAS 34 Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017 as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2023.

Where the provision of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provision of and directives issued under the Companies Act, 2017 have been followed.

2.1 Accounting convention

The condensed interim financial information has been prepared under the historical cost convention except for certain financial instruments at fair value, certain financial liabilities at amortized cost and employees retirement benefits at present value. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2023.

	<i>Note</i>	December 31, 2023	June 30, 2023
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
4 LONG TERM FINANCES - SECURED			
These represent long term finances utilized under interest/markup arrangements from banking companies			
The Bank of Punjab			
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		7,182,065	26,792,065
The Bank of Punjab - Running Finance		128,672,679	128,672,679
The Bank of Punjab - Overdue Acceptances against LCs		89,855,000	89,855,000
	4.1	323,573,000	343,183,000
Habib Bank Limited - Term finance	4.2	-	4,005,608
		323,573,000	347,188,608
Current maturity presented under current liabilities		(49,025,000)	(53,030,608)
		274,548,000	294,158,000

4.1 This represent out of Court settlement through restructuring/rescheduling 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 tail end subject to no default by the company. 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.

4.2 During the period the Company made out of court settlement with Habib Bank Limited and the Lum sum amount of Rs.8.50 million is paid to bank. As per settlement agreement both parties withdraw all pending suits against each other. The Company shall be entitled to waivers i.e. release of personal guarantees / charges and clear ECIB.

Shadman Cotton Mills Limited

	Note	December 31, 2023	June 30, 2023
		Rupees (Un-Audited)	Rupees (Audited)
5 LONG TERM PAYABLE			
Infrastructure fee payable - ETO	5.1	18,316,926	18,316,926
Infrastructure cess payable - Gas	5.2	22,361,383	22,361,383
		40,678,309	40,678,309

5.1 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.

5.2 This represents infrastructure gas cess payable to Sui Northern Gas Pipelines Limited.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 A suit has been filed by the company before the Civil Court, Lahore against recovery of outstanding balance amounting to Rs. 16.196 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.

6.1.2 A suit was filed by the Meezan bank limited before the Banking Court Lahore against recovery of outstanding balance of ijara rentals amounting to Rs. 51.419 million. The suit is decreed by the banking court for an amount of Rs. 28.545 million along with costs of suit as well as costs of funds. Appeal is pending in Lahore High Court. Bank's execution is also pending before Banking Court Lahore.

6.2 Commitments

6.2.1 Outstanding commitments related to letter of credit-raw material at the end of period equivalent to Rs. 5,566,075. (June 30, 2023: Rs. 11,626,743).

	Note	December 31, 2023	June 30, 2023
		Rupees (Un-Audited)	Rupees (Audited)
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	1,107,316,734	1,165,913,953
		1,107,316,734	1,165,913,953
7.1 Operating fixed assets			
Assets owned by the Company	7.1.1	1,107,316,734	1,165,913,953
		1,107,316,734	1,165,913,953
7.1.1 Assets owned by the Company			
Net book value at the beginning of the period/year		1,165,913,953	918,909,478
Additions during the period/year		2,833,340	33,238,390
Revaluation additions during the period/year- net		-	234,459,499
Net book value of assets disposed during the period/year		(49,583,333)	(880,931)
Depreciation for the period/year		(11,847,226)	(19,812,483)
Net book value at end of the period/year		1,107,316,734	1,165,913,953

Shadman Cotton Mills Limited

	<i>Note</i>	December 31, 2023	June 30, 2023
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
8 INVESTMENT PROPERTY - At Cost			
Net carrying value as at July 01		111,365,413	114,220,936
Depreciation charged to other operating expenses during the period/year		(1,392,068)	(2,855,523)
Net book value as at close of period		<u>109,973,345</u>	<u>111,365,413</u>
Gross carrying value			
Cost		122,267,095	122,267,095
Accumulated Depreciation		(12,293,750)	(10,901,682)
Net book value		<u>109,973,345</u>	<u>111,365,413</u>
8.1 Depreciation is charged by reducing balance method at the rate % per annum		<u>2.5%</u>	<u>2.5%</u>

8.2 Depreciation charge for the period has been allocated as follows:

Other operating expenses		(1,392,068)	(2,855,523)
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9 SHORT TERM INVESTMENTS

	<i>Note</i>	December 31, 2023	June 30, 2023
		<i>Rupees</i>	<i>Rupees</i>
		<i>(Un-Audited)</i>	<i>(Audited)</i>
Term Deposit Certificates		65,000,000	37,500,000
Investment in Shares	9.1	379,400	268,609
		<u>65,379,400</u>	<u>37,768,609</u>

9.1 Investment in Shares

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:

Cost		265,500	265,500
Fair value adjustment		113,900	3,109
		<u>379,400</u>	<u>268,609</u>

	<i>Note</i>	December 31, 2023	June 30, 2023
		<i>(Un-Audited)</i>	<i>(Audited)</i>
9.1.1 Market value of investments		Market Values	
	Rupees.....	
MCB Bank 357 (June 30, 2023: 357) shares		61,600	40,609
Engro Powergen Qadirpur 10,000 (June 30, 2023: 10,000) Shares		317,800	228,000
		<u>379,400</u>	<u>268,609</u>

10 TAXATION

10.1 Provision for taxation has been made under section 113,154 and 169 of the Income Tax Ordinance, 2001.

10.2 No provision for deferred tax has been made as the impact of the same is considered immaterial.

Shadman Cotton Mills Limited

11 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:

		<i>Note</i>	December 31, 2023	December 31, 2022
			<i>Rupees</i>	<i>Rupees</i>
			<i>(Un-Audited)</i>	<i>(Un-Audited)</i>
11.1 Transactions with related parties				
Nature of relationship	Nature of transaction			
Directors	Short term borrowings obtained		6,500,000	182,984,245
	Short term borrowings repaid		4,500,000	61,700,000
Associate	Short term borrowings obtained		-	-
	Short term borrowings repaid		-	-

		<i>Note</i>	December 31, 2023	June 30, 2023
			<i>Rupees</i>	<i>Rupees</i>
			<i>(Un-Audited)</i>	<i>(Audited)</i>
11.2 Balances with related parties				
Nature of relationship	Nature of balances			
Directors	Equity portion of director loan		210,000,000	210,000,000
	Short term borrowings		173,126,317	171,126,317
Associate	Short term borrowings		-	-

12 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period that may require adjustment of and/or disclosure in this condensed interim financial information.

13 RECOVERABLE AMOUNTS AND IMPAIRMENT

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

14 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved by the Board of Directors of the Company and authorized for issue on February 29, 2024.

15 GENERAL

15.1 There are no other significant activities since December 31, 2023 affecting the interim financial information.

15.2 Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR