



ANNUAL
REPORT
2025

Shadab Textile Mills Limited

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**COMPANY INFORMATION**

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



VISION STATEMENT

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

MISSION STATEMENT

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

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

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 46th Annual General Meeting of the Shareholders of **SHADAB TEXTILE MILLS LIMITED** will be held on Tuesday, October 28, 2025 at 11.30 a.m. at the Registered Office of the Company at A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2025 together with Directors' and Auditors' Reports thereon.

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



Weblink: <https://www.shadabtextile.com/pdf/Annual30-06-2025.pdf>

2. To declare and approve the Final Cash Dividend at Rs.1.25 per share i.e.12.50% for the year ended June 30, 2025 as recommended by the Board of Directors.
3. To appoint auditors for the year 2025-2026 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

By order of the Board

(Tariq Javaid)
Company Secretary

LAHORE: September 26, 2025

NOTES:

1. Closure of Share Transfer Books: The Share Transfer Books of the Company will remain closed from October 22, 2025 to October 28, 2025 (both days inclusive). Transfers received at Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company by the close of business on October 21, 2025 will be treated in time for the purpose of above entitlement to the transferees.
2. Participation in General Meeting: An individual beneficial owner of share must bring his/her original CNIC or Passport, Account and Participant's I.D numbers to prove his/her identity. A representative of corporate members must bring the Board of Directors' Resolution and / or Power of Attorney and the specimen signature of the nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

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

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



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

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

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

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

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

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

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

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

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

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

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

The required information must reach our Share Registrar by the close of business on **October 21, 2025** otherwise it will be assumed that the shares are equally held by Principal Shareholder and joint holders.

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, M/s. Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, upto **October 21, 2025**.



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

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

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

Pursuant to Section 223(7) of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2025 together with Chairman's Review Report, Directors' and Auditors' Report thereon have been made available on the Company's website: www.shadabtextile.com.

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

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

I/We. _____ of _____ being a member of SHADAB TEXTILE MILLS LIMITED, holder of _____ Ordinary Shares as per Registered Folio No./CDC A/C No. _____ hereby opt for Video conference Facility at _____

Signature of members

10. **Change of Address:** Shareholders are requested to immediately notify the change of address, if any to Share Registrar of the Company.
11. **Restriction on Distribution of Gifts to Members:** The SECP, vide Circular No. 2 of 2018 dated February 9, 2018, and S.R.O. 452(I)/2025 dated March 17, 2025, has strictly prohibited companies from offering or distributing gifts, incentives, or any similar benefits (including but not limited to tokens, coupons, meals, or takeaway packages) to Members at or in connection with general meetings. In accordance with Section 185 of the Companies Act, 2017, any non-compliance with these directives constitutes a punishable offence, and companies found in violation may be subject to enforcement actions and penalties.



CHAIRMAN'S REVIEW

I am pleased to present the review of the Board's performance for the financial year ended June 30, 2025.

Throughout the year, the Board remained steadfast in fulfilling its fiduciary responsibilities, providing strategic guidance and oversight with fairness, objectivity, and in the best interests of the Company and its stakeholders.

The Committees of the Board also discharged their responsibilities with diligence, focusing effectively on their respective mandates.

During the year under review, five meetings of the Board of Directors, five meetings of the Audit Committee, and three meetings of the Human Resource & Remuneration Committee were held. In addition, the Board carried out a comprehensive evaluation of its own performance, covering individual Directors, Committees, and the Board as a whole. The evaluation confirmed that the Board continues to function effectively, maintaining a strong focus on governance, transparency, and value creation.

The Board remains committed to steering the Company through a challenging business environment, ensuring resilience while exploring avenues for sustainable growth and long-term value.

On behalf of the Board, I wish to express my sincere gratitude to our shareholders and stakeholders for their trust and confidence. I also extend my appreciation to the management team and employees for their dedication, professionalism, and contribution toward delivering encouraging results despite prevailing challenges. May Allah continue to bless us with success and prosperity.

SAAD NASEEM

Chairman

Lahore: September 26, 2025

**DIRECTORS' REPORT****Dear Shareholders,**

The Directors of the Company welcome you to the 46th Annual General Meeting and are pleased to present the Annual Report together with Audited Accounts of the Company for the year ended June 30, 2025.

Financial Results

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

	(RUPEES IN THOUSAND)	
	June 30, 2025	June 30, 2024
Sales - net	8,002,565	7,280,768
Cost of sales	(7,437,927)	(6,881,703)
GROSS PROFIT	564,638	399,065
Administrative and general expenses	(181,990)	(153,660)
Selling and distribution expenses	(797)	(391)
	(182,787)	(154,051)
OPERATING PROFIT	381,851	245,014
Finance costs	(94,219)	(133,911)
Other charges	(21,340)	(36,030)
	266,292	75,073
Other income	21,641	39,834
PROFIT BEFORE LEVIES AND TAXATION	287,933	114,907
Minimum tax	(43,784)	(57,971)
PROFIT BEFORE TAXATION	244,149	56,936
Taxation	(59,124)	41,530
PROFIT AFTER TAXATION	185,025	98,466
Basic & diluted earning per share-(Rupees)	11.15	5.93

During the year under review, the Company earned a profit after tax of Rs. 185.025 million, a significant improvement compared to the previous year's profit of Rs. 98.466 million. The net sales for the year amounted to Rs. 8,002.565 million, showing an increase of Rs. 721.797 million i.e 9.91% from the previous year's sales of Rs. 7,280.768 million. Earnings per share (EPS) increased to Rs. 11.15, compared to Rs. 5.93 per share in the previous year, indicating much higher returns for investors.

This positive performance was driven by a relatively stable exchange rate, reduction in the State Bank's policy rate from 22% to 11% together with effective management of short-term borrowings which reduced finance costs, and efficiency improvements. However, high energy costs remain a key challenge for the textile industry's global competitiveness.

To mitigate energy cost pressures, the Company enhanced its renewable energy base by installing an additional **1.965 MW solar system**, increasing total installed capacity to **2.875 MW**. This investment is expected to lower energy expenses and reduce production costs.

The recent floods in Pakistan may adversely affect the cotton crop, with implications for the spinning sector. The Company remains hopeful that the Government will continue supporting the industry through reduced utility tariffs, lower markup rates, and financing for renewable energy initiatives. Such measures are essential for revitalizing the textile sector, which is a backbone of Pakistan's economy.



Earnings Per Share

Earnings per Share is **Rs.11.15** (2024: **Rs.5.93**)

Dividend

Given the financial results of the Company for the year ended 2024-25, the Board of Directors of the Company has recommended the Final cash dividend of Rs.1.25 per share i.e Rs.12.50% for the financial year ended June 30, 2025.

Corporate Governance and Financial Reporting Framework

- a. The financial statements, prepared by the management of the company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- b. Proper books of account have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the company's ability to continue as a going concern.
- g. Key operating and financial data of last six years is annexed to the annual report.
- h. There are no outstanding statutory payments on account of taxes, duties, levies and charges except routine payments of various levies.
- i. Value of investments of provident fund as on 30-06-2025 as per un-audited accounts was Rs. 215.464 million.
- j. The pattern of shareholding and the additional information as required by the CCG is annexed to the annual report.
- k. Directors, Chief Financial Officer, Company Secretary and their spouses and minor children have not traded in the company's shares during the year except CEO as disclosed in the pattern of shareholding.

Board of Directors

Board Composition (as at June 30, 2025)

Total Number of Directors: 08

- Male: 07
- Female: 01

Category:

- Independent Directors: 02
- Non-Executive Directors: 04
- Executive Directors: 02 (including Chief Executive)



Election of Directors

The election of directors was held on March 28, 2025, for a term of three years. The following were elected:

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

Board of Directors (as at June 30, 2025)

- | | |
|-----------------------|-------------------------------------|
| • Mian Aamir Naseem | – Chief Executive |
| • Mian Farrukh Naseem | – Chairman / Non-Executive Director |
| • Mr. Yasir Naseem | – Executive Director |
| • Mr. Saad Naseem | – Non-Executive Director |
| • Mr. Hamza Naseem | – Non-Executive Director |
| • Mrs. Fatima Aamir | – Non-Executive Director (Female) |
| • Mr. Fahad Shafiq | – Independent Director |
| • Mr. Ghazanfer Feroz | – Independent Director |

Board Meetings

During the year, **five meetings** of the Board were held. Attendance was as follows:

Name of Director	Meetings Attended
Mian Farrukh Naseem	5
Mr. Yasir Naseem	5
Mr. Saad Naseem	5
Mr. Hamza Naseem	5
Mrs. Fatima Aamir	5
Mr. Fahad Shafiq	5
Mr. Ghazanfer Feroz	5

Board Committees

Audit Committee

The Board has constituted an Audit Committee comprising:

- | | |
|-----------------------|------------|
| • Mr. Fahad Shafiq | – Chairman |
| • Mian Farrukh Naseem | – Member |
| • Mr. Hamza Naseem | – Member |

Meetings: Five meetings were held during the year.

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

Human Resource & Remuneration Committee

The Board has constituted a Human Resource & Remuneration Committee comprising:

- | | |
|-----------------------|------------|
| • Mr. Fahad Shafiq | – Chairman |
| • Mr. Ghazanfer Feroz | – Member |
| • Mr. Saad Naseem | – Member |



Meetings: Three meetings were held during the year.

Name of Member	Meetings Attended
Mr. Fahad Shafiq	3
Mr. Ghazanfer Feroz	3
Mr. Saad Naseem	3

Current Board Composition (as of August 26, 2025)

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

Changes during the Year (up to August 26, 2025):

- Mr. Saad Naseem appointed Chairman in place of Mian Farrukh Naseem.(26-08-2025)
- Mian Farrukh Naseem reclassified as Executive Director. (01-08-2025).
- Mr. Yasir Naseem reclassified as `Non-Executive Director. (31-07-2025).

Current Composition of Audit Committee (as of August 01, 2025):

- Mr. Fahad Shafiq – Chairman
- Mr. Hamza Naseem – Member
- Mr. Yasir Naseem – Member (appointed in place of Mian Farrukh Naseem)

Head of Internal Audit

The resignation of the Head of Internal Audit during the year was duly addressed, and the position was filled with Board approval in compliance with CCG requirements.

Directors' Remuneration

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

Chairman's Review

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

Performance Evaluation of the Board

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

Directors Training Programme

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

Related Party Transactions

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

**Auditors**

The present Auditors M/s Fazal Mahmood & Company, Chartered Accountants, retire and being eligible offer them-selves for re-appointment. The audit committee of the board has recommended the re-appointment of M/s Fazal Mahmood & Company, Chartered Accountants, as external auditors of the Company for the year 2025-26 on the current level of auditors' remuneration.

Corporate Social Responsibility

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

Health, Safety and Environment:

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

Work-Life Balance:

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

Business Ethics and Anti-corruption Measures:

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

Contribution to the National Exchequer:

To meet our legal and social obligation towards the development of the economy of the country, the company has contributed Rs. 1007.076 million in the FY 2024-25 into the Government exchequer on account of taxes, levies, excise duty and sales tax.

Energy Conservation:

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

Acknowledgements

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

For and on behalf of the Board

MIAN AAMIR NASEEM
(Chief Executive)

SAAD NASEEM
(Chairman/Director)

Lahore: September 26, 2025



کاروباری اخلاقیات اور اینٹی کرپشن کے اقدامات
انتظامیہ سالمیت، ایمانداری اور موجودہ قوانین و ضوابط کی مکمل پاسداری کے ساتھ تمام کاروباری سرگرمیوں کو منظم کرنے پر کاربند ہے۔ بورڈ کی طرف سے ایک ضابطہ اخلاق تیار اور منظور کیا
گیا ہے جس پر تمام ملازمین کے دستخط ہیں۔

قومی خزانے میں شراکت

ملک کی اقتصادی ترقی کے لئے اپنی قانونی اور سماجی ذمہ داری کو پورا کرنے کے لئے کمپنی نے ٹیکس، لیویز، ایکسائز ڈیوٹی اور سیلز ٹیکس کی مد میں حکومتی خزانے مالی سال 2024-25
میں 1007.076 ملین روپے حصہ شامل کیا ہے۔

توانائی کی بچت

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

شکرگذاری

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

منجانب بورڈ

سعد نسیم

(چیئرمین ایڈمنسٹریشن)

امین عامر نسیم

(چیف ایگزیکٹو)

لاہور: 26 ستمبر 2025



آڈٹ کمیٹی کی موجودہ تشکیل (01 اگست 2025 تک):

جناب فہد شفیق	چیئر مین
جناب حمزہ نسیم	رکن
جناب یاسر نسیم	رکن (میاں فرخ نسیم کی جگہ تقرر کیا گیا)

اندرونی آڈٹ کے سربراہ

سال کے دوران بیڈ آف انٹرنل آڈٹ کے استعفیٰ کو مناسب طریقے سے حل کیا گیا، اور سی سی جی کے تقاضوں کی تعمیل میں اس عہدے کو بورڈ کی منظوری سے پُر کیا گیا۔
ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز اور سینیٹرز مینجمنٹ کے اراکین کے لیے معاوضے کی پالیسی کی منظوری دی ہے۔ کمپنی بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کے لیے مینٹنگ فیس کے علاوہ اپنے نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادائیگی نہیں کرے گی۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو ادائیگے کے معاوضے کی مجموعی رقم کا انکشاف مالیاتی بیانات کے نوٹ 37 میں کیا گیا ہے۔

چیئر مین کا جائزہ

چیئر مین کے جائزہ کی بورڈ آف ڈائریکٹرز نے توثیق کی ہے۔

بورڈ کی کارکردگی کی تشخیص

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

ڈائریکٹرز ٹرینگ پروگرام

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

متعلقہ فریقین سے لین دین

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

محاسب

موجودہ محاسب میسرز فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بنا پر دوبارہ تقرری کے لیے خود کو پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے سال 2025-26 کے لئے کمپنی کے محاسب کے طور پر میسرز فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

کارپوریٹ سماجی ذمہ داری

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

صحت، حفاظت اور ماحول

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

کام اور زندگی کا توازن

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



بورڈ کمیٹیاں آڈٹ کمیٹی

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

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

اس سال کے دوران آڈٹ کمیٹی کے 15 اجلاس ہوئے اور حاضری کی تفصیل درج ذیل ہے۔

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

افراد قوت و مشاہرہ کمیٹی

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

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

اس سال کے دوران افرادی قوت و مشاہرہ کمیٹی کے 13 اجلاس ہوئے اور حاضری کی تفصیل درج ذیل ہے۔

جناب فہد شفیق	3
جناب غصنفر فیروز	3
جناب سعد نسیم	3

موجودہ بورڈ کی تشکیل بمطابق 26 اگست 2025

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

سال کے دوران تبدیلیاں (26 اگست 2025 تک):

میاں فرخ نسیم کی جگہ جناب سعد نسیم چیئر مین مقرر ہوئے (26-08-2025)

میاں فرخ نسیم کو ایگزیکٹو ڈائریکٹر کے طور پر درجہ دیا گیا۔ (01-08-2025)

جناب یاسر نسیم کو نان ایگزیکٹو ڈائریکٹر کے طور پر درجہ دیا گیا۔ (31-07-2025)



اقسام

- آزاد ڈائریکٹرز 2
- نان ایگزیکٹو ڈائریکٹرز 4
- ایگزیکٹو ڈائریکٹرز 2 (بشمول چیف ایگزیکٹو)

ڈائریکٹرز کا انتخاب

ڈائریکٹرز کا انتخاب 28 مارچ 2025 کو تین سال کی مدت کے لیے منعقد ہوا۔ مندرجہ ذیل افراد منتخب ہوئے۔

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

30 جون 2025 کو مشتمل بورڈ ہے

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

بورڈ کے اجلاس

اس سال کے دوران بورڈ آف ڈائریکٹرز کے 15 اجلاس ہوئے اور حاضری کی تفصیل درج ذیل ہے۔

ڈائریکٹر کا نام	اجلاس میں شرکت
میاں فرخ نسیم	5
جناب یاسر نسیم	5
جناب سعد نسیم	5
جناب حمزہ نسیم	5
محترمہ فاطمہ عامر	5
جناب فہد شفیق	5
جناب غضنفر فیروز	5



اس مثبت کارکردگی کی وجوہات میں مستحکم زرمبادلہ کی شرح، اسٹیٹ بینک کی پالیسی ریٹ میں 22 فیصد سے 11 فیصد تک کمی، قلیل مدتی قرضوں کا مؤثر انتظام جس سے مالیاتی اخراجات میں کمی آئی، اور آپریشنل بہتری شامل ہیں۔ تاہم، توانائی کے بلند اخراجات اب بھی ٹیکسٹائل صنعت کی عالمی مسابقت کے لیے ایک بڑا چیلنج ہیں۔

توانائی کے اخراجات پر قابو پانے کے لیے، کمپنی نے 1.965 میگا واٹ کے اضافی سولر سسٹم کی تنصیب کے ذریعے اپنی قابل تجدید توانائی کی بنیاد کو بڑھایا، جس سے کل نصب شدہ صلاحیت 2.875 میگا واٹ تک پہنچ گئی۔ اس سرمایہ کاری سے توانائی کے اخراجات میں کمی اور پیداواری لاگت میں کمی کی توقع ہے۔

پاکستان میں حالیہ سیلاب سے کپاس کی فصل متاثر ہو سکتی ہے، جس کے اثرات سپنگ شعبے پر مرتب ہو سکتے ہیں۔ کمپنی کو اُمید ہے کہ حکومت ٹیکسٹائل صنعت کی معاونت جاری رکھے گی، جیسے کہ کم یوٹیلیٹی ٹیرف، کم مارک اپ ریٹ، اور قابل تجدید توانائی کے منصوبوں کے لیے مالی معاونت۔ ایسے اقدامات پاکستان کی معیشت کی ریڑھ کی ہڈی سمجھی جانے والی ٹیکسٹائل صنعت کی بحالی کے لیے نہایت ضروری ہیں۔

فی شیر آمدنی

فی شیر آمدنی 11.15 روپے (5.93 روپے: 2024)

منافع منقسمہ

2024-25 کو ختم ہونے والی مالی سال کیلئے کمپنی کے مالیاتی نتائج کو دیکھتے ہوئے کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2025 کو ختم ہونے والے مالی سال کے لئے 1.25 روپے فی حصص یعنی 12.50 فیصد کے فائل کیش ڈیویڈنڈ کی سفارش کی ہے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک۔

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

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

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

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

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

ایف: کمپنی کے رواں دواں ہونے کی صلاحیت کو قابل ذکر شکوک و شبہات نہیں ہیں۔

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

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

آئی: 30 جون 2025 کے مطابق پراویڈنٹ فنڈ کی سرمایہ کاری کی غیر آڈٹ شدہ قیمت 215.464 ملین روپے ہے۔

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

کے: ڈائریکٹرز، چیف فنانشل آفیسر، کمپنی سیکرٹری اور ان کے شریک حیات اور نابالغ بچوں نے سال کے دوران کمپنی کے حصص میں کوئی تجارت نہیں کی، سوائے سی ای او کے

جیسا کہ شیر ہولڈنگ کے پیٹرن میں ظاہر کیا گیا ہے۔

بورڈ آف ڈائریکٹرز

30-06-2025 کو بورڈ آف ڈائریکٹرز مشتمل ہے:-

ڈائریکٹرز کی کل تعداد (8) ہے۔

● مرد 7

● خاتون 1



مجلس انضمام کی رپورٹ

محترم حصص یافتگان،

کمپنی کی مجلس انضمام چھیالیسویں سالانہ عام اجلاس میں آپ کا استقبال کرتی ہے اور 30 جون 2025 کو ختم ہونے والے سال کے لیے کمپنی کے نظر ثانی شدہ گوشواروں کے ساتھ سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

مالیاتی نتائج

کمپنی کے مالیاتی نتائج تقابلی شکل میں حسب ذیل ہیں۔

(روپے ہزاروں میں)		
30 جون 2025	30 جون 2024	
8,002,565	7,280,768	خالص فروخت
(7,437,927)	(6,881,703)	فروخت کی لاگت
564,638	399,065	مجموعی منافع
(181,990)	(153,660)	انتظامی اور عمومی اخراجات
(797)	(391)	فروخت اور تکنیکی اخراجات
(182,787)	(154,051)	
381,851	245,014	آپریٹنگ منافع
(94,219)	(133,911)	مالی لاگت
(21,340)	(36,030)	دیگر واجبات
266,292	75,073	
21,641	39,834	دیگر آمدنی
287,933	114,907	قبل از ٹیکس منافع
(43,784)	(57,971)	کم از کم ٹیکس
244,149	56,936	
(59,124)	41,530	ٹیکس
185,025	98,466	بعد از ٹیکس منافع
11.15	5.93	فی شیئر بنیادی اور تحلیل شدہ آمدنی (روپے میں)

جائزہ سال کے دوران کمپنی نے بعد از ٹیکس 185.025 ملین روپے کا منافع حاصل کیا، جو پچھلے سال کے 98.466 ملین روپے کے مقابلے میں نمایاں بہتری ہے۔ سال کی خالص فروخت 8,002.565 ملین روپے رہی، جو پچھلے سال کی 7,280.768 ملین روپے کی فروخت کے مقابلے میں 721.797 ملین روپے یعنی 9.91 فیصد کا اضافہ ظاہر کرتی ہے۔ فی حصص آمدنی بڑھ کر 11.15 روپے ہو گئی، جو پچھلے سال 5.93 روپے فی حصص تھی، اور اس سے سرمایہ کاروں کو بہتر منافع حاصل ہوا۔



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

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

Period Ended: **JUNE 30, 2025**

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

1. The total number of directors are eight (8) as per the following:

- a. Male: 7
- b. Female: 1

2. The composition of the Board is as follows:

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

3. The directors have confirmed that none of them is serving as director on more than seven listed companies, including this company.
4. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The majority of Directors have either completed the Director's Certification from authorized institutions or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG;
10. The board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.



11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The Board has formed committees comprising of members given below:
 - a) **Audit Committee**

Mr. Fahad Shafiq	(Chairman)
Mian Farrukh Naseem	(Member)
Mr. Hamza Naseem	(Member)
 - b) **HR & R Committee**

Mr. Fahad Shafiq	(Chairman)
Mr. Ghazanfer Feroz	(Member)
Mr. Saad Naseem	(Member)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings were as per followings:
 - a) **Audit Committee:** Five
 - b) **HR and R Committee:** Three
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations and or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.

For and on behalf of the Board

(SAAD NASEEM)
Chairman / Director

September 26, 2025



Gender Pay Gap Statement

As required under SECP Circular No. 10 of 2024, the gender pay gap for the year ended June 30, 2025 has been assessed as follows:

Metric	Value
Mean Gender Pay Gap	Not Applicable
Median Gender Pay Gap	Not Applicable

Note: During the reporting period, the Company did not employ any female staff members. Accordingly, gender pay gap calculations are not applicable. This disclosure is made in compliance with SECP requirements and reflects the current workforce composition. The Company remains committed to providing equal opportunities and will continue to ensure that all employment policies and practices are free from gender-based discrimination.

Mian Aamir Naseem
(Chief Executive)

Date: September 26, 2025



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

**Review Report on the Statement of Compliance Contained in Listed Companies
(Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of SHADAB TEXTILE MILLS LIMITED (the Company) for the year ended June 30, 2025 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2025.

Fazal Mahmood & Co.

FAZAL MAHMOOD & COMPANY

CHARTERED ACCOUNTANTS

Lahore

Date: September 26, 2025

UDIN: CR202510338dsgOhVW0I

**SIX YEAR'S FINANCIAL DATA AT A GLANCE****(RUPEES IN MILLION)**

PARTICULARS	2025	2024	2023	2022	2021	2020
ASSETS EMPLOYEED						
Property, plant and equipment	1620.824	1,384.065	1,428.625	1,478.907	1,502.395	374.019
Right of use assets	63.899	26.230	32.788	40.985	7.551	14.993
Intangible assets	0.844	0.987	-	-	-	-
Long term deposits	2.348	2.348	2.434	2.434	2.434	2.434
Current assets	1527.114	1,675.413	1,385.464	1,447.569	930.517	985.012
TOTAL ASSETS EMPLOYEED	3,215.029	3,089.043	2,849.311	2,969.895	2,442.897	1,376.458
FINANCED BY						
Share holders' equity	1757.072	1,612.397	1,452.661	1,571.200	1,402.545	854.604
Long term financing	141.501	203.686	264.001	322.285	328.677	-
Gas Infrastructure Development Cess	-	-	-	-	1.074	-
Lease Liabilities	30.190	0.950	10.039	19.596	-	1.262
Deferred liabilities	13.661	20.252	104.918	114.151	107.177	32.899
Current liabilities	1272.605	1,251.758	1,017.692	942.663	603.424	487.693
TOTAL FUNDS INVESTED	3,215.029	3,089.043	2,849.311	2,969.895	2,442.897	1,376.458
PROFIT & (LOSS)						
Sales-net	8002.565	7,280.768	5,962.782	5,297.444	3,305.217	2,290.540
Cost of sales	7437.927	6,881.703	5,779.130	4,784.455	2,922.424	2,160.400
Gross profit	564.638	399.065	183.652	512.989	382.793	130.140
Administrative & general	181.990	153.660	140.023	124.103	97.966	73.267
Selling & distribution	0.797	0.391	2.089	10.038	7.090	5.470
Operating profit	381.851	245.014	41.540	378.848	277.737	51.403
Finance costs	94.219	133.911	137.046	71.681	32.628	10.644
Other charges	21.340	36.030	-	21.678	17.750	4.975
	266.292	75.073	(95.506)	285.489	227.359	35.784
Other income	21.641	39.834	2.933	7.008	12.131	27.552
PROFIT / (LOSS) BEFORE TAXATION	287.933	114.907	(92.573)	292.497	239.490	63.336
Taxation	102.908	16.441	15.169	97.242	68.849	22.486
PROFIT / (LOSS) AFTER TAXATION	185.025	98.466	(107.742)	195.255	170.641	40.850
EARNING / (LOSS) PER SHARE (Rs.)	11.15	5.93	(6.49)	11.76	10.28	3.27
Dividend paid	12.450	-	8.300	16.600	8.300	15.600
Number of spindles installed						
Ring	34560	36480	36480	33600	33600	33600
MVS	576	576	576	576	576	-
Number of spindles worked						
Ring	34080	34080	36000	33120	33120	33120
MVS	576	576	576	576	576	-
Number of shifts per day	3	3	3	3	3	3
Actual production converted into 20/S count (Kgs. in million)	21.594	22.237	21.322	22.998	20.017	16.287



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

Opinion

We have audited the annexed financial statements of SHADAB TEXTILE MILLS LIMITED (the Company), which comprise the statement of financial position as at June 30, 2025 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2025 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit matters

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

S.No.	Key Audit Matters	How the matter was addressed in our audit
(i)	Stock in trade existence and valuation As at reporting date, the company held stock in trade as amounting to Rupees 804.208 million which constitute 25.014% of total assets, as disclosed in note 22 to the financial statements. As described in note 5.4 to the financial statements, stock in trade is measured at lower of cost and net realizable value (NRV). The cost of work in process and finished goods is determined at average manufacturing cost including a proportion of production overheads. Judgments are required to determine the appropriate basis for costing and its valuation. Given the significance of the amount involved and the level of judgments and estimates required to value the stock in trade, we have identified valuation of stock in trade as key audit matter.	Our key audit procedures in this area amongst others included the following: • Obtained an understanding of Company's valuation process for stock in trade and tested controls relevant to such process. • Tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads. • Tested the NRV of the stock in trade by performing a review of sales close to and subsequent to the year end and comparing with the cost for a sample of products. • Observed physical stock count activities to ascertain the condition and existence of stock in trade, performed testing on a sample of items to assess their NRV and if any adjustment was required at year end.



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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statements of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

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

Fazal Mahmood & Co.

Fazal Mahmood & Company
Chartered Accountants
Lahore

Date: September 26, 2025

UDIN: AR202510338boDX1AT6q

**STATEMENT OF FINANCIAL POSITION****(RUPEES IN THOUSAND)**

	NOTE	2025	2024
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 40 million (2024: 40 million) Ordinary shares of Rs.10/- each.		400,000	400,000
Issued, subscribed and paid-up share capital	6	166,000	166,000
Capital reserves	7	204,000	204,000
Revenue reserves		980,599	808,024
Equity contributions from sponsors	8	406,473	434,373
TOTAL EQUITY		1,757,072	1,612,397
NON - CURRENT LIABILITIES			
Long term loans	9	141,501	203,686
Lease liabilities	10	30,190	950
Deferred liabilities	11	13,661	20,252
		185,352	224,888
CURRENT LIABILITIES			
Trade and other payables	12	572,279	439,461
Unclaimed dividend		712	673
Accrued mark-up	13	11,587	23,648
Short term borrowings	14	505,469	617,777
Current portion of long term liabilities	15	79,875	78,422
Provision for taxation		102,683	91,777
		1,272,605	1,251,758
CONTINGENCIES AND COMMITMENTS	16	-	-
TOTAL EQUITY & LIABILITIES		3,215,029	3,089,043

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

**AS AT JUNE 30, 2025**

		(RUPEES IN THOUSAND)	
	NOTE	2025	2024
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	17	1,620,824	1,384,065
Intangible Assets	18	844	987
Right of use assets	19	63,899	26,230
Long term deposits	20	2,348	2,348
		1,687,915	1,413,630
CURRENT ASSETS			
Stores, spares and loose tools	21	76,551	143,781
Stock in trade	22	804,208	796,765
Trade debts	23	326,287	322,808
Loans and advances	24	18,824	108,250
Trade deposits and prepayments	25	158,083	130,840
Other receivables	26	113,543	144,103
Cash and bank balances	27	29,618	28,866
		1,527,114	1,675,413
TOTAL ASSETS		3,215,029	3,089,043

(Muhammad Adeel Anwar Khan)
Chief Financial Officer



STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2025

		(RUPEES IN THOUSAND)	
	NOTE	2025	2024
Sales - net	28	8,002,565	7,280,768
Cost of sales	29	<u>(7,437,927)</u>	<u>(6,881,703)</u>
GROSS PROFIT		564,638	399,065
Administrative and general expenses	30	<u>(181,990)</u>	<u>(153,660)</u>
Selling and distribution expenses	31	<u>(797)</u>	<u>(391)</u>
		<u>(182,787)</u>	<u>(154,051)</u>
OPERATING PROFIT		381,851	245,014
Finance costs	32	<u>(94,219)</u>	<u>(133,911)</u>
Other charges	33	<u>(21,340)</u>	<u>(36,030)</u>
		<u>266,292</u>	<u>75,073</u>
Other income	34	<u>21,641</u>	<u>39,834</u>
PROFIT BEFORE LEVIES AND TAXATION		287,933	114,907
Minimum Tax	35	<u>(43,784)</u>	<u>(57,971)</u>
PROFIT BEFORE TAXATION		244,149	56,936
Taxation	36	<u>(59,124)</u>	<u>41,530</u>
PROFIT AFTER TAXATION		185,025	98,466
BASIC AND DILUTED EARNING PER SHARE- (RUPEES)	39	<u>11.15</u>	<u>5.93</u>

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Adeel Anwar Khan)
Chief Financial Officer



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	(RUPEES IN THOUSAND)	
	2025	2024
PROFIT AFTER TAXATION FOR THE YEAR	185,025	98,466
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>185,025</u>	<u>98,466</u>

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Adeel Anwar Khan)
Chief Financial Officer



STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2025

(RUPEES IN THOUSAND)

Description	Share Capital	Revenue Reserves		Capital Reserves	Equity contribution from Sponsors	Total Equity
	Issued, subscribed and paid up ordinary shares	General reserve	Un-appropriated profit	Share premium		
Balance as at June 30, 2023	166,000	260,000	449,558	204,000	373,103	1,452,661
Total comprehensive income						
Profit after taxation for the year ended June 30, 2024	-	-	98,466	-	-	98,466
Transaction with owners						
Transfer to equity contribution from sponsors	-	-	-	-	61,270	61,270
Balance as at June 30, 2024	166,000	260,000	548,024	204,000	434,373	1,612,397
Total comprehensive income						
Profit after taxation for the year ended June 30, 2025	-	-	185,025	-	-	185,025
Transaction with owners						
Final dividend for the year ended June 30, 2024 @ Rs.0.75 per share	-	-	(12,450)	-	-	(12,450)
Transfer from equity contribution to sponsors	-	-	-	-	(27,900)	(27,900)
Balance as at June 30, 2025	166,000	260,000	720,599	204,000	406,473	1,757,072

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Adeel Anwar Khan)
Chief Financial Officer



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2025

		(RUPEES IN THOUSAND)	
	NOTE	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	807,968	207,916
Finance cost paid		(106,280)	(133,407)
Income tax and levies paid		(93,664)	(68,574)
Paid to workers' profit participation fund	12.2	(6,172)	-
Paid to workers' welfare fund		(2,345)	-
Profit on deposits with bank	34	2,324	3,748
Net cash generated from operating activities		601,831	9,683
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(403,321)	(151,498)
Payments for acquisition of intangible assets		-	(999)
Proceeds from disposal of property, plant and equipment		37,705	34,464
Decrease in long term deposit		-	86
Net cash (used in) investing activities		(365,616)	(117,947)
CASH FLOWS FROM FINANCING ACTIVITIES			
Re-payment of long term borrowings		(69,586)	(69,603)
Payment against lease liabilities		(13,219)	(9,558)
Payments / Proceeds from sponsors to equity contributions		(27,900)	61,270
Payments / Proceeds from short term borrowings		(112,308)	142,513
Dividends paid		(12,450)	-
Net cash (used in) / generated from financing activities		(235,463)	124,622
NET CASH GENERATED DURING THE YEAR		752	16,358
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		28,866	12,508
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	41	29,618	28,866

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Adeel Anwar Khan)
Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

1. THE COMPANY AND ITS OPERATIONS

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

1.1 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

2. BASIS OF PREPARATION

2.1 Basis of measurement

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

2.2 Statement of compliance

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

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

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

2.3 Functional and presentation currency

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

3. USE OF KEY ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that effect the application of policies and reported amount of assets, liabilities, income and expenses. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The estimates and underlying policies are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and in future periods, if the revision affects both current and future periods. The areas involving significant estimates or judgements are:



- i) Useful lives, residual values, depreciation method, fair value and impairment of property, plant and equipment (note 5.1 and 17)
- ii) Provision for impairment of inventories (note 5.4)
- iii) Provision for current income tax and recognition of deferred tax asset (note 5.16, 11.2 and 36)
- iv) Revenue from contracts with customers (note 5.10)
- v) Financial instruments - fair value and allowances for expected credit losses (note 5.17, 23, 46 and 47)
- vi) Estimation of provisions (note 5.13)
- vii) Estimation of contingencies (note 5.15, 16)

4. CHANGES IN ACCOUNTING STANDARDS AND INTERPRETATIONS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2025

The following amendments are effective for the year ended June 30, 2025. These amendments are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than certain additional disclosures.

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Covenants

Amendments to IFRS 16 'Leases' - Clarification on how seller-lessee subsequently measures sale and leaseback transactions

Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements

4.2 New accounting standards and amendments that are not yet effective

The following standards and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's / Bank's operations or are not expected to have significant impact on the Company

Effective from accounting period beginning on or after

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17	January 01, 2025
Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures'- Classification and measurement of financial instruments	Deferred indefinitely January 01, 2026
-Annual Improvements to IFRS Accounting Standards (related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)	January 01, 2026
-Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial Nature-dependent Electricity instruments disclosures'- Contracts Referencing	January 01, 2026

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



- IFRS 1- First Time Adoption of International Reporting Standards
- IFRS 18- Presentation and Disclosures in Financial Standards
- IFRS 19- Subsidiaries without Public Accountability: Disclosures

5. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

During the year certain amendments to IAS - 1 'Presentation of Financial Statements' became applicable to the Company which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in these financial statement.

These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies. Further, accounting policies related to material class of accounts does not necessarily means it is material. These policies have been consistently applied to all years presented, unless otherwise stated:

5.1 Property, plant and equipment

a) Owned

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

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

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Company and its cost can be measured reliably. The carrying amount of the part so replaced is derecognized. The costs relating to day-to-day servicing of property, plant and equipment are recognized in profit and loss account as incurred. Depreciation on property, plant & equipment is charged to income on reducing balance method at the rates specified in note no. 17. to the accounts to write off the cost cover their estimated useful lives.

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

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

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



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

b) Capital work-in-progress

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

c) Intangible asset

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

5.2 Leases

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

Company as a lessee:

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

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

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



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

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

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

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

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

5.3 Stores, spares & loose tools

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

5.4 Stock in trade

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

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

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

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

The Company reviews the carrying amount of inventories on a regular basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolescence / excess inventories, if there is any change in usage pattern and / or physical form of related inventory. Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature, which can change significantly as a result of changes in market conditions. Any write-down of inventories to net realizable value is reversed if the circumstances that previously caused inventories to be written down no longer exist. Major spare parts and stand-by equipment qualify as property, plant and equipment when the Company expects to use them for more than one year. When inventories are sold, the carrying amount of those inventories shall be recognised as expense in the period in which the related revenue is recognised. Transfers are made to tangible fixed assets category as and when such items are available for use.



5.5 Trade debts and other receivables

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

5.6 Balances from contract with customers

Contract assets:

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

Contract liabilities:

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

Right of return assets:

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

Refund liabilities:

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

5.7 Foreign currency translation

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

5.8 Staff retirement benefits

Defined contribution plan - Provident fund

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

5.9 Trade and other payables

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

5.10 Revenue recognition

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



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

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

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

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

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

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

5.11 Borrowings cost

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

5.12 Finance cost

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

5.13 Provisions

A provision is recognized when the company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made to the amount of obligation. Provision are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.14 Impairment

a) Financial assets

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



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

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

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

b) Non financial assets

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

5.15 Contingent liabilities

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

5.16 Taxation

Current

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

Management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that the tax authorities will accept an uncertain tax treatment. Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums.



The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Prior income tax

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

Deferred

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

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

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

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

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

Levies

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

5.17 Financial instruments**Financial assets**

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

**Financial assets at amortized cost**

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

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

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

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

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

Derecognition

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

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

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

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

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



Impairment of financial assets

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

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

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

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

(a) Significant increase in credit risk

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

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

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

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

- (a) The financial instrument has a low risk of default,
- (b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and



- (c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations
- (b) **Definition of default**
- The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.
- (c) **Credit-impaired financial assets**
- A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:
- (a) significant financial difficulty of the issuer or the borrower;
 - (b) a breach of contract, such as a default or past due event;
 - (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
 - (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (d) **Write-off policy**
- The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.
- (e) **Measurement and recognition of ECL.**
- The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

Financial Liabilities

Financial Liabilities at FVTPL

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



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

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

Financial liabilities measured subsequently at amortized cost

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

Derecognition of financial liabilities

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

Offsetting of financial assets and financial liabilities

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

5.18 Basic and diluted earning per share

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

5.19 Cash and cash equivalents

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

5.20 Loans, deposits, and interest accrued

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

5.21 Related party transactions

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

**5.22 Share capital**

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

5.23 Proposed dividends and transfer between reserves

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

5.24 Segment reporting

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

5.25 Deferred grant

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

(RUPEES IN THOUSAND)		
	2025	2024
6. ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
2,000,000 ordinary shares of Rs. 10/- each fully paid in cash	20,000	20,000
1,000,000 ordinary shares of Rs. 10/- each issued as bonus shares	10,000	10,000
13,600,000 ordinary shares of Rs. 10/-each issued as right shares	136,000	136,000
	<u>166,000</u>	<u>166,000</u>
6.1 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding of the shareholders.		
7. CAPITAL RESERVES		
Share premium account	204,000	204,000
	<u>204,000</u>	<u>204,000</u>
7.1 Share premium account represents premium of Rs. 15/- per share charged on right issue of 13,600,000 ordinary shares of Rs. 10/- each in financial year 2020. It has been accounted for in accordance with the provisions of Section 81 of the Companies Act, 2017. This reserve can be utilized by the Company only for the purposes specified in accordance with the said section.		



		(RUPEES IN THOUSAND)	
	Note	2025	2024
8. EQUITY CONTRIBUTIONS FROM SPONSORS			
Equity contributions from sponsors		<u>406,473</u>	<u>434,373</u>
		<u>406,473</u>	<u>434,373</u>
8.1	This represents interest-free and unsecured loan provided by Sponsors. Since, it is repayable at discretion of the Company, therefore, it has been recognized as part of equity as per TR 32 of ICAP.		
9. LONG TERM LOANS			
Bank Al-Habib Ltd - TERF	9.1	112,106	169,392
Bank Al-Habib Ltd - LTF	9.2	29,395	34,294
		<u>141,501</u>	<u>203,686</u>
9.1 Bank Al-Habib Ltd			
TERF Finance - 1	9.1.1	32,000	64,000
TERF Finance - 2	9.1.2	6,048	12,096
TERF Finance - 3	9.1.3	52,475	62,016
TERF Finance - 4	9.1.4	65,400	76,300
TERF Finance - 5	9.1.5	33,000	38,500
		<u>188,923</u>	<u>252,912</u>
Less:			
- Discounting adjustments for recognition at fair value - deferred government grant		(28,425)	(39,212)
		<u>8,652</u>	<u>10,787</u>
- Unwinding of discount on liability		(19,773)	(28,425)
		<u>(57,044)</u>	<u>(55,095)</u>
- Current portion shown under current liabilities:		<u>112,106</u>	<u>169,392</u>

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

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

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

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



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

9.1.6 The fair value of the loans have been determined by discounting the loans proceeds using prevailing market rates of interest for similar instruments ranging from 9.28% to 9.87% (2024: 9.28% to 9.87%). The differential between the loans proceeds and fair value of the loan has been recorded as deferred grant. (note 11.1)

(RUPEES IN THOUSAND)**9.2 Bank Al-Habib Ltd.**

	2025	2024
LTF for Solar	39,194	44,093
Less: Repayment during the year	(4,899)	(4,899)
	34,295	39,194
Less: Current Portion of LTF	(4,899)	(4,899)
	29,395	34,294

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

9.3 The above outstanding facilities are secured by specific charges to the extent of Rs. 616.129 million (2024: Rs. 616.129 million) over present and future fixed assets (excluding land and building) of the Company and by way of personal guarantees of two sponsoring directors.

(RUPEES IN THOUSAND)**10 LEASE LIABILITIES**

	2025	2024
As at 01 July 2024	10,039	19,597
Add: Addition	43,209	-
Add: Interest expense relating to lease liability	2,545	3,792
Less: Payment	(14,252)	(13,350)
Less: Disposal	-	-
	41,541	10,039
As at 30 June 2025		
Current	11,351	9,088
Non-Current	30,190	950
	41,541	10,039

10.1 The implicit rate against lease liabilities ranges from 13.41% to 14.43% p.a. (2024: 24.49% to 24.74% p.a.)

10.2 Maturity Analysis of Lease Liability

	2025			2024		
	Not later than 1 year	Later than 1 year but not later than 5 years	Total	Not later than 1 year	Later than 1 year but not later than 5 years	Total
Future minimum lease payments	16,436	36,378	52,813	10,493	979	11,472
Less: Un-amortized finance charge	-		(11,272)			(1,379)
Present value of minimum lease payments			41,541			10,093



(RUPEES IN THOUSAND)			
	Note	2025	2024
11. DEFERRED LIABILITIES			
Deferred government grants	11.1	13,661	20,252
Deferred income tax liability	11.2	-	-
		<u>13,661</u>	<u>20,252</u>
11.1 Deferred government grants			
Opening balance		29,592	41,093
Less: Amortisation of deferred government grant		(9,350)	(11,501)
		<u>20,242</u>	<u>29,592</u>
Less: Current portion of deferred government grant		(6,581)	(9,340)
		<u>13,661</u>	<u>20,252</u>
11.1.1 This represents deferred government grants in respect of long term loan obtained under “SBP Temporary Economic Refinance Facility” for import of plant and machinery as disclosed in note 9.1 to the financial statements, respectively. There are no unfulfilled conditions or other contingencies attached to these grants.			
11.2 Deferred income tax liability			
Deferred tax liabilities on taxable temporary differences:			
Accelerated tax depreciation		180,270	147,762
Finance lease - net		6,708	4,857
Deferred tax asset on deductible temporary differences:			
Allowance for expected credit loss		(263)	(202)
Minimum tax available for carry forward		(176,780)	(132,996)
Tax losses carry forward		(36,581)	(36,581)
Unrecognized Deferred tax asset		<u>26,646</u>	<u>17,160</u>
		<u>-</u>	<u>-</u>
11.2.1 Deferred tax asset has not been recognized on the ground that sufficient taxable profits are not expected in foreseeable future against which the asset could be utilized.			
11.2.2 The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the Statement of Financial Position.			
11.2.3 Finance Act, 2023 has introduced progressive rate on high earning persons ranging from 1% to 10%. Such higher rate of tax has been made perpetual thus substantially increasing the overall tax costs for the businesses. Accordingly, deferred tax assets and liabilities have been recognised using the expected applicable rate.			
12. TRADE AND OTHER PAYABLES			
Creditors		181,979	168,903
Contractors' retention money		1,310	672
Security deposits - Interest free	12.1	11,214	11,214
Provident fund trust		2,830	2,438
Accrued expenses		247,309	161,298
Contract liabilities (Running account with customers)		92,773	73,195
Workers' profit participation fund	12.2	15,464	6,172
Workers' welfare fund		18,900	15,369
Others		500	200
		<u>572,279</u>	<u>439,461</u>



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

(RUPEES IN THOUSAND)

	Note	2025	2024
12.2 Workers' Profit Participation Fund			
Balance as on 01 July		6,172	-
Add: Provision for the year		15,464	6,172
Interest for the year		655	-
		<u>22,291</u>	<u>6,172</u>
Less: Payment during the year		(6,827)	-
Balance as on 30 June		<u>15,464</u>	<u>6,172</u>
13. ACCRUED MARK-UP			
Short term borrowings		11,239	23,249
Long term financing		348	399
		<u>11,587</u>	<u>23,648</u>
14. SHORT TERM BORROWINGS			
From banking companies - secured	14.1	505,469	617,777
		<u>505,469</u>	<u>617,777</u>
14.1 These have been obtained from banking companies on mark-up basis and are secured by pledge and hypothecation of stocks & stores, charge on stocks, specific charge over imported machinery, lien over import documents, book debts, first charge over present and future fixed assets (Land, building and machinery) of the company and against personal guarantee of two sponsoring directors. The borrowing form a part of total credit facilities available to the extent of Rs. 1500 million (2024: Rs. 1500 million). Unavailed facility as at reporting date is Rs. 994.53Million (2024: Rs. 882.22 million). Mark-up is paid at the rate ranging from 1 months Kibor plus 2% to 3 months Kibor plus 2%.			
15. CURRENT PORTION OF LONG TERM LIABILITIES			
Long term loans	9.1	61,943	59,994
Lease liabilities	10	11,351	9,088
Deferred government grant	11	6,581	9,340
		<u>79,875</u>	<u>78,422</u>
16. CONTINGENCIES AND COMMITMENTS			
16.1 Contingencies			
Counter guarantees of Rs. 99.996 million (2024: Rs.99.204 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited, and Lahore Electric Supply Company.			
16.2 Commitments			
Capital expenditure commitments are amounting to Rs. Nil (2024: Rs. Nil) during the year and non capital expenditure commitments are amounting to Rs. 321,269 million (2024: Rs. 438.431 million).			



(RUPEES IN THOUSAND)

17. PROPERTY, PLANT & EQUIPMENT

	Note	2025	2024
Operating fixed assets	17.1	1,619,949	1,326,056
Capital work-in-progress	17.4	875	58,009
		<u>1,620,824</u>	<u>1,384,065</u>

17.1 Operating fixed assets

Description	Land Freehold	Buildings	Plant and Machinery	Electric Installations	Factory Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Total
At June 30, 2023									
Cost	46,205	296,654	1,835,830	88,753	15,501	3,783	55,893	4,833	2,347,452
Accumulated depreciation	-	137,502	746,469	15,206	3,171	3,438	37,667	3,524	946,977
Closing net book value	<u>46,205</u>	<u>159,152</u>	<u>1,089,361</u>	<u>73,547</u>	<u>12,330</u>	<u>345</u>	<u>18,226</u>	<u>1,309</u>	<u>1,400,475</u>
Year ended June 30, 2024									
Opening net book value	46,205	159,152	1,089,361	73,547	12,330	345	18,226	1,309	1,400,475
Additions	-	-	47,630	-	-	-	10,743	-	58,373
Transfer from CWIP	-	-	-	63,266	-	-	-	-	63,266
Disposals									
Cost	-	-	33,713	24,041	-	-	4,193	-	61,947
Depreciation	-	-	(4,902)	(200)	-	-	(3,269)	-	(8,371)
Net book value	-	-	28,811	23,841	-	-	924	-	53,576
Depreciation for the year	-	(15,915)	(111,141)	(9,843)	(1,233)	(34)	(4,185)	(131)	(142,482)
Closing net book value	<u>46,205</u>	<u>143,237</u>	<u>997,039</u>	<u>103,129</u>	<u>11,097</u>	<u>311</u>	<u>23,860</u>	<u>1,178</u>	<u>1,326,056</u>
At June 30, 2024									
Cost	46,205	296,654	1,849,747	127,978	15,501	3,783	62,443	4,833	2,407,144
Accumulated depreciation	-	153,417	852,708	24,849	4,404	3,472	38,583	3,655	1,081,088
Net book value	<u>46,205</u>	<u>143,237</u>	<u>997,039</u>	<u>103,129</u>	<u>11,097</u>	<u>311</u>	<u>23,860</u>	<u>1,178</u>	<u>1,326,056</u>
Year ended June 30, 2025									
Opening net book value	46,205	143,237	997,039	103,129	11,097	311	23,860	1,178	1,326,056
Additions	-	-	67,465	51,553	-	-	35,333	483	154,834
Transfers from CWIP	-	84,218	72,433	139,999	-	-	-	-	296,650
Transfers from right of use assets									
Cost	-	-	-	-	-	-	19,409	-	19,409
Depreciation	-	-	-	-	-	-	(10,438)	-	(10,438)
	-	-	-	-	-	-	8,971	-	8,971
Disposal									
Cost	-	-	-	-	-	-	32,422	-	32,422
Depreciation	-	-	-	-	-	-	(13,375)	-	(13,375)
Net book value	-	-	-	-	-	-	19,047	-	19,047
Depreciation for the year	-	(17,338)	(102,149)	(18,093)	(1,110)	(31)	(8,632)	(162)	(147,515)
Closing net book value	<u>46,205</u>	<u>210,117</u>	<u>1,034,788</u>	<u>276,588</u>	<u>9,987</u>	<u>280</u>	<u>40,485</u>	<u>1,499</u>	<u>1,619,949</u>
At June 30, 2025									
Cost	46,205	380,872	1,989,645	319,530	15,501	3,783	74,325	5,316	2,835,177
Accumulated depreciation	-	170,755	954,857	42,942	5,514	3,503	33,840	3,817	1,215,228
Net book value	<u>46,205</u>	<u>210,117</u>	<u>1,034,788</u>	<u>276,588</u>	<u>9,987</u>	<u>280</u>	<u>40,485</u>	<u>1,499</u>	<u>1,619,949</u>
Depreciation Rate (%)	-	10	10	10	10	10	20	10	

17.2 Depreciation for the year has been allocated as follows:

	2025	2024
Cost of goods sold	138,690	134,778
Administrative and general expenses	8,825	7,705
	<u>147,515</u>	<u>142,482</u>

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

Description / particulars of buyers/ relation with Company or its Directors			Mode of disposal	Cost	Net book value	Net Proceeds	Gain/ (loss)
Vehicles	Particulars of Buyers	Relation with Company					
Suzuki Cultus LEE -12-3826	Mr. Khubab Rehman	Third Party	Negotiation	992	66	1,340	1,274
Honda Civic LEC-17-3435	Mrs. Uzma Imran	Third Party	Negotiation	3,119	540	4,455	3,915
Honda Civic LEC-17-4182	Mr. Shahid Waseem	Third Party	Negotiation	3,118	539	4,440	3,901
Toyota Corolla LEB 11-7756	Mr. Muhammad Iftikhar	Third Party	Negotiation	1,561	72	2,500	2,428
Toyota Corolla LEB 13-8172	Mr. Muhammad Imran	Employee	Negotiation	1,529	203	2,200	1,997
Suzuki Cultus LEE -16-1812	Mr. Ijaz Ahmed	Third Party	Negotiation	1,125	152	1,070	918
BYD Seal	Mr. Akbar Abid	Third Party	Negotiation	16,990	16,706	17,200	494
Audi A3 1.2 LE 18-4535	Mr. Rehman Bashir	Third Party	Negotiation	3,990	769	4,500	3,731
				32,424	19,047	37,705	18,658

17.4 Following is the movement in capital work in progress

	Opening balance	Additions	Transfers to operating fixed asset	Closing balance
Tangible:				
- Civil works	42,301	41,917	84,218	-
- Plant and machinery	7,178	66,130	72,433	875
- Electric Installation	8,530	131,469	139,999	-
June 30,2025	58,009	239,516	296,650	875
Tangible:				
- Civil works	26,153	16,148	-	42,301
- Plant and machinery	1,997	5,181	-	7,178
- Electric Installation	-	71,796	63,266	8,530
June 30,2024	28,150	93,125	63,266	58,009

18. INTANGIBLE ASSETS

(RUPEES IN THOUSAND)

	2025	2024
Intangible Assets	844	987
	844	987

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

Net carrying value basis

As at June 30,

Opening net book value

987

-

Addition

-

999

Amortization charge

(143)

(12)

Balance as at June 30,

844

987

Gross carrying value basis

As at June 30,

Cost

999

999

Accumulated amortization

(155)

(12)

Net book value

844

987

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



		(RUPEES IN THOUSAND)	
	Note	2025	2024
19. RIGHT OF USE ASSETS			
Right of use assets	19.1	<u>63,899</u>	<u>26,230</u>
		<u>63,899</u>	<u>26,230</u>
19.1 Right of Use Assets			
Description		Vehicles	Total
Opening net book value as on July 01, 2023		32,788	32,788
Additions		-	-
Less: Transferred to owned assets		-	-
Depreciation Transferred		-	-
Less: Depreciation charge		6,558	6,558
Closing net book value		<u>26,230</u>	<u>26,230</u>
At June 30, 2024			
Cost		48,055	48,055
Accumulated depreciation		21,825	21,825
Net book value		<u>26,230</u>	<u>26,230</u>
Depreciation Rate (%)		<u>20</u>	20
Opening net book value as on July 01, 2024		26,230	26,230
Additions		53,692	53,692
Less: Transferred to owned assets		(19,409)	(19,409)
Depreciation Transferred		10,438	10,438
Less: Depreciation charge		7,052	7,052
Closing net book value		<u>63,899</u>	<u>63,899</u>
At June 30, 2025			
Cost		82,338	82,338
Accumulated depreciation		18,439	18,439
Net book value		<u>63,899</u>	<u>63,899</u>
Depreciation Rate (%)		<u>20</u>	
		(RUPEES IN THOUSAND)	
	NOTE	2025	2024
20. LONG TERM DEPOSITS			
Security Deposits	20.1	<u>2348</u>	<u>2348</u>
		<u>2348</u>	<u>2348</u>
20.1			
Security deposits to WAPDA		950	950
Security deposits to PTA		6	6
security deposit to SNGPL		1,340	1,340
Security depositions to SPRINGLEY WATER		7	7
Others		45	45
		<u>2,348</u>	<u>2,348</u>
21. STORES, SPARES AND LOOSE TOOLS			
Stores		47,779	99,958
Spares		<u>28,772</u>	<u>43,823</u>
		<u>76,551</u>	<u>143,781</u>



		(RUPEES IN THOUSAND)	
	Note	2025	2024
22. STOCK IN TRADE			
Raw materials		665,669	554,628
Work in process		71,939	77,278
Finished goods		65,499	163,129
Waste		1,101	1,730
		<u>804,208</u>	<u>796,765</u>
22.1 Stock in trade is under hypothecation and is pledged as security to commercial banks for facilities in respect of short term borrowings facilities.			
23. TRADE DEBTS - UNSECURED			
Considered good		326,287	322,808
Considered doubtful		875	674
		<u>327,162</u>	<u>323,482</u>
Less: Allowance for expected credit losses	23.1	(875)	(674)
		<u>326,287</u>	<u>322,808</u>
23.1 Movement in allowance for expected credit losses of trade debts is as below:			
Opening balance		674	415
Charge for the year		2,653	259
Closing balance		(2,452)	-
		<u>875</u>	<u>674</u>
23.2 The ageing of trade debts at the reporting date is:			
Neither past due nor impaired		-	-
Past due but not impaired:			
- Past due 1-30 days		137,564	216,927
- Past due 31-180 days		132,455	69,581
- Past due 180-365 days		57,142	36,974
- Total trade debts		<u>327,162</u>	<u>323,482</u>
Less: Allowance for expected credit losses		(875)	(674)
		<u>326,287</u>	<u>322,808</u>
23.3 The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, group based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the trade debts. The management believes that none of the balances are credit impaired nor any impairment allowance is necessary in respect of 'neither past due nor impaired' amounts as there are reasonable grounds to believe that the amounts will be recovered in short course of time.			
23.4 Trade receivables are pledged to commercial banks as security for facilities in respect of short term borrowings facilities.			
24. LOANS AND ADVANCES			
(Unsecured but considered good):-			
Advances to :			
Suppliers and contractors	24.1	17,603	107,418
Employees	24.2	1,221	832
		<u>18,824</u>	<u>108,250</u>
24.1 Advances to suppliers are non-adjustable and are refundable after the contract with the supplier is concluded.			



(RUPEES IN THOUSAND)

	Note	2025	2024
24.2	Advances to employees - Interest free:		
- Executives		210	50
- Other employees		1,011	782
		<u>1,221</u>	<u>832</u>
24.3	These advances are not carried at amortized cost as the impact was considered immaterial.		
25. TRADE DEPOSITS AND PREPAYMENTS			
Letters of credit	25.1	136,729	118,019
Margin on bank guarantee	25.2	19,573	10,424
Prepayments	25.3	1,781	2,397
		<u>158,083</u>	<u>130,840</u>
25.1	Letters of Credit outstanding as at 30 June 2025 amounting to Rs.136.729 million (2024: Rs. 118.019 million) have been established in favor of foreign suppliers for the import of raw materials.		
25.2	Bank guarantees issued in favor of LESCO & SNGPL department as at 30 June 2025 amounting Rs. 109.066 million (2024: Rs 99.204 million). Against these guarantees, the Company has deposited margin money of Rs. 19.573 million (2024: Rs. 10,424 million)		
25.3	Prepayments :		
Prepaid commission		1,092	894
Subscription		689	1,503
		<u>1,781</u>	<u>2,397</u>
26. OTHER RECEIVABLES			
Advance income tax-net	26.1	98,949	97,287
Sales tax		14,335	19,057
Others		259	27,759
		<u>113,543</u>	<u>144,103</u>
26.1 Advance income tax -net			
Opening balance		97,287	103,738
Payments		93,439	68,574
Adjustements		(91,777)	(75,025)
Closing balance		<u>98,949</u>	<u>97,287</u>
27. CASH AND BANK BALANCES			
Cash in hand		1,340	3,146
Cash with banks:			
- In current accounts	27.1	8,384	22,533
- In saving accounts		19,894	3,187
		<u>29,618</u>	<u>28,866</u>
27.1	These carry markup at the rate of 20.50 % to 9.00 % (2024: 17.88% to 20.50%) per annum.		
28. SALES - NET			
Local:			
- Yarn		8,743,349	8,116,626
- Raw material		754,146	516,182
- Waste		10,456	15,783
		<u>9,507,951</u>	<u>8,648,591</u>
Less:			
Sales tax		1,450,365	1,306,447
Commission		55,021	61,376
		<u>8,002,565</u>	<u>7,280,768</u>
28.1	All goods are transferred at point of time. Revenue recognized during the year from contract liabilities as at the beginning of the year amounted to Rs. 73.195 million (2024: Rs. 33.732 million.)		



(RUPEES IN THOUSAND)			
	Note	2025	2024
29. COST OF SALES			
Raw materials consumed	29.1	5,278,905	4,955,908
Salaries, wages and benefits	29.2	554,090	432,147
Stores and spares		163,441	154,844
Packing materials		103,708	99,980
Fuel and power		1,070,394	1,062,822
Repair and maintenance		16,212	7,124
Insurance		8,519	6,772
Other factory overheads		370	81
Depreciation	17.2	138,690	134,779
		2,055,424	1,898,549
		7,334,329	6,854,457
Opening work in process		77,278	75,327
Closing work in process	22	(71,939)	(77,278)
Cost of goods manufactured		7,339,668	6,852,506
Opening stock of finished goods		164,859	194,056
Closing stock of finished goods	22	(66,600)	(164,859)
		7,437,927	6,881,703
29.1 RAW MATERIAL CONSUMED			
Opening stock		554,628	308,416
Purchases	29.1.1	5,389,946	5,202,120
		5,944,574	5,510,536
Less: Closing stock		(665,669)	(554,628)
		5,278,905	4,955,908
29.1.1 Raw materials purchases include cost of raw materials sold of Rs.618.801 million (2024: Rs. 426.920 million).			
29.2 Salaries, wages and other benefits include Rs. 12.719 million (2024: Rs. 10.248 million) in respect of staff retirement benefits.			
30. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, allowances and benefits	30.1	113,516	98,035
Traveling and conveyance		3,349	1,884
Vehicle running and maintenance		16,873	14,480
Printing and stationery		2,166	1,889
Newspaper and periodicals		32	35
Postage, telegram and telephone		2,055	1,635
Advertisement		354	248
Rent, rates, and taxes		806	660
Legal and professional		1,683	2,374
Auditors' remuneration	30.2	596	685
Subscription		1,771	1,807
Insurance		5,688	4,127
Entertainment		3,782	2,842
Computerization		1,748	796
General		3,500	2,210
Electricity expense		5,398	5,419
Allowance for expected credit loss	23.1	2,653	259
Depreciation	17.2	15,877	14,263
Amortization	18	143	12
		181,990	153,660
30.1 Salaries, allowances and benefits include Rs. 2.230 million (2024: Rs. 1.961 million) in respect of staff retirement benefits.			



		(RUPEES IN THOUSAND)	
	Note	2025	2024
30.2 Auditors' remuneration			
Statutory audit fee		525	525
Half yearly review fee		32	32
Provident fund audit & other certification fee		39	128
		<u>596</u>	<u>685</u>
31. SELLING AND DISTRIBUTION EXPENSES			
Freight and expenses on local sales		797	391
		<u>797</u>	<u>391</u>
32. FINANCE COSTS			
Mark-up on:			
Long term loans - secured		12,047	15,108
Short term bank borrowings - secured		75,115	111,248
		87,162	126,356
Bank charges and commission		3,857	3,763
Interest on lease liabilities	10	2,545	3,792
Interest on workers' profit participation fund	12.2	655	-
		<u>94,219</u>	<u>133,911</u>
33. OTHER CHARGES			
Workers' profit participation fund	12.2	15,464	6,172
Workers' welfare fund		5,876	2,345
Loss on machinery parts		-	27,513
		<u>21,340</u>	<u>36,030</u>
34. OTHER INCOME			
Income from financial assets			
Profit on deposits with banks		2,324	3,748
		<u>2,324</u>	<u>3,748</u>
Income from non financial assets			
Gain on disposal of property, plant and equipment		18,658	8,402
Miscellaneous income		584	-
Insurance claim		75	27,684
		<u>19,317</u>	<u>36,086</u>
		<u>21,641</u>	<u>39,834</u>
35. Minimum tax			
Levies		43,784	57,971
Prior year		-	-
		<u>43,784</u>	<u>57,971</u>
35.1	This represents excess portion of minimum tax over current income tax recognized as levy.		
36. TAXATION			
Current		58,899	33,806
Prior		225	-
Deferred tax		-	(75,336)
		<u>59,124</u>	<u>(41,530)</u>

The tax liability of amounting Rs 43,784 as per applicable tax laws represented minimum tax u/s 113 of the Income Tax Ordinance, 2001, which has recognized as levies. Accordingly, current income tax was recognized as of amounting RS 59,124. Relationship between tax liability as per applicable tax laws and accounting profit along with its bifurcation into current income tax and levies is as follows:



(RUPEES IN THOUSAND)

	2025	2024
36.1 Reconciliation of income tax Expense for the year		
Profit before tax	287,933	114,907
Applicable tax rate	29%	29%
Tax calculated as the applicable tax rate		
-Tax on accounting profit under normal tax Regime at the applicable tax rate 29% (2024: 29%)	83,501	33,323
-Tax effect of amounts that are admissible for tax purposes	(73,675)	(51,926)
-Tax effect of the amounts that are inadmissible for tax purposes	47,110	52,409
-Super tax	1,963	-
-Tax effect o minimum tax	43,784	57,971
-Deferred tax	-	(75,336)
-Tax effect of prior year	225	-
Tax liability for the year as per applicable tax laws	102,908	16,441
Portion of current tax representing minimum tax categorized as levy	(43,784)	(57,971)
Portion of tax liability as per tax laws, representing income tax undr IAS-12	59,124	(41,530)

36.2 The company's income tax assessments have been finalized upto and including tax year 2025.

37. CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES' REMUNERATION

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

(RUPEES IN THOUSAND)

	Chief Executive Officer	Director	Executives
	2025	2025	2025
Managerial remuneration	2,442	1,440	10,442
House rent	1,099	648	4,699
Medical allowance	244	144	1,044
Utility allowance	285	168	1,218
Provident fund contribution by company	-	-	376
	4,070	2,400	17,779
Number (s)	1	1	7

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

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

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

37.3 No meeting fee was paid to the directors of the company during the year (2024: Rs. Nil).

**38. RELATED PARTIES**

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

					2025	2024
Sr. No.	Name of Related party	Relationship	Direct Shareholding% No. in the Company	Particular	Balances and Transaction with related parties during the year	
1	Mr. Farrukh Naseem	Director	6.33%	Opening Balance	205,858	184,683
				Received during the year	750	21,175
				Payment During the year	(10,050)	-
				Closing Balance	196,558	205,858
2	Mr. Saad Naseem	Director	5.75%	Opening Balance	8,789	439
				Received during the year	-	13,150
				Payment During the year	(4,100)	(4,800)
				Closing Balance	4,689	8,789
3	Mr. Ahmad Naseem	Lineal descendant	5.69%	Opening Balance	6,000	-
				Received during the year	-	8,500
				Payment During the year	(5,400)	(2,500)
				Closing Balance	600	6,000
4	Mr. Aamir Naseem	CEO	17.01%	Opening Balance	209,495	187,800
				Received during the year	750	21,695
				Payment During the year	(9,850)	-
				Closing Balance	200,395	209,495
5	Mrs. Fatima Aamir	Director	3.70%	Opening Balance	2,050	-
				Received during the year	-	2,050
				Payment During the year	-	-
				Closing Balance	2,050	2,050
6	Mr. Yasir Naseem	Director	3.01%	Opening Balance	2,000	-
				Received during the year	-	2,000
				Payment During the year	-	-
				Closing Balance	2,000	2,000
7	Hamza Naseem	Director	5.75%	Opening Balance	181	181
				Received during the year	-	-
				Payment During the year	-	-
				Closing Balance	181	181
					406,473	434,373

38.1 TRANSACTION WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

Transaction with Related Parties / Associated Undertakings, other than remuneration and benefits to key management personnel's under the terms of their employment (refer note no 38) and other than the payment made to the retirement benefits plans are as under

- No transaction with associated undertaking (2024: Nil) were made during the year.
- No aggregate amount due from / due to associated undertaking at the end of the year (2024: Nil)

39. EARNING PER SHARE - BASIC AND DILUTED

(RUPEES IN THOUSAND)

	2025	2024
There is no dilutive effect on the basic earning per share of the company.		
Profit after taxation	185,025	98,466
Weighted average number of ordinary shares outstanding during the year (No. in '000')	16,600	16,600
Basic earning per share (Rupees)	11.15	5.93



(RUPEES IN THOUSAND)			
	NOTE	2025	2024
40. CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		287,933	114,907
Adjustments for non cash incomes and expenses:			
Depreciation of property, plant and equipment	17.2	147,515	142,482
Depreciation of right of use assets	19.1	7,052	6,558
Amortization of intangible assets		143	12
Financial costs	32	94,219	133,911
Workers' profit participation fund	33	15,464	6,172
Workers' welfare fund	33	5,876	2,345
Allowance for expected credit loss	23.1	201	259
Loss / (gain) on sale of operating fixed assets	34	(18,658)	19,111
Profit on deposits with banks	34	(2,324)	(3,748)
Working capital changes	40.1	270,546	(214,093)
		807,968	207,916
40.1 WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Stores, spares and loose tools		67,230	36,057
Stock in trade		(7,443)	(218,966)
Trade debts		(3,680)	50,873
Loans and advances		89,426	(46,372)
Trade deposits and prepayments		(27,243)	(60,139)
Other receivables		32,222	(41,754)
		150,512	(280,301)
Increase / (decrease) in current liabilities			
Trade and other payable		120,034	66,208
		270,546	(214,093)
41. CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	29,618	28,866

42. STAFF RETIREMENT BENEFITS**42.1 DEFINED CONTRIBUTION PLAN**

The Company has maintained an employee provident fund trust and all investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act 2017, and the rules formulated for this purpose. The information of the fund is based on un-audited financial statements of the fund for the year ended 30 June 2025:

(RUPEES IN THOUSAND)				
		2025		2024
Size of the fund		245,103		160,343
Cost of investment made		95,617		87,162
Percentage of investment made		39.01		54.36
Fair value of investment		215,464		140,428
42.2 BREAKUP OF INVESTMENTS	%age		%age	
Investment in mutual fund	87.39%	188,309	82.97%	116,527
Term deposit receipts				
Meezan daily income fund	12.61%	27,154		
Meezan Rozana Amdani Fund			0.91%	1,274
Meezan Fixed Term Fund MPM-III			16.12%	22,627
		215,463		140,428



(RUPEES IN THOUSAND)

	2025	2024
42.3 Balance in scheduled banks		
Saving account	20,977	14,139
43. PLANT CAPACITY AND ACTUAL PRODUCTION		
Number of spindles installed		
Unit - 01 (Ring)	34,560	36,480
Unit - 02 (MVS)	576	576
Number of spindles worked		
Unit - 01 (Ring)	34,080	34,080
Unit - 02 (MVS)	576	576
Production at normal capacity converted to 20/s (Kgs.)	21,817,513	22,570,339
Actual production converted to 20/s (Kgs.)	21,594,524	22,237,602
No. of shifts worked per day	3	3
43.1 Production loss due to normal maintenance, gas and electric shut down / closures (Kgs.)	222,990	332,737
44. OPERATING SEGMENTS		
Chief Executive considers the business as a single operating segment as the Company's asset allocation decisions are based on a single side, integrated business strategy, and the Company's performances is evaluated on an overall basis. At the year end, all non-current assets of the Company are located within Pakistan.		
45. NUMBER OF EMPLOYEES		
At the year end number of employees of the company		
- Total employees	1,092	1,083
- Factory employees	1,057	966
Weighted average number of employees of the company		
- Total employees	1,067	1,056
- Factory employees	1,031	1,019
46. FINANCIAL INSTRUMENTS BY CATEGORY		
FINANCIAL ASSETS		
as per Statement of Financial Position		
Cash and bank balances	29,618	28,866
Trade debts	326,287	322,808
Loans and advances	1,221	832
Trade deposits and prepayments	19,573	10,424
Other receivables	259	27,759
Long term deposits	2,348	2,348
	379,305	393,037
FINANCIAL LIABILITIES		
as per Statement of Financial Position		
Lease liabilities	41,541	10,039
Long term loans	203,444	263,680
Short term borrowings	505,469	617,777
Trade and other payables	445,142	344,725
Unclaimed dividend	712	673
Accrued mark-up	11,587	23,648
	1,207,895	1,260,543



46.1 Fair value of financial instruments

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

47. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial Risk Management

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

- Credit Risk
- Liquidity Risk
- Market Risk

Risk management framework

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

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

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

47.1 CREDIT RISK

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

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

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

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



(RUPEES IN THOUSAND)

	2025	2024
Bank balances	28,278	25,720
Trade debts	326,287	322,808
Loans and advances	1,221	832
Margin on bank guarantee	19,573	10,424
Other receivables	259	27,759
Long term deposits	2,348	2,348
	377,965	389,891

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

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

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

(RUPEES IN THOUSAND)

				2025	2024
Bank Name	Agency	Short term rating	Long term rating		
Askari Bank Limited	PACRA	A1+	AA+	25	-
Bank Al Habib Limited	PACRA	A1+	AAA	1,733	426
Bank Alfalah Limited	PACRA	A1+	AAA	562	294
Bank Islami Pakistan Limited	PACRA	A1	AA-	0.14	0.13
Habib Bank Limited	VIS	A1+	AAA	5,228	60
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	356	21,393
Meezan Bank Limited	VIS	A1+	AAA	18,345	2,976
National Bank of Pakistan	PACRA	A1+	AAA	2,025	570
United Bank Limited	VIS	A1+	AAA	1	-
The Bank of Punjab	PACRA	A1+	AA+	1	-
				28,278	25,720

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

47.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements as mentioned in note no. 9 and note no. 14. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.



Following is the maturity analysis of financial liabilities

2025	Carrying amount	Contractual Cash Flows	Within1 Year	Mor than 1 but less than 5 year	After 5 year
Financial liabilities at amortised cost					
Long term liabilities	244,985	301,707	93,703	208,005	-
Short term borrowings	505,469	572,068	572,068	-	-
Trade and other payable	445,142	445,142	445,142	-	-
Unclaimed dividend	712	712	712	-	-
Accrued mark-up	11,587	11,587	11,587	-	-
	<u>1,207,895</u>	<u>1,331,217</u>	<u>1,123,212</u>	<u>208,005</u>	<u>-</u>
2024	Carrying amount	Contractual Cash Flows	Within1 Year	Mor than 1 but less than 5 year	After 5 year
Financial liabilities at amortised cost					
Long term liabilities	273,719	340,345	90,474	228,024	21,847
Short term borrowings	617,777	755,984	755,984	-	-
Trade and other payable	344,725	344,725	344,725	-	-
Unclaimed dividend	673	673	673	-	-
Accrued mark-up	23,648	23,648	23,648	-	-
	<u>1,260,543</u>	<u>1,465,376</u>	<u>1,215,504</u>	<u>228,024</u>	<u>21,847</u>

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

47.3 MARKET RISK

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

47.3.1 Currency Risk

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

The Company's net exposure to foreign currency risk is as follows: 2025	US\$	Euro	Yen
Off statement of financial position- Letter of Credit (amount in, 000)	<u>1,076</u>	<u>45</u>	<u>1,397</u>
- Pakistani rupee to US Dollar (\$) exchange rate as at June 30, 2025	<u>284.10</u>	<u>332.83</u>	<u>1.97</u>

The Company's net exposure to foreign currency risk is as follows: 2024

Off statement of financial position- Letter of Credit (amount in, 000)	<u>1,636</u>	<u>37</u>	<u>1,974</u>
- Pakistani rupee to US Dollar (\$) exchange rate as at June 30, 2024	<u>278.04</u>	<u>298.97</u>	<u>1.73</u>

Sensitivity analysis:

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



	US\$	Euro	Yen
- Increase / decrease in conversion Rate (Rs. in, 000) 2025	<u>30,582</u>	<u>1,491</u>	<u>275</u>
- Increase / decrease in conversion Rate (Rs. in, 000) 2024	<u>45,481</u>	<u>1,108</u>	<u>341</u>

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

Foreign currency risk management:

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

47.3.2 Interest Rate Risk

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

	2025	2024
- Financial assets	19,894	3,187
- Financial liabilities	727,081	831,743

Fair value sensitivity analysis for fixed rate instruments:

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

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rate of long term loans at the reporting date would have increased / (decreased) equity and profit or (loss) by Rs. 7.27 million (2024: Rs. 8.317) as a result of higher / lower interest expense on floating rate borrowings.

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

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

47.3.3 Price Risk

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

Fair value of financial assets and liabilities

Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating fair value of an asset or liability, the Company takes into the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.



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

Level 1: quoted prices (un-adjusted) in active market for identical assets or liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

i) Fair value at initial recognition

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

ii) Valuation techniques and inputs used

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

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

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

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

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

(RUPEES IN THOUSAND)

Financial assets carried at amortized cost:

	2025	2024
Cash and bank balances	29,618	28,866
Trade debts	326,287	322,808
Loans and advances	1,221	832
Trade deposits and prepayments	19,573	10,424
Other receivables	259	27,759
Long term deposits	2,348	2,348
	<u>379,305</u>	<u>393,037</u>

Financial liabilities carried at amortized cost:

Lease liabilities	41,541	10,039
Long term loan	203,444	263,680
Short term borrowings	505,469	617,777
Trade and other payable	445,142	344,725
Unclaimed dividend	712	673
Accrued mark-up	11,587	23,648
	<u>1,207,895</u>	<u>1,260,543</u>



v) Determination of fair values

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

a) Non-derivative financial assets

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

b) Non-derivative financial liabilities

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

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

(RUPEES IN THOUSAND)

FOR THE YEAR ENDED JUNE 30, 2025			
Opening balance	Financing cash flows (48.1)	Other changes	Closing balance
263,681	(69,586)	9,349	203,444
10,039	(13,219)	44,721	41,541
434,372	(27,900)	-	406,472
673	(12,450)	12,489	712
617,777	(112,308)	-	505,469
1,326,542	(235,463)	66,559	1,157,638

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

48.1 This represents net amount of proceeds and repayments.

49. CAPITAL MANAGEMENT

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



The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations / investing activities through long-term financing and short-term loans in addition to its equity. The Company has a gearing ratio of 30.57% (2024: 34.43%) as of the reporting date.

The Company's objectives when managing capital are:

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

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

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

50. CORRESPONDING FIGURES

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

Reclassification and re-arrangements

Reclassification from	Reclassification to	--Rupees in thousand --
Administration and general expenses	Administrative and general expenses	
Statutory audit fee	Provident fund audit & other certification fee	25

51. GENERAL

Figures have been rounded off to the nearest thousand rupee.

52. NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors in their meeting held on September 26, 2025 has recommended a cash dividend at Rs. 1.25 per share (i.e. 12.50 %) (2024: Rs 0.75/- per share i.e. 7.5%) amounting to Rs. 20.750 million for the year ended 30 June 2025 (2024 : Rs.12.450 million). The above proposed cash dividend is subject to the approval of the members at the Annual General Meeting to be held on October 28, 2025. These financial statements do not include the effect of the above proposal which will be accounted for in the period in which it is approved by the members.

53. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 26, 2025 by the Board of Directors of the Company.

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Adeel Anwar Khan)
Chief Financial Officer

**PATTERN OF SHAREHOLDING**

AS AT JUNE 30, 2025

No. of Shareholders	From	Shareholdings	To	Total shares held
189	1	-	100	5,469
116	101	-	500	31,799
51	501	-	1,000	42,424
87	1,001	-	5,000	223,813
25	5,001	-	10,000	189,224
8	10,001	-	15,000	102,338
5	15,001	-	20,000	85,300
1	25,001	-	30,000	30,000
1	30,001	-	35,000	30,774
2	35,001	-	40,000	78,808
3	40,001	-	45,000	132,500
1	50,001	-	55,000	52,102
1	55,001	-	60,000	58,534
2	60,001	-	65,000	122,286
1	70,001	-	75,000	75,000
1	95,001	-	100,000	99,642
1	100,001	-	105,000	105,000
2	105,001	-	110,000	216,289
1	110,001	-	115,000	115,000
1	125,001	-	130,000	129,000
1	160,001	-	165,000	164,300
1	175,001	-	180,000	178,675
1	290,001	-	295,000	290,719
1	445,001	-	450,000	446,833
3	475,001	-	480,000	1,430,974
2	495,001	-	500,000	1,000,000
1	520,001	-	525,000	521,278
1	610,001	-	615,000	614,545
1	920,001	-	925,000	925,000
1	930,001	-	935,000	934,294
2	955,001	-	960,000	1,910,430
1	995,001	-	1,000,000	995,715
1	1,050,001	-	1,055,000	1,051,000
1	1,380,001	-	1,385,000	1,381,726
1	2,825,001	-	2,830,000	2,829,209
518				16,600,000



Categories of shareholders	Shares Held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	7,391,091	44.5246%
Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
NIT and ICP	521,878	3.1438%
Banks Development Financial Institutions, Non Banking Financial Institutions.	53	0.0003%
Insurance Companies	0	0.0000%
Modarabas and Mutual Funds	0	0.0000%
Shareholders holding 10% or more	2,829,209	17.0434%
General Public		
a. Local	8,538,634	51.4376%
b. Foreign	0	0.0000%
Others (to be specified)		
- Joint Stock Companies	139,400	0.8398%
- Pension Funds	8,613	0.0519%
- Others	331	0.0020%



**CATEGORIES OF SHAREHOLDERS REQUIRED UNDER
CODE OF CORPORATE GOVERNANCE (CCG)
AS AT JUNE 30, 2025**

<u>Name</u>	<u>No. of Shares Held</u>	<u>%age</u>
Associated Companies, Undertakings and Related Parties (Name Wise Detail):	-	-
Mutual Funds (Name Wise Detail)	-	-
Directors and their Spouse and Minor Children (Name Wise Detail):		
1 MR. FAHAD SHAFIQ	2,766	0.0167%
2 MR. FARRUKH NASEEM (CDC)	1,051,000	6.3313%
3 MR. AAMIR NASEEM (CDC)	2,829,209	17.0434%
4 MRS. FATIMA AAMIR (CDC)	614,545	3.7021%
5 MR. SAAD NASEEM (CDC)	955,215	5.7543%
6 MR. YASIR NASEEM (CDC)	500,000	3.0120%
7 MR. HAMZA NASEEM (CDC)	955,215	5.7543%
8 MR. GHAZANFER FEROZ (CDC)	5,533	0.0333%
9 MRS. HINA FARRUKH W/O MR. FARRUKH NASEEM (CDC)	477,608	2.8772%
Executives:	-	-
Public Sector Companies & Corporations:	-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	8,666	0.0522%
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)		
1 MR. AAMIR NASEEM (CDC)	2,829,209	17.0434%
2 MR. NADEEM NISAR (CDC)	1,381,726	8.3237%
3 MR. FARRUKH NASEEM (CDC)	1,051,000	6.3313%
4 MR. AHMAD NASEEM (CDC)	1,000,157	6.0250%
5 MR. SAAD NASEEM (CDC)	955,215	5.7543%
6 MR. HAMZA NASEEM (CDC)	955,215	5.7543%
7 MR. SAQIB ANJUM (CDC)	934,294	5.6283%
8 MST. RUKHSANA ABDUL RASHEED (CDC)	925,000	5.5723%

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

<u>Sr. No.</u>	<u>Name</u>	<u>Sale</u>	<u>Purchase</u>
1	MR. AAMIR NASEEM (CDC)	-	5000



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

FORM OF PROXY

I / We _____
Son / Daughter / Wife of _____
being a member of **SHADAB TEXTILE MILLS LIMITED** and holder of _____
(Number of Shares)
Ordinary Shares as per Registered Folio No./ CDC/ Participant ID No. and Account No. _____
hererby appoint Mr. _____ of _____
of failing him Mr. _____ of _____
who is also a member of **SHADAB TEXTILE MILLS LIMITED**, Vide Registered Folio No./ CDC/ Participant
ID No. and Account No. _____
as my / our proxy to vote for me / us and on my / our behalf at the 46th Annual General Meeting of the
Company to be held on Tuesday, October 28, 2025 at 11:30 a.m. and at any adjournment thereof.

As witness my / our hand (s) this _____ day of _____ 2025

1. Witness:

Signature _____
Name _____
Address _____
CNIC No. _____

Affix Revenue
Stamp of Rs. 50/-

2. Witness:

Signature _____
Name _____
Address _____
CNIC No. _____

Signature of Shareholder

NOTE:

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



فولیو نمبر / سی ڈی سی پارٹیشنڈ (شرکت) ID

اور کھاتا نمبر:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

پراکسی فارم

میں / ہم

بیٹا / بیٹی / زوجہ

شاداب ٹیکسٹائل ملز لمیٹڈ اور حامل

(تعداد حصص)

سی ڈی سی پارٹیشنڈ (شرکت) آئی ڈی اور اکاؤنٹ (کھاتہ) نمبر:

محترم

یا عدم موجودگی کی صورت میں، محترم

کا / کے بھی جو کے شاداب ٹیکسٹائل ملز لمیٹڈ کے رکن ملاحظہ رجسٹرڈ فولیو نمبر / سی ڈی سی پارٹیشنڈ

(شرکت) آئی ڈی اور اکاؤنٹ (کھاتہ) نمبر: کو اپنے / ہمارے ایماء پر مورخہ 28 اکتوبر 2025 بروز منگل

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

آج بروز _____ بتاریخ _____ 2025 بطور گواہ 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 / کی حقدار ہے وہ اجلاس میں شرکت کرنے اور ووٹ دینے کے لیے کسی دوسرے رکن (ممبر) کو اپنا پراکسی مقرر کر سکتا / سکتی ہے۔ پراکسیاں موثر ہونے کے لیے اجلاس کے انعقاد سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہو جانی چاہئیں۔ پراکسی کارکن (ممبر) ہونا لازمی ہے۔

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

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

پچاس روپے مالیت کی رسیدی
ٹکٹ چسپاں کریں

ممبر کے دستخط