

# Annual Report 2024



**SHAHZAD TEXTILE MILLS LIMITED**

Certificate PK24/00000104

The management system of

# Shahzad Textile Mills Limited



Head Office: 19-A, Off Zafar Ali Road, Gulberg - V, Lahore, Pakistan

has been assessed and certified as meeting the requirements of

**ISO 9001:2015**

For the following activities

Manufacturing and export of 100% cotton, blended, pure synthetic, combed, carded and Double yarn

This certificate is valid from 09 May 2024 until 09 May 2027 and remains valid subject to satisfactory surveillance audits.

Issue 1. Certified since 09 May 2024

Certified activities performed by additional sites are listed on subsequent pages.

*Jonathan H. Hall*

Authorised by

Jonathan Hall  
Global Head - Certification  
Services

SGS United Kingdom Ltd  
Rossmore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK  
t +44 (0)151 350-6666 - www.sgs.com



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Certificate PK24/00000104, continued  
**Shahzad Textile Mills Limited**



**ISO 9001:2015**

Issue 1

**Sites**

Shahzad Textile Mills Limited  
Head Office: 19-A, Off Zafar Ali Road, Gulberg - V, Lahore, Pakistan  
Manufacturing and export of 100% cotton, blended, pure synthetic, combed, carded and Double yarn

Shahzad Textile Mills Limited  
Site 01 : 34th Km, Sheikhpura Road, Sheikhpura, Pakistan  
Manufacturing and export of 100% cotton, blended, pure synthetic, combed, carded and Double yarn

Shahzad Textile Mills Limited  
Site 02 : 7th Km Sheikhpura-Faisalabad Road, Sheikhpura, Pakistan  
Manufacturing and export of 100% cotton, blended, pure synthetic, combed, carded and Double yarn



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# CERTIFICATE

**TÜV**  
AUSTRIA

## Management system as per ISO 45001:2018

In accordance with TÜV AUSTRIA CERT procedures, it is hereby certified that

**Shahzad Textile Mills Limited (Socks Division)**

**34 – KM, Lahore – Sheikhpura Road, Sheikhpura, Pakistan.**

applies a management system in line with the above standard for the following scope

### Manufacturing of Socks

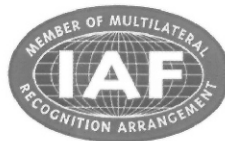
Certificate Registration No. 20116233016371

Valid until 2026-03-15  
Initial certification: 2020-03-16

Certification Body  
at TÜV AUSTRIA CERT GMBH

Vienna, 2023-03-17

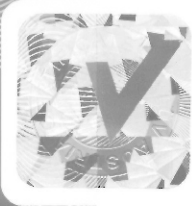
This certification was conducted in accordance with TÜV AUSTRIA CERT auditing and certification procedures and is subject to regular surveillance audits.  
TÜV AUSTRIA CERT GMBH Deuschstraße 10 A-1230 Wien [www.tuv.at](http://www.tuv.at)



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# CERTIFICATE



## Management system as per EN ISO 14001:2015

In accordance with TÜV AUSTRIA CERT procedures, it is hereby certified that

### Shahzad Textile Mills Limited (Socks Division)

34 – KM, Lahore – Sheikhpura Road, Sheikhpura, Pakistan.

applies a management system in line with the above standard for the following scope

### Manufacturing of Socks

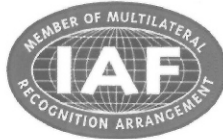
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Valid until 2026-03-15  
Initial certification: 2020-03-16

Certification Body  
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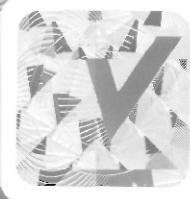
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# CERTIFICATE



**Management system as per  
EN ISO 9001:2015**

In accordance with TÜV AUSTRIA CERT procedures, it is hereby certified that

**Shahzad Textile Mills Limited (Socks Division)**

**34 – KM, Lahore – Sheikhpura Road, Sheikhpura, Pakistan.**

applies a management system in line with the above standard for the following scope

**Manufacturing of Socks**

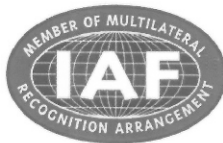
Certificate Registration No. 20100233016369

Valid until 2026-03-15  
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Certification Body  
at TÜV AUSTRIA CERT GMBH

Vienna, 2023-03-17

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# Contents

Company Information	1
Vision and Mission Statement	2
Code of Conduct	3-4
Six Year Financial Summary	5
Statement of Compliance with the Corporate Governance	6-7
Review Report to the Members	8
Notice of Annual General Meeting	9-15
Ballot Paper	16
Chairman's Review	17
Directors' Report (English)	18-25
Gender Gap Statement	26
Auditors' Report to the Members	27-31
Statement of Financial Position	32-33
Statement of Profit or Loss	34
Statement of Comprehensive Income	35
Statement of Changes in Equity	36
Statement of Cash Flow	37
Notes to and Forming Parts of the Financial Statements	38-71
Pattern of Shareholding	72
Directors' Report (Urdu)	74-79
Proxy Form (English, Urdu)	81-83
Important Notice (English, Urdu)	85
Request Form for Annual Accounts (English, Urdu)	87
Consent for Video Conference Facility	91

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## COMPANY INFORMATION

### Board of Directors

Mian Parvez Aslam	Chairman
Mr. Imran Aslam	Chief Executive Officer
Mr. Irfan Aslam	
Mr. Danish Aslam	
Syed Raza Ali Bokhari	
Dr. Ali Raza Khan	
Mrs. Nazish Imran	

### Chief Financial Officer

Syed Imran Haider

### Company Secretary

Mr. Muhammad Amjad Tayyab

### Auditors

Crowe Hussain Chaudhury & Co.  
Chartered Accountants

### Audit Committee

Syed Raza Ali Bokhari	Chairman
Mian Parvez Aslam	Member
Mr. Irfan Aslam	Member

### Human Resources &

### Remuneration Committee

Dr. Ali Raza Khan	Chairman
Mr. Danish Aslam	Member
Mrs. Nazish Imran	Member

### Bankers

Habib Metropolitan Bank Ltd  
JS Bank Limited  
Meezan Bank Limited

### Share Registrar

Hameed Majeed Associates (Pvt) Ltd  
H.M. House, 7-Bank Square Lahore.

### Registered Office

19-A, Off. Zafar Ali Road,  
Gulberg-V, Lahore.  
Ph: +92(042)35754024-27  
Fax: +92(042) 35712313  
E-mail: info@shahzadtex.com  
Web: www.shahzadtex.com

### Mills

Unit # 1, 4 & Socks Hosiery Unit  
34<sup>th</sup> KM Lahore Sheikhpura  
Road, Sheikhpura.

### Unit # 2

7<sup>th</sup> KM Sheikhpura Faisalabad  
Road, Sheikhpura.

## VISION STATEMENT

### VISION STATEMENT

We aim at seeing our mills to be a model manufacturing unit producing high quality yarn by complying with the requirements of Quality management System and continuously improving its effectiveness for total customers' satisfaction. We wish to play a leading role in the spinning sector by keeping a substantial presence in the export and local markets.

### MISSION STATEMENT

1. To install state of the art machinery and to acquire sophisticated process technology to achieve maximum growth in a competitive quality environment.
2. To make strenuous efforts to enhance profitability of the mills ensuring a fair return to the investors, shareholders and employees of the company.
3. To exercise maximum care for improvement of quality of our products by employing a team of highly skilled technicians and professional managers.
4. To strive hard to explore new customers for the sale of our products in export and local markets.
5. To improve customers' satisfaction level by adhering strictly to quality requirements of our customers in local and export markets and by improving communications with customers for receiving prompt feed backs about quality of our products.
6. To attend and prompt resolution of customers' quality complaints by taking timely corrective measures.
7. To improve logistic facilities for our customers dispatch programme and issue all shipments / delivery documents well in time.
8. To make comprehensive arrangements for the training of our workers / technicians.
9. To promote team work, sense of transparency, creativity in our professionals and technical people.

# CODE OF CONDUCT

Shahzad Textile Mills Limited, has laid down the following code of conduct, the observance of which is compulsory for all the directors and staff members of the company in the conduct of company's business in order to protect and safeguard the reputation and integrity of the company at all levels of its operations. Any contravention of these ethics is regarded as misconduct. The company will ensure that all the executives and subordinate staff members are fully aware of these standards and principles.

## 1. Conflict of interest

All staff member are expected not to engage in any activity which can cause conflict between their personal interests and company's interests, such as:

- a. In effecting the purchases for the company and selling its products the directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or services to the company or buying its products.
- b. The staff members should not engage in any outside business while serving the company.
- c. Staff members are not permitted to conduct personal business in company's premises or use company's facilities for the same.
- d. If a staff member has direct or indirect relationship with an outside organization dealing with the company he must disclose the same to the management.

## 2. Confidentiality

All staff members are required not to divulge any secrets / informations of the company to any outsider even after leaving the service of the company unless it is so required by a court of law. During the course of service in the company they should not disseminate any information relating to business secrets of the company without the consent of management .

## 3. Kickbacks

All staff members are strictly forbidden not to accept any favour, gifts or kickbacks from any organization dealing with the company. In case of such a favour is considered, in the interest of the company, the same should be disclosed clearly to the management.

## 4. Proper Books of Account

All funds, receipts and disbursements should be properly recorded in the books of accounts of the company. No false or fictitious entries should be made or misleading statement pertaining to the company or its operations should be issued. All agreements with agents, dealers and consultants should be made in writing supported with required evidence.

## 5. Relationship with government officials suppliers, agents etc.

The dealings of the company with Government officials, suppliers, buyers, agents and consultants of the company should always be such that the integrity of the company and reputation is not damaged. Members having queries in connection with how to deal with these requirements should consult the management.

## **6. Health and Safety**

Every staff member is required to take care of his health and safety and of those working with him. The management is responsible for keeping its staff members insured as per government rules and regulations.

## **7. Environment**

To preserve and protect the environment all staff members are required to operate the company's facilities and processes so as to ensure maximum safety of the adjoining communities, and strive continuously to improve environmental awareness and protections.

## **8. Alcohol, Drugs**

All types of gambling and betting at the company's work places are strictly forbidden. Also bringing alcohols or drugs inside the work places are not allowed. If any staff member, not abiding by these prohibitions will attract disciplinary as well as penal action.

## **9. Coordination among staff members to maintain discipline**

All staff members will work in close coordination with their co-workers, seniors and colleagues. Every member will cooperate with other members so that the company's work could be carried out effectively and efficiently. All cases of non-cooperation among staff members should be reported to the management for necessary and suitable action. Strict disciplinary action will be taken against those staff members who violate the rules and regulations of the company.

## **10. Workplace harassment**

All staff members will be provided an environment that is free from harassment and in which all employees are equally respected. Work place harassment means any action that creates an intimidating, hostile or offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.

## SIX YEARS FINANCIAL SUMMARY

	2024	2023	2022	2021	2020	2019
	<b>Rupees In Thousands</b>					
Sales	11,014,646	8,398,630	9,382,850	6,927,057	4,315,237	6,105,230
Gross Profit	517,466	234,365	1,074,383	729,399	322,054	525,898
(Loss)/Profit before taxation	82,454	(187,875)	598,787	438,760	62,568	188,593
Provision for tax	(181,237)	(81,365)	(221,323)	(133,106)	(16,966)	(57,867)
Profit/(Loss) after taxation	(98,783)	(269,240)	377,464	305,654	45,602	130,726
Total Assets	5,869,937	5,144,953	5,306,707	4,648,956	4,011,775	3,659,893
Current liabilities	1,881,325	1,445,681	1,308,453	1,169,234	968,118	836,690
	<b>3,988,612</b>	<b>3,699,272</b>	<b>3,998,254</b>	<b>3,479,722</b>	<b>3,043,657</b>	<b>2,823,203</b>
Represented By :						
Equity & Surplus	3,326,628	3,011,047	3,143,683	2,790,450	2,347,849	2,223,856
Long Term Loans & leases	221,437	298,518	351,053	267,150	336,280	323,871
Deferred Liabilities	440,547	389,707	503,518	422,123	359,528	275,476
	<b>3,988,612</b>	<b>3,699,272</b>	<b>3,998,254</b>	<b>3,479,722</b>	<b>3,043,657</b>	<b>2,823,203</b>

Name of Company: **SHAHZAD TEXTILE MILLS LIMITED**

Year Ending: **June 30, 2024**

Shahzad Textile Mills Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

1. The total numbers of directors are seven (07) as per the following:-

- a) Male: 06
- b) Female: 01

2. The composition of Board is as follows:-

CATEGORY	NAMES
Independent Directors	Syed Raza Ali Bokhari Dr. Ali Raza Khan
Executive Directors	Mr. Imran Aslam Mr. Danish Aslam
Non-Executive Directors	Mian Parvez Aslam Mr. Irfan Aslam Mrs. Nazish Imran
Female Director	Mrs. Nazish Imran

“\*For a Board comprising of seven members, one-third equates to 2.33. Two independent directors have been appointed, hence it fulfils the requirement of a minimum of two (02) independent directors. Furthermore, the two independent directors have the requisite skills and knowledge to make independent decisions. Therefore, the fraction of 0.33 in such one-third is not rounded up as one this time.

3. The directors have confirmed that none of them is serving as a director on more than seven listed Companies, including this Company;
4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the 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 the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. Three members of the Board are exempted from Directors' Training Program by virtue of their requisite qualification and experience of serving on the Board of Listed Company while the remaining four Directors have not acquired prescribed certification under Directors' Training Program;
10. The Board has approved appointment of Chief Financial Officer, 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. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

**a) Audit Committee:**

Syed Raza Ali Bokhari	Chairman
Mian Parvez Aslam	Member
Mr. Irfan Aslam	Member

**b) HR & Remuneration Committee**

Dr. Ali Raza Khan	Chairman
Mr. Danish Aslam	Member
Mrs. Nazish Imran	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/ yearly) of the committee were as per following,-

a) Audit Committee ( 1<sup>st</sup> quarter: 1      2<sup>nd</sup> quarter: 1      3<sup>rd</sup> quarter: 1      4<sup>th</sup> quarter:3)

b) HR and Remuneration Committee (4 meetings in the financial year)

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 or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;

19. Explanation for Non-Compliance with requirements, other than Regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below;

Sr. No.	Reg. Ref.	Requirement	Future course of Action
1.	19	By June 30, 2022, all directors shall acquire certification under	The Board shall take steps to arrange Directors' Training Certification for the remaining four directors by end of 2024.

  
Chairman

  
Chief Executive

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF  
SHAHZAD 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 Shahzad Textile Mills Limited ("the Company") for the year ended June 30, 2024 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, 2024.


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

Sr. No.	Paragraph Reference	Description
1	9 & 19	Four Directors out of Seven have not acquired the prescribed certification under the Directors' Training Program as required under clause 19 of the Regulations.

Lahore

Dated: October 04, 2024

UDIN: CR202410051jXnVtes1H



**CROWE HUSSAIN CHAUDHURY & CO.**  
*Chartered Accountants*

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that 46<sup>th</sup> Annual General Meeting (“AGM”) of the Shareholders of **SHAHZAD TEXTILE MILLS LIMITED** (the “Company”) will be held at Company's Registered Office, 19-A, Off Zafar Ali Road, Gulberg-V, Lahore on Monday, October 28, 2024 at 10:30 a.m. and via video link to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt Annual Audited Financial Statements of the Company for the year ended June 30, 2024, together with the Directors' and Auditors' Report thereon and Chairman's Review Report.

The above financial statements, together with other documents, have been uploaded on the website of the Company which can be downloaded from the following link and/or QR-enabled code:



**Weblink:** <https://www.shahzadtex.com>

2. To appoint auditors of the Company and fix their remuneration. The members are hereby notified that the Audit Committee and the Board of Directors of the Company have recommended the reappointment of M/s Crowe Hussaain Chaudhry & Co., Chartered Accountants as auditors of the Company.

**SPECIAL BUSINESS**

3. To ratify and approve transactions carried out with Related Parties during the financial year ended June 30, 2024, under the authority of the special resolution passed in the last annual general meeting held on October 28, 2023, and to authorize the Chief Executive of the Company to approve all transactions with Related Parties carried out and to be carried out in the ordinary course of business during the financial year ending June 30, 2025, and till the date of next Annual General Meeting and to pass the resolutions as proposed in the statement of material facts as special resolutions..

Attached to this Notice is the Statement of Material Facts covering the above-mentioned Special Businesses, as required under Section 134(3) of the Companies Act 2017

**By order of the Board**



**(MUHAMMAD AMJAD TAYYAB)**  
Company Secretary

**Place:** Lahore  
**Dated:** October 04, 2024,

**NOTES:****1. Closure of Share Transfer Books**

The Share Transfer Books of the Company will remain closed from October 21, 2024 to October 28, 2024 (both days inclusive). Transfers received in order at Company's Independent Share Registrar's Office, Hameed Majeed Associates (Pvt) Limited, H.M. House, 7-Bank Square, Lahore by the close of business on October 19, 2024 will be treated in time for the purpose of attending, speaking and voting at the annual general meeting.

2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her and a proxy so appointed shall have the same rights, as respects attending, speaking and voting at the AGM as are available to the members.

3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting. Proxy Forms, in English and Urdu languages, have been dispatched to the members along with the notice of AGM.

4. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

**A. For attending the Meeting**

a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

**B. For Appointing Proxies**

a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above e requirements.

b. Two persons, whose name, addresses and CNIC numbers shall be mentioned on the form, shall witness the proxy form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

**5. Change of Address**

The shareholders are requested to promptly notify change in their address, if any to the Company's Share Registrar

## 6. CNIC/IBAN for E-Dividend Payment

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account of designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provide to the CDS participants for updating and forwarding to the Company. In case of non-submission, of CNIC / IBAN all future dividend payments may be withheld.

## 7. Zakat Declarations:

The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980.

## 8. Circulations of Annual Reports through E-mail

The shareholders are requested to provide their email addresses for transmission of annual report containing financial statements and other documents.

## 9. Tax Deductions from Filer and Non-Filers

The deduction of income tax from dividend payments shall be made on the basis of filers and non-filers

S.No.	Nature of Shareholders	Rate of deduction
1	Filers	15.0 %
2	Non-Filers	30.0 %

Tax deduction will be made on the basis of Active Tax Payers List provided on the website of Feral Board of Revenue.

Members seeking exemption from deduction of tax on dividend payment or are eligible for deduction at a reduced rate are requested to submit a valid withholding tax exemption certificate or necessary documentary evidence, as the case may be.

The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

Folio /CDC Account No.	Name of shareholder	CNIC	Shareholding	Total Shares	Principal/Joint Shareholder

## 10. Placement of Financial Statements

The Company has placed the Notice of AGM and Audited Annual Financial Statements for the year ended June 30, 2024, along with Auditors, Directors, and Chairman's Reports thereon on its website: [www.shahzadtex.com](http://www.shahzadtex.com)

**11. Unclaimed Dividend and Bonus Shares**

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any are advised to contact our Share Registrar M/s Hameed Majeed Associates (Private) Limited, 7-Bank Square, Lahore, to collect enquire about their unclaimed dividend or pending shares, if any.

**12. Online Participation in the Annual General Meeting:**

As per instructions of Securities and Exchange Commission of Pakistan, the Company has arranged video link facility for online participation of members in the AGM. To attend the meeting through video link, the members are requested to register themselves by providing the following information along with valid copy of CNIC / passport/ certified copy of board resolution/power of attorney in case of corporate shareholders with the subject "Registration for Shahzad Textile Mills Limited AGM" through email [corporate@shaheencotton.com](mailto:corporate@shaheencotton.com) on or before 26<sup>th</sup> October 2024.

Name of member	CNIC No.	CDC Account No/Folio No.	Cell Number.	Email address

The members who are registered after the necessary verification shall be provided a video link by the Company on the same email address that they email with the Company with. The login facility will remain open from start of the meeting till its proceedings are concluded.

**13. Deposit of Physical Shares in CDC account**

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017.

The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange.

**14. Voting through Postal Ballot (electronic voting and by ballot paper)**

The members of Company shall be provided right to vote through e-voting and voting by post in respect of all Special Business in the manner and subject to the conditions contained in the Companies (Postal Ballot) Regulations, 2018.

**Procedure for E-Voting**

- i. Details of the e-voting facility (including web address, login details, and password) will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company, not later than the close of business on October 19, 2024.
- ii. The security codes will be communicated to members through SMS form the web portal of Hameed Majeed Associates (Pvt) Limited, Limited (being the e-voting service provider).

- iii. Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- iv. E-voting lines will start from October 25, 2024, 09:00 a.m. and shall close on October 27, 2024 at 05:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he/she shall not be allowed to change it subsequently.

**Procedure for voting through ballot paper**

- i. The members may alternatively opt for voting through postal ballot. Ballot paper in prescribed form is attached with this Notice and is also available on the Company's website [shahzadtex.com](http://shahzadtex.com) to download.
- ii. The members must ensure that the duly filled and signed ballot paper, along with computerized national identity card (CNIC) should reach the Chairman of the meeting through post at the address, 19-A, Off. Zafar Ali Road, Gulberg-V, Lahore, or email at [chairman@shahzad.com](mailto:chairman@shahzad.com) by 5:00 pm, October 27, 2024. Postal ballot received after this time/date shall not be considered for voting. The signature on the ballot paper shall match with signature on the CNIC.

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

This statement sets out the material facts concerning special business to be transacted at the Annual General Meeting of the Company to be held on October 28, 2024.

**Agenda Item No. 3****Ratification/approval of Related Party Transactions**

The Company carried out transactions with its Related Parties in the ordinary course of business at arms' length basis in accordance with the Policy of related party transactions approved by the Board of Directors and under the authority special resolution passed by the shareholders in the last Annual General Meeting held on October 28, 2023. All the related party transactions summarized below were presented before the Board of Directors for their review and consideration as recommended by the Board Audit Committee on quarterly basis pursuant to the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Name of Related Party	Name of Interested Directors	Nature of relationship	Description of transaction	Pricing Policy	Terms & Conditions	Amount (Rs.)
Sargodha Jute Mills Ltd	Mr. Imran Aslam Mr. Irfan Aslam Mian Parvez Aslam Mrs. Nazish Imran	Director & shareholder Chief Executive / Director/Shareholder Shareholder Shareholder	Purchase Twine Jute 20/3	---		1,121,538
Sargodha Jute Mills Ltd	Mr. Imran Aslam Mr. Irfan Aslam Mrs. Nazish Imran	Director Chief Executive/ Director Shareholder	Sales Hard Waste PC	Arm's length basis		735,818
Mr. Imran Aslam	Mr. Imran Aslam Mian Parvez Aslam Mr. Irfan Aslam Mrs. Nazish Imran Mr. Danish Aslam Mrs. Nazish Imran	Director/CEO Chairman/Director Director Director Director Director	Loan Mark up paid Mark up Due		Repayable on demand Mark up of three months KIBOR+0 %	136,000,000 14,914,903 15,038,408
Mian Parvez Aslam	Mian Parvez Aslam Mr. Imran Aslam Mr. Irfan Aslam Mrs. Nazish Imran	Chairman/ Director CEO/Director Director Director	Loan Mark up due and paid		Repayable on demand Mark up of three months KIBOR+0 %	75,000,000 3,298,411
Mr. Irfan Aslam	Mr. Irfan Aslam Mr. Imran Aslam Mrs. Nazish Imran Mian Parvez Aslam	Director CEO/Director Director Chairman /Director	Loan Mark up due and Paid		Repayable on demand Mark up of three months KIBOR+0 %	90,000,000 2,443,167
Mrs. Nazish Imran	Mrs. Nazish Imran Mr. Imran Aslam Mr. Irfan Aslam Mian Parvez Aslam	Director CEO/Director	Loan Mark up due and Paid		Repayable on demand Mark up of three months KIBOR+0 %	20,000,000 1,478,208

The following resolution is proposed to be passed as a Special Resolution with or without any modification:

**“Resolved** that following transactions carried out in the ordinary course of business at arm's length basis with the related parties, in accordance with the Policy of related party transactions approved by the Board of Directors of Shahzad Textile Mills Limited, during the financial year ended June 30, 2024, be and are hereby ratified, approved and confirmed.

Name of Related Party	Description of transaction
Sargodha Jute Mills Ltd	Purchase: Twine Jute 20/3,
Sargodha Jute Mills Ltd	Sales: Hard Waste PC

#### **Authorization to the Company to transact with certain related parties**

The Company will continue to carry out transactions with its Related Parties in its ordinary course of business at arms' length basis during the financial year ending June 30, 2025, and till the next annual general meeting. The majority of directors are interested in the above transactions as disclosed above, therefore, such related party transactions need approval of the members under the provisions of the Companies Act, 2017. Accordingly, these transactions shall be placed before the shareholders in the next annual general meeting for their formal approval/ratification.

The following resolutions are proposed to be passed as Special Resolutions with or without modification:

**“Resolved** that the Shahzad Textile Mills Limited (the **“Company”**) be and is hereby authorized to carry out the transactions with its Related Parties (detailed hereunder) as and when required in the ordinary course of business at arm's length basis during the year ending June 30, 2025, and till the next Annual General Meeting, without any limitation on the amounts of the transactions.

**Further Resolved** that Chief Executive/Company Secretary of the Company be and is hereby authorized to undertake the transaction and take all necessary steps and to sign/execute any purchase order/document/agreement on behalf of the Company as may be required and to authorize any other officer of the Company to do so in order to implement the aforesaid Resolution(s)'.  
 The Directors' interest in this business is disclosed hereinabove.

**BALLOT PAPER FOR VOTING IN 46<sup>TH</sup> ANNUAL GENERAL MEETING**

(Through post for poll to be held on October 28, 2024 at  
**SHAHZAD TEXTILE MILLS LIMITED**  
 19-A, Off. Zafar Ali Road, Gulberg-V, Lahore.

Phone No. 042-35754024, 35754027, 35791228 Fax No. 042-35712313

Email: [chairman@shahzad.com](mailto:chairman@shahzad.com).

Website: [www.shahzadtex.com](http://www.shahzadtex.com)

For voting through the post for the Special Business agenda item No. 3 at the Annual General Meeting of Shahzad Textile Mills Limited, to be held on October 28, 2024, at 10:30 a.m. 19-A, Off. Zafar Ali Road, Gulberg V, Lahore.

Name of shareholder/joint shareholders	
Registered Address	
Number of Shares held and Folio number	
CNIC Number (copy to be attached)	
Additional information and enclosures  (In case of representative of body corporate, Corporation and Federal Government)	

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

Sr. No.	Nature and Description of Resolution	No. of Ordinary shares for which votes cast	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1	Resolution for Agenda Item No. 3 as proposed in the statement of material fact to be passed as special resolution.			

**Signature of the Shareholder(s)**

**Place:**

**Date:**

**NOTES:**

- Duly filled postal ballot should be sent at following business address and email ID; Address 19-A, Off. Zafar Ali Road, Gulberg-V, Lahore [chairman@shahzad.com](mailto:chairman@shahzad.com).
- Copy CNIC should be enclosed with the postal ballot form.
- Postal Ballot forms should reach chairman of the meeting on or before October 27, 2024 (last date of receiving postal ballot). Any postal ballot received after this date, will not be considered for voting.
- Signature on Postal Ballot should match the signature on CNIC.
- Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot papers will be rejected. Ballot paper has also been placed on the website of the Company [www.shahzadtex.com](http://www.shahzadtex.com) for the download.

## CHAIRMAN'S REVIEW REPORT

As we reflect on the financial year 2023-2024, I am pleased to present this review report on the overall performance of Shahzad Textile Mills Limited and the pivotal role our Board of Directors has played in achieving our strategic objectives.

This year has been marked by resilience and adaptability in the face of ongoing market challenges and global economic fluctuations. Shahzad Textile Mills Limited has recorded a commendable performance, achieving a revenue growth of 31 % compared to the previous year.

Despite external pressures such as fluctuating raw material prices and supply chain disruptions, we have successfully maintained our profit margins through effective cost management and strategic sourcing.

As we move into the next financial year, the Board remains committed to driving growth and sustainability. We will continue to explore new markets and product lines while enhancing our operational efficiency. Our focus on innovation will remain a cornerstone of our strategy, enabling us to adapt to changing consumer demands and industry trends.

The Board of Directors has been instrumental in guiding the company through this dynamic landscape. Our governance framework has emphasized transparency, accountability, and strategic foresight, ensuring that we are well-prepared to navigate challenges and seize opportunities.

Sound corporate governance is fundamental to corporate success and enhances stakeholder confidence, we have designed our corporate governance structure to ensure maximum compliance with legal and regulatory framework and meeting the information needs of our stakeholders. The corporate governance framework applied by Shahzad Textile is based on Pakistani law, in particular, the Companies Act 2017, Code of Corporate Governance and other statutory, regulatory and compliance requirements that are applicable to companies listed on the Pakistan Stock Exchange. To ensure compliance with all relevant laws and regulations, the Company has in place a code of conduct, whistle-blowing policy, and code of business ethics, among others.

I would like to extend my sincere gratitude to my fellow Board members for their unwavering dedication and strategic insights. Additionally, I commend our management team and employees for their hard work and commitment to excellence.

I am optimistic about the future of Shahzad Textile Mills Limited. Together, we will navigate the challenges ahead and capitalize on the opportunities that lie before us.

Lahore:

Dated: October 04, 2024,



**MIAN PARVEZ ASLAM**  
Chairman

## DIRECTORS' REPORT

The Directors of your Company feel honored to present before you the 46th Directors Report and the performance review together with the audit report and the company's financial statement as of June 30, 2024.

The financial performance of your Company for the year ended June 30, 2024 is as follows:

	<b>2024</b>	<b>2023</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
		<b>(Restated)</b>
Sales	11,014,646,483	8,398,630,158
Gross Profit	517,465,997	234,365,087
Operating Profit / (Loss)	85,812,496	(167,742,152)
Profit / (Loss) before Taxation	82,453,852	(187,875,168)
Taxation	(181,236,830)	(81,364,764)
Profit / (Loss) after Taxation	<u>(98,782,978)</u>	<u>(269,239,932)</u>

During the year, our company has achieved impressive sales growth of 31.15 % to the tune of Rs. 11.015 billion as compared to the previous year sales of Rs. 8.399 billion and the loss after tax has been reduced to Rs. 98.783 million as compared to last year's loss after tax of Rs 269.240 million. The company has performed well as compared to last year in terms of revenue growth and improvement in margins but remain suffered loss after tax due increased taxation measures taken by government in budget for fiscal year 2024-25. The exports sales of our socks unit increased to Rs. 1,075.091 million as compared to export sales of Rs. 858.945 million in the last year, showing very impressive growth of 25.16%. However export sales of our spinning unit have decreased drastically to Rs. 29.281 million only as compared to last year export sales of Rs. 413.940 million due to in competitiveness in international market because of huge energy prices, ever high interest rates and uncertain economic conditions.

Despite of making exceptional revenue growth of 31.15% the company still suffered loss after tax due to unfavorable rates of yarn because of low demand in local and international market, unprecedented inflation, very high interest rates and cotton prices. All these factors contributing in making loss after tax. Nevertheless, results are much better considering the last year and we are quite hopeful that upcoming year have better results with regard to financial performance of the company.

The Company has paid the entire liability pertaining to unfunded gratuity to its employees. However, Employees' provident fund the new scheme of employees retirement benefit is under registration process; we will get it registered in upcoming year. However, the company has placed all funds relating to Employees' Provident fund in separate saving bank account. Yield on these investments are separately recorded to give credited to employees provident fund. Moreover, complete record of employees' provident fund is maintained separately.

### **FUTURE OUTLOOK**

Looking ahead, we are optimistic about the potential for growth of our company and expecting further reduction in interest rates and energy prices to broader textile and other sector in Pakistan. The continuous economic policies and political stability plays vital role in making critical and timely decisions for effective long term planning.

We are committed to invest in our workforce through training and development programs to ensure that they have the skills necessary to thrive in a competitive environment. We also collaborate with industry stakeholders, including suppliers and customers, which will strengthen our market position and facilitate innovation.

### **EARNING / (LOSS) PER SHARE**

Loss per share of the company for the year ended June 30, 2024 is Rs. (5.50) as compared to loss per share of Rs. (14.98) in the preceding year.

## **DIVIDEND**

In view of loss sustained by the company, the directors have not recommended any dividends. The company has focused on achieving better financial results by maintaining cash flows, lowering outstanding debt and financial expenses, and maximizing shareholders' wealth. The directors hope to resume the dividend payout in the future.

## **ISO 9001-2015 Certification – Yarn & Socks and ISO 45001-2018 & 45001-2015 Certification – Socks**

The Company believes in the high quality of products to the complete satisfaction of its clients. For this purpose, company has obtained the latest version of ISO 9001-2015, ISO 45001-2018 and ISO 45001-2015. This quality certification, which is renewed after every three years after exhaustive checking and comprehensive verification of company's quality management system. This quality certification boosts the trust of new customers and maintain the confidence of our old clients as well.

## **PRINCIPAL RISKS AND UN-UNCERTAINTIES FACING THE COMPANY**

Despite the facts stated above affecting the company's financial performance in the period under discussion, there are some risk factors that may impact the company's future performance.

### **RISK FACTORS**

#### **A) FOREIGN EXCHANGE RISK**

Foreign currency risk arises mainly where receivable and payable exist due to transactions entered into foreign currencies. As the dollar shows a shaky position, with an ever-increasing trend therefore, the company is exposed to foreign currency risk on trade debts, payable and revenues, which are entered in a currency other than Pak Rupee.

#### **B) LIQUIDITY RISK**

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate actions for new requirements.

#### **C) CREDIT RISK**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The Management also continuously monitors credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

#### **D) INTEREST RATE RISK**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Majority of the interest rate exposure arises from short and long-term borrowings from bank, term deposits and deposits in profit and loss/saving accounts with banks and investments in mutual funds.

#### **CHANGES DURING FINANCIAL YEAR CONCERNING THE NATURE OF THE BUSINESS OF THE COMPANY**

There is no change occurred during the financial year with respect to Textile yarn and sock manufacturing activities of the Company.

#### **MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT, PERFORMANCE AND POSITION OF THE COMPANY BUSINESS**

We have achieved reasonable financial results during the year despite major challenges. However, in the present scenario, with weak currency, high interest rates, inflation, and political instability, the challenges facing the company are daunting. It is the need of the hour that decision-makers must achieve political stability, stable currency, and reduced fiscal and current account deficit for the country so that the industry and economy at large may be able to flourish. There are no material changes and commitments from June 30, 2024 till the date of our report affecting the financial position of the company.

#### **IMPACT OF COMPANY BUSINESS ON THE ENVIRONMENT**

We are carefully maintaining a fresh and pollution free system at our mills by using latest safety devices which suck all the fluff and other substances injurious to the health of the workers.

#### **ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

We have introduced a comprehensive internal control system commensurate with our operations' size, scale, and complexity, as well as well-documented procedures for various processes, which are periodically reviewed for the changes warranted due to business needs. The internal auditors continuously monitor the efficiency of internal control and regularly report to the Audit Committee and Board of Directors. The system's internal control facilitates effective compliance with the Companies Act, 2017, and the Listing Regulations, 2019.

#### **RELATED PARTIES TRANSACTIONS**

The transactions between the related parties were made at arm's length prices determined in accordance with the comparable uncontrolled price method. The same are disclosed in the attached financial statements. During the year, Directors have given loans to the company for working capital requirements, the markup was paid thereon, and gratuity was paid as per the term of their employment, as disclosed in Note 37 in the attached financial statements. The related party transactions were approved by the Board on the recommendation of the Audit Committee. The same will be presented at the Annual General Meeting for the approval of the shareholders.

#### **CODE OF CONDUCT FOR PROTECTION AGAINST HARASSMENT AT WORK PLACE**

The Company is determined to provide clean environment working atmosphere and ensures that every employee is treated with respect and dignity. The Company is committed to encourage a positive professional work atmosphere that is essential for the professional growth of its staff. Harassment, therefore, has no place at Shahzad Textile Mills Limited. As such, any offender must be ready to confront disciplinary and corrective action, ranging from a warning to termination of job if such situation arises.

#### **ANTI-CORRUPTION**

We have provided corruption free environment to the workers. It includes corruption of all forms including extortion and bribery.

## CORPORATE SOCIAL RESPONSIBILITY

The company considers social, environmental, and ethical matters in the context of the overall business environment. The Company is committed to making a conscious effort to consider and balance the interests of all stakeholders, particularly the community in which we live and who form our customer base.

As a textile company in the spinning sector, the company is committed to ensuring corporate social responsibility (CSR) and integrating sustainable and ethical practices into its core operation. The company's primary goals are to improve corporate practices, the environment, and the communities it serves. The management assesses overall (CSR) activities, ensuring they support the company's long-term goals of sustainability and inclusivity. We create value for our local community, employers, 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, and contributing regularly to the national exchequer as per law. For this purpose, the company has contributed four million to this head.

### I) 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 the Social Security and Employees Old Age Benefit Department of the government and pays regular contributions to the health facility and retirement benefits of the workers. At Shahzad Textile Mills Limited, safety and well-being are our top priorities. We are committed to providing a safe and healthy working environment for all employees.

To enhance our safety measures, we have implemented the following systems:

- **Fire Alarm System:** This system is in place to ensure quick alerts in case of fire emergencies.
- **First Aid Boxes:** Easily accessible first aid kits are available throughout the facility for any minor injuries or emergencies.
- **Fire Hydrant System:** Our fire hydrants are strategically located and regularly maintained to ensure they are always operational.
- **Effluent Treatment Plant:** We are committed to environmentally responsible practices, and our effluent treatment plant helps manage waste safely.
- **Waste Heat Boiler:** This system not only improves energy efficiency but also contributes to a safer working environment by reducing excess heat.
- **Refiltering of fire:** this system is in place to prevent it from spreading uncontrollably and burning and help maintain healthy ecosystems by removing excess underbrush and promoting new growth.

### II) Work-Life Balance

In order to promote a healthy life balance we strictly observe working timing from 9.00 am to 5:30 pm. This ensures that our employees have plenty of time for recreational activities with their families and friends.

### III) Business Ethics

The Management is committed to conduct all business activities with integrity, honesty, and observance of laws and regulations. A Code of Conduct has been developed and approved by Board.

### Contribution to the National Exchequer

To meet our social obligations towards the development of the economy of the country, the Company has contributed Rs. 610,154,110 million in the year 2023-24 into the Government Exchequer on account of taxes, levies, import duty, income Tax, sales tax etc.

### Energy Savings

The management is very attentive and watchfully focusing on energy saving. There are many preventive measures adopted by fixing energy conserving devices to save the energy. Awareness is also given to workers for energy saving so that unnecessary consumption wastage of energy could be saved.

### COMPOSITION OF THE BOARD

The composition of the Board of Directors is in compliance with the requirement of the listed Companies Code of Corporate Governance (CCG), Regulations 2019 applicable to a listed company, which is given below:

#### Total Number of Directors:

a)	Male	06
b)	Female	01

#### Composition:

i)	Independent Directors	02
ii)	Non-Executive Directors	03
iii)	Executive Directors	02

### NAME OF THE DIRECTORS AND BOARD OF DIRECTORS MEETING

During the period under review, Eleven (11) meetings of the Board of Directors were held from July 01, 2023 to June 30, 2024. The names of directors during the year and details regarding the attendance by the Board members at these meetings has been provided below:

Name of Directors	No. of Meetings Attended
Mian Parvez Aslam	11
Mr. Imran Aslam	11
Mr. Irfan Aslam	11
Mr. Danish Aslam	11
Syed Raza Ali Bokhari	11
Dr. Ali Raza Khan	11
Mrs. Nazish Imran	10

### AUDIT COMMITTEE

The Board has formed an Audit Committee, which consists of the following directors:

Syed Raza Ali Bokhari	Independent Director	Chairman
Mian Parvez Aslam	Non-Executive Director	Member
Mr. Irfan Aslam	Non-Executive Director	Member

During the period under review, Six (6) meetings of audit committee of the company were held from July 01, 2023 to June 30, 2024 respectively and the details of the attendance at these meetings are as follows:

<b>Name of Member</b>	<b>No. of Meeting Attended</b>
Syed Raza Ali Bokhari	Six (6)
Mian Parvez Aslam	Six (6)
Mr. Irfan Aslam	Six (6)

## **HUMAN RESOURCE AND REMUNERATION COMMITTEE**

In Compliance with the Code of Corporate Governance (CCG) Regulations, 2019 the Board of Directors has formed a Human Resource and Remuneration Committee comprising of three Directors name below. The HR & R Committee provides assistances to the Board of Directors in helping the Company's Human Resource function efficiently. Further, the HR & R Committee will also assess and makes recommendations to ensure that the Company's Human Resource policies are objectively associated with its overall business.

Dr. Ali Raza Khan	Independent Director	Chairman
Mr. Danish Aslam	Executive Director	Member
Mrs. Nazish Imran	Non-Executive Director	Member

<b>Names of the members of the Committee</b>	<b>No. of Meeting Attended</b>
Dr. Ali Raza Khan	Four (4)
Mr. Danish Aslam	Four (4)
Mrs. Nazish Imran	Four (4)

## **CORPORATE GOVERNANCE**

Statement of compliance as required under the listed companies' code of corporate governance regulations 2019 is annexed statement of compliance under the Companies Act, 2017 has not been notified.

## **PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND THE BOARD COMMITTEES**

Complying with Listed Companies Code of Corporate Governance, Regulations 2019 the Board has developed a mechanism for evaluation of performance of the Board of Directors and board committees. Director's evaluation of performance according to questionnaire is expected in shorty. The core area of focus covered included:

- Alignment of corporate goals and objectives with vision and mission of the Company.
- Strategy formulation for sustainable operation;
- Measuring and monitoring of performance; and
- Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference.

Individual feedback was obtained and on the basis of that feedback the average rating of the performance of the

board was found satisfactory. Improvement is an ongoing process and the board has identified the areas of improvement in the line with the global best practices.

## **DIRECTORS' REMUNERATION**

The company has an approved remuneration policy for Directors. The Executive Directors remuneration is considered and recommended by the Human Resource and Remuneration Committee (HR & R) to the Board of Directors. Then the remuneration matter is discussed considered, reviewed and approved by the Board of Directors after due deliberations. The same policy is applicable for determinations of remuneration for Non-Executive and independent Directors. Proper details have been made in Note 38 to the Financial Statements.

## **BOARD'S ROLE IN SUSTAINABILITY AND DE&I**

The Company advocates for diversity, equity, and inclusion (DE&I) because of its varied workforce and community. The Company places a high priority on DE&I since it is essential to its ethical and sustainable business operations. A comprehensive strategy aimed at increasing gender and ethnic diversity and inclusion at all levels, with quantifiable and transparent goals, is now under development.

The Company views gender diversity as a strategic priority that enhances decision-making and problem-solving, contributing to a sustainable competitive advantage. Our commitment to DE&I has been central to our talent acquisition and engagement strategies. The Company promoted a culture of belonging and respect. This dedication was also reflected in its talent movements, ensuring diverse representation at all levels. Participation in career fairs and collaborations with reputable organizations further underscored the Company's commitment to creating an inclusive workplace where every individual is valued. Our target is to increase women's representation on the Board and will endeavor to increase female representation in the workforce to 2% as soon as possible but not later than the next three years.

## **GENDER, RACE & DIVERSITY**

M/s Shahzad Textile Mills Limited displayed a commitment to fostering a culture of inclusivity and diversity, where everyone was given the opportunity to thrive. In the past year, we have made significant strides in increasing gender diversity within our organization. We recognized diversity as a key driver for innovation and competitiveness. We remain dedicated to continuing our efforts to create a workplace that reflects the diverse gender and race.

STML also actively promoted women's participation at all levels and provided everyone with equal opportunities for growth.

## **APPOINTMENT OF AUDITORS**

The Auditors M/s Crowe Hussain Chaudhury & Co. Chartered Accountant have issued clean report for the year ended June 30, 2024. They will retire and eligible for re-appointment as auditors of the Company for the next year. The Audit Committee and the Board have recommended their re-appointment at same remuneration for current reporting year for reconsideration of the members at the forthcoming Annual General Meeting of the Company.

## **EXECUTIVE**

An Executive is defined as an employee, other than the Chief Executive Officer and Directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

#### **PATTERN OF SHAREHOLDING**

The pattern of shareholding of the Company as of June 30, 2024, is annexed to this report.

#### **SUBSEQUENT EVENTS**


No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of this report.

#### **ACKNOWLEDGMENT**

We would like to sincerely thank our dedicated employees, valued customers, and esteemed shareholders for their continued support. Together, we are confident that Shahzad Textile Mills Limited will continue to thrive and excel in the dynamic landscape of the textile industry.

**For and on behalf of the Board**

  
**DIRECTOR**

  
**CHIEF EXECUTIVE**

**Lahore:**

Dated October 04, 2024

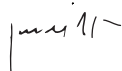
**GENDER PAY GAP STATEMENT**

Gender Pay Gap Statement under Securities and Exchange Commission of Pakistan (SECP) Circular 10 of 2024.

Following is the gender pay gap calculated for the year ended June 30, 2024:

- (i) Mean Gender Pay Gap: 5.27%
- (ii) Median Gender Pay Gap: 1.54%
- (iii) Any other data/details as deemed relevant: the above ratios reflect the overall employee's gender pay gap across the organization. The Company ensures equitable compensation for female members in their respective roles, based on experience, qualifications and performance.

on behalf of the Board of Directors

  
**Chief Executive**

October 04, 2024  
Lahore

**INDEPENDENT AUDITOR'S REPORT****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SHAHZAD TEXTILE MILLS LIMITED****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **SHAHZAD TEXTILE MILLS LIMITED (the Company)**, which comprise the statement of financial position as at June 30, 2024 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, 2024 and of the loss, its 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.

Following are the key audit matters:

Key Audit Matters	How the Matter was Addressed in our Report
<b>1. Revenue Recognition</b>	
<p>Refer notes 3.15 and 2.6 to the annexed financial statements</p> <p>The Company has earned revenue of Rs. 11,014.646 million for the year ending June 30, 2024. The Company is primarily engaged in manufacturing and sale of yarn and socks.</p> <p>We consider revenue a key audit matter due to the significant increase in it as compared to last year and the fact that it is one of the key performance indicators of the Company. In addition, revenue was also considered an area of significant audit risk as part of the audit process.</p>	<p>Our key audit procedures related to revenue included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, testing the operating effectiveness of those controls.</li> <li>• Assessing the appropriateness of the Company's revenue recognition policies and their compliance with applicable accounting and reporting standards.</li> <li>• Comparing a sample of revenue transactions recorded during the year with customers' orders, sales invoices, delivery orders and other relevant underlying documents.</li> <li>• Reviewing contracts with customers and comparing the revenue transactions to the relevant sales orders, sales invoices, and other relevant underlying documents to assess whether the revenue was recorded in accordance with the Company's revenue accounting policy and applicable financial reporting framework.</li> <li>• Performing cut-off procedures on sales to ensure revenue has been recorded in the correct period.</li> <li>• Examining the customer receipts for sales made during the year.</li> <li>• Assessing the appropriateness and adequacy of disclosed information in the financial statements in accordance with the relevant accounting and reporting standard standards.</li> </ul>
<b>2. Stock in trade</b>	
<p>Refer to note 3.11 &amp; 2.0 to the financial statements.</p> <p>As at June 30, 2024, the Company holds certain items of raw materials, work in process and finished goods amounting to Rs. 755.307 million and stock in trade is stated at lower of cost and estimated net realizable value.</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Observing physical inventory count procedures and comparing, on a sample basis, physically counted inventories with valuation sheets provided by the management</li> <li>• Comparing on a sample basis specific purchases and directly attributable costs with underlying supporting documents</li> </ul>

Key Audit Matters	How the Matter was Addressed in our Report
<p>We have considered this area as a key audit matter due to its size and the judgment involved in valuation.</p>	<ul style="list-style-type: none"> <li>• Checking the accumulation of costs at different stages of production to ascertain valuation of work in process and finished goods</li> <li>• Comparing the net realizable value, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards.</li> <li>• Assessing the provision for slow moving stocks as of the reporting date and assessed whether it is in accordance with the Company's policies and relevant accounting and reporting standards</li> <li>• Considering adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and financial reporting standards.</li> </ul>

### 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

## Report on Other Legal and Regulatory Requirements

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

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

- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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




**CROWE HUSSAIN CHAUDHURY & CO.**  
*Chartered Accountants*

Lahore  
Dated: October 04, 2024  
UDIN Number: AR202410051Xf8mDVZeB

## STATEMENT OF FINANCIAL POSITION

	Note	2024 Rupees	2023 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized share capital: 40,000,000 (2023: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid up capital	5	179,713,720	179,713,720
Reserves	6	1,902,233,795	1,993,253,457
Surplus on revaluation of property, plant and equipment	7	1,244,680,240	838,080,271
		3,326,627,755	3,011,047,448
<b>Non Current Liabilities</b>			
Long term financing	8	221,437,467	298,517,844
Deferred tax liability	9	440,547,106	389,707,075
		661,984,573	688,224,919
<b>Current Liabilities</b>			
Trade and other payables	10	718,364,264	740,814,562
Unclaimed dividends		146,294	146,294
Unpaid dividends		199,348	199,348
Accrued mark up		35,003,816	33,575,493
Current portion of non-current liabilities	11	183,350,763	181,674,043
Short term borrowings	12	809,338,431	387,470,715
Provision for taxation	13	134,922,150	101,800,664
		1,881,325,066	1,445,681,119
<b>Contingencies and Commitments</b>	14	-	-
		5,869,937,394	5,144,953,486

The annexed notes from 1 to 46 form an integral part of these financial statements.


  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	15	2,791,240,812	2,476,370,428
Investment property	16	108,150,000	93,730,000
Investment in associate	17	916,777,204	858,690,134
Long term deposits	18	3,847,448	3,847,448
		3,820,015,464	3,432,638,010
<b>Current Assets</b>			
Stores and spares	19	183,932,570	175,445,621
Stock in trade	20	755,307,391	688,626,810
Trade debts	21	301,813,054	235,241,695
Advances, deposits, prepayments and other receivables	22	205,693,866	189,699,924
Short term investments	23	36,566,313	35,563,313
Tax refunds due from the Government	24	357,458,586	319,291,484
Cash and bank balances	25	209,150,150	68,446,629
		2,049,921,930	1,712,315,476
		<u>5,869,937,394</u>	<u>5,144,953,486</u>

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR


  
CHIEF FINANCIAL OFFICER

## STATEMENT OF PROFIT OR LOSS

### FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees (Restated)
Sales	26	11,014,646,483	8,398,630,158
Cost of sales	27	(10,497,180,486)	(8,164,265,071)
<b>Gross Profit</b>		517,465,997	234,365,087
<b>Operating Expenses</b>			
Selling and distribution costs	28	(145,037,796)	(147,292,473)
Administrative expenses	29	(286,615,705)	(254,814,766)
		(431,653,501)	(402,107,239)
<b>Operating Profit / (Loss)</b>		85,812,496	(167,742,152)
Finance cost	30	(192,537,238)	(135,900,125)
Other operating expenses	31	(16,667,437)	(67,283,477)
Other income	32	138,859,631	138,756,936
Share of net profit of associate	17	66,986,400	44,293,650
		(3,358,644)	(20,133,016)
<b>Profit / (Loss) before Levy and Taxation</b>		82,453,852	(187,875,168)
Levy / final taxation	33	(134,922,150)	(78,540,502)
<b>Loss before Taxation</b>		(52,468,298)	(266,415,670)
Taxation	33	(46,314,680)	(2,824,262)
<b>Net Loss for the Year</b>		(98,782,978)	(269,239,932)
<b>Loss per Share - Basic and Diluted</b>	34	(5.50)	(14.98)

The annexed notes from 1 to 46 form an integral part of these financial statements.

  
CHIEF EXECUTIVE OFFICER


  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED JUNE 30, 2024

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
<b>Net Loss for the Year</b>	(98,782,978)	(269,239,932)
<b><i>Other Comprehensive Income for the Year</i></b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Revaluation surplus on property, plant and equipment	430,964,969	-
Related tax impact	(18,064,091)	-
Share in other comprehensive income of associate	6,670,183	161,343,542
Related tax impact	(1,000,527)	(24,201,531)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year	418,570,534	137,142,011
<b>Total Comprehensive Income / (Loss) for the Year</b>	<u>319,787,556</u>	<u>(132,097,921)</u>

The annexed notes from 1 to 46 form an integral part of these financial statements.

  
CHIEF EXECUTIVE OFFICER


  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED JUNE 30, 2024

Particulars	Issued Subscribed and Paid up Capital	Reserves			Total	Surplus on Revaluation of Property, Plant and Equipment	Total
		Capital Reserves	Revenue Reserves				
		Share Premium	Unappropriated Profits				
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
<b>Balance as at June 30, 2022</b>	179,713,720	5,796,000	2,108,808,696	2,114,604,696	849,364,539	3,143,682,955	
Net loss for the year	-	-	(269,239,932)	(269,239,932)	-	(269,239,932)	
Other comprehensive income for the year	-	-	137,142,011	137,142,011	-	137,142,011	
Total comprehensive loss for the year	-	-	(132,097,921)	(132,097,921)	-	(132,097,921)	
Incremental depreciation charged on revalued property, plant and equipment transferred to retained earning - net of deferred tax	-	-	15,933,932	15,933,932	(15,933,932)	-	
Impact of deferred tax on export rate adjustment	-	-	-	-	4,649,664	4,649,664	
Share in associate's change in deferred tax rate	-	-	(5,187,250)	(5,187,250)	-	(5,187,250)	
<b>Balance as at June 30, 2023</b>	179,713,720	5,796,000	1,987,457,457	1,993,253,457	838,080,271	3,011,047,448	
Net loss for the year	-	-	(98,782,978)	(98,782,978)	-	(98,782,978)	
Other comprehensive income for the year	-	-	5,669,656	5,669,656	412,900,878	418,570,534	
Total comprehensive income for the year	-	-	(93,113,322)	(93,113,322)	412,900,878	319,787,556	
Incremental depreciation charged on revalued property, plant and equipment transferred to retained earning - net of deferred tax	-	-	17,663,173	17,663,173	(17,663,173)	-	
Impact of deferred tax on rate change adjustment	-	-	-	-	11,362,264	11,362,264	
Share in associate's change in deferred tax rate	-	-	(15,569,513)	(15,569,513)	-	(15,569,513)	
<b>Balance as at June 30, 2024</b>	179,713,720	5,796,000	1,896,437,795	1,902,233,795	1,244,680,240	3,326,627,755	

The annexed notes from 1 to 46 form an integral part of these financial statements.

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

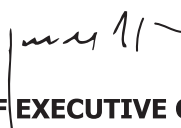
  
**CHIEF FINANCIAL OFFICER**

## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED JUNE 30, 2024

		<b>2024</b>	<b>2023</b>
	Note	Rupees	Rupees
<b>CASH GENERATED FROM OPERATIONS</b>	35	201,967,435	381,915,882
Income tax paid		(76,146,287)	(124,999,892)
Gratuity paid		(164,096,465)	(58,979,495)
Repayment of gas infrastructure development cess	11.1	-	(4,377,810)
Finance cost paid		(179,116,840)	(118,947,481)
Workers' welfare fund paid		-	(11,975,743)
Workers' (profit) participation fund paid	10.3	-	(34,214,197)
		<u>(419,359,592)</u>	<u>(353,494,618)</u>
<b>Net Cash (Used in) / Generated from Operating Activities</b>		(217,392,157)	28,421,264
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Property, plant and equipment purchased		(4,699,471)	(52,199,035)
Short term investments made		(1,003,000)	(5,000,000)
Proceeds from disposal of property, plant and equipment		2,760,000	8,500,000
Receipt of profit on saving account and TDRs		14,574,090	6,688,463
<b>Net Cash Generated from / (Used in) Investing Activities</b>		11,631,619	(42,010,572)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Long term financing obtained		-	26,827,500
Long term financing repaid		(75,403,657)	(71,479,621)
Short term borrowings - net		421,867,716	(16,537,147)
<b>Net Cash Generated from / (Used in) Financing Activities</b>	36	346,464,059	(61,189,268)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		140,703,521	(74,778,576)
Cash and cash equivalents at the beginning of the year		68,446,629	143,225,205
<b>Cash and Cash Equivalents at the End of the Year</b>	25	<u>209,150,150</u>	<u>68,446,629</u>

The annexed notes from 1 to 46 form an integral part of these financial statements.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Note 1

**The Company and its Operations**

Shahzad Textile Mills Limited (the Company) was incorporated in Pakistan on October 24, 1978 as a Public Limited Company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange. The Company is domiciled in Pakistan and its principal business is to manufacture and deal in all types of yarn and socks. The Company holds 24.94% ordinary shares in M/s Sargodha Jute Mills Limited (19-B, Off Zafar Ali Road, Gulberg - V, Lahore), an Associated Company that is engaged in manufacturing, selling and dealing in jute products (refer to note 17).

The Company's business units including its manufacturing facilities are located as under:

- The Company's registered office is situated at 19-A, Off Zafar Ali Road, Gulberg - V, Lahore
- 3 manufacturing facilities are situated at 34 KM, Lahore-Sheikhupura Road, Sheikhupura
- 1 manufacturing facility is situated at 7 KM, Sheikhupura-Faisalabad Road, Kharianwala

Note 2

**Basis of Preparation****2.1 Statement of compliance**

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

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

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

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except to the extent of following:

Certain property, plant and equipment	Note 15	Stated at revalued amount
Investment property	Note 16	Stated at fair value
Investment in associate	Note 17	Stated at equity method
Certain investments	Note 23	Stated at fair value

**2.3 Functional and presentational currency**

These financial statements are prepared and presented in Pak Rupees which is the functional and presentation currency of the Company. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

**2.4 Key judgements and estimates**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

- Estimation of provisions - Note 3.1
- Current income tax expense, provision for current tax, recognition of deferred tax asset (for carried forward tax losses) and levies - Note 9, 13 & 33
- Estimation of contingent liabilities - Note 3.5 & 14
- Useful lives, residual values and depreciation method of property, plant and equipment - Note 3.6 & 15
- Impairment loss of non-financial assets other than inventories - Note 3.7
- Fair value of investment property - Note 3.7 & 16
- Net realisable values of stock-in-trade & store and spares - Notes 3.10, 3.11, 19 and 20
- Provision for expected credit losses - Note 3.13.1 & 21
- Impairment loss of financial assets - Note 3.13, 21, 22, 23 & 25

## 2.5 Changes in accounting standards, interpretations and pronouncements

### 2.5.1 Standards, interpretations and amendments to approved accounting standards that are effective in the current year

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations 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.

Standard or Interpretation		Effective Date - Annual Periods
		Beginning on or After
IAS 01	Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 1, 2023
IAS 08	Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 1, 2023
IAS 12	Amendments to IAS 12 'Income taxes' - International Tax Reform - Pillar Two Model Rules	January 1, 2023
IAS 12	Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 1, 2023
IFRS 17	Initial Application of 'IFRS 17 Insurance Contracts and IFRS 9 - Comparative Information'	January 1, 2023

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). In accordance with the Guidance, the Company has changed its accounting policy to recognise minimum and final taxes as 'Levy' under 'IAS 37 Provisions, Contingent Liabilities and Contingent Assets' which were previously being recognised as 'Income tax'.

The Company has accounted for the effects of these changes in accounting policy retrospectively under 'IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors' and the corresponding figures have been restated in these financial statements. The effects of restatements are as follows:

	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
	Rupees	Rupees	Rupees
Effect on statement of profit or loss			
<b>For the year ended June 30, 2024</b>			
Tax on export sales, dividends on investments and minimum tax	-	(134,922,150)	(134,922,150)
Profit / (loss) before taxation	82,453,852	134,922,150	(52,468,298)
Taxation	(181,236,830)	(134,922,150)	(46,314,680)
	(98,782,978)	-	(98,782,978)
Loss after tax	(98,782,978)	-	(98,782,978)
<b>For the year ended June 30, 2023</b>			
Tax on export sales, dividends on investments and international tax effect	-	(78,540,502)	(78,540,502)
Loss before taxation	(187,875,168)	78,540,502	(266,415,670)
Taxation	(81,364,764)	(78,540,502)	(2,824,262)
	(269,239,932)	-	(269,239,932)
Loss after taxation	(269,239,932)	-	(269,239,932)

The related changes to the statement of cash flows with respect to the amount of profit before taxation have been made as well. There is no impact on profit / (loss) after tax and earning/ (loss) per share, basic and diluted.

## 2.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the 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.

Standards, interpretations and amendments	Effective Date - Annual periods beginning on or after
IFRS 7 & 9 Amendments to Classification and Measurement of Financial Instruments - Amendments to IFRS 7 and IFRS 9	January 1, 2026
IFRS 16 'Leases' - Lease Liability in a Sale and Leaseback [Amendments]	January 1, 2024
IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants [Amendments]	January 1, 2024
IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements [Amendments]	January 1, 2024
IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current [Amendments]	January 1, 2024

2.5.2.1 Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have not been notified locally, in relation to the Company, by Securities and Exchange Commission of Pakistan (SECP) as at January 31, 2024:

IFRS 1	First Time Adoption of IFRS
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial
IFRS S2	Climate-Related Disclosures
IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 19	IFRS 19 'Subsidiaries Without Public Accountability: Disclosures'

Note 3

### Material Accounting Policy Information

'The Company adopted disclosure of Accounting Policies (Amendments to IAS 1 and IFRS practice statements 2 'Making Materiality Judgments') from July 01, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements.

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 3.1 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

### 3.2 Staff retirement benefits

#### *Defined contribution plan*

The entity operates a defined contributory provident fund for its employees. Contributions are made equally by the company and the employee at 5.5% of gross salary in the provident fund on monthly basis. Company's contribution is recognized as a cost in statement of profit or loss. The entity's provident fund is currently in the process of registration. The funds have been maintained in a separate designated bank account maintained by the company and a markup @ 3-month KIBOR plus 1.25% rate is being paid by the company.

### 3.3 Taxation - Levy, Income Tax and Deferred Tax

These are recognized in the statement of profit or loss except to the extent that relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in other comprehensive income or equity.

#### **Levy**

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the ICAP, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements.

#### **Current income tax**

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with the Income Tax Ordinance, 2001, after taking into account tax credit available, if any. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date. Super tax applicable on the Company is also calculated as per applicable tax rates as per the Income Tax Ordinance, 2001.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

Current tax for current and prior periods, to the extent unpaid, is recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

The Company offsets current tax assets and current tax liabilities if, and only if, it has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **Deferred tax**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are recognized for all major taxable temporary differences.

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

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent of probable future taxable profit available that will allow deferred tax asset to be recovered.

Deferred tax is calculated at rates that are expected to apply to the period when the differences reverse based on the tax rates and tax laws that have been enacted or have been notified for subsequent enactment by the reporting date.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average rates that are expected to apply to the taxable profit (tax loss) of the periods in which temporary differences are expected to reverse.

#### **Off-setting**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 3.4 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 or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

### 3.5 Contingent liabilities

A Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the Company.

A contingent liability is also disclosed when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits would be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

### 3.6 Property, plant and equipment

#### *Owned*

Items of property, plant and equipment other than land, buildings on freehold land, plant and machinery and power house are stated at cost less accumulated depreciation and identified impairment losses, if any. Land, buildings on freehold land, plant and machinery and power house are stated at revalued amount being the fair value at the date of revaluation less subsequent impairment losses, if any. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value. Additions, subsequent to revaluation, are stated at cost less any identified impairment loss. Surplus on revaluation of land, building on freehold land, plant and machinery and power house is recognized in equity. On disposal of particular revalued asset the related revaluation surplus is transferred to unappropriated profits.

Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates and includes other costs directly attributable to acquisition or construction including expenditures on material, labour and overheads directly relating to construction, erection and installation of items of property, plant and equipment. Cost in relation to certain assets may also includes cost of borrowing during construction period in respect of loans taken for specific projects.

Depreciation on property, plant and equipment, except freehold land, has been provided for using the reducing balance method at the rates specified in Note 15 and is charged to profit or loss. Depreciation on additions is charged from the date in which the asset is available for use up to the date in which the asset is disposed off. Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting date and adjusted if impact on depreciation is significant.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of property, plant and equipment, if any, is shown in profit or loss.

#### *Capital work-in-progress*

Capital work-in-progress is stated at cost less any identified impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost may also include applicable borrowing costs. These are transferred to specific assets as and when these are available for use. All other repairs and maintenance are charged to statement of profit or loss during the period in which these are incurred.

### 3.7 Investment property

Investment property, which is property held to earn rentals and / or for capital appreciation is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. The change in fair value is recognised in profit or loss. The fair value of investment property is determined at each reporting date using the current market prices for comparable real estate, adjusted for any differences in nature, location and condition. The key assumptions used to determine the fair value of investment properties are provided in Note 16.

### 3.8 Impairment of non financial assets

The Company assesses at each reporting date whether there is any indication that property, plant and equipment is impaired. 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 amounts 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 cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

### 3.9 Investment in associate

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the investee company.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the entity. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

### 3.10 Stores and spares

These are valued at lower of moving average cost and net realizable value; whilst items considered obsolete are written off. Cost of items in transit comprises invoice value plus incidental charges paid thereon.

### 3.11 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as follows:

Raw materials	- Monthly average cost
Material in transit	- Cost comprising invoice value plus incidental charges paid thereon
Work in process	- Estimated average manufacturing cost
Finished goods	- Average manufacturing cost
Wastes	- Net realizable value

Manufacturing cost in relation to work in process and finished goods comprises cost of material, labor and appropriately allocated manufacturing overheads. Net realizable value signifies estimated selling price in the ordinary course of business less necessary costs to make the sale.

### 3.12 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, these comprise cash in hand and cash at bank.

### 3.13 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 3.13.1 Financial assets

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

##### *a) Classification*

Financial assets are classified in either of the three categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. This classification is based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The management determines the classification of its financial assets at the time of initial recognition. The Company has currently financial assets that are measured at amortized cost and fair value through profit or loss.

##### *b) Initial recognition and measurement*

All financial assets are initially measured at fair value plus transaction costs that are directly attributable to its acquisition except for trade receivable. Trade receivables are initially measured at the transaction price.

**c) Subsequent measurement**

Financial assets measured at amortized cost are subsequently measured using the Effective Interest Rate (EIR) method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

Financial assets measured at fair value through profit or loss are subsequently measured at fair value prevailing at the reporting date. The difference arising is charged to profit or loss.

**d) Derecognition**

Financial assets are derecognized when the contractual rights to receive cash flows from assets have expired. The difference between the carrying amount and the consideration received is recognized in profit or loss.

**e) Impairment of financial assets**

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortised cost. 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.

ECLs are recognized 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 receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes 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 forwardlooking factors specific to the debtors and the economic environment.

**3.13.2 Financial liabilities****a) Initial recognition and measurement**

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

**b) Subsequent measurement**

The Company measures its financial liabilities subsequently at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss. Difference between carrying amount and consideration paid is recognized in profit or loss when the liabilities are derecognized.

**3.13.3 Off-setting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**3.14 Related party transactions**

Transactions with related parties are based on the transfer pricing policy that all transactions between the Company and the related party or between two or more segments of the Company are at arm's length basis determined using the comparable uncontrolled price method except in circumstances where it is not in the interest of the Company to do so.

**3.15 Revenue recognition - Sale of goods**

Revenue is recognized when performance obligation is satisfied by applying the following five steps of revenue recognition:

- i) Identify the contract with a customer
- ii) Identify the performance obligation in the contract
- iii) Determine the transaction price of the contract
- iv) Allocate the transaction price to each of the separate performance obligations in the contract
- v) Recognize the revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised when goods are dispatched from the mill to customer whereas revenue of export sales is recognized on date of issue of bill of lading.

### 3.16 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 of the Company). Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

### 3.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Company has access at that date. There are three levels which are as under:

#### **Level 1**

The Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

#### **Level 2**

When there is no quoted price in an active market, the Company determines transaction price by applying valuation techniques. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received.

#### **Level 3**

If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to the statement of profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

### 3.18 Earnings per share - basic and diluted

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. 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 of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 3.19 Balances from contract with customers

#### **Contract assets**

A contract asset is the right to receive in exchange for goods transferred to the customer against which no invoice has been raised.

#### **Trade receivables**

Trade receivables represent the Company's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on review of all outstanding amounts at the reporting date. Bad debts are written off when identified.

#### **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 to the customer.

#### **Right of return assets**

Right of return assets represent 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 inventory, 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.

Note 4

### **Summary of Other Accounting Policies**

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Other accounting policies which do not have significant impact on financial statements are set out below for ease of user's understanding of these financial statements. These policies have been applied consistently for all periods presented, unless otherwise stated.

#### **4.1 Foreign currency transactions**

Transactions in foreign currencies are translated into Pak Rupees by applying the foreign exchange rate ruling on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the reporting date are translated into Pak Rupees at the exchange rate prevailing at that date. Monetary translation differences are recognized in profit or loss.

#### **4.2 Borrowing costs**

Borrowing costs are charged to profit or loss as and when incurred except those costs that are directly attributable to acquisition, construction or production of qualifying assets that are capitalized as part of the cost of assets.

#### **4.3 Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

#### **4.4 Dividend distribution**

Dividend distribution to Company's shareholders is recognised as a liability in the period in which the dividends are approved. However, if they are approved after the reporting period but before the financial statements are authorized for issue they are disclosed in the notes to financial statements.

Note 5

**Issued, Subscribed and Paid Up Capital**

2024	2023		2024	2023
Number of shares			Rupees	Rupees
12,240,569	12,240,569	Ordinary shares of Rs. 10 each fully paid in cash	122,405,690	122,405,690
4,418,803	4,418,803	Ordinary shares of Rs. 10 each issued for consideration otherwise than in cash - shares issued on amalgamation	44,188,030	44,188,030
1,312,000	1,312,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	13,120,000	13,120,000
<u>17,971,372</u>	<u>17,971,372</u>		<u>179,713,720</u>	<u>179,713,720</u>

**5.1 Reconciliation of number of shares outstanding**

Number of shares outstanding as at the beginning of the year  
Number of shares issued / cancelled  
Number of shares outstanding as at the end of the year

2024	2023
Number of shares	
17,971,372	17,971,372
-	-
<u>17,971,372</u>	<u>17,971,372</u>

**5.2 Shares held by related parties are as follows:**

	2024	2023	2024	2023
	Percentage		Number of Shares	
Directors	73.83%	73.83%	13,268,831	13,268,831
Executives	0.0028%	0.0028%	500	500
Sargodha Jute Mills Limited	0.12%	0.12%	21,090	21,090
			<u>13,290,421</u>	<u>13,290,421</u>

**5.3** There are no agreements with shareholders for any specific voting rights, board selection, rights of first refusal and block voting etc.

**5.4** All ordinary shares rank equally with regards to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Note 6

**Reserves**

	2024	2023
	Rupees	Rupees
<b>Capital</b>		
Share premium reserve	5,796,000	5,796,000
<b>Revenue</b>		
Unappropriated profits	<u>1,896,437,795</u>	<u>1,987,457,457</u>
	<u>1,902,233,795</u>	<u>1,993,253,457</u>

## Note 7

**Surplus on Revaluation of Property, Plant and Equipment**

	Note	2024 Rupees	2023 Rupees
Land - freehold			
- Opening balance		596,065,670	596,065,670
- Revaluation during the year		368,675,000	-
		964,740,670	596,065,670
Buildings on freehold land			
- Opening balance		143,053,604	145,889,238
- Revaluation during the year		42,803,563	-
Less: Related deferred taxation		(12,413,033)	-
		173,444,134	145,889,238
Plant and machinery			
- Opening balance		72,554,471	74,996,462
- Revaluation during the year		16,947,758	-
Less: Related deferred taxation		(4,914,850)	-
		84,587,379	74,996,462
Power house			
- Opening balance		26,406,526	32,413,169
- Revaluation during the year		2,538,648	-
Less: Related deferred taxation		(736,208)	-
		28,208,966	32,413,169
Deferred tax relating to rate change		1,250,981,149	849,364,539
Deferred tax relating to export sales transferred to retained earning - net of deferred tax	7.3	11,362,264	-
		-	4,649,664
		(17,663,173)	(15,933,932)
		1,244,680,240	838,080,271

**7.1** Revaluation of property, plant and equipment was initially carried out by an independent valuer as at September 30, 1995 that resulted in revaluation surplus of Rs. 435.412 million.

**7.2** Latest revaluation of property, plant and equipment was carried out as on June 30, 2024 by an independent valuer that resulted in revaluation surplus of Rs. 430.964 million. The following basis were used for revaluation of property, plant and equipment:

Land	Market Value
Buildings	Market Value / Depreciated Value
Plant and machinery	Market Value / Depreciated Value
Power house	Market Value / Depreciated Value

**7.3** This represents amount transferred from deferred tax liability due to change in proportion of local and export sales resulting in change in estimate of deferred tax on surplus on revaluation of property, plant and equipment.

**7.4** The surplus on revaluation of property, plant and equipment is not available for distribution to shareholders in accordance with Section 241 of the Companies Act, 2017.

## Note 8

**Long Term Financing - Secured**

	Note	2024 Rupees	2023 Rupees
Habib Metropolitan Bank Limited - SBP LTFF	8.1	254,744,000	317,792,000
Meezan Bank Limited - Diminishing Musharka	8.2 & 8.3	43,773,843	56,129,500
		298,517,843	373,921,500
Less: Current portion of long term financing shown under current liabilities	11	(77,080,376)	(75,403,656)
		221,437,467	298,517,844

**8.1** This long term finance facility was availed to retire documents of import LC that were established for import of machinery for socks unit of the Company. The sanctioned limit amounted to Rs. 291 million (2023: Rs. 345 million) and was secured by way of creating charge of Rs. 560 million (2023: Rs. 560 million) registered with SECP on complete socks unit installed with 25% margin and personal guarantee of sponsoring directors. This facility is repayable in 24 equal quarterly instalments latest by January 2029 and carries markup at SBP rate plus 3% (2023: SBP rate plus 3%) per annum, payable on quarterly basis.

**8.2** This diminishing musharka facility is availed to purchase machinery. The sanctioned limit amounts to Rs. 100 million (2023: Rs. 100 million) and is secured by way of exclusive charge over imported machinery with 15% margin and personal guarantee of sponsoring directors. This facility is repayable in 16 equal quarterly instalments, latest by July 2027. It carries markup at 3 months KIBOR plus 1.25%(2023: 3 months KIBOR plus 1.25%) per annum.

**8.3** This includes shariah compliant borrowings utilised from Meezan Bank Limited amounting to Rs. 43.77 million (2023: Rs. 56.12 million).

Note 9

**Deferred Tax Liability**

	Note	2024 Rupees	2023 Rupees
Deferred tax liability - net	9.1	440,547,106	389,707,075
<b>9.1 Deferred tax liability - net</b>			
<b>Taxable temporary differences:</b>			
- Share of net assets in associate		127,676,581	118,963,520
- Accelerated tax depreciation		261,531,897	236,933,479
- Investment property		28,070,041	22,644,676
- Surplus on revaluation of property, plant and equipment		94,973,461	93,738,681
		512,251,980	472,280,356
<b>Deductible temporary differences:</b>			
- Staff retirement benefits		-	(43,482,141)
- Allowance for doubtful debts and advances		(8,559,200)	(3,609,943)
- Unused tax credits available		(59,925,170)	(32,856,439)
- Others		(3,220,504)	(2,624,758)
		(71,704,874)	(82,573,281)
		440,547,106	389,707,075
<b>9.1.1 Reconciliation of deferred tax liability</b>			
Opening balance		389,707,075	362,454,279
Tax effect recognized in profit or loss		43,137,677	2,824,262
Recognized in other comprehensive income		19,064,618	24,201,531
Rate adjustment on revaluation surplus taken directly to equity - net		(11,362,264)	(4,649,664)
Tax credits utilized		-	4,876,667
Closing balance		440,547,106	389,707,075

**9.1.2** Deferred tax assets / liabilities on temporary differences are measured at effective rate of 29% (2023: 33%).

**9.1.3 Analysis of change of deferred tax**

	Statement of Financial Position		Statement of Profit or Loss	
	2024	2023	2024	2023
	Rupees		Rupees	
Share of net assets in associate	127,676,581	118,963,520	7,712,534	5,865,960
Accelerated tax depreciation	261,531,897	236,933,479	24,598,418	(5,700,827)
Investment property	28,070,041	22,644,676	5,425,365	(43,056)
Surplus on revaluation of property, plant and equipment	94,973,461	93,738,681	(5,467,047)	(6,171,631)
Staff retirement benefits	-	(43,482,141)	43,482,141	(2,265,838)
Allowance for doubtful debts and advances	(8,559,200)	(3,609,943)	(4,949,257)	(1,908,044)
Unused tax credits available	(59,925,170)	(32,856,439)	(27,068,731)	-
Others	(3,220,504)	(2,624,758)	(595,746)	13,047,698
	440,547,106	389,707,075	43,137,677	2,824,262

Note 10

**Trade and Other Payables**

	Note	2024 Rupees	2023 Rupees
Creditors for:			
- Goods supplied		128,212,436	103,636,998
- Services		28,579,515	28,992,354
Accrued liabilities		185,262,763	306,464,210
Gratuity payable		-	155,749,485
Contract liabilities	10.1	169,004,942	30,392,784
Provident fund payable	10.2	84,018,179	16,725,536
Workers' (profit) participation fund	10.3	1,241,134	-
Workers' welfare fund		9,864,052	9,401,669
Sales tax payable	10.4	105,291,843	82,735,930
Unclaimed wages		6,889,400	6,715,596
		718,364,264	740,814,562

**10.1** An amount of Rs. 103.82 million (2023: Rs. 13.05 million) was recognized from opening balance of contract liabilities.

**10.2** Effective from April 1, 2023, the Company initiated provident fund scheme for its employees. While the registration is still in process, the provident fund has not yet been formally registered. In the meantime, the Company is holding the provident fund contributions in a designated bank account under its name. The Company is accruing markup on the balance at a rate of 3-month KIBOR plus 1.25% until the registration is completed.

**10.3 Workers' (profit) participation fund**

	2024	2023
	Rupees	Rupees
Opening balance	-	32,261,951
Markup on workers' (profit) participation fund	-	1,952,246
Provision for the year	1,241,134	
	1,241,134	34,214,197
Payments made during the year	-	(34,214,197)
Closing balance	1,241,134	-

**10.4** This includes Rs. 48.967 million (2023: Rs. 48.967 million) on account of provision for further sales tax.

Note 11

**Current Portion of Non-Current Liabilities**

		2024	2023
	Note	Rupees	Rupees
Long term financing	8	77,080,376	75,403,656
Deferred liability - GIDC	11.1	106,270,387	106,270,387
		183,350,763	181,674,043

**11.1 Gas Infrastructure Development Cess**

	2024	2023
	Rupees	Rupees
Opening balance	106,270,387	110,602,011
Payments made during the year	-	(4,377,810)
Interest expense	-	46,186
	106,270,387	106,270,387
Less: current portion	(106,270,387)	(106,270,387)
	-	-

**11.2** This represents Gas Infrastructure Development Cess (GIDC) payable by the Company to Sui Northern Gas Pipelines Limited (SNGPL) in 24 monthly instalments in accordance with the Supreme Court of Pakistan's decision dated August 13, 2020. The Company calculated its present value at its borrowing cost and resultant difference was charged to profit or loss.

Note 12

**Short Term Borrowings**

		2024	2023
	Note	Rupees	Rupees
<b>From banking companies - Secured</b>			
Cash / running / packing finances	12.1	488,338,431	387,470,715
Loan from directors	12.2	321,000,000	-
		809,338,431	387,470,715

**12.1** The Company obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 2,321 million (2023: Rs. 2,484 million) towards working capital requirements, retirement of local and foreign LCs and discounting of local bills / receivables. These facilities shall expire on various dates latest by December 31, 2024. Mark up on these facilities is charged from 1 to 6 months KIBOR plus a spread of 1% to 1.25% (2023: 1 to 6 months KIBOR plus a spread of 1% to 1.25%) payable quarterly. These facilities are secured by ranking and hypothecation charge on property, plant and equipment, stocks and receivables of the Company; lien over export and import documents and personal guarantee of sponsoring directors of the Company. The above balance represents the utilized portion of the funded facilities. The Company has also utilized un-funded facilities amounting to Rs. 274.869 million (2023: Rs. 463.875 million). Unutilized amount of funded and unfunded facilities is Rs. 1,557.792 million (2023: Rs. 1,632.65 million) as on reporting date.

**12.2** This represents loan provided by the directors of the Company to support its working capital requirements. The loan carries interest @ 3-month kibar. The loan is payable on demand.

**12.3** This includes shariah compliant borrowings utilised from Meezan Bank Limited amounting to Rs. 127.577 million (2023: Rs. 77.052 million).

Note 13

**Provision for Taxation - Net**

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
Opening balance	101,800,664	158,859,945
Charge for the year - Current	134,922,150	101,800,664
Prior year adjustment	3,177,003	(23,260,162)
Tax credit utilized	-	(4,876,667)
	138,099,153	73,663,835
Payments / adjustments against advance tax, tax credits and refunds	(104,977,667)	(130,723,116)
	<u>134,922,150</u>	<u>101,800,664</u>

- 13.1** The provision for current year is based on turnover tax @ 1.25% (2023: turnover tax @ 1.25%) on local sales and @ 1% (2023: 1%) on export sales.

Note 14

**Contingencies and Commitments****14.1 Contingencies**

- 14.1.1** The Company has provided bank guarantee in favor of the following:

- Sui Northern Gas Pipelines Limited (SNGPL)
- Lahore Electric Supply Company (LESCO)
- Excise and Taxation Office, Karachi
- SBP Banking Services Corporation

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
	104,052,042	79,748,042
	10,430,000	10,430,000
	43,400,000	34,400,000
	-	17,929,125
	<u>157,882,042</u>	<u>142,507,167</u>

- 14.1.2** The Company is contingently liable for Rs. 53.252 million (2023: Rs. 37.605 million) on account of electricity duty on self generation. The Company has obtained stay order by filing petition on August 10, 2010 in Lahore High Court, Lahore against LESCO and has not admitted the said duty. The case is pending hearing before the Lahore High Court, Lahore.

- 14.1.3** Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice dated 22 March 2022, raising a demand of sales tax amounting to Rs. 1,422,344. After the Company's response was deemed unsatisfactory, an assessment order (No. 50/2022) was passed on 12 May 2022, upholding the demand. The company filed an appeal, and the learned CIR Appeals-V partially accepted the appeal by modifying the assessment order through Appellate Order 16/A-V dated 25 July 2022. The company, being aggrieved by the decision, has filed a second appeal with the Appellate Tribunal Inland Revenue. Based on legal counsel's opinion, the company has a strong arguable case and expects a favorable outcome. However, as the matter is still under litigation, the demand remains contingent upon the final decision of the Appellate Tribunal. The Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case, accordingly no provision has been recorded in these financial statements.

- 14.1.4** Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice dated 19 March 2020, raising charges and a demand of sales tax amounting to Rs. 57,898,522 along with default surcharge. A penalty under the Sales Tax Act, 1990, was also proposed. Following adjudication, an assessment order (No. 03/2020) dated 28 August 2020 was issued, upholding a demand of Rs. 17,007,359. The company appealed, and the learned CIR Appeals-V accepted the appeal, setting aside the order passed by the DCIR and deleting the demand. However, the CIR Legal Division, LTO Lahore, has filed a second appeal with the Appellate Tribunal Inland Revenue. Based on legal counsel's opinion, the company has a strong arguable case and expects a favorable outcome. As the matter remains under litigation, the demand is contingent upon the final decision of the Appellate Tribunal. The Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case, accordingly no provision has been recorded in these financial statements.

- 14.1.5** PESSI issued show cause notice No.DSS/SKP/CONT dated September 05, 2023 demanding Rs. 4.015 million from the Company, arising from a differential due to changes in the minimum wage rate. Although the Company has adjusted its contributions to reflect the revised wage rates after receiving the notice, PESSI is seeking the differential for contributions made prior to the demand notice. The Company filed a petition challenging the demand, and the PESSI court has suspended the petition. As of now, no further hearing date has been fixed. Based on the opinion of its legal advisor the company is hopeful for a favorable outcome for the case, accordingly no provision has been recorded in these financial statements.

**14.2 Commitments**

The Company's outstanding commitments as at the reporting date are as under:

Letters of credits

116,987,470

321,368,220



**15.1.1.2** Depreciation charge for the year has been allocated as under:

	2024	2023
	Rupees	Rupees
Cost of sales	108,649,306	117,270,033
Administrative expenses	10,822,705	13,434,556
	<u>119,472,011</u>	<u>130,704,589</u>

**15.1.1.3** Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location / Address	Usage of Immovable Property	Total Area
34-KM, Lahore-Sheikupura Road, Sheikupura	Manufacturing facility	104 Kanals and 3 Marlas
7-KM, Sheikupura-Faisalabad Road, Kharianwala	Manufacturing facility	128 Kanals and 7 Marlas

**15.1.1.4 Fair value hierarchy**

The Company measured its land; buildings on freehold land; plant and machinery and power house under level 2 of fair value hierarchy. Details of such revalued assets as at the reporting date are as follows:

Level 2	Land	Buildings	Plant and Machinery	Power House
	Rupees	Rupees	Rupees	Rupees
For the year ending June 30, 2024	971,812,500	350,793,907	1,301,088,001	86,393,000
For the year ending June 30, 2023	<u>603,137,500</u>	<u>324,200,362</u>	<u>1,340,720,288</u>	<u>104,817,940</u>

Assumptions used in fair value calculation have been given in note 7 of these financial statements. No other assets are measured under level 1 and level 3 of the fair value hierarchy.

**15.1.5 Detail of disposals of property, plant and equipment**

The details of property, plant and equipment disposed off during the year having individual book value exceeding Rs. 500,000 or more are as follows:

Particulars of Assets	Cost/Revalued Amount	Carrying Amount	Sale Price	Gain / (Loss)	Particulars of the Buyer	Mode of Disposal	Relationship with the Purchaser
	Rupees	Rupees	Rupees	Rupees			
<b>2024</b>							
<b>Vehicle</b>							
Suzuki Cultus	1,984,380	1,113,122	1,500,000	386,878	Mr. Khalil Ahmad	Negotiation	None
<b>2023</b>							
<b>Vehicles</b>							
Corolla GLI	2,826,010	758,828	2,500,000	1,741,172	Mr. Danish Ashraf	Negotiation	None
Corolla GLI	2,031,990	636,712	2,800,000	2,163,288	Mr. Muhammad Shahbaz	Negotiation	None
Corolla GLI	2,830,010	734,142	3,200,000	2,465,858	Mr. Umer Aziz Khan	Negotiation	None
	<u>7,688,010</u>	<u>2,129,682</u>	<u>8,500,000</u>	<u>6,370,318</u>			

**15.1.6 Security**

The property, plant and equipment of the Company are subject to first and joint pari passu charge as security for certain financing by banks (Note 8 and Note 12).

**15.1.7** Had there been no revaluation, book values of revalued assets would have been as follows:

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
Land	7,071,830	7,071,830
Building on freehold land	119,451,313	178,865,028
Plant and machinery	1,189,363,777	1,240,063,600
Power house	54,546,787	68,183,484
	<b>1,370,433,707</b>	<b>1,494,183,942</b>

**15.1.8** Forced sales value of revalued assets, as determined by the independent valuer, were as follows:

	<b>Market Value</b>	<b>Forced Sale Factor</b>	<b>Forced Sales Value</b>
	Rupees	Percentage	Rupees
Freehold land	971,812,500	15%	826,040,625
Buildings on freehold land	350,793,907	15%	298,174,822
Plant and machinery	1,301,088,001	15%	1,105,924,801
Power house	86,393,000	15%	73,434,050

**15.2 Capital work in progress**

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
<b>Plant and machinery</b>		
Opening balance	6,959,569	-
Additions during the year	-	6,959,569
Transferred to plant and machinery	6,959,569	-
	<b>-</b>	<b>6,959,569</b>

Note 16

**Investment Property**

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
At fair value - Investment property	<b>108,150,000</b>	<b>93,730,000</b>

**16.1** These represent portion of land and building on the owned land given on rent to a third party. This is held to earn rental income. Particulars of investment properties as at the reporting date are as follows:

Property Type	Location	Area	Independent Valuer	Fair Value	Forced Sale Value
Land	Tricon Corporate Center	5150 sq. ft.	Masud Associates (Private) Limited	108,150,000	91,927,500
Building on freehold land		5150 sq. ft.			

**16.2** The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.**16.3 Fair value measurements**

There are no level 1 and level 3 assets or any transfers between levels 1, 2 and 3 during the year.

**Valuation techniques used to derive level 2 fair values**

Description	Valuation Technique	Significant Unobservable Inputs	Range (weighted average)
Land	Inquiries in the vicinity of land and also information obtained from the estate dealers of the area.	Price per kanal	Reasonable fair value estimates
Building	Physical inspection and checking of measurements with the lay-out plan of the buildings provided. Construction details, covered areas and quality of construction were noted. Conditions of buildings were noted and accordingly depreciated rate of construction was calculated which was applied to arrive at fair depreciated market value.	Price per sq. ft.	Reasonable fair value estimates

**16.4 Amount recognised in statement of profit or loss**

The change in fair value is presented in statement of profit or loss as "Other income". The rental income in respect of this property amounts to Rs. 14,953,168 that has been recognized in the statement of profit or loss.

Note 17

**Investment in Associate**

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
<b>Associates - Unquoted</b>		
Sargodha Jute Mills Limited		
8,120,000 (2023: 8,120,000) fully paid ordinary shares of Rs. 10 each		
Equity held 24.94% (2023: 24.94%)		
Cost of investment Rs. 65,600,000 (2023: Rs. 65,600,000)		
Carrying amount of investment	916,777,204	858,690,134
<b>17.1</b> Reconciliation of the above information to the carrying amount of interest in Sargodha Jute Mills Limited (The Associate) is as under:		
Net assets of the Associate	3,675,931,044	3,443,023,787
Percentage of shareholding in Associate	24.94%	24.94%
Carrying amount of investment	916,777,203	858,690,134
<b>17.2</b> The Company accounts for its investment in Sargodha Jute Mills Limited (the Associate) under equity method as prescribed in IAS 28 (Investments in Associates). Information extracted from the audited financial statements of the Associate is as follows:		
Current assets	3,345,885,717	3,353,487,707
Non-current assets	2,197,137,853	2,293,106,327
Current liabilities	1,412,904,211	1,789,091,961
Non-current liabilities	454,188,315	414,478,286
Equity	3,675,931,044	3,443,023,787
Total assets	5,543,023,570	5,646,594,034
Revenue	5,161,990,347	8,112,886,899
Net profit for the year	268,590,217	177,600,841
Other comprehensive income	26,744,920	646,926,794
Total comprehensive income for the year	295,335,137	824,527,635

Note 18

**Long Term Deposits**

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
Lahore Electric Supply Company	1,597,430	1,597,430
Sui Northern Gas Pipelines Limited	1,928,612	1,928,612
Others	321,406	321,406
	3,847,448	3,847,448

Note 19

**Stores and Spares**

		<b>2024</b>	<b>2023</b>
	Note	Rupees	Rupees
Stores and spares	19.1	183,932,570	175,445,621

**19.1** This includes stores in transit amounting to Rs. Nil (2023: Rs. 14.196 million) as at the reporting date.

Note 20

**Stock in Trade**

		<b>2024</b>	<b>2023</b>
	Note	Rupees	Rupees
Raw materials	20.1 & 20.2	394,298,421	387,130,927
Work in process		127,105,312	109,993,286
Finished goods	20.3	233,903,658	191,502,597
		755,307,391	688,626,810

**20.1** Stocks amounting to Rs. 260 million (2023: Rs. 201.600 million), are pledged against financing obtained by certain banks (Note 12).

**20.2** This includes material in transit amounting to Rs. Nil (2023: Rs. 65.410 million).

**20.3** This includes stocks in transit amounting to Rs. 19.163 million (2023: Rs. 5.705 million).

Note 21

**Trade Debts**

	Note	2024 Rupees	2023 Rupees
Local debtors:	21.1		
- Considered good		202,367,668	188,383,729
- Considered doubtful		4,273,235	5,997,978
		206,640,903	194,381,707
Foreign debtors:			
- Considered good		99,445,387	46,857,967
- Considered doubtful		25,241,248	32,853,235
		124,686,635	79,711,202
		331,327,538	274,092,909
Less: Allowance for expected credit losses (ECL)	21.3	(29,514,484)	(38,851,214)
		301,813,054	235,241,695

**21.1** Rs. Nil (2023: Rs. 186,063) is receivable from M/s Sargodha Jute Mills Limited, an Associated Company, as at the reporting date. The maximum aggregate amount due from the associate at the end of any month during the year was Rs. 369,981 (2023: Rs. 186,063).

**21.2** Aging analysis of amount outstanding from related party is as follows:

Description	Year End	Within 1 Year	1 to 2 Years	2 to 5 Years	2 to 5 Years	Maximum Outstanding Amount
		Rupees	Rupees	Rupees	Rupees	Rupees
Sargodha Jute Mills Limited	2024	-	-	-	-	-
Sargodha Jute Mills Limited	2023	186,093	-	-	-	186,093

**21.3 Allowance for expected credit losses (ECL)**

	2024 Rupees	2023 Rupees
Opening balance	38,851,214	4,307,357
Add: Allowance for the impairment for the year	-	34,543,857
	38,851,214	38,851,214
Less: Reversal of credit loss allowance	(9,336,730)	-
Closing balance	29,514,484	38,851,214

**21.4 Detail of trade receivables from export sales**

Jurisdiction	Export sales during the year	Gross receivables at year end	Default amount	Names of defaulting parties	Legal action taken
	Rupees	Rupees	Rupees		
Europe	629,397,000	96,669,344	25,241,248	M/S Insane International	N/A
United State of America	474,976,000	28,017,291	-	No default	N/A
	1,104,373,000	124,686,635	25,241,248		

**21.4.1** As of the reporting date, the outstanding balance due from M/s Insane International amounts to Rs. 25.24 million (2023: Rs. 32.85 million). Provision for doubtful receivables was recorded last year, as Insane International had not settled the outstanding amounts within the agreed terms. No further sales were made to M/s Insane International during the current year. The reduction in the outstanding balance is due to partial repayments made by the party during the year.

Note 22

**Advances, Deposits, Prepayments and Other Receivables**

		<b>2024</b>	<b>2023</b>
	Note	Rupees	Rupees
Advances (Unsecured - considered good):			
- Employees	22.1	4,232,700	2,675,350
- Letter of credit		5,596,689	229,175
- Suppliers and others:	22.2		
Considered good		47,600,773	12,359,534
Considered doubtful		12,354,755	6,932,542
		59,955,528	19,292,076
Income tax deducted at source / advance tax		86,950,484	115,827,575
Margins with banks against letters of guarantee		45,078,000	34,703,125
Prepayments		2,106,853	3,380,109
Duty draw back on export		11,353,654	7,348,123
Insurance claims receivable		504,194	11,611,430
Profit receivable on TDR		2,270,519	1,565,503
		218,048,621	196,632,466
Less: Provision for doubtful advances and other receivables		(12,354,755)	(6,932,542)
		<u>205,693,866</u>	<u>189,699,924</u>

**22.1** No amount was due from chief executive, directors and executives as at the reporting date (2023: nil).

**22.2** Provision for doubtful advances and other receivables

Opening balance	6,932,542	1,517,435
Provision charged during the year	5,422,213	5,415,107
Closing balance	<u>12,354,755</u>	<u>6,932,542</u>

Note 23

**Short Term Investments**

		<b>2024</b>	<b>2023</b>
	Note	Rupees	Rupees
<b>At fair value through profit or loss</b>			
Investment in un-quoted shares		650,000	650,000
Less: Provision for impairment against investment		(650,000)	(650,000)
		-	-
<b>At amortized cost</b>			
Investment in term deposit receipts (TDR)	23.1	36,566,313	35,563,313
		<u>36,566,313</u>	<u>35,563,313</u>

**23.1** This investment is lien marked by JS Bank Limited against guarantees issued by it to LESCO and Excise and Taxation Office, Karachi on behalf of the Company. These TDRs yield profit at rates ranging from 14.25% to 20.76% (2023: 6.8% to 19%) per annum.

Note 24

**Tax Refunds Due from the Government**

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
Sales tax	304,628,449	266,507,058
Income tax	52,830,137	52,784,426
	<u>357,458,586</u>	<u>319,291,484</u>

Note 25

**Cash and Bank Balances**

		<b>2024</b>	<b>2023</b>
	Note	Rupees	Rupees
Cash in hand		704,768	4,909,065
Cash at banks - Current accounts		127,114,268	62,986,548
Cash at banks - Saving account	25.1	81,331,114	551,016
		<u>209,150,150</u>	<u>68,446,629</u>

**25.1** These saving accounts yield profit at rates ranging from 9% to 20.5% (2023: 8.95% to 13.96%) per annum, approximately.

**25.1.1** It includes an amount of Rs. 78.260 million which relates to the provident fund payable to employees. Although the registration process for the provident fund has been initiated, it has not yet been completed. In the interim, the company is accruing markup at a rate of 3-month KIBOR plus 1.25% on the outstanding amount. This amount has subsequently been transferred to a mutual fund.

**25.2** This includes shariah compliant bank deposits in Meezan Bank Limited amounting to Rs. 45.652 million (2023: Rs. 18.825).

Note 26

**Sales - Net**

	Note	2024 Rupees	2023 Rupees
Yarn sales			
- Local		11,658,398,781	8,404,953,581
- Export		29,281,321	413,940,115
Socks sales			
- Local		3,345,311	1,091,563
- Export		1,075,091,346	858,945,191
Waste sales yarn		59,773,789	42,982,294
Waste sales socks		12,168,586	14,615,139
		12,838,059,134	9,736,527,883
Sales tax		(1,823,412,651)	(1,337,897,725)
		11,014,646,483	8,398,630,158

**26.1** All the revenue is recognised at point in time.

**26.2** The Company's revenue based on geographical location is given as under:

	2024	2023
	Rupees in thousands	
Pakistan	9,910,273	7,125,745
Europe	629,397	1,128,127
United State of America	474,976	144,758
	11,014,646	8,398,630

**26.3** Revenue recognized in the current year that was included in the contract liabilities at the beginning of the year amounts to Rs. 103.82 million (2023: Rs. 24.41 million).

**26.4 Contract Balances**

Trade receivables	21	301,813	235,242
Contract liabilities	10	(84,018)	(16,726)
		217,795	218,516

Note 27

**Cost of Sales**

	Note	2024 Rupees	2023 Rupees
Raw materials consumed		7,499,966,553	5,914,064,053
Stores and spares consumed		237,471,473	156,231,928
Packing materials consumed		243,519,798	188,792,022
Salaries, wages and other benefits	27.1	765,003,548	759,831,153
Fuel and power		1,658,701,137	1,044,579,288
Insurance		15,134,186	14,846,612
Repairs and maintenance		11,882,204	15,089,674
Toll manufacturing charges		-	1,476,492
Other manufacturing expenses		16,365,368	17,772,193
Depreciation	15.1.2	108,649,306	117,270,033
		10,556,693,573	8,229,953,448
Opening work in process		109,993,286	84,732,482
Closing work in process		(127,105,312)	(109,993,286)
		(17,112,026)	(25,260,804)
Cost of goods manufactured:		10,539,581,547	8,204,692,644
- Opening finished goods		191,502,597	152,967,353
- Closing finished goods		(233,903,658)	(191,502,597)
- Salvage finished good insured		-	(1,892,329)
		(42,401,061)	(40,427,573)
		10,497,180,486	8,164,265,071

**27.1** This includes Rs. 31.804 million (2023: Rs. 64.152 million) in respect of staff retirement benefits.

Note 28

**Selling and Distribution Costs**

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
Commission to selling agents	77,180,761	42,947,661
Freight and octroi	48,274,176	75,622,447
Export sale expenses	19,582,859	28,722,365
	<u>145,037,796</u>	<u>147,292,473</u>

Note 29

**Administrative Expenses**

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
Salaries and benefits	145,820,405	147,293,418
Printing and stationery	1,369,638	757,508
IT and Communication	9,004,055	7,905,027
Travelling and conveyance	1,981,567	2,710,303
Repairs and maintenance	5,311,464	4,109,715
Vehicles' running and maintenance	33,984,964	25,867,972
Rent, rates and taxes	11,114,163	10,259,503
Insurance	3,951,941	3,298,247
Legal and professional charges	4,751,264	3,721,149
Socks certifications	7,335,399	858,037
Fees and subscription	5,619,192	4,744,641
Utilities	36,119,244	20,504,900
Entertainment	8,731,680	6,204,293
Advertisement	351,887	555,314
Donation	30,000	2,065,000
Miscellaneous	316,137	525,183
Depreciation	10,822,705	13,434,556
	<u>286,615,705</u>	<u>254,814,766</u>

**29.1** No director or spouse of director of the Company has any interest in donee.

**29.2** This includes Rs. 5.965 million (2023: Rs. 8.380 million) in respect of staff retirement benefits.

Note 30

**Finance Cost**

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
Interest / mark-up on		
- Short term borrowings	154,598,957	99,979,100
- Long term financing	25,946,206	25,271,739
	<u>180,545,163</u>	<u>125,250,839</u>
Unwinding of deferred liability	-	46,186
Bank charges	8,483,319	6,793,425
Commission on bank guarantees	3,508,756	1,601,568
Interest on workers' (profit) participation fund	-	1,952,246
	<u>192,537,238</u>	<u>135,900,125</u>

Note 31

**Other Operating Expenses**

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
Auditors' remuneration	1,890,000	1,690,000
Provision for workers' (profit) participation fund	1,241,134	-
Provision for workers' welfare fund	462,383	-
Allowance for doubtful debts	-	34,543,857
Allowance for advances and other receivables	5,422,213	5,415,107
Exchange loss	7,651,707	-
Bad debts written off	-	15,220,084
Cash discounts	-	10,414,429
	<u>16,667,437</u>	<u>67,283,477</u>

		2024	2023
		Rupees	Rupees
<b>31.1 Auditors' remuneration</b>	Note		
- Statutory audit		1,650,000	1,450,000
- Limited scope review and other attestation services		190,000	190,000
- Out of pocket expense		50,000	50,000
		<u>1,890,000</u>	<u>1,690,000</u>
Note 32			
<b>Other Income</b>			
		2024	2023
		Rupees	Rupees
Profit on sale of raw materials		13,014,306	64,971,300
Gain on disposal of property, plant and equipment - net		1,437,955	6,370,318
Toll manufacturing income		70,418,366	12,083,782
Profit on saving account and term deposit receipts		15,279,106	6,692,619
Amortization of deferred grant		-	255,902
Reversal of allowance for doubtful debts		9,336,730	-
Fair value gain on investment property		14,420,000	2,060,000
Exchange gain		-	31,804,674
Rental income		14,953,168	14,518,341
		<u>138,859,631</u>	<u>138,756,936</u>
Note 33			
<b>Levies and Taxation</b>			
		2024	2023
		Rupees	Rupees
Levies	33.1	134,922,150	101,800,664
Taxation	33.2	46,314,680	(20,435,900)
		<u>181,236,830</u>	<u>81,364,764</u>
<b>33.1 Levies</b>			
Export sales		11,043,727	89,071,811
Minimum tax		123,878,423	12,728,853
		<u>134,922,150</u>	<u>101,800,664</u>
<b>33.1.1</b>	This represent final taxes paid on export sales and minimum tax provision as per section 154 and section 113 of the Income Tax Ordinance, 2001 respectively, representing levy in line with the requirements of IFRIC 21 / IAS 37 and guide on IAS 12 issued by ICAP.		
<b>33.2 Taxation</b>			
Current Year		-	-
For prior years		3,177,003	(23,260,162)
		3,177,003	(23,260,162)
Deferred tax		43,137,677	2,824,262
		<u>46,314,680</u>	<u>(20,435,900)</u>
<b>33.3</b>	The current tax expense for the year is calculated using turnover tax @ 1.25% (2023: 1.25%) on local sales and 1% on export sales (2023: 1%). Therefore, no tax reconciliation has been given.		
<b>33.4 Reconciliation of Levy and Income tax under IAS-12</b>			
Current Tax liability as per applicable tax laws		134,922,150	101,800,664
Portion of current tax liability representing			
- Income tax as per IAS -12	33.2	-	-
- Levy as per IFRIC 21 / IAS 37	33.1	(134,922,150)	(101,800,664)
Difference		<u>-</u>	<u>-</u>

Note 34

**Loss per Share - Basic and Diluted**

		2024	2023
		Rupees	Rupees
Loss for the year attributable to ordinary shareholders	Rupees	(98,782,978)	(269,239,932)
Weighted average number of ordinary shares outstanding during the year	Number	17,971,372	17,971,372
Loss per share - Basic	Rupees	(5.50)	(14.98)

**34.1 Diluted Earnings per Share**

There is no dilutive effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

Note 35

**Cash Generated from Operations**

		2024	2023
		Rupees	Rupees
<b>Cash Flows from Operating Activities</b>			
Profit / (Loss) before taxation	Note	82,453,852	(187,875,168)
Adjustments for:			
- Depreciation	15.1.2	119,472,011	130,704,589
- Share of net profit of associate		(66,986,400)	(44,293,650)
- Gain on disposal of property, plant and equipment - net	32	(1,437,955)	(6,370,318)
- Bad debt written off	31	-	(15,220,084)
- Provision for staff retirement benefits		8,346,980	73,665,179
- Profit on saving account and term deposit receipts	32	(15,279,106)	(6,692,619)
- Exchange loss / (gain)	31 & 32	7,651,707	(31,804,674)
- Allowance for doubtful debts	31	-	34,543,857
- Cash discounts to trade debts	31	-	(10,414,429)
- Provision for workers' (profit) participation fund	31	1,241,134	-
- Provision for workers' welfare fund	31	462,383	-
- Amortization of deferred grant	32	-	(255,902)
- Unwinding of long term financing	30	-	255,861
- Fair value gain on investment property	32	(14,420,000)	(2,060,000)
- Finance cost	30	180,545,163	125,250,839
		225,018,130	254,722,188
<b>Operating profit before working capital changes</b>		307,471,982	66,847,020
Decrease / (increase) in current assets:			
- Stores and spares		(8,486,949)	(36,924,703)
- Stock in trade		(66,680,581)	106,420,549
- Trade debts		(74,223,066)	234,636,065
- Advances, deposits, prepayments and other receivables		(49,588,230)	74,180,357
- Tax refunds due from the Government - sales tax		(38,121,391)	(152,701,241)
Increase in current liabilities:			
- Trade and other payables		131,595,670	89,457,835
		(105,504,547)	315,068,862
<b>Cash Generated from Operations</b>		201,967,435	381,915,882

Note 36

**Reconciliation of Liabilities arising from Financing Activities**

	<b>As at June 30, 2023</b>	<b>Non-cash changes</b>	<b>Cash flows - net</b>	<b>As at June 30, 2024</b>
	Rupees	Rupees	Rupees	Rupees
Long term financing	373,921,500	-	(75,403,657)	298,517,843
Short term borrowings	387,470,715	-	421,867,716	809,338,431
Unclaimed dividends	146,294	-	-	146,294
Unpaid dividends	199,348	-	-	199,348
Total liabilities from financing activities	<u>761,737,857</u>	<u>-</u>	<u>346,464,059</u>	<u>1,108,201,916</u>

	<b>As at June 30, 2022</b>	<b>Non-cash changes</b>	<b>Cash flows - net</b>	<b>As at June 30, 2023</b>
	Rupees	Rupees	Rupees	Rupees
Long term financing	418,317,760	255,861	(44,652,121)	373,921,500
Short term borrowings	404,007,862	-	(16,537,147)	387,470,715
Unclaimed dividends	146,294	-	-	146,294
Unpaid dividends	199,348	-	-	199,348
Total liabilities from financing activities	<u>822,671,264</u>	<u>255,861</u>	<u>(61,189,268)</u>	<u>761,737,857</u>

Note 37

**Balances and Transactions with Related Parties**

Related parties comprise associated company, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. Significant balances and transactions with related parties are as follows:

**Transactions during the year**

Related party	Basis of Relationship	Nature of Transaction	2024	2023
			Rupees	Rupees
Sargodha Jute Mills Limited	Associate	Purchase of materials, goods and services from Associate	1,121,538	702,614
		Amount paid	1,241,997	702,614
		Sales of materials, goods and services to Associate	735,818	830,056
		Amount received	921,881	665,218
Directors		Loan received during the year	321,000,000	
		Interest paid during the year	22,134,689	
		Gratuity paid during the year	24,211,539	
Key Management Personnel		Gratuity paid during the year	5,846,808	-
<b>Balances receivable as at June 30,</b>				
Sargodha Jute Mills Limited (note 17, 21 & 22)		Long term investment - Carrying value	916,777,204	858,690,134
		Trade debts	-	186,063
		Trade creditors	-	120,459
Director		Markup payable	123,505	-

**37.1** There were no transactions with key management personnel other than those undertaken as per terms of their employment that have been disclosed in Note 38.

**37.2** Sales and purchase transactions have been carried out on commercial terms and conditions under comparable uncontrolled price method.

Following are the details of the related parties with whom the Company had entered into transactions or have arrangement / agreement in place.

S. No.	Related Party	Basis of Relationship	% of Shareholding
1	Sargodha Jute Mills Limited	Associate	24.94%
2	Mian Imran Aslam	Director	24.96%
3	Mian Parvez Aslam	Director	14.51%
4	Nazish Imran	Director	1.67%
5	Irfan Aslam	Director	24.85%
6	Danish Aslam	Director	0.01%
7	Syed Imran Haider	Key management personnel	0.0028%
8	Nabeel Naveed	Ex - key management personnel	0.00%
9	Abdul Majeed	Key management personnel	0.00%

Note 38

#### Chief Executive's Officer, Directors' and Executives' Remuneration

Aggregate amounts charged in the financial statements for the year as remuneration and benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	2024			2023		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	13,090,909	3,818,182	41,017,213	13,090,909	2,707,318	36,905,455
Medical	1,309,091	381,818	4,101,722	1,309,091	218,182	3,670,545
Bonus	-	-	-	1,200,000	200,000	3,383,000
Utilities	9,558,872	-	-	5,451,954	908,659	-
Travelling	-	-	-	-	366,350	-
Staff retirement benefits	-	-	-	900,000	150,000	2,537,250
Provident fund	792,000	231,000	2,481,541	198,000	33,000	524,370
Others	-	-	-	500,680	500,680	-
	24,750,872	4,431,000	47,600,476	22,650,634	5,084,189	47,020,620
Number of persons	1	2	19	1	1	12

**38.1** The Chief Executive Officer, Directors, and Executives are provided with free use of the Company maintained vehicles in accordance with the Company's policy.

**38.2** An Executive is defined as an employee, other than the Chief Executive Officer and Directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

Note 39

#### Segment Information

For management purposes, the activities of the Company are recognized into two operating segments, i.e. sales of yarn and sock. The Company operates in the said reportable operating segments based on the nature of the product, risk and return, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements relate to the Company's reportable segments of yarn and socks. Entity-wide disclosures regarding reportable segments are as follows:

## 39.1 Segment Results for the period ended June 30, 2024

	Yarn	Socks	Total
	Rupees in Thousand		
Revenue	9,924,041	1,090,605	11,014,646
Operating profit	78,885	6,927	85,812
Finance cost	(178,256)	(14,281)	(192,537)
Other income	13,014	70,418	83,432
Other operating expense			(16,667)
Other income			55,428
Share of net profit from associate			66,986
Profit before taxation			82,454

## Segment Results for the period ended June 30, 2023

Revenue	7,527,125	871,505	8,398,630
Finance cost	(119,277)	(16,283)	(135,560)
Other income	-	12,084	12,084
Finance cost - unallocated			(340)
Other operating expense			(67,283)
Other income			126,673
Share of net profit from associate			44,294
Loss before taxation			(187,875)

## 39.2 Segment financial position for the year ended June 30, 2024

**Assets**

	Yarn	Socks	Total
	Rupees in Thousand		
Property, plant and equipment	1,742,841	1,048,400	2,791,241
Store and spares	126,935	56,998	183,933
Stock in trade	533,602	221,705	755,307
Trade debts	166,979	134,834	301,813
Advances to suppliers	51,563	8,393	59,956
	2,621,920	1,470,330	4,092,250

**Unallocated Assets**

Investment property			108,150
Long term investments			916,777
Long term deposits			3,847
Advances, deposits, prepayments and other receivables			145,738
Short term investments			36,566
Tax refunds due from the Government			357,458
Cash and bank balances			209,150
<b>Total assets</b>			<b>5,869,936</b>

**Liabilities**

Long term financing	43,773	254,744	298,517
Trade creditors	73,357	83,435	156,792
Short term borrowings	809,337	-	809,337
Accrued mark up	21,512	13,492	35,004
	947,979	351,671	1,299,650

**Unallocated liabilities**

Deferred tax liability - net			440,547
Gas infrastructure development cess			106,270
Other payables			561,576
Unclaimed dividends			146
Unpaid dividends			199
Provision for taxation - net			134,922
			2,543,310

Segment financial position for the year ended June 30, 2023

**Assets**

Property, plant and equipment	1,391,163	1,085,207	2,476,370
Store and spares	114,016	61,430	175,446
Stock in trade	534,025	154,602	688,627
Trade debts	188,384	46,858	235,242
Advances to suppliers	11,868	7,424	19,292
	<u>2,239,456</u>	<u>1,355,521</u>	<u>3,594,977</u>

**Unallocated Assets**

Investment property			93,730
Long term investments			858,690
Long term deposits			3,847
Advances, deposits, prepayments and other receivables			170,407
Short term investments			35,563
Tax refunds due from the Government			319,291
Cash and bank balances			<u>68,447</u>
<b>Total assets</b>			<u><u>5,144,953</u></u>

**Liabilities**

Long term financing	56,130	317,792	373,922
Trade creditors	73,704	58,925	132,629
Short term borrowings	387,470	-	387,470
Accrued mark up	20,000	13,575	33,575
	<u>537,304</u>	<u>390,292</u>	<u>927,596</u>

**Total**

Rupees in  
Thousand

**Unallocated liabilities**

Deferred tax liability - net			389,709
Deferred grant			-
Staff retirement benefit			-
Gas infrastructure development cess			106,270
Other payables			608,186
Unclaimed dividends			146
Unpaid dividends			199
Provision for taxation - net			101,801

**Total liabilities**

2,133,907

**39.3 Information about products:**

	<b>2024</b>	<b>2023</b>
	Percentage	Percentage
Yarn	90.10%	89.62%
Socks	9.90%	10.38%

**39.4 Major customers:**

There is no individual customer to whom sales are more than 10% of total revenue.

**39.5 Geographical Information:**

The Company's revenue from external customers and geographical location is given as under:

	<b>2024</b>	<b>2023</b>
	Rupees	Rupees
Pakistan	9,910,273	7,125,745
Europe	629,397	1,128,127
United State of America	474,976	144,758
	<u>11,014,646</u>	<u>8,398,630</u>

**39.6** All non-current assets of the Company are located and operated in Pakistan as at the reporting date.

Note 40

**Plant Capacity and Production**

		2024	2023
<b>Yarn</b>			
Plant capacity converted into 20/S count	Kilograms	41,732,689	41,732,689
Actual production converted into 20/S count	Kilograms	36,046,746	31,806,325
<b>Socks</b>			
Plant capacity dozen pairs	Dozen pairs	2,398,387	2,398,387
Actual production dozen pairs	Dozen pairs	1,213,029	942,838

**40.1** The underutilization of optimal production capacity is primarily attributed to lower demand.

Note 41

**Financial Risk Management****41.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, price risk, interest rate risk, credit risk and liquidity risk.

**(a) Market risk****(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to foreign currency risk on foreign trade debts, foreign currency bank accounts and outstanding letters of credit that are denominated primarily in Swiss Franc (CHF), U.S Dollars (USD), Euro and Japanese Yen. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. As at the reporting date, the Company's exposure to currency risk was as follows:

**On balance sheet:**

Foreign debtors  
Foreign currency bank balances

**Off balance sheet:**

Outstanding commitments against letters of credit

**On balance sheet:**

Foreign debtors  
Foreign currency bank balances

**Off balance sheet:**

Outstanding commitments against letters of credit

<b>2024</b>				
	CHF	USD	Euro	JPY
Foreign debtors	-	459,216	14,016	-
Foreign currency bank balances	-	60,052	-	-
	-	519,268	14,016	-
Outstanding commitments against letters of credit	(29,680)	(351,243)	(10,172)	(3,606,700)
	(29,680)	168,025	3,844	(3,606,700)
<b>2023</b>				
	CHF	USD	Euro	JPY
Foreign debtors	-	1,092,204	196,134	-
Foreign currency bank balances	-	20,577	-	-
	-	1,112,781	196,134	-
Outstanding commitments against letters of credit	-	(916,941)	(55,963)	(8,614,750)
	-	195,840	140,171	(8,614,750)

**Exchange rate applied during the year**

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2024	2023	2024	2023
USD to PKR	282.17	245.42	278.34	285.99
Euro to PKR	305.25	263.31	297.68	312.81
JPY to PKR	1.86	1.75	1.72	1.99
CHF to PKR	314.58	266.88	309.40	319.75

**Sensitivity analysis**

As at the reporting date, if the PKR had strengthened or weakness by 1% against the foreign currencies with all other variables held constant, profit before tax for the year would have been higher / (lower) by the amount shown below, mainly as a result of net foreign exchange loss on translation of foreign debtors and foreign currency bank account.

	2024	2023
	Rupees	Rupees
Effect on statement of profit or loss		
US Dollar	467,681	560,083
Euro	11,443	438,469
JPY	(62,035)	(171,434)
CHF	(9,182,992)	-
	<u>417,089</u>	<u>827,118</u>

The weakening of the PKR against foreign currencies would have had an equal but opposite impact on loss before tax.

**(ii) Price risk**

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instrument traded in the market. The Company is exposed to equity and commodity price risk in respect of short term investments carried at market value. The Company is not exposed to this risk as the Company has fully provided its investment.

**(iii) Interest rate risk**

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at the reporting date the interest rate profile of the Company's interest bearing financial instruments are as follows:

	2024	2023
	Rupees in thousand	
Fixed rate instruments - Financial liabilities		
Long term financing	254,744	317,792
Floating rate instruments - Financial liabilities		
Long term financing	43,774	56,130
Short term borrowings	809,338	387,471
Fixed rate instruments - Financial assets		
Short term investment	36,566	35,563
Floating rate instruments - Financial assets		
Bank balances in saving's account	81,331	551

**Sensitivity analysis for fixed rate instruments**

The Company has certain financial liabilities and financial assets at fixed rate. Therefore, no impact on profit or loss of the Company is expected.

**Cash flow sensitivity analysis for variable rate instruments**

The following analysis demonstrates the sensitivity to 1% change in interest rates, with all other variables held constant, of the Company's profit or loss. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the entire year.

**Effect on statement of profit or loss**

7,718	4,431
-------	-------

**(b) Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Long term investment	916,777	858,690
Trade debts	301,813	235,242
Short term investments	36,566	35,563
Advances, deposits, prepayments and other receivables	47,853	47,880
Bank balances	208,445	63,538

The aging of trade debts as at the reporting date is as follows:

Past due 1 - 30 days	291,189	222,572
Past due 31 - 60 days	1,734	11,624
Past due 61 - 90 days	663	30
More than 91 days	37,904	39,866
	331,490	274,092
Allowance for expected credit loss	(29,677)	(38,850)
	301,813	235,242

The Company's exposure relating to credit risk relating to trade debt is disclosed in relevant notes to the financial statement. There are no significant trade debts that are past due as at the reporting date.

Customer credit risk is managed by each business unit subject to the Company's established policies, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties.

The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are operated in largely independent markets. The credit risk on liquid funds is limited because the counter parties are either banks (with reasonably high credit ratings) and trade receivables for which the exposure is spread over a large number of counter parties.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating Agency	2024	2023
	Short term	Long term			
	Rupees in thousand				
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	33,092	5,715
MCB Bank Limited	A1+	AAA	PACRA	85,724	5,872
Habib Bank Limited	A-1+	AAA	JCR-VIS	6,635	8,596
Allied Bank Limited	A1+	AAA	PACRA	8,445	1,591
Meezan Bank Limited	A-1+	AAA	JCR-VIS	45,653	18,825
National Bank of Pakistan	A1+	AAA	PACRA	736	736
United Bank Limited	A-1+	AAA	JCR-VIS	112	112
Bank Alfalah Limited	A1+	AA+	PACRA	3,956	1,887
Faysal Bank Limited	A1+	AA	PACRA	3,071	10,815
JS Bank Limited	A1+	AA	PACRA	21,021	9,389
				208,445	63,538

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages its liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the reporting date, the Company has Rs. 1,657.847 million (2023: Rs. 1,632.65 million) worth unavailed limits (both funded and unfunded) from financial institutions and Rs. 209.068 million (2023: Rs. 68.447 million) cash and bank balances. Following are the contractual maturities of financial liabilities:

Contractual maturities of financial liabilities as at June 30, 2024:

	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Year	2-5 Years	More than 5 years
----- Rupees in thousand -----						
Long term financing	298,518	298,518	77,080	77,080	144,358	-
Trade and other payables	342,055	342,055	342,055	-	-	-
Accrued interest	35,004	35,004	35,004	-	-	-
Short term borrowings	809,338	809,338	809,338	-	-	-
	<u>1,484,915</u>	<u>1,484,915</u>	<u>1,263,477</u>	<u>77,080</u>	<u>144,358</u>	<u>-</u>

Contractual maturities of financial liabilities as at June 30, 2023:

	Carrying Amount	Contractual cash flows	Within 1 year	1-2 Year	2-5 Years	More than 5 years
----- Rupees in thousand -----						
Long term financing	373,922	452,858	98,812	94,963	227,134	31,949
Trade and other payables	439,094	439,094	439,094	-	-	-
Accrued interest	33,575	33,575	33,575	-	-	-
Short term borrowings	387,471	387,471	387,471	-	-	-
	<u>1,234,062</u>	<u>1,312,998</u>	<u>958,952</u>	<u>94,963</u>	<u>227,134</u>	<u>31,949</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at the reporting date. The rates of interest / mark up have been disclosed in relevant notes to these financial statements.

#### (d) Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at the reporting date, the net fair value of all financial assets and financial liabilities are estimated to approximate their carrying values.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The fair values of all other financial assets and liabilities are not considered to be significantly different from their carrying values.

The Company classifies the financial instruments measured in the statement of financial position at fair value in accordance with the following fair value measurement hierarchy:

Level 1	Quoted market prices
Level 2	Valuation techniques (market observable)
Level 3	Valuation techniques (non market observable)

The Company is not exposed to this risk as the Company has fully recognized provision against this investment.

#### 41.2 Financial instruments by categories

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
.....Rupees in thousand.....				
<b>Financial assets as at June 30, 2024</b>				
Long term investment	-	916,777	-	916,777
Short term investments	-	36,566	-	36,566
Trade debts	-	301,813	-	301,813
Deposits and other receivable	-	47,853	-	47,853
Cash and bank balances	-	209,150	-	209,150
	<u>-</u>	<u>1,512,159</u>	<u>-</u>	<u>1,512,159</u>
<b>Financial assets as at June 30, 2023</b>				
Long term investment	-	858,690	-	858,690
Short term investments	-	35,563	-	35,563
Trade debts	-	235,242	-	235,242
Deposits and other receivable	-	47,880	-	47,880
Cash and bank balances	-	68,447	-	68,447
	<u>-</u>	<u>1,245,822</u>	<u>-</u>	<u>1,245,822</u>

**Financial liabilities at amortized cost**

	2024	2023
	Rupees in thousand	
Long term financing	298,518	373,922
Trade and other payables	342,055	439,094
Accrued mark-up	35,004	33,575
Short term borrowings	809,338	387,471
	<u>1,484,915</u>	<u>1,234,062</u>

**41.3 Fair values of financial assets and liabilities**

Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 42

**Capital Risk Management**

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhances shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchasing shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

	Note	2024	2023
As at the reporting date, the gearing ratio of the Company was as under:		Rupees in thousand	
Total borrowings	8 & 12	1,107,856	761,392
Cash and bank balances		(209,150)	(68,447)
Net Debt		898,706	692,945
Equity		3,326,628	3,011,047
Total capital employed		<u>4,225,334</u>	<u>3,703,992</u>
Gearing Ratio		<u>21.27%</u>	<u>18.71%</u>

Note 43

**Shariah Screening Disclosures**

	Note	2024	2023
		Rupees	
Loans / advances obtained as per Islamic mode	8.3 & 12.3	171,351,811	133,182,054
Shariah compliant bank deposits / bank balances	25.2	45,652,521	18,824,645
Profit earned from shariah compliant bank deposits / bank balances		-	-
Revenue earned from a shariah compliant business segment	26	11,014,646,483	8,398,630,158
Gain / loss or dividend earned from shariah compliant investments		-	-
Shariah compliant exchange gain earned		-	-
Mark up paid on Islamic mode of financing	43.1	40,433,508	40,725,641
Profits earned on any conventional loan or advance	32	15,279,106	6,692,619
Interest paid on any conventional loan or advance		140,111,655	84,525,198
Relationship with shariah compliant financial institute:			
- Long Term Financing - Diminishing Musharaka and Short Term Financing - Musawamah & Istisna	8.3 & 12.3	Meezan Bank Limited	Meezan Bank Limited
- Cash and Bank Balances - deposits with banks	25.2		

**43.1** This pertains to the markup paid to Meezan Bank Limited on finances under markup arrangements - secured utilised.

Note 44

**Number of Employees**

	2024	2023
	Number	
Total number of employees as at June 30,	<u>1709</u>	<u>1999</u>
Average number of employees during the year	<u>1854</u>	<u>2185</u>

Note 45

**General**

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. Following re-arrangements / reclassifications have been made in these financial statements for better presentation that do not have any impact on the profitability of the Company:

**Statement of profit or loss**


Nature	From	To	<u>2023</u> Rupees
<b>Statement of Profit or Loss</b>			
Administrative Expenses	Fees and subscription	Socks certifications	858,037

**45.1** This re-arrangement did not have any impact on statement of financial position, the profitability, the comprehensive income, the statement of changes in equity and statement of cash flow of the Company for the last year.

Note 46

**Authorization of Financial Statements**

These financial statements were approved and authorized by the Board of Directors of the Company for issuance on October 04, 2024.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**FORM 20**

**PATTERN OF SHAREHOLDING AS AT JUNE 30,2024**  
**CUIN (INCORPORATION NUMBER) 0006512**

No. of Shareholders	Share Holding		Total Share Held
	From	To	
474	1	100	11,519
230	101	500	54,165
31	501	1,000	21,781
33	1,001	5,000	60,783
1	5,001	10,000	8,900
2	10,001	15,000	23,780
1	15,001	20,000	15061
1	20,001	25,000	21,090
2	35,001	100,000	76,303
2	105001	110,000	214,717
2	295,001	300,000	600,000
1	315,001	320,000	319,570
1	325,001	330,000	326,391
2	495,001	500,000	1,000,000
1	760,001	765,000	760,382
1	1105001	1,110,000	1105,907
1	1790001	1,795,000	1,790,249
1	2605001	2610000	2,608,032
1	4465001	4470000	4,466,371
1	4,485,001	4,490,000	4,486,371
<b>789</b>	<b>Total</b>		<b>17,971,372</b>

Categories of Shareholders	Share Held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children	13,268,831	73.83
5.2 Associated Companies, undertakings and related parties	1,021,090	5.68
5.3 NIT and ICP	9,310	0.05
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions,	2,200	0.01
5.5 Insurance Companies	600	0.00
5.6 Modarabas and Mutual Funds	122	0.00
5.7 Share Holding 10 % or more	14,111,405	78.52
5.8 General Public		
a. Local	3,663,541	20.39
b. Foreign	-	-
5.9 Others (Securities & Joint Stock Companies)	5,178	0.03

**CATEGORIES OF SHAREHOLDING****INFORMATION REQUIRED AS PER CODE OF CORPORATE GOVERNANCE  
AS AT JUNE 30, 2024**

<b>S.#</b>	<b>Particular</b>	<b>Shares Held</b>	<b>Percentage</b>
1)	<b><u>Associated Companies, Undertakings and Related Parties</u></b>		
	i) Sargodha Jute Mills Limited	21,090	0.11
	ii) Mrs. Saima Hassan	500,000	2.78
	iii) Sadaf Parvez	500,000	2.78
		<b>1,021,090</b>	<b>5.67</b>
2)	<b><u>Mutual Funds</u></b>		
	i) Golden Arrow Selected Stock Fund Limited	<b>122</b>	<b>0.00</b>
3)	<b><u>Directors, Chief Executive Officer and their Spouse and Minor Children</u></b>		
	i) Mian Parvez Aslam -Director	2,608,032	14.51
	ii) Mr. Imran Aslam -Chief Executive Officer	4,486,371	24.96
	iii) Mr. Irfan Aslam -Director	4,466,371	24.85
	iv) Mr. Danish Aslam -Director	1,000	0.01
	v) Syed Raza Ali Bokhari -Director	500	0.01
	vi) Dr. Ali Raza Khan -Director	650	0.01
	vii) Mrs. Nazish Imran -Director	300,000	1.66
	viii) Mrs. Sara Irfan -Spouse	300,000	1.66
	ix) Mrs. Fakhra Parvez -Spouse	1,105,907	6.15
		<b>13,268,831</b>	<b>73.83</b>
4)	<b><u>Executives</u></b>	<b>500</b>	<b>0.01</b>
5)	<b><u>Public Sector Companies and Corporations</u></b>	<b>9,310</b>	<b>0.05</b>
6)	<b><u>Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Takaful, Modarabas and Pension Funds</u></b>	<b>2,800</b>	<b>0.03</b>
7)	<b><u>Individuals and Joint Stock Companies</u></b>	<b>3,668,719</b>	<b>20.41</b>
	<b>TOTAL NUMBER OF SHARES</b>	<b>17,971,372</b>	<b>100.00</b>
8)	<b><u>Shareholders Holding Five Percent or More Voting Rights</u></b>		
	Mian Parvez Aslam	2,608,032	14.51
	Mian Shahzad Aslam	2,550,631	14.19
	Mr. Imran Aslam	4,486,371	24.95
	Mr. Irfan Aslam	4,466,371	24.85
	Mrs. Fakhra Parvez	1,105,907	6.15

**Detail of Purchase / Sales / by Directors/CEO/Company Secretary/CFO and Their Spouses /Minor Children during 2024.**

No Purchase / Sales of shares were carried out by Directors / CEO/Company Secretary/CFO, Executives, and their spouses and minor children.

ساتھ ہماری وابستگی ہے۔

ہمارے ہنر کے حصول اور مشغولیت کی حکمت عملیوں میں مرکزی حیثیت رکھتی ہے۔ کمپنی نے تعلق اور احترام کے کلچر کو فروغ دیا۔ لیکن اس کی ٹیلنٹ کی نقل و حرکت میں بھی جھلکتی تھی، جس نے ہر سطح پر متنوع نمائندگی کو یقینی بنایا۔ کیریئر میلوں میں شرکت اور معروف تنظیموں کے ساتھ تعاون نے ایک جامع کام کی جگہ بنانے کے لیے کمپنی کے عزم کو مزید واضح کیا جہاں ہر فرد کی قدر کی جائے۔ ہمارا ہدف بورڈ میں خواتین کی نمائندگی کو بڑھانا ہے اور ہم کوشش کریں گے کہ افرادی قوت میں خواتین کی نمائندگی کو جلد از جلد 2% تک بڑھا یا جائے لیکن اگلے تین سالوں کے بعد نہیں۔

### جدید ریس اور تنوع

میسرز شہزاد ٹیکسٹائل ملز لمیٹڈ نے شمولیت اور تنوع کے کلچر کو فروغ دینے کے عزم کا اظہار کیا، جہاں ہر ایک کو پھلنے پھولنے کا موقع دیا گیا۔ پچھلے سال میں، ہم نے اپنی تنظیم کے اندر صنفی تنوع کو بڑھانے میں اہم پیش رفت کی ہے۔ ہم نے تنوع کو جدت اور مسابقت کے لیے ایک کلیدی محرک کے طور پر تسلیم کیا۔ ہم ایک کام کی جگہ بنانے کے لیے اپنی کوششیں جاری رکھنے کے لیے وقف ہیں جو متنوع صنف اور نسل کی عکاسی کرتا ہے۔

STML نے تمام سطحوں پر خواتین کی شرکت کو فعال طور پر فروغ دیا اور ہر ایک کو ترقی کے یکساں مواقع فراہم کئے۔

### آڈیٹرز کی تقرری

آڈیٹرز میسرز کرو حسین چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2024 کو ختم ہونے والے سال کے لیے کلین رپورٹ جاری کر دی ہے۔ وہ ریٹائر ہو جائیں گے اور اگلے سال کے لیے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کے اہل ہوں گے۔ آڈٹ کمیٹی اور بورڈ نے موجودہ رپورٹنگ سال کے لیے اسی معاوضے پر ان کی دوبارہ تقرری کی سفارش کی ہے تاکہ کمپنی کے آئندہ سالانہ جنرل اجلاس میں ممبران پر نظر ثانی کی جاسکے۔

### ایگزیکٹو

ایگزیکٹو کی تعریف چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کے علاوہ ایک ملازم کے طور پر کی گئی ہے، جس کی بنیادی تنخواہ ایک مالی سال میں 2.1 ملین روپے سے زیادہ ہے

### خاکہ شیئر ہولڈرز

30 جون 2024 تک کمپنی کے شیئر ہولڈنگ کا نمونہ اس رپورٹ کے ساتھ منسلک ہے۔

### مالی سال کی تکمیل کے بعد کے واقعات

مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں یا وعدے نہیں ہوئے ہیں۔

### اعتراف

ہم اپنے وقف ملازمین، قابل قدر گاہکوں، اور معزز شیئر ہولڈرز کا ان کی مسلسل حمایت کے لیے تہہ دل سے شکریہ ادا کرنا چاہیں گے۔ ایک ساتھ، ہمیں یقین ہے کہ شہزاد ٹیکسٹائل ملز لمیٹڈ ٹیکسٹائل انڈسٹری کے متحرک منظر نامے میں ترقی کی منازل طے کرتی رہے گی۔

برائے اور بحکم بورڈ

ڈائریکٹر

چیف ایگزیکٹو آفیسر

لاہور: بتاریخ 04 اکتوبر 2024

کے علاوہ، HR&R کمیٹی اس بات کا بھی جائزہ لے گی اور سفارشات پیش کرے گی تاکہ یہ یقینی بنایا جاسکے کہ کمیٹی کی انسانی وسائل کی پالیسیاں اس کے مجموعی کاروبار سے معروضی طور پر وابستہ ہیں۔

ڈاکٹر علی رضا خان	آزاد ڈائریکٹر	چیئر مین
جناب دانش اسلم	ایگزیکٹو ڈائریکٹر	ممبر
مسز نازش عمران	نان ایگزیکٹو ڈائریکٹر	ممبر

اجلاس میں شرکت کرنے والے کمیٹی کے اراکین کے نام اور حاضری کی تعداد

ڈاکٹر علی رضا خان	چار	(4)
مسٹر دانش اسلم	چار	(4)
مسز نازش عمران	چار	(4)

کارپوریٹ گورننس

لسٹڈ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 کے تحت مطلوبہ تعمیل کا بیان کمپنیز ایکٹ 2017 کے تحت تعمیل کے منسلک بیان کو مطلع نہیں کیا گیا ہے۔

### بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کی کارکردگی کا جائزہ

لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس، ریگولیشنز 2019 کی تعمیل کرتے ہوئے بورڈ نے بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کی کارکردگی کا جائزہ لینے کے لیے ایک طریقہ کار تیار کیا ہے۔ سوالنامے کے مطابق ڈائریکٹر کی کارکردگی کا جائزہ جلد متوقع ہے۔ توجہ مرکوز کے بنیادی علاقے میں شامل ہیں:

□ کمیٹی کے وژن اور مشن کے ساتھ کارپوریٹ اہداف اور مقاصد کی صف بندی۔

□ پائیدار آپریشن کے لیے حکمت عملی کی تشکیل؛

□ کارکردگی کی پیمائش اور نگرانی؛ اور

□ متعلقہ شرائط میں مقرر کردہ اپنی ذمہ داریوں کو نبھانے کے سلسلے میں بورڈ کی کمیٹیوں کی کارکردگی کا جائزہ۔

انفرادی رائے حاصل کی گئی اور اس فیڈ بیک کی بنیاد پر بورڈ کی کارکردگی کی اوسط درجہ بندی تسلی بخش پائی گئی۔ بہتری ایک جاری عمل ہے اور بورڈ نے عالمی بہترین طریقوں کے مطابق بہتری کے شعبوں کی نشاندہی کی ہے۔

### ڈائریکٹرز کا معاوضہ

کمپنی کے پاس ڈائریکٹرز کے لیے منظور شدہ معاوضے کی پالیسی ہے۔ ایگزیکٹو ڈائریکٹرز کے معاوضے پر غور کیا جاتا ہے اور ہیومن ریسورس اینڈ ریٹرنیشن کمیٹی (HR&R) کی طرف سے بورڈ آف ڈائریکٹرز کو تجویز کیا جاتا ہے۔ پھر معاوضے کے معاملے پر غور و خوض کیا جاتا ہے، جائزہ لیا جاتا ہے اور بورڈ آف ڈائریکٹرز کی طرف سے مناسب غور و خوض کے بعد منظوری دی جاتی ہے۔ یہی پالیسی غیر ایگزیکٹو اور آزاد ڈائریکٹرز کے لیے معاوضے کے تعین پر لاگو ہوتی ہے۔ نوٹ 38 میں مالیاتی گوشواروں کی مناسب تفصیلات دی گئی ہیں۔

### پائیداری اور DE&I میں بورڈ کا کردار

کمپنی اپنی متنوع انفرادی قوت اور کمیونٹی کی وجہ سے تنوع، مساوات اور شمولیت (DE&I) کی وکالت کرتی ہے۔ کمیٹی DE&I کو اعلیٰ ترجیح دیتی ہے کیونکہ یہ اس کی اخلاقی اور پائیدار کاروباری کارروائیوں کے لیے ضروری ہے۔ ایک جامع حکمت عملی جس کا مقصد صنفی اور نسلی تنوع کو بڑھانا اور تمام سطحوں پر قابل مقدار اور شفاف اہداف کے ساتھ شامل کرنا ہے، اب ترقی کے مراحل میں ہے۔

کمپنی صنفی تنوع کو ایک سٹرٹیجک ترجیح کے طور پر دیکھتی ہے جو فیصلہ سازی اور مسائل کے حل کو بہتر بناتی ہے اور پائیدار مسابقتی فائدہ میں حصہ ڈالتی ہے۔ DE&I کے

## بورڈ کی تشکیل

بورڈ آف ڈائریکٹرز کی تشکیل لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس (CCG) کے تقاضوں کے مطابق ہے، ایک لسٹڈ کمپنی پر لاگو ضوابط 2019، جو ذیل میں دیا گیا ہے:

ڈائریکٹرز کی کل تعداد:

(a) مرد 06

(b) خواتین 01

ترکیب:

(i) آزاد ڈائریکٹرز 02

(ii) نان ایگزیکٹو ڈائریکٹرز 03

(iii) ایگزیکٹو ڈائریکٹرز 02

ڈائریکٹرز کے نام اور بورڈ آف ڈائریکٹرز کی میٹنگ

زیر جائزہ مدت کے دوران 01 جولائی 2023 سے 30 جون 2024 تک بورڈ آف ڈائریکٹرز کے گیارہ (11) اجلاس منعقد ہوئے۔ ذیل میں فراہم کی گئی

ڈائریکٹرز کے نام حاضری کی تعداد

11 میاں پرویز اسلم

11 جناب عمران اسلم

11 جناب عرفان اسلم

11 مسٹر دانش اسلم

11 سید رضاعلی بخاری

11 ڈاکٹر علی رضا خان

10 مسز نازش عمران

آڈٹ کمیٹی

بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہے جو درج ذیل ڈائریکٹرز پر مشتمل ہے:

سید رضاعلی بخاری آزاد ڈائریکٹر چیئر مین

میاں پرویز اسلم نان ایگزیکٹو ڈائریکٹر ممبر

جناب عرفان اسلم نان ایگزیکٹو ڈائریکٹر ممبر

زیر جائزہ مدت کے دوران کمپنی کی آڈٹ کمیٹی کے چھ (6) اجلاس بالترتیب 01 جولائی 2023 سے 30 جون 2024 تک منعقد ہوئے اور ان اجلاسوں میں حاضری

کی تفصیلات درج ذیل ہیں:

میٹنگ میں شریک ممبر کا نام اور حاضری کی تعداد

(6) سید رضاعلی بخاری چھ

(6) میاں پرویز اسلم چھ

(6) مسٹر عرفان اسلم چھ

انسانی وسائل اور معاوضے کی کمیٹی (HR & R)

کوڈ آف کارپوریٹ گورننس (CCG) ریگولیشنز، 2019 کی تعمیل میں بورڈ آف ڈائریکٹرز نے ایک انسانی وسائل اور معاوضے کی کمیٹی تشکیل دی ہے جس میں تین

ڈائریکٹرز کے نام شامل ہیں۔ HR&R کمیٹی کمپنی کے انسانی وسائل کو موثر طریقے سے کام کرنے میں مدد کرنے میں بورڈ آف ڈائریکٹرز کو مدد فراہم کرتی ہے۔ اس

استحکام کے ساتھ، کمپنی کو درپیش چیلنجز پریشان کن ہیں۔ وقت کا تقاضا ہے کہ فیصلہ سازوں کو سیاسی استحکام، مستحکم کرنسی، اور ملک کے مالیاتی اور کرنٹ اکاؤنٹ خسارے کو کم کرنا چاہیے تاکہ صنعت اور معیشت مجموعی طور پر پروان چڑھ سکے۔ کوئی مواد نہیں ہیں۔

30 جون 2024 سے ہماری رپورٹ کی تاریخ تک تبدیلیاں اور وعدے جو کمپنی کی مالی حالت کو متاثر کرتے ہیں۔

### ماحولیات پر کمپنی کے کاروبار کا اثر

ہم اپنی ملوں میں جدید ترین حفاظتی آلات کا احتیاط سے ایک تازہ اور آلودگی سے پاک نظام کو برقرار رکھے ہوئے ہیں جو مزدوروں کی صحت کے لیے نقصان دہ تمام فلف اور دیگر مادوں کو چوستے ہیں۔

### داخلی مالیاتی کنٹرول کی مناسبت

ہم نے اپنے آپریٹنگز کے ساتھ، بیہانہ اور پیچیدگی کے مطابق ایک جامع داخلی کنٹرول سسٹم متعارف کرایا ہے، نیز مختلف عملوں کے لیے اچھی طرح سے دستاویزی طریقہ کار، جن کا وقتاً فوقتاً کاروباری ضروریات کی وجہ سے ہونے والی تبدیلیوں کا جائزہ لیا جاتا ہے۔ اندرونی آڈیٹرز مسلسل اندرونی کنٹرول کی کارکردگی کی نگرانی کرتے ہیں اور آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کو باقاعدگی سے رپورٹ کرتے ہیں۔ سسٹم کا اندرونی کنٹرول کمپنیز ایکٹ، 2017، اور فہرست سازی کے ضوابط، 2019 کی موثر تعمیل میں سہولت فراہم کرتا ہے۔

### متعلقہ فریقین کے ساتھ لین دین

متعلقہ فریقوں کے درمیان لین دین کا موازنہ غیر کنٹرول شدہ قیمت کے طریقہ کے مطابق طے شدہ بازو کی لمبائی کی قیمتوں پر کیا گیا تھا۔ منسلک مالی بیانات میں اسی کا انکشاف کیا گیا ہے۔ سال کے دوران، ڈائریکٹرز نے ورکنگ کپینل کی ضروریات کے لیے کمپنی کو قرض دیا، اس پر مارک اپ کی ادائیگی کی گئی، اور گریجویٹ ان کی ملازمت کی مدت کے مطابق ادائیگی گئی، جیسا کہ منسلک مالیاتی بیانات میں نوٹ 37 میں ظاہر کیا گیا ہے۔ متعلقہ پارٹی ٹرانزیکشنز کی منظوری بورڈ نے آڈٹ کمیٹی کی سفارش پر دی تھی۔ اسی کو سالانہ جرنل میٹنگ میں شیئر ہولڈرز کی منظوری کے لیے پیش کیا جائے گا۔

ویسٹ ہیٹ بوائیلر: یہ سسٹم نہ صرف توانائی کی کارکردگی کو بہتر بناتا ہے بلکہ اضافی گرمی کو کم کرنے کے محفوظ ماحول میں بھی حصہ ڈالتا ہے۔

آگ کی ری فلٹرنگ: یہ نظام اسے بے قابو ہونے اور جلنے سے روکنے کے لیے موجود ہے اور اضافی انڈر برش کو ہٹا کر اور نئی نموکو فروغ دے کر صحت مند ماحولیاتی نظام کو برقرار رکھنے میں مدد کرتا ہے۔

### (II) کام اور زندگی کا توازن

صحت مند زندگی کے توازن کو فروغ دینے کے لیے ہم صبح 00:9 بجے سے شام 30:5 بجے تک کام کرنے کے اوقات کا سختی سے مشاہدہ کرتے ہیں۔ یہ یقینی بناتا ہے کہ ہمارے ملازمین کے پاس اپنے اہل خانہ اور دوستوں کے ساتھ تفریحی سرگرمیوں کے لیے کافی وقت ہو۔

### (III) کاروباری اخلاقیات

انتظامیہ تمام کاروباری سرگرمیاں، ایمانداری اور قوانین و ضوابط کی پابندی کے ساتھ انجام دینے کے لیے پرعزم ہے۔ ایک ضابطہ اخلاق تیار کیا گیا ہے اور بورڈ نے اس کی منظوری دی ہے۔

### قومی خزانے میں حصہ

ملک کی معیشت کی ترقی کے لیے ہماری سماجی ذمہ داریوں کو پورا کرنے کے لیے، کمپنی نے روپے کا تعاون دیا ہے۔ ٹیکسز، لیویز، امپورٹ ڈیوٹی، انکم ٹیکس، سیلز ٹیکس وغیرہ کی مدد میں سال 2023-24 میں 110,154,610 ملین روپے سرکاری خزانے میں جمع ہوئے۔

### توانائی کی بچت

انتظامیہ بہت دھیان سے ہے اور توانائی کی بچت پر توجہ دے رہی ہے۔ توانائی کو بچانے کے لیے توانائی کے تحفظ کے آلات کو ٹھیک کر کے بہت سے حفاظتی اقدامات اپنائے گئے ہیں۔ توانائی کی بچت کے لیے کارکنوں کو آگاہی بھی دی جاتی ہے تاکہ توانائی کے غیر ضروری استعمال سے بچایا جاسکے۔

## منافع منقسمہ

کمپنی کے مسلسل نقصان کے پیش نظر، ڈائریکٹرز نے کسی بھی منافع کی سفارش نہیں کی ہے۔ کمپنی نے نقد بہاؤ کو برقرار رکھنے، بقایا قرض اور مالی اخراجات کو کم کر کے، اور شیئرز ہولڈرز کی دولت کو زیادہ سے زیادہ کرنے کے ذریعے بہتر مالیاتی نتائج حاصل کرنے پر توجہ مرکوز کی ہے۔ ڈائریکٹرز کو امید ہے کہ مستقبل میں ڈیویڈنڈ کی ادائیگی دوبارہ شروع ہو جائے گی۔

2015-ISO 9001 سرٹیفیکیشن - یارن اور جرابیں اور 2018-ISO 45001 اور 2015-45001 سرٹیفیکیشن - جرابیں

کمپنی اپنے گاہکوں کے مکمل اطمینان کے لیے مصنوعات کے اعلیٰ معیار پر یقین رکھتی ہے۔ اس مقصد کے لیے کمپنی نے 2015-ISO 9001، ISO 2018-45001 اور 2015-ISO 45001 کا تازہ ترین ورژن حاصل کیا ہے۔ یہ کوالٹی سرٹیفیکیشن، جو کمپنی کے کوالٹی مینجمنٹ سسٹم کی مکمل جانچ اور جامع تصدیق کے بعد ہر تین سال بعد تجدید کی جاتی ہے۔ یہ کوالٹی سرٹیفیکیشن نئے صارفین کے اعتماد کو بڑھاتا ہے اور ہمارے پرانے کلائنٹس کا اعتماد بھی برقرار رکھتا ہے۔

## کمپنی کو درپیش بنیادی خطرات اور غیر یقینی صورتحال

زیر بحث مدت میں کمپنی کی مالی کارکردگی کو متاثر کرنے والے اوپر بیان کردہ حقائق کے باوجود، کچھ خطرے والے عوامل ہیں جو کمپنی کی مستقبل کی کارکردگی کو متاثر کر سکتے ہیں۔

### نقصانات کے خدشات

غیر ملکی کرنسی کا خطرہ بنیادی طور پر وہاں پیدا ہوتا ہے جہاں غیر ملکی کرنسیوں میں داخل ہونے والے لین دین کی وجہ سے قابل وصول اور قابل ادائیگی موجود ہو۔ چونکہ ڈالر ایک سٹرکچرڈ کرنسی ہے، اس کے متعلق خدشات ہیں، اس کے علاوہ کسی دوسری کرنسی میں داخل ہوتے ہیں۔

### ب) لیکویڈٹی ریسک

لیکویڈٹی ریسک وعدوں کو پورا کرنے کے لیے فنڈز اکٹھا کرنے میں انٹرنیشنل کرنسیوں کی ناپائیداری کو ظاہر کرتا ہے۔ کمپنی کا لیکویڈٹی ریسک کا سامنا بنیادی طور پر مالیاتی اثاثوں اور واجبات کی میچورٹی کی عدم مماثلت سے پیدا ہوتا ہے۔ کمپنی فنڈز کی دستیابی کو یقینی بنانے اور نئی ضروریات کے لیے مناسب اقدامات کرنے کے لیے ایک موثر نقدی کے انتظام اور منصوبہ بندی کی پالیسی پر عمل پیرا ہے۔

### ج) ادھار میں نقصان کا خدشہ

ادھار میں نقصان کا خدشہ کاؤٹنگ نقصان کی نمائندگی کرتا ہے جسے رپورٹنگ کی تاریخ پر تسلیم کیا جائے گا اگر کاؤنٹر پارٹیز معاہدے کے مطابق کارکردگی دکھانے میں مکمل طور پر ناکام رہیں۔ ادھار میں نقصان کا خدشہ کی نمائندگی کو کم کرنے کے لیے کمپنی نے منظوری کا ایک رسمی عمل تیار کیا ہے جس کے تحت اس کے صارفین پر کریڈٹ کی حدیں لاگو ہوتی ہیں۔ انتظامیہ صارفین کے لیے کریڈٹ ایکسپوزر کی بھی مسلسل نگرانی کرتی ہے اور ان ہیلنسز کے خلاف پروویژن کرتی ہے جنہیں ریکوری کا شبہ سمجھا جاتا ہے۔

### د) شرح سود میں اتار چڑھاؤ

مارکیٹ کی شرح سود میں تبدیلی کی وجہ سے کسی مالیاتی آلے کے مستقبل کے نقد بہاؤ کی منصفانہ قیمت میں اتار چڑھاؤ آئے گا۔ شرح سود کا زیادہ تر حصہ بینک سے مختصر اور طویل مدتی قرضے، ٹرم ڈپازٹس اور بینکوں میں منافع اور نقصان/سیونگ اکاؤنٹس اور میوچل فنڈز میں سرمایہ کاری سے پیدا ہوتا ہے۔

## کمپنی کے کاروبار کی نوعیت سے متعلق مالی سال کے دوران تبدیلیاں

کمپنی کی ٹیکسٹائل یارن اور جرابوں کی تیاری کی سرگرمیوں کے حوالے سے مالی سال کے دوران کوئی تبدیلی نہیں ہوئی ہے۔

اہم رجحانات اور عوامل جو مستقبل کی ترقی، کارکردگی اور کمپنی کے کاروبار کی پوزیشن کو متاثر کر سکتے ہیں

ہم نے بڑے پیمانے پر چیلنجوں کے باوجود سال کے دوران معقول مالیاتی نتائج حاصل کیے ہیں۔ تاہم، موجودہ حالات میں، کمزور کرنسی، بلند شرح سود، مہنگائی، اور سیاسی عدم

## ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز آپ کے سامنے 46 ویں ڈائریکٹرز کی رپورٹ اور کارکردگی کے جائزے کے ساتھ آڈٹ رپورٹ اور 30 جون 2024 تک کمپنی کے مالیاتی بیان کو پیش کرنے پر فخر محسوس کرتے ہیں۔ 30 جون 2024 کو ختم ہونے والے سال کے لیے آپ کی کمپنی کی مالی کارکردگی حسب ذیل ہے:

2024 (روپے)	2023 (روپے)	
11,014,646,483	8,398,630,158	دھاگے کی فروخت
517,465,997	234,365,087	خام منافع
85,812,496	(167,742,152)	آپریٹنگ منافع / نقصان
82,453,852	(187,875,168)	ٹیکس سے پہلے منافع / نقصان
(181,236,830)	(81,364,764)	ٹیکسیشن
(98,782,978)	(269,239,932)	ٹیکس کے بعد منافع / نقصان

سال کے دوران، ہماری کمپنی نے 15.31 فیصد کی متاثر کن سہولت حاصل کی ہے جو کہ روپے کی ہے۔ گزشتہ سال کی فروخت کے مقابلے میں 015.11 بلین روپے۔ 399.8 ارب روپے اور ٹیکس کے بعد خسارہ کم ہو کر روپے رہ گیا ہے۔ گزشتہ سال کے 240.269 بلین روپے کے بعد ٹیکس کے نقصان کے مقابلے میں 783.98 بلین روپے۔ کمپنی نے گزشتہ سال کی نسبت ریونیو میں اضافے اور مارجن میں بہتری کے لحاظ سے اچھی کارکردگی کا مظاہرہ کیا ہے لیکن مالی سال 2024-25 کے بجٹ میں حکومت کی جانب سے کیے گئے ٹیکسوں میں اضافے کے باعث ٹیکس کی وجہ سے نقصان کا سامنا کرنا پڑا۔ ہمارے جرابوں کے یونٹ کی برآمدات کی فروخت بڑھ کر روپے ہو گئی۔ 091.075,1 بلین روپے کی برآمدی فروخت کے مقابلے میں پچھلے سال میں 945.858 بلین، 16.25 فیصد کی بہت متاثر کن نمود کھا رہی ہے۔ تاہم ہمارے اسپننگ یونٹ کی برآمدی فروخت تیزی سے کم ہو کر روپے ہو گئی ہے۔ 281.29 بلین صرف پچھلے سال کی برآمدی فروخت کے مقابلے میں Rs. 940.413 بلین بین الاقوامی مارکیٹ میں مسابقت کی وجہ سے توانائی کی بہت زیادہ قیمتیں، ہمیشہ بلند شرح سود اور غیر یقینی معاشی حالات۔

15.31% کی غیر معمولی آمدنی میں اضافے کے باوجود کمپنی کو مقامی اور بین الاقوامی مارکیٹ میں کم مانگ، بے مثال مہنگائی، بہت زیادہ شرح سود اور روٹی کی قیمتوں کی وجہ سے سوت کی ناموافق شرحوں کی وجہ سے ٹیکس کے بعد نقصان اٹھانا پڑا۔ یہ تمام عوامل ٹیکس کے بعد نقصان میں حصہ ڈالتے ہیں۔ بہر حال، پچھلے سال کو مد نظر رکھتے ہوئے نتائج بہت بہتر ہیں اور ہمیں پوری امید ہے کہ آنے والے سال میں کمپنی کی مالی کارکردگی کے حوالے سے بہتر نتائج سامنے آئیں گے۔ کمپنی نے اپنے ملازمین کو غیر فنڈ گریجویٹ سے متعلق تمام ذمہ داری ادا کر دی ہے۔ تاہم، ایمپلائز پراویڈنٹ فنڈ ملازمین کی ریٹائرمنٹ بینیفٹ کی نئی اسکیم رجسٹریشن کے عمل کے تحت ہے۔ ہم اسے آنے والے سال میں رجسٹر کرائیں گے۔ تاہم، کمپنی نے ملازمین کے پروویڈنٹ فنڈ سے متعلق تمام فنڈز کو سال کے دوران علیحدہ سیونگ بینک اکاؤنٹ اور میوچل فنڈ میں رکھا ہے۔ ملازمین پراویڈنٹ فنڈ میں کریڈٹ دینے کے لیے ان سرمایہ کاری پر حاصل ہونے والی آمدنی کو الگ سے ریکارڈ کیا جاتا ہے۔ مزید یہ کہ ملازمین کے پراویڈنٹ فنڈ کا مکمل ریکارڈ الگ سے رکھا جاتا ہے۔

## مستقبل کا نقطہ نظر

آگے دیکھتے ہوئے، ہم اپنی کمپنی کی ترقی کے امکانات کے بارے میں پر امید ہیں اور پاکستان میں ٹیکسٹائل اور دیگر شعبوں کے لیے سود کی شرح اور توانائی کی قیمتوں میں مزید کمی کی توقع رکھتے ہیں۔ مسلسل اقتصادی پالیسیاں اور سیاسی استحکام موثر طور پر ملتی منصوبہ بندی کے لیے اہم اور بروقت فیصلے کرنے میں اہم کردار ادا کرتا ہے۔ ہم تربیت اور ترقیاتی پروگراموں کے ذریعے اپنی افرادی قوت میں سرمایہ کاری کرنے کے لیے پرعزم ہیں تاکہ یہ یقینی بنایا جاسکے کہ ان کے پاس مسابقتی ماحول میں ترقی کرنے کے لیے ضروری مہارتیں ہیں۔ ہم صنعت کے اسٹیک ہولڈرز کے ساتھ بھی تعاون کرتے ہیں، بشمول سپلائرز اور صارفین، جو ہماری مارکیٹ کی پوزیشن کو مضبوط کرے گا اور جدت کو آسان بنائے گا۔

## فی حصص آمدنی

30 جون 2024 کو ختم ہونے والے سال کے لیے کمپنی کا فی شیئر نقصان روپے ہے۔ (50.5) روپے فی شیئر نقصان کے مقابلے میں (98.14) پچھلے سال میں۔



# FORM OF PROXY

I/We \_\_\_\_\_ Son / Daughter / Wife of \_\_\_\_\_ being a member  
**Of SHAHZAD TEXTILE MILLS LIMITED** and holder of \_\_\_\_\_ Shares Folio  
 No. \_\_\_\_\_ CDC Participant ID # \_\_\_\_\_ and  
 Sub Account # \_\_\_\_\_ do hereby appoint \_\_\_\_\_ of or failing  
 him /her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to  
 attend, speak and vote for me/us and on my/our behalf at the Annual General meeting of Shahzad Textile Mills Limited  
 scheduled to be held on Monday October 28, 2024 at 10:30 a.m. at 19-A, Off. Zafar Ali Road, Gulberg -V, Lahore and at any  
 adjournment thereof.

As witness my/our hands this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

## 1. Witnesses:

Name: \_\_\_\_\_

Signature: \_\_\_\_\_

CNIC: \_\_\_\_\_

Address: \_\_\_\_\_

Please affix here Revenue  
Stamp of Rs. 50/-

## 2. Witnesses:

\_\_\_\_\_

Signature \_\_\_\_\_

CNIC: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

CDC A/c No. \_\_\_\_\_

CNIC: \_\_\_\_\_

Address: \_\_\_\_\_

## Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy.
2. Proxies, in order to be effective, must be received at the Company's Registered Office, 19 -A, Off. Zafar Ali Road, Gulberg-V, Lahore, not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
3. CDC account holders will further have to follow the under -mentioned guidelines as laid down in circular # 1, dated 26<sup>th</sup> January, 2000 of the Securities and Exchange Commission of Pakistan.
  - i) In case of individuals, the account holder and/or sub -account holder whose securities and their registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement.
  - ii) The proxy shall produce his original CNIC or original passport at the time of the Meeting.
  - iii) In case of corporate entity, the Board's resolution/power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

The Secretary

**SHAHZAD TEXTILE MILLS LIMITED**

19-A, Off Zafar Ali Road, Gulberg-V, Lahore

Tel: +92 (42) 35751024-24

## پراکسی فارم (مختار نامہ)

میں/ہم \_\_\_\_\_ ولد/ادختر/زوجہ \_\_\_\_\_ بحیثیت رکن  
 شہزاد ٹیکسٹائل ملز لمیٹڈ اور حامل \_\_\_\_\_ حصص بھلاق فلیو نمبر \_\_\_\_\_  
 سی ڈی سی پارٹنرس (شرکت) آئی ڈی نمبر \_\_\_\_\_ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر \_\_\_\_\_  
 محترم/محترمہ \_\_\_\_\_ کا/کی \_\_\_\_\_  
 کو اپنے اجلاسے ایما پر \_\_\_\_\_ بروز سوموار 28 اکتوبر 2024، بوقت 10:30 بجے صبح  
 Off, 19-A نظری علی روڈ گلبرگ-V، لاہور \_\_\_\_\_  
 منعقد ہونے والے شہزاد ٹیکسٹائل ملز لمیٹڈ کے سالانہ اجلاس نام میں حق رائے دہی استعمال کرنے،  
 کرتے ہیں۔

آج بروز \_\_\_\_\_ تاریخ \_\_\_\_\_ 2024 کو میرے اجلاسے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

## گواہان

-1

5 روپے کی رسیدی ٹکٹ یہاں چسپاں کریں۔

نام: \_\_\_\_\_

دستخط: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

پتہ: \_\_\_\_\_

-2

نام: \_\_\_\_\_

دستخط: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

پتہ: \_\_\_\_\_

## نوٹ:

- 1- سالانہ اجلاس نام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کر سکتا ہے۔
- 2- پراکسی ہاؤسنگ ٹیکسٹائل ملز لمیٹڈ کے رجسٹرڈ دفتر Off, 19-A نظری علی روڈ، گلبرگ-V لاہور میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانی چاہئیں اور باقاعدہ ممبر دستخط اور گواہی شدہ ہونی چاہئیں۔
- 3- اگر لیکن ہوا اپنے حصص سنٹرل ڈیپازٹری کمپنی پاکستان لمیٹڈ کے سنٹرل ڈیپازٹری سسٹم میں جمع کروا چکے ہوں، کو سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کی سرکلر نمبر مورخہ 26 جنوری 2000 میں دی گئی ذیل میں درج ذیل ہدایات پر عمل کرنا ہوگا۔
  - i- بصورت افراد، اکاؤنٹ ہولڈر اور ایسب اکاؤنٹ ہولڈر جن کی رجسٹریشن تفصیلات سی ڈی سی قواعد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نام) جمع کرانا ہوگا۔
  - ii- بینیفیش اور نرز (مستفید ہونے والے افراد) اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق قبول، پراکسی فارم (مختار نام) کے ہمراہ جمع کرانا ہوگا۔
  - iii- بصورت کارپوریٹ انٹیلی ہورڈ کی قرارداد/مختار نام مع نامزد کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نام) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

سیکرٹری  
شہزاد ٹیکسٹائل ملز لمیٹڈ

19-A آف ظفر علی روڈ، گلبرگ-۵، لاہور

Tel: +92 (42) 35754024-27

**IMPORTANT NOTICE****Dear Valued Shareholder(s)**

Section 242 of Companies Act 2017 and Circular No. 18/2017 dated August 01, 2017 issued by Securities & Exchange Commission of Pakistan (SECP) has directed all listed Companies to pay dividend only through electronic mode directly into the Bank Accounts designated by the entitled shareholders with effect from November 01, 2017.

In view of above, you are advised to provide your complete Bank Account / IBAN detail as per format given below to Shahzad Textile Mills Limited 19-A, Off. Zafar Ali Road, Gulberg-V, Lahore (in case of CDC Account Holder / Sub Account Holders please provide said details to respective member Stock Exchange enabling us to comply with above Section / Circular.



**MUHAMMAD AMJAD TAYYAB**  
Company Secretary

**DIVIDEND MANDATE DETIAL****DIVIDEND MANDATE DETIAL**

Folio Number	
Name of Shareholder	
Title of Bank Account	
Bank Account Number (Complete)	
Bank's Name Branch Name, Code And Address	
Cell Number	
Landline Number, if any	
CNIC Number (also attaché copy)	
It is stated that the above mentioned information is correct, that I/ We will intimate the changes in the above mentioned information to the Company.	
<b>Shareholder's Signature</b>	

محترم شیئر ہولڈر (ز)

کمپنیز ایکٹ 2017 شق 242 اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 18/2017 بتاریخ یکم اگست 2017 کے ذریعے SECP کی طرف سے تمام لمیٹڈ کمپنیوں کو ہدایت کی گئی ہے کہ یکم نومبر 2017 کے بعد سے ادا ہونے والے ڈیویڈنڈ کی رقم الیکٹرانک طریقہ کار سے براہ راست شیئر ہولڈرز کی طرف سے فراہم کردہ بینک اکاؤنٹ میں منتقل کی جائے۔ درج بالا ہدایات کے تناظر میں، آپ سے گزارش کی جاتی ہے کہ آپ مکمل بینک اکاؤنٹ/IBAN (انٹرنیشنل بینک نمبر) کی تفصیل درج ذیل فارمیٹ کے تحت کمپنی کے شیئر رجسٹرار، شہزاد ٹیکسٹائل ملز لمیٹڈ، 19-A آف ظفر علی روڈ، گلبرگ 5 لاہور کہ مہیا کریں (سی ڈی سی اکاؤنٹ ہولڈر/سب اکاؤنٹ ہولڈر یہ تفصیل متعلقہ سٹاک ایکسچینج کو مہیا کریں) تاکہ ہم درج بالا شق/سرکلر پر عمل پیرا ہو سکیں



محمد امجد طیب

کمپنی سیکرٹری

شہزاد ٹیکسٹائل ملز لمیٹڈ

	فولیو نمبر
	شیئر ہولڈر کا نام
	بینک اکاؤنٹ نمبر
	بینک کا نام، برانچ کا نام، کوڈ اور پتہ
	موبائل نمبر
	فون نمبر (اگر ہے)
	کمپیوٹرائزڈ شناختی کارڈ نمبر
	(کاپی منسلک کریں)
<p>بیان کیا جاتا ہے کہ درج بالا معلومات درست ہیں اور یہ کہ میں درج بالا معلومات میں تبدیلی کی صورت میں اور متعلقہ شیئر رجسٹرار کو مطلع کرونگا۔</p>	
<p>دستخط شیئر ہولڈر</p>	

**ANNUAL ACCOUNTS****REQUEST FORM**

Consent for Circulation of Annual Audited Financial Statements through e-mail

Company Name: **Shahzad Textile Mills Limited**

Folio No. / CDC Sub-Account No. \_\_\_\_\_

e-mail Address: \_\_\_\_\_

CNIC No. \_\_\_\_\_

The above e-mail address will be recorded in the members register maintained under Section 120 of the Companies Act, 2017.

I will inform the Company or the Registrar about any change in my e-mail address immediately. Henceforth, I will receive the Audited Financial Statements along with Notice only on the above e-mail address, unless a hard copy has been specifically requested by me.

\_\_\_\_\_  
Name and Signature of Shareholder  
(Attachment Copy of CNIC)

The Secretary

**SHAHZAD TEXTILE MILLS LIMITED**

19-A, Off Zafar Ali Road, Gulberg-V, Lahore

Tel: +92 (42) 35751024-24

## درخواست فارم

سالانہ مالی سال کے آڈٹ شدہ اکاؤنٹس کی بذریعہ ای میل منظوری

کمپنی کا نام: شہزاد ٹیکسٹائل ملز لمیٹڈ

فولیو: سی ڈی سی سب اکاؤنٹ نمبر

ای میل ایڈریس:

شناختی کارڈ نمبر

اوپر دیا گیا ای میل ایڈریس کا اندراج ممبر رجسٹرڈ انڈر سیکشن 120 آف کمپنیز ایکٹ 2017 ہوگا۔

میں کمپنی کو کسی بھی ای میل ایڈریس کی تبدیلی کی صورت میں فوری اطلاع دوں گا اور میں کمپنی کے مالیاتی گوشوارہ (نظر ثانی شدہ) اور نوٹس کی کاپی اوپر دیئے

گئے ای میل ایڈریس پر موصول کروں گا جس کیلئے میں نے خاص طور پر درخواست کی ہے۔

شیئر ہولڈر کا نام اور دستخط

شناختی کارڈ کی کاپی منسلک شدہ ہے

سکریٹری  
شہزاد ٹیکسٹائل ملز لمیٹڈ

19-A آف ظفر علی روڈ، گلبرگ۔ ۵۵ لاہور

Tel: +92 (42) 35754024-27

**CONSENT FOR VIDEO CONFERENCE FACILITY**

In compliance with Section 134(1)(b) of the Companies Act, 2017 if the Company receive consent from members holding aggregate 10 % or more shareholding residing at geographical location to participate in the meeting through video link facility at least 10 days prior to the date of general meeting. The company will arrange video link facility in that city. To avail this facility please provide following information and submit to registered address of the Company.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the general meeting along with complete information necessary to enable them to access the facility.

**REQUEST FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of Shahzad Textile Mills Limited, holder of \_\_\_\_\_ Ordinary Shares as per Register Folio No. / CDC Sub Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_

\_\_\_\_\_  
**Signature of Member**



19-A, Off Zafar Ali Road,  
Gulberg-V, Lahore