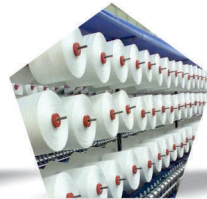




# ANNUAL REPORT 2020



## Shadab Textile Mills Limited

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**COMPANY INFORMATION**

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



## **VISION STATEMENT**

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

## **MISSION STATEMENT**

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

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



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting of the Shareholders of **SHADAB TEXTILE MILLS LIMITED** will be held on Wednesday, October 28, 2020 at 11: 30 a.m. at the Registered Office of the Company at A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2020 together with Directors' and Auditors' Reports thereon.
2. To declare and approve the Final Cash Dividend at Rs. 0.50 per share i.e. 5% for the year ended June 30, 2020 as recommended by the Board of Directors.
3. To appoint auditors for the year 2020-2021 and fix their remuneration.

### SPECIAL BUSINESS:

4. To consider and, if deemed appropriate, pass with or without modification, the following resolutions as Special Resolution for amending the Memorandum and Articles of Association to increase the Authorized Share Capital of the Company.

"RESOLVED THAT THE Authorized Capital of the company be and is hereby increased from Rs. 200,000,000 (Rupees Two Hundred Million) divided into 20,000,000 Ordinary Shares of Rs. 10/- each to Rs. 400,000,000 (Rupees Four Hundred Million) divided into 40,000,000 Ordinary Shares of Rs. 10/- each."

"RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association and Article 5 of the Articles of Association of the Company be and are hereby amended accordingly to read as follows:

#### Clause V of the Memorandum of Association

The Authorized Capital of the Company is Rs. 400,000,000 divided into 40,000,000 Ordinary Shares of Rs. 10/- each with power to increase or reduce, the capital and to divide the shares into the capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017.

#### Article 5 of the Articles of Association

The Share Capital of the Company is Rs. 400,000,000 divided into 40,000,000 Ordinary Shares of Rs. 10/- each.

"RESOLVED FURTHER THAT the Chief Executive and the Company Secretary of the Company be and is hereby authorized singly to take necessary steps and execute documents as may be expedient for the purpose of giving effect to the spirit and intent of the above resolutions."

### ANY OTHER BUSINESS

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

By order of the Board

(Khurram Zahoor)  
Company Secretary

LAHORE: September 29, 2020

**NOTES:**

- 1. Closure of Share Transfer Books:** The Share Transfer Books of the Company will remain closed from October 22, 2020 to October 28, 2020 (both days inclusive). Transfers received at Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company by the close of business on October 21, 2020 will be treated in time for the purpose of above entitlement to the transferees.
- 2. Participation in General Meeting:** An individual beneficial owner of share must bring his/her original CNIC or Passport, Account and Participant's I.D numbers to prove his/her identity. A representative of corporate members, must bring the Board of Directors' Resolution and / or Power of Attorney and the specimen signature of the nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

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

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

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

- 4. Deduction of Income Tax under section 150 of the Income Tax Ordinance, 2001:** Pursuant to the provisions of the Finance Act, 2019 effective July 1, 2019 the rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

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

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

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

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



The required information must reach our Share Registrar by the close of business on October 21, 2020 otherwise it will be assumed that the shares are equally held by Principal Shareholder and joint holders.

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, M/s. Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, upto October 21, 2020.

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

In compliance with SECP notification No. 634(1)/2014 dated July 10, 2014, the audited financial statements of the Company for the year ended June 30, 2020 are being placed on the Company's website: [www.shadabtextile.com](http://www.shadabtextile.com).

6. **Submission of Copies of Valid CNICs:** Shareholders are requested to submit copy of their valid CNIC mentioning company name & Folio Number at our Share Registrar's address for compliance of SECP SRO No. 831(1)/2012. In case of non-receipt of copy of valid CNIC, the company may be constrained to withhold dispatch of dividend warrants.
7. **Request of Video Conference Facility:** Members can also avail Video Conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard please fill the following and submit to the registered address of the company within ten (10) days before holding of general meeting.

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

\_\_\_\_\_  
Signature of members

8. **Change of Address:** Shareholders are requested to immediately notify the change of address, if any to Share Registrar of the Company.

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

This statement sets out the material facts concerning the Special Business to be transacted at the AGM of the Company to be held on October 28, 2020.

#### Item No. 4 of the notice – Increase in Authorized Capital

The amendments in the Memorandum and Articles of Association of the Company to increase the Authorized share capital are being carried out to cater for the future increase in the paid-up capital of the Company. Accordingly the Board of Directors of the Company had recommended to increase the Authorized share capital from Rs. 200,000,000 (Rupees Two Hundred Million) divided into 20,000,000 ordinary shares of Rs.10/- each to Rs. 400,000,000 (Rupees Four Hundred Million) divided into 40,000,000 ordinary shares of Rs.10/-each. The new ordinary shares when issued shall rank pari passu with the existing ordinary shares in all respect.

The directors of the Company are not interested directly or indirectly in the above Special Business except to the extent of their shareholdings.





## CHAIRMAN'S REVIEW

I am pleased to present the report on the overall performance of the Board and effectiveness of the role in achieving the Company's objective.

The Board is responsible for overall management of the Company and carry out its fiduciary duties with a sense of objective judgement in the best interest of the Company and its stakeholders. The committees of the Board worked diligently and focused on their terms of reference during the year under review.

The Board has carried out a review of its effectiveness and performances which is satisfactory. The board evaluation during the year 2020 robustly considered all aspects of the Board including the performance of individual Directors, Board Committees and the Board as a whole and I am happy to report that your Board continues to function effectively and is focused on priorities for the Company's business.

**MIAN FARRUKH NASEEM**

Chairman

Lahore: September 29, 2020



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

The Directors of the Company welcome you to the 41st Annual General Meeting and are pleased to present the Annual Report together with Audited Accounts of the Company for the year ended June 30, 2020.

**Financial Results**

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

	<b>(RUPEES IN THOUSAND)</b>	
	<b>June 30 2020</b>	<b>June 30 2019</b>
Sales - net	<b>2,290,540</b>	2,813,430
Cost of sales	<b>2,160,400</b>	2,614,441
<b>GROSS PROFIT</b>	<b>130,140</b>	198,989
Administrative and general	<b>73,267</b>	68,824
Selling and distribution	<b>5,470</b>	5,831
	<b>78,737</b>	74,655
<b>OPERATING PROFIT</b>	<b>51,403</b>	124,334
Finance costs	<b>10,644</b>	10,183
Other charges	<b>4,975</b>	7,988
	<b>35,784</b>	106,163
Other income	<b>27,552</b>	2,485
<b>PROFIT BEFORE TAXATION</b>	<b>63,336</b>	108,648
Taxation	<b>22,486</b>	30,603
<b>PROFIT AFTER TAXATION</b>	<b>40,850</b>	78,045
<b>Basic &amp; diluted earning per share (Restated in Rupees)</b>	<b>3.27</b>	24.31

During the year under review, your Company earned profit after tax of Rs. 40.850 million as compared to after tax profit of Rs.78.045 million of the previous year. The net sales made in the year are amounting to Rs. 2,290.540 million as compared to previous year sale of Rs.2,813.430 million showing decrease of Rs.522.890 million i.e 18.59 % against previous year sales. Earning per share is Rs. 3.27 as compared to Rs.24.31 per share. The earning per share for the current year is low due to right share issue in the current year and if we exclude the effect of right share issue then company earning per share will be Rs.13.62 as compared to Rs. 26.02.

During the year under review, the profitability of the company has been affected mainly due to the sudden outbreak of pandemic COVID-19 in the country followed by lock down of business by the Government, resulting closure of mills (Unit) from 24.03.2020 to 15.05.2020. The company has suffered production loss 2.917 million kgs. converted to 20/s and after this the yarn sale in the market was not stable at that time. During the year the prices of raw material remained on higher side and other input costs due to devaluation of Pak rupees. Despite above stated factors the company financial results remained satisfactory.

The Company has strategic plan to diversify its product line, addition of new qualities and blends of yarn and improvement in production capacity to compete with other spinning units. In order to make project more efficient, cost effective and profitable, the management has decided to add new project of 480 spindles (Murata Vortex Spun Yarn) with back process machinery at new Unit No. 2, situated at Habibabad, Tehsil Chunian, District Kasur through Right shares capital and sponsors loan. In this connection land & building has also been acquired for new project and construction work of building is in progress. Further, letters of credit for import of all machinery have been established and expected to be arrived at mills from September 2020 to November 2020. The management is confident that expansion of production facility will be achieved with in target period.



We are pleased to mention here that Letters of credit for import of 02 Nos. Gas Generators of 02 M.W each & 02 sets of Drawing Machines – Reiter have also been established and expected to be arrived in October & November 2020 in unit No. 1 located at Nasimabad, Shahkot. The above said Machinery amounting to Rs.190.000 million is being financed through TERF loan by the bank at lowest mark-up rate. With these additions the quality of production will be improve and cost of power generation will be decreased.

The management is optimistic about business environment as the steps taken by the Government in the form of deferment of principal loan payments, reduction in interest rate and availability of funds at nominal cost for payment of workers' wages and salaries helped in business sustainability during current trulent time of COVID-19 pandemic. New markets are being targeted along with putting emphasis on existing markets as well. Management of the company is further striving their best to reduce their production cost by injecting and expanding their new project of MVS to meet the production plans to make the company more profitable and competitive. The management is continuously working toward improvement in efficiencies and productivity as well as enhanced cost controls.

### **Earning Per Share**

Earning per Share is Rs. 3.27 (2019: Rs.24.31).

### **Dividend**

The Board of Directors has recommended a Final Cash Dividend of Rs. 0.50 per share i.e. @ 5% to the shareholders of the Company.

### **Right Issue**

The Right issue process has been completed successfully.

### **Corporate Governance and Financial Reporting Framework**

- a. The financial statements, prepared by the management of the company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- b. Proper books of account have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the company's ability to continue as a going concern.
- g. Key operating and financial data of last six years is annexed to the annual report.
- h. There are no outstanding statutory payments on account of taxes, duties, levies and charges except routine payments of various levies.
- i. Value of investments of provident fund as on 30-06-2020 was Rs. 73.609 million.
- j. The pattern of shareholding and the additional information as required by the CCG is annexed to the annual report.
- k. Directors, CFO, Company Secretary and their spouses and minor children have not traded in the company's shares during the year except as detailed below:



Sr. No.	Name	Sale	Purchase	Right Shares Subscribed
1	Fahad Shaiq (ID)	--	--	2266
2	Farrukh Naseem (D)	--	--	1424207
3	Aamir Naseem (CE)	--	--	2178287
4	Fatima Aamir (D)	--	--	1889733
5	Saad Naseem (D)	--	--	848023
6	Yasir Naseem (D)	--	--	45333
7	Hina Farrukh w/o Farrukh Naseem	--	--	357498
8	Hamza Naseem (D)	--	--	424533
9	Ghazanfer Feroz (ID)	--	4000	4533

### Board of Directors

The Board of Directors consist of:

#### Total number of Directors

- a) Male 06
- b) Female 01

#### Composition:

- a) Independent Directors 02
- b) Non-Executive Directors 03
- c) Executive Directors 02

### Board of Directors

- 1. Mian Farrukh Naseem Non-Executive Director/Chairman
- 2. Mian Aamir Naseem\* Director/Chief Executive
- 3. Mr. Yasir Naseem Executive Director
- 4. Mr. Saad Naseem Non-Executive Director
- 5. Mr. Hamza Naseem Non-Executive Director
- 6. Mrs. Fatima Aamir Female Non-Executive Director
- 7. Mr. Fahad Sahfiq Independent Director
- 8. Mr. Ghazanfer Feroz\* Independent Director

Mr. Ghazanfer Feroz\* has been appointed as Independent Director w.e.f December 06, 2019 to fulfil the casual vacancy arising upon the resignation of Mian Aamir Naseem\* from directorship for the remainder period.

#### The Board as of June 30, 2020;

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

**Audit Committee**

The Board of Directors has formed an audit committee comprising of the followings:

Mr. Fahad Shafiq	Chairman
Mian Farrukh Naseem	Member
Mr. Hamza Naseem	Member

**Human Resource and Remuneration Committee**

The Board of Directors has formed Human Resource and remuneration Committee comprising of the followings:

Mr. Fahad Shafiq	Chairman
Mian Aamir Naseem	Member
Mr. Saad Naseem	Member

Consequent upon the appointment of Independent Director Mr. Ghazanfer Feroz, the HR & R Committee was reconstituted. The names of members are as under:

Mr. Fahad Shafiq	Chairman
Mr. Ghazanfer Feroz	Member
Mr. Saad Naseem	Member

**Attendance of Board Meetings and its committees:**

Attendance				
Sr. No.	Directors	Board of Directors	Audit Committee	HR & R Committee
1	Mian Aamir Naseem	3/3*	N/M	N/M
2	Mian Farrukh Naseem	5/5	5/5	N/M*
3	Mr. Yasir Naseem	5/5	N/M	N/M
4	Mr. Hamza Naseem	5/5	5//5	N/M*
5	Mrs. Fatima Aamir	5/5	N/M	N/M
6	Mr. Saad Naseem	5/5	N/M	1/1*
7	Mr. Fahad Safiq	5/5	5/5	1/1
8	Mr. Ghazanfer Feroz	2/2*	N/M	1/1*

**Board Meeting:**

- Mr. Ghazanfer Feroz was appointed as Independent Director in place of Mian Aamir Naseem.
- Ghazanfer Feroz\* attended two meetings and Mian Aamir Naseem\* three meetings.

**HR & R Committee:**

- Mian Farrukh Naseem\* is not Member w.e.f December 31, 2019 and his attendance is Nil.
- Mr. Hamza Naseem\* is not Member w.e.f December 31, 2019 and his attendance is Nil.
- Mr. Ghazanfer Feroz\* appointed Member w.e.f December 31, 2019.
- Mr. Saad Naseem\* appointed Member w.e.f December 31, 2019.
- N/M (Not a Member)

**Appointment of Company Secretary**

Mr. Khurram Zahoor has been appointed as company secretary in place of Mr. Abdul Wahab who has resigned with effect from July 16, 2020. The board has approved appointment of Company Secretary including remuneration and terms and conditions of employment and complied with relevant requirements.



## Directors' Remuneration

The Board of Directors has approved a Remuneration Policy for Directors and Members of Senior Management. The Company will not pay remuneration to its non-executive directors except as meeting fee for attending the Board and its Committee meetings. For information on remuneration of directors and CEO in 2019-20, please refer notes to the financial statements.

## Chairman's Review

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

## Performance Evaluation of the Board

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

## Directors Training Programme

The Directors were apprised of their duties and responsibilities from time to time. During the year under review no training program was arranged by the Company. One Board member has the prescribed qualification and experience required for exemption from the training program of Directors. One Director has already attended directors' training as required in previous years. The board will arrange the orientation of remaining directors as soon as possible.

## Auditors

The present Auditors M/s Fazal Mehmood & Company, Chartered Accountants, retire and being eligible offer them-selves for re-appointment. The audit committee of the board has recommended the re-appointment of M/s Fazal Mahmood & Company, Chartered Accountants, as external auditors of the Company for the year 2020-2021 on the current level of auditors' remuneration.

## Related Party Transactions

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

## Corporate Social Responsibility

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

## Health, Safety and Environment

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

## Work-Life Balance

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

## Business Ethics and Anti-corruption Measures

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

**Contribution to the National Exchequer**

To meet our legal and social obligation towards the development of the economy of the country, the company has contributed Rs. 518.952 million in the FY 2019-20 into the Government exchequer on account of taxes, levies, excise duty and sales tax.

**Energy Conservation:**

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

**Acknowledgements**

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

For and on behalf of the Board

**MIAN AAMIR NASEEM**  
(Chief Executive)

**MIAN FARRUKH NASEEM**  
(Chairman/Director)

Lahore: September 29, 2020



متعلقہ فریقین سے لین دین تمام دستیاب فریقین کے ساتھ لین دین کے معاملات پر عمل درآمد کیا جا چکا ہے اور مالی گوشواروں کے متعلقہ نوٹس میں اس کی تفصیل درج کی گئی ہے۔

### کارپوریٹ سماجی ذمہ داری

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

### صحت، حفاظت اور ماحول

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

### کام اور زندگی کا توازن

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

### کاروباری اخلاقیات اور اینٹی کرپشن کے اقدامات

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

### قومی خزانے میں شراکت

ملک کی اقتصادی ترقی کے لئے اپنی قانونی اور سماجی ذمہ داری کو پورا کرنے کے لئے، کمپنی نے ٹیکس، لیویز، ایکسائز ڈیوٹی اور سیلز ٹیکس کی مد میں حکومتی خزانے میں مالی سال 2019-20 میں 518.952 ملین روپے حصہ شامل کیا ہے۔

### بجلی کی بچت

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

### اظہار تشکر

بورڈ، کمپنی کے ایگزیکٹوز، افسران، کمپنی کے عملے اور کارکنوں کی انتہک کوششوں کا شکریہ ادا ہے۔

### منجانب بورڈ

میاں فرخ نسیم  
(ڈائریکٹر)

Aamir Naseem  
میاں عامر نسیم  
(چیف ایگزیکٹو)

لاہور: 29 ستمبر 2020





## بورڈ کا اجلاس

- جناب غفنفیروز کو میاں عامر نسیم کی جگہ بطور آڈائٹریکٹر منتخب کیا گیا۔
- غفنفیروز\* نے 2 عدد اور میاں عامر نسیم نے 3 عدد اجلاسوں میں شرکت کی۔

## HR & R کمیٹی

- میاں فرخ نسیم\* 31 دسمبر 2019 سے رکن نہیں اور ان کی حاضری کوئی نہیں ہے۔
- جناب حمزہ نسیم\* 31 دسمبر 2019 سے رکن نہیں اور ان کی حاضری کوئی نہیں ہے۔
- جناب غفنفیروز\* کا تقرر بطور رکن 31 دسمبر 2019 کو کیا گیا۔
- جناب سعد نسیم\* کا تقرر بطور رکن 31 دسمبر 2019 کو کیا گیا۔
- N/M (ممبر نہیں)

## کمپنی سیکریٹری کی تقرری

جناب خرم ظہور کا تقرر 16 جولائی 2020 کو جناب عبدالوہاب کی جگہ بطور کمپنی سیکریٹری کیا گیا۔ بورڈ نے کمپنی سیکریٹری کی تقرری بشمول ان کے مشاہرے اور ملازمت کی شرائط و ضوابط کی منظوری دی ہے اور متعلقہ تقاضوں کی تعمیل کی گئی ہے۔

## ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز اور سینئر مینجمنٹ ارکان کے لئے معاوضہ پالیسی منظور کی ہے۔ کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو مساوی بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کی فیس کوئی معاوضہ ادا نہیں کرے گی۔ 20-2019 کے دوران ڈائریکٹرز اور سی ای او کے مشاہرے سے متعلق معلومات کے لئے برائے مہربانی مالی گوشواروں کے نوٹس ملاحظہ کریں۔

## چیئرمین کا جائزہ

چیئرمین کے جائزہ کی بورڈ آف ڈائریکٹرز نے توثیق کی ہے۔

## بورڈ کی کارکردگی کی تشخیص

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

## ڈائریکٹرز ٹریننگ پروگرام

ڈائریکٹرز کو وقتاً فوقتاً اپنے فرائض اور ذمہ داریوں سے آگاہ کیا جاتا ہے۔ زیر جائزہ سال کے دوران کمپنی کی جانب سے کسی تربیتی پروگرام کا اہتمام نہیں کیا گیا۔ بورڈ کے ایک رکن کے پاس ڈائریکٹرز کے تربیتی پروگرام سے اتھنٹی کے لئے مطلوبہ تجویز کردہ قابلیت اور تجربہ ہے۔ ایک ڈائریکٹر نے گزشتہ سالوں میں ضرورت کے مطابق ڈائریکٹرز کی ٹریننگ میں پہلے ہی شرکت کر چکا ہے۔ بورڈ جلد ہی باقی ڈائریکٹرز کی بھی مقررہ وقت کے اندر اندر اور پینشنیشن کا انتظام کرے گا۔

## آڈیٹرز

موجودہ آڈیٹرز میسرز فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور انہوں نے اہل ہونے کی بناء پر دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے سال 2020-2021 کے لئے کمپنی کے بیرونی محاسب کے طور پر میسرز فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی موجودہ سطح مشاہرہ کے مطابق سفارش کی ہے۔



## بورڈ مورخہ 30 جون 2020 :

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

## آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے درج ذیل افراد پر مشتمل آڈٹ کمیٹی تشکیل دی ہے:

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

## افراد قوت و مشاورہ کمیٹی

بورڈ آف ڈائریکٹرز نے درج ذیل پر مشتمل افراد قوت و مشاورہ کمیٹی تشکیل دی ہے:

چیئر مین	• جناب فہد شفیق
رکن	• میاں عامر نسیم
رکن	• جناب سعد نسیم

جناب غففر فیروز کی بطور آزاد ڈائریکٹر تقرری کی بنیاد پر HR & R کمیٹی دوبارہ تشکیل دی گئی۔ ارکان کی تفصیل حسب ذیل ہے:

چیئر مین	• جناب فہد شفیق
رکن	• جناب غففر فیروز
رکن	• جناب سعد نسیم

## بورڈ اور اسکی کمیٹیوں کے اجلاسوں میں شرکت

نمبر شمار	ڈائریکٹرز	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	HR & R کمیٹی	حاضری
1	میاں عامر نسیم	3/3*	N/M	N/M	
2	میاں فرخ نسیم	5/5	5/5	N/M*	
3	جناب یاسر نسیم	5/5	N/M	N/M	
4	جناب حمزہ نسیم	5/5	5/5	N/M*	
5	محترمہ فاطمہ عامر	5/5	N/M	N/M	
6	جناب سعد نسیم	5/5	N/M	1/1*	
7	جناب فہد شفیق	5/5	5/5	1/1	
8	جناب غففر فیروز	2/2*	N/M	1/1*	



k- سال کے دوران ماسوائے درج ذیل کے کمپنی کے حصص میں اس کے ڈائریکٹرز، ای او، ای ایف او، کمپنی کی کرٹری اور ان کی زوجہ اور نابالغ بچوں کی طرف سے کوئی تجارت نہیں ہوئی ہے۔

سیریل نمبر	نام	فروخت	خرید	سبسکرائب کردہ رائٹ شیئرز
1	فہد شفیق (آزاد ڈائریکٹر)	--	--	2266
2	فرخ نسیم (ڈائریکٹر)	--	--	1424207
3	عامر نسیم (چیف ایگزیکٹو)	--	--	2178287
4	فاطمہ عامر (ڈائریکٹر)	--	--	1889733
5	سعد نسیم (ڈائریکٹر)	--	--	848023
6	یاسر نسیم (ڈائریکٹر)	--	--	45333
7	حنان فرخ زوجہ فرخ نسیم	--	--	357498
8	حمزہ نسیم (ڈائریکٹر)	--	--	424533
9	غصنفز فیروز (آزاد ڈائریکٹر)	--	4000	4533

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز مندرجہ ذیل پر مشتمل ہے:

ڈائریکٹرز کی کل تعداد

06	a- مرد
01	b- خواتین

تشکیل

02	a- آزاد ڈائریکٹرز
03	b- نان ایگزیکٹو ڈائریکٹرز
02	c- ایگزیکٹو ڈائریکٹرز

بورڈ آف ڈائریکٹرز

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

\* جناب غصنفز فیروز کو 6 دسمبر 2019 کو جناب میاں عامر نسیم کے استعفیٰ سے خالی ہونے والی جگہ پر بقایا مدت کے لئے بطور آزاد ڈائریکٹر تقرر کیا گیا۔



دیگر کتناہی یونٹوں کے ساتھ مقابلہ کرنے کے لئے کمپنی کا اپنی پروڈکٹ لائن کو متنوع بنانے، نئی خصوصیات اور سوت کی آمیزش کا اضافہ اور پیداواری صلاحیت میں بہتری لانے کے لئے سٹرینجک منصوبہ ہے۔ منصوبے کو زیادہ پراثر، موثر لاگت اور منافع بخش بنانے کے لئے، انتظامیہ نے رائٹ حصص کیپٹل اور اسپانسرز قرض کے ذریعے حبیب آباد، تحصیل چوئیاں، ضلع قصور میں واقع، یونٹ نمبر 2، میں بیک پروسیس مشینری کے ساتھ 480 اسپنڈلز (Murata Vortex Spun Yarn) کا نیا پروجیکٹ شامل کرنے کا فیصلہ کیا ہے۔ اس سلسلے میں اراضی اور عمارت کو بھی نئے منصوبے کے لئے حاصل کر لیا گیا ہے اور عمارت کا تعمیراتی کام جاری ہے مزید برآں، تمام مشینری کی درآمد کے لئے لیٹرز آف کریڈٹ قائم ہو چکے ہیں اور توقع ہے کہ ستمبر 2020 سے نومبر 2020 تک ملز پر پہنچ جائے گی۔ انتظامیہ کو یقین ہے کہ معینہ مدت میں پیداواری سہولت میں توسیع کر لی جائے گی۔

ہمیں یہاں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ 2 میگا واٹ کے 2 گیس جنریٹرز اور 2 سیٹ ڈرائنگ مشینیں Reiter کے لئے لیٹرز آف کریڈٹ بھی قائم ہو چکا ہے اور اکتوبر اور نومبر 2020 میں یونٹ نمبر 1 نیم آباد، شاہوٹ میں ان کے پہنچنے کی امید ہے۔ مذکورہ بالا مشینری کی قیمت 190,000 ملین روپے ہے جو بیک کے ذریعے سب سے کم مارک اپ ریٹ پر TERF قرض کے ذریعے لیا جا رہا ہے۔ ان اضافوں سے پیداوار کے معیار میں بہتری آئے گی اور پیداوار میں بجلی کی لاگت میں کمی واقع ہوگی۔

انتظامیہ کاروباری ماحول کے بارے میں پرامید ہے کیونکہ حکومت کی جانب سے قرضوں کی اصل ادائیگی، سود کی شرح میں کمی اور مزدوروں کی اجرتوں اور تنخواہوں کی ادائیگی کے لئے معمولی قیمت پر قرض کی دستیابی کی صورت میں اٹھائے جانے والے اقدامات سے COVID-19 وبائی بیماری کے وقت موجودہ مشکلات کے دوران کاروباری استحکام میں مدد ملی ہے۔ موجودہ مارکیٹوں پر بھی دھیان دینے کے ساتھ ساتھ نئی مارکیٹوں کو منتخب کیا جا رہا ہے۔ کمپنی انتظامیہ میڈیکل کوشش کر رہی ہے کہ وہ ایم وی ایس (MVS) کے اپنے نئے منصوبے میں سرمایہ لگا کر اور اس میں توسیع کر کے کمپنی کو زیادہ منافع بخش اور مسابقتی بنانے کے ساتھ پروڈکشن کے منصوبوں کو پورا کرے۔ انتظامیہ استعداد کار اور پیداواری صلاحیت میں بہتری کے ساتھ ساتھ لاگت کو بڑھانے کے سلسلے میں مسلسل کام کر رہی ہے۔

## فی شیئر آمدنی

فی شیئر آمدنی 3.27 روپے (2019: Rs.24.31) ہے۔

## منافع منقسمہ

بورڈ آف ڈائریکٹرز نے کمپنی کے حصص یافتگان کو 0.50 روپے فی حصص یعنی 5 فیصد کی شرح سے حتمی نقد منافع منقسمہ تقسیم کرنے کی سفارش کی ہے۔

## رائٹ الیشو

رائٹ الیشو کا مرحلہ کامیابی سے مکمل کر لیا گیا ہے۔

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طریقے سے بنائے گئے ہیں۔
- مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کو مناسب انداز میں بتایا اور اس کی وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اس پر موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے دواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- گزشتہ 6 سال کا کلیدی آپریشننگ اور مالیاتی ڈیٹا منسلک ہے۔
- مختلف لیویز کی معمول کی ادائیگیوں کے علاوہ ٹیکس، ڈیوٹی، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے۔
- 30-06-2020 کو پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 73.609 ملین روپے تھی۔
- شیئر ہولڈنگز کا پیٹرن اور CCG کو درکار اضافی معلومات اس سالانہ رپورٹ کے ہمراہ منسلک ہیں۔



## مجلس نظام کی رپورٹ

محترم حصص یافتگان،

کمپنی کی مجلس نظام 41 ویں سالانہ عام اجلاس میں آپ کا استقبال کرتی ہے اور 30 جون 2020 کو اختتام شدہ سال کے لیے کمپنی نظر ثانی شدہ گوشواروں کے ساتھ سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

مالیاتی نتائج

کمپنی کے مالیاتی نتائج تقابلی شکل میں حسب ذیل ہیں:-

روپے ہزاروں میں

30 جون 2019	30 جون 2020	
2,813,430	2,290,540	خالص فروخت
2,614,441	2,160,400	فروخت کی لاگت
198,989	130,140	مجموعی منافع
68,824	73,267	انتظامی اور عمومی
5,831	5,470	فروخت اور تقسیم
74,655	78,737	
124,334	51,403	آپریٹنگ منافع
10,183	10,644	مالی لاگت
7,988	4,975	دیگر واجبات
106,163	35,784	
2,485	27,552	دیگر آمدنی
108,648	63,336	قبل از ٹیکس منافع
30,603	22,486	ٹیکس
78,045	40,850	بعد از ٹیکس منافع
24.31	3.27	فی شیئر بنیادی اور تحلیل شدہ آمدنی (روپے میں بحال)

کمپنی نے گزشتہ سال کے بعد از ٹیکس منافع 78.045 ملین روپے کے مقابل زیر جائزہ سال کے دوران بعد از ٹیکس 40.850 ملین روپے منافع کمایا۔ اس سال میں ہونے والی خالص فروخت 2,290,540 ملین روپے ہے جبکہ گزشتہ سال یہ فروخت 2,813,430 ملین روپے رہی تھی، جو پچھلے سال کی فروخت کے مقابلے 522,890 ملین روپے یعنی 18.59 فیصد کی کمی ظاہر کر رہی ہیں۔ فی حصص آمدنی 24.31 روپے فی حصص کے مقابل 3.24 روپے فی حصص ہے۔ موجودہ سال کے دوران "رائٹ شیئر" کے مسئلے کی وجہ سے فی حصص آمدن کم رہی ہے، تاہم "رائٹ شیئر" مسئلے کو اگر مستثنیٰ کر دیا جائے تو اس کے بغیر کمپنی کی فی حصص آمدنی 26.02 روپے کے مقابل 13.62 روپے رہے گی۔

زیر جائزہ سال کے دوران ملک میں COVID-19 وبائی مرض کے اچانک پھیل جانے کی وجہ سے کمپنی کا منافع متاثر ہوا ہے، اس کے بعد حکومت کی طرف سے کاروبار بند کر دیا گیا ہے، جس کے نتیجے میں ملز (پونٹ) کو 24.03.2020 سے 15.05.2020 تک بند کر دیا گیا۔ کمپنی کو پیداوار کو 20/s میں تبدیل کر کے 2.917 ملین کلوگرام کا نقصان برداشت کرنا پڑا ہے۔ اور بعد میں اس وقت مارکیٹ میں سوت کی فروخت مستحکم نہیں تھی۔ سال کے دوران پاکستانی روپے کی قدر میں کمی کی وجہ سے خام مال کی قیمتیں اور دیگر لاگت کے اخراجات زیادہ رہے۔ مذکورہ بالا عوامل کے باوجود کمپنی کے مالی نتائج تسلی بخش رہے۔



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

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

Period Ended: **JUNE 30, 2020**

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

1. The total number of directors are 7 and chief executive as per the following:

- a. Male: 6
- b. Female: 1

2. The composition of the Board is as follows:

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

3. The directors have confirmed that none of them is serving as director on more than seven listed companies, including this company.
4. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Directors were apprised of their duties and responsibilities from time to time. During the year under review no training program was arranged by the Company. One Board member has the prescribed qualification and experience required for exemption from the training program of Directors. One Director has already attended directors' training as required in previous years. One director has been appointed to fill in the casual vacancy for the remaining term. The board will arrange the orientation of remaining directors as soon as possible.
10. The board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.



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

**a) Audit Committee**

Mr. Fahad Shafiq	(Chairman)
Mian Farrukh Naseem	(Member)
Mr. Hamza Naseem	(Member)

**b) HR & R Committee**

Mr. Fahad Shafiq	(Chairman)
Ghazanfer Feroz	(Member)
Mr. Saad Naseem	(Member)

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

14. The frequency of meetings ( quarterly / annually ) were as per followings:

a) Audit Committee	Quarterly (Five Meetings)
b) HR and R Committee	Annually (One Meeting)

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations and or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

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

19. Explanations for non-compliance with requirements, other than Regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below, if applicable:

Sr. No.	Requirement	Explanation for non-compliance	Regulation No.
1.	<b>Requirement to attain certification:</b>  At least half of the directors on the board obtained certification by June 30, 2020.	Currently, two board members meet the required criteria as required under Regulation No. 19. Two directors have been selected from data bank as independent directors. The board will arrange the orientation of remaining directors as soon as possible. The delay was mainly due to Covid-19.	19

Note\* Number of Directors are seven and one third of ID is 2.33, therefore, as a general principal 0.33 is not rounded off to one.

On behalf of the board

(Mian Farrukh Naseem)  
Chairman/Director

LAHORE: September 29, 2020





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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **SHADAB TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2020 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, 2020.

Date: September 29, 2020  
Lahore:

*Fazal Mahmood & Co.*

**Fazal Mahmood & Company**  
Chartered Accountants  
Engagement Partner: Fazal Mahmood



## SIX YEAR'S FINANCIAL DATA AT A GLANCE

(RUPEES IN MILLION)

PARTICULARS	2020	2019	2018	2017	2016	2015
<b>ASSETS EMPLOYEED</b>						
Property, plant and equipment	374.019	301.426	314.245	349.784	381.570	396.246
Right of use assets	14.993	18.741	23.426	8.124	-	-
Long term deposits	2.434	2.434	2.387	2.387	2.387	2.387
Current assets	985.012	456.427	423.679	360.368	333.280	370.595
<b>TOTAL ASSETS EMPLOYEED</b>	<b>1,376.458</b>	<b>779.028</b>	<b>763.737</b>	<b>720.663</b>	<b>717.237</b>	<b>769.228</b>
<b>FINANCED BY</b>						
Share holders' equity	854.604	489.354	416.259	399.146	393.327	370.720
Long term financing	-	-	-	5.667	17.000	28.333
Lease Liabilities	1.262	6.092	11.729	4.875	-	-
Deferred liabilities	32.899	10.767	14.557	32.923	47.039	53.978
Current liabilities	487.693	272.815	321.192	278.052	259.871	316.197
<b>TOTAL FUNDS INVESTED</b>	<b>1,376.458</b>	<b>779.028</b>	<b>763.737</b>	<b>720.663</b>	<b>717.237</b>	<b>769.228</b>
<b>PROFIT &amp; (LOSS)</b>						
Sales - net	2,290.540	2,813.430	2,271.534	2,042.324	1,861.576	1,852.800
Cost of sales	2,160.400	2,614.441	2,172.226	1,956.368	1,760.578	1,769.185
<b>Gross profit</b>	<b>130.140</b>	<b>198.989</b>	<b>99.308</b>	<b>85.956</b>	<b>100.998</b>	<b>83.615</b>
Administrative & general	73.267	68.824	53.852	47.081	41.830	40.611
Selling & distribution	5.470	5.831	4.521	4.194	2.039	0.400
<b>Operating profit</b>	<b>51.403</b>	<b>124.334</b>	<b>40.935</b>	<b>34.681</b>	<b>57.129</b>	<b>42.604</b>
Finance costs	10.644	10.183	7.583	9.785	13.414	15.818
Other charges	4.975	7.988	2.771	1.786	3.155	2.093
	35.784	106.163	30.581	23.110	40.560	24.693
Other income	27.552	2.485	3.852	0.985	2.009	3.548
<b>PROFIT BEFORE TAXATION</b>	<b>63.336</b>	<b>108.648</b>	<b>34.433</b>	<b>24.095</b>	<b>42.569</b>	<b>28.241</b>
Taxation	22.486	30.603	9.730	5.154	9.762	2.790
<b>PROFIT AFTER TAXATION</b>	<b>40.850</b>	<b>78.045</b>	<b>24.703</b>	<b>18.941</b>	<b>32.807</b>	<b>25.451</b>
<b>EARNING PER SHARE (Rs.)</b>	<b>3.27</b>	<b>24.31</b>	<b>8.23</b>	<b>6.31</b>	<b>10.94</b>	<b>8.48</b>
Dividend paid	15.600	4.950	7.590	13.122	10.200	3.000
Number of spindles installed	33600	33600	33600	33600	33600	33600
Number of spindles worked	33120	33120	33120	32640	32640	32640
Number of shifts per day	3	3	3	3	3	3
Actual production converted into 20/S count (Kgs. in million)	16.287	19.082	18.343	17.974	17.143	14.708



## INDEPENDENT AUDITOR'S REPORT

### To the members of SHADAB TEXTILE MILLS LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of SHADAB TEXTILE MILLS LIMITED (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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, 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, 2020 and of the profit, 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 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 year. 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:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	<b>Inventory existence and valuation</b>  Inventory as at 30 June 2020 amounted to Rupees 288.975 million and represented a material position in the statement of financial position, which has considerably increased from prior year and the break up of which is as follows:  - Stores, spare parts and loose tools Rupees 64.430 million  - Stock in trade Rupees 224.545 million  The business is characterized by high volume serial production and the valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters.  Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 5.2 & 5.3 to the financial statements.	<b>Our audit procedures included the following:</b> <ul style="list-style-type: none"> <li>To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.</li> <li>For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets</li> <li>We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice.</li> </ul>



S.No.	Key Audit Matters	How the matter was addressed in our audit
	<p>At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost. Useable stores, spares parts and loose tools are valued at moving average cost, raw materials are valued at annual average cost whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment.</p> <p>The determination of whether inventory will be realised for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of write down required:</p> <ul style="list-style-type: none"><li>• Use inventory ageing reports together with historical trends to estimate the likely future sale ability of slow moving and older inventory items. Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realisable value and a specific write down is recognized, if required.</li></ul> <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"><li>- Summary of significant accounting policies, Inventories note 5.2 &amp; 5.3 to the financial statements.</li><li>- Stores, spares and loose tools note 20 and Stock-in-trade note 21 to the financial statements.</li></ul>	<ul style="list-style-type: none"><li>• On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any.</li><li>• We assessed if any percentage write down should be applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory.</li><li>• In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs.</li></ul> <p>We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.</p>
	<p><b>2. First time adoption of IFRS 16 – Leases</b></p> <p>As referred to in note 3.1 to the financial statements, the company has adopted IFRS 16 – ‘Leases’. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all the leases under a single on-balance sheet model with corresponding recognition of right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from accounting under IAS 17 ‘Leases’ i.e. operating and finance leases. For lessees all leases will be classified as finance leases only with exception of certain short-term leases.</p> <p>We have considered the first time application of IFRS 16 as a key audit matter due to significance of the change in accounting methodology, involvement of significant estimates and judgments resulting in adjustments, presentation and incremental quantitative and qualitative disclosures.</p>	<p>Our key procedures to review the application of IFRS 16 Included, amongst others, review of managements’ impact assessment of all lease arrangements in light of application of the new standard, review of lease contracts to determine whether the same are in scope of IFRS 16 and are also subject to recognition exemption under IFRS 16 for short-term and low value leases.</p>

**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 appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

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

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

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

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



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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

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

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

Date: September 29, 2020  
Lahore:

*Fazal Mahmood & Co.*  
**FAZAL MAHMOOD & COMPANY**  
Chartered Accountants





## STATEMENT OF FINANCIAL POSITION

		(RUPEES IN THOUSAND)	
	NOTE	2020	2019
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 20 million ordinary (2019: 20 million) shares of Rs. 10/- each.		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up share capital	6	166,000	30,000
Capital reserves		204,000	-
Revenue reserves		484,604	459,354
		<b>854,604</b>	<b>489,354</b>
<b>NON - CURRENT LIABILITIES</b>			
Lease liabilities	7	1,262	6,092
Deferred liabilities	8	32,899	10,767
		<b>34,161</b>	<b>16,859</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	248,737	216,281
Unclaimed dividend		654	523
Accrued mark-up	10	775	538
Sponsors loan	11	160,600	-
Short term borrowings	12	37,478	15,601
Current portion of long term liabilities	13	5,091	5,730
Provision for taxation	14	34,358	34,142
		<b>487,693</b>	<b>272,815</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	15	-	-
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u><b>1,376,458</b></u>	<u><b>779,028</b></u>

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

(Mian Aamir Naseem)  
Chief Executive

(Mian Farrukh Naseem)  
Director





## AS AT JUNE 30, 2020

		(RUPEES IN THOUSAND)	
	NOTE	2020	2019
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	16	374,019	301,426
Right of use assets	17	14,993	18,741
Long term deposits	18	2,434	2,434
		<b>391,446</b>	<b>322,601</b>
<b>CURRENT ASSETS</b>			
Short term Investments	19	236,000	-
Stores, spares and loose tools	20	64,430	54,868
Stock in trade	21	224,545	132,230
Trade debts	22	116,616	114,590
Loans and advances	23	11,113	9,278
Trade deposits and prepayments	24	72,450	77,454
Other receivables	25	8,060	32,126
Cash and bank balances	26	251,798	35,881
		<b>985,012</b>	<b>456,427</b>
<b>TOTAL ASSETS</b>		<b>1,376,458</b>	<b>779,028</b>

(Muhammad Aslam)  
Chief Financial Officer



# STATEMENT OF PROFIT OR LOSS

## FOR THE YEAR ENDED JUNE 30, 2020

		(RUPEES IN THOUSAND)	
	NOTE	2020	2019
Sales - net	27	2,290,540	2,813,430
Cost of sales	28	2,160,400	2,614,441
<b>GROSS PROFIT</b>		<b>130,140</b>	198,989
Administrative and general expenses	29	73,267	68,824
Selling and distribution expenses	30	5,470	5,831
		78,737	74,655
<b>OPERATING PROFIT</b>		<b>51,403</b>	124,334
Finance costs	31	10,644	10,183
Other charges	32	4,975	7,988
		35,784	106,163
Other income	33	27,552	2,485
<b>PROFIT BEFORE TAXATION</b>		<b>63,336</b>	108,648
Taxation	34	22,486	30,603
<b>PROFIT AFTER TAXATION</b>		<b>40,850</b>	78,045
<b>BASIC AND DILUTED EARNING PER SHARE - (RESTATED IN RUPEES)</b>	37	<b>3.27</b>	24.31

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

(Mian Aamir Naseem)  
Chief Executive

(Mian Farrukh Naseem)  
Director

(Muhammad Aslam)  
Chief Financial Officer



**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	(RUPEES IN THOUSAND)	
	2020	2019
PROFIT AFTER TAXATION FOR THE YEAR	40,850	78,045
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>40,850</b>	<b>78,045</b>

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

(Mian Aamir Naseem)  
**Chief Executive**

(Mian Farrukh Naseem)  
**Director**

(Muhammad Aslam)  
**Chief Financial Officer**



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

(RUPEES IN THOUSAND)

Description	Share Capital	Revenue Reserves		Capital Reserves	Total Equity
	Issued, subscribed and paid up ordinary shares	General reserve	Un-appropriated profit	Share premium	
<b>Balance as at July 01, 2018</b>	<b>30,000</b>	<b>260,000</b>	<b>126,259</b>	<b>-</b>	<b>416,259</b>
<b>Total comprehensive income</b>					
- Profit after taxation	-	-	78,045	-	78,045
<b>Transaction with owners</b>					
Final dividend for the year ended June 30, 2018 @ Rs. 1.65 per share	-	-	(4,950)	-	(4,950)
<b>Balance as at June 30, 2019</b>	<b>30,000</b>	<b>260,000</b>	<b>199,354</b>	<b>-</b>	<b>489,354</b>
Right Issue of 13,600,000 Share @Rs.10 with a premium of Rs.15	136,000	-	-	204,000	340,000
<b>Total comprehensive income</b>					
- Profit after taxation	-	-	40,850	-	40,850
<b>Transaction with owners</b>					
Final dividend for the year ended June 30, 2019 @ Rs. 5.20 per share	-	-	(15,600)	-	(15,600)
<b>Balance as at June 30, 2020</b>	<b>166,000</b>	<b>260,000</b>	<b>224,604</b>	<b>204,000</b>	<b>854,604</b>

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

(Mian Aamir Naseem)  
Chief Executive

(Mian Farrukh Naseem)  
Director

(Muhammad Aslam)  
Chief Financial Officer



**STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED JUNE 30, 2020**

		<b>(RUPEES IN THOUSAND)</b>	
	<b>NOTE</b>	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used) / generated from operations	38	<b>(163,215)</b>	174,356
Finance cost paid		<b>(10,407)</b>	(10,346)
Income tax paid		<b>(29,130)</b>	(34,159)
Paid to workers' profit participation fund		<b>(5,835)</b>	(1,849)
Profit on deposits with bank		<b>21,959</b>	-
Net cash (used) / generated from operating activities		<b>(186,628)</b>	128,002
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital expenditure		<b>(116,473)</b>	(21,214)
Proceeds from disposal of operating fixed assets		<b>17,480</b>	3,300
Long term deposits paid		<b>-</b>	(47)
Net cash (used) in investing activities		<b>(98,993)</b>	(17,961)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of right shares		<b>340,000</b>	-
Repayments against long term loans		<b>-</b>	(5,667)
Re-payment of lease - net		<b>(5,470)</b>	(5,189)
Proceeds from sponsor's loan		<b>160,600</b>	-
Proceeds from short term borrowings - net		<b>21,877</b>	(69,045)
Dividends paid		<b>(15,469)</b>	(4,892)
Net cash generated / (used) in financing activities		<b>501,538</b>	(84,793)
<b>NET CASH GENERATED DURING THE YEAR</b>		<b>215,917</b>	25,248
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>35,881</b>	10,633
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	39	<b>251,798</b>	35,881

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

(Mian Aamir Naseem)  
**Chief Executive**

(Mian Farrukh Naseem)  
**Director**

(Muhammad Aslam)  
**Chief Financial Officer**



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### 1. THE COMPANY AND ITS OPERATIONS

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

#### 1.1 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

#### 1.2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS OCCURRED DURING THE YEAR

Following is the summary of significant transaction and events that have affected the financial position and performance of the Company

- a) The Company issued 13,600,000 Right shares for Rs. 25/- each.
- b) The company Capital work in progress increased by Rs. 35.520 million. This is reflected in note 17.
- c) The adoption of new accounting standard of IFRS-16 Leases. This is reflected in note 5.1 (b), 7 and 17.

All other significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements and/or in the Directors' report.

### 2. BASIS OF PREPARATION

#### 2.1 Basis of measurement

These Financial Statements have been prepared under the historical cost convention without any adjustment for the effect of inflation or current values, if any, using accrual basis of accounting.



## 2.2 Statement of compliance

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

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

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

## 2.3 Functional and presentation currency

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

## 3 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that effect the application of policies and reported amount of assets, liabilities, income and expenses. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Significant areas requiring the use of management estimates in the financial statements relate to provision for doubtful balances, provisions for income taxes, useful life and residual values of property plant and equipment. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in next year.

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

### Property, plant and equipment

The Company reviews the rates of depreciation, useful lives, residual values and values of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

### Stock-in-trade and stores, spares and loose tools

The Company reviews the net realizable value of stock-in-trade and stores, spares and loose tools to assess any diminution in their respective carrying values. Any change in the estimates in future years might affect the carrying amounts of stock-in-trade and stores, spares and loose tools with a corresponding effect on the amortization charge and impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.



**Provision against doubtful balances**

The Company reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required there against on annual basis.

**Contingencies**

The Company takes in to account advice of the legal advisors to estimate contingent liabilities and their estimated financial outcomes.

**Fair value measurement and valuation processes**

Some of the Company's assets and liabilities are required to be measured at fair value for financial reporting purposes. The management carefully ensures that appropriate valuation techniques and inputs are used for fair value measurements. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, appropriate valuation techniques are used.

**Income Taxes**

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax laws and the decisions of appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

**4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)****4.1 New and amended IFRS Standards that are effective for the current year**

During the year, a new standard and certain amendments to existing standards as detailed below, became effective and were adopted by the Company. Management has assessed the changes laid down by the new standard / amendments that became effective during the year and determined that they do not have any significant impact on these financial statements, apart from increased disclosures, if any.

**(a) New standard - IFRS 16 Leases**

IFRS 16 affects primarily the accounting by lessees and results in the recognition of almost all leases on statement of financial position. The standard removes the distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The Company has elected not to recognize lease liabilities for short-term leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight-line basis over the lease term. Refer to Note 5.1 (b).

**(b) Amendments to IFRS 9 - Financial Instruments - Prepayment Features with Negative Compensation**

Prepayment Features with Negative Compensation amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i. e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favour of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of a early repayment gain.



**(c) Amendments to IAS 28 - Investments in Associates - Long-term Interests in Associates and Joint Ventures**

The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

**(d) Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs**

IFRS 3 Business Combinations - the amendments clarify that when a company obtains control of a business that is a joint operation, the company applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements - the amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 Income Taxes - the amendments clarify that the Company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs - the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

**(e) Amendments to IAS 19 - Employee Benefits - Plan Amendment, Curtailment or Settlement**

The amendment clarifies that if a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

**(f) Amendments to Companies Act, 2017**

During the year significant amendments were made to Companies Act, 2017 vide the Companies (Amendment) Ordinance, 2020 dated April 30, 2020. However, the applicability of these amendments has not resulted in any change in accounting treatments for the Company or any change in disclosures.

**4.2 New and revised IFRS Standards in issue but not yet effective**

The following standards and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

**New standards:****Effective date (annual periods  
beginning on or after)**

IFRS - 17	<b>Insurance Contracts</b>	<b>1 January 2023</b>
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**Amendments to existing Standards:**

IFRS - 1	<b>First-time Adoption of International Financial Reporting Standards</b> Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter).	1 January 2022
IFRS - 3	<b>Business Combinations</b> To clarify the definition of a business. Updating a reference to the Conceptual Framework.	1 January 2020 1 January 2022
IFRS - 7	<b>Financial Instruments: Disclosures</b> Pre-replacement issues in the context of the IBOR reform.	1 January 2020
IFRS - 9	<b>Financial Instruments</b> Pre-replacement issues in the context of the IBOR reform. Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities).	1 January 2020 1 January 2022
IFRS - 16	<b>Leases</b> To provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.	1 January 2020
IAS - 1	<b>Presentation of Financial Statements</b> Definition of material. Classification of liabilities.	1 January 2020 1 January 2023
IAS - 8	<b>Accounting Policies, Changes in Accounting Estimates and Errors</b> Definition of material.	1 January 2020
IAS - 16	<b>Property, Plant and Equipment</b> Prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	1 January 2022
IAS - 37	<b>Provisions, Contingent Liabilities and Contingent Assets</b> Costs to include when assessing whether a contract is onerous.	1 January 2022
IAS - 39	<b>Financial Instruments: Recognition and Measurement</b> Amendments regarding pre-replacement issues in the context of the IBOR reform	1 January 2022
IAS - 41	<b>Agriculture</b> Amendments, resulting from Annual improvements to IFRS Standards 2018-2020 (taxation in fair value measurements)	1 January 2020



## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 5.1 Property, plant and equipment

#### a) Owned

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

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

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

Borrowing costs pertaining to the construction and erection are capitalized up to the date of completion. Depreciation on property, plant & equipment is charged to income on reducing balance method at the rates specified in note no. 16. to the accounts to write off the cost cover their estimated useful lives.

Depreciation on addition and deletion is charged on the basis of number of months the asset remain in use of the company. Assets residual values, useful life and depreciation rates are reviewed and adjusted, if appropriate at each balance sheet date. An asset carrying amount is written down immediately to its recoverable amount. Normal repair and maintenance is charged to income as and when incurred. Major renewals and improvements are capitalized.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in profit and loss account.

#### b) Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the statement of financial position date less accumulated impairment losses, if any. Capital work-in-progress is recognized as an operating fixed asset when it is made available for intended use.

#### c) Leases

##### Policy applicable after 01 July 2019:

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



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

Financial charges are calculated at the interest rate implicit in the lease and are charged to profit or loss account. Leased assets are depreciated on a reducing balance basis at the same rate as Company's owned assets as disclosed in note 16 to these financials statements.

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

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

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

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

**Determining whether an arrangement contains a lease:** At inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a nance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed nance cost on the liability is recognised using the Company's incremental borrowing rate.

**Lease assets:** Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classied as nance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classied as operating leases and are not recognised in the Company's statement of financial position.



Lease payments: Payments made over operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

## 5.2 Stores, spares & loose tools

These are valued at lower of cost and net realizable value, determined on moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other incidental charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as fixed assets under the 'plant and machinery' category and are depreciated over a time period not exceeding the useful life of the related assets.

## 5.3 Stock in trade

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

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

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

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated costs necessary to make the sale.

Provision for obsolete and slow-moving stock in trade is based on management estimate.

## 5.4 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There has been no change in the estimation techniques or significant assumptions made during the current reporting period. Trade debts and other receivables considered irrecoverable are written off.

## 5.5 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. Non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.





## 5.6 Staff Retirement Benefits

### Defined contribution plan - Provident fund

The company operates a funded provident fund scheme covering all its permanent employees. Equal monthly contributions are made to the trust, both the company and the employees, at the rate of 6.25% of basic salary. Obligation for contributions to the fund are recognized as an expense in the profit and loss account when they are due.

## 5.7 Trade and other payables

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

## 5.8 Revenue Recognition

Revenue from contracts with customers is recognized at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods. Interest income is recognized on a time proportionate basis using the effective rate of return.

## 5.9 Borrowings Cost

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

## 5.10 Provisions

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

## 5.11 Impairment

### a) Financial Assets

The Company recognizes a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets. The Company always recognizes lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.





Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### **b) Non Financial Assets**

The Company assesses at each reporting date whether there is any indication that assets except inventories may be 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 values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

#### **5.12 Contingent Liabilities**

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

#### **5.13 Taxation**

##### **Current**

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. 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. 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.

##### **Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.



## 5.14 Financial instruments

### Financial assets

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

#### (i) Financial assets at amortized cost

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

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition. If such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in the statement of profit or loss.

#### (iii) Impairment of financial assets

The Company recognizes a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognizes lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months over the reporting date.



(a) Significant increase in credit risk

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

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

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

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

- (a) The financial instrument has a low risk of default,
- (b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(b) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(c) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(d) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(e) Measurement and recognition of ECL.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-



looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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

### **Non-financial assets**

The Company assesses at each reporting date whether there is any indication that assets except inventories, biological assets and deferred tax asset may be 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 values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

### **Financial Liabilities**

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

#### **(i) Financial Liabilities at FVTPL**

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the statement of profit or loss incorporates any interest paid on the financial liability.

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

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognized in the statement of profit or loss.

#### **(ii) Financial liabilities measured subsequently at amortized cost**

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



## (iii) Derecognition of financial liabilities

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

**Offsetting of financial assets and financial liabilities**

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

**5.15 Basic and diluted earning per share**

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

**5.16 Cash and cash equivalents**

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

**5.17 Related party transactions**

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

**5.18 Proposed dividends and transfer between reserves**

Dividend distribution to the company's shareholders and appropriations to/from reserves is recognized in the period in which these are approved by the shareholders.

	(RUPEES IN THOUSAND)	
	2020	2019
<b>6. ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
2,000,000 ordinary shares of Rs. 10/- each fully paid in cash	20,000	20,000
1,000,000 ordinary shares of Rs. 10/- each issued as bonus shares	10,000	10,000
13,600,000 ordinary shares of Rs. 10/-each issued as right shares	136,000	-
	<u>166,000</u>	<u>30,000</u>
<b>7. LEASE LIABILITIES</b>		
Future minimum lease payments	6,772	13,930
Less: Un-amortised finance charge	(419)	(2,108)
Present value of minimum lease payments	<u>6,353</u>	<u>11,822</u>
Less: Current portion shown under current liabilities	<u>5,091</u>	<u>5,730</u>
	<u>1,262</u>	<u>6,092</u>

**7.1** The rentals are payable in monthly installments and taxes, repair and insurance costs are to be borne by the company. The company intends to exercise its option to acquire leased assets upon completion of lease period. Present value of minimum lease payments has been discounted using the implicit rate i.e. 10.24% to 16.11% p.a. The facility has been drawn from Financial Institution. The facility has been secured against the personal guarantees of the directors.



7.2 Minimum Lease payments and their present values are regrouped as under:

## (RUPEES IN THOUSAND)

	2020			2019		
	Not later than 1 year	Later than 1 year but not later than 5 years	Total	Not later than 1 year	Later than 1 year but not later than 5 years	Total
Future minimum lease payments	5,481	1,291	6,772	7,221	6,709	13,930
Less: Un-amortized finance charge			(419)			(2,108)
Present value of minimum lease payments			<u>6,353</u>			<u>11,822</u>

	Note	2020	2019
<b>8. DEFERRED LIABILITIES</b>			
Deferred Taxation	8.1	<u>32,899</u>	<u>10,767</u>
<b>8.1</b> Deferred tax credits / (debits) arising in respect of :			
<b>Taxable Temporary Differences</b>			
Accelerated tax depreciation		44,414	47,460
Finance lease - net		2,506	2,006
<b>Deductible Temporary Differences</b>			
Minimum tax available for carry forward		(14,021)	(38,699)
		<u>32,899</u>	<u>10,767</u>
<b>9. TRADE AND OTHER PAYABLES</b>			
Creditors		37,801	25,631
Contractors retention money		599	38
Security deposits - Interest free	9.1	164	154
Provident fund trust		1,588	1,411
Accrued charges		191,470	173,673
Advances from customers		7,114	2,034
Workers' profit participation fund	9.2	3,416	5,835
Workers' welfare fund		6,386	7,305
Others		200	200
		<u>248,738</u>	<u>216,281</u>
<b>9.1</b> No interest is payable on the deposits and it can be used for the business.			
<b>9.2 Workers' Profit Participation Fund</b>			
Balance as on 01 July		5,835	1,849
Add: Provision for the year		3,416	5,835
Interest for the year		2,151	182
		<u>11,402</u>	<u>7,866</u>
Less: Payment during the year		(7,986)	(2,031)
Balance as on 30 June		<u>3,416</u>	<u>5,835</u>
<b>10. ACCRUED MARK-UP</b>			
Short term borrowings		775	538
		<u>775</u>	<u>538</u>





		(RUPEES IN THOUSAND)	
	Note	2020	2019
<b>11. SPONSORS LOAN</b>			
Sponsors loan	11.1	<u>160,600</u>	<u>-</u>
		<u>160,600</u>	<u>-</u>
<p><b>11.1</b> The loan has been provided by the sponsors of the company with no pre-defined repayment terms. The loan is repayable on demand by the Sponsors. The loan has been recognised in accordance with TR-32 Accounting Directors Loan of Institute of Chartered Accountants of Pakistan.</p>			
<b>12. SHORT TERM BORROWINGS</b>			
From banking companies - secured	12.1	<u>37,478</u>	<u>15,601</u>
		<u>37,478</u>	<u>15,601</u>
<p><b>12.1</b> These have been obtained from banking companies on mark-up basis and are secured by pledge and hypothecation of stocks &amp; stores, charge on stocks, book debts, other movable assets and fixed assets of the company and against personal guarantee of two sponsoring directors. The borrowing form a part of total credit facilities available to the extent of Rs. 660 million (2019: Rs. 135 million). Unavailed facility as at balance sheet date is Rs. 623 Million (2019: Rs. 119 million). Mark-up is paid at the rate ranging from 3 months Kibor plus 2%.</p>			
<b>13. CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Lease Liabilities	7	<u>5,091</u>	<u>5,730</u>
		<u>5,091</u>	<u>5,730</u>
<b>14. PROVISION FOR TAXATION</b>			
Opening balance		34,142	28,096
Less:			
Adjusted during the year - Brought Forward Minimum Tax		(34,142)	(28,096)
Adjusted during the year - Provision for Prior Year		<u>(1,931)</u>	<u>(251)</u>
		<u>(1,931)</u>	<u>(251)</u>
Current		<u>34,358</u>	<u>34,142</u>
Prior		<u>1,931</u>	<u>251</u>
		<u>36,289</u>	<u>34,393</u>
		<u>34,358</u>	<u>34,142</u>
<b>15. CONTINGENCIES AND COMMITMENTS</b>			
<b>15.1 Contingencies</b>			
<p>Counter guarantees of Rs. 25.000 million (2019: Rs. 25.000 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited against gas connections.</p>			
<b>15.2 Commitments</b>			
<p>Capital expenditure commitments are amounting to Rs. 681.150 million (2019: Rs. Nil) during the year and non capital expenditure commitments are amounting to Rs. 63.783 million (2019: Rs. 39.983 million).</p>			



(RUPEES IN THOUSAND)

**16. PROPERTY, PLANT & EQUIPMENT**

	Note	2020	2019
Operating fixed assets	16.1	<b>338,499</b>	301,426
Capital work-in-progress	16.4	<b>35,520</b>	-
		<b>374,019</b>	<b>301,426</b>

**16.1 Operating fixed assets**

Description	Land Freehold	Buildings	Plant and Machinery	Electric Installations	Factory Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Total
<b>At June 30, 2018</b>									
Cost	3,351	141,247	683,011	2,425	150	3,783	19,602	3,867	857,436
Accumulated depreciation	-	87,568	433,822	2,141	142	3,201	13,464	2,853	543,191
Net book Value	3,351	53,679	249,189	284	8	582	6,138	1,014	314,245
<b>Year ended June 30, 2019</b>									
Opening Net book value	3,351	53,679	249,189	284	8	582	6,138	1,014	314,245
Additions	-	-	10,257	-	-	-	10,667	290	21,214
Disposals	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	5,089	-	5,089
Depreciation	-	-	-	-	-	-	(4,274)	-	(4,274)
Net book value	-	-	-	-	-	-	815	-	815
Depreciation	-	(5,368)	(25,597)	(28)	(1)	(58)	(2,050)	(116)	(33,218)
Closing Net book value	3,351	48,311	233,849	256	7	524	13,940	1,188	301,426
<b>At June 30, 2019</b>									
Cost	3,351	141,247	693,268	2,425	150	3,783	25,180	4,157	873,561
Accumulated depreciation	-	92,936	459,419	2,169	143	3,259	11,240	2,969	572,135
Net book Value	3,351	48,311	233,849	256	7	524	13,940	1,188	301,426
<b>Year ended June 30, 2020</b>									
Opening Net book value	3,351	48,311	233,849	256	7	524	13,940	1,188	301,426
Additions	39,213	36,147	-	-	-	-	5,593	-	80,953
Disposals	-	-	-	-	-	-	-	-	-
Cost	-	-	19,757	-	-	-	2,250	-	22,007
Depreciation	-	-	(9,345)	-	-	-	(535)	-	(9,880)
Net book value	-	-	10,412	-	-	-	1,715	-	12,127
Depreciation	-	(6,036)	(22,344)	(26)	(1)	(52)	(3,175)	(119)	(31,753)
Closing Net book value	42,564	78,422	201,093	230	6	472	14,643	1,069	338,499
<b>At June 30, 2020</b>									
Cost	42,564	177,394	673,511	2,425	150	3,783	28,523	4,157	932,507
Accumulated depreciation	-	98,972	472,418	2,195	144	3,311	13,880	3,088	594,008
Net book Value	42,564	78,422	201,093	230	6	472	14,643	1,069	338,499
Depreciation Rate (%)	-	10	10	10	10	10	20	10	

**16.2 Depreciation for the year has been allocated as follows:**

	2020	2019
Cost of goods sold	<b>28,407</b>	30,994
Administrative and general expenses	<b>3,346</b>	2,224
	<b>31,753</b>	<b>33,218</b>



**16.3 Statement of disposals of operating fixed assets**

Description	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	(Gain) /Loss	Sold to	Basis of Sales
Vehicles							
Toyota Parado BD-7736	2,250	(535)	1,715	2,480	765	Mr. Sajjad Wali	Negotiation
Plant and Machinery							
USTER HVI 1000/M 700	19,757	(9,345)	10,412	15,000	4,588	Kassim Textile (Pvt) Limited	Negotiation
<b>Grand Total</b>	<b>22,007</b>	<b>(9,880)</b>	<b>12,127</b>	<b>17,480</b>	<b>5,353</b>		

**16.4 Following is the movement in capital work in progress**

	Opening balance	additions	Transfer	Closing balance
<b>Tangible:</b>				
- Civil works				
June 30,2020	-	30,900	-	30,900
June 30,2019	-	30,900	-	30,900
- Plant and machinery				
June 30,2020	-	4,620	-	4,620
June 30,2019	-	4,620	-	4,620

**16.4.1** Additions to capital work in progress during the year is Rs. 35.520 million (2019: Rs. Nil).

	Note	(RUPEES IN THOUSAND) 2020	2019
<b>17. RIGHT OF USE ASSETS</b>			
Right of use assets	17.1	<u>14,993</u>	<u>18,741</u>
		<u>14,993</u>	<u>18,741</u>

**17.1 Right of Use Assets**

Description	Vehicles	Total
Opening net book value as on 1 July 2018	23,426	23,426
Additions	-	-
Depreciation charge	4,685	4,685
Closing net book value	18,741	18,741
At June 30, 2019		
Cost	27,560	27,560
Accumulated depreciation	8,819	8,819
Net book value	18,741	18,741
Depreciation Rate (%)	20	20
Opening net book value as on 1 July 2019	18,741	18,741
Additions	-	-
Depreciation charge	3,748	3,748
Closing net book value	14,993	14,993
At June 30, 2020		
Cost	27,560	27,560
Accumulated depreciation	12,567	12,567
Net book value	14,993	14,993
Depreciation Rate (%)	20	



		(RUPEES IN THOUSAND)	
	Note	2020	2019
<b>18. LONG TERM DEPOSITS</b>			
Others		<u>2,434</u>	<u>2,434</u>
		<u>2,434</u>	<u>2,434</u>
<b>19. SHORT TERM INVESTMENTS</b>			
Term deposits	19.1	<u>236,000</u>	<u>-</u>
		<u>236,000</u>	<u>-</u>
<b>19.1</b> This represents Term Deposit Receipts (TDRs) carrying markup at rates ranging from 7.50% to 12.50% (2019: Nil) per annum.			
<b>20. STORES, SPARES AND LOOSE TOOLS</b>			
Stores		<u>25,337</u>	<u>20,623</u>
Spares		<u>39,093</u>	<u>34,245</u>
		<u>64,430</u>	<u>54,868</u>
<b>21. STOCK IN TRADE</b>			
Raw material		<u>162,609</u>	<u>105,685</u>
Work in process		<u>24,514</u>	<u>23,094</u>
Finished goods		<u>37,172</u>	<u>3,383</u>
Waste		<u>250</u>	<u>68</u>
		<u>224,545</u>	<u>132,230</u>
<b>22. TRADE DEBTS</b>			
These are unsecured but considered good.	22.1	<u>116,616</u>	<u>114,590</u>
<b>22.1 The aging of trade debts at the balance sheet date is:</b>			
Not past due		<u>116,607</u>	<u>114,584</u>
Past due 1-30 days		<u>-</u>	<u>-</u>
Past due 31-180 days		<u>9</u>	<u>6</u>
		<u>116,616</u>	<u>114,590</u>
<b>23. LOANS AND ADVANCES</b>			
(Unsecured but considered good):-			
Advances to :			
Suppliers and contractors		<u>9,857</u>	<u>8,043</u>
Employees		<u>1,256</u>	<u>1,235</u>
		<u>11,113</u>	<u>9,278</u>
<b>24. TRADE DEPOSITS AND PREPAYMENTS</b>			
Income tax		<u>60,684</u>	<u>33,909</u>
Letters of credit		<u>10,766</u>	<u>28,737</u>
Margin on bank guarantee		<u>642</u>	<u>14,642</u>
Prepayments		<u>358</u>	<u>166</u>
		<u>72,450</u>	<u>77,454</u>



(RUPEES IN THOUSAND)

	Note	2020	2019
<b>25. OTHER RECEIVABLES</b>			
Sales tax		6,325	32,102
Others		1,735	24
		<u>8,060</u>	<u>32,126</u>
<b>26. CASH AND BANK BALANCES</b>			
Cash in hand		1,127	657
Cash with banks:			
In current accounts		72,570	35,224
In saving accounts	26.1	178,101	-
		<u>251,798</u>	<u>35,881</u>
26.1 These carry markup at the rate of 7.50% to 11.25% (2019: Nil) per annum.			
<b>27. SALES - NET</b>			
Local		2,707,982	2,822,058
Waste		3,034	4,030
		<u>2,711,016</u>	<u>2,826,088</u>
Less:			
Sales tax		412,713	-
Commission		7,763	12,658
		<u>2,290,540</u>	<u>2,813,430</u>
<b>28. COST OF SALES</b>			
Raw material consumed	28.1	1,509,749	1,868,271
Salaries, wages and benefits	28.2	263,574	259,844
Stores and spares		39,604	54,117
Packing materias		44,866	38,018
Fuel and power		302,481	326,983
Repair and maintenance		4,552	3,203
Insurance		2,542	2,484
Other factory overhead		17	843
Depreciation		28,406	30,994
		<u>686,042</u>	<u>716,486</u>
		<u>2,195,791</u>	<u>2,584,757</u>
Opening stock in process		23,094	17,797
Closing stock in process		(24,514)	(23,094)
Cost of goods manufactured		<u>2,194,371</u>	<u>2,579,460</u>
Opening stock of finished goods		3,451	38,432
Closing stock of finished goods		(37,422)	(3,451)
		<u>2,160,400</u>	<u>2,614,441</u>
<b>28.1 RAW MATERIAL CONSUMED</b>			
Opening stock		105,685	137,142
Purchases		1,566,673	1,836,814
		<u>1,672,358</u>	<u>1,973,956</u>
Less: Closing stock		(162,609)	(105,685)
		<u>1,509,749</u>	<u>1,868,271</u>

**28.2** Salaries, wages and other benefits include Rs. 6.785 million (2019: Rs. 6.524 million) in respect of staff retirement benefits.



## (RUPEES IN THOUSAND)

**29. ADMINISTRATIVE AND GENERAL EXPENSES**

	2020	2019
Salaries, allowances and benefits	46,865	45,929
Traveling and conveyance	437	304
Vehicle running and maintenance	5,344	4,979
Printing and stationery	762	729
Newspaper and periodicals	22	27
Postage, telegram and telephone	820	774
Advertisement	273	240
Rent, rates, and taxes	455	877
Legal and professional	1,796	959
Auditors' remuneration	553	558
Subscription	1,311	521
Insurance	2,861	2,294
Entertainment	619	494
Computerization	298	214
General	865	693
Electricity expense	2,892	2,323
Depreciation	7,094	6,909
	<u>73,267</u>	<u>68,824</u>

**29.1** Salaries, allowances and benefits include Rs. 1.054 million (2019: Rs. 0.994 million) in respect of staff retirement benefits.

**29.2 Auditors' Remuneration**

Statutory audit fee	500	500
Half yearly review fee	30	30
Provident fund audit & other certification fee	23	28
	<u>553</u>	<u>558</u>

**29.3** No director or his spouse had any interest in the donee's fund.

**30. SELLING AND DISTRIBUTION EXPENSES**

Freight and expenses on local sales	5,470	5,831
	<u>5,470</u>	<u>5,831</u>

**31. FINANCE COSTS**

Mark-up on:		
Long term financing - secured	-	114
Short term bank borrowings - secured	6,115	7,183
	<u>6,115</u>	<u>7,297</u>
Bank charges and commission	878	899
Lease finance charges	1,500	1,805
Interest on workers' profit participation fund	2,151	182
	<u>10,644</u>	<u>10,183</u>

**32. OTHER CHARGES**

Workers' profit participation fund	3,416	5,835
Workers' welfare fund	1,298	2,217
Workers' welfare fund prior year adjustment	261	(64)
	<u>4,975</u>	<u>7,988</u>



## (RUPEES IN THOUSAND)

**33. OTHER INCOME**

	2020	2019
Gain on sale of operating fixed assets	5,353	2,485
Profit on deposits with banks	21,959	-
Office rent	240	-
	<u>27,552</u>	<u>2,485</u>

**34. TAXATION**

Current	34,358	34,142
Prior	(34,004)	251
Deferred tax	<u>22,132</u>	<u>(3,790)</u>
	<u>22,486</u>	<u>30,603</u>

**34.1** The company's income tax assessments have been finalized upto and including tax year 2019.

**34.2** The provision for current year income tax is based on minimum taxation under section 113 of the income tax ordinance, 2001. Accordingly, numerical reconciliation between average effective tax rate and applicable rate is not reported for this year.

**35. CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES' REMUNERATION**

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

## (RUPEES IN THOUSAND)

	Chief Executive Officer	Director	Executives
	2020	2020	2020
Managerial remuneration	1,620	360	9,281
House rent	729	162	4,176
Medical allowance	162	36	928
Utility allowance	189	42	692
Provident fund contribution by company	-	-	390
	<u>2,700</u>	<u>600</u>	<u>15,467</u>
<b>Number (s)</b>	<u>1</u>	<u>1</u>	<u>8</u>

## (RUPEES IN THOUSAND)

	Chief Executive Officer	Director	Executives
	2019	2019	2019
Managerial remuneration	1,560	270	9,859
House rent	702	122	2,615
Medical allowance	156	27	581
Utility allowance	182	31	678
Provident fund contribution by company	-	-	298
	<u>2,600</u>	<u>450</u>	<u>14,031</u>
<b>Number (s)</b>	<u>1</u>	<u>1</u>	<u>6</u>

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

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

**35.3** No meeting fee was paid to the directors of the company during the year (2019: Rs. Nil).

**36. RELATED PARTIES**

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

**Associated Companies due to common directorship**

- Sargodha Spinning Mills Limited

**36.1 TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING**

Transaction with Related Parties/ Associated Undertakings, other than remuneration and benefits to key management personnel's under the terms of their employment (refer note no. 35) and other than the payments made to the retirement benefit plans are as under:

No purchases from associated undertaking, Sargodha Spinning Mills Limited, (2019: Rs 7.735 million) during the year.

No aggregate amount due from associated undertaking, Sargodha Spinning Mills Limited, at the end of the year (2019: Nil).

**(RUPEES IN THOUSAND)**

	Note	2020	2019
<b>37. EARNING PER SHARE - BASIC AND DILUTED</b>			
There is no dilutive effect on the basic earning per share of the company.			
Profit after taxation		40,850	78,045
Weighted average number of ordinary shares outstanding during the year (No in '000)		12,491	3,210
Basic earning per share (Restated in Rupees)		3.27	24.31
<b>38. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		63,336	108,648
Adjustments for non cash charges & other items:			
Depreciation		35,500	37,903
Financial charges		10,644	10,183
Workers' profit participation fund		3,416	5,835
Workers' welfare fund		1,298	2,217
Gain on sale of operating fixed assets		(5,353)	(2,485)
Profit on debt		(21,959)	-
Working capital changes	38.1	(250,097)	12,055
		<u>(163,215)</u>	<u>174,356</u>
<b>38.1 WORKING CAPITAL CHANGES</b>			
(Increase) / decrease in current assets			
Short Term Investment		(236,000)	-
Stores, spares and loose tools		(9,562)	(1,960)
Stock in trade		(92,315)	61,141
Trade debts		(2,026)	(27,682)
Loans and advances		(1,835)	(3,752)
Trade deposits and prepayments		31,780	(16,052)
Other receivables		24,066	(14,022)
		<u>(285,892)</u>	<u>(2,327)</u>
Increase / (decrease) in current liabilities			
Trade and other payable		35,795	14,382
		<u>(250,097)</u>	<u>12,055</u>



		(RUPEES IN THOUSAND)	
	Note	2020	2019
<b>39. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	26	<u>251,798</u>	<u>35,881</u>
<b>40. STAFF RETIREMENT BENEFITS</b>			
<b>40.1 DEFINED CONTRIBUTION PLAN</b>			
The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act 2017, and the rules formulated for this purpose. The information of the fund is based on un-audited financial statements of the fund for the year ended 30 June 2020:			
		(RUPEES IN THOUSAND)	
Size of the fund		97,789	92,023
Cost of investment made		59,343	52,297
Percentage of investment made		60.68%	56.83%
Fair value of investment	40.2	73,609	63,600
<b>40.2 BREAKUP OF INVESTMENTS</b>	<b>%age</b>	<b>%age</b>	
Investment in mutual fund	93%	68,440	100% 63,600
Meezan strategic allocation plan - II	7%	5,169	0% -
		<u>73,609</u>	<u>66,251</u>
<b>40.3 Balance in scheduled banks</b>			
Saving account		20,265	
<b>41. PLANT CAPACITY AND ACTUAL PRODUCTION</b>			
Number of spindles installed		33,600	33,600
Number of spindles worked		33,120	33,120
Production at normal capacity converted to 20/s (Kgs.)		19,423,211	19,271,130
Actual production converted to 20/s (Kgs.)		16,286,782	19,082,042
No. of shifts worked per day		3	3
<b>41.1 Reason for low production is due to normal maintenance, gas and electric shut down / closures (kgs.)</b>		<b>219,206</b>	189,088
Production loss due to mill closed- COVID-19 (kgs.)		2,917,223	-
<b>42. NUMBER OF EMPLOYEES</b>			
At the year end number of employees of the company			
- Total employees		<u>1,069</u>	<u>1,092</u>
- Factory employees		<u>1,047</u>	<u>1,065</u>
Weighted average number of employees of the company			
- Total employees		<u>1,072</u>	<u>1,087</u>
- Factory employees		<u>1,050</u>	<u>1,062</u>



(RUPEES IN THOUSAND)

**43. FINANCIAL INSTRUMENTS BY CATEGORY****2020****2019****FINANCIAL ASSETS****as per Statement of Financial Position**

Cash and bank balances	251,798	35,881
Short term investments	236,000	-
Trade debts	116,616	114,590
Loans & advances	1,256	1,235
Deposits	642	14,642
Other receivables	1,735	24
Long term deposits	2,434	2,434
	<b>610,481</b>	<b>168,806</b>

**FINANCIAL LIABILITIES****as per Statement of Financial Position**

Lease Liabilities	5,091	5,730
Sponsors loan	160,600	-
Short term borrowings	37,478	15,601
Trade and other payable	231,822	201,107
Accrued mark-up on secured loans	775	538
	<b>435,766</b>	<b>222,976</b>

**43.1 Fair value of financial instruments**

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

**44. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

The effect of initially applying IFRS 9 on the Company's financial instruments is described in note 4. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements.

**Financial Risk Management**

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

- Credit Risk
- Liquidity Risk
- Market Risk

**Risk management framework**

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





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

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

#### 44.1 CREDIT RISK

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

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

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

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

	(RUPEES IN THOUSAND)	
	2020	2019
Bank balances	250,671	35,224
Short term investments	236,000	-
Trade debts	116,616	114,590
Loans & advances	1,256	1,235
Deposits & prepayments	642	14,642
Other receivables	1,735	24
Long term deposits	2,434	2,434
	<u>609,354</u>	<u>168,149</u>

Based on past experience the management believes that no impairment allowance is necessary as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

Bank balances are held only with reputable banks with high quality credit ratings.

#### 44.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements as mentioned in note no. 12.1 and note no. 22. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.



Following is the maturity analysis of financial liabilities:

2020	Upto 1 Year	Between 1 to 5 Years	Total
<b>Non derivative financial liabilities</b>			
Long term liabilities	5,091	1,262	6,353
Sponsor loan	160,600	-	160,600
Short term borrowings	37,478	-	37,478
Trade and other payable	231,822	-	231,822
Accrued mark-up on secured loans	775	-	775
	<u>435,766</u>	<u>1,262</u>	<u>437,028</u>
2019	Upto 1 Year	Between 1 to 5 Years	Total
<b>Non derivative financial liabilities</b>			
Long term liabilities	5,730	6,092	11,822
Short term borrowings	15,601	-	15,601
Trade and other payable	201,107	-	201,107
Accrued mark-up on secured loans	538	-	538
	<u>222,976</u>	<u>6,092</u>	<u>229,068</u>

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

#### 44.3 MARKET RISK

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

##### 44.3.1 Interest Risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

##### 44.3.2 Fair value of financial assets and liabilities

###### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows

Level 1: quoted prices (un-adjusted) in active market for identical assets or liabilities.  
 Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices)  
 Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

###### i) Fair value at initial recognition

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



## ii) Valuation techniques and inputs used

For instruments carried at amortized cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

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

The company uses widely recognized valuation techniques, for determining the fair value of assets and liabilities, that use only observable market data and require little management judgement and estimation.

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

The carrying amount of financial assets and financial liabilities recognized in these financial statements approximate their respective fair values. Fair values of financial assets and liabilities carried at amortized cost.

## (RUPEES IN THOUSAND)

	June 30, 2020	June 30, 2019
<b>Financial assets carried at amortized cost:</b>	<b>Carrying amount</b>	<b>Carrying amount</b>
Cash and bank balances	251,798	35,881
Short term investment	236,000	-
Trade debts	116,616	114,590
Loans & advances	1,256	1,235
Deposit	642	14,642
Other receivables	1,735	24
Long term deposits	2,434	2,434
	<u>610,481</u>	<u>168,806</u>
<b>Financial liabilities carried at amortized cost:</b>	<b>Carrying amount</b>	<b>Carrying amount</b>
Long term liabilities	5,091	5,730
Sponsor loan	160,600	-
Short term borrowings	37,478	15,601
Trade and other payable	231,822	201,107
Accrued mark-up on secured loans	775	538
	<u>435,766</u>	<u>222,976</u>

## v) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

## a) Non-derivative financial assets

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

## b) Non-derivative financial liabilities

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

**45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

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

(RUPEES IN THOUSAND)				
FOR THE YEAR ENDED JUNE 30, 2020				
	Opening balance	Financing cash flows (45.1)	Other changes	Closing balance
Right issue of Shares	-	340,000	-	340,000
Sponsors loan	-	160,600	-	160,600
Lease Liabilities	11,822	(5,470)	1	6,353
Unclaimed dividend	523	(15,469)	15,600	654
Short-term loans from banking companies	15,601	21,877	-	37,478
	<u>27,946</u>	<u>501,538</u>	<u>15,601</u>	<u>545,085</u>

**45.1** This represent net amount of proceeds and repayments.

**46. CAPITAL MANAGEMENT**

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

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations / investing activities through long-term financing and short-term loans in addition to its equity. The Company has a gearing ratio of 0.61 (2019: 0.59) as of the reporting date.

The Company's objectives when managing capital are:

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

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

**47. IMPACT OF COVID-19 ON FINANCIAL STATEMENTS**

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on March 11, 2020, impacting countries globally triggering significant disruptions to businesses worldwide, resulting in an economic slowdown. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. However, the impact varies from industry to industry in different jurisdictions.



Based on management's assessment, considering demand from its customers, availability of imports and measures taken by Government to support the industry in which the company operates, COVID-19 does not have a significant impact on the company and supports the appropriateness of its going concern assumption, nor were there any material implications of COVID-19 that required specific disclosures in these financial statements, except for the impact on sales due to lock down during the month of April and May 2020.

#### 48. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 29, 2020 by the Board of Directors of the company.

#### 49. NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on September 29, 2020 has recommended a cash dividend at Rs.0.50 per share (i.e. 5.00 %) (2019: Rs 5.20 per share) amounting to Rs. 8.300 million for the year ended 30 June 2020. The above proposed cash dividend is subject to the approval of the members at the Annual General Meeting to be held on October 28, 2020. These financial statements do not include the effect of the above proposal which will be accounted for in the period in which it is approved by the members.

#### 50. GENERAL

Figures have been rounded off to the nearest thousand rupee.

(Mian Aamir Naseem)  
Chief Executive

(Mian Farrukh Naseem)  
Director

(Muhammad Aslam)  
Chief Financial Officer



## PATTERN OF SHAREHOLDING

FORM 34

1.1 Name of the Company **SHADAB TEXTILE MILLS LIMITED**2.1 Pattern of holding of the shares held by the shareholders as at **30 06 2020**

2.2	No. of Shareholders	Shareholdings			Total shares held
		From		To	
	92	1	-	100	2,368
	102	101	-	500	33,944
	70	501	-	1,000	64,163
	112	1,001	-	5,000	337,352
	47	5,001	-	10,000	391,366
	18	10,001	-	15,000	230,428
	7	15,001	-	20,000	126,388
	7	20,001	-	25,000	162,065
	1	25,001	-	30,000	30,000
	1	30,001	-	35,000	35,000
	4	35,001	-	40,000	146,850
	2	45,001	-	50,000	99,685
	1	50,001	-	55,000	51,000
	2	55,001	-	60,000	115,333
	4	60,001	-	65,000	249,786
	1	70,001	-	75,000	75,000
	1	85,001	-	90,000	88,000
	1	90,001	-	95,000	94,500
	1	95,001	-	100,000	95,089
	1	115,001	-	120,000	120,000
	1	120,001	-	125,000	122,106
	1	195,001	-	200,000	200,000
	1	225,001	-	230,000	229,500
	1	245,001	-	250,000	246,000
	1	250,001	-	255,000	250,675
	1	335,001	-	340,000	338,042
	1	405,001	-	410,000	405,333
	1	425,001	-	430,000	425,533
	1	435,001	-	440,000	436,358
	1	445,001	-	450,000	446,833
	1	480,001	-	485,000	481,230
	1	520,001	-	525,000	521,278
	1	845,001	-	850,000	849,006
	1	1,035,001	-	1,040,000	1,035,087
	1	1,625,001	-	1,630,000	1,628,043
	1	1,675,001	-	1,680,000	1,675,500
	1	2,305,001	-	2,310,000	2,306,586
	1	2,450,001	-	2,455,000	2,454,573
	<b>493</b>				<b>16,600,000</b>



2.3	Categories of shareholders	Shares Held	Percentage
2.3.1	Directors, Chief Executive Officers, and their spouse and minor children	8,353,812	50.3242%
2.3.2	Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3	NIT and ICP	521,878	3.1438%
2.3.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	53	0.0003%
2.3.5	Insurance Companies	0	0.0000%
2.3.6	Modarabas and Mutual Funds	0	0.0000%
2.3.7	Share holders holding 10% or more	6,436,659	38.7751%
2.3.8	General Public		
	a. Local	7,243,613	43.6362%
	b. Foreign	0	0.0000%
2.3.9	Others (to be specified)		
	1- Joint Stock Companies	471,700	2.8416%
	2- Pension Funds	8,613	0.0519%
	3- Others	331	0.0020%
4.	Signature of Company Secretary		
5.	Name of Signatory	Mr. Khurram Zahoor	
		Company Secretary	
6.	NIC Number	3 5 2 0 2 - 0 2 5 7 7 9 7 - 7	
7.	Date	30-06-2020	



## CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2020

<u>S.No.</u>	<u>Name</u>	<u>No. of Shares Held</u>	<u>%age</u>
<b>Associated Companies, Undertakings and Related Parties (Name Wise Detail):</b>			
		-	-
<b>Mutual Funds (Name Wise Detail)</b>			
		-	-
<b>Directors and their Spouse and Minor Children (Name Wise Detail):</b>			
1	MR. FAHAD SHAFIQ	2,766	0.0167%
2	MR. FARRUKH NASEEM (CDC)	1,628,043	9.8075%
3	MR. AAMIR NASEEM (CDC)	2,454,573	14.7866%
4	MRS. FATIMA AAMIR (CDC)	2,306,586	13.8951%
5	MR. SAAD NASEEM (CDC)	1,035,087	6.2355%
6	MR. YASIR NASEEM (CDC)	55,333	0.3333%
7	MRS. HINA FARRUKH W/O MR. FARRUKH NASEEM (CDC)	436,358	2.6287%
8	MR. HAMZA NASEEM (CDC)	425,533	2.5635%
9	MR. GHAZANFER FEROZ (CDC)	9,533	0.0574%
<b>Executives:</b>			
		-	-
<b>Public Sector Companies &amp; Corporations:</b>			
		-	-
<b>Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b>		8,666	0.0522%
<b>Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)</b>			
1	MR. AAMIR NASEEM (CDC)	2,454,573	14.7866%
2	MRS. FATIMA AAMIR (CDC)	2,306,586	13.8951%
3	MR. ABDUL RASHID (CDC)	1,675,500	10.0934%
4	MR. FARRUKH NASEEM (CDC)	1,628,043	9.8075%
5	MR. SAAD NASEEM (CDC)	1,035,087	6.2355%
6	MR. AHMED NASEEM (CDC)	849,006	5.1145%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed :

<u>Sr. No.</u>	<u>Name</u>	<u>Sale</u>	<u>Purchase</u>	<u>Right</u>
1	MR. FAHAD (CDC)	-		2,266
2	MR. FARRUKH NASEEM (CDC)			1,424,407
3	MR. AAMIR NASEEM (CDC)			2,178,287
4	MRS. FATIMA AAMIR (CDC)			1,889,733
5	MR. SAAD NASEEM (CDC) (CDC)			848,023
6	MR. YASIR NASEEM (CDC)			45,333
7	MRS. HINA FARRUKH W/O MR. FARRUKH NASEEM)			357,498
8	MR. HAMZA NASEEM (CDC)			424,533
9	MR. GHAZANFER FEROZ (CDC)		4,000	4,533





Folio No./CDC Participant ID  
and Account No. \_\_\_\_\_  
CNIC No. \_\_\_\_\_

## FORM OF PROXY

I / We \_\_\_\_\_  
Son / Daughter / Wife of \_\_\_\_\_  
being a member of **SHADAB TEXTILE MILLS LIMITED** and holder of \_\_\_\_\_  
(Number of Shares)  
Ordinary Shares as per Registered Folio No./ CDC/ Participant ID No. and Account No. \_\_\_\_\_  
hererby appoint Mr. \_\_\_\_\_ of \_\_\_\_\_  
of failing him Mr. \_\_\_\_\_ of \_\_\_\_\_  
who is also a member of **SHADAB TEXTILE MILLS LIMITED**, Vide Registered Folio No./ CDC/ Participant  
ID No. and Account No. \_\_\_\_\_  
as my / our proxy to vote for me / us and on my / our behalf at the 41st Annual General Meeting of the  
Company to be held on Wednesday, October 28, 2020 at 11.30 a.m. and at any adjournment thereof.

As witness my / our hand (s) this \_\_\_\_\_ day of \_\_\_\_\_ 2020

1. Witness:

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC No. \_\_\_\_\_

Affix  
Revenue  
Stamps of  
Rs. 5/-

2. Witness:

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC No. \_\_\_\_\_

\_\_\_\_\_  
Signature of Shareholder

NOTE:

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



فولیو نمبر / سی ڈی سی پارٹیشن (شرکت) ID

اور کھاتا نمبر:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

## پراکسی فارم

میں / ہم

بیٹا / بیٹی / زوجہ

شاداب ٹیکسٹائل ملز لمیٹڈ اور حال

(تعداد حصص)

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

محترم

یا عدم موجودگی کی صورت میں، محترم

کا / کے

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

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

آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2020 بطور گواہ دستخط کئے گئے۔

(1) گواہ:

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

(2) گواہ:

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

نوٹ:

1- کوئی بھی رکن (ممبر) جو سالانہ اجلاس میں شرکت کرنے اور ووٹ دینے کا / کی حقدار ہے وہ اجلاس میں شرکت کرنے اور ووٹ دینے کے لیے کسی دوسرے رکن (ممبر) کو اپنا پراکسی مقرر کر سکتا / سکتی ہے۔ پراکسیاں موثر ہونے کے لیے اجلاس کے انعقاد سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہو جانی چاہئیں۔ پراکسی کارکن (ممبر) ہونا لازمی ہے۔

2- سی ڈی سی کے انفرادی مالک جو اس اجلاس میں شرکت کے اہل ہیں اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ اپنی شناخت کے لیے ہمراہ لائیں۔ پراکسی کی صورت میں اپنے قومی

شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کریں۔ کارپوریٹ ممبرز کے نمائندگان شناخت کے لیے اس موقع پر درکار معمول کی دستاویزات ہمراہ لے کر آئیں۔

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

پانچ روپے مالیت کی رسیدی  
ٹکٹ چسپاں کریں

ممبر کے دستخط

