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BOARD OF DIRECTORS

Mr. Muneer Nawaz	Chairman
Mr. M. Naeem	Chief Executive
Mr. Abid Nawaz	
Mr. Saleem Zamindar (NIT)	
Mr. Sohail Habib	
Mr. Toqueer Nawaz	
Mrs. Sadiya Mohammad	
Mr. Muhammad Usman Khalid	
Lt. Col. (Retd.) R.D. Shams	

COMPANY SECRETARY

Mr. Jamil Ahmad Butt, FCMA

AUDIT COMMITTEE OF THE BOARD

Mr. Sohail Habib	Chairman
Mr. Muneer Nawaz	Member
Mr. Toqueer Nawaz	Member
Mr. Muhammad Usman Khalid	Member
Mr. Jamil Ahmad Butt, FCMA	Secretary

**HUMAN RESOURCE AND
REMUNERATION COMMITTEE OF THE BOARD**

Mr. Saleem Zamindar	Chairman
Mr. Muneer Nawaz	Member
Mr. M. Naeem	Member
Mr. Muhammad Usman Khalid	Member
Mr. Jamil Ahmad Butt, FCMA	Secretary

AUDITORS

Deloitte Yousuf Adil.
Chartered Accountants.
Cavish Court, A-35, Block 7 & 8 KCHS,
Shahrah-e-Faisal, Karachi 75350.

BANKS

Bank Alfalah Limited
United Bank Limited
Meezan Bank Ltd.
The Bank of Punjab
MCB Bank Limited
Faysal Bank Limited
National Bank of Pakistan

LEGAL ADVISOR

Mr. Ras Tariq Chaudhary
30-Mall Mansion
The Mall
Lahore.

HEAD OFFICE

Shahnawaz Building, 19-Dockyard Road,
West Wharf, Karachi-74000
Ph: 32313934-8, 32312834, 32310973
Fax: 32205723, 32310623
Website: www.shahtaj.com

REGISTERED OFFICE

27-C Abdalian Co-oporetive
Hosing Society, Lahore,
Ph: (042) 35313891-92, 35301596-99
Fax: (042) 35301594

MARKETING OFFICE

27-C Abdalian Co-oporetive
Hosing Society, Lahore,
Ph: (042) 35313891-92, 35301596-99
Fax: (042) 35301594

FACTORY

46 K.M. Lahore/Multan Road
Chunian Industrial Estate
Bhai Pheru, Distt. Kasur, Punjab.
Ph: (049) 4540430-32, 4540133, 4540234
Fax: (049) 4540031

SHARE REGISTRAR

Jwaff's Registrar Services (Pvt.) Ltd.
Suite # 407,408, 4th Floor, Al-Ameera Centre,
Shahrah-e-Iraq, Near Passport Office,
Saddar Karachi.
Tel: 35662023-24 Fax: 35221192

To,

All the Shareholders,

Notice is hereby given to all the shareholders of SHAHTAJ TEXTILE LIMITED that the 31st Annual General Meeting of the Company will be held on Wednesday, the 28th October, 2020, at 11:00 AM at PC Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following ordinary business:

1. To confirm the minutes of Annual General Meeting held on 25th October, 2019.
2. To consider and adopt audited Financial Statements of the Company for the year ended June 30, 2020 together with Auditors' and Directors' Reports thereon.
3. To approve a cash Dividend @ 40% i.e. Rs.4/- per share for the year ended June 30, 2020 as recommended by the Directors.
4. To appoint Auditors of the Company for the year 2020-2021 and to fix their remuneration. The present Auditors M/s. Deloitte Yousuf Adil, Chartered Accountants, being eligible, have offered themselves for reappointment.
5. To transact any other ordinary business with the permission of the Chair.

By Order of the Board



(JAMIL AHMAD BUTT)
Company Secretary

Karachi: September 28, 2020

Notes:

1. The share transfer books of the Company will remain closed from 21st October, 2020 to 31st October, 2020, (both days inclusive).
2. Members holding shares physically and Holders of Accounts and Sub-accounts for Company's shares in Central Depository Company of Pakistan Limited, who wish to attend this Annual General Meeting may do so by identifying themselves through their original CNIC/Passport and providing a copy thereof.
3. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
4. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

5. DEDUCTION OF INCOME TAX

As per the provisions of Section 150 of the Income Tax Ordinance, 2001 ("Ordinance") different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. The Current withholding tax rates are as under:

- | | | |
|-----|--|-----|
| (a) | For the person whose names are appearing on ATL: | 15% |
| (b) | For the person whose names are not appearing on ATL: | 30% |

All the shareholders whose names are not entered into the Active Tax-payers list (ATL) provided on the website of the Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of dividend, otherwise tax on their Dividend will be deducted @ 30% instead of @ 15%.

The Corporate Shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective Participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Company or Company's Share Registrar and Share Transfer Agent, M/s. JWAFFS REGISTRAR SERVICES (PVT) LIMITED.

The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective Folio Numbers.

As per FBR's clarification, the valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide valid Tax Exemption Certificate to our Shares Registrar; otherwise tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

For shareholders holding their shares jointly, as per the clarification issued by the FBR, withholding tax will be determined separately on 'Filer / Non-Filer' status of Principal shareholder as well as Joint-holder(s) based on their shareholding proportions. All shareholders who hold shares jointly are therefore requested to provide shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to the Registrar and Shares Transfer Agent in writing as follows:

Folio / CDC Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
		Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

6. ELECTRONIC DIVIDEND MANDATE

Under the provisions of Section 242 of the Companies Act, 2017 it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly in to bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to provide details of the bank mandate specifying:

Title of Account, Account Number, Bank Name, Branch Name and Code, IBAN Number.

In case shares are held in physical form, please send this information duly signed along with a copy of CNIC to the registrar of the Company M/s. JWAFFS Registrar Services (PVT) Limited.

In case shares are held in CDC then Electronic Mandate Form must be submitted directly to shareholder's broker participant/CDC account.

In case of non-receipt of the information the company will be constrained to withhold payment of dividend to such shareholders.

7. CONSENT FOR VIDEO CONFERENCE FACILITY

Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 7 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 7 days prior to the date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

I/We, _____ of _____, being a member of Shahtaj Textile Limited, holder(s) of _____ ordinary share(s) as per Registered Folio/CDC account No. _____ hereby opt for video conference facility at _____.

OUR VISION:

To attain leadership position in the textile sector in Pakistan.

OUR MISSION:

To make the name of Shahtaj synonymous with Quality by striving for the highest level of efficiency, productivity, profitability, customers satisfaction, congenial employees relations and profit sharing with shareholders.


OVERALL CORPORATE STRATEGY:

To develop and market products in the high-end of the textile sector through effective utilization of men, material and machines by encouraging, supporting and rewarding the employees, eliminating any waste, reducing costs aiming at establishing SHAHTAJ TEXTILE LIMITED as the most trusted, efficient and successful name among all stakeholders.

1. The directors will ensure implementation of Company's corporate strategy, keeping in view Company's vision and mission and complying with its Memorandum and Articles of Association.
2. They will provide due guidance and discharge their duties to the best of their ability.
3. They will attend meetings of Board of Directors, Audit Committee of the Board, any other Committee and General Meeting of Company.
4. They will disclose their interest in any contract and appointments of the company officers and ownership of company shares and any changes therein.
5. They will not engage in any business competing with the company's business.
6. They will not allow contribution by the company to any political party or for any political purpose to any individual or body.
7. They will ensure maintenance and upkeep of company property, other assets and its record.
8. They will strictly observe all laws of land in running of the company affairs.
9. All company employees will perform their duties faithfully, truly and to the best of their judgment, skill and ability according to company rules and policies.
10. Company employees will not divulge any information about the company or otherwise which comes to their knowledge during the course of employment to any person not connected therein either within the company or outside.
11. Company employees will not involve in any indiscipline, misbehavior or misconduct, dishonesty, theft or fraud.
12. They will refrain from making commitments on behalf of the company beyond their delegated authority or detrimental to the interest of the company.
13. They will not engage directly or indirectly without the permission of the company in any other business or paid occupation while in the service of the company.
14. They will not give or take bribes or any illegal gratifications.
15. They will be punctual in attendance.

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Shahtaj Textile Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. For the financial year ended June 30, 2020, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as satisfactory is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitoring financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business. The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

Karachi: September 28, 2020


(Muneer Nawaz)
Chairman

شاہ تاج ٹیکسٹائل لمیٹڈ کے بورڈ آف ڈائریکٹرز کا کوڈ آف کارپوریٹ گورننس کے تحت درکار سالانہ جائزہ لیا گیا۔ اس جائزہ کا مقصد اس امر کو یقینی بنانا ہے کہ بورڈ کی مجموعی کارکردگی اور افادیت کو کمپنی کے مختص کردہ مقاصد کے تناظر میں پرکھا جاسکے۔

مالی سال 30 جون 2020 کے لئے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی گئی۔ بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزے کیا اطمینان بخش قرار پانے کی بنیاد ضروری اجزاء کے انفرادی جائزے پر ہے جن میں دورانہ لشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر مالی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور سرگرمیوں کو موثر انداز سے پورا کرنا شامل ہیں۔

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو اپنی اور کمیٹیوں کے اجلاسات کے لئے ایجنڈا مع ضروری دستاویزات بروقت موصول ہوتے رہے اسی طرح کارروائی رپورٹس بھی۔ بورڈ اپنی ذمہ داریوں کی موثر طریقے سے انجام دہی کے لئے باقاعدگی سے اجلاس کرتا رہا۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بھی اہم فیصلوں میں برابر شامل ہوتے رہے۔

Munir Nawaz

منیر شاہنواز

چئیرمین

کراچی مورخہ 28 ستمبر، 2020

Directors are pleased to present the 31st Annual Report of the Company for the Financial Year ended June 30, 2020.

Principal Activity

The principal business of the Company is to manufacture and sale of textile goods.

Financial Results and Prospects

By the grace of Allah operating results of the Company have been positive and Company has earned an after tax profit of Rs. 72.57 million with an EPS of Rs 7.51 in comparison to Rs 19.47 reported during last year. The Company achieved sales of Rs. 4.36 billion, which is around 8.8% lower than last year's sales. The lower sales were the result of the lockdown enforced by the government, which resulted in disruptions of operations of the factory and adversely affected profitability of the Company for the later part of the year. However, the gross profit rate during the year increased slightly to 9.65% from 9.37% as compared to last year because of better contribution margin due to increase in unit selling prices.

The distribution expenses for the year is lower than previous year because of decrease in export sales. Inflationary pressure has caused rise in administration expenses as compared to previous year. The significant increase in other operating expenses is due to loss on sale of old gas generators amounting to Rs 44 million which are replaced by new high efficiency generators. Finance cost during the year decreased on account of prudent financial management and reduction in policy rate.

Other income for the year decreased significantly because of lower exchange gain which was very high last year due to rapid currency devaluation.

The two new 2000 KW gas generators and warping machine purchased under the Company's BMR programme have been installed and now running satisfactorily. Further, LC for replacement of air compressors has also been established. These BMR will further improve efficiency of the mill and in turn its financial results.

The financial year 2020 has been a challenging year for Pakistan's economy. The COVID 19 Pandemic has adversely impacted all the economies around the globe, including Pakistan. The most affected sector in Pakistan is textile, which has started facing large-scale cancellation or postponement of export orders as many foreign buyers have closed down their operations in the wake of coronavirus outbreak. To reduce the impact on businesses and economies in general, State Bank of Pakistan (SBP) introduced a host of measures which included reduction in policy rate, deferments of principal amount of loans, refinancing of loans at concessionary rates, salary refinancing, etc. to provide relief to businesses.

While the Covid-19 cases in Pakistan have receded significantly, it is yet to be seen by when it comes fully under control globally. Further, the fear of pandemic's second wave still exists due to which there is significant uncertainty about its long-term economic and other consequences. The company is committed to face these challenges by taking appropriate measures to minimize its potential adverse effects.

Efforts will be continuing as always for more improvement.

Dividend

To share the profits with the shareholder, Directors are pleased to recommend a 40% cash dividend for this year. This payment is 53.2% of after tax profit of the Company for the year 2019-20. A sum of Rs. 25 million is proposed to be transferred to general reserve.

Principal Risks and Uncertainties

The Company is exposed to the following risks and uncertainties: -

- Increase in prices of raw materials
- Fluctuating demand of local and international market
- Fluctuation in exchange rates
- Energy availability and cost
- Market disruption due to changes in tax laws and regulations to widen the tax net

Company takes these risks as a challenge and seeks to minimize potential adverse effects of these risks on the financial performance.

Internal Financial Controls

A system of sound internal control is established and prevailing in the Company. The system of internal control is designed in a manner to ensure achievement of Company's business objectives and operational efficiency, reliable financial reporting and compliance with various statutory laws.

Material Changes and Commitments

No material changes and commitments affecting the financial position of the Company were observed between the end of the financial year of the Company to which the financial statements relate and the date of the report.

Outstanding Statutory Payments

All outstanding payments are normal and of routine nature.

Code of Corporate Governance

Company is cognizant of all requirements of Code of Corporate Governance and is complying with the same. A Review Report by external auditors on Statement of Compliance is annexed.

Corporate and Financial Reporting Statements

- The financial statements, prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

Six Years Review

Key operating and financial data and ratios of the company for the last six years are annexed.

Board and its Committees

The total number of directors are nine as per the following:

- Male: 8
- Female: 1

The composition of the board is as follows:

Category	Names
Independent Directors	Mr. Saleem Zamindar (NIT)
	Mr. Sohail Habib
Other Non-Executive Directors	Mr. Muneer Nawaz
	Mr. Toqueer Nawaz
	Mr. Muhammad Usman Khalid
	Mr. Abid Nawaz
Female Non-Executive Director	Mrs. Sadia Muhammad
Executive Directors	Mr. Muhammad Naeem
	Lt. Col(Retd.) Rashiduddin Shams

The Board has formed committees comprising of members given below:

- Audit Committee
 - Mr. Sohail Habib (Chairman)
 - Mr. Muneer Nawaz
 - Mr. Toqueer Nawaz
 - Mr. Muhammad Usman Khalid
- HR and Remuneration Committee
 - Mr. Saleem Zamindar (Chairman)
 - Mr. Muneer Nawaz
 - Mr. Muhammad Naeem
 - Mr. Muhammad Usman Khalid

Changes in the board

Our Senior Board Member, Mr. Mahmood Nawaz, passed away on 07 March 2020. His invaluable contributions towards the progress of the company will be remembered. He was associated with the Company since its inception as Director. He was a visionary and versatile person. He worked with devotion, loyalty and contributed towards success of the Company. He will be missed by all those who had the opportunity to work with him. Casual vacancy occurred due to sad demise of Mr. Mahmood Nawaz was filled up by the directors and Mr. Abid Nawaz was appointed in his place. Company hopes to benefit from the positive contribution and support of the new director.

Directors' Remuneration Policy

The Company does not pay remuneration to non-executive directors except fee for attending the meetings. However, the Company may repay to any director all such reasonable expenses as he/she may incur in attending meetings of the Board or of its committees or the General meeting or which he may otherwise incur in or about the business of the Company.

The remuneration of Chief executive, full time working directors or any other director for performing extra services is determined by the Board in accordance with the provision in the Company's Articles.

The information on remuneration of Directors and CEO during 2019-20 is disclosed in notes to the Financial Statements.

Pattern of Shareholding

The pattern of shareholding as on 30th June, 2020 listing the required details, is annexed.

Auditors

The Audit Committee of the Board has recommended the appointment of present Auditors, M/s. Deloitte Yousuf Adil., Chartered Accountants, as Auditors of the Company for the year 2020-2021. Board agrees to this recommendation.

Corporate Social Responsibility


The detailed report on Corporate Social Responsibility is annexed and form integral part of this report.

Appreciation

Directors acknowledge with thanks the hard work put in by all the employees of the Company.

for and on behalf of the Board of Directors


(M. NAEEM)
Chief Executive


(MUNEER NAWAZ)
Chairman

Karachi: September 28, 2020

ڈائریکٹر زری پورٹ کے ساتھ جون 2020 کو ختم ہونے والے مالی سال کے لئے کمپنی کی اکتیسویں سالانہ رپورٹ پیش کرتے ہیں۔

بنیادی کاروبار:-

کمپنی کا بنیادی کاروبار ٹیکسٹائل مصنوعات کی پیداوار اور فروخت ہے۔

مالی حسابات اور امکانات:-

الحمد للہ دوران سال کمپنی کے مالیاتی نتائج مثبت رہے اور بعد از ٹیکس منافع 72.57 ملین روپے رہا یعنی 7.51 روپے فی حصہ۔ گزشتہ سال کے دوران فی حصہ آمد 19.47 روپے تھی۔ کمپنی نے 4.36 بلین روپے سیلز حاصل کیں، جو گزشتہ سال کے مقابلہ میں تقریباً 8.8 فیصد کم تھی، کم فروخت حکومت کی طرف سے نافذ لاک ڈاؤن کا نتیجہ تھا، جس کے نتیجے میں فیکٹری کے کاموں میں خلل پڑا اور سال کے آخری حصے میں کمپنی کا منافع بری طرح متاثر ہوا۔ تاہم، سال کے دوران مجموعی منافع کی شرح میں تھوڑا سا اضافہ ہوا ہے جو گزشتہ سال کے 9.37 فیصد کے مقابلہ میں 9.65 فیصد رہا جس کی وجہ پونٹ کی قیمت فروخت میں بہتری ہے۔

برآمدات میں کمی کی وجہ سے پچھلے سال کے مقابلے میں تقسیم کے اخراجات کم ہیں۔ مہنگائی کے دباؤ نے پچھلے سال کے مقابلہ میں انتظامی اخراجات میں اضافہ کیا ہے۔ دیگر آپریٹنگ اخراجات میں نمایاں اضافہ پرانے گیس جنریٹرز کی فروخت پر ہونے والے 44 ملین روپے نقصان کی وجہ سے ہوا جو نئے اعلیٰ کارکردگی والے جنریٹرز سے تبدیل کئے گئے ہیں۔ دانشمندانہ مالی انتظام اور پالیسی ریٹ میں کمی کی وجہ سے سال کے دوران مالیاتی اخراجات کی لاگت میں کمی واقع ہوئی۔

کم شرح تبادلہ کی وجہ سے اس سال دیگر آمدنی میں نمایاں کمی واقع ہوئی جو گزشتہ سال روپیہ کی قدر میں تیزی سے ہونے والی کمی کے باعث غیر معمولی طور پر زیادہ تھا۔

دو ہزار 2000 کلو واٹ گیس جنریٹرز اور وارپنگ مشین جو کمپنی کے بی ایم آر پروگرام کے تحت خریدیں گئیں، اب اطمینان بخش طریقے سے چل رہی ہے۔ مزید یہ کہ ایئر کپریسز کی تبدیلی کے لئے ایل سی کھولی گئی ہے۔ اس بی ایم آر سے مل کی کارکردگی میں اضافہ ہوگا جس کے نتیجے میں بہتر مالی نتائج برآمد ہوں گے۔

مالی سال 2020 پاکستان کی معیشت کے لئے ایک مشکل سال رہا، کوویڈ 19 کے وبائی مرض نے پاکستان سمیت دنیا بھر کی تمام معیشتوں کو بری طرح متاثر کیا ہے۔ پاکستان میں سب سے زیادہ متاثرہ شعبہ ٹیکسٹائل ہے، جس نے بڑے پیمانے پر برآمدی آرڈرز کی منسوخی یا التوا کا سامنا کیا کیونکہ متعدد غیر ملکی خریداروں نے کورونا وائرس پھیلنے کے بعد اپنی کارروبار بند کر دیئے۔ اس کے نتیجے میں عمومی کاروبار اور معیشت پر پڑنے والے منفی اثرات کو کم کرنے کے لئے، اسٹیٹ بینک آف پاکستان (ایس بی پی) نے شرح سود میں کمی، قرضوں کی اصل رقم میں التواء، خصوصی شرح پر قرضوں کے ذریعہ مالی اعانت، تنخواہوں کی ادائیگی کے لئے کم شرح سود پر مالی اعانت جیسے اقدامات کئے جس سے کاروباری اداروں کو ریلیف فراہم کیا گیا۔

اگرچہ پاکستان میں کوویڈ 19 کے معاملات میں نمایاں کمی واقع ہوئی ہے، مگر عالمی سطح پر اس وبا پر مکمل قابو پایا جانا باقی ہے۔ مزید یہ کہ وبائی مرض کی دوسری لہر کا خدشہ اب بھی موجود ہے جس کی وجہ سے اس کے طویل مدتی معاشی اور دیگر نتائج کے بارے میں نمایاں غیر یقینی صورتحال موجود ہے۔ کمپنی ان کے ممکنہ منفی اثرات کو کم سے کم کرنے کے لئے مناسب اقدامات کر کے ان چیلنجوں کا مقابلہ کرنے کے لئے پرعزم ہے۔

کمپنی ہمیشہ کی طرح مزید بہتری کے لئے کوشاں رہے گی۔

ڈیویڈنڈ:-

منافع میں حصص داران کو شریک کرنے کی غرض سے، ڈائریکٹر زری پورٹ سال چالیس فیصد نقد ڈیویڈنڈ کی سفارش کی ہے۔ یہ ادائیگی سال 20-2019 کے منافع بعد از ٹیکس کا 53.2 فیصد ہے 25 ملین کی رقم جنرل ریزرو میں منتقل کرنے کی تجویز ہے۔

بنیادی خطرات اور غیر یقینی صورتحال:-

کمپنی کو درج ذیل خطرات اور غیر یقینی صورتحال کا سامنا ہے۔

- خام مال کی قیمتوں میں اضافہ
- مقامی اور بین الاقوامی بازار میں قیمتوں میں اتار چڑھاؤ
- شرح تبادلہ میں اتار چڑھاؤ
- توانائی کی دستیابی اور لاگت
- ٹیکس قوانین اور ضوابط میں تبدیلی کے باعث بازار کا متاثر ہونا

کمپنی ان خطرات کو ایک چیلنج کے طور پر لیتی ہے اور مالی کارکردگی پر ان خطرات کے ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتی ہے۔

آڈٹ کا اندرونی انتظام:-

کمپنی میں اندرونی کنٹرول کا ایک مضبوط نظام قائم اور رائج ہے۔ داخلی کنٹرول کا یہ نظام کمپنی کے کاروباری مقاصد اور آپریشنل کارکردگی، قابل اعتماد مالی رپورٹنگ اور متعدد لازمی قوانین کی تعمیل کو یقینی بنانے کے لئے تیار کیا گیا ہے۔

مادی تبدیلیاں اور وعدے:-

کمپنی کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے دوران کمپنی کی مالی حیثیت کو متاثر کرنے والی کسی مادی تبدیلیوں اور وعدوں کا مشاہدہ نہیں کیا گیا۔

بقایا قانونی ادائیگی:-

تمام بقایا جات معمول کے مطابق اور عام نوعیت کے ہیں۔

کمپنیوں کو چلانے کا طریقہ کار (کوڈ آف کارپوریٹ گورننس):-

کمپنی ان تمام ضروریات سے آگاہ ہے جو کمپنیوں کو چلانے کے طریقہ کار (کوڈ آف کارپوریٹ گورننس) میں مذکور ہیں اور ان کی پابندی کر رہی ہے۔ تعمیل کے تصدیقی بیان پر مشتمل بیرونی آڈیٹر کی طرف سے جاری کی گئی ایک جائزہ رپورٹ لف ہذا ہے۔

کارپوریٹ اور مالیاتی رپورٹس پر مشتمل بیانات:-

ا۔ انتظامیہ کی تیار کردہ یہ مالیاتی رپورٹس، آپریشنز کے نتائج، حصولِ زر اور استعمال نیز ایکویٹی میں ہونے والی تبدیلیوں کی درست عکاسی کرتی ہیں۔

ب۔ حسابی کتب مناسب طور پر رکھی گئی ہیں۔

پ۔ مالیاتی گوشواروں کی تیاری میں حسب سابق اکاؤنٹس کیدرست اصولوں کو اختیار کیا گیا ہے اور حسابی اندازوں کی بنیاد معقول اور محتاط ہے۔

ت۔ حسابات کی تیاری میں ان بین الاقوامی معیاروں کی، جن کا نفاذ پاکستان میں ہو چکا ہے، پیروی کی گئی ہے اور کسی بھی انحراف کو واضح طور پر ظاہر کیا گیا ہے۔

ث۔ اندرونی کنٹرول کا نظام بلحاظ ساخت مکمل ہے اور اس پر عملدرآمد اور نگرانی موثر ہے۔

ث۔ کمپنی کے چلتے رہنے کی صلاحیت ہر قسم کے شک و شبہ سے بالا ہے۔

ج۔ لسٹنگ ریگولیشنز میں کارپوریٹ کوڈ آف گورننس کے بہترین طریقوں، پر عملدرآمد میں کوئی قابل ذکر انحراف نہیں ہوا ہے۔

ڈائریکٹر ز رپورٹ برائے حصہ داران

چھ سالہ جائزہ:-

گزشتہ چھ سال کے کلیدی آپریٹنگ اور مالی اعداد و شمار اور نسبتوں کی تفصیل منسلک ہے۔

بورڈ آف ڈائریکٹر اور اس کی کمیٹیاں:-

بورڈ کی ساخت

ڈائریکٹر کی کل تعداد نو ہے جن کی تفصیل درج ذیل ہے:

(ا) مرد: 8 (ب) خواتین: 1

بورڈ کی ساخت درج ذیل ہے:

نام	اقسام/کمپنی
جناب سلیم زمیندار (این آئی ٹی)	انڈیپنڈنٹ ڈائریکٹر/آزاد ڈائریکٹر
جناب سہیل حبیب	
جناب منیر نواز	دیگر غیر انتظامی ڈائریکٹر
جناب توقیر نواز	
جناب محمد عثمان خالد	
محترم عابد نواز	
محترمہ سعدیہ محمد	خاتون غیر انتظامی ڈائریکٹر
جناب محمد نعیم	ایگزیکٹو ڈائریکٹر/انتظامی ڈائریکٹر
لیفٹیننٹ کرنل (ریٹائر) رشید الدین شمس	

بورڈ نے جو کمیٹیاں تشکیل دی ہوئی ہیں، ان کے ممبران درج ذیل ہیں:

الف) آڈٹ کمیٹی

- جناب سہیل حبیب (چیرمین)

- جناب منیر نواز

- جناب توقیر نواز

- جناب محمد عثمان خالد

ب) ایچ آر اینڈ ریمونیٹریشن کمیٹی

- جناب سلیم زمیندار (چیرمین)

- جناب منیر نواز

- جناب محمد نعیم

- جناب محمد عثمان خالد

بورڈ آف ڈائریکٹرز میں تبدیلی:-

ہمارے سینئر بورڈ ممبر جناب محمود نواز صاحب کا 07 مارچ 2020 کو انتقال ہو گیا۔ کمپنی کی ترقی میں ان کی انمول شراکت کو یاد رکھا جائے گا۔ وہ آغاز سے ہی بطور ڈائریکٹر کمپنی سے وابستہ تھے۔ وہ ایک صاحب بصیرت اور ورثا نسل شخص تھے۔ انہوں نے خلوص و وفاداری کے ساتھ کام کیا اور کمپنی کی کامیابی میں اپنا حصہ ڈالا۔ جن لوگوں کو ان کے ساتھ کام کرنے کا موقع ملا وہ ان کی کمی محسوس کریں گے۔ ڈائریکٹرز نے جناب محمود نواز صاحب کے انتقال کی وجہ سے اتفاقی خالی جگہ پر جناب عابد نواز کو مقرر کیا ہے۔ کمپنی کو نئے ڈائریکٹر کی مثبت شراکت اور مدد سے فائدہ پہنچنے کی امید ہے۔

ڈائریکٹران کے معاوضہ کی پالیسی:-

کمپنی انتظامی معاملات میں شامل نہ ہونے والے ڈائریکٹرز (نان ایگزیکٹو ڈائریکٹر) کو مینٹنگ میں شمولیت کی فیس کے علاوہ کسی قسم کی ادائیگی نہیں کرتی۔ البتہ کسی بھی ڈائریکٹر کو بورڈ یا اس کی کمیٹیوں یا عام اجلاس میں شرکت پر ہونے والے اخراجات کی ادائیگی کرتی ہے یا کسی ایسے خرچ کی جو وہ کمپنی کے کاروبار یا اس سے متعلق کریں۔

چیف ایگزیکٹو، کل وقتی ورکنگ ڈائریکٹر یا کسی بھی ڈائریکٹر کی اضافی خدمات بجالانے کے معاوضے کا تعین بورڈ کمپنی کے آرٹیکل کے مطابق کرتا ہے۔

ڈائریکٹرز اور چیف ایگزیکٹو کو دوران سال 2019-2020 دینے جانے والے معاوضہ کے بارے میں تمام معلومات سالانہ رپورٹ کے نوٹس میں دے دی گئی ہیں۔

حصہ داروں کی تفصیل (پیٹرن آف شیئر ہولڈرز)

مالی سال 30 جون 2020 کے اختتام پر قواعد کے مطابق درکار حصہ داران کی تفصیل منسلک ہے۔

آڈیٹر

بورڈ کی آڈٹ کمیٹی نے موجودہ آڈیٹر میسرز ڈیلائیٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹ کی مالی سال 2020-21 میں بطور آڈیٹر تقرری کی سفارش کی ہے۔ بورڈ اس سفارش سے متفق ہے۔

معاشرتی و سماجی ذمہ داریوں

معاشرتی و سماجی ذمہ داری سے متعلق مفصل رپورٹ منسلک ہے اور اس رپورٹ کا لازمی جزو ہے۔

حوصلہ افزائی

ڈائریکٹرز کمپنی کے تمام ملازمین کی انتھک محنت کا شکرگزاری کے ساتھ اعتراف کرتے ہیں۔

برائے اور از طرف بورڈ آف ڈائریکٹرز

Munir Nawaz

(منیر شاہنواز)

چیرمین

/ Nam

(ایم۔ نعیم)

چیف ایگزیکٹو آفیسر

کراچی 28 ستمبر 2020

In recognition of its social responsibility, Company is regularly contributing reasonably in the interests of its clients, suppliers, employees and environment.

Clients

At STL, we are committed to quality, excellence and customer satisfaction. In order to improve the quality of service, we ensure to meet the expectations of our customers and their complete satisfaction. The STL Quality Management Program includes surveys and audit process conducted regularly both internally and through external companies.

Suppliers

We work and collaborate with leading industry suppliers that meet a code of ethics and respect for the environment. We strive to provide equal opportunities and encourage the purchase of local and national products, always under strict environmental control of raw materials. For each one of them and for the most important products, we ask for the appropriate technical specification.

The products we use are mostly of recognized brands, companies committed to the environment and immersed in Quality Policy and recognized Certifications like ISO, etc.

Environment& Society

At STL, we work to contribute to sustainable development and protect the natural resources of our environment. We promote awareness, training and dissemination of good environmental practices among our customers, suppliers and employees. The goal is to instill a sense of energy and water savings. We have been successful in a way that this activity is also carried into the homes of our employees.

Saving natural resources, water and energy.

- Monitoring of waste control and efficient use of water and energy.
- Turning off lights, fans, closing refrigerators, air conditioners or other electronic equipments when not in use.
- Use of energy saving lamps, lighting using white light energy-saving bulbs and energy-saving LED systems.

Severe energy crisis in our country is not only adversely impacting the national economy but also is a matter of depression for general public as long hours of load shedding of electricity has disturbed peaceful lives of the citizens. STL has shared national burden by investing millions of Rupees in the power generation facilities through gas generators.

At STL, we always ensure to be a responsible corporate citizen and assist government through timely deposit of taxes and other duties in government treasury.

Employees

At STL, we value people. We believe and work for them. We know that the foundation of our company is its human capital. This is why measures are taken to ensure the motivation and involvement of our employees.

Our system of recruitment, hiring, compensation, professional development, participation ensures equal opportunities and non-discrimination. We ensure the basic measures of health, safety and risk prevention, in addition to implementing the measures necessary to ensure good working atmosphere. We provide tools that foster transparent and bidirectional communication. Few of the initiatives that have been undertaken in this regard are as follow:

- To offer market-based remuneration packages and bonuses to employees to motivate and acknowledge their valuable services.
- Provision of family and single accommodation to most of the employees in the colony of the Company.
- Provision of food on subsidized rates to all regular employees of the Company.
- Training of employees for firefighting equipment, first aid procedures and evacuation drills.

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

1. The total number of directors are 9 as per the following:
 - a) Male: 8
 - b) Female: 1

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Saleem Zamindar
	Mr. Sohail Habib
Non-Executive Directors	Mr. Muneer Nawaz
	Mr. Toqueer Nawaz
	Mr. Muhammad Usman Khalid
	Mr. Abid Nawaz
Female non-executive director	Mrs. Sadia Muhammad
Executive Directors	Mr. Muhammad Naeem
	Lt. Col(Retd.) Rashiduddin Shams

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board remained fully compliant with the provision with regard to their director's training program. Out of total nine directors of the Company, three have minimum of 14 years of education and 15 year of experience on the board of a listed company and therefore are exempt from director's training program. Four other directors have completed the Director's Training Program from Pakistan Institute of Corporate Governance (PICG). The remaining two directors will undertake the Director's Training Program within the stipulated time. Further, the Company is in process to arrange the orientation course in due course.
10. The Board has approved appointment of chief financial officer, Company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
 - a) Audit Committee
 - Mr. Sohail Habib (Chairman)
 - Mr. Muneer Nawaz
 - Mr. Toqueer Nawaz
 - Mr. Muhammad Usman Khalid
 - b) HR and Remuneration Committee
 - Mr. Saleem Zamindar (Chairman)
 - Mr. Muneer Nawaz
 - Mr. Muhammad Naeem
 - Mr. Muhammad Usman Khalid
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committee were as per following:
 - Audit Committee: Four quarterly meetings during the financial year ended June 30, 2020;
 - HR and Remuneration Committee: One meeting during the financial year ended June 30, 2020.
15. The Board has outsourced the internal audit function to a firm of Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, Company secretary or director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. With regard to compliance with regulation 6 of the Regulations, the current composition of the Board includes 2 independent directors. The number of independent directors will be reviewed for the next election of Directors, which is due in the second quarter of the forthcoming financial year.
20. Explanations for non-compliance with the requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

In addition to the mandatory and non-mandatory clauses / regulations stipulated in the Regulations, there are certain regulations / clauses in the Regulations in which word 'may' or 'encouraged' have been used. We understand that these clauses remain recommendatory in nature and therefore, neither fall under mandatory regulations / clauses nor fall into 'compulsory or explain' approach. However, the Company may voluntarily comply with such regulations / clauses as at June 30, 2020, the Company has complied with certain recommendatory regulations / clauses and the Company may consider compliance with remainder of these in future.

for and on behalf of the Board of Directors

(M. NAEEM)
Chief Executive

(MUNEER NAWAZ)
Chairman

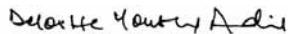
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Shahtaj Textile Limited (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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.



Chartered Accountants

Karachi: September 30, 2020

2019-2020 2018-2019 2017-2018 2016-2017 2015-2016 2014-2015

All figures are in Million Rupees other than where percentages and ratio sign appear.

PROFIT & LOSS ACCOUNT

Net turnover	4365.769	4787.646	3925.325	3498.781	3155.887	3291.892
Gross Profit	421.282	448.758	295.817	328.36	325.129	309.329
Operating Profit	193.314	338.732	141.135	156.556	159.625	130.673
Profit before tax	113.095	251.391	84.598	117.967	116.513	74.289
Profit after tax	72.571	188.048	68.100	105.979	98.858	58.244
Earning per share (Rs.)	7.51	19.47	7.05	10.97	10.23	6.03
Cash dividend	40%	100%	27.50%	50%	45%	25%
Dividend payment ratio	53.2%	51.4%	39%	45.6%	44%	41.5%
Cash distribution per share in Rupees	4.00	10.00	2.75	5.00	4.50	2.50

BALANCE SHEET

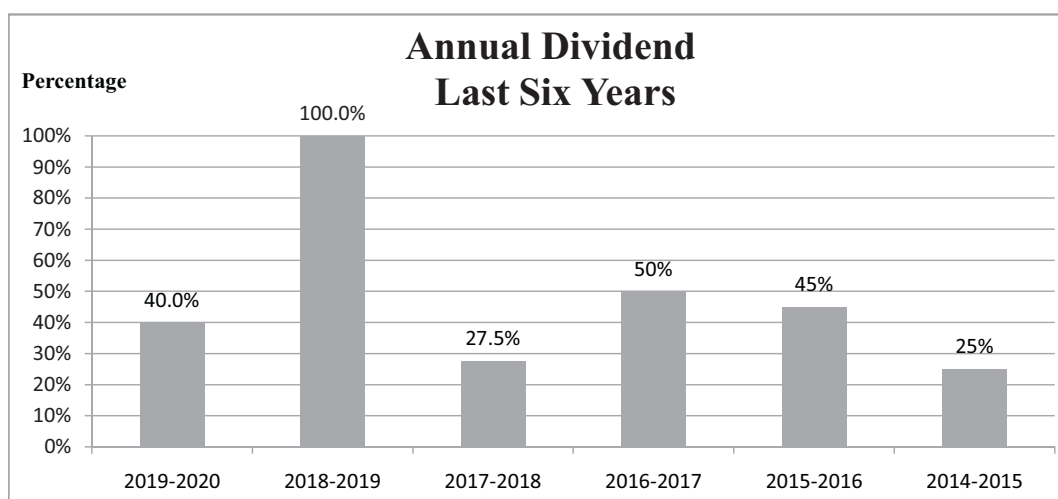
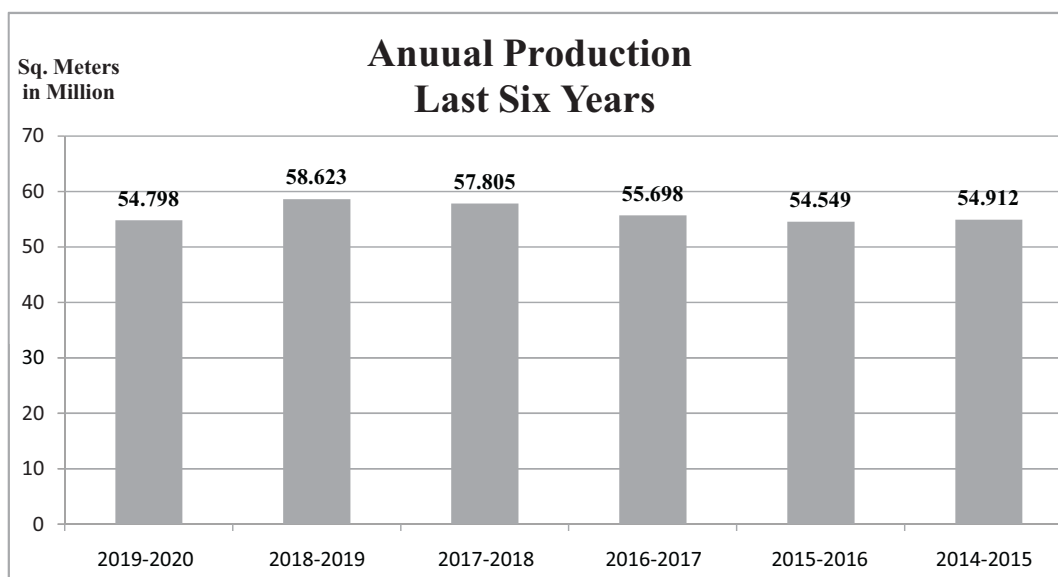
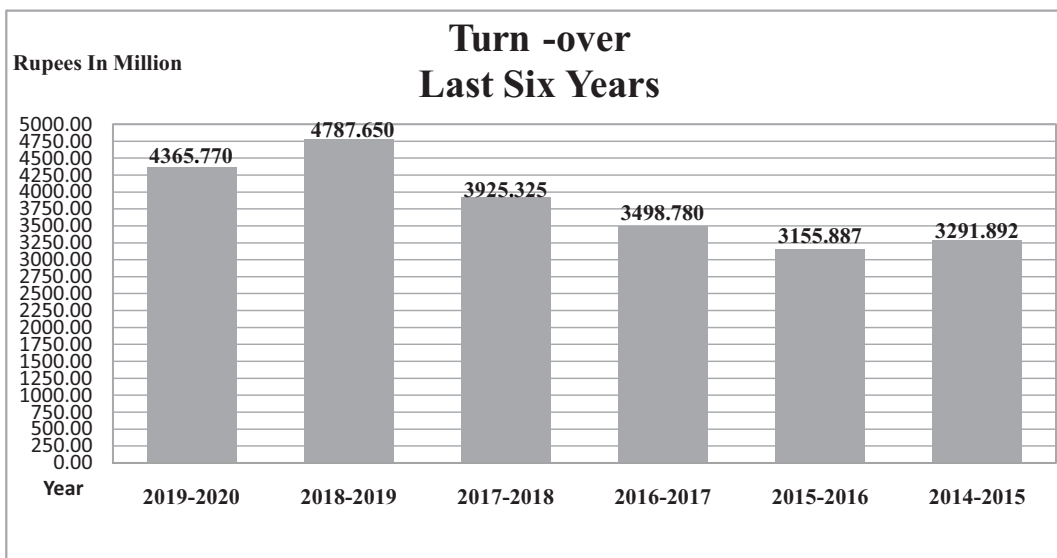
Shareholder funds	96.600	96.600	96.600	96.600	96.600	96.600
Reserves	1037.349	1045.151	875.592	853.589	793.853	722.403
Surplus on revaluation of plant & machinery	63.066	75.983	86.947	4.651	5.361	5.946
Property plant and equipment	1152.175	1080.826	1160.648	1014.729	799.161	858.610
Long term finance	513.501	338.888	287.398	298.279	82.276	171.029
Net current assets / liabilities	636.015	541.391	252.585	320.111	243.724	198.150

INVESTORS INFORMATION

Gross profit ratio	9.65%	9.37%	7.54%	9.38%	10.30%	9.40%
Profit before tax ratio	2.59%	5.25%	2.16%	3.37%	3.69%	2.26%
Inventory turnover ratio	6.32	9.04	7.73	8.33	8.86	11.12
Fixed asset turnover ratio	3.79	4.43	3.38	3.45	3.95	3.83
Return on equity	6.06%	15.44%	6.42%	11.10%	11.03%	7.06%
Debt equity ratio	30:70	22:78	21:79	24:76	8:92	14:86
Current ratio	1.63	1.44:1	1.20:1	1.45:1	1:43:1	1.35:1
Interest cover ratio	2.41	3.88	2.50	4.06	3.70	2.32

STATEMENT OF VALUE ADDITION

Employees remuneration	317.886	309.365	276.102	266.452	246.061	237.970
Government as taxes	699.546	63.342	16.497	11.988	72.302	82.847
Shareholders as dividend	38.64	96.60	26.565	48.300	43.470	24.150
Retained with in business	33.93	91.448	41.535	57.679	55.388	34.094
Financial charges to providers of finance	80.219	87.341	56.537	38.589	43.112	56.384



Pattern of shares held by shareholders as at June 30, 2020 is as under:

Serial Number	NUMBER OF SHARE HOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
1	278	1	-	100	10,788
2	148	101	-	500	53,833
3	538	501	-	1000	315,068
4	76	1001	-	5000	157,721
5	17	5001	-	10000	113,260
6	4	10001	-	15000	49,655
7	4	15001	-	20000	75,075
8	1	20001	-	25000	23,000
9	1	25001	-	30000	26,012
10	1	30001	-	35000	30,600
11	2	35001	-	40000	74,225
12	3	40001	-	45000	124,193
13	3	45001	-	50000	150,000
14	1	50001	-	55000	54,000
15	1	100001	-	105000	104,543
16	2	110001	-	115000	227,500
17	1	115001	-	120000	118,000
18	1	135001	-	140000	135,200
19	1	145001	-	150000	149,585
20	1	175001	-	180000	177,872
21	1	195001	-	200000	200,000
22	1	270001	-	275000	271,584
23	1	285001	-	290000	289,655
24	1	290001	-	295000	294,821
25	1	295001	-	300000	300,000
26	1	305001	-	310000	306,000
27	1	310001	-	315000	311,904
28	1	320001	-	325000	320,964
29	1	345001	-	350000	350,000
30	1	350001	-	355000	352,243
31	1	395001	-	400000	396,750
32	1	475001	-	480000	475,726
33	1	525001	-	530000	529,670
34	1	550001	-	555000	552,782
35	1	555001	-	560000	555,200
36	1	830001	-	835000	832,571
37	1	1145001	-	1150000	1,150,000
	1101				9,660,000

The slabs with nil holding have been ommitted

SHARE HOLDER'S CATEGORY

Number of Share Held	Percentage of shareholding
-------------------------	-------------------------------

(i) Directors, Chief Executive Officer, and their spouse(s) and minor children (name wise details);

1	Mr. Muneer Nawaz (Chairman)	832,571	
	Mrs. Abida Muneer Nawaz (Wife)	396,750	
2	Mr. M. Naeem (CEO)	659,743	
	Mrs. Amtul Bari Naeem	835,670	
3	Mr. Abid Nawaz	177,872	
4	Lt. Col. (Retd.) Rashiduddin Shams	3,450	
5	Mrs Sadia Muhammad	302,500	
6	Mr. Toqueer Nawaz	374,964	
7	Mr. Muhammad Usman Khalid	330,005	
8	Mr. Sohail Habib	1,000	
		3,914,525	40.52%

(ii) Associated Companies, undertaking & related parties (name wise details);

	Shahtaj Sugar Mills Limited	1,150,000	
	Shahnawaz (Private) Limited	350,000	
		1,500,000	15.53%

(iii) NIT and ICP

	CDC-Trustee National Investment (Unit) Trust (Represented on Board of Directors)	475,726	
		475,726	4.92%

(iv) Banks, Development Finance Institutions, Non Banking Financial Institution

	15,342	0.16%
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(v) Insurance Companies

	-	-
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(vi) Modarabas and Mutual Funds

	-	-
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(vii) General Public

	Local	3,692,982	
	Foreign	-	
		3,692,982	38.23%

(viii) Others

	Joint Stock Companies	16,306	
	Provident / Pension Funds and Miscellaneous	45,119	
		61,425	0.64%
		9,660,000	100.00%

Shareholder holding 10% or more voting rights in the listed company (name wise details);

	Shahtaj Sugar Mills Limited	1,150,000	11.90%
		1,150,000	11.90%

Opinion

We have audited the annexed financial statements of Shahtaj Textile 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, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
1. Valuation of stock in trade	
<p>Opinion</p> <p>Stock-in-trade has been valued following an accounting policy as stated in note 3.3 and the related value of stock-in-trade is disclosed in note 17 to the financial statements. Stock-in-trade forms material part of the Company's assets comprising of 24% of total assets.</p> <p>The valuation of finished goods within stock-in-trade at cost has different components, which includes judgment in relation to the allocation of overheads costs, which are incurred in bringing the finished goods to its present location and condition. Judgments are also involved in determining the net realizable value (estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale) of stock-in-trade items in line with accounting policy.</p> <p>Due to the above factors, we have considered the valuation of stock in trade as key audit matter.</p>	<p>Our key audit procedures to address the valuation of stock-in-trade, included the following:</p> <ul style="list-style-type: none"> We obtained an understanding of mechanism of recording purchases and valuation of stock-in-trade and evaluated their design and implementation; We tested on a sample basis purchases with underlying supporting documents; We verified the calculations of the actual labor and overhead costs and checked allocation of labor and overhead costs to the finished goods ; We obtained an understanding of management's process for determining the net realizable value and checked: <ul style="list-style-type: none"> future selling prices by preforming a review of sales close to and subsequent to the year-end; and determination of cost necessary to make the sales. We checked the calculations of net realizable value of itemized list of stock-in-trade, on a sample basis and compared the net realizable value with the cost to ensure that valuation of stock-in-trade is in line with the accounting policy.

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 annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of 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.

The 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.

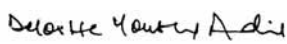
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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 Nadeem Yousuf Adil.


Chartered Accountants


Place: Karachi
Date: September 30, 2020

	Note	2020 Rupees	2019 Rupees		Note	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES				ASSETS			
Share capital and reserves				Non-current assets			
Authorized share capital 10,000,000 ordinary shares of Rs. 10 each		100,000,000	100,000,000	Property, plant and equipment	12	1,152,175,286	1,080,825,651
Issued, subscribed and paid-up capital	4	96,600,000	96,600,000	Long-term loans	13	389,039	884,873
Revenue reserves	5	1,037,349,820	1,045,151,008	Long-term deposits	14	33,108,482	33,108,482
Surplus on revaluation of plant and machinery	5	63,066,369	75,983,470	Sales tax refund bond	15	-	16,513,562
		1,197,016,189	1,217,734,478			1,185,672,807	1,131,332,568
LIABILITIES				Current assets			
Non-current liabilities				Current assets			
Long-term finance	6	513,501,375	338,888,385	Stores, spares and loose tools	16	44,995,691	41,335,837
Deferred liabilities	7	111,170,011	110,957,763	Stock-in-trade	17	690,701,414	529,343,085
		624,671,386	449,846,148	Trade debts	18	590,579,260	948,906,688
Current liabilities				Loans and advance	19	4,207,995	1,819,870
Trade and other payables	8	544,510,286	357,138,122	Trade deposits and prepayments	20	2,414,933	2,420,728
Advance from customers - contract liabilities		15,421,800	1,824,808	Other receivables	21	6,448,505	6,839,924
Unclaimed dividend		12,156,285	10,186,077	Taxation - net		88,163,737	70,681,383
Interest accrued	9	12,594,533	23,623,781	Sales tax refundable		161,619,078	134,183,809
Short-term borrowings	10	390,460,673	791,167,872	Cash and bank balances	22	49,247,190	32,169,330
Current portion of long-term finance	6	27,219,458	47,511,936			1,638,377,803	1,767,700,654
		1,002,363,035	1,231,452,596				
Total equity and liabilities		2,824,050,610	2,899,033,222	Total assets		2,824,050,610	2,899,033,222
CONTINGENCIES AND COMMITMENTS							
	11						

The annexed notes from 1 to 45 form an integral part of these financial statements.



(M. Naeem)
Chief Executive



(Amir Ahmed)
Chief Financial Officer



(Muneer Nawaz)
Chairman

	Note	2020 Rupees	2019 Rupees
Sales - net	23	4,365,769,004	4,787,645,681
Cost of goods sold	24	(3,944,486,201)	(4,338,887,736)
Gross profit		421,282,803	448,757,945
Distribution expenses	25	(68,719,049)	(77,125,378)
Administrative expenses	26	(105,806,382)	(98,281,389)
Other operating expenses	27	(53,724,498)	(21,797,123)
Finance cost	28	(80,219,876)	(87,341,289)
		(308,469,805)	(284,545,179)
		112,812,998	164,212,766
Other income	29	282,526	87,178,042
Profit before taxation		113,095,524	251,390,808
Taxation	30	(40,524,323)	(63,341,942)
Profit after taxation		72,571,201	188,048,866
Earnings per share - basic and diluted	31	7.51	19.47

The annexed notes from 1 to 45 form an integral part of these financial statements.



(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer



(Muneer Nawaz)
Chairman

	Note	2020 Rupees	2019 Rupees
Profit after taxation		72,571,201	188,048,866
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Gain / (loss) on remeasurement of defined benefit obligation	7.1.4	4,433,516	(572,799)
Impact of deferred tax thereon	7.2	(544,631)	66,511
Other comprehensive income / (loss) for the year		3,888,885	(506,288)
Total comprehensive income for the year		76,460,086	187,542,578

The annexed notes from 1 to 45 form an integral part of these financial statements.



(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer



(Muneer Nawaz)
Chairman

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		113,095,524	251,390,808
Adjustments for:			
Depreciation	12.2	106,326,625	112,056,916
Finance cost	28	80,219,876	87,341,289
Loss / (gain) on disposal of property, plant and equipment	27 & 29	43,991,040	(1,012,868)
Exchange gain	29	(228,033)	(85,452,612)
Provision for gratuity	7.1.3	22,437,533	17,718,511
Property, plant and equipment written off	27	-	642,588
Stores and spares written off	27	1,351,513	2,522,993
Stock in trade written off	17	252,113	263,840
Charge of interest on sales tax refund bonds	29	-	(13,562)
Operating cash flows before movements in working capital		367,446,191	385,457,903
(Increase) / decrease in current assets			
Stores, spares and loose tools		(5,011,367)	5,369,938
Stock-in-trade		(161,610,442)	(21,697,559)
Trade debts		358,555,461	(244,215,179)
Loans and advances		(2,388,125)	8,872,475
Trade deposits and prepayments		5,795	(1,604,853)
Other receivables		391,419	40,386,370
Sales tax refundable		(27,435,269)	6,555,047
Increase / (decrease) in current liabilities			
Trade and other payables		187,372,164	(39,450,351)
Advance from customers - contract liabilities		13,596,992	1,277,680
Cash generated from operations		730,922,819	140,951,471
Gratuity paid	7.1.1	(10,940,916)	(16,012,684)
Finance cost paid		(91,249,124)	(79,110,417)
Income taxes paid		(65,980,536)	(31,099,360)
Net cash generated from operating activities		562,752,243	14,729,010
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(229,240,030)	(35,504,549)
Proceeds from disposal of property, plant and equipment		7,572,730	3,640,088
Investment in sales tax refund bond		-	(16,500,000)
Proceeds from disposal of sales tax refund bond		16,513,562	-
Long-term loans - net		495,834	47,693
Increase in long-term deposits		-	(3,039,401)
Net cash used in investing activities		(204,657,904)	(51,356,169)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained		188,537,010	99,002,560
Repayments of long-term finance		(34,216,498)	(44,235,439)
Dividend paid		(94,629,792)	(25,837,311)
Net cash generated from financing activities		59,690,720	28,929,810
Net increase / (decrease) in cash and cash equivalents		417,785,059	(7,697,349)
Cash and cash equivalents at the beginning of the year		(758,998,542)	(751,301,193)
Cash and cash equivalents at the end of the year	33	(341,213,483)	(758,998,542)

The annexed notes from 1 to 45 form an integral part of these financial statements.



(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer



(Muneer Nawaz)
Chairman

	Issued, subscribed and paid up capital	Revenue reserve		Capital reserve	Total
		General	Unappropriated profit	Surplus on revaluation of plant and machinery	
		Rupees			
Balance as at June 30, 2018	96,600,000	710,000,000	165,592,815	86,946,656	1,059,139,471
Total comprehensive income for the year ended June 30, 2019					
Profit after taxation	-	-	188,048,866	-	188,048,866
Other comprehensive loss for the year	-	-	(506,288)	-	(506,288)
	-	-	187,542,578	-	187,542,578
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax	-	-	8,444,952	(8,444,952)	-
- disposal net of deferred tax	-	-	135,663	(135,663)	-
- Change in rate of tax	-	-	-	(2,382,571)	(2,382,571)
Transferred to general reserve	-	35,000,000	(35,000,000)	-	-
Transactions with owners					
Final dividend for the year ended June 30, 2018 @ Rs. 2.75 per share	-	-	(26,565,000)	-	(26,565,000)
Balance as at June 30, 2019	96,600,000	745,000,000	300,151,008	75,983,470	1,217,734,478
Total comprehensive income for the year ended June 30, 2020					
Profit after taxation	-	-	72,571,201	-	72,571,201
Other comprehensive income for the year	-	-	3,888,885	-	3,888,885
	-	-	76,460,086	-	76,460,086
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax	-	-	7,499,728	(7,499,728)	-
- disposal net of deferred tax	-	-	4,838,998	(4,838,998)	-
- Change in rate of tax	-	-	-	(578,375)	(578,375)
Transferred to general reserve	-	80,000,000	(80,000,000)	-	-
Transactions with owners					
Final dividend for the year ended June 30, 2019 @ Rs. 10 per share	-	-	(96,600,000)	-	(96,600,000)
Balance as at June 30, 2020	96,600,000	825,000,000	212,349,820	63,066,369	1,197,016,189

The annexed notes from 1 to 45 form an integral part of these financial statements.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman

1. STATUS AND NATURE OF BUSINESS

Shahtaj Textile Limited (the Company) is limited by shares, incorporated in Pakistan on January 24, 1990 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a public limited Company. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The principal business of the Company is manufacture and sale of textile goods.

Following are the geographical locations and addresses of the Company:

Head Office

Shahnawaz Building, 19 - Dockyard Road, West Wharf, Karachi, Sindh, Pakistan.

Manufacturing Facility/Plant

46 KM, Lahore/Multan Road, Chunian Industrial Estate, Bhai Pheru, Distt. Kasur, Punjab, Pakistan.

Registered Office

27-C, Abdalian Cooperative Housing Society Limited, Opposite Expo Center, Lahore, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost basis modified by:

- revaluation of certain plant and machinery; and
- obligation under defined benefit plan at net present value.

2.3 Presentation and functional currency

These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

2.4 Accounting estimates and judgements

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- Provision for gratuity (notes 3.8 and 7.1)
- Provision for taxation and deferred tax (notes 3.5, 7.2 and 30)
- Contingencies and commitments (note 11)
- Useful lives and residual values of property, plant and equipment (notes 3.1 and 12)
- Revaluation of plant and machinery (notes 3.1 and 12)
- Net realizable value of stock in trade (notes 3.3 and 17) and stores, spares and loose tools (notes 3.2 and 16); and

- Impairment of financial asset (note 3.6.4)
- Impairment of non-financial asset (note 3.19)

2.5 Changes in accounting standards and interpretations

2.5.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2020

The following standards, amendments and interpretations are effective for the year ended June 30, 2020. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- IFRS 16 'Leases'
- Amendments to IFRS 9 'Financial Instruments' - amendments regarding prepayment features with negative compensation and modification of financial liabilities
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' - amendments regarding long-term interests in associates and joint ventures
- Amendments to IAS 19 'Employee Benefits' - amendments regarding plan amendment, curtailment or settlement
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IFRS 14 – Regulatory Deferral Accounts

Certain annual improvements have also been made to a number of IFRS Standards.

2.5.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - amendments regarding definition of a business	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - amendments regarding definition of material	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - amendments regarding interest rate benchmark reform	January 01, 2020
Amendment to IFRS 16 'Leases' - amendments regarding Covid-19 related rent concessions	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IFRS 3 'Business Combinations' - amendments regarding reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - amendments regarding proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — amendments regarding cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRS Standard which are also not expected to have material impact on financial reporting of the Company.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the SECP:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statement have been consistently applied to all the years presented.

3.1 Property, plant and equipment

Property, plant and equipment, except plant and machinery, are stated at cost less accumulated depreciation and impairment loss, if any.

Plant and machinery is stated at revalued amount, being the fair value at the date of revaluation, less subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the reporting date. Any revaluation increase arising on the revaluation of such assets is recognised, net of tax, in other comprehensive income and presented as a separate component of equity as “Revaluation surplus on plant and machinery” except to the extent that it reverses a revaluation decrease / deficit for the same asset previously recognised in statement of profit or loss account, in which case the increase is first recognised in statement of profit or loss account to the extent of the decrease previously charged. Any decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases are charged to statement of profit or loss account. The revaluation reserve is not available for distribution to the Company’s shareholders. The Company has adopted the following accounting treatment of depreciation on revalued assets.

- a) depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the statement of profit or loss; and
- b) an amount equal to incremental depreciation for the year net of deferred tax is transferred from “Surplus on revaluation of plant and machinery” to unappropriated profits through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rate specified in note 12.1, whereby the cost of the asset is written over its useful life. Depreciation on all additions in property, plant and equipment is charged from the month in which the asset is available for use and on disposals up to the month preceding the month of disposal.

Assets' residual values, if significant, and their useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to statement of profit or loss during the financial year in which they are incurred.

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses arising on derecognition of the assets (calculated as difference between the net disposal proceeds and the carrying amount of the assets) is included in the statement of profit or loss.

Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any and consists of expenditure incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

3.2 Stores, spares and loose tools

These are valued at lower of cost and net realizable value, determined on moving average basis. The carrying value is adjusted for allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon upto reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost to be incurred for its sale.

The Company writes off stores and spares which at the end of the financial year have remained in stocks from the date of purchase for a period as prescribed under:

Stores general held over 5 years
Spares held over 10 years

The above write off is charged to statement of profit or loss in the period such items are written off.

3.3 Stock-in-trade

These are valued at lower of cost and net realizable value. Methods used for determining costs are as follows:

Raw and packing materials	Moving average cost
Work-in-process	Average manufacturing cost
Finished goods	Average manufacturing cost

Raw material-in-transit and finished goods-in-transit are valued at cost comprising of cost and freight value plus other charges incurred thereon up to the reporting date.

Average cost in relation to work-in-process and finished goods signifies average manufacturing cost including a portion of related direct overheads.

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

The Company writes off raw material which at close of the financial year have remained in stocks for more than 3 years from the date of purchase. The write off is charged to statement of profit or loss in the period such stocks are held for more than 3 years.

3.4 Trade debts, loans, deposits and other receivables

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss. (refer note 3.6.4)

3.5 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation, after taking into account tax rebates and tax credits available, if any, or turnover at the specified rate or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher. Charge for current tax also includes adjustments, where necessary, relating to prior years which arise from assessment framed / finalized during the year. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided using the balance sheet liability method for temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 (Income taxes) issued by the Institute of Chartered Accountants of Pakistan.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

3.6 Financial instruments

3.6.1 Classification of financial assets

The Company classifies its financial assets into following three categories:

- Measured at amortized cost (“AC”),
- Fair value through other comprehensive income (“FVOCI”) and
- Fair value through profit or loss (“FVTPL”).

Financial assets at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) 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.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Financial assets at FVOCI

A financial asset is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) 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.

On initial recognition, for an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI, only dividend income is recognised in income statement. This election is made on an investment-by-investment basis.

FVOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial assets at FVTPL

All other financial assets are classified at FVTPL (for example: equity held for trading and debt securities not classified either as AC or FVOCI).

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

3.6.2 Recognition and initial measurement of financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of assets and liabilities when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.6.3 Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost. Amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Financial assets at FVOCI

All financial assets at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income.

For debt instruments classified as financial assets at FVOCI, the amounts in other comprehensive income are reclassified to income statement on derecognition of financial assets. This treatment is in contrast to equity instruments classified as financial assets at FVOCI, where there is no reclassification on derecognition.

Financial assets at FVTPL

All financial assets designated at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value recorded in the income statement.

3.6.4 Impairment

Impairment of financial assets

Under expected credit loss (ECL) model of IFRS 9, the Company recognises loss allowances for ECLs on financial assets other than debt securities. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

3.6.5 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The effective interest method is a method of calculating the amortised 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 amortised cost of a financial liability.

3.6.6 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

3.6.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

3.7 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments, short-term running finance under mark-up arrangements, FE-25 loan and musharaka finance.

3.8 Defined benefit plan - staff gratuity

The Company operates an unfunded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the scheme. Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation. The valuation is carried out using the "Project Unit Credit Method" at each reporting period. All actuarial gains and losses are recognized in 'other comprehensive income'. Current service costs and any past service costs together with net interest cost are charged to statement of profit or loss.

3.9 Compensated absences

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

3.10 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised cost.

3.11 Provisions

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

3.12 Revenue recognition

The Company manufactures and contracts with customers for the sale of greige fabric which generally include single performance obligation. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer.

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the applicable effective interest rate.

Export rebate is recognized on accrual basis at the time of recognizing export sale.

3.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

3.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added in the carrying amount of the borrowing.

3.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the appropriate authority.

3.16 Foreign currency transactions and translation

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into reporting currency equivalents using foreign currency rates ruling on the reporting date. Exchange differences on foreign currency transactions and translation are included in the income currently.

3.17 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Company considers the Board of Directors as the CODM, who is responsible for allocating resources and assessing performance of the operating segments. Management has determined that the Company has a single reportable segment, as the Board of Directors views the Company's operations as one reportable segment because of the similarity in nature of the products, nature of the production processes, type or class of customers for the products and the methods used to distribute the products.

3.18 Earnings per share

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

3.19 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020 Number of shares	2019		2020 Rupees	2019 Rupees
		Ordinary shares of Rs.10 each fully paid		
8,400,000	8,400,000	In cash	84,000,000	84,000,000
1,260,000	1,260,000	As bonus shares	12,600,000	12,600,000
9,660,000	9,660,000		96,600,000	96,600,000

4.1 Shahtaj Sugar Mills Limited and Shahnawaz (Private) Limited (associated companies) held 1,150,000 (2019: 1,150,000) and 350,000 (2019: Nil) respectively fully paid ordinary shares of Rs. 10 each at year end.

4.2 Directors held 2,682,105 (2019: 2,327,879) fully paid ordinary shares of Rs. 10 each at year end.

4.3 The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

5. RESERVES	Note	2020 Rupees	2019 Rupees
REVENUE RESERVES			
General reserve		825,000,000	745,000,000
Unappropriated profit		212,349,820	300,151,008
		1,037,349,820	1,045,151,008
CAPITAL RESERVES			
Surplus on revaluation of plant and machinery	5.1	63,066,369	75,983,470
		1,100,416,189	1,121,134,478
5.1 Surplus on revaluation of plant and machinery			
Surplus on revaluation of plant and machinery as at July 01,		85,965,433	95,673,285
Transfer to unappropriated profit on account of:			
- incremental depreciation (net of deferred taxation)		(7,499,728)	(8,444,952)
- disposal of property, plant and equipment (net of deferred taxation)		(4,838,998)	(135,663)
Related deferred tax liability		(1,727,964)	(1,127,237)
		(14,066,690)	(9,707,852)
Surplus on revaluation of property, plant and equipment as at June 30		71,898,743	85,965,433
Related deferred tax liability on:			
Revaluation as at July 01		(9,981,963)	(8,726,629)
Increase in deferred tax for change in rate of deferred tax		(578,375)	(2,382,571)
- incremental depreciation (net of deferred taxation)		1,050,272	1,109,415
- disposal of property, plant and equipment (net of deferred taxation)		677,692	17,822
		1,149,589	(1,255,334)
		(8,832,374)	(9,981,963)
		63,066,369	75,983,470

6.	LONG-TERM FINANCE	Note	2020 Rupees	2019 Rupees
	Secured			
	From banking companies		540,720,833	386,400,321
	Less: Current portion shown under current liabilities		(27,219,458)	(47,511,936)
		6.1	513,501,375	338,888,385

6.1 Details and movement are as follows:

	The Bank of Punjab		Bank Alfalah Limited		United Bank Limited		2019
	Term Finance 1	Term Finance 2	Term Finance 1	Term Finance 2	Term Finance	Total	Total
	Rupees						
Balance at July 01	14,789,000	-	239,254,561	-	132,356,760	386,400,321	331,633,200
Obtained during the year	-	105,311,010	-	83,226,000	-	188,537,010	99,002,560
	14,789,000	105,311,010	239,254,561	83,226,000	132,356,760	574,937,331	430,635,760
Repaid during the year	(14,789,000)	-	(18,443,314)	-	(984,184)	(34,216,498)	(44,235,439)
	-	105,311,010	220,811,247	83,226,000	131,372,576	540,720,833	386,400,321
Payable within one year	-	-	(13,295,438)	-	(13,924,020)	(27,219,458)	(47,511,936)
Balance at June 30	-	105,311,010	207,515,809	83,226,000	117,448,556	513,501,375	338,888,385
Mark up rate (per annum)	SBP rate +120 bps	6 month KIBOR +100 bps	SBP rate + 75 bps	3 month KIBOR +175 bps	SBP rate + 50 bps		
	(2019: SBP rate + 120 bps)	-	(2019: SBP rate + 75 bps)	-	(2019: SBP rate + 50 bps)		
Installment repayable	Bi-annually	Bi-annually	Bi-annually	Bi-annually	Quarterly		
Mark up payable	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly		
Loan period	5 years	10 years	10 years	10 years	10 years		
Grace period	1 year from last drawn date	2 year from last drawn date	2 year from last drawn date	2 year from last drawn date	2 year from last drawn date		
Sub-note		6.2	6.3 & 6.3.1	6.3	6.4		

6.2 The loan is secured by way of first pari passu hypothecation charge over present and future fixed assets of the Company (including land, building, plant and machinery) with 25% margin.

6.3 The loan is secured by way of first pari passu charge over fixed assets of the Company (including land, building, plant and machinery) with 25% margin.

6.3.1 As a measure to dampen the adverse effects of COVID-19 on the Country (refer note 45.1), the State Bank of Pakistan vide Banking Policy and Regulations Department (BPRD) circular letter No. 13 of 2020 and circular letter No. 20 of 2020 permitted the banks to reschedule / restructure the deferment of principal amount for one year subject to certain conditions. The Company has availed this benefit for the loan.

6.4 The loan is secured by way of first pari passu charge over plant and machinery of the Company for an amount of Rs. 534 million.

7.	DEFERRED LIABILITIES	Note	2020 Rupees	2019 Rupees
	Staff gratuity	7.1	79,547,193	72,484,092
	Deferred taxation	7.2	31,622,818	38,473,671
			111,170,011	110,957,763

	Note	2020 Rupees	2019 Rupees
7.1 Staff gratuity			
Liability recognized in the statement of financial position		79,547,193	72,484,092
7.1.1 Movement in liability during the year			
Balance as at July 01		72,484,092	70,205,466
Charge for the year	7.1.3	22,437,533	17,718,511
Remeasurement (gain) / loss recognized in statement of Comprehensive income	7.1.4	(4,433,516)	572,799
Payments made during the year		(10,940,916)	(16,012,684)
Balance as at June 30		79,547,193	72,484,092
7.1.2 Changes in present value of defined benefit obligation			
Present value of defined benefit obligation on July 1		72,484,092	70,205,466
Current service cost for the year	7.1.3	12,888,090	12,120,590
Interest cost for the year	7.1.3	9,549,443	5,597,921
Benefits paid during the year		(10,940,916)	(16,012,684)
Actuarial (gains) / losses arised for the year	7.1.4	(4,433,516)	572,799
Present value of defined benefit obligation on June 30		79,547,193	72,484,092
7.1.3 Expense recognized in statement of profit or loss			
Current service cost		12,888,090	12,120,590
Interest cost		9,549,443	5,597,921
		22,437,533	17,718,511
7.1.4 Remeasurement (gains) / losses recognized in statement of Comprehensive income			
Actuarial (gains) / losses arised during the year			
Changes in financial assumptions		(1,271,885)	1,097,955
Experience adjustments		(3,161,631)	(525,156)
		(4,433,516)	572,799
7.1.5 The principal assumptions used in the actuarial valuations carried out as of June 30, 2020 and June 30, 2019 using the 'Projected Unit Credit' method, are as follows:			
		2020	2019
Discount rate per annum %		8.5	14.25
Expected annum rate of increase in future salaries %		7.5	13.25
Expected average remaining working lives		7 years	7 years
Expected mortality rate		SLIC (2001-2005)	SLIC (2001-2005)
		Setback 1 year	Setback 1 year
		Age based	Age based
Expected withdrawal rate			

7.1.6 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

		2020	
		Increase / (decrease) in defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	(5,103,287)	5,766,579
Salary increase rate	1%	5,948,849	(5,361,922)

		2019	
		Increase / (decrease) in defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	(4,507,928)	5,074,891
Salary increase rate	1%	5,244,617	(4,741,127)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability for gratuity recognized within the statement of financial position.

7.1.7 The Scheme exposes the Company to the actuarial risks such as:

Salary risk

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risk

The risk that the actual mortality / withdrawal experience is different. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Longevity risk

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

7.1.8 Expected gratuity expense for the year ending June 30, 2021 is Rs. 19,459,233.

7.1.9 The weighted average duration of the defined benefit obligation for the year ended June 30, 2020 is 7 years (2019: 7 years).

7.2 Deferred taxation
**Movement for the year ended
June 30, 2020**

Deferred tax liabilities on taxable temporary differences arising in respect of:

	Opening balance	Recognized in statement of profit or loss	Recognized in statement of comprehensive income	Recognized in surplus on revaluation of assets	Closing balance
	----- Rupees -----				
- property, plant and equipment	57,234,228	(3,835,944)	-	-	53,398,284
- surplus on revaluation of plant and machinery	9,981,963	(1,727,964)	-	578,375	8,832,374
	67,216,191	(5,563,908)	-	578,375	62,230,658

Deferred tax assets on deductible temporary differences arising in respect of:

- staff gratuity and leave encashment	(9,013,738)	(2,022,928)	544,631	-	(10,492,035)
- provision for doubtful debts	(9,942,622)	(576,096)	-	-	(10,518,718)
- unadjusted minimum tax u/s 113 (note 7.2.1)	(9,786,160)	189,073	-	-	(9,597,087)
	(28,742,520)	(2,409,951)	544,631	-	(30,607,840)
	38,473,671	(7,973,859)	544,631	578,375	31,622,818

Movement for the year ended June 30, 2019

Deferred tax liabilities on taxable temporary differences arising in respect of:

- property, plant and equipment	44,743,643	12,490,585	-	-	57,234,228
- surplus on revaluation of plant and machinery	8,726,629	(1,127,237)	-	2,382,571	9,981,963
	53,470,272	11,363,348	-	2,382,571	67,216,191

Deferred tax assets on deductible temporary differences arising in respect of:

- staff gratuity and leave encashment	(7,806,935)	(1,140,292)	(66,511)	-	(9,013,738)
- provision for doubtful debts	(8,847,543)	(1,095,079)	-	-	(9,942,622)
- unadjusted minimum tax u/s 113 (note 7.2.1)	(14,673,885)	4,887,725	-	-	(9,786,160)
	(31,328,363)	2,652,354	(66,511)	-	(28,742,520)
	22,141,909	14,015,702	(66,511)	2,382,571	38,473,671

- 7.2.1** The deferred tax asset recognised in the financial statements represents the management's best estimate of the potential benefit which is expected to be realized in future years in the form of reduced tax liability as the Company would be able to set off the tax liability in those years against minimum tax against the taxable profits of future years.

	Note	2020 Rupees	2019 Rupees
8. TRADE AND OTHER PAYABLES			
Creditors		351,246,391	178,112,112
Bills payable		24,866,848	19,804,941
Accrued liabilities		135,653,261	130,907,257
Leave encashment	8.1	5,862,224	5,142,915
Due to an associated undertaking	8.2	1,556,485	350,000
Workers' Profit Participation Fund	8.3	6,073,873	13,501,117
Workers' Welfare Fund		7,438,497	5,130,425
Retention payable		2,215,495	2,107,242
Withheld sales tax		5,540,454	39,681
Others		4,056,758	2,042,432
		544,510,286	357,138,122

8.1 Leave encashment

Balance as at July 01	5,142,915	5,350,148
Provision during the year	5,377,889	4,646,444
Paid during the year	(4,658,580)	(4,853,677)
Balance as at June 30	5,862,224	5,142,915

- 8.2** This represents payable to Shah Nawaz (Private) Limited, a related party, on account of software maintenance charges, computer supplied and office facility charges.

	Note	2020 Rupees	2019 Rupees
8.3 Workers' Profit Participation Fund			
Balance as at July 01		13,501,117	4,543,400
Interest on funds utilized in the Company's business	28	1,078,983	148,905
		14,580,100	4,692,305
Payments made during the year		(14,580,100)	(4,692,305)
Allocation for the year	27	6,073,873	13,501,117
Balance as at June 30		6,073,873	13,501,117

9. INTEREST ACCRUED

Interest accrued on:

- Long-term finance	4,162,904	3,023,531
- Running finance	8,431,629	14,976,977
- Musharaka finance	-	5,623,273
	12,594,533	23,623,781

	Note	2020 Rupees	2019 Rupees
10. SHORT-TERM BORROWINGS			
Banking companies- secured			
Running finances under markup arrangement	10.1	371,988,486	604,474,418
FE-25 loan	10.2	18,472,187	-
Musharaka finance	10.3	-	186,693,454
		390,460,673	791,167,872
10.1	The Company can avail finance facilities from various banks aggregating to Rs. 1,050 million (2019: Rs. 1,050 million). The unavailed facilities as at year end were Rs. 678 million (2019: Rs. 446 million). The facilities are secured by hypothecation of stocks and book debts. These are subject to mark-up ranging from 1 to 3 months KIBOR plus 0.35% to 1.25% per annum (2019: KIBOR plus 0.3% to 1.25% per annum).		
10.2	This represents FE-25 Loan obtained under sub-limit of facilities mentioned in note 10.1 having mark-up rate of 3% (2019: Nil)		
10.3	The Company can avail finance facility under musharakah of Rs. 200 million (2019: Rs 200 million). The unavailed facility as at year end were Rs. 200 million (2019: Rs. 13.31 million). This finance facility is secured by hypothecation of stocks and book debts and calculated profit which is the result of gross profit adjusted for indirect cost (2019: 1 month KIBOR plus 0.5% per annum).		
11. CONTINGENCIES AND COMMITMENTS		2020 Rupees	2019 Rupees
Contingencies			
Guarantees issued by banks on behalf of the Company in favor of Sui Northern Gas Pipelines Limited (SNGPL)		36,843,000	36,843,000
Tax contingencies has been disclosed in note 30 to the financial statements.			
11.1	The Federal Government issued Gas Infrastructure Development Cess (GIDC) Acts in the years 2011, 2014 and 2015. All GIDC Acts have been subject of thorough debate and consideration at honorable High Courts of the Country as well as the Supreme Court of Pakistan (SCP).		
	On August 12, 2020, the SCP issued its verdict and held that “the levy imposed under GAS Infrastructure Development Cess Act, 2015 (the Act) is in accordance with the Provisions of the Constitution”. The Supreme Court has also held that “the Provisions of section 8 of the Act, which give retrospective effect to the charge and recovery of GIDC levied from the year 2011 are also declared to be valid being within the legislative competence of the Parliament.” However, since the Company is an industrial concern and it did not pass on the burden of the GIDC to its consumers prior to the GIDC Act, 2015 (or even thereafter), management believes that the Company is entitled to the exemption under the first proviso to Section 8(2) of the GIDC Act, 2015 from payment of the GIDC levied under the GIDC Act, 2011 and GIDC Ordinance, 2014. As such, arrears due from the Company may only include amounts levied under the GIDC Act, 2015 from the date of its commencement, i.e., May 22, 2015.		
	Management has decided to file a review petition against the decision of SCP in respect of applicability of GIDC on the Company, as the Company has not passed through the cost of GIDC to its customers. Management is confident, based on the discussion with the legal counsel that the decision of the case will be in the favour of Company. However, management on prudent basis has recognized provision of Rs. 22.915 million (2019: Rs. 22.915 million) in respect of GIDC up to October 2018, as Sui Northern Gas Pipelines Limited (SNGPL) has stopped charging GIDC due to consumption of Re-gasified Liquid Natural Gas (RLNG).		
11.2	In June 2017, Oil and Gas Regulatory Authority (OGRA) revised the RLNG tariff retrospectively. Based on retrospective tariff determination, the Company received demand in respect of RLNG tariff arrears. In view of this development, the Company filed a law suit in Lahore High Court against charge of RLNG tariff arrears. However, the management on prudent basis has recognized provision of Rs. 27.026 million (2019: Rs. 27.026 million) in this respect.		
11.3 Commitments		2020 Rupees	2019 Rupees
Capital expenditure		67,354,150	82,446,000

12. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work in progress

Note	2020 Rupees	2019 Rupees
12.1	931,658,960	1,077,895,013
12.6	220,516,326	2,930,638
	<u>1,152,175,286</u>	<u>1,080,825,651</u>

12.1 Operating fixed assets

	Freehold land	Buildings on freehold land				Plant and machinery *	Furniture and fixtures	Equipment and installations	Computer equipment	Vehicles	Others - arms	Total
		Mills building	Labour colony	Marketing office and others								
-----Rupees-----												
Year ended June 30, 2020												
As at July 01, 2019												
Cost / revalued amount	31,121,190	207,292,198	33,786,869	20,617,154	1,949,672,792	9,999,660	8,021,391	7,631,457	33,986,287	80,470		2,302,209,468
Accumulated depreciation	-	(124,907,961)	(26,736,755)	(9,518,582)	(1,029,889,991)	(5,371,615)	(3,462,123)	(4,834,908)	(19,517,986)	(74,534)		(1,224,314,455)
Net book value	31,121,190	82,384,237	7,050,114	11,098,572	919,782,801	4,628,045	4,559,268	2,796,549	14,468,301	5,936		1,077,895,013
Additions / transfers from CWIP	-	-	2,164,630	-	3,086,990	3,282,378	449,699	572,215	2,098,430	-		11,654,342
Disposals	-	-	-	-	(117,920,747)	-	-	(38,346)	(1,775,160)	-		(119,734,253)
Accumulated depreciation on disposals	-	-	-	-	67,870,535	-	-	28,687	271,261	-		68,170,483
Depreciation charge for the year	-	(8,238,424)	(722,754)	(554,929)	(91,731,519)	(727,266)	(453,065)	(985,394)	(2,912,680)	(594)		(106,326,625)
Closing net book value	31,121,190	74,145,813	8,491,990	10,543,643	781,088,060	7,183,157	4,555,902	2,373,711	12,150,152	5,342		931,658,960
As at June 30, 2020												
Cost / revalued amount	31,121,190	207,292,198	35,951,499	20,617,154	1,834,839,035	13,282,038	8,471,090	8,165,326	34,309,557	80,470		2,194,129,557
Accumulated depreciation	-	(133,146,385)	(27,459,509)	(10,073,511)	(1,053,750,975)	(6,098,881)	(3,915,188)	(5,791,615)	(22,159,405)	(75,128)		(1,262,470,597)
Net book value	31,121,190	74,145,813	8,491,990	10,543,643	781,088,060	7,183,157	4,555,902	2,373,711	12,150,152	5,342		931,658,960

* Carried at revalued amount.



	Buildings on freehold land						Total
	Freehold land	Mills building	Labour colony	Marketing office and others	Plant and machinery *	Furniture and fixtures	
Year ended June 30, 2019							
As at July 01, 2018							
Cost / revalued amount	31,121,190	205,881,958	33,786,869	20,617,154	1,868,827,257	10,997,010	2,215,323,506
Accumulated depreciation	-	(115,812,813)	(25,953,409)	(8,934,447)	(952,176,503)	(5,254,131)	(1,136,713,935)
Net book value	31,121,190	90,069,145	7,833,460	11,682,707	916,650,754	5,742,879	1,078,609,571
Additions / transfers from CWIP	-	1,410,240	-	-	101,709,409	26,750	114,612,166
Disposals	-	-	-	-	(20,863,874)	-	(26,350,000)
Write off	-	-	-	-	-	(95,600)	(1,376,204)
Transfers (from) / to **	-	-	-	-	-	(1,008,400)	-
Adjustments **	-	-	-	-	-	(15,700)	-
Accumulated depreciation on disposals	-	-	-	-	-	(4,540)	-
Depreciation charge for the year	-	(9,095,148)	(783,346)	(584,135)	(97,184,862)	(569,608)	(112,056,916)
Closing net book value	31,121,190	82,384,237	7,050,114	11,098,572	919,782,801	4,628,045	1,077,895,013
As at June 30, 2019							
Cost / revalued amount	31,121,190	207,292,198	33,786,869	20,617,154	1,949,672,792	9,999,660	2,302,209,468
Accumulated depreciation	-	(124,907,961)	(26,736,755)	(9,518,582)	(1,029,889,991)	(5,371,615)	(1,224,314,455)
Net book value	31,121,190	82,384,237	7,050,114	11,098,572	919,782,801	4,628,045	1,077,895,013
Depreciation rate	-	10%	10%	5%	10%	10%	10%

* Carried at revalued amount.

** Mobile phones which were previously classified in Furniture and Fixture & Equipment and Installations are now classified to Computer Equipment.

12.1.1 Details of assets sold, having net book value in excess of Rs. 500,000 where the aggregate book value of class of assets exceeds Rs. 5,000,000 are as follows:

Description	Cost / revalued amount	Accumulated depreciation and impairment	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchaser
Plant and machinery	117,920,747	67,870,535	50,050,212	5,878,730	(44,171,482)	Negotiation	Ms. Energy Solution Private Limited - ESL House DP-01, Sector-21, Korangi Industrial Area, Karachi
Vehicle	1,643,160	187,140	1,456,020	1,623,000	166,980	Insurance Claim	EFU General Insurance Limited - Al-Hamd Branch 229/A New Muslim Town Lahore-54000.

12.2	The depreciation charge for the year has been allocated as follows:	Note	2020 Rupees	2019 Rupees
	Cost of goods sold	24	100,784,442	107,159,932
	Distribution expenses	25	463,184	487,559
	Administrative expenses	26	5,078,999	4,409,425
			106,326,625	112,056,916

12.3 The Company had its plant and machinery revalued by independent valuer M/s Asif Associates (Private) Limited in March 2018 on the basis of depreciated replacement value. The revaluation surplus, net of deferred tax, is recognized in statement of comprehensive income and accumulated in equity under the heading of 'Surplus on revaluation of plant and machinery'. The forced sale value of plant and machinery based on valuation conducted in March 2018 was Rs. 720 million.

An amount equal to incremental depreciation net of deferred tax for the year is transferred from "Surplus on revaluation of plant and machinery" to "Unappropriated profit" for recording realization of surplus to the extent of incremental depreciation net of deferred tax charged during the year.

12.4 Had there been no revaluation, the carrying amount of the plant and machinery would have been as follows:

	Note	2020 Rupees	2019 Rupees
Cost		1,643,664,372	1,743,962,620
Accumulated depreciation		(934,481,357)	(910,145,262)
Written down value		709,183,015	833,817,358

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

Location	Total Area (in Kanals)	Usage of immovable property
46 KM. Lahore/Multan Road, Chunian Industrial Estate, Bhai Pheru, Distt. Kasur, Punjab	189.45	Manufacturing facility and Labour Colony
27-C, Abdalian Cooperative Housing Society Limited, Opposite Expo Center, Lahore, Punjab.	1.5	Marketing Office

12.6	Capital work in progress	Equipment	Vehicles	Civil work	Plant and machinery	Total
					Rupees	
	As at July 1, 2018	-	-	124,354	81,913,901	82,038,255
	Additions	1,467,221	7,887,240	1,285,886	24,359,929	35,000,276
	Transferred to operating fixed assets	(1,467,221)	(7,887,240)	(1,410,240)	(101,246,157)	(112,010,858)
	Adjustment *	-	-	-	(2,097,035)	(2,097,035)
	As at June 30, 2019	-	-	-	2,930,638	2,930,638
	Additions	-	3,233,000	14,165,446	205,438,862	222,837,308
	Transferred to operating fixed assets	-	-	(2,164,630)	(3,086,990)	(5,251,620)
	As at June 30, 2020	-	3,233,000	12,000,816	205,282,510	220,516,326

* This adjustment is refund of advance payment given to WAPDA for extension of power load.

13.	LONG-TERM LOANS	Note	2020 Rupees	2019 Rupees
	Considered good - secured Loan to employees		925,057	1,212,443
	Less: Recoverable within one year shown under current assets	19	(536,018)	(327,570)
		13.1 & 13.2	389,039	884,873
13.1	Reconciliation of carrying amount of long term loans is as follows:	Note	2020 Rupees	2019 Rupees
13.2	These are non-interest bearing loans given to employees for miscellaneous purposes and are recoverable in 60 equal monthly installments. These loans are secured against gratuity.			
	Balance at July 1,		1,212,443	1,489,815
	Disbursements during the year		640,000	650,000
			1,852,443	2,139,815
	Received during the year		(927,386)	(927,372)
	Balance at June 30,		925,057	1,212,443
	Current portion of long term loans		(536,018)	(327,570)
			389,039	884,873
13.2	These are non-interest bearing loans given to employees for miscellaneous purposes and are recoverable in 60 equal monthly installments. These loans are secured against gratuity.			
14.	LONG-TERM DEPOSITS	Note	2020 Rupees	2019 Rupees
	Security deposits against:			
	Utilities	14.1	33,083,482	33,083,482
	Others		25,000	25,000
			33,108,482	33,108,482
14.1	These include deposits to utility companies mainly to Sui Northern Gas Pipelines Limited amounting to Rs. 27.297 (2019: Rs. 27.297) million.			
15.	SALES TAX REFUND BOND			
	Sales tax refund bonds were issued by the Federal Board of Revenue (FBR) against sales tax refundable of Rs. 16.5 million. The bonds so issued bore profit @ 10% per annum and were due to be matured on June 27, 2022. These bonds have been disposed off during the year.			

16. STORES, SPARES AND LOOSE TOOLS

	Note	2020 Rupees	2019 Rupees
Stores		25,135,143	23,695,512
Spares		16,231,219	14,129,171
Loose tools		3,629,329	3,511,154
		44,995,691	41,335,837
Provision made during the year		1,351,513	2,522,993
Written off during the year	27	(1,351,513)	(2,522,993)
		-	-
		44,995,691	41,335,837

17. STOCK-IN-TRADE

Raw and packing materials in hand	24	203,289,097	207,659,437
in transit		24,393,193	-
Work-in-process	24	46,464,132	66,828,806
Finished goods, including goods-in-transit	17.1, 17.2 & 24.	416,554,992	254,854,842
		690,701,414	529,343,085
Provision for obsolete raw material			
Provision made during the year	24	252,113	263,840
Written off during the year		(252,113)	(263,840)
		-	-
		690,701,414	529,343,085

17.1 This includes finished goods in transit amounting to Rs.3.96 million (2019: Rs.11.30 million).

17.2 This includes items costing Rs. 36.84 million (2019: Rs. 23.98 million) valued at net realizable value of Rs. 7.95 million (2019: Rs. 7.13 million).

18. TRADE DEBTS

	Note	2020 Rupees	2019 Rupees
Secured - considered good Export	18.1	80,276,433	543,831,774
Unsecured - considered good Local	18.2	510,302,827	405,074,914
Unsecured - considered doubtful Doubtful debts		85,626,631	85,626,631
Provision for doubtful debts		(85,626,631)	(85,626,631)
		-	-
		590,579,260	948,906,688

18.1 These are secured against letters of credit in favor of the Company.

18.2 The aging of unimpaired trade debts is disclosed in note 36.4.

			2020 Rupees	2019 Rupees
19. LOANS AND ADVANCES	Note			
Advances - considered good				
Employees			365,841	161,776
Suppliers and contractors			3,306,136	1,330,524
			3,671,977	1,492,300
Current portion of long-term loans	13		536,018	327,570
			4,207,995	1,819,870
20. TRADE DEPOSITS AND PREPAYMENTS				
Trade deposits against container			1,020,914	1,020,000
Prepayments				
Subscription			971,728	686,486
Insurance			422,291	714,242
			1,394,019	1,400,728
			2,414,933	2,420,728
21. OTHER RECEIVABLES -				
Considered good				
Export rebate			3,802,133	6,839,924
Other			2,646,372	-
			6,448,505	6,839,924
22. CASH AND BANK BALANCES				
Cash at bank - current accounts			48,951,178	31,738,223
Cash in hand			296,012	431,107
			49,247,190	32,169,330
23. SALES - NET	Note		2020 Rupees	2019 Rupees
Export	23.1		1,187,389,993	1,794,915,753
Indirect export	23.2		1,595,472,594	1,036,760,380
Local	23.2		2,269,056,713	1,994,937,884
			5,051,919,300	4,826,614,017
Export rebate			560,348	697,848
Waste sales			12,073,023	11,800,388
			5,064,552,671	4,839,112,253
Commission				
- Local			(14,711,231)	(11,971,727)
- Export			(25,050,040)	(39,494,845)
Sales tax			(659,022,396)	-
			(698,783,667)	(51,466,572)
			4,365,769,004	4,787,645,681

- 23.1** It includes sales made to a related party FGE LLC amounting to Rs. 17.31 million (2019: Rs. 14.59 million).
- 23.2** It includes sales made to three major customers exceeding 50 percent of the aggregate net sales during the year, amounting to Rs. 2.32 billion (2019: Rs. 2.496 billion).

24. COST OF GOODS SOLD	Note	2020 Rupees	2019 Rupees
Raw and packing materials consumed	24.1	3,410,534,912	3,610,197,408
Stores and spares consumed	24.2	33,265,337	44,339,358
Manufacturing expenses			
Salaries, wages and benefits	24.3	203,893,561	202,975,086
Directors' remuneration	34	6,097,640	6,297,640
Fuel and power		313,727,488	334,771,131
Repairs and maintenance		4,198,774	5,568,328
Insurance		7,268,412	7,380,557
Depreciation	12.2	100,784,442	107,159,932
Raw material written off	17	252,113	263,840
Others		611,722	748,264
		4,080,634,401	4,319,701,544
Work-in-process			
Opening stock		66,828,806	57,242,430
Closing stock	17	(46,464,132)	(66,828,806)
		20,364,674	(9,586,376)
Cost of goods manufactured		4,100,999,075	4,310,115,168
Finished goods			
Opening stock		254,854,842	285,013,290
Sale of purchased finished goods		-	(7,487,628)
Closing stock	17	(416,554,992)	(254,854,842)
		(161,700,150)	22,670,820
		3,939,298,925	4,332,785,988
Outside processing charges		5,187,276	6,101,748
		3,944,486,201	4,338,887,736

	Note	2020 Rupees	2019 Rupees
24.1 Raw and packing materials consumed			
Opening stock		207,659,437	165,653,646
Purchases		3,406,164,572	3,652,203,199
		3,613,824,009	3,817,856,845
Closing stock	17	(203,289,097)	(207,659,437)
		3,410,534,912	3,610,197,408

24.2	Stores and spares consumed	Note	2020 Rupees	2019 Rupees
	Opening stock		41,335,837	49,228,768
	Purchases and related expenses		36,925,191	36,446,427
			78,261,028	85,675,195
	Closing stock	16	(44,995,691)	(41,335,837)
			33,265,337	44,339,358

24.3 Salaries, wages and benefits include Rs. 11,834,276 (2019: Rs. 10,567,781) in respect of staff retirement gratuity.

25.	DISTRIBUTION EXPENSES	Note	2020 Rupees	2019 Rupees
	Export related			
	Ocean freight		19,800,598	29,934,296
	Insurance		703,656	577,798
	Forwarding		92,430	154,200
	Export duty		4,266,906	4,347,172
	Entertainment		9,913	23,288
	Postage and courier		118,235	226,151
	Fees and subscription		2,072,400	1,236,400
	Travelling and conveyance		3,741,706	3,166,404
	Claim from buyers		-	2,546,672
	Other		478,443	1,159,027
			31,284,287	43,371,408
	Local			
	Salaries and benefits	25.1	29,539,054	25,761,459
	Local freight		4,122,987	3,274,436
	Travelling and conveyance		649,290	440,972
	Sales promotion		348,829	464,376
	Marketing office		2,169,021	1,879,398
	Depreciation	12.2	463,184	487,559
	Insurance		48,540	46,659
	Claim from buyers		-	1,305,217
	Other		93,857	93,894
			37,434,762	33,753,970
			68,719,049	77,125,378

25.1 Salaries and benefits include Rs. 4,015,317 (2019: Rs. 3,179,741) in respect of staff retirement gratuity.

	Note	2020 Rupees	2019 Rupees
26. ADMINISTRATIVE EXPENSES			
Salaries and benefits	26.1	62,697,021	60,430,701
Director's remuneration	34	15,660,000	13,900,000
Travelling and conveyance		1,181,257	972,466
Vehicles running and maintenance		4,960,407	4,738,383
Telephone and fax		327,389	681,818
Postage and courier		174,800	254,088
Printing and stationery		1,540,479	1,401,690
Computer expenses		481,924	642,929
Rent, rates and taxes		2,844,724	901,420
Repairs and maintenance		1,207,033	708,654
Insurance		815,995	785,025
Auditors' remuneration	26.3	968,000	1,041,500
Legal and professional		2,168,310	933,620
Advertising		33,150	115,415
Entertainment		249,734	234,906
Fees and subscription		2,284,830	3,668,161
Donations	26.2	250,000	-
Depreciation	12.2	5,078,999	4,409,425
Share registrar services		222,319	220,760
Other		2,660,011	2,240,428
		105,806,382	98,281,389

26.1 Salaries and benefits include Rs. 6,587,940 (2019: Rs. 3,970,989) in respect of staff retirement gratuity .

26.2 None of the directors and their spouses had any interest in the donee's fund.

	Note	2020 Rupees	2019 Rupees
26.3 Auditors' remuneration			
Audit fee		650,000	650,000
Half yearly review fee		125,000	125,000
Review of statement of compliance and other certifications		105,000	105,000
Out of pocket expenses		88,000	161,500
		968,000	1,041,500

27. OTHER OPERATING EXPENSES

Workers' Profit Participation Fund	8.3	6,073,873	13,501,117
Workers Welfare Fund		2,308,072	5,130,425
Property, plant and equipment written off		-	642,588
Stores and spares written off	16	1,351,513	2,522,993
Loss on disposal of property, plant and equipment		43,991,040	-
		53,724,498	21,797,123

28. FINANCE COST	Note	2020 Rupees	2019 Rupees
Mark-up on:			
Long-term finance		11,919,973	12,667,840
Running finances under markup arrangement		47,966,935	49,840,566
FE-25 loan		1,708,462	-
Musharaka finance		11,835,972	19,392,529
Discounting charges		2,489,262	1,239,595
Interest on Workers' Profit Participation Fund	8.3	1,078,983	148,905
Bank charges and commission		3,220,289	4,051,854
		80,219,876	87,341,289
29. OTHER INCOME	Note	2020 Rupees	2019 Rupees
Interest / (reversal) on sales tax refund bond		(13,562)	13,562
Net income from trading	29.1	68,055	699,000
Exchange gain		228,033	85,452,612
Gain on disposal of property, plant and equipment		-	1,012,868
		282,526	87,178,042
29.1 Net income from trading of raw material			
Sales - Local		4,484,315	8,562,833
Cost - Purchases and related expenses		(4,416,260)	(7,863,833)
		68,055	699,000
30. TAXATION			
Current			
- for the year		53,583,652	49,326,240
- for prior years		(5,085,470)	-
		48,498,182	49,326,240
Deferred		(7,973,859)	14,015,702
	30.1	40,524,323	63,341,942
30.1 Relationship between income tax expense and accounting profit:			
Profit before taxation		113,095,524	251,390,808
Tax rate %		29%	29%
Tax on accounting profit		32,797,702	72,903,334
Effect of income subject to final tax regime		10,398,078	(14,640,743)
Effect of income subject to minimum tax		(189,072)	(4,905,027)
Effect of tax credits		-	(5,085,470)
Effect on deferred tax balances due to change in rate		245,834	7,938,132
Effect of prior year adjustment		(5,085,470)	-
Effect of deferred tax asset on minimum tax		189,074	4,887,725
Others		2,168,177	2,243,991
Tax charge for the year		40,524,323	63,341,942

- 30.2** The return of income for the tax year 2019, has been filed as per the provision of section 120 of the Income Tax Ordinance, 2001. Under this section when a complete return of income is filed with the Commissioner, it results in deemed assessment of taxable income / loss and tax payable / refundable on the date return is filed.
- 30.3** The Commissioner Inland Revenue, Zone-III, RTO, Lahore passed amended assessment orders under Section 122(5A) of the Income Tax Ordinance, 2001 pertaining to the tax years 2010, 2011 and 2013 raising additional demands of Rs. 65.22 million in aggregate. The Company filed appeals against the orders, the Commissioner Inland Revenue (Appeals-III), Lahore has confirmed the orders passed by the Commissioner Inland Revenue. The Company filed rectification applications under Section 221 of the Income Ordinance, 2001 and after allowing certain rectifications the remaining outstanding demand of Rs 46.55 million has been adjusted by tax department against refund available to the Company. The Company has filed appeals for all three years before the Appellate Tribunal Inland Revenue, Lahore which are pending for hearing. No provision has been made in these financial statements as the management, based on the opinion of tax advisor, is confident that the ultimate outcome of these cases will be in favour of the Company.
- 30.4** The Company received amended assessment order during the year, under Section 122(1)(5) of the Income Tax Ordinance, 2001 pertaining to the tax year 2014 raising additional demand of Rs. 246.972 million. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals-II), LTU, Karachi which is pending for hearing. No provision has been made in these financial statements as the management, based on the opinion of tax advisor, is confident that the ultimate outcome of the case will be in favour of the Company.

31. EARNINGS PER SHARE - BASIC AND DILUTED

		2020	2019
Profit after taxation for the year	Rupees	72,571,201	188,048,866
Weighted average number of ordinary shares in issue	Number	9,660,000	9,660,000
Earnings per share - basic and diluted	Rupees	7.51	19.47

- 31.1** There is no dilutive effect on the basic earnings per share of the Company.

32. CHANGES ARISING FROM FINANCING ACTIVITIES

The table below states changes in the Company's liabilities arising from financing activities, including 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.

	June 30, 2019	Financing cash inflows	Financing cash outflows	Non cash changes - Transfer current portion	June 30, 2020
	-----Rupees-----				
Unclaimed dividend	10,186,077	-	(94,629,792)	96,600,000	12,156,285
	June 30, 2018				June 30, 2019
Unclaimed dividend	9,458,388	-	(25,837,311)	26,565,000	10,186,077

- 32.1** The reconciliation of long term finance is disclosed in note 6 to these financial statements.

33. CASH AND CASH EQUIVALENTS

	Note	2020 Rupees	2019 Rupees
Short-term borrowings	10	(390,460,673)	(791,167,872)
Cash and bank balances	22	49,247,190	32,169,330
		(341,213,483)	(758,998,542)

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	Rupees			Rupees		
Remuneration	5,040,000	3,048,960	16,325,760	5,040,000	3,048,960	16,487,040
Bonus	930,000	381,100	1,830,800	650,000	351,100	1,860,800
Retirement benefits	930,000	381,100	2,040,800	930,000	381,100	2,060,800
House rent	2,520,000	914,448	4,898,688	2,520,000	914,448	4,945,152
Ex-gratia	840,000	508,160	2,581,060	1,160,000	742,240	3,988,420
Medical	1,800,000	304,896	1,632,576	1,800,000	304,896	1,648,704
Utilities	1,800,000	304,896	1,632,576	1,800,000	304,896	1,648,704
Performance reward	-	254,080	1,220,580	-	250,000	1,400,000
Leave encashment	-	-	662,266	-	-	656,267
	13,860,000	6,097,640	32,825,106	13,900,000	6,297,640	34,695,887
Number of persons	1	1	7	1	1	8

34.1 In addition, the Chief Executive is provided with Company's owned and maintained car for personal and official use.

34.2 In addition, the Executive Director and Executives are provided with Company's owned and maintained cars for official use.

34.3 In addition to the above, fee paid to 6 (2019: 7) non-executive directors during the year amounted to Rs. 1,800,000 (2019: Rs. 1,480,000) on account of meeting fee.

35. TRANSACTIONS WITH RELATED PARTIES

"The related parties comprise of associated undertakings, directors and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Remuneration of directors and key management personnel is disclosed in note 34. Balances with related parties have been disclosed in the respective notes to the financial statement as follows:"

- Due to associated undertakings under note 8; and

- Shares owned by directors under note 4.2.

Other significant transactions with related parties are as follows:

Relationship with the Company	% of Shareholding / Other basis of Relationship	Name	Nature of transactions	2020 Rupees	2019 Rupees
Associated undertakings	Nil / Common Directorship	Shahnawaz (Private) Limited	Computers, computer supplies and others purchases	351,265	1,637,848
			Services received for office facility	2,715,000	923,196
			Software development charges	-	120,000
			Services received for vehicle repair and other computer related	304,225	59,624
			Services received for miscellaneous	40,320	-

Relationship with the Company	% of Shareholding / Other basis of Relationship	Name	Nature of transactions	2020 Rupees	2019 Rupees
	11.9% / Common Directorship	Shahtaj Sugar Mills Limited	Dividend paid	11,500,000	3,162,500
	Nil / Common Directorship	Shezan International Limited	Purchase of goods	-	170,928
	Nil / Common Directorship	Information Systems Associates Limited	Website maintenance	48,000	43,650
Other related parties	Nil / Close family member	FGE LLC	Sale of fabric	17,306,919	14,592,068
Directors			Dividend paid	24,814,790	6,394,427

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

36.1 Financial instruments by category

Financial assets as per statement of financial position

Financial assets at amortized cost

	2020 Rupees	2019 Rupees
Long-term loans	389,039	884,873
Long-term deposits	33,108,482	33,108,482
Trade debts	590,579,260	948,906,688
Loans and advances	536,018	327,570
Sales tax refund bond	-	16,513,562
Trade deposits	1,020,914	1,020,000
Cash and bank balances	49,247,190	32,169,330
	674,880,903	1,033,092,281

Financial liabilities as per statement of financial position

Financial liabilities at amortized cost

	2020 Rupees	2019 Rupees
Long-term financing	540,720,833	386,400,321
Trade and other payables	525,457,462	338,466,899
Interest accrued	12,594,533	23,623,781
Short-term borrowings	390,460,673	791,167,872
Unclaimed dividend	12,156,285	10,186,077
	1,481,389,786	1,549,844,950

36.2 Financial risk factors
Introduction and overview

The Company has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk

The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in Company's activities but it is managed through monitoring and controlling activities which are based on internal controls set on different activities of the Company by the Board of Directors. These controls reflect the business strategy and market environment of the Company as well as the level of the risk that the Company is willing to accept.

The Board along with the Company's finance department oversees the management of the financial risks reflecting changes in the market conditions and also the Company's risk taking activities providing assurance that these activities are governed by appropriate procedures and that the financial risks are identified, measured and managed in accordance with the Company risk appetite.

The Company's principal financial liabilities comprise long-term finances, short-term borrowings, accrued markup/interest and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company's financial assets comprise of trade debts, loans and advances, trade deposits, other receivables, other financial assets and cash and bank balances that arise directly from its operations.

36.3 Market risk

Market risk is the risk that the value of cash flows of the financial instrument may fluctuate as a result of changes in market interest rates, foreign exchange rates or the equity prices due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Under market risk the Company is exposed to currency risk, interest rate risk and other price risk (equity price risk).

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and bank balances in foreign currency. The Company's exposure to foreign currency risk is as follows:

	June 30, 2020		
	USD	EURO	Total
	-----Rupees-----		
Trade debts and other receivables	-	80,276,433	80,276,433
Trade and other payables	(24,336,290)	(530,558)	(24,866,848)
Advance from customers - contract liabilities	-	(1,564,847)	(1,564,847)
Net exposure	(24,336,290)	78,181,028	53,844,738
	June 30, 2019		
Trade debts and other receivables	228,439,252	315,392,522	543,831,774
Trade and other payables	(8,781,592)	(11,023,349)	(19,804,941)
Net exposure	219,657,660	304,369,173	524,026,833
	Average rate		Reporting date rate
	2020	2019	2020 2019
	-----Rupees-----		
USD	167.85	137.82	167.60 / 168.10 158.17 / 158.55
Euro	188.46	155.95	188.19 / 188.72 178.56 / 178.99

At June 30, 2020, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollar and Euro with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 5.4 million (2019: Rs. 52.4 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar and Euro - denominated trade debts and trade payables.

(b) Interest rate risk management

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

The Company's interest rate risk arises from long term finance and short term borrowings. These are benchmarked to variable rates which exposes the Company to cash flow interest rate risk only.

<i>Variable rate instruments</i>	Carrying amount	
	2020	2019
Financial liabilities		
- Short term borrowings	390,460,673	791,167,872
- Long term finance	188,537,010	-
Net financial liabilities at variable interest rates	578,997,683	791,167,872

Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the year end would have increased or decreased the profit before tax for the year by Rs. 5.799 million (2019: Rs. 7.912 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2019.

<i>Fixed rate instruments</i>	Interest rate		Carrying amount	
	2020	2019	2020	2019
	------%-----		Rupees	
Financial liabilities - long term finances				
	-	7.70%	-	14,789,000
	2.75%	2.75%	220,811,247	239,254,561
	2.50%	2.50%	131,372,576	132,356,760
Net financial liabilities at fixed interest rates			352,183,823	386,400,321

Cash flow sensitivity analysis for fixed rate instrument

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect statement of profit or loss.

(c) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at year end, there are no financial instruments of the Company which are subject to equity price risk.

36.4 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Out of the total financial assets of Rs. 674.880 million (2019: Rs. 1,033.09 million), the financial assets which are subject to credit risk amounted to Rs. 674.585 million (2019: Rs. 1,032.66 million).

The Company is exposed to credit risk from its operating activities (primarily for trade debts and loans and advances) and from its investing activities, including deposits with banks and financial institutions and other financial instruments. The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably high credit rating.

The analysis below summarises the credit quality of the Company's bank balances as at June 30, 2020:

Name	Balances held as at June 30, 2020	Latest available published rating as at June 30, 2020	Rating Agency
------	-----------------------------------	---	---------------

Bank balances and profit receivable on bank balances

UBL	91,030	AAA	VIS
Bank Al-Falah	28,466	AA+	VIS
Bank of Punjab	136,856	AA	PACRA
Meezan	20,397	AA+	VIS
Habib Bank Limited	39,754,133	AAA	VIS
National Bank of Pakistan	8,321,782	AAA	PACRA
Habib Metropolitan Bank Limited	598,514	AA+	PACRA

The analysis below summarises the credit quality of the Company's bank balances as at June 30, 2019:

Name	Balances held as at June 30, 2019	Latest available published rating as at June 30, 2019	Rating Agency
------	-----------------------------------	---	---------------

Bank balances and profit receivable on bank balances

UBL	10,351	AAA	VIS
Bank Al-Falah	28,501	AA+	VIS
Bank of Punjab	142,855	AA	PACRA
Meezan	-	AA+	VIS
Habib Bank Limited	27,510,825	AAA	VIS
National Bank of Pakistan	3,345,759	AAA	PACRA
Habib Metropolitan Bank Limited	699,932	AA+	PACRA

Credit risk related to trade debts

The Company's main credit exposure is with trade debts. The Company has adopted a policy of only dealing with creditworthy counterparties and majority of the transactions are made through post dated cheques. Further, the Company's credit exposure is continuously monitored and the aggregate value of transactions are spread amongst approved counterparties, and overdue counterparties are pursued efficiently by the management for recovery. 12% (2019: 53%) of the credit exposure of the Company at year end is secured against letters of credit or other form of security.

Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate. The major credit exposure of the Company from its top 10 customers is 98% (2019:91%) of the total trade receivables as at year end.

The Company has the policy to grant credit of 7 days to 120 days to its customers. The exposure of the Company in trade receivables, which are neither overdue nor impaired, is Rs. 388.914 million (2019: Rs. 832.602 million)

Trade debtors, which have crossed their credit days limits, amounting to Rs. 287.292 million (2019: Rs. 201.931 million) for which the company has provided Rs. 85.627 million (2019: 85.627 million) and the remaining amounts are still considered recoverable.

The aging of such overdue but not impaired trade receivables is as follows:

	2020 Rupees	2019 Rupees
Less than 1 month	185,327,664	116,173,667
1 - 3 months	10,474,900	-
3 - 6 months	3,020,125	23,162
6 months - 1 year	591,064	-
1-3 years	2,357,209	52,007
Over 3 years	-	55,595
	201,770,962	116,304,431

The aging of impaired trade receivables is as follows:

1 - 3 years	-	-
Over 3 Years	85,626,631	85,626,631
	85,626,631	85,626,631

- 36.5** Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large customers by securing them against letters of credit.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and long-term loans. 44% of the Company's long-term and short-term debt will mature in less than one year at June 30, 2020 (2019: 72%) based on the carrying value of borrowings as given below. However, the Company has an un-availed aggregated short-term borrowings facilities of Rs. 878 million (2019: Rs. 459 million), which can be utilized to encounter unseen liquidity problems.

36.5.1 Liquidity risk table

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	2020					
	Long-term finance	Short-term borrowings	Trade and other payables	Unclaimed Dividend	Interest accrued	Total
	Rupees					
With in 1 year	54,021,774	390,460,673	525,457,462	12,156,285	12,594,533	994,690,727
1 - 5 years	435,417,280	-	-	-	-	435,417,280
More than 5 years	193,859,076	-	-	-	-	193,859,076
	683,298,130	390,460,673	525,457,462	12,156,285	12,594,533	1,623,967,083

	2019					
	Long-term finance	Short-term borrowings	Trade and other payables	Unclaimed Dividend	Interest accrued	Total
	Rupees					
With in 1 year	57,762,225	791,167,872	338,466,891	10,186,077	23,623,781	1,221,206,846
1 - 5 years	241,230,143	-	-	-	-	241,230,143
More than 5 years	114,055,194	-	-	-	-	114,055,194
	413,047,562	791,167,872	338,466,891	10,186,077	23,623,781	1,576,492,183

37. Fair values of financial and non-financial assets and liabilities

- (a) Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

- (b) Fair Value Estimation

The Company discloses the financial instruments measured in the balance sheet at fair value in accordance with the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (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).

There are no transfers between the levels during the year.

- 37.1** There are no assets or liabilities to classify under above levels except the Company's plant and machinery are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's plant and machinery carried out as at March 2018, were performed by M/s Asif Associates (Private) Limited (valuer), an independent valuer not related to the Company, using depreciated replacement cost method. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery. Value determined by independent valuer is classified as Level 2 in the fair value hierarchy.

38. CAPITAL RISK MANAGEMENT

The objectives of the Company when managing capital are to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The capital structure of the Company consists of share capital and reserves as well as debts of the Company. Share capital and reserves consist of share capital, reserves and unappropriated profit and debts consist of short-term borrowings and long-term financing. The Company manages its capital structure by monitoring return on total capital employed and makes adjustments to it in the light of changes in economic conditions and monitoring its gearing ratio. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders, issue new shares or adjust its debts. The Company's overall strategy is to reduce the gearing ratio gradually. The gearing ratio analysis is as follows:

	2020 Rupees	2019 Rupees
Total borrowings	931,181,506	1,177,568,193
Less: Cash and bank balances	(49,247,190)	(32,169,330)
Net debt	881,934,316	1,145,398,863
Total equity	1,197,016,189	1,217,734,478
Total capital employed	2,078,950,505	2,363,133,341
Gearing ratio	42%	48%

The Company is not subject to any externally imposed capital requirement.

39. OPERATING SEGMENT

- 39.1** These financial statements have been prepared on the basis of single reportable segment.
- 39.2** Revenue from sale of fabric represents 99.89 % (2019: 99.82%) of total revenue whereas, remaining represents revenue from trading.
- 39.3** All non current assets of the Company as at June 30, 2020 are located in Pakistan.
- 39.4** 73% (2019: 63%) of sales of fabric are local and indirect export whereas 27% (2019: 37%) of sales are export / foreign sales. All sales were made to external customers except one related party to which 0.4% (2019: 0.3%) of sales were made.

39.5 Revenue from three major customers of the Company represents 53% (2019: 57%) of total revenue of the Company.

40. PLANT CAPACITY AND ACTUAL PRODUCTION	Note	2020	2019
Number of looms installed		178	178
Number of looms worked		178	178
100% Plant capacity at 60 picks (Sq. Meters)		64,626,537	64,626,537
Actual production converted to 60 picks (Sq. Meters)	40.1	54,798,188	58,623,664
Shifts per day (12 hours shift)		2	2
Number of days worked during the year		346	365

40.1 Calculation of rated capacity is based on a fixed fabric width and looms speed. In actual these factors vary with the ever changing qualities under production. Further, 100% efficiency level is notional and in practice elusive, hence, actual production figure is less than the rated capacity.

41. NUMBER OF PERSONS EMPLOYED	2020	2019
Number of employees at June 30	544	555
Average number of employees during the year	552	561

42. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

Subsequent to year end, the directors proposed to pay cash dividend of Rs. 4.00 (2019: Rs. 10) per ordinary share of Rs. 10 each. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and has not been reflected as a liability in these financial statements, which will be accounted for subsequently after the approval of shareholders.

43. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged, wherever necessary.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 28, 2020.


45. GENERAL


45.1 "As in the rest of the world, COVID-19 adversely affected lifestyles and business operations in Pakistan. The Company complied with the SOPs prescribed by Federal and Provincial Governments. Sales and production activities were affected during lockdowns, however, the factory reopened after necessary permissions to produce orders for exports and essential services. "


To alleviate the negative impact of the COVID-19 pandemic, the Governments and the State Bank of Pakistan have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market. The Company has availed the benefit of deferment of loan as disclosed in note 6.3.1.

The Company has made an assessment in order to evaluate the impact of COVID-19 pandemic over its financial performance and going concern and management believes that the going concern assumption of the Company remains valid.

45.2 Figures have been rounded off to the nearest Rupee.


(M. Naeem)
Chief Executive


(Amir Ahmed)
Chief Financial Officer


(Muneer Nawaz)
Chairman

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PROXY FORM

Please quote

Folio No./CDC A/C No.	Shares Held

I/We _____ of _____

in the district of _____ being a member of SHAHTAJ TEXTILE LIMITED

hereby appoint _____ of _____

as my/our proxy to vote for me/us and on my/our behalf at the 31st Annual General Meeting of the Company to be held on Wednesday, 28th October, 2020 and at any adjournment thereof.

As witnessed given under my/our hand(s) this _____ day of _____ 2020.

Witness Signature _____

Name: _____

C.N.I.C. No. _____

Member's Signature on
Applicable Revenue Stamp

Notes:

1. This form of Proxy must be deposited duly completed, at the company's Registered Office, not less than 48 hours before the meeting.
2. A Proxy of individual members must be a member of the Company.
3. In case of corporates the Board of Directors' resolution/power of attorney with the specimen signature shall be submitted along with proxy form to the company.
4. Signature should agree with the specimen signature registered with the Company.
5. For CDC account holders and corporates in addition to the above following requirements have to be met:
 - i) Attested copy of C.N.I.C. or the passport of the beneficial owner shall be provided with proxy form.
 - ii) Proxy shall produce his/her original C.N.I.C. or original passport at the time of meeting.



پراکسی فارم

درج ذیل پُر کریں

تعداد حصص	فولیو / CDC اکاؤنٹ نمبر

میں مسماة _____ ساکن _____
ضلع _____ بحیثیت ممبر شاہ تاج ٹیکسٹائل لمیٹڈ، مسماة _____ ساکن _____
کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے اکتیسواں اجلاس عام جو
بتاریخ 28 اکتوبر 2020ء بروز بدھ منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

مطلوبہ ریوینیوٹک چسپاں کر کے ممبر کے دستخط

دستخط گواہ:

نام:

قومی شناختی کارڈ نمبر:

تاریخ:

نوٹ:

- ۱۔ مکمل پُر شدہ پراکسی فارم کمپنی کے رجسٹرڈ آفس میں میننگ سے 48 گھنٹے قبل جمع کرایا جانا لازمی ہے۔
- ۲۔ تمام ممبران کے لئے ضروری ہے کہ جس کو پراکسی دیں وہ بھی کمپنی کا ممبر ہو۔
- ۳۔ کارپوریٹ ممبران کے لئے پراکسی فارم کے ساتھ پراکسی کے حق میں بورڈ آف ڈائریکٹرز کی قرارداد یا پورا آف انٹارنی جمع نمونہ کے دستخط کا جمع کروایا جانا ضروری ہے۔
- ۴۔ دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی نمونہ کے مطابق ہونے ضروری ہیں۔
- ۵۔ CDC میں اکاؤنٹ رکھنے والے اور کارپوریٹ ممبران کے لئے مندرجہ بالا کے علاوہ درج ذیل شرائط کو پورا کرنا بھی ضروری ہے:
i۔ پراکسی جس کے حق میں ہو اُس کا شناختی کارڈ یا پاسپورٹ کی ایک تصدیق شدہ نقل پراکسی کے ساتھ لگائی جائے۔
ii۔ پراکسی جس کے حق میں ہو وہ اجلاس میں شریک ہوتے وقت اصل شناختی کارڈ / پاسپورٹ پیش کرے۔