

ANNUAL REPORT 2020



Shahzad Textile Mills Limited

Certificate SG05/00526, continued

SGS

Shahzad Textile Mills Limited

ISO 9001:2015

Issue 6

Detailed scope

**"Manufacturing and Export of 100% Cotton, Blended, Pure
Synthetic, Combed, carded and double yarn"**

Additional facilities

**Site 01 : 34th Km, Sheikhpura Road,
Sheikhpura, Pakistan.**

**Site 02: 7Km, Sheikhpura Faisalabad Road,
Sheikhpura, Pakistan.**



This document is issued by the Company subject to its General Conditions of Certification Services accessible at www.sgs.com/terms_and_conditions.htm. Attention is drawn to the limitations of liability, indemnification and jurisdictional issues established therein. The authenticity of this document may be verified at <http://www.sgs.com/shahzad-textile-mills-certification>. Any unauthorized alteration, forgery or falsification of the content or appearance of this document is unlawful and offenders may be prosecuted to the fullest extent of the law.

Page 2 of 2

SGS

Certificate SG05/00526

The management system of

Shahzad Textile Mills Limited

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

has been assessed and certified as meeting the requirements of

ISO 9001:2015

For the following activities

The scope of registration appears on page 2 of this certificate.

This certificate is valid from 27 December 2017 until 15 August 2020
and remains valid subject to satisfactory surveillance audits.

Re certification audit due before 13 August 2020
Issue 6. Certified since 16 August 2005

This is a multi-site certification.
Additional site details are listed on the subsequent page.



Authorised by



0005

SGS United Kingdom Ltd
Rosemore Business Park, Ellesmere Port, Cheshire CH65 9EN UK
t +44 (0)151 350-6866 f +44 (0)151 350-6800 www.sgs.com

Page 1 of 2



This document is issued by the Company subject to its General Conditions of Certification Services available at www.sgs.com/terms_and_conditions.htm. Attention is drawn to the limitations of liability, indemnification and professional fees established therein. The validity of this document may be verified at <http://www.sgs.com/certified-clients-and-products/certified-clients-directory>. Any unauthorised alteration, forgery or falsification of the content or appearance of this document is unlawful and offenders may be prosecuted by the issuer.

CONTENTS

42nd ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2020

Company's Information	1
Vision and Mission Statements	2
Code of Conduct	3-4
Six Year Financial Summary	5
Statement of Compliance Withthe Code of Corporate Governance	6-7
Review Report to the Members	8
Notice of Annual General Meeting	9-12
Chairman's Review Report	13
Directors' Reports (English)	14-19
Auditor's Report to the Members	20-23
Balance Sheet	24-25
Profit and Loss Account	26
Statement of Comprehensive Income	27
Cash Flow Statement	28
Statement of Changes in Equity	29
Notes the Accounts	30-64
Pattern of Share Holding	65-66
Directors' Report (Urdu)	67-71
Proxy Form (English, Urdu)	72-73
Important Notice (English, Urdu)	74-75
Request Form for Annual Accounts (English, Urdu)	76-77
Consent for Video Conference	78

www.jamapunji.pk



سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator
(based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

jamapunji.pk

@jamapunji_pk

*Mobile apps are also available for download for android and ios devices

COMPANY INFORMATION

Board of Directors

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

Chief Financial Officer

Mr. Humayun Bakht

Company Secretary

Mr. Hassan-ud-Din Ansari

Auditors

Crowe Hussain Chaudhry & Co.
Chartered Accountants

Audit Committee

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

Human Resources &**Remuneration Committee**

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

Bankers

Habib Metropolitan Bank Ltd
JS Bank Limited
Meezan Bank Limited

Share Registrar

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

Registered Office

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

Mills**Unit # 1, 4 & Socks Unit**

34th KM Lahore Sheikhpura
Raod, Sheikhpura.

Unit # 2

7th KM Sheikhpura Faisalabad
Road, Sheikhpura.

VISION STATEMENT

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

MISSION STATEMENT

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

CODE OF CONDUCT

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

1. Conflict of interest

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

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

2. Confidentiality

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

3. Kickbacks

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

4. Proper Books of Account

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

5. Relationship with government officials suppliers, agents etc.

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

6. Health and Safety

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

7. Environment

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

8. Alcohol, Drugs

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

9. Coordination among staff members to maintain discipline

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

10. Workplace harassment

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

SIX YEARS FINANCIAL SUMMARY

	2020	2019	2018	2017	2016	2015
	--- (Rupees in thousand) ---					
Sales	4,315,237	6,105,230	5,464,278	4,511,169	3,692,132	4,211,486
Gross Profit	322,054	525,898	267,586	242,998	184,755	253,651
Profit/(Loss) before taxation	62,568	188,593	101,183	64,031	21,632	48,567
Provision for tax	(16,966)	(57,867)	(28,984)	(29,316)	(34,989)	(12,789)
Profit/(Loss) after taxation	45,602	130,726	72,200	34,715	(13,357)	35,778
Total Assets	4,011,775	3,659,893	3,430,522	2,908,801	2,630,358	2,598,113
Current liabilities	968,118	836,690	969,147	764,960	591,876	578,450
	3,043,657	2,823,203	2,461,375	2,143,841	2,038,482	2,019,663
Represented By :						
Equity & Surplus	2,347,849	2,223,856	2,113,308	1,752,012	1,714,359	1,703,304
Long Term Loans & leases	336,280	323,871	58,036	98,777	-	-
Deferred Grant	3,901	-	-	-	-	-
Deferred Liabilities	355,627	275,476	290,030	293,053	324,123	316,359
	3,043,657	2,823,203	2,461,375	2,143,841	2,038,482	2,019,663

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

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

Year Ending: **30th June 2020**

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

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

- a) Male: Six (06)
- b) Female: One (01)

2. The composition of the Board is as follows:

CATEGORY	NAMES
Independent Directors: Two (02)	Mr. Syed Raza Ali Bokhari Dr. Ali Raza Khan
Executive Directors: Two (02)	Mr. Imran Aslam Mr. Danish Aslam
Non-Executive Directors: Three (03)	Mr. Mian Parvez Aslam Mr. Irfan Aslam Mrs. Nazish Imran
Female Director	Mrs. Nazish Imran

The requirement of Independent Director is at least two or one third members of the board, whichever is higher, whereas two independent directors were appointed and fraction of 0.33 was not rounded up as one since the fraction is below (0.5), accordingly the fraction contained in such one-third is not rounded up as one.

- 3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;
- 4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
- 5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
- 6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
- 7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
- 8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;
- 9. Three members of the Board are exempted from Directors' Training Program by virtue of their requisite qualification and experience of serving on the Board of a listed Company and the remaining Directors do not acquire Directors training certification.
- 10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
- 11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

a) **Audit Committee:**

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

b) **HR & Remuneration Committee:**

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

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

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

a)	Audit Committee meetings:	8
b)	HR and Remuneration Committee:	3

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

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

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

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

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below;

Sr. No.	Paragraph No.	Description	Future course of Action
1	9	Half of the directors on their Board have not acquired directors' training certification under regulation 19 of the Regulations	The Board is arranging Directors' Training for the four directors by June, 2021


CHIEF EXECUTIVE


DIRECTOR

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE
MEMBERS OF SHAHZAD TEXTILE MILLS LIMITED
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE
CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE
GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Shahzad Textiles Mills Limited (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

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

Serial No.	Paragraph Reference	Description
1	9	At least 50% of the Directors have not acquired the prescribed certification under the Directors Training Program as required under clause 19 of the Regulations.



Lahore
Dated: October 05, 2020

CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants
(Engagement Partner: Mr. Amin Ali)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 42nd Annual General Meeting of the Shareholders of **SHAHZAD TEXTILE MILLS LIMITED** will be held at Company's Registered Office, 19-A, Off. Zafar Ali Road, Gulberg-V, Lahore on Saturday October 31, 2020 at 11:00 A.M to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Chairman's Review Report, the Reports of Directors and Auditors together with Audited Annual Financial Statements for the year ended June 30, 2020.
2. To appoint Company's auditors and to fix their remuneration for the year ending June 30, 2021. The members are hereby notified that the Audit Committee and the Board of directors have recommended the name of retiring auditors M/s Crowe Hussain Chaudhury & Co. Chartered Accountants for appointment as auditors of the Company.

SPECIAL BUSINESS

3. To consider and, if deemed fit, to pass the following resolution as Special Resolution with or without modification for ratification of Transactions with Related Parties as per Note No. 36 of Audited Accounts 2020.

RESOLVED that the related party transactions carried out by the Company with related parties during the year ended June 30, 2020 be and hereby approved.

RESOLVED FURTHER that Chief Executive of the Company be and is hereby authorized to approve transactions to be conducted with the Related Parties in the normal course of business during the year ending June 30, 2021 and till the date of next annual general meeting.

By order of the Board



(HASSAN-UD-DIN ANSARI)
Company Secretary

Place: Lahore
Dated: October 05, 2020

NOTES:

1. The Share Transfer Books of the Company will remain closed from October, 20, 2020 to October 31, 2020 (both days inclusive). Transfers received in order at Company's Independent Share Registrar's Office, Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7- Bank Square, Lahore by the close of business on October, 19, 2020, will be treated in time for the entitlement to attend the annual general meeting.
2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her and a proxy so appointed shall have the same rights, as respects attending, speaking and voting at the AGM as are available to the members. A Proxy must be a member of the Company.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting. Proxy Forms, in English and Urdu languages, have been dispatched to the members along with the notice of AGM.
4. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

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

In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

5. Change of Address

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

6. CNIC/IBAN for E-Dividend Payment

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

7. Zakat Declarations:

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

8. Circulations of Annual Reports through Email

The shareholders who intends to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website: www.shahzadtext.com.

9. Tax Deductions from Filers and Non-Filers

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

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

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

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

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

Folio/CDC Account No	Name of shareholder	CNIC	Shareholding	Total shares	Principal/joint shareholder
----------------------	---------------------	------	--------------	--------------	-----------------------------

10. Placement of Financial Statements

The Company has placed the Notice of AGM and Audited Annual Financial Statements for the year ended June 30, 2020 along with Auditors, Directors and Chairman's Reports thereon on its website: www.shahzadtex.com.

11. Unclaimed Dividend and Bonus Shares

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

12. Online Participation in the Annual General Meeting:

Due to COVID-19 Pandemic and the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies. The meeting can be attended using smart phones/tablets/computers. To attend the meeting through video link, the members are requested to register themselves by providing the following information along with valid copy of CNIC / passport/ certified copy of board resolution/power of attorney in case of corporate shareholders with the subject "Registration for Shahzad Textile Mills Limited AGM" through email corporate@shaheencotton.com on or before 29 October, 2020.

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

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

The shareholders who wish to send their comments/ suggestions on the agenda of the AGM can email the Company at email: corporate@shaheencotton.com or WhatsApp at 0333-4352750. The Company shall ensure that comments/ suggestions of the shareholders will be read out at the meeting and the responses will be made part of the minutes of the meeting.

13. Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the AGM. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least seven (7) days prior to the date of the meeting on the Standard Form provided in the annual report and also available on the company's website: www.shahzadtex.com

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

This statement sets out the material facts concerning special business to be transacted at the Annual General Meeting of the Company to be held on October 31, 2020.

Ratification / approval of Related Party Transactions

The Company carried out transactions as per Note No. 36 of Audited Accounts 2020 with its related parties in the ordinary course of business under the authority of the special resolution of the members as approved by them during the last annual general meeting held on October 28, 2019. All these transactions were presented before the Board of Directors for their review and consideration as recommended by the Audit Committee on quarterly basis.

Since, the majority of the Company Directors were interested in the related party transactions carried out during the financial year ended June 30, 2020 with the related parties due to their common directorship and shareholding in these associated undertakings, therefore, these transactions have been placed before the members of the Company for their approval in the General Meeting. The transactions with all related parties are entered on arms' length basis.

The Directors are interested in this business to the extent of their respective directorships and /or shareholdings.

CHAIRMAN'S REVIEW REPORT**For the year ended June 30, 2020**

I am pleased to present report on the overall functioning of the Board of Directors of M/s Shahzad Textile Mills Limited. Through their effective management directors have depicted the transparency of corporate governance and compliance of all desired formalities. The Board performed its role and responsibilities for the overall management and supervision of the affairs of the Company and remained duly cognizant of its fiduciary responsibilities. In addition to this, during the year under review, the Board also continued to monitor financial results on a quarterly basis. Though pandemic Covid-19 has adversely affected health and industrial sector worldwide and gave unrecoupable financial and life losses to both sectors. The directors of the company intellectually and satisfactorily managed all aspects in this crucial period. They neither deprived off the labor & employees from their jobs but also paid them wages and salaries. This all became possible with the unprecedented help of the Government through state Bank of Pakistan providing various type of refinance facilities to the industry on easiest terms and conditions. This sympathetic action of the government remarkably mitigated stress of industries owners.

An annual evaluation of Board of Directors of the Company is carried out. The purpose of the appraisal is to assess the performance of the directors remaining in the frame work for which the company is established.

During financial year June 30, 2020 ten meetings of Board of Directors were held. The Directors of the company were provided agenda along with supporting material prior to meeting of the committee for extensive discussion and finding solution of the problems pointed out in the Agenda. The Non-Executive and Independent Directors are equally involved in important decision of the company made by the board. I am pleased to say that board's overall performance is satisfactory for year 2020.

ACKNOWLEDGMENTS

On behalf of the Board of Directors, I would like to express gratitude to our stakeholders for their continued support and encouragement and place on record the appreciation of the valuable services rendered by the employees of the Company. I also acknowledge the commitment and diligence of my fellow directors during the year under review.

Lahore:

Dated: October 05, 2020



MIAN PARVEZ ASLAM

Chairman

DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting before you the 42th directors report and the performance review together with the audit report and the financial statement of the company as at June 30, 2020.

Financial and Operational Performance:

The Current financial results of the Company are summarized below:

	2020 Rupees	2019 Rupees
Sales	4,315,236,599	6,105,229,782
Gross Profit	322,053,527	525,897,664
Profit before taxation and Share of Associate	30,830,562	166,808,353
Share of Net profit of associate	31,737,871	21,784,692
Profit before Taxation	62,568,433	188,593,045
Taxation	(16,966,476)	(57,866,930)
Profit after Taxation	<u>45,601,957</u>	<u>130,726,115</u>

In spite of worst type of global adversities caused by Covid-19 we have presented admirable financial results for the year under discussion. All textile units and other industries remained continuously closed for three months and there was no production at all. Our socks unit was allowed to start functioning after closure of fifteen (15) days period as our export orders of socks were going to expire. We are pleased to state that our Company has exhibited admirable financial results with a profit of Rs. 45.601 million as compared to profit of Rs. 130.726 million of previous year. Due to mandatory lockdown by the government due to spread of Pandemic Covid-19 the targeted figure of yarn and socks sales could not be achieved and current net sales restrained to Rs. 4,315.236 million as compared to net sales of Rs. 6,105.230 million of the previous year.

GENERAL REVIEW

Pakistan and the entire world faced an enormous health and economic crisis where the textiles supply-chain is particularly hard hit. On the one hand, two major production hubs (China and Italy) have been severely affected by the pandemic Covid-19 and also causing significant disruption on the supply side too. It collapsed demand, cancellation of export orders, delayed shipments and asking for high percentage of discounts from suppliers have badly affected the financial condition of the industry which eventually effected Pakistani Economy. Although the negative impact is worldwide, but in Pakistan daily wage workers were especially at risk. The Orders cancellations by the buyers lead to immediate loss to the textile units and ultimately resulted in dismissal of workers. These economic shocks created fright which was further exaggerated due to masses health attributed to pandemic Covid-19.

The International Economic survey painted a very miserable picture of public health and industrial sector. They have described that most of the suppliers did not pay even severance pay to the workers when orders from buyers were cancelled. These egregious and unfair practices left devastating affects on workers who were already leading life below the line of poverty.

At this crucial stage Government of Pakistan did not sit like silent spectator and immediately came forward to mitigate the stress from industry by providing them financial help. The State Bank of Pakistan promptly announced various type of refinance facilities on easy and affordable terms and conditions to the industry. Our management also obtained less cost loan from State Bank of Pakistan and continuously paid the wages and salaries to our employees for three months during mandatory lock down of our textile units. This sympathetic action of the management not only provided them financial help but also boosted their moral.

EARNING PER SHARE

The Earning per share is 2.54 as compared to previous year's earnings per share Rs.7.27.

FUTURE OUTLOOK

The current industrial and public health sector is not risk free as corona virus is not fully eradicated. The owners of the industry and public should vigilantly observe the health caring measures narrated by the Government in form of SOPs which is in best interest of the employees and owners. Another factor which is of prime importance but constantly ignored i.e. delay in adopting textile policy 2020 which is very much necessary for revival of industry. Prompt adoption of policy shall not only lead us towards a fairer and more sustainable textile sector, but also a more resilient one, which is better equipped to overcome challenges in the future.

Two decades back, Pakistan's textile exports were ahead of its regional peers like Bangladesh, Vietnam and Cambodia. In 2003, when Pakistan's textile exports were \$8.3 billion, Vietnam's textile exports were \$3.87 billion, Bangladesh's were at \$5.5 billion. Now Vietnam standing at a commendable figure \$36.68 billion and Bangladesh with a splendid figure \$40.96 billion.

The textile policy argues saying that the essence is that if these countries were able to achieve record growths in this short time period, the ambition of reaching \$50 billion of textile exports in next 10 years for Pakistan is attainable, subject to strict implementation of Long-term Textile Policy.

We are pleased to intimate that we have always tried to present the best financial results to our shareholders. The management does not feel discouraged after forbearing the grave affects of Covid-19. The management has enthusiastically started work with great positive temperament to fill the gap created by Pandemic Covid-19. Management has assured to bring all sources in use to recoup the losses occurred due to mandatory lockdown to avoid Pandemic Covid-19. We shall also complete the construction and mechanical work left in the sock's unit.

DIVIDEND

The Management does not intend to pay dividend as they are considering expansion in socks unit. The costly machinery and equipment may require the company to use its earnings for capitalization. So, the profit shall be reinvested into the company which is in best interest of the shareholders.

ISO 9001-2015 Certification

The Company trust in sustainable quality of yarn to the complete satisfaction of its clients. For this the Company has obtained the latest version of ISO 9001-2015. Certification which is renewed after every three years with an extensive checking and complete verification of Company's quality management system. This quality certification enhances the trust of new customers and boosts up the confidence of old clients as well

PRINCIPAL RISKS AND UN-CERTAINTIES FACING THE COMPANY

Despite the fact that the Company's financial performance is much improved in the period under discussion but there are some risk factors which may have an impact on the future performance of the company.

FORMATION OF RISK MANAGEMENT COMMITTEE

Formation of risk management committee is not mandatory as per CCG Regulation 2019.

RISK FACTORS

A) FOREIGN EXCHANGE RISK

Foreign currency risk arises mainly where receivable and payable exist due to transaction entered into foreign currencies. The Company is exposed to foreign currency risk on trade debts, payable and revenues which are entered in a currency other than Pak Rupees.

B) LIQUIDITY RISK

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

C) CREDIT RISK

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

D) INTEREST RATE RISK

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

CHANGES DURING FINANCIAL YEAR CONCERNING NATURE OF THE BUSINESS OF THE COMPANY OR OF ITS SUBSIDIARIES AND JOINT OPERATION

A change has been occurred during the financial year as company has also started business of socks knitting along with textile yarn manufacturing which very much profiteering and giving good results to the company.

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

We are striving hard to give good results to the shareholders. However, in the present scenario where electricity cost has already been raised and cotton crop is deteriorating in every coming year. both these factors may affect the future production of yarn. China, the major importer of spun yarn, has diverted its prime concentration towards Bangladesh and Vietnam where labour and electricity is available at much cheaper rates as compared to Pakistan. Therefore, spun yarn is exported to China by these two countries at comparatively cheaper rates. In spite of these difficulties, our Management is running the business in admirable profit.

IMPACT OF COMPANY BUSINESS ON THE ENVIRONMENT

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

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board has the ultimate responsibility to establish and maintain adequate internal controls over our financial reporting. Our internal controls are designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our external financial statements in accordance with the International Financial Reporting Standards. Due to inherent limitations of any internal control system, the Management acknowledges that there may be limitations as to the effectiveness of internal controls over financial reporting and, therefore, recognize that only reasonable assurance can be gained from any internal control system. The Company, however, maintains an effective internal control framework comprising of clear structures, authority limits and accountabilities, well understood policies and procedures for review processes.

RELATED PARTIES TRANSACTIONS

The transactions between the related parties were made at arm's length prices determined in accordance with the comparable uncontrolled price method. The same are disclosed in the attached financial statements the related party transactions were approved by the Board on the recommendation of Audit Committee.

CODE OF CONDUCT FOR PROTECTION AGAINST HARASSMENT AT WORK PLACE.

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

ANTI CORRUPTION

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

CORPORATE SOCIAL RESPONSIBILITY

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

I. Health, Safety and Environment

We work continuously ensuring that our employees work in safe and healthy working environment. Besides, the Company is registered with Social Security and Employees Old Age Benefit Department of the Government and pay regular contribution for the health facility and retirement benefits to the workers of the company.

II. Work-Life Balance

In order to promote a healthy life balance, we strictly observe working timing from 9.00am to 5.30pm. This ensures that our employees have plenteous time for recreational activities with their families and friends.

III. Business Ethics

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

Contribution to the National Exchequer

To meet our social obligations towards the development of the economy of the country, the Company has contributed Rs.315.346 million in the year 2019-20 into the Government Exchequer on account of taxes, levies, excise duty, Income Tax and Sales Tax. Moreover, foreign exchange amount of USD 0.864 Million was also earned for the country from export sales (Yarn & Socks) during financial year.

Energy Savings

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

COMPOSITION OF THE BOARD

The composition of the Board of Directors is in compliance with the requirement of listed Companies Code of Corporate Governance, Regulation 2019 applicable on a listed company which is given below:

Total Number of Directors

a)	Male	06
b)	Female	01

Composition:

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

NAME OF THE DIRECTORS AND BOARD OF DIRECTORS MEETING

During the period under review, Ten (10) meetings of the Board of Directors were held from July 01, 2019 to June 30, 2020. The details regarding the attendance by the Board members at these meetings has been provided below:

Name of Directors	No. of Meetings Attended
Mian Parvez Aslam	10
Mr. Imran Aslam	10
Mr. Irfan Aslam	10
Syed Raza Ali Bokhari	10
Mr. Danish Aslam	10
Dr. Ali Raza Khan	10
Mrs. Nazish Imran	08

AUDIT COMMITTEE

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

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

The Audit committee efficiently reviews the usefulness of the prevailing internal control system and identifies any loop holes therein. The Committee also recommends corrective measures to improve the implementation of the internal control system.

During the period under review Eight (8) meetings of audit committee of the company were held from July 01, 2019 to June 30, 2020 respectively and the details of the attendance at these meetings is as follows:

Name of Member	No. of Meeting Attended
Syed Raza Ali Bokhari	Eight (8)
Mian Parvez Aslam	Eight (8)
Mr. Irfan Aslam	Eight (8)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

In Compliance with the Code of Corporate Governance Regulations, 2019 the Board of Directors has formed a Human Resource and Remuneration Committee comprising of three Directors named below. The HR & R Committee provides assistance to the Board of Directors in helping the Company's Human Resource function efficiently. Further, the HR & R Committee will also assess and makes recommendations to ensure that the Company's

Human Resource policies are objectively associated with its overall business.

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

Names of the members of the Committee	Meetings Attended
Dr. Ali Raza Khan	Chairman Three (3)
Mr. Danish Aslam	Member Three (3)
Mrs. Nazish Imran	Member Three (3)

CORPORATE GOVERNANCE

Statement of compliance as required under the Listed Companies (Code of Corporate Governance) 2019 is annexed. Statement of compliance under Companies Act, 2017 has not been notified.

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND THE BOARD COMMITTEES

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

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

Individual feedback was obtained and on the basis of that feedback the average rating of the performance of the board was found satisfactory. Improvement is an ongoing process and the board has identified the areas of improvement in line with the global best practices.

DIRECTORS' REMUNERATION

The Executive Directors remuneration is considered and recommended by the Human Resource and Remuneration Committee (HR & R) to the Board of Directors. Then remuneration matter is discussed, considered, reviewed and approved by the Board of Directors after due deliberations.

DIRECTORS TRAINING PROGRAM

Half of the directors on our board have not acquired directors' training certification under regulation 19 of the Regulations. Therefore, management is considering to provide opportunity to the remaining directors to get their certification by June 2021.

APPOINTMENT OF AUDITORS

The Auditors M/s Crowe Hussain Chaudhry & Co. Chartered Accountant, will retire and eligible for re-appointment as auditors of the Company for the next year, The Audit committee and the Board have endorsed their re-appointment for reconsideration of the members at the forthcoming annual general meeting of the Company.

PATTERN OF SHAREHOLDING

The pattern of shareholding as of 30 June 2020 on the prescribed Form 34 is attached herewith.

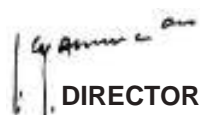
SUBSEQUENT EVENTS

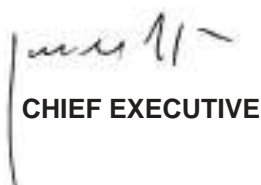
No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of this report.

ACKNOWLEDGMENT

I take this opportunity, on behalf of the directors of the company, to thank all the shareholders, bankers and suppliers who actively participated in the growth of the company. The directors also feel pleasure to appreciate the dedicated officers and workers who have maintained the peaceful environment to run the mill peacefully.

For and on behalf of the Board


DIRECTOR


CHIEF EXECUTIVE

Lahore:
Dated: October 05, 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SHAHZAD TEXTILE MILLS LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Opinion**

We have audited the annexed financial statements of Shahzad Textile Mills Limited, which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss account, 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 Company's affairs as at June 30, 2020 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with 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 Standard Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the Key Audit Matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	<p>Impact of Covid-19 on Financial Statements</p> <p>As referred in Note 43 to the accompanying financial statements, rapid outspread of COVID-19 not only affected the human lives but also adversely impacted the global economy.</p> <p>Owing to this pandemic, the manufacturing facilities of the Company were temporarily shut down and the newly established socks unit could not produce the desired results as foreseen by the management. Sales of the Company were dropped in the 4th quarter of the year while the Company also obtained subsidized loan offered by the State Bank of Pakistan to finance salaries and wages of the workers under the prescribed schemes.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> We made discussions with the management regarding the impact of COVID-19 on its operations, business and liquidity position <p>We enquired the management and assessed the design and operating effectiveness of the Company's internal controls over making estimates and provisions in respect of critical account balances that may affect the accompanying financial statements</p>

Under its corporate reporting obligations, the Company is required to assess the impact of COVID-19 on its assets, liabilities, incomes and expenses and disclose the same in its financial statements.

Owing to the unprecedented impact of COVID-19 on the business operations of the Company and estimates made by the management, we considered this area as a key audit matter to assess specific risks in relation to the preparation of accompanying financial statements and our audit strategy.

- We obtained the management forecast of recoveries from trade debts and assessment of likely expected credit loss in its receivables. This included the assessment of pattern of recovery from trade debts and subsequent review of recoveries made from trade debts
- We reviewed the inventory valuation, analyzed the net realizable value (NRV) of finished goods and evaluated subsequent sales to corroborate with the inventory valuation done by the management. We reviewed details of inventories to assess the existence of slow-moving inventories and requirement of possible write-down of inventories to their NRV on sample basis
- We reviewed the documentation pertaining to the SBP's subsidized loan obtained by the Company and appropriateness of its disclosures
- We obtained the business projections from the Company and evaluated the appropriateness of going concern assumption used by the Company. This included our review of sales in subsequent period.
- We evaluated the adequacy of the disclosure made by the Company under the applicable financial reporting framework

2. Capital expenditure on establishment of new manufacturing

As disclosed in Note 14 to the accompanying financial statements, the Company has incurred significant amount of capital expenditure on establishment of new sock manufacturing unit. This included the procurement of certain property, plant and equipment during the year while capitalizing the capital work in progress from prior years.

This capitalization was treated as a key audit matter as this was a material transaction involving huge capitalization; estimation of economic useful lives and residual values for determining the depreciation expense as per the applicable accounting and reporting standards.

Our procedures included the following:

- We obtained an understanding of the Company's process with respect to capital expenditure; its policy of capitalization and effectiveness of controls relevant to such process.
- We reviewed cost elements of different items capitalized on sample basis and evaluated the appropriateness of capitalization of such elements under applicable financial reporting framework
- We reviewed the underlying supporting evidences of costs of assets capitalized on sample basis
- We discussed the management assessment of useful lives of assets; their residual value and working of depreciation expense for charging in the financial statements
- We assessed the adequacy of financial statement disclosures in accordance with the applicable financial reporting framework

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2020, but does not include the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss account, 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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 Amin Ali.



CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
Dated: October 05, 2020

STATEMENT OF FINANCIAL POSITION

	Note	2020 Rupees	2019 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital: 40,000,000 (2019: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid up capital	4	179,713,720	179,713,720
Reserves	5	1,396,311,882	1,286,782,547
Surplus on revaluation of property, plant and equipment	6	771,823,230	757,360,085
		2,347,848,832	2,223,856,352
Non Current Liabilities			
Long term financing	7	336,279,986	323,870,700
Staff retirement benefits	8	129,666,668	104,977,647
Deferred tax liability - net	9	225,960,329	170,497,971
Deferred grant		3,901,242	-
		695,808,225	599,346,318
Current Liabilities			
Trade and other payables	10	427,583,956	431,114,376
Unclaimed dividends		146,294	163,438
Unpaid dividends		199,348	199,348
Accrued mark up		21,868,525	12,125,788
Current portion of long term financing	7	38,977,405	33,815,400
Current portion of deferred grant		603,329	-
Short term borrowings	11	414,775,823	285,294,960
Provision for taxation	12	63,963,453	73,976,946
		968,118,133	836,690,256
Contingencies and Commitments			
	13	-	-
		4,011,775,190	3,659,892,926

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER




DIRECTOR

AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	14	2,279,163,700	2,252,622,636
Investment property	15	87,550,000	-
Investment in associate	16	497,464,549	370,110,371
Long term deposits	17	3,847,448	3,847,448
		2,868,025,697	2,626,580,455
Current Assets			
Stores and spares	18	105,207,083	93,963,849
Stock in trade	19	597,573,542	512,370,148
Trade debts	20	82,669,008	73,328,302
Advances, trade deposits, prepayments and other receivables	21	121,712,328	150,699,309
Short term investments	22	14,874,940	47,416,288
Tax refunds due from the Government	23	121,464,973	64,956,976
Cash and bank balances	24	100,247,619	90,577,599
		1,143,749,493	1,033,312,471
		4,011,775,190	3,659,892,926

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

STATEMENT OF PROFIT OR LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales (2019: Restated)	25	4,315,236,599	6,105,229,782
Cost of sales	26	(3,993,183,072)	(5,579,332,118)
Gross Profit (2019: Restated)		322,053,527	525,897,664
Operating Expenses			
- Selling and distribution costs (2019: Restated)	27	(47,931,398)	(55,255,003)
- Administrative expenses	28	(165,861,341)	(144,475,860)
		(213,792,739)	(199,730,863)
Operating Profit		108,260,788	326,166,801
Finance cost	29	(78,241,943)	(58,192,075)
Other operating expenses	30	(6,155,060)	(109,815,211)
Other income	31	6,966,777	8,648,838
Share of net profit of associate	16	31,737,871	21,784,692
		(45,692,355)	(137,573,756)
Profit before Taxation		62,568,433	188,593,045
Taxation	32	(16,966,476)	(57,866,930)
Net Profit for the Year		45,601,957	130,726,115
Earnings per Share - Basic and Diluted	35	2.54	7.27

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	Rupees	Rupees
Net Profit for the Year	45,601,957	130,726,115
Other Comprehensive Income for the Year		
<i>Items that will not be reclassified to profit or loss</i>		
Experience adjustment on remeasurement of staff retirement benefits of the Company	(1,826,954)	3,067,289
Related tax impact	460,758	(727,561)
	(1,366,196)	2,339,728
Surplus on revaluation of property, plant and equipment of the Company	39,392,923	-
Related tax impact	(9,934,895)	-
	29,458,028	-
Share in other comprehensive income for the year of Associate	95,237,175	(6,242,777)
Related tax impact	(14,285,576)	936,417
	80,951,599	(5,306,360)
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
Other comprehensive income / (loss) for the year	109,043,431	(2,966,632)
Total Comprehensive Income for the Year	154,645,388	127,759,483

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Share Capital	Share Premium	Unappropriated Profits	Revaluation Surplus	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2018	179,713,720	5,796,000	1,144,008,529	783,789,762	2,113,308,011
Net profit for the year ended June 30, 2019	-	-	130,726,115	-	130,726,115
Other comprehensive income for the year ended June 30, 2019	-	-	(2,966,632)	-	(2,966,632)
Total comprehensive income for the year	-	-	127,759,483	-	127,759,483
Incremental depreciation charged on revalued property, plant and equipment during the year transferred to retained earning - net of deferred tax	-	-	12,451,289	(12,451,289)	-
Surplus realized on disposal of revalued property, plant and equipment transferred to retained earnings - net of deferred tax	-	-	10,807,694	(10,807,694)	-
Impact of deferred tax on export rate adjustment	-	-	-	(3,170,694)	(3,170,694)
Share in incremental depreciation of revalued property, plant and equipment of associate (net of deferred tax)	-	-	3,930,924	-	3,930,924
<i>Transactions with owners recorded directly in equity</i>					
Final dividend paid for the year ended June 30, 2018	-	-	(17,971,372)	-	(17,971,372)
Balance as at June 30, 2019	179,713,720	5,796,000	1,280,986,547	757,360,085	2,223,856,352
Net profit for the year ended June 30, 2020	-	-	45,601,957	-	45,601,957
Other comprehensive income for the year ended June 30, 2020	-	-	79,585,403	29,458,028	109,043,431
Total comprehensive income for the year	-	-	125,187,360	29,458,028	154,645,388
Incremental depreciation charged on revalued property, plant and equipment during the year transferred to retained earning - net of deferred tax	-	-	10,803,768	(10,803,768)	-
Surplus realized on disposal of revalued property, plant and equipment transferred to retained earnings - net of deferred tax	-	-	116,133	(116,133)	-
Impact of deferred tax on export rate adjustment	-	-	-	(4,074,982)	(4,074,982)
Share of associate in change in deferred tax rate	-	-	379,132	-	379,132
<i>Transactions with owners recorded directly in equity</i>					
Final dividend paid for the year ended June 30, 2019	-	-	(26,957,058)	-	(26,957,058)
Balance as at June 30, 2020	179,713,720	5,796,000	1,390,515,882	771,823,230	2,347,848,832

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



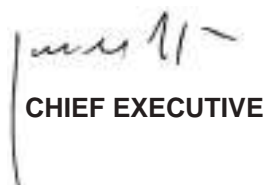
DIRECTOR

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
	Note	Rupees	Rupees
CASH GENERATED FROM OPERATIONS	33	192,338,332	619,370,937
Income tax paid		(52,177,632)	(68,460,899)
Gratuity paid		(19,991,080)	(45,613,202)
Finance cost paid		(63,292,884)	(47,663,077)
Workers' (profit) participation fund paid		(10,803,922)	(6,577,826)
		(146,265,518)	(168,315,004)
Net Cash generated from Operating Activities		46,072,814	451,055,933
CASH FLOW FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(3,057,370)	(55,507,916)
Long term deposits		-	10,222,921
Capital work in progress		(192,632,927)	(455,228,607)
Short term investments		33,165,813	(37,425,992)
Proceeds from disposal of property, plant and equipment		1,539,167	35,038,861
Net Cash Used in Investing Activities		(160,985,317)	(502,900,733)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid to shareholders		(26,974,202)	(17,971,086)
Long term financing obtained - net		22,075,862	258,909,600
Short term borrowings obtained / (repaid) - net		129,480,863	(203,310,525)
Net Cash Generated from Financing Activities		124,582,523	37,627,989
Net Increase / (Decrease) in Cash and Cash Equivalents		9,670,020	(14,216,811)
Cash and cash equivalents at the beginning of the year		90,577,599	104,794,410
Cash and Cash Equivalents at the End of the Year		100,247,619	90,577,599

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

Note 1

The Company and its Operations

Shahzad Textile Mills Limited (the Company) was incorporated in Pakistan on October 24, 1978 as a Public Limited Company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange. The Company is domiciled in Pakistan and its principal business is to manufacture and deal in all types of yarn and socks. The Company holds 24.94% ordinary shares in M/s Sargodha Jute Mills Limited, an Associated Company that is engaged in manufacturing, selling and dealing in jute products (refer to note 16).

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

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

Note 2

Basis of Preparation**2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) Issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017: and
- 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 convention except to the extent of following:

Staff retirement benefits	Note 8	Stated at Present value
Certain property, plant and equipment	Note 14	Stated at Revalued amount
Investment property	Note 15	Stated at Fair value
Investment in associate	Note 16	Stated at Equity method
Certain investments	Note 22	Stated at Fair value

2.3 Functional and presentational currency

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

2.4 Key judgements and estimates

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

2.4.1 Provision for employees' retirement benefits [Note 3.2 and 8]

2.4.2 Estimate of useful lives and residual values of property, plant & equipment (Notes 3.6 & 14)

2.4.3 Estimate of useful lives and residual values of investment property (Notes 3.8 & 15)

2.4.4 Net realisable values of stock-in-trade [Notes 3.11 and 19]

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

IFRS 16 'Leases' has been adopted during the year by Securities & Exchange Commission of Pakistan and is mandatory for accounting periods beginning on or after July 1, 2019 and is considered to be relevant to the Company's financial statements. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosure of leases. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all the leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make the lease payments. IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17 Leases; accordingly, a lessor continues to classify its leases as operating leases or finance leases and accounts for those two types of leases differently. IFRS 16 has replaced IAS 17 Leases; IFRIC 4 - Determining whether an arrangement contains a lease; SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Its adoption does not have any effect on the financial statements of the Company for the current year.

2.5.2 Standards, interpretations and amendments to accounting and reporting standards which became effective during the year but are not relevant

There were certain amendments to accounting and reporting standards which became effective during the year but are not considered to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.5.3 Standards, interpretation and amendments to accounting and reporting standards, that are relevant but not yet effective

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

	Effective Date (Period beginning on or after)
- Conceptual Framework in IFRS Standards [Amendments]	January 01, 2020
- IFRS 7 Financial Instruments: Disclosures [Amendments]	January 01, 2020
- IFRS 9 Financial Instruments [Amendments]	January 01, 2020
- IAS 1 Presentation of Financial Statements [Amendments]	January 01, 2020
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 01, 2020
- Annual improvements to IFRS Standards 2018-2020	January 01, 2022
- IAS 16 Property, Plant and Equipment [Amendments]	January 01, 2022
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 01, 2022

The Company will assess the impact of these changes in the period of initial application once such changes become effective for the Company.

2.5.4 Standards, interpretations and amendments to accounting and reporting standards that are not relevant and not yet effective

There were following new standards or amendments to existing standards and interpretations that are neither relevant nor yet effective.

Effective Date

(Period beginning on or after)

- IFRS 3 Business Combinations [Amendments]
- IFRS 17 Insurance Contracts

January 1, 2020
January 1, 2021

Note 3

Summary of Significant Accounting Policies

Significant accounting policies adopted in the preparation of annual financial statements of the Company for the current year are set out below that have been applied consistently to all the periods presented in these financial statements:

3.1 Provisions

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

3.2 Staff retirement benefits*Defined benefits plan*

The Company operates an unfunded gratuity scheme covering its permanent employees. Employees are eligible for benefits under the gratuity scheme after completion of one year of continuous service. These benefits are calculated on the basis of the number of completed years of service and last drawn gross salary.

Actuarial gains / (losses) arising from experience adjustments and changes in actuarial assumptions for the defined benefits plan are charged or credited to other comprehensive income in the period in which these arise. Past service costs are recognized immediately in the statement of profit or loss account.

Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out at each reporting date.

3.3 Taxation

Income tax comprises current and deferred tax. Income tax expense is recognized in the profit or loss account and other comprehensive income except to the extent that relates to items recognized directly in equity, in which case it is recognized in equity.

Current

The charge for current tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. All tax credits and tax rebates are taken into account in calculating this charge. However, in case of taxable loss for the year, income tax expense is recognized on the basis of minimum tax liability on turnover of the Company in accordance with the provisions of the income tax law.

Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities and their tax bases.

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

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

Carrying amount of the deferred tax asset is reviewed at each reporting date and is recognized only to the extent that it is probable that future taxable profits will be available against which assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or have been notified at the reporting date for subsequent enactments.

3.4 Trade and other payables

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

3.5 Contingent liabilities

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

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

3.6 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost / revalued amounts less accumulated depreciation and identified impairment losses, if any. The Company has revalued its freehold land; buildings on freehold land; plant and machinery and powerhouse while all other assets are stated at cost. Cost of property, plant and equipment comprises historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing assets to their working condition.

Depreciation on property, plant and equipment, except freehold land, has been provided for using the reducing balance method at the rates specified in Note 14 and is charged to profit or loss account. Depreciation on additions is charged from the month in which the asset is available for use up to the month in which the asset is disposed off. Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting period and adjusted if impact on depreciation is significant.

The management reviews market value of revalued assets at each reporting date to ascertain whether the fair value of revalued assets has differed materially from the carrying value of revalued assets, thus necessitating further revaluation. The management engages independent professional valuers to value its property, plant and equipment every three to five years in line with the industry norms.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss, if any.

Increases in the carrying amount arising on revaluation of assets are recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. However, the increase is first recognized in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognized in profit or loss account.

Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the statement of profit or loss account) and depreciation based on the asset's original cost - incremental depreciation on revalued assets is transferred from surplus on revaluation of property, plant and equipment to retained earnings. All transfers from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

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

Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

3.7 Impairment

Carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of the fair value less costs to sell and value in use. In the absence of any information about the fair value of a cash-generating unit, the recoverable amount is deemed to be the value in use. Impairment loss is recognized as expense in the statement of profit or loss account. Where conditions giving rise to impairment are reversed subsequently, the effect of the impairment charge is also reversed as a credit to the statement of profit or loss account. Reversal of impairment loss is restricted to the original cost of asset.

3.8 Investment property

Investment property, which is property held to earn rentals and /or for capital appreciation is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. The changes in fair value is recognised in the statement of profit or loss account. The fair value of investment property is determined at the end of each year using current market prices for comparable real estate, adjusted for any differences in nature, location and condition. The key assumptions used to determine the fair value of investment properties are provided in Note 15.

3.9 Investment in associate

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

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

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

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

3.10 Stores and spares

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

3.11 Stock in trade

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

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

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

3.12 Cash and cash equivalents

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

3.13 Financial instruments

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

3.13.1 Financial assets

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

a) Classification

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

b) Initial recognition and measurement

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

c) Subsequent measurement

Financial assets measured at amortized cost are subsequently measured using the effective interest rate method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss account.

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

d) Derecognition

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

e) Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets which are measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

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

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

3.13.2 Financial liabilities*a) Initial recognition and measurement*

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and include trade and other payables, loans or borrowings and accrued mark up etc.

b) Subsequent measurement

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

3.13.3 Off-setting of financial assets and financial liabilities

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

3.14 Foreign currency transactions

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

3.15 Related party transactions

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

3.16 Revenue recognition - Sale of goods

The Company's contracts with customers for the sale of goods generally include one performance obligation for both local and export sales i.e. provision of goods to the customers. Revenue of local sales is recognized when goods are dispatched from the mill to customer whereas revenue of export sales is recognized on date of issue of bill of lading.

3.17 Borrowing costs

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

3.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (the Chief Executive Officer of the Company). Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

3.19 Dividend distribution

Dividend distribution to Company's shareholders is recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

3.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. When applicable, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When there is no quoted price in an active market, the Company determines transaction price by applying valuation techniques. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to profit or loss account on an appropriate basis over the life of the instrument but no later than when the valuation is supported entirely by observable market data or the transaction is closed out.

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

3.21 Earnings per share - basic and diluted

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

Note 4

Issued, Subscribed and Paid Up Capital

2020	2019		2020	2019
			Rupees	Rupees
Number of shares				
12,240,569	12,240,569	Ordinary shares of Rs. 10 each fully paid in cash	122,405,690	122,405,690
4,418,803	4,418,803	Ordinary shares of Rs. 10 each issued for consideration otherwise than in cash - share issued on amalgamation	44,188,030	44,188,030
1,312,000	1,312,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	13,120,000	13,120,000
<u>17,971,372</u>	<u>17,971,372</u>		<u>179,713,720</u>	<u>179,713,720</u>

2020	2019
Number of shares	
17,971,372	17,971,372
-	-
<u>17,971,372</u>	<u>17,971,372</u>

4.1 Reconciliation of number of shares outstanding:

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

4.2 Sargodha Jute Mills Limited, an associate, holds 21,090 (2019: 21,090) ordinary shares of the Company as at the reporting date.

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

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

Note 5

Reserves

	2020	2019
	Rupees	Rupees
Capital		
Share premium reserve	5,796,000	5,796,000
Revenue		
Unappropriated profits	<u>1,390,515,882</u>	<u>1,280,986,547</u>
	<u>1,396,311,882</u>	<u>1,286,782,547</u>

Note 6

Surplus on Revaluation of Property, Plant and Equipment

		2020	2019
	Note	Rupees	Rupees
Land - freehold		550,578,170	550,578,170
Buildings on freehold land		178,516,489	148,464,361
Plant and machinery		61,071,651	76,400,361
Power house		6,586,698	8,346,871
		<u>796,753,008</u>	<u>783,789,763</u>
Deferred tax relating to export sales	6.3	(4,074,982)	(3,170,694)
Deferred tax related to revaluation surplus during the year		(9,934,895)	-
Incremental depreciation charged on revalued property, plant and equipment during the year transferred to retained earning - net of deferred tax		(10,803,768)	(12,451,289)
Surplus realized on disposal of revalued property, plant and equipment transferred to retained earnings - net of deferred tax		<u>(116,133)</u>	<u>(10,807,694)</u>
		<u><u>771,823,230</u></u>	<u><u>757,360,085</u></u>

6.1 First revaluation of land, building and plant and machinery was carried out by an independent valuer as at September 30, 1995 that resulted in revaluation surplus of Rs. 435.412 million

6.2 Latest revaluation of property plant and equipment was carried out on June 30, 2018, by an independent valuer that resulted in revaluation surplus of Rs. 327.250 million. The following basis were used for revaluation:

Land	Market Value
Buildings	Market Value
Plant and Machinery	Market Value
Power House	Market Value

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

6.4 Revaluation surplus on buildings includes an amount of Rs. 39.716 million (2019: Nil), net of deferred tax, that pertains to Tricon Corporate Centre that has been designated as investment property during the year.

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

Note 7

Long Term Financing - Secured

		2020	2019
	Note	Rupees	Rupees
Long term financing	7.1	323,870,700	357,686,100
Loan disbursed as per SBP refinance scheme	7.2	51,386,691	
		<u>375,257,391</u>	<u>357,686,100</u>
Less: Current portion		<u>(38,977,405)</u>	<u>(33,815,400)</u>
		<u><u>336,279,986</u></u>	<u><u>323,870,700</u></u>

7.1 These represent long term loans from JS Bank Limited for enhancement / replacement of power generation facilities to the tune of Rs 24.220 million and long term loans from Habib Metropolitan Bank Limited for machinery of socks unit for Rs 299.650 million, under State Bank of Pakistan's (SBP) concessional rate scheme. These loans are secured against specific and exclusive charge on relevant power generators and machinery of the Company and are repayable in 3 to 8 years starting from February 2017 and ending in February 2028. Mark up on these facilities is charged at SBP rate, which is 5% per annum, payable on calendar quarter basis.

7.2 The Company has obtained borrowing of Rs. 55.892 million from JS Bank Limited under the State Bank of Pakistan's refinance scheme for payment of salaries and wages, at subsidized rate of borrowing. This financing is secured against ranking charge over the fixed asset of the Company to be upgraded to pari passu charge over fixed assets of the Company. The loan is repayable in 8 quarterly installments in 2.5 years including a grace period of 06 months, starting from July 2020. Markup on this financing is charged at 3% per annum. The Company has recognised its liability under SBP refinance scheme at its fair value and recorded Rs. 4.850 million as deferred income - government grant.

	2020	2019
	Rupees	Rupees
7.2.1 Movement of the loan		
Loan received under SBP refinance scheme	55,891,262	-
Discounting of loan	(4,850,921)	-
Unwinding of loan	346,350	-
	<u>51,386,691</u>	<u>-</u>

Note 8

Staff Retirement Benefits

		2020	2019
	Note	Rupees	Rupees
Present value of defined benefit obligation	8.3	<u>129,666,668</u>	<u>104,977,647</u>

8.1 The Company operates an unfunded gratuity scheme covering its permanent employees subject to completion of minimum prescribed period of service. Actuarial valuation of the scheme is carried out annually by an independent actuary and the latest actuarial valuation has been carried out as at June 30, 2020. Following key information is included in that actuarial report:

8.2 Actuarial assumptions

Discount rate	8.50%	14.25%
Expected rate of salary increase in future years	7.50%	13.25%
Average expected remaining working life of employees	7.00 Years	6.35 Years
Expected mortality rate for active members	As per SLIC (2001-2005)	
Actuarial valuation method	Mortality Table with one year setback Projected Unit Credit Method	

8.3 Company's liability

Opening balance		104,977,647	117,208,249
Charge for the year	8.5	42,853,147	36,449,889
Remeasurement chargeable to other comprehensive income - experience adjustment		1,826,954	(3,067,289)
		<u>149,657,748</u>	<u>150,590,849</u>
Benefits paid to outgoing employees	8.4	(19,991,080)	(45,613,202)
		<u>129,666,668</u>	<u>104,977,647</u>

8.4 Movement in present value of defined benefit obligation

Opening balance		104,977,647	117,208,249
Current service cost		29,318,197	27,953,741
Interest cost on defined benefit obligation		13,534,950	8,496,148
Benefits paid to outgoing employees		(19,991,080)	(45,613,202)
Remeasurement chargeable to other comprehensive income - experience adjustment		1,826,954	(3,067,289)
		<u>129,666,668</u>	<u>104,977,647</u>

	Note	2020 Rupees	2019 Rupees
8.5 Charge for the year			
Current service cost		29,318,197	27,953,741
Interest cost		13,534,950	8,496,148
		<u>42,853,147</u>	<u>36,449,889</u>
8.6 Charge for the year has been allocated as under			
Cost of sales	26	33,100,000	29,480,519
Administrative expenses	28	8,653,147	6,969,370
Capitalization of gratuity - trial run production		1,100,000	-
		<u>42,853,147</u>	<u>36,449,889</u>
8.7 Estimated expenses to be Charged for the year 2020-2021			2021
			Rupees
Current service cos			42,660,244
Interest cost			9,943,674
			<u>52,603,918</u>

8.8 Year end sensitivity analysis on defined benefit obligation

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in present value of defined benefit obligation as stated below:

Impact on defined benefit obligation			
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	121,305,463	139,625,344
Salary increase	1%	139,846,053	120,912,070

8.9 The Company does not have any plan assets covering its post-employment benefits payable. The comparative statement of present value of defined benefit obligations is as under:

	2020 Rupees	2019 Rupees	2018 Rupees	2017 Rupees	2016 Rupees
Present value of defined benefit obligation	129,666,668	104,977,647	117,208,249	91,186,667	93,332,207
Fair value of plan asset	-	-	-	-	-
Net liability	<u>129,666,668</u>	<u>104,977,647</u>	<u>117,208,249</u>	<u>91,186,667</u>	<u>93,332,207</u>

Note 9

Deferred Tax Liability - Net

	2020	2019
	Rupees	Rupees
Taxable temporary differences:		
- Share of net profit of associate	64,779,682	45,676,556
- Accelerated tax depreciation	183,497,655	151,713,169
- Investment property	16,446,360	-
- Surplus on revaluation of property, plant and equipment	74,450,370	64,288,464
	<u>339,174,067</u>	<u>261,678,189</u>
Deductible temporary differences:		
- Staff retirement benefits	(32,701,889)	(24,897,196)
- Allowance for doubtful debts	(192,917)	(172,969)
- Unused tax credits available	(77,089,076)	(61,822,634)
- Others	(3,229,856)	(4,287,419)
	<u>(113,213,738)</u>	<u>(91,180,218)</u>
	<u>225,960,329</u>	<u>170,497,971</u>
9.1 Reconciliation of deferred tax liability		
Opening balance	170,497,971	172,822,200
Tax charged to profit or loss account	(15,206,828)	(5,286,067)
Charged / (credit) to other comprehensive income	23,759,713	(208,856)
Rate adjustment on revaluation surplus taken directly to equity	4,074,982	3,170,694
Tax credits utilized	42,834,491	-
Closing balance	<u>225,960,329</u>	<u>170,497,971</u>

Note 10

Trade and Other Payables

	2020	2019
	Rupees	Rupees
Creditors for:		
- Goods supplied	42,631,580	44,352,024
- Services	10,063,661	8,919,616
Accrued liabilities	10.1 283,195,313	303,021,288
Advances from customers	10,999,382	184,675
Workers' (profit) participation fund	10.2 3,405,071	9,927,366
Workers' welfare fund	9,401,669	8,150,300
Sales tax payable	10.3 62,920,199	51,902,573
Unclaimed wages	4,967,081	4,656,534
	<u>427,583,956</u>	<u>431,114,376</u>

10.1 This includes Rs. 138.26 million (2019: 134.55 million) on account of Gas Infrastructure Development Cess (GIDC).

10.2 Workers' (profit) participation fund

Opening balance	9,927,366	6,378,311
Markup on Workers' (profit) participation fund	876,556	199,515
Provision for the year	<u>3,405,071</u>	<u>9,927,366</u>
	<u>14,208,993</u>	<u>16,505,192</u>
Payments made during the year	<u>(10,803,922)</u>	<u>(6,577,826)</u>
Closing balance	<u>3,405,071</u>	<u>9,927,366</u>

10.3 This includes Rs. 48.967 million (2019: Rs. 48.967 million) on account of provision for further sales tax.

Note 11

Short Term Borrowings

		2020	2019
	Note	Rupees	Rupees
From banking companies - Secured			
Cash / packing finances	11.1	<u>414,775,823</u>	<u>285,294,960</u>

- 11.1** The Company obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 1,994 million (2019: Rs. 2,044 million) towards working capital requirements, retirement of local and foreign LCs and discounting of local bills / receivables. These facilities shall expire on various dates latest by December 31, 2020. Mark up on these facilities is charged from 1 to 6 months KIBOR plus a spread of 1% to 1.25% (2019: 1 to 6 months KIBOR plus a spread of 1% to 1.25%) payable quarterly. The aggregate short term finances are secured by ranking and hypothecation charge on property, plant and equipment, stocks and receivables of the Company; lien over export and import documents and personal guarantee of sponsoring directors of the Company. The above balance represents the utilized portion of the funded facilities, whereas the Company has also utilized Rs. 130.544 million (2019: Rs. 129.780 million) from its non-funded facilities. Unutilized amount of funded and unfunded facilities are Rs. 1,448.68 million (2019: Rs. 1,628.93 million).

Note 12

Provision for Taxation - net

	2020	2019
	Rupees	Rupees
Opening balance	73,976,946	67,774,490
Charge for the year - Current	63,963,453	73,976,946
Prior year adjustment	2,394,458	-
	66,357,911	73,976,946
Payments / adjustments against advance tax, tax credits and refunds	(76,371,404)	(67,774,490)
	<u>63,963,453</u>	<u>73,976,946</u>

- 12.1** The provision for current year is based on turnover tax @ 1.5% (2019: 29%) on local sales and 1% on export sales.

- 12.2** Income tax assessments are deemed finalized by the management up to the Tax Year 2019 as tax returns were filed under the self assessment scheme.

Note 13

Contingencies and Commitments

	2020	2019
	Rupees	Rupees
13.1 Contingencies		
13.1.1 The Company has provided bank guarantee in the favor of following:		
- Sui Northern Gas Pipelines Limited	74,374,000	72,890,000
- Lahore Electric Supply Company	10,430,000	10,430,000
- Excise and Taxation Office	19,100,000	17,100,000
	<u>103,904,000</u>	<u>100,420,000</u>

- 13.1.2** The Company is contingently liable for Rs. 25.722 million (2019: Rs. 23.102 million) on account of electricity duty on self generation. The Company has obtained stay order by filing petition on August 10, 2010 in Lahore High Court, Lahore against Lahore Electric Supply Company. However, the Company has not admitted the said duty and the case is pending hearing before the Lahore High Court, Lahore.

13.2 Commitments

- 13.2.1** The Company's outstanding commitments / contracts as at the reporting date are as under:

Letters of credits	<u>26,640,000</u>	<u>29,360,000</u>
--------------------	-------------------	-------------------

Note 14
Property, Plant and Equipment

	2020	2019
	Rupees	Rupees
Operating fixed assets	2,267,328,022	1,799,664,029
Capital work in progress	11,835,678	452,958,607
	2,279,163,700	2,252,622,636

Operating fixed assets
Capital work in progress

14.1 Operating fixed assets
Year ended June 30, 2020

Description	Cost / Revalued Amounts				Rate	Depreciation				Boo Value as at June 30, 2020
	As at June 30, 2019	Additions	Disposal / Transfer	Total as at June 30, 2020		As at June 30, 2019	For the year	Disposal	As at June 30, 2020	
	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned										
Land - freehold	557,650,000	-	-	557,650,000	-	-	-	-	-	557,650,000
Buildings on freehold land	306,379,739	128,218,447	(51,982,750)	382,615,436	5	15,310,725	17,734,678	(3,825,673)	29,219,730	353,395,706
Plant and machinery	732,827,029	479,549,332	(1,562,000)	1,210,814,361	5	36,607,662	52,525,343	(102,832)	89,030,173	1,121,784,188
Power house	201,000,000	-	-	201,000,000	20	40,200,001	32,160,000	-	72,360,001	128,639,999
Solar panel equipment	26,639,188	-	-	26,639,188	10	221,993	2,641,721	-	2,863,714	23,775,474
Furniture and fixtures	5,867,172	4,527,373	-	10,394,545	10	5,467,776	504,811	-	5,972,587	4,421,958
Vehicles	108,144,332	3,057,370	(1,084,194)	110,117,508	20	61,079,430	9,698,911	(945,548)	69,832,793	40,284,715
Electric installations	47,048,857	16,274,939	-	63,323,796	10	30,835,579	2,841,481	-	33,677,060	29,646,736
Computers and equipment	7,088,862	5,185,765	-	12,274,627	20	3,404,611	1,277,135	-	4,681,746	7,592,881
Arms and ammunition	410,775	-	-	410,775	7	264,148	10,262	-	274,410	136,365
Total as at June 30, 2020	1,993,055,954	636,813,226	(54,628,944)	2,575,240,236		193,391,925	119,394,342	(4,874,053)	307,912,214	2,267,328,022

14.2 Operating fixed assets**Year ended June 30, 2019**

Description	Cost / Revalued Amounts			Rate	Depreciation				Book Value as at June 30, 2020
	As at June 30, 2018	Additions	Disposal / Transfer		Total as at June 30, 2019	As at June 30, 2018	For the year	Revaluation Adjustment	As at June 30, 2019
	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees
Owned									
Land - freehold	555,380,000	2,270,000	-	-	557,650,000	-	-	-	557,650,000
Buildings on freehold land	304,396,989	1,982,750	-	5	306,379,739	-	15,310,725	-	291,069,014
Plant and machinery	782,894,644	7,937,355	(58,004,970)	5	732,827,029	-	38,202,975	(1,595,313)	696,219,367
Power house	201,000,000	-	-	20	201,000,000	-	40,200,001	-	160,799,999
Solar panel equipment	-	26,639,188	-	10	26,639,188	-	221,993	-	26,417,195
Furniture and fixtures	5,867,172	-	-	10	5,867,172	5,423,400	44,376	-	399,396
Vehicles	100,164,367	15,161,475	(7,181,510)	20	108,144,332	54,982,120	10,118,525	(4,021,215)	47,064,902
Electric installations	46,855,357	193,500	-	10	47,048,857	29,053,813	1,781,766	-	16,213,278
Computers and equipment	3,553,214	3,593,648	(58,000)	20	7,088,862	3,069,604	376,221	(41,214)	3,684,251
Arms and ammunition	410,775	-	-	7	410,775	253,112	11,036	-	146,627
Total as at June 30, 2019	2,000,522,518	57,777,916	(65,244,480)		1,993,055,954	92,782,049	106,267,618	(5,657,742)	1,799,664,029

14.3 Had there been no revaluation, the cost, accumulated depreciation and book values of revalued assets would have been as follows:

	Book Value as on June 30, 2020	Book Value as on June 30, 2019
Land	7,071,830	7,071,830
Building on freehold land	193,217,963	108,683,638
Plant and machinery	1,045,833,687	616,156,898
Power house	121,732,399	152,165,103
	1,367,855,879	884,077,469

14.4 Depreciation charge for the year has been allocated as under:

		2020 Rupees	2019 Rupees
Cost of sales	Note		
Administrative expenses	26	107,903,222	95,837,383
	28	11,491,120	10,430,235
		<u>119,394,342</u>	<u>106,267,618</u>

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

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

Forced sales value of freehold land; buildings on freehold land; plant and machinery and power house are Rs. 472,073,000, Rs. 258,737,441, Rs. 665,460,447 and Rs. 170,850,000 respectively as per the latest revaluation which was carried out on June 30, 2018.

14.6 Fair value hierarchy

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

Level 2	Land Rupees	Building Rupees	Plant and machinery Rupees	Power House Rupees
For the year ending June 30, 2020	557,650,000	353,395,706	1,121,784,188	128,639,999
For the year ending June 30, 2019	<u>557,650,000</u>	<u>291,069,014</u>	<u>696,219,367</u>	<u>160,799,999</u>

14.8 Capital Work in Progress

Plant and machinery

Opening balance

Additions during the year

Transferred to plant and machinery

	2020 Rupees	2019 Rupees
Opening balance	452,958,607	-
Additions during the year	192,632,927	452,958,607
Transferred to plant and machinery	(633,755,856)	-
	<u>11,835,678</u>	<u>452,958,607</u>

14.9 Transfer to investment property

During the year, the Tricon Corporate Center Office was let out commercially and consequently was reclassified as an "Investment Property". At the point of transfer it was remeasured to fair value and gain of Rs. 39,392,923 was recognized as revaluation surplus in other comprehensive income (refer to note 15).

Note 15

Investment Property

		2020	2019
	Note	Rupees	Rupees
Investment property - at fair value			
	15.1	<u>87,550,000</u>	<u>-</u>

- 15.1** The Company has classified one of its certain buildings as investment property during the year. Such transferred property is measured at fair value. The fair value of the investment property is determined as at the reporting date by an independent valuer. This investment property is located at 7th Floor of Tricon Corporate Centre, 73-E Jail Road, Lahore.

The fair value of the investment property was determined based on the market comparable approach that reflects recent transaction prices for similar properties, where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in lettable units. Thus, the fair value hierarchy as at the end of reporting date is Level 2. The fair value as at the reporting date was same as of the date when this property was reclassified as investment property. Therefore, no further fair value gain was recorded on this investment property.

The forced sale value of the investment property is assessed at Rs. 74,417,500 by the independent valuer.

Note 16

Investment in Associate

	2020	2019
	Rupees	Rupees
Associates - Unquoted		
Sargodha Jute Mills Limited:		
8,120,000 (2019: 8,120,000) fully paid ordinary shares of Rs. 10 each		
Equity held 24.94% (2019: 24.94%)		
Cost of investment Rs. 65,600,000 (2019: Rs. 65,600,000)		
Carrying amount of investment	<u>497,464,549</u>	<u>370,110,371</u>

- 16.1** Reconciliation of the above information to the carrying amount of the interest in M/s Sargodha Jute Mills Limited is as under:

Net assets of the Associate	<u>1,994,645,343</u>	<u>1,484,003,093</u>
Percentage of shareholding in Associate	<u>24.94%</u>	<u>24.94%</u>
Carrying amount of investment	<u>497,464,549</u>	<u>370,110,371</u>

- 16.2** The Company accounts for its investment in Sargodha Jute Mills Limited (the Associate) under equity method as prescribed in IAS 28 (Investments in Associates). Information extracted from the audited financial statements of the Associate is as follows:

Current assets	2,202,385,047	2,051,221,040
Non-current assets	1,512,818,148	1,179,043,210
Current liabilities	1,494,552,616	1,566,171,261
Non-current liabilities	226,005,236	180,089,896
Equity	1,994,645,343	1,484,003,093
Total assets	3,715,203,195	3,230,264,250
Revenue	2,916,403,842	3,060,583,731
Net profit for the year	127,256,900	87,348,405
Other comprehensive income / (loss)	381,865,175	(25,031,183)
Total comprehensive income for the year	509,122,075	62,317,222

Note 17

Long Term Deposits

	2020	2019
	Rupees	Rupees
Deposit with LESCO	1,597,430	1,597,430
Deposit with SNGPL	1,928,612	1,928,612
Others	321,406	321,406
	<u>3,847,448</u>	<u>3,847,448</u>

Note 18

Stores and Spares

		2020	2019
		Rupees	Rupees
Stores and spares	Note 18.1	<u>105,207,083</u>	<u>93,963,849</u>

18.1 This includes stores in transit amounting to Rs. 6.943 million (2019: Rs. 20.55 million) as at the reporting date. Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

Note 19

Stock in Trade

	2020	2019
	Rupees	Rupees
Raw materials	425,585,639	400,021,567
Stock in transit	-	46,516,969
Work in process	40,459,744	31,904,689
Finished goods	131,528,159	33,926,923
	<u>597,573,542</u>	<u>512,370,148</u>

19.1 Stocks amounting to Rs. 257.655 million (2019: Rs. 214.222 million), approximately, are pledged against short term borrowings.

Note 20

Trade Debts

		2020	2019
	Note	Rupees	Rupees
Local debts (Unsecured - considered good)	20.1	51,169,138	74,057,618
Foreign debts (Secured - considered good)		32,264,809	-
Less: Allowance for doubtful debts	20.2	(764,939)	(729,316)
		<u>82,669,008</u>	<u>73,328,302</u>

20.1 Rs. 47,902 (2019: Nil) are receivable from M/s Sargodha Jute Mills Limited, an Associated Company, as at the reporting date. The maximum aggregate amount due from the Associate at the end of any month during the year was Rs. 107,143 (2019: Rs. 82,661).

20.2 Allowance for doubtful debts

Opening balance	729,316	-
Loss allowance charged to profit or loss account	35,623	729,316
	<u>764,939</u>	<u>729,316</u>
Reversal of provision	-	-
Closing balance	<u>764,939</u>	<u>729,316</u>

Note 21

Advances, Trade Deposits, Prepayments and Other Receivables

		2020	2019
	Note	Rupees	Rupees
Advances (Unsecured - considered good):			
- Employees	21.1	183,310	1,136,136
- Suppliers and others		27,960,469	42,323,788
Income tax deducted at source / advance tax		52,137,409	68,460,900
Margins with banks against:			
- Letters of credit		-	1,563,753
- Letters of guarantee		7,042,811	7,042,811
Prepayments		1,193,316	2,680,597
Duty draw back on export		25,941,784	25,861,608
Insurance claims receivable		6,802,993	1,387,504
Due from associated company	21.2	360,000	-
Other receivables		90,236	242,212
		<u>121,712,328</u>	<u>150,699,309</u>

21.1 No amount was due from chief executive, directors and executives as at the reporting date (2019: Nil).

21.2 There is an amount of Rs. 360,000 (2019: Nil) receivable from M/s Sargodha Jute Mills Limited, an Associated Company, as at the reporting date. The maximum amount outstanding during the year was Rs. 360,000. (2019: Nil).

Note 22

Short Term Investments

		2020	2019
	Note	Rupees	Rupees
At fair value through profit or loss	22.1		
Investment in quoted shares		650,000	1,719,575
Investment in mutual funds	22.2	10,216,951	18,278,724
At amortized cost			
Investment in term deposit receipts (TDR)	22.2 & 22.3	4,007,989	2,007,989
Sales tax refund bonds - at amortized cost		-	25,410,000
		<u>14,874,940</u>	<u>47,416,288</u>

22.1 Investments in quoted shares are measured at fair value through profit or loss. The quoted market value in an active market is considered as the fair value of investment. The resulting difference between cost and fair value of investment is taken to the profit or loss account.

22.2 This investment is lien marked by JS Bank Limited against guarantees issued by it to the LESCO on the behalf of the Company.

22.3 These TDRs yield profit at rates ranging from 5.75% to 12% (2019: 8%).

Note 23

Tax Refunds Due from the Government

	2020	2019
	Rupees	Rupees
Sales tax	37,764,623	50,405,443
Income tax	83,700,350	14,551,533
	<u>121,464,973</u>	<u>64,956,976</u>

Note 24

Cash and Bank Balances

	2020	2019
	Rupees	Rupees
Cash in hand	692,535	537,362
Cash at banks - Current accounts	99,555,084	90,040,237
	<u>100,247,619</u>	<u>90,577,599</u>

Note 25

Sales - Net

	2020	2019
	Rupees	Rupees (Restated)
Yarn sales		
- Local	4,889,679,141	5,127,643,945
- Export	22,464,784	935,370,413
Socks sales		
- Local	7,166,322	-
- Export	121,735,906	-
Waste sales yarn	27,710,208	42,215,424
Waste sales socks	2,302,110	-
	<u>5,071,058,471</u>	<u>6,105,229,782</u>
Duty draw back	2,939,484	-
Sales tax	<u>(758,761,356)</u>	<u>-</u>
	<u>4,315,236,599</u>	<u>6,105,229,782</u>

25.1 All the revenue is recognised at point in time.

Note 26

Cost of Sales

		2020	2019
	Note	Rupees	Rupees
Raw materials consumed		2,886,024,619	4,135,870,616
Stores and spares consumed		102,995,150	100,123,875
Packing materials consumed		86,806,979	106,070,773
Salaries, wages and other benefits	26.1	443,016,379	497,288,877
Fuel and power		442,947,216	574,402,550
Insurance		7,484,662	8,138,271
Repairs and maintenance		10,757,494	13,949,311
Other manufacturing expenses		11,403,642	10,441,083
Depreciation	14.4	107,903,222	95,837,383
		<u>4,099,339,363</u>	<u>5,542,122,739</u>
Opening work in process		31,904,689	37,450,722
Closing work in process		<u>(40,459,744)</u>	<u>(31,904,689)</u>
		<u>(8,555,055)</u>	<u>5,546,033</u>
Cost of goods manufactured:		<u>4,090,784,308</u>	<u>5,547,668,772</u>
- Opening finished goods		33,926,923	65,590,269
- Closing finished goods		<u>(131,528,159)</u>	<u>(33,926,923)</u>
		<u>(97,601,236)</u>	<u>31,663,346</u>
		<u>3,993,183,072</u>	<u>5,579,332,118</u>

26.1 This includes Rs. 33.10 million (2019: Rs. 29.48 million) in respect of staff retirement benefits.

Note 27

Selling and Distribution Costs

	2020	2019
	Rupees	Rupees (Restated)
Commission to selling agents	22,835,781	33,738,076
Freight and octroi	3,679,844	5,964,850
Export sale expenses	21,415,773	15,552,077
	<u>47,931,398</u>	<u>55,255,003</u>

Note 28

Administrative Expenses

		2020	2019
	Note	Rupees	Rupees
Salaries, wages and other benefits	28.1	102,697,740	84,315,559
Printing and stationery		341,885	1,077,661
Communication		2,104,076	1,688,399
Travelling and conveyance		2,474,393	1,978,852
Repairs and maintenance		2,075,671	3,902,523
Vehicles' running and maintenance		10,862,547	9,353,785
Rent, rates and taxes		7,397,334	6,786,923
Insurance		2,580,452	2,536,247
Legal and professional charges		4,410,955	2,865,266
Fees and subscription		3,745,469	3,724,628
Utilities		10,541,908	10,008,202
Entertainment		4,265,351	4,076,299
Advertisement		412,340	593,080
Miscellaneous		460,100	1,138,201
Depreciation	14.4	11,491,120	10,430,235
		<u>165,861,341</u>	<u>144,475,860</u>

28.1 This includes Rs. 8.653 million (2019: Rs. 6.960 million) in respect of staff retirement benefits.

Note 29

Finance Cost

	2020	2019
	Rupees	Rupees
Interest / mark-up on:		
- Unwind of long term loan	532,299	-
- Short term borrowings	59,689,540	41,633,334
- Long term loans	13,160,132	5,705,181
	<u>73,381,971</u>	<u>47,338,515</u>
Bank charges and commission	2,398,663	8,963,249
Commission on bank guarantees	1,584,753	1,690,796
Interest on workers' (profit) participation fund	876,556	199,515
	<u>78,241,943</u>	<u>58,192,075</u>

Note 30

Other Operating Expenses

		2020	2019
	Note	Rupees	Rupees
Auditors' remuneration			
- Statutory audit		1,150,000	1,030,000
- Limited scope review		100,000	100,000
- Other attestation services		50,000	50,000
		1,300,000	1,180,000
Loss on disposal of property, plant and equipment - Net		58,647	24,547,877
Provision for workers' (profit) participation fund		3,405,071	9,927,366
Provision for workers' welfare fund		1,251,369	3,937,419
Allowance for doubtful debts		35,623	729,316
Provision for further sales tax		-	30,146,446
Impairment of investment in associate	15	-	39,346,787
Exchange loss		104,350	-
		<u>6,155,060</u>	<u>109,815,211</u>

Note 31

Other Income

		2020	2019
	Note	Rupees	Rupees
Exchange gain		-	1,482,621
Profit on sale of raw material		288,578	4,886,026
Gain on revaluation of short term investments at fair value through profit or loss - net		171,950	1,550,246
Gain on disposal of short term investment		452,515	-
Profit on term deposit receipts and sales tax refund bonds		355,484	249,945
Amortization of deferred grant	31.1	346,350	-
Rental income		5,351,900	480,000
		<u>6,966,777</u>	<u>8,648,838</u>

31.1 This includes Rs. 0.480 million (2019: 0.480 million) on account of rental income from related party.

Note 32

Taxation

	2020	2019
	Rupees	Rupees
Current tax:		
- For current year	63,963,453	73,976,946
- For prior years		
- Tax adjustment	2,394,458	-
- Tax appeal relief	(6,994,498)	-
- Tax credits	(27,190,109)	(10,823,949)
	(31,790,149)	(10,823,949)
	32,173,304	63,152,997
Deferred tax	(15,206,828)	(5,286,067)
	<u>16,966,476</u>	<u>57,866,930</u>

32.1 The charge for taxation is based on tax at the rate of 1.5% (2019 29%).

	2020	2019
	Rupees	Rupees
32.2 Reconciliation of tax charge for the year		
Profit before taxation	62,568,433	188,593,045
Tax @ 29% (2019: 29%) on profit before taxation	18,144,846	56,577,914
Prior year tax charge	2,394,458	-
Tax appeal relief	(6,994,498)	-
Tax credits	(27,190,109)	(10,823,949)
Tax effect on income taxed at reduced rate	(9,203,983)	(6,535,408)
Tax effect of exports under final tax regime	(1,359,311)	635,048
Tax effect of local sales taxed at minimum tax rate	56,381,901	23,299,392
Deferred tax	(15,206,828)	(5,286,067)
	<u>16,966,476</u>	<u>57,866,930</u>
Note 33		
Cash Generated from Operations	2020	2019
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	62,568,433	188,593,045
Adjustments for:		
- Depreciation	119,394,342	106,267,618
- Share of net profit of associate	(31,737,871)	(21,784,692)
- Loss on disposal of property, plant and equipment - Net	58,647	24,547,877
- Gain on investment at fair value through profit or loss	(171,950)	(1,550,246)
- Gain on disposal of short term investment	(452,515)	-
- Provision for staff retirement benefits	42,853,147	36,449,889
- Exchange gain	(104,350)	(1,482,621)
- Allowance for doubtful debts	35,623	729,316
- Provision for workers' (profit) participation fund	3,405,071	9,927,366
- Provision for workers' welfare fund	1,251,369	3,937,419
- Amortization of deferred grant	(346,350)	-
- Provision for further sales tax	-	30,146,446
- Interest on workers' (profit) participation fund	876,556	199,515
- Impairment of investment in associate	-	39,346,787
- Finance cost	73,381,971	47,338,515
	<u>208,443,690</u>	<u>274,073,189</u>
Operating profit before working capital changes	<u>271,012,123</u>	<u>462,666,234</u>
Decrease / (increase) in current assets:		
- Stores and spares	(11,243,234)	(34,669,807)
- Stock in trade	(85,203,394)	144,282,990
- Trade debts	(9,236,356)	30,551,359
- Advances, trade deposits, prepayments and other receivables	12,627,867	7,919,663
- Tax refunds due from the Government - sales tax	12,640,820	(25,647,061)
Increase / (decrease) in current liabilities:		
- Trade and other payables	1,740,506	34,267,559
	<u>(78,673,791)</u>	<u>156,704,703</u>
Cash Generated from Operations	<u>192,338,332</u>	<u>619,370,937</u>

Note 34

Reconciliation of Liabilities arising from Financing Activities

	As at June 30, 2019	Non-cash changes	Cash Flows	As at June 30, 2020
	Rupees	Rupees	Rupees	Rupees
Long term financing	357,686,100	(4,504,571)	22,075,862	375,257,391
Short term borrowings	285,294,960	-	129,480,863	414,775,823
Dividend payable	362,786	-	(26,974,202)	345,642
Total liabilities from financing activities	<u>643,343,846</u>	<u>(4,504,571)</u>	<u>124,582,523</u>	<u>790,378,856</u>

Note 35

Earnings per Share - Basic and Diluted

		2020	2019
		Rupees	Rupees
Basic earning per share is based on			
Net profit for the year attributable to ordinary shareholders	Rupees	45,601,957	130,726,115
Weighted average number of ordinary shares outstanding during the year	Number	17,971,372	17,971,372
Earnings per share - Basic	Rupees	2.54	7.27

35.1 Diluted Earnings per Share

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

Note 36

Balances and Transactions with Related Parties

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

Transactions during the year

Related party	Relationship	Shareholding	Nature of Transaction	2020	2019
				Rupees	Rupees
Sargodha Jute Mills Limited	Associate	24.94%	Rental income from associate	480,000	480,000
			Purchase of materials, goods and service from Associate	362,996	406,765
			Sales of materials, goods and services to Associate	348,753	362,613
			Dividends paid to Associate	26,890	21,090
Directors			Loan received from Director	55,000,000	-
			Loan repaid of director	55,000,000	-
			Sales of Shares in short term investment	1,729,808	-
Balances receivable as at June 30,					
Sargodha Jute Mills Limited (note 20 & 21)			Long term investment	497,464,549	370,110,371
			Trade debts	47,902	-
			Other receivables	360,000	-

- 36.1** There were no transactions with key management personnel other than undertaken as per terms of their employment that have been disclosed in Note 37.
- 36.2** Sales and purchase transactions have been carried out on commercial terms and conditions under comparable uncontrolled price method.

Note 37

Chief Executive's, Directors' and Executives' Remuneration

The aggregate amounts charged in the financial statements for the year as remuneration and benefits to chief executive, directors and executives of the Company are as follows:

	2020			2019		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	13,090,909	1,363,636	24,225,455	13,090,909	727,273	13,538,757
Medical	1,309,091	136,364	2,422,545	1,309,091	72,727	1,353,876
Bonus	-	-	-	850,000	-	938,738
Staff retirement benefits	1,200,000	150,000	2,079,000	1,200,000	100,000	1,145,319
	15,600,000	1,650,000	28,727,000	16,450,000	900,000	16,976,690
Number of persons	1	1	9	1	1	5

- 37.1** In addition to above, Chief Executive, Director, and Executives are provided with free use of Company aintained vehicles in accordance with the Company's policy.
- 37.2** An executive is defined as an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

Note 38

Segment Information

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

38.1**Segment Results for the period ended June 30, 2020**

	Yarn	Socks	Total
	Rupees in Thousand		
Revenue	4,182,580	132,657	4,315,237
Operating profit	138,213	(29,952)	108,261
Finance cost	(62,045)	(11,337)	(73,382)
Finance cost - unallocated			(4,860)
Other operating expense			(6,155)
Other income			6,967
Share of net profit from associate			31,738
Profit before taxation			62,568

Segment Results for the period ended June 30, 2019

	Yarn	Socks	Total
	Rupees in Thousand		
Revenue	6,105,230	-	6,105,230
Segment results	326,167	-	326,167
Finance cost	(45,431)	(1,908)	(47,339)
Finance cost - unallocated			(10,853)
Other operating expense			(109,815)
Other income			8,649
Share of net profit from associate			21,785
Profit before taxation			<u>188,593</u>

38.2**Segment financial position for the year ended June 30, 2020**

	Yarn	Socks	Total
	Rupees in Thousand		
Assets	1,617,751	661,413	2,279,164
Property, plant and equipment	84,567	20,640	105,207
Store and spares	525,763	71,811	597,574
Stock in trade	57,736	24,933	82,669
Trade debts	23,789	4,171	27,960
Advances to suppliers	2,309,606	782,968	3,092,574

Unallocated Assets

Investment property			87,550
Long term investments			497,465
Long term deposits			3,847
Advances, trade deposits, prepayments and other receivables			93,752
Short term investments			14,875
Tax refunds due from the Government			121,465
Cash and bank balances			100,247
Total assets			<u>4,011,775</u>

Liabilities

Long term financing	65,531	309,726	375,257
Trade creditors	32,520	20,176	52,696
Short term borrowings	414,776	-	414,776
Accrued mark up	16,969	4,900	21,869
	<u>529,796</u>	<u>334,802</u>	<u>864,598</u>

Unallocated liabilities

Deferred tax liability - net			225,960
Deferred grant			4,505
Staff retirement benefit			129,667
Other payables			374,888
Unclaimed dividends			146
Unpaid dividends			199
Provision for taxation - net			63,963
			<u>1,663,926</u>

Segment financial position for the year ended June 30, 2019

	Yarn	Socks	Total
	Rupees in Thousand		
Assets			
Property plant and equipment	1,885,844	366,779	2,252,623
Stock in trade	511,407	963	512,370
Advances to suppliers	42,324	-	42,324
	<u>2,439,575</u>	<u>367,742</u>	<u>2,807,317</u>
Unallocated Assets			
Long term investments			370,110
Long term deposits			3,847
Store and spares			93,964
Trade Debts			73,328
Advances, trade deposits, prepayments and other receivables			108,376
Short term investments			47,416
Tax refunds due from the Government			64,957
Cash and bank balances			90,578
Total assets			<u>3,659,893</u>
Liabilities			
Long term financing	58,036	299,650	357,686
Creditors	53,272	-	53,272
Short term borrowings	285,295	-	285,295
Accrued mark up	10,218	1,908	12,126
	<u>406,821</u>	<u>301,558</u>	<u>708,379</u>
Unallocated liabilities			
Deferred tax liability - net			170,498
Staff retirement benefit			104,978
Trade and other payables			377,843
Unclaimed dividends			163
Unpaid dividends			199
Provision for taxation - net			73,977
			<u>1,436,037</u>

	2020	2019
38.3 Information about products:	Percentage	Percentage
Yarn	96.28%	99.31%
Socks	2.95%	-
38.4 Major customers:		
Yarn		
40 customers (2019: 4 customers)	54.32%	54.83%

38.5 Geographical Information:

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

	2020	2019
	Rupees in thousand	
Pakistan	4,168,096	5,169,859
Asia	-	769,063
Europe	84,355	166,308
United State of America	62,786	-
	<u>4,315,237</u>	<u>6,105,230</u>

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

Note 39

Plant Capacity and Production

			2020	2019
		Note		
Yarn				
Plant capacity converted into 20/S count	Kilograms	39.1	37,282,894	39,928,477
Actual production converted into 20/S count	Kilograms		28,928,470	38,234,270
Socks				
Plant capacity dozen pairs	Dozen pairs		1,250,000	-
Actual production dozen pairs	Dozen pairs		362,408	-

- 39.1** Reasons attributable to under utilization of optimal production capacity are mainly due to various factors such as spindles' speed, twist, maintenance of machinery, power shutdown, etc. and shut down of factory for period of two and half month due to COVID-19.

Note 40

Financial Risk Management**40.1 Financial risk factors**

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

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

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

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

The Company is exposed to currency risk arising primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. As at the reporting date, the Company's exposure to currency risk was as follows:

	2020	2019
	Rupees in thousand	
Trade debts	32,265	-
Outstanding commitments against letters of credit	(26,640)	(29,360)
Net exposure	5,625	(29,360)
Rupees per US Dollar		
Average exchange rate during the year	165.88	142.70
Reporting date rate	167.75	164.00

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 1% against the USD with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 0.056 million (2019: Rs. 0.294 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. This sensitivity analysis reflects exposure as at the reporting date and is unrepresentative of the exposure during the year.

(ii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instrument traded in the market. The Company is exposed to equity and commodity price risk in respect of short term investments carried at market value. Following analysis shows the impact of change in equity and commodity price.

	2020	2019
	Rupees in thousand	
Investment in quoted shares	650	1,720
Change in equity prices (%)	1%	1%
Effect on profit or loss (Rupees in thousands)	6.50	17.20

(iii) Interest rate risk

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

The Company has no significant long-term interest-bearing asset. The Company's interest rate risk arises from short term borrowings. As the borrowings made at variable rates, these expose the Company to cash flow interest rate risk. As at the reporting date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2020	2019
	Rupees in thousand	
<i>Fixed rate instruments - Financial liabilities</i>		
Long term financing	375,257	357,686
<i>Floating rate instruments - Financial liabilities</i>		
Short term borrowings	414,776	285,295
<i>Fixed rate instruments - Financial assets</i>		
Short term investment	4,008	2,008

Cash flow sensitivity analysis for variable rate instruments

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

	2020	2019
Change in interest rates (%)	1%	1%
Effect on profit or loss (Rupees in thousand)	4,148	2,853

(b) Credit risk

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

	2020	2019
	Rupees in thousand	
Long term deposits	3,847	3,847
Long term investment	497,465	370,110
Trade debts	82,669	73,328
Short term investments	14,875	47,416
Trade deposits and other receivables	14,296	10,236
Bank balances	99,555	90,040

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

Past due 1 - 30 days	69,104	72,232
Past due 31 - 60 days	1,510	67
Past due 61 - 90 days	-	378
More than 91 days	12,055	651
	82,669	73,328

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

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

Rate:

	Rating		Rating Agency	2020	2019
	Short term	Long term			
				Rupees in thousand	
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	29,054	34,630
MCB Bank Limited	A-1+	AAA	PACRA	8,899	23,506
Habib Bank Limited	A-1+	AAA	JCR-VIS	5,952	-
Allied Bank Limited	A-1+	AAA	PACRA	610	8,707
Meezan Bank Limited	A-1+	AA+	JCR-VIS	39,214	20,580
National Bank of Pakistan	A-1+	AAA	PACRA	987	729
United Bank Limited	A-1+	AAA	JCR-VIS	112	112
Bank Alfalah Limited	A-1+	AA+	PACRA	2,585	1,776
JS Bank Limited	A-1+	AA-	PACRA	12,142	-
				99,555	90,040

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages its liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the reporting date, the Company has Rs. 1,448.68 million (2019: Rs. 1,628.93 million) worth unavailed limits (both funded and unfunded) from financial institutions and Rs. 100.248 million (2019: Rs. 90.578 million) cash and bank balances. Following are the contractual maturities of financial liabilities:

Contractual maturities of financial liabilities as at June 30, 2020:

	Carrying Amount	Contractual cash flows	Within 1 Year	1 - 2 Year	2 - 5 Years	More than 5 Years
----- Rupees in thousand -----						
Long term financing	375,257	398,452	41,196	84,994	149,731	122,531
Trade and other payables	335,891	335,891	335,891	-	-	-
Accrued interest	21,869	21,869	21,869	-	-	-
Short term borrowings	414,776	450,862	450,862	-	-	-
	<u>1,147,793</u>	<u>1,207,074</u>	<u>849,818</u>	<u>84,994</u>	<u>149,731</u>	<u>122,531</u>

Contractual maturities of financial liabilities as at June 30, 2019:

	Carrying Amount	Contractual cash flows	Within 1 Year	1 - 2 Year	2 - 5 Years	More than 5 Years
----- Rupees in thousand -----						
Long term financing	357,686	425,747	50,268	71,304	168,041	136,134
Trade and other payables	356,293	356,293	356,293	-	-	-
Accrued interest	12,126	12,126	12,126	-	-	-
Short term borrowings	285,295	310,116	310,116	-	-	-
	<u>1,011,400</u>	<u>1,104,282</u>	<u>728,803</u>	<u>71,304</u>	<u>168,041</u>	<u>136,134</u>

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

(d) Fair value of financial instruments

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

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

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

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

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

The Company held following financial instruments measured at fair value:

	Total	Level 1	Level 2	Level 3
	----- Rupees in thousand -----			
Financial assets - 2020	10,867	10,867	-	-
Financial assets - 2019	19,998	19,998	-	-

40.2 Financial instruments by categories

Financial assets as at June 30, 2020

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
	----- Rupees in thousand -----			
Long term deposits	-	3,847	-	3,847
Long term investment	-	497,465	-	497,465
Short term investments	10,867	4,008	-	14,875
Trade debts	-	82,669	-	82,669
Trade deposits and other receivables	-	14,296	-	14,296
Cash and bank balances	-	100,248	-	100,248
	10,867	702,533	-	713,400

Financial assets as at June 30, 2019

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
	----- Rupees in thousand -----			
Long term deposits	-	3,847	-	3,847
Long term investment	-	370,110	-	370,110
Short term investments	19,998	27,418	-	47,416
Trade debts	-	73,328	-	73,328
Trade deposits and other receivables	-	10,236	-	10,236
Cash and bank balances	-	90,578	-	90,578
	19,998	575,517	-	595,515

Financial liabilities at amortized cost

	2020	2019
	Rupees in thousand	
Long term financing	375,257	357,686
Trade and other payables	335,891	356,293
Accrued mark-up	21,869	12,126
Short term borrowings	414,776	285,295
	1,147,793	1,011,400

40.3 Fair values of financial assets and liabilities

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

Note 41

Capital Risk Management

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

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

As at the reporting date, the gearing ratio of the Company was as under:

	2020	2019
	Rupees in thousand	
Total borrowings	793,934	642,981
Cash and bank balances	(100,248)	(90,578)
Net Debt	693,686	552,403
Equity	2,347,849	2,223,856
Total capital employed	3,041,535	2,776,259
Gearing Ratio	22.81%	19.90%

Note 42

Number of Employees

	2020	2019
	Rupees in thousand	
Total number of employees as at the year end	2169	1816
Average number of employees during the year	2130	1844

Note 43

Impact of COVID -19 on the Financial Statements

Rapid outbreak of COVID-19 has not only affected the human lives but has also adversely impacted the global economy. Owing to increasing cases of pandemic in Pakistan, the Government of Pakistan announced temporary lock down through provincial orders as a measure to reduce the spread of the pandemic. The Company's operations were also affected which resulted in temporary suspension of its manufacturing facilities. This adversely affected the forecasted local and export sales of the Company and also affected the operations of the newly installed socks unit. To this effect, the Company also obtained certain financing under SBP refinance scheme as disclosed in Note 7 to the financial statements. Later on after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company resumed its operations and took all necessary steps to ensure smooth and adequate continuation of its business. The management has also evaluated the impact of COVID-19 pandemic on going concern status of Company and has concluded that the Company is not exposed to any going concern risk.

Note 44

Authorization of Financial Statements

These financial statements were approved and authorized by the Board of Directors of the Company for issuance on October 05, 2020.

Note 45

General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. Following re-arrangement / reclassification has been made in these financial statements for better presentation that does not have any financial impact on financial statements:

Nature	From	To	Amount Rupees
Commision expense	Revenue (Note 25)	Selling and distribution costs (Note 27)	33,738,076



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

FORM 34

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2020
CUIN (INCORPORATION NUMBER) 0006512

No. of Shareholders	Share Holding		Total Share Held
	From	To	
470	1	100	11,340
225	101	500	53,585
36	501	1,000	25,267
32	1,001	5,000	62,556
2	5,001	10,000	14,600
1	10,001	15,000	13,580
1	15,001	20,000	15,061
1	20,001	25,000	21,090
2	35,001	40,000	76,303
2	105,001	110,000	214,717
2	295,001	300,000	600,000
1	315,001	320,000	319,570
1	325,001	330,000	326,391
2	495,001	500,000	1,000,000
1	760,001	765,000	760,382
1	1,105,001	1,110,000	1,105,907
1	1,790,001	1,795,000	1,790,249
1	2,605,001	2,610,000	2,608,032
1	4,465,001	4,470,000	4,466,371
1	4,485,001	4,490,000	4,486,371
784	Total		17,971,372

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

INFORMATION REQUIRED AS PER CODE OF CORPORATE GOVERNANCE AS AT JUNE 30, 2020

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

Detail of Purchase / Sales / Gifts of Shares by Directors/CEO/Company Secretary/CFO and Their Spouses /Minor Children during 2020.

108,032 Shares were transferred/ acquired through inheritance from mother to Mian Parvez Aslam.

20,000 Shares were purchased by Mr. Imran Aslam

No other trades were carried out by other directors, executives, and their spouses and minor children.

کارپوریٹ گورننس

لسٹڈ کمپنی کے کوڈ آف کارپوریٹ گورننس کی تکمیل کے لئے 2019ء منسلک ہے

بورڈ آف ڈائریکٹرز کی قدر پیمائی

لسٹڈ کمپنی کے کوڈ آف کارپوریٹ گورننس 2017ء کے مطابق بورڈ نے ایک میکنیزم تیار کیا ہے جو ڈائریکٹرز کی قدر پیمائی اور انکی کارکردگی کو چیک کرتا ہے۔ سال رواں کے درمیان ایک جامع سوال نامہ تیار کیا گیا ہے جو تمام ممبرز کے درمیان بانٹا گیا ہے۔ کہ وہ نقصان دہ جگہوں پر اپنی توجہ بڑھائیں۔ یہ سوال نامہ درج ذیل ہے۔ کارپوریٹ کے مقاصد کو اپنا مشن بنانے اور پائیدار قسم کی اسٹریٹیجی بنائیں اور کروں کی پرفارمنس کو چیک کریں اُس پر نظر رکھیں اور بورڈ کی پرفارمنس کو بھی چیک کریں بورڈ یہ بتائے کہ کوئی جگہوں پر بہتری کی گنجائش ہے۔

ڈائریکٹرز کی تنخواہ

ڈائریکٹروں کی تنخواہ کی پالیسی (ایگزیکٹو، نان ایگزیکٹو اور انڈیپنڈینٹ) تنخواہ کی پالیسی مارکیٹ میں موجود سینڈرز کے مطابق ہے جو ان کے کام کے مطابق ہے ایگزیکٹو ڈائریکٹرز کی تنخواہ کی منظوری بورڈ آف ڈائریکٹرز دیتا ہے۔ کوئی ڈائریکٹر بھی اپنی تنخواہ خود مقرر نہیں کر سکتا یہ پالیسی 2017-18ء کے کوڈ کے مطابق ہے کمپنی نان ایگزیکٹو ڈائریکٹر اور انڈیپنڈینٹ ڈائریکٹر کو کوئی معاوضہ نہیں دیتی صرف مینٹگ انڈینڈ کرنے کی فیس دیتی ہے۔

ڈائریکٹر ٹریننگ پروگرام

بورڈ آف ڈائریکٹرز کی نصف تعداد نے ڈائریکٹرز کی تربیت برطانیہ ریگولیشن 2019ء کا سرٹیفیکیٹ حاصل نہیں کیا۔ ہماری انتظامیہ اس بات پر غور کر رہی ہے کہ تمام ڈائریکٹرز جنہوں نے ٹریننگ حاصل نہیں کی ان کو موقع فراہم کیا جائے تاکہ وہ جون 2020ء تک ڈائریکٹرز کی تربیت کا سرٹیفیکیٹ حاصل کر لیں۔

محاسب کا تقرر

محاسب میسر ہارووتھ حسین چوہدری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائرڈ ہو جائیں گے اور اگلے سال کے لئے کمپنی کے محاسب کے طور پر تقرری کے اہل ہیں آڈٹ کمیٹی اور بورڈ نے کمپنی کے آئندہ سالانہ اجلاس عام میں ممبران کی نظر ثانی کے لئے ان کی دوبارہ تقرری کی حمایت کی ہے۔

خاکہ شیئر ہولڈرز

فارم 34 آف 30 جون 2020ء پیٹرن آف شیئر ہولڈنگز یہاں منسلک کر دیا گیا ہے۔

مالی سال کی تکمیل کے بعد کے واقعات

کوئی بھی ایسا بڑا واقعہ جو کمپنی کے مالی حالات کو تبدیل کرے وقوع پذیر نہیں ہوا

اعتراف

میں اس موقع کی مناسبت سے ان تمام حضرات کا دل سے مشکور ہوں جنہوں نے کمپنی کی ترقی میں خاطر خواہ کردار ادا کیا ہے۔ میں سب سے پہلے اپنے کسٹمرز کا شکریہ ادا کرتا ہوں جنہوں نے کمپنی پر اپنا اعتماد ظاہر کیا ہے۔ میں مالیاتی اداروں، حصہ داروں، مخلص آفران، مجنتی کارکنان کا بھی مشکور ہوں جنہوں نے کمپنی کی بہترین پیداوار میں بڑھ چڑھ کر حصہ لیا اور کمپنی میں پرسکون ماحول بنائے رکھا ہے۔ اور اُمید واسق ہے کہ مستقبل میں بھی یہی جذبہ جاری و ساری رہے گا۔ کمپنی اسی رفتار سے ترقی کی راہ پر گامزن رہے گی۔

برائے اور بحکم بورڈ

جناب عرفان اسلم
ڈائریکٹر

جناب عمران اسلم
چیف ایگزیکٹو آفیسر

لاہور: مورخہ 05 اکتوبر 2019

بورڈ آف ڈائریکٹرز

- (i) آزاد ڈائریکٹرز 02
- (ii) نان ایگزیکٹو ڈائریکٹرز 03
- (iii) ایگزیکٹو ڈائریکٹرز 02

ڈائریکٹرز کے نام اور بورڈ آف ڈائریکٹرز کی میٹنگ

بورڈ آف ڈائریکٹرز کی میٹنگ

نام ڈائریکٹرز	تعداد حاضری
میاں پرویز اسلم	10
عمران اسلم	10
عرفان اسلم	10
سید رضاعلی بخاری	10
دانش اسلم	10
ڈاکٹر رضاعلی خان	10
نازش عمران	08

آڈٹ کمیٹی

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

سید رضاعلی بخاری (انڈی پیڈنٹ ڈائریکٹر)	چیرمین
میاں پرویز اسلم (نان ایگزیکٹو ڈائریکٹر)	ممبر
مسٹر عرفان اسلم (نان ایگزیکٹو ڈائریکٹر)	ممبر

آڈٹ کمیٹی مؤثر طور پر موجود اندرونی کنٹرول سسٹم کے ذریعے مفادات کا جائزہ اور کوتاہیوں کی نشاندہی کرتی ہے۔ کمیٹی اندرونی کنٹرول سسٹم کے بہتر نفاذ کے لئے اصلاحی اقدامات بھی تجویز کرتی ہے۔

ہے نہ جیر جائزہ سال کے دوران یکم جولائی 2019ء سے لے کر 30 جون 2020ء تک آڈٹ کمیٹی کے آٹھ (8) اجلاس منعقد ہوئے آڈٹ کمیٹی کی حاضری درج ذیل ہے۔

نام رکن	تعداد حاضری
سید رضاعلی بخاری	8
میاں پرویز اسلم	8
میاں عرفان اسلم	8

ہیومن ریسورس اور معاوضہ (HR & R) کمیٹی

کارپوریٹ گورننس کے ضابطہ اخلاق کے مطابق، بورڈ آف ڈائریکٹرز نے ہیومن ریسورس اور معاوضہ (HR & R) کمیٹی تشکیل دی ہے جو درج ذیل نامی تین ارکان پر مشتمل ہے۔ ہیومن ریسورس اور معاوضہ (HR & R) کمیٹی کمپنی کے انسانی ذرائع کو مؤثر طریقے سے فعال بنانے میں مدد فراہم کرتی ہے۔ اس کے علاوہ ہیومن ریسورس اور معاوضہ (HR & R) کمیٹی اس بات کو یقینی بنانے کے لئے کہ کمیٹی کی ہو مین ریسورس پالیسیاں اس کے مجموعی کاروبار کے ساتھ باضابطہ طور پر منسلک ہیں کی تشخیص اور سفارشات بھی مرتب کرے گی۔

نام کمیٹی	عہدہ	تعداد حاضری
ڈاکٹر رضاعلی خان	چیرمین	03
مسٹر دانش اسلم	رکن	03
مسٹر نازش عمران	رکن	03

کام کی جگہ پر ہر اس کے خلاف تحفظ کا ضابطہ اخلاق کمپنی کام کرنے کی جگہ پر صرف ماحول فراہم کرنے کا پختہ ارادہ رکھتی ہے۔ اور اس بات کو یقینی بناتی ہے کہ ہر ملازم سے عزت اور وقار کا سلوک کیا جاتا ہے۔ کمپنی ایک مثبت پیشہ وارانہ کے ماحول کو فروغ دینے کیلئے پرعزم ہے جو اس کے عملی پیشہ وارانہ ترقی کے لئے ضروری ہے اس وجہ سے ہر اس کے کام کرنے کی شہزاد ٹیکسٹائل ملز لمیٹڈ میں کوئی جگہ نہیں ہے۔ تاکہ مجرم کو انضباطی اور اصلاحی کارروائی کا سامنا کرنے، ایسی انتباہ پیدا ہونے پر ملازمت سے برخاستگی کے لئے تیار رہنا چاہیے۔

اینٹی کرپشن

ہم کارکنوں کو کرپشن سے آزاد ماحول فراہم کرتے ہیں اس میں کرپشن کی تمام صورتیں بدعنوانی اور رشوت بھی شامل ہے۔

اجتماعی سماجی ذمہ داری

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

صحت، حفاظت اور ماحول

ہم اپنے ملازمین کے لئے محفوظ اور صحت مند کام کا ماحول یقینی بنانے کے لئے مسلسل کام کرتے ہیں۔ اس کے علاوہ کمپنی حکومت کے سوشل سیکیورٹی اور ایمپلائز اولڈ ایج بینیفٹ ڈیپارٹمنٹ کے ہاں رجسٹرڈ ہے اور کمپنی کے کارکنوں کو صحت کی سہولت اور ریٹائرڈ منٹ فوائد کے لئے باقاعدہ حصہ ادا کرتی ہے۔

کام اور زندگی کا توازن

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

کاروباری اخلاقیات

انتظامیہ تمام کاروباری سرگرمیوں کو صداقت، ایمانداری اور قوانین اور قواعد و ضوابط کی پاسداری سے انجام دینے کے لئے پرعزم ہے۔ ضابطہ اخلاق بورڈ کی طرف سے تیار اور منظور کیا گیا ہے۔

قومی خزانے میں شراکت

ملک کی اقتصادی ترقی کے لئے اپنی قانونی اور سماجی ذمہ داری کو پورا کرنے کے لئے کمپنی نے ٹیکس، لیویز، ایکسائز اور سیلز ٹیکس کی مد میں حکومتی خزانے میں مالی سال 2018-19ء میں 315.346 ملین حصہ شامل کیا ہے۔ اس کے علاوہ موجودہ مالی سال کے دوران دھاگے کی برآمد سے ملک کے لئے 864. امریکی ڈالر کا غیر ملکی زرمبادلہ بھی کمایا ہے۔

بجلی کی بچت

انتظامیہ ہمہ وقت بجلی کی بچت پر توجہ مرکوز کر رہی ہے بجلی کی بچت کے آلات نصب کر کے توانائی کے تحفظ کے لئے اقدامات کئے ہیں۔ کارکنوں کو توانائی کی بچت کے لئے آگاہی بھی دی جاتی ہے۔ تاکہ بجلی کے غیر ضروری استعمال کو بچایا جاسکے۔ ہم نے بجلی کی بچت کے لئے سولر پنل بھی نصب کئے ہیں جو سستی بجلی پیدا کرنے میں بہت معاون ہیں

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز کی تشکیل کوڈ آف کارپوریٹ گورننس 2017 کے مطابق ہے۔

ڈائریکٹرز کی تعداد

(a)	مرد حضرات	06
(b)	خواتین	01

شرائط سے مبراہ

ہمیں یہ بتانے میں انتہائی خوشی محسوس ہو رہی ہے۔
سامنا کر کے ہمت نہیں ہاری اور ایک بار پھر نئے حوصلے اور نئی حکمت عملی سے کام شروع کر دیا ہے اور اس خلا کو جو کرونا وائرس کی وجہ سے پیدا ہو گیا ہے پُر کرنے کی کوشش کر رہی ہے مزید۔ براں جرابوں کے یونٹ کا باقی ماندہ تعمیراتی اور مشینی کام پورا کرنے کی کوشش کرے گی۔

نقصانات کے خدشات

زرمبادلہ کے نقصان کے خدشات

بیرونی کرنسی میں کاروبار کی وجہ سے اتار چڑھاؤ کا خدشہ سر پر منڈلاتا ہے۔ جب کاروبار بیرونی کرنسی میں کیا جاتا ہے تو بیرونی کرنسی کے اتار چڑھاؤ کی وجہ سے کاروبار میں نقصان کا خدشہ ہوتا ہے۔ کیونکہ کاروبار واجب الادا قرضے واجب الوصول رقوم میں فرق آتا لازمی ہے کہ کمپنی کا زیادہ آمدنی کرنسی میں ہے اس لئے نقصان کے خدشات بھی زیادہ ہیں۔

لیکویڈٹی نقصان کا خدشہ

کسی بھی کاروبار کے وعدے پورے کرنے کے لئے فنڈز کا اکٹھا کرنا اور مقررہ وقت پر اسکی ادائیگی کاروبار کی اہلیت ظاہر کرتا ہے بنیادی خطرہ اُس وقت اُٹھتا ہے جب مالی اساسوں کے لین دین میں فرق آجاتا ہے کمپنی کو موثر کیش کا بندوبست کر کے مقررہ وقت پر ادائیگی کی پالیسی پر عمل درآمد کرنا چاہیے اور مستقبل کی ضرورتوں کی لئے بھی فنڈز کا بندوبست رکھنا چاہیے۔

اُدھار میں نقصان کا خدشہ

اُدھار میں نقصان کا خدشہ اس وقت قائم رہتا ہے جب جو روپے بھرنے کے وقت اُدھار کے سامنے آتا ہے خدشہ کو کم کرنے کے لئے کمپنی نے گاہکوں سے اُدھار کی پالیسی بھی بنائی ہے اور پھر یہ اُدھار کی مقررہ حد مسلسل نظر میں رکھی جاتی ہے۔

شرح سود میں اُتار چڑھاؤ سے نقصان

شرح سود میں اُتار چڑھاؤ سے نقصان کا خدشہ اُس وقت وقوع پذیر ہوتا ہے۔ جب شرح سود میں کمی پیش ہوتی ہے کیونکہ کمپنی نے لمبے عرصے کے قرضے اور کم تر مدت کے قرضے بینکوں سے لئے ہوئے ہیں جن سے کاروبار چلا جاتا ہے اور بینک جب سود میں اضافہ کرنے میں تو کمپنی کو نقصان کا سامنا کرنا پڑتا ہے۔ چاہے وہ نفع و نقصان کا کھاتا ہو یا انویسٹمنٹ کا اکاؤنٹ ہو یا کوئی فنڈ ہو۔

مالی سال کے دوران کمپنی کے بزنس اور اس کے ماتحت اداروں کے کاروبار میں تبدیلی

کمپنی کے کاروبار میں موجودہ مالی سال کے دوران تبدیلی واقع ہوئی ہے کیونکہ کمپنی نے دھاگے کی پیداوار کے ساتھ ساتھ جرابوں کا کاروبار بھی شروع کر دیا ہے۔

مرکزی رجحان کے اجراء جو کمپنی کے مستقبل کی ترقی پر اثر انداز ہو سکتے ہیں۔

کمپنی کی انتظامیہ تول و جان سے اس عمل میں جتنی ہوئی ہے کہ اپنی شیئر ہولڈرز کو زیادہ سے زیادہ منافع دکھائے موجودہ حالات میں جب کہ کپاس کی فصل بدتر ترقی خراب ہوتی جا رہی ہے اور بجلی کی قیمت دن بدن بڑھتی جا رہی ہے اس وجہ سے چائنہ نے جو کہ سب سے بڑا دھاگے کا درآمد کنندہ ہے اپنی تمام تر توجہ ویتنام اور بنگلہ دیش پر مرکوز کر دی ہے۔ جہاں لیبر پاکستان سے کہیں زیادہ سستے دسوں پریمس ہے پاکستان کیلئے ان ملکوں سے دھاگے کی فروخت میں مقابلہ کرنا بہت مشکل ہو گیا ہے پھر بھی کمپنی کی انتظامیہ نے مشکل ترین حالات کے باوجود بہترین نتائج دکھائے ہیں جو قابل ستائش ہیں۔

کمپنی کے کاروبار کا حالات پر اثر

ہم پانی ملوں میں تازہ اور گندگی سے پاک ماحول کو ترتیب دیئے ہوئے ہیں ہم نے وہاں تمام تر حفاظتی اقدامات کر رکھے ہیں مثال کے طور پر مل میں جدید طرز کے سکریز لگائے ہیں جو ساری فلف اور نقصان کنندہ اجزاء کو چوس کے باہر پھینک دیتا ہے اور روکروں کے لئے صاف ستھرا ماحول بنائے رکھتا ہے۔

موزوں ترین اندرونی مالی کنٹرول

یہ بورڈ کی ذمہ داری ہے کہ کمپنی میں موزوں ترین اندرونی مالی کنٹرول کو ترویج دے اور اس پر عمل درآمد کرائے اور اس کے خاطر خواہ نتائج پر نظر رکھے۔ یہ اندرونی مالی کنٹرول بین الاقوامی رپورٹنگ کے مطابق ہونا چاہیے تاہم کمپنی ایک پرائیویٹ اندرونی کنٹرول بنائے ہوئے ہے جس میں جواب دہی کا عمل بہت عیاں ہے۔

متعلقہ پارٹیوں سے لین دین

متعلقہ پارٹیوں کے درمیان لین دین قابل رسائی قیمتیں مقرر کر کے کیا گیا۔ کمپنی پاکستان میں شاہک آپٹیکسز کی لسٹنگ کے ضابطے میں موجود منتقلی پرائسنگ بہترین طریقوں پر عمل پیرا ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ کی طرف سے متعلقہ پارٹی کے لین دین کی منظوری دی گئی تھی۔

ڈائریکٹر ڈپارٹمنٹ

میں تمام ڈائریکٹرز کی جانب سے سال 30 جون 2020ء کے تالیسویں سالانہ رپورٹ مراہجہ پڑا تال شدہ گوشواروں بعد ان پر ڈائریکٹرز کا جائزہ آپ کو پیش کرتا ہوں۔ مالی اور آپریشنل کارکردگی کمپنی کے مالیاتی نتائج کا خلاصہ حسب ذیل ہے۔

2019 (روپے)	2020 (روپے)	
6,105,229,782	4,315,236,599	دھماگے کی فروخت
525,897,664	322,053,527	عام منافع
166,808,353	30,830,562	ٹیکس اور ایسوسی ایٹ کے منافع کے حصہ سے پہلے کا منافع
21,784,692	31,737,871	ایسوسی ایٹ کے حصے کا خالص منافع
188,593,045	62,568,433	ٹیکس سے پہلے کا منافع
(57,866,930)	(16,966,476)	ٹیکسیشن
130,726,115	45,601,957	ٹیکس کے بعد کا منافع

باوجود بدترین عالمگیر اقتصاد کو ناواندائرس کے پھیلاؤ کے ہم نے قابل ستائش مالی نتائج پیش کئے ہیں۔ تمام ٹیکسٹائل ملز اور دوسری صنعتیں کرونا وائرس کی وجہ سے مسلسل تین ماہ بند رہی ہیں لیکن ہماری جرابیں بنانے والے یونٹ کو 5 دن کی بندش کے بعد جرابیں بنانے کی اجازت ملی گئی تھی کیونکہ ہمارے ایکسپورٹ آرڈرز کی برآمدی مدت ختم ہو رہی تھی۔ ہمیں دلی مسرت ہے کہ ان تمام تر ناموافق حالات کے باوجود کمپنی نے قابل ٹیکسٹائل مالی نتائج پیش کئے ہیں جس میں اس سال کا نقد منافع 45.601 ملین جبکہ پچھلے سال یہ منافع 130.726 ملین روپے تھا۔ کرونا وائرس کے پھیلاؤ پر لازمی بندش کی وجہ سے جرابوں اور دھماگے کی فروخت کے مطلوبہ نتائج حاصل نہیں کئے جاسکے۔ موجودہ سال میں دھماگے اور جرابوں کی فروخت 4,315,236 ملین ہے جبکہ گزشتہ سال میں یہی فروخت 6,105,230 ملین روپے تھی۔

عام جائزہ:

تمام تر دنیا بشمول پاکستان نے کرونا وائرس کے پھیلاؤ کی وجہ سے بہت وسیع پیمانے پر صحت اور معاشی بد حالی کا سامنا کیا ہے ایک طرف دوڑے ٹیکسٹائل کے مرکزی پیداواری ممالک (چائنا اور اٹلی) بہت بڑی طرح متاثر ہوئے ہیں وہاں سپلائی والے ممالک کو بھی بہت بڑا کاروباری دھچکا لگا ہے کرونا وائرس پھیلاؤ کی وجہ سے دھماگے کی طلب متاثر ہوئی ہے برآمدی آرڈرز منسوخ ہوئے ہیں اور خریداروں کی طرف سے قیمت فروخت میں بلند شرح کی کٹوتی کے مطالبے نے بھی انڈسٹری کو شدید نقصان پہنچایا ہے۔ ایکسپورٹ آرڈرز کی منسوخی ملازمین کی برطرفی کا بھی سبب بنی ہے۔ جس سے معاشی بد حالی کو مزید بڑھا دیا ہے۔

ان نازک حالات میں حکومت پاکستان خاموش قیام نہ نہیں رہی بلکہ فوراً آگے اگر مالی امداد سے صنعت کاروں کا اعصاب شکن تھکاؤ کم کرنے میں اہم کردار ادا کیا ہے۔ سٹیٹ بینک آف پاکستان نے فوری طور پر کم شرح سود پر قرضے دینے کا اعلان کیا۔ ہماری کمپنی نے بھی کم شرح سود کے قرضے لے کر اپنے ملازمین کو تین ماہ تک مسلسل تنخواہیں ادا کی ہیں باوجود اس کے کہ ہمارے ٹیکسٹائل یونٹس بند تھے۔ اس بعد روانہ عمل سے ملازمین کا مورال بلند ہوا ہے۔

منافع منقسم

یورڈ آف ڈائریکٹرز نے سال 30 جون 2020ء کے منافع تقسیم نہ کرنے کا فیصلہ کیا ہے۔ یہ منافع جرابوں کے یونٹ کی مزید وسعت اور تعمیراتی عمل میں استعمال کرنے کی جھوز کو منظور کیا ہے جو کہ حصہ داروں کے وسیع تر مفاد میں ہے

مستقبل کا نقطہ نظر

موجودہ حالات میں صنعتی پیداوار اور عوامی صحت خطرات سے باہر نہیں ہے کیونکہ ابھی کرونا وائرس مکمل طور پر ختم نہیں ہوا ہے۔ تمام تر صنعت کاروں اور عوام الناس کو سختی سے گورنمنٹ کے تجویز و اصولوں پر (ایس او بیس) عمل کرنا چاہیے جو کہ سب کے وسیع تر مفاد میں ہے۔ دوسری طرف ٹیکسٹائل پالیسی 2020ء بھی فوری طور پر نافذ العمل ہونی چاہیے۔ تقریباً تین سال پہلے پاکستان کی برآمدات اپنے خطے کے ہم پلہ ممالک سے جن میں ویت نام، بنگلہ دیش، کمبوڈیا سے کہیں زیادہ تھیں۔ 2003ء میں پاکستانی ٹیکسٹائل برآمدات 8.300 ملین ڈالر کی تھیں تب ویت نام کی ٹیکسٹائل برآمدات 3.870 ملین ڈالر تھیں بنگلہ دیش ٹیکسٹائل برآمدات 5.500 ملین ڈالر تھیں اب ویت نام کی ٹیکسٹائل کی مصنوعات کی برآمد 36.86 ملین ڈالر ہے۔ اور بنگلہ دیش کی یہ برآمدات 40.960 ملین ڈالر ہے۔ ہماری ٹیکسٹائل پالیسی کہتی ہے کہ پاکستان کی 50.000 ملین ڈالر کی برآمدات کی خواہش آئندہ دس سال میں ممکن ہے بشرطہ کہ ٹیکسٹائل پالیسی پر سختی سے عمل کیا جائے۔

FORM OF PROXY

I/We _____ Son / Daughter / Wife of _____ being a member
 Of **SHAHZAD TEXTILE MILLS LIMITED** and holder of _____ Shares Folio
 No. _____ CDC Participant ID # _____ and
 Sub Account # _____ do hereby appoint _____ of or failing
 him /her _____ of _____ as my/our proxy to
 attend, speak and vote for me/us and on my/our behalf at the Annual General meeting of Shahzad Textile Mills
 Limited scheduled to be held on Saturday October 31, 2020 at 11:00 a.m at 19-A, Off. Zafar Ali Road, Gulberg-
 V, Lahore and at any adjournment thereof.

As witness my/our hands this _____ day of _____ 2020.

1. Witnesses:

Name: _____

Signature: _____

CNIC: _____

Address: _____

Please affix here Revenue
Stamp of Rs. 5/-

Members' Signature

2. Witnesses:

Name: _____

Signature _____

CNIC: _____

Address: _____

Shareholder's Folio No. _____

CDC A/c No. _____

CNIC: _____

Address: _____

Notes:

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

The Secretary

SHAHZAD TEXTILE MILLS LIMITES

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

Tel: +92 (42) 35754024-27

پراکسی فارم (مختار نامہ)

میں انیم _____ ولد ادنتر ازوہ _____ بحیثیت رکن
 شہزاد ٹیکسٹائل ملز لمیٹڈ اور حامل _____ حصص بمطابق فلیو نمبر _____
 سی ڈی سی پارٹنرسپنٹ (شرکت) آئی ڈی نمبر _____ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر _____
 محترم / محترمہ _____ کا/کی _____
 کو اپنے اجلاسے ایام پر _____ بروز _____ 31 اکتوبر 2020 دوپہر 11:00 بجے
 بمقام _____ Off, 19-A ظفر علی روڈ گلبرگ-V، لاہور

منعقد ہونے والے شہزاد ٹیکسٹائل ملز لمیٹڈ کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے،
 کرتے ہیں۔

آج بروز _____ تاریخ _____ 2020 کو میرے اجلاسے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

-1

5 روپے کی رسیدی ٹکٹ یہاں چسپاں کریں۔

نام: _____
 دستخط: _____
 کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____
 پتہ: _____

-2

دستخط رکھن: _____
 شہیر ہولڈرز کافلیو نمبر: _____
 سی ڈی سی اکاؤنٹ نمبر: _____
 کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____
 پتہ: _____

نام: _____
 دستخط: _____
 کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____
 پتہ: _____

نوٹ:

- 1- سالانہ اجلاس عام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کر سکتا ہے۔
- 2- پراکسی ہائیکلڈ موثر ہو سکیں، کمپنی کے رجسٹرڈ دفتر Off, 19-A ظفر علی روڈ، گلبرگ-V لاہور میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانی چاہئیں اور باقاعدہ مہر، دستخط اور گواہی شدہ ہونی چاہئیں۔
- 3- ادا کیں ہو اپنے حصص سنٹرل ڈیپازٹری کمپنی پاکستان لمیٹڈ کے سنٹرل ڈیپازٹری سسٹم میں جمع کروا سکے ہوں، کو سکیورٹیز اینڈ ایکسچینج کمیشن پاکستان کی سرکار نمبر مورخہ 26 جنوری 2000 میں دی گئی ذیل میں درج ذیل ہدایات پر عمل کرنا ہوگا۔
- i- بصورت افراد، اکاؤنٹ ہولڈر اور ایسا سب اکاؤنٹ ہولڈر جن کی رجسٹریشن تفصیلات سی ڈی سی قواعد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نام) جمع کرانا ہوگا
- ii- بینیفیشل اوٹرز (مستفید ہونے والے افراد) اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختار نام) کے ہمراہ جمع کرانا ہوگی۔
- iii- بصورت کارپوریٹ ایجنسی بورڈ کی قرارداد / مختار نامہ مع نامزد کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نام) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

سیکرٹری
شہزاد ٹیکسٹائل ملز لمیٹڈ

19-A آف ظفر علی روڈ، گلبرگ-۵ لاہور

Tel: +92 (42) 35754024-27

IMPORTANT NOTICE

Dear Valued Shareholder(s)

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

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



HASSAN-UD-DIN ANSARI
Company Secretary

DIVIDEND MANDATE DETAIL

Folio Number	
Name of Shareholder	
Title of Bank Account	
Bank Account Number (Complete)	
Bank's Name Branch Name, Code and Address	
Cell Number	
Landline Number, if any	
CNIC Number (also attach copy)	
<p>It is stated that the above mentioned information is correct, that I/We will intimate the changes in the above mentioned information to the Company.</p> <div style="text-align: right; margin-top: 20px;"> <hr style="width: 200px; border: 0; border-top: 1px solid black;"/> Shareholder's Signature </div>	

ضروری اطلاع

محترم شیئر ہولڈر (ز)

کمپنیز ایکٹ 2107 شق 242 اور سیوریٹیڈ اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 18/2017 بتاریخ یکم اگست 2017 کے ذریعے SECP کی طرف سے تمام لمیٹڈ کمپنیوں کو ہدایت کی گئی ہے کہ یکم نومبر 2017 کے بعد سے ادا ہونے والے ڈیویڈنڈ کی رقم الیکٹرانک طریقہ کار سے براہ راست شیئر ہولڈرز کی طرف سے فراہم کردہ بینک اکاؤنٹ میں منتقل کی جائے۔ درج بالا ہدایات کے تناظر میں، آپ سے گزارش کی جاتی ہے کہ آپ مکمل بینک اکاؤنٹ/IBAN (انٹرنیشنل بینک نمبر) کی تفصیل درج ذیل فارمیٹ کے تحت کمپنی کے شیئرز رجسٹرار، شہزاد ٹیکسٹائل ملز لمیٹڈ، 19-A آف ظفر علی روڈ، گلبرگ 5 لاہور کو مہیا کریں (سی ڈی سی اکاؤنٹ ہولڈر/سب اکاؤنٹ ہولڈر یہ تفصیل متعلقہ اسٹاک ایکسچینج کو مہیا کریں) تاکہ ہم درج بالاشق/سرکلر پر عمل پیرا ہو سکیں۔



حسن الدین انصاری

کمپنی سیکرٹری

شہزاد ٹیکسٹائل ملز لمیٹڈ

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

ANNUAL ACCOUNTS

REQUEST FORM

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

Company Name: **Shahzad Textile Mills Limited**

Folio No. / CDC Sub -Account No. _____

E-mail Address: _____

CNIC No. _____

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

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

Name and Signature of Shareholder

(Attachment Copy of CNIC)

The Secretary

SHAHZAD TEXTILE MILLS LIMITES

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

Tel: +92 (42) 35754024-27

درخواست فارم

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

کمپنی کا نام: شہزاد ٹیکسٹائل ملز لمیٹڈ

فولیو: سی ڈی سی سب اکاؤنٹ نمبر

ای میل ایڈریس:

شناختی کارڈ نمبر

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

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

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

شیئر ہولڈر کا نام اور دستخط

شناختی کارڈ کی کاپی منسلک شدہ ہے

سیکرٹری
شہزاد ٹیکسٹائل ملز لمیٹڈ
19-A آف ظفر علی روڈ، گلبرگ-۵ لاہور
Tel: +92 (42) 35754024-27

CONSENT FOR VIDEO CONFERENCE FACILITY

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

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

REQUEST FORM

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

Signature of Member



19-A, OFF, ZAFAR ALI ROAD
GULBERG-V, LAHORE - PAKISTAN