



ANNUAL REPORT 2021



Shadab Textile Mills Limited

**CONTENTS**

Company Information	3
Vision / Mission Statement	4
Notice of Annual General Meeting	5-7
Chairman's Review	8
Directors' Report (English)	9-13
Directors' Report (Urdu)	14-19
Statement of Compliance with the Code of Corporate Governance	20-21
Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2019	22
Six Year's Financial Data	23
Independent Auditors' Report to the Members	24-27
Statement of Financial Position	28-29
Statement of Profit or Loss	30
Statement of Comprehensive Income	31
Statement of Changes in Equity	32
Statement of Cash Flow	33
Notes to the Financial Statements	34-67
Pattern of Shareholding	68-70
Form of Proxy (English)	
Form of Proxy (Urdu)	

**COMPANY INFORMATION**

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



VISION STATEMENT

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

MISSION STATEMENT

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

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



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 42nd Annual General Meeting of the Shareholders of **SHADAB TEXTILE MILLS LIMITED** will be held on Thursday, October 28, 2021 at 11.30 a.m. at the Registered Office of the Company at A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2021 together with Directors' and Auditors' Reports thereon.
2. To declare and approve the Final Cash Dividend at Rs. 1/- per share i.e. 10.00 % for the year ended June 30, 2021 as recommended by the Board of Directors.
3. To appoint auditors for the year 2021-2022 and fix their remuneration.

ANY OTHER BUSINESS

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

By order of the Board

(Khurram Zahoor)
Company Secretary

LAHORE: September 29, 2021

NOTES:

1. **Closure of Share Transfer Books:** The Share Transfer Books of the Company will remain closed from October 22, 2021 to October 28, 2021 (both days inclusive). Transfers received at Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company by the close of business on October 21, 2021 will be treated in time for the purpose of above entitlement to the transferees.
2. **Participation in General Meeting:** An individual beneficial owner of share must bring his/her original CNIC or Passport, Account and Participant's I.D numbers to prove his/her identity. A representative of corporate members, must bring the Board of Directors' Resolution and / or Power of Attorney and the specimen signature of the nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

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

3. Considering the SECP's Circular No. 4 dated February 15, 2021, the Company intends to convene the AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements. Members interested in attending the AGM through ZOOM are requested to get themselves registered by sending an email at least 48 hours prior to the date of meeting at csstm@outlook.com by providing the following details:

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



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

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

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

5. **Dividend Mandate (Mandatory):** In accordance with the provisions of section 242 of the Companies Act and Companies (Distribution of Dividends), Regulations 2017, a listed company is required to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.
6. All shareholders who have still not provided their IBAN are once again requested to provide the details of their bank mandate specifying (a) Title of Account (b) Account Number (c) IBAN Number (d) Name of Bank (e) Branch Name, code and address to the Company's Share Registrar. Those shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide bank mandate detail as mentioned above, to the concerned Participants/CDC. The Dividend Mandate Form is placed on Company's website www.shadabtextile.com.
7. **Deduction of Income Tax under section 150 of the Income Tax Ordinance, 2001:** Pursuant to the Finance Act, 2021 effective July 01, 2021 the rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 are prescribed as under:
- Persons appearing in Active Tax Payers List (ATL) 15%
 - Persons not appearing in Active Tax Payers List (ATL) 30%

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

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

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

The required information must reach our Share Registrar by the close of business on October 21, 2021 otherwise it will be assumed that the shares are equally held by Principal Shareholder and joint holders.



Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, M/s. Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, upto October 21, 2021.

9. **Unclaimed Dividend/Shares:** Shareholders, who by any reason, could not claim their dividend/shares, if any, are advised to contact our Share Registrar M/s. Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore to enquire about their unclaimed dividend/shares.
10. **Transmission of Annual Financial Statements through Email:** SECP vide SRO 787(1)/2014 dated September 8, 2014 has provided an option to receive audited financial statements electronically through email, those shareholders who are interested in receiving the annual reports electronically in future are required to submit their e-mail address at Registered Office of the Company on a standard request form which is available on Company's website: www.shadabtextile.com.

Pursuant to Section 223 of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2021 together with Chairman's Review Report, Directors' and Auditors' Report thereon have been made available on the Company's website: www.shadabtextile.com.

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

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

Signature of members

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



CHAIRMAN'S REVIEW

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

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

During the financial year 2020-21 four board meetings and five audit committee meetings and four Human Resource and Remuneration Committees were conducted. The Board has carried out a review of its effectiveness and performances which is satisfactory.

The board evaluation during the year 2021 robustly considered all aspects of the Board including the performance of individual Directors, Board Committees and the Board as a whole and I am happy to report that your Board continues to function effectively and is focused on priorities for the Company's business.

I wish to thank all stakeholders, for their untiring efforts in achieving very good results under difficult circumstances. May Allah continue to bless us.

MIAN FARRUKH NASEEM
Chairman

Lahore: September 29, 2021

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

The Directors of the Company welcome you to the 42nd Annual General Meeting and are pleased to present the Annual Report together with Audited Accounts of the Company for the year ended June 30, 2021.

Financial Results

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

	(RUPEES IN THOUSAND)	
	June 30, 2021	June 30, 2020
Sales - net	3,305,217	2,290,540
Cost of sales	2,922,424	2,160,400
GROSS PROFIT	382,793	130,140
Administrative and general expenses	97,966	73,267
Selling and distribution expenses	7,090	5,470
	105,056	78,737
OPERATING PROFIT	277,737	51,403
Finance costs	32,628	10,644
Other charges	17,750	4,975
	227,359	35,784
Other income	12,131	27,552
PROFIT BEFORE TAXATION	239,490	63,336
Taxation	68,849	22,486
PROFIT AFTER TAXATION	170,641	40,850
Basic & diluted earning per share-(Rupees)	10.28	3.27

During the year under review, your Company earned profit after tax of Rs. 170.641 million as compared to after tax profit of Rs. 40.850 million of the previous year. The net sales made in the year are amounting to Rs. 3,305.217 million including sales Rs.252.490 million of unit No.2 as compared to previous year sale of Rs. 2,290.540 million showing Increase of Rs. 1,014.677 million i.e 44.30 % against previous year sales. The gross margin has substantially increased to 11.58% as compared to 5.68% of preceding year. Earning per share is 10.28 as compared to Rs. 3.27 per share.

During the year under review, the company has achieved better financial results as compared to previous year primarily because of increased quantity and better sales price due to the boost in global economic activity post-pandemic, resulting in an increase in demand in the value-added sector of textile industry. During the year the prices of raw material remained on higher side and other input costs increased due to devaluation in Pak Rupees. In spite of these above factors the Company results remained favourable.

The Company has strategic plan to diversify its product line, addition of new qualities and blends of yarn and improvement in production capacity to compete with other spinning units. In order to make project more efficient, cost effective and profitable, the company has installed new project of 576 spindles (Murata Vortex Spun Yarn) with back process machinery at new Unit No. 2, situated at Habibabad, Tehsil Chunian, District Kasur through Right shares capital, sponsors loan and bank financing. By the Grace of Almighty Allah the production of MVS yarn in Unit No.2 has commenced with effect from 15th of March, 2021.



The management is continuously making efforts to make BMR of the existing facilities and take new investment initiative to cope with regional competitors in technology related advantage through bank Financing and own resources. During the current year, we have imported 02 Gas Generators of 2.00 M.W each, 02 Drawings - Reiter and 17 Cards -Saurer in Unit No.1 and arranged finance from SBP TERF loan at lowest mark-up rates for import of above said machinery. Management of the company is further striving their best to reduce their production cost by injecting and expanding their new project of MVS to meet the production plans to make the company more profitable and competitive. The management is continuously working toward improvement in efficiencies and productivity as well as enhanced cost controls.

The business environment for textile spinning improved considerably in the second half year due to resurgence in demand following easing of COVID-19 related lockdowns globally. Raw material prices along with many other commodities increased from the low levels seen last year, which in turn increased yarn prices. Since Pakistan was able to contain Covid-19 spread better than other countries, our Textile industry benefitted as global buyers started turning towards Pakistan for sourcing, resultantly in a significant increase in capacity utilization in Pakistan Textile sector. With higher international demand for Pakistani Textiles along with favourable government policies, we are expecting large capacity enhancement projects in the downstream Textile industry, which will further strengthen demand for yarn.

Earning Per Share

Earning per Share is Rs. 10.28 (2020: Rs.3.27).

Dividend

The Board of Directors has recommended a Final Cash Dividend of Rs. 1.00 per share i.e. @ 10% to the shareholders of the Company.

Corporate Governance and Financial Reporting Framework

- a. The financial statements, prepared by the management of the company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- b. Proper books of account have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the company's ability to continue as a going concern.
- g. Key operating and financial data of last six years is annexed to the annual report.
- h. There are no outstanding statutory payments on account of taxes, duties, levies and charges except routine payments of various levies.
- i. Value of investments of provident fund as on 30-06-2021 was Rs.127.640 million.
- j. The pattern of shareholding and the additional information as required by the CCG is annexed to the annual report.
- k. Directors, CFO, Company Secretary and their spouses and minor children have not traded in the company's shares during the year except as detailed below:



Sr. No.	Name	Purchase/Gift in	*Sale/Gift Out
1	Mian Farrukh Naseem (D)	79,872	656,915
2	Mr. Saad Naseem (D)	0	79,872
3	Mr. Hamza Naseem (D)	529,682	0
4	Mr. Ghazanfer Feroz (ID)	0	*4,000
5	Mrs. Fatima Aamir (D)	0	468,238
6	Mrs. Hina Farrukh (S)	41,250	0

Board of Directors

The Board of Directors consist of:

Total number of Directors

- a) Male 06
- b) Female 01

Composition:

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

The Board as of June 30, 2021;

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

During the year four meetings of the Board of Directors were held and attendance of these meetings is as under:

Name of Director	Meetings Attended
Mian Farrukh Naseem	4
Mr. Yasir Naseem	4
Mr. Saad Naseem	4
Mr. Hamza Naseem	4
Mrs. Fatima Aamir	4
Mr. Fahad Shafiq	4
Mr. Ghazanfer Feroz	4

Chief Executive's and Director's Remuneration

Upon recommendation of the HR & R Committee due to increase in ever rising cost of living, the remuneration of Mian Aamir Naseem, Chief Executive, increased from Rs. 225,000/- to Rs. 250,000/- with effect from April 01, 2021. Other terms and conditions remain unchanged.



Upon recommendation of the HR & R Committee due to increase in ever rising cost of living, the remuneration of Mr. Yasir Naseem, Executive Director, increased from Rs. 50,000/- to Rs. 75,000/- with effect from January 01, 2021. Other terms and conditions remain unchanged.

Audit Committee

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

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

During the year five meetings of the Audit Committee (AC) were held and attendance of these meetings is as under:

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

Human Resource and Remuneration Committee

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

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

During the year four meetings of the Human Resource & Remuneration Committee (HR & R) were held and attendance of these meetings is as under:

Name of Members	Meetings Attended
Mr. Fahad Shafiq	4
Mr. Ghazanfer Feroz	4
Mr. Saad Naseem	4

Directors' Remuneration

The Board of Directors has approved a Remuneration Policy for Directors and Members of Senior Management. The Company will not pay remuneration to its non-executive directors except as meeting fee for attending the Board and its Committee meetings. For information on remuneration of directors and CEO in 2020-21, please refer notes to the financial statements.

Chairman's Review

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

Performance Evaluation of the Board

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

Directors Training Programme

During the year under review the Board has arranged Directors' Training program for its three Directors (i) Mr. Fahad Shafiq (ii) Mr. Yasir Naseem (iii) Mr. Hamza Naseem in order to apprise them with the significant changes introduced through the Listed Companies (Code of Corporate Governance) Regulations, 2019.

Four Directors are certified whereas one Board member has the prescribed qualification and experience required for exemption from the Directors Training Program.

**Related Party Transactions**

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

Auditors

The present Auditors M/s Fazal Mehmood & Company, Chartered Accountants, retire and being eligible offer them-selves for re-appointment. The audit committee of the board has recommended the re-appointment of M/s Fazal Mahmood & Company, Chartered Accountants, as external auditors of the Company for the year 2021-22 on the current level of auditors' remuneration.

Corporate Social Responsibility

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

Health, Safety and Environment:

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

Work-Life Balance:

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

Business Ethics and Anti-corruption Measures:

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

Contribution to the National Exchequer:

To meet our legal and social obligation towards the development of the economy of the country, the company has contributed Rs. 309.157 million in the FY 2020-21 into the Government exchequer on account of taxes, levies, excise duty and sales tax.

Energy Conservation:

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

Acknowledgements

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

For and on behalf of the Board

MIAN AAMIR NASEEM
(Chief Executive)

MIAN FARRUKH NASEEM
(Chairman/Director)

Lahore: September 29, 2021



قومی خزانے میں شراکت:

ملک کی اقتصادی ترقی کے لئے اپنی قانونی اور سماجی ذمہ داری کو پورا کرنے کے لئے، کمپنی نے ٹیکس، لیویز، ایکسائز ڈیوٹی اور سیلز ٹیکس کی مد میں حکومتی خزانے میں مالی سال 2020-21 میں 309.157 ملین روپے حصہ شامل کیا ہے۔

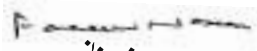
بجلی کی بچت:

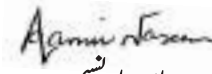
کمپنی نے مل کے احاطہ میں بجلی کی بچت کے آلات نصب کر کے توانائی کے تحفظ کے کئی اقدامات کئے ہیں۔

شکرگذاری

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

منجانب بورڈ


میاں فرخ نسیم
(ڈائریکٹر)


میاں عامر نسیم
(چیف ایگزیکٹو)

لاہور: 29 ستمبر 2021



بورڈ کی کارکردگی کی تشخیص

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

ڈائریکٹرز ٹریننگ پروگرام

زیر جائزہ سال کے دوران بورڈ نے تین ڈائریکٹرز (i) جناب فہد شفیق، (ii) جناب یاسر نسیم، (iii) جناب حمزہ نسیم کے لئے ڈائریکٹرز ٹریننگ پروگرام کا انتظام کیا ہے تاکہ لٹلڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے ذریعے متعارف کروائی گئی اہم تبدیلیوں سے آگاہی ہو سکے۔

چار ڈائریکٹرز سرٹیفائیڈ ہیں جبکہ ایک رکن ڈائریکٹرز ٹریننگ پروگرام کے لئے درکار مجوزہ قابلیت اور تجربہ کے حامل ہیں۔

متعلقہ فریقین سے لین دین

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

آڈیٹر

موجودہ آڈیٹر میسرز فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے کی بناء پر دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے سال 2021-2022 کے لئے کمپنی کے آڈیٹر کے طور پر میسرز فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی تسلیم کرتی ہے کہ معاشرہ کو اقتصادی فوائد پہنچانا کامیاب اور پائیدار کاروبار کی بنیاد 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 سیکورٹی ڈیپارٹمنٹ کے ہاں رجسٹرڈ ہے اور کمپنی کارکن کی صحت کے لئے باقاعدہ حصہ ادا کر رہی ہے۔

کام اور زندگی کا توازن

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

کاروباری اخلاقیات اور اینٹی کرپشن کے اقدامات:

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



آؤٹ کمیٹی

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

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

مالی سال کے دوران آؤٹ کمیٹی کے 15 اجلاس ہوئے اور ان کی حاضری درج ذیل ہے:

اراکین کے نام	اجلاس میں شرکت
جناب فہد شفیق	5
میاں فرخ نسیم	5
جناب حمزہ نسیم	5

افراد کی قوت و مشاہرہ کمیٹی

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

جناب فہد شفیق	چیئر مین
جناب غففر فیروز	رکن
جناب سعید نسیم	رکن

مالی سال کے دوران افراد کی قوت و مشاہرہ کمیٹی کے 14 اجلاس ہوئے اور ان کی حاضری درج ذیل ہے:

اراکین کے نام	اجلاس میں شرکت
جناب فہد شفیق	4
جناب غففر فیروز	4
جناب سعید نسیم	4

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز اور سینئر مینجمنٹ ارکان کے لئے معاوضہ پالیسی منظور کی ہے۔ کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو ماسوائے بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کی فیس کے علاوہ کوئی معاوضہ ادا نہیں کرے گی۔ مالی سال 2020-21 کے دوران ڈائریکٹرز کے معاوضے سے متعلق معلومات کے لئے برائے مہربانی مالی گوشواروں کے نوٹس ملاحظہ کریں۔

چیئر مین کا جائزہ

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



بورڈ آف ڈائریکٹر

بورڈ آف ڈائریکٹر درج ذیل پر مشتمل ہے:

ڈائریکٹر کی کل تعداد

06	a- مرد
01	b- خواتین

تشکیل

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

30 جون 2021 کے مطابق بورڈ

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

مالی سال کے دوران بورڈ آف ڈائریکٹرز کے 14 اجلاس ہوئے اور ان کی حاضری درج ذیل ہے:

ڈائریکٹرز کا نام	اجلاس میں شرکت
میاں فرخ نسیم	4
جناب یاسر نسیم	4
جناب سعد نسیم	4
جناب حمزہ نسیم	4
محترمہ فاطمہ عامر	4
جناب فہد شفیق	4
جناب غنفر فیروز	4

چیف ایگزیکٹو اور ڈائریکٹر کا معاوضہ

اخراجات میں اضافے کی وجہ سے ایچ آر اینڈ آرکمیٹی کی سفارش پر چیف ایگزیکٹو میاں عامر نسیم کا معاوضہ 01 اپریل 2021 سے 2 لاکھ 25 ہزار روپے سے بڑھ کر 2 لاکھ 50 ہزار روپے ہو گیا ہے۔ دیگر شرائط و ضوابط میں کوئی تبدیلی نہیں کی گئی ہے۔

اخراجات میں اضافے کی وجہ سے ایچ آر اینڈ آرکمیٹی کی سفارش پر ایگزیکٹو ڈائریکٹر جناب یاسر نسیم کا معاوضہ 01 جنوری 2021 سے 50 ہزار روپے سے بڑھ کر 75 ہزار روپے ہو گیا ہے۔ دیگر شرائط و ضوابط میں کوئی تبدیلی نہیں کی گئی ہے۔



انتظامیہ موجودہ سہولیات کا بی ایم آر بنانے اور بینک فنانسنگ اور اپنے وسائل کے ذریعے ٹیکنالوجی سے متعلق فوائد میں علاقائی حریفوں سے نمٹنے کے لئے سرمایہ کاری کی نئی پہل کرنے کی مسلسل کوششیں کر رہی ہے۔ رواں سال کے دوران ہم نے پونٹ نمبر 1 میں 2.00 میگا واٹ کے 02 عدد دیگس، جزیرہ، 02 عدد Drawings-Reiter اور 17 Cards-Saurer درآمد کیے ہیں اور مذکورہ مشینری کی درآمد کے لئے سٹیٹ بینک آف پاکستان کے ٹی ای آر ایف قرض سے کم ترین مارک اپ نرخوں پر مالیاتی انتظام کیا ہے۔ کمپنی کی انتظامیہ کمپنی کو زیادہ منافع بخش اور مسابقتی بنانے کے پیداواری منصوبوں کو پورا کرنے کے لئے ایم وی ایس کے اپنے نئے منصوبے میں اضافہ کر کے اور توسیع دے کر اپنی پیداواری لاگت کو کم کرنے کی پوری کوشش کر رہی ہے۔ انتظامیہ کارکردگی اور پیداواری صلاحیت میں بہتری کے ساتھ ساتھ لاگت پر قابو پانے میں اضافے کی طرف مسلسل کام کر رہی ہے۔

عالمی سطح پر کوویڈ-19 متعلق لاک ڈاؤن میں نرمی کے بعد طلب میں دوبارہ اضافہ کی وجہ سے دوسرے نصف مالی سال میں ٹیکسٹائل سپنگ کے کاروباری ماحول میں کافی بہتری آئی ہے۔ خام مال کی قیمتوں میں دیگر بہت سی اجناس کے ساتھ گزشتہ سال دیکھی گئی کم سطح سے اضافہ ہوا جس کے نتیجے میں دھماگے کی قیمتوں میں اضافہ ہوا۔ چونکہ پاکستان کوویڈ-19 کو دوسرے ممالک کے مقابلے میں بہتر طور پر قابو کرنے میں کامیاب رہا تھا، اس لئے ہماری ٹیکسٹائل صنعت کو فائدہ ہوا کیونکہ عالمی خریداروں نے خریداری کے لئے پاکستان کا رخ کرنا شروع کیا جس کے نتیجے میں پاکستان کے ٹیکسٹائل سیکٹر میں صلاحیت کے استعمال میں نمایاں اضافہ ہوا۔ موافق حکومتی پالیسیوں کے ساتھ ساتھ پاکستانی ٹیکسٹائل کی بین الاقوامی طلب میں اضافے کے ساتھ ہم ڈاؤن سٹریم ٹیکسٹائل انڈسٹری میں بڑی صلاحیت بڑھانے کے منصوبوں کی توقع کر رہے ہیں جس سے دھماگے کی طلب کو مزید تقویت ملے گی۔

فی شیئر آمدنی

فی شیئر آمدنی 10.28 روپے (2020 : 3.27 روپے) ہے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے کمپنی کے حصص یافتگان کو 1.00 روپے فی شیئر یعنی 10 فیصد کی شرح سے حتمی نقد منافع منقسمہ تقسیم کرنے کی سفارش کی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور پر بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- گزشتہ 6 سال کا کلیدی آپریشننگ اور مالیاتی ڈیٹا منسلک ہے۔
- مختلف لیویز کی معمول کی ادائیگیوں کے علاوہ ٹیکس، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہیں۔
- 30 جون 2021 کے مطابق پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 127.640 ملین روپے ہے۔
- شیئر ہولڈنگ کا پیٹرن اور CCG کو درکار اضافی معلومات اس سالانہ رپورٹ کے ہمراہ منسلک ہیں؛
- سال کے دوران ماسوائے درج ذیل کمپنی کے حصص میں اس کے ڈائریکٹرز، سی ای او، سی ایف او، کمپنی میکرٹری اور ان کے زوجہ اور نابالغ بچوں کی طرف سے کوئی تجارت نہیں ہوئی ہے۔

سیریل نمبر	نام	خریداری/تختہ موصول	*فروخت/تختہ دیا
1	میاں فرخ نسیم (ڈائریکٹر)	79,872	656,915
2	سعد نسیم (ڈائریکٹر)	0	79,872
3	حمزہ نسیم (ڈائریکٹر)	529,682	0
4	غضنفر فیروز (ڈائریکٹر)	0	*4,000
5	فاطمہ عامر (ڈائریکٹر)	0	468,238
6	حنان فرخ (زوجہ)	41,250	0



مجلس نظماء کی رپورٹ

محترم حصص یافتگان،

کمپنی کی مجلس نظماء، بیاسویں سالانہ عام اجلاس میں آپ کا استقبال کرتی ہے اور 30 جون 2021 کو ختم ہونے والے سال کے لیے کمپنی کے نظر ثانی شدہ گوشواروں کے ساتھ سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

مالیاتی نتائج

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

روپے ہزاروں میں

30 جون 2020	30 جون 2021	
2,290,540	3,305,217	خالص فروخت
2,160,400	2,922,424	فروخت کی لاگت
130,140	382,793	مجموعی منافع
73,267	97,966	انتظامی اور عمومی اخراجات
5,470	7,090	فروخت اور تقسیمی اخراجات
78,737	105,056	
51,403	277,737	آپریٹنگ منافع
10,644	32,628	مالی لاگت
4,975	17,750	دیگر واجبات
35,784	227,359	
27,552	12,131	دیگر آمدنی
63,336	239,490	قبل از ٹیکس منافع
22,486	68,849	ٹیکس
40,850	170,641	بعد از ٹیکس منافع
3.27	10.28	فی شیئر بنیادی اور تحلیل شدہ آمدنی (روپے میں)

زیر جائزہ سال کے دوران، کمپنی نے گزشتہ سال کے بعد از ٹیکس منافع 40,850 ملین روپے کے مقابل بعد از ٹیکس 170,641 ملین روپے منافع کمایا۔ سال میں ہونے والی خالص فروخت 3,305,217 ملین روپے بشمول یونٹ 2 کے 252,490 ملین روپے جو کہ گزشتہ سال فروخت 2,290,540 ملین روپے جو پچھلے سال کی فروخت کے مقابلے میں 1,014,677 ملین روپے یعنی کہ 44.30 فیصد کا اضافہ ظاہر کر رہی ہیں۔ مجموعی مارجن گزشتہ سال 5.68 فیصد سے نمایاں طور پر بڑھ کر 11.58 فیصد ہو گیا۔ فی شیئر آمدنی گزشتہ سال 3.27 روپے فی شیئر کے مقابل 10.28 روپے فی شیئر ہے۔

زیر جائزہ سال کے دوران، کمپنی نے وبا کے بعد عالمی اقتصادی عوامل میں اضافے کے باعث بہتر فروخت اور تعداد میں اضافے کی وجہ سے گزشتہ سال کے مقابلے بہتر نتائج حاصل کئے۔ زیر جائزہ سال کے دوران خام مال کی قیمتیں زیادہ رہیں، پاکستانی روپیہ کی قدر میں کمی ہوئی اور دیگر اخراجات بڑھے۔ مذکورہ بالا عناصر کے باوجود کمپنی کے نتائج منافع بخش رہے۔

کمپنی کے پاس اپنی مصنوعات کی لائن کو متنوع بنانے، نئی خصوصیات اور دھماگے کے امتزاج اور پیداواری صلاحیت میں بہتری کے لئے دیگر سپلنگ ٹیکنس کے ساتھ مقابلہ کرنے کے لئے حکمت عملی ہے۔ پروجیکٹ کو مزید پراثر، لاگت سے موثر اور منافع بخش بنانے کے لئے کمپنی نے نئے یونٹ نمبر 2 پر بیک پرویس مشینری کے ساتھ 576 سپنڈلز (Murata Vortex Spun Yarn) کا نیا پروجیکٹ نصب کیا ہے جو حبیب آباد، تحصیل چوئیاں، ضلع قصور میں رائٹ شیئرز کمپنیل، سپانسرز سے قرض اور بینک فنانسنگ کے ذریعے لگایا ہے۔ اللہ تعالیٰ کے فضل سے یونٹ نمبر 2 میں ایم وی ایس یارن کی پیداوار 15 مارچ 2021 سے شروع ہو چکی ہے۔



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

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

Period Ended: **JUNE 30, 2021**

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

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

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

2. The composition of the Board is as follows:

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

3. The directors have confirmed that none of them is serving as director on more than seven listed companies, including this company.
4. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. One Director attended the Directors' training course earlier. The Board has arranged Directors' Training program for three Directors (i) Mr. Fahad Shafiq (ii) Mr. Yasir Naseem (iii) Mr. Hamza Naseem and they have obtained DTP certification during the year. One Board member has the prescribed qualification and experience required for exemption from the training program of Directors.
10. The board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.



12. The Board has formed committees comprising of members given below:
- a) Audit Committee**
- | | |
|---------------------|------------|
| Mr. Fahad Shafiq | (Chairman) |
| Mian Farrukh Naseem | (Member) |
| Mr. Hamza Naseem | (Member) |
- b) HR & R Committee**
- | | |
|------------------|------------|
| Mr. Fahad Shafiq | (Chairman) |
| Ghazanfer Feroz | (Member) |
| Mr. Saad Naseem | (Member) |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly / annually) were as per followings:
- | | |
|-----------------------|-----------|
| a) Audit Committee | Quarterly |
| b) HR and R Committee | Annually |
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations and or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.
- Note* Number of Directors are seven and one third of ID is 2.33, therefore, as a general principal 0.33 is not rounded off to one.

LAHORE: September 29, 2021

On behalf of the board

(Mian Farrukh Naseem)
Chairman/Director



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

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **SHADAB TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2021 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, 2021.

Date: September 29, 2021
Lahore


Fazal Mahmood & Company
Chartered Accountants
Engagement Partner: Fazal Mahmood



SIX YEAR'S FINANCIAL DATA AT A GLANCE

(RUPEES IN MILLION)

PARTICULARS	2021	2020	2019	2018	2017	2016
ASSETS EMPLOYEED						
Property, plant and equipment	1,502.395	374.019	301.426	314.245	349.784	381.570
Right of use assets	7.551	14.993	18.741	23.426	8.124	-
Long term deposits	2.434	2.434	2.434	2.387	2.387	2.387
Current assets	930.517	985.012	456.427	423.679	360.368	333.280
TOTAL ASSETS EMPLOYEED	2,442.897	1,376.458	779.028	763.737	720.663	717.237
FINANCED BY						
Share holders' equity	1,402.545	854.604	489.354	416.259	399.146	393.327
Long term financing	328.677	-	-	-	5.667	17.000
Gas Infrastructure Development Cess	1.074	-	-	-	-	-
Lease Liabilities	-	1.262	6.092	11.729	4.875	-
Deferred liabilities	107.177	32.899	10.767	14.557	32.923	47.039
Current liabilities	603.424	487.693	272.815	321.192	278.052	259.871
TOTAL FUNDS INVESTED	2,442.897	1,376.458	779.028	763.737	720.663	717.237
PROFIT & (LOSS)						
Sales-net	3,305.217	2,290.540	2,813.430	2,271.534	2,042.324	1,861.576
Cost of sales	2,922.424	2,160.400	2,614.441	2,172.226	1,956.368	1,760.578
Gross profit	382.793	130.140	198.989	99.308	85.956	100.998
Administrative & general	97.966	73.267	68.824	53.852	47.081	41.830
Selling & distribution	7.090	5.470	5.831	4.521	4.194	2.039
Operating profit	277.737	51.403	124.334	40.935	34.681	57.129
Finance costs	32.628	10.644	10.183	7.583	9.785	13.414
Other charges	17.750	4.975	7.988	2.771	1.786	3.155
	227.359	35.784	106.163	30.581	23.110	40.560
Other income	12.131	27.552	2.485	3.852	0.985	2.009
PROFIT BEFORE TAXATION	239.490	63.336	108.648	34.433	24.095	42.569
Taxation	68.849	22.486	30.603	9.730	5.154	9.762
PROFIT AFTER TAXATION	170.641	40.850	78.045	24.703	18.941	32.807
EARNING PER SHARE (Rs.)	10.28	3.27	24.31	8.23	6.31	10.94
Dividend paid	8.300	15.600	4.950	7.590	13.122	10.200
Number of spindles installed						
Ring	33600	33600	33600	33600	33600	33600
MVS	576	-	-	-	-	-
Number of spindles worked						
Ring	33120	33120	33120	33120	32640	32640
MVS	576	-	-	-	-	-
Number of shifts per day	3	3	3	3	3	3
Actual production converted into 20/S count (Kgs. in million)	20.017	16.287	19.082	18.343	17.974	17.143



INDEPENDENT AUDITOR'S REPORT

To the members of SHADAB TEXTILE MILLS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **SHADAB TEXTILE MILLS LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit, comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1.	Inventory existence and valuation Inventory as at 30 June 2021 amounted to Rupees 476.837 million and represented a material position in the statement of financial position, which has considerably increased from prior year and the breakup of which is as follows: - Stores, spare parts and loose tools Rupees 71.612 million - Stock in trade Rupees 405.225 million The business is characterized by high volume serial production and the valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters. Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 5.3 & 5.4 to the financial statements.	Our audit procedures included the following: <ul style="list-style-type: none"> To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice.



S.No.	Key Audit Matters	How the matter was addressed in our audit
	<p>At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost. Useable stores, spares parts and loose tools are valued at moving average cost, raw materials are valued at annual average cost whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment.</p> <p>The determination of whether inventory will be realised for a value less than cost requires management to exercise judgement and apply assumptions. Management undertake the following procedures for determining the level of writedown required:</p> <ul style="list-style-type: none"> • Use inventory ageing reports together with historical trends to estimate the likely future sale ability of slow moving and older inventory items. Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realisable value and a specific write down is recognized, if required. For further information on inventory, refer to the following: <ul style="list-style-type: none"> - Summary of significant accounting policies, Inventories note 5.3 & 5.4 to the financial statements. - Stores, spares and loose tools note 24 and Stock-in-trade note 25 to the financial statements. 	<ul style="list-style-type: none"> • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • We assessed if any percentage write down should be applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. <p>We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.</p>

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

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

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

Date: September 29, 2021
Lahore

Fazal Mahmood & Co.
FAZAL MAHMOOD & COMPANY
Chartered Accountants



STATEMENT OF FINANCIAL POSITION

		(RUPEES IN THOUSAND)	
	NOTE	2021	2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 40 million ordinary (2020: 20 million) shares of Rs. 10/- each.		400,000	200,000
Issued, subscribed and paid-up share capital	6	166,000	166,000
Capital reserves	7	204,000	204,000
Revenue reserves		646,945	484,604
Equity contributions from sponsors	8	385,600	-
		1,402,545	854,604
NON - CURRENT LIABILITIES			
Long term loans	9	328,677	-
Gas Infrastructure Development Cess (GIDC)	10	1,074	-
Lease liabilities	11	-	1,262
Deferred liabilities	12	107,177	32,899
		436,928	34,161
CURRENT LIABILITIES			
Trade and other payables	13	251,713	248,737
Unclaimed dividend		705	654
Accrued mark-up	14	5,562	775
Sponsors loan	15	-	160,600
Short term borrowings	16	218,247	37,478
Current portion of long term liabilities	17	77,347	5,091
Provision for taxation	18	49,850	34,358
		603,424	487,693
CONTINGENCIES AND COMMITMENTS			
	19	-	-
TOTAL EQUITY & LIABILITIES		2,442,897	1,376,458

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director



AS AT JUNE 30, 2021

		(RUPEES IN THOUSAND)	
	NOTE	2021	2020
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	20	1,502,395	374,019
Right of use assets	21	7,551	14,993
Long term deposits	22	2,434	2,434
		1,512,380	391,446
CURRENT ASSETS			
Short term investments	23	-	236,000
Stores, spares and loose tools	24	71,612	64,430
Stock in trade	25	405,225	224,545
Trade debts	26	226,487	116,616
Loans and advances	27	37,350	11,113
Trade deposits and prepayments	28	33,932	11,766
Other receivables	29	132,889	68,744
Cash and bank balances	30	23,022	251,798
		930,517	985,012
TOTAL ASSETS		2,442,897	1,376,458

(Muhammad Aslam)
Chief Financial Officer



STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2021

		(RUPEES IN THOUSAND)	
	NOTE	2021	2020
Sales - net	31	3,305,217	2,290,540
Cost of sales	32	<u>2,922,424</u>	<u>2,160,400</u>
GROSS PROFIT		382,793	130,140
Administrative and general expenses	33	<u>97,966</u>	<u>73,267</u>
Selling and distribution expenses	34	<u>7,090</u>	<u>5,470</u>
		<u>105,056</u>	<u>78,737</u>
OPERATING PROFIT		277,737	51,403
Finance costs	35	32,628	10,644
Other charges	36	<u>17,750</u>	<u>4,975</u>
		<u>227,359</u>	<u>35,784</u>
Other income	37	<u>12,131</u>	<u>27,552</u>
PROFIT BEFORE TAXATION		239,490	63,336
Taxation	38	68,849	22,486
PROFIT AFTER TAXATION		<u>170,641</u>	<u>40,850</u>
BASIC AND DILUTED EARNING PER SHARE- (RUPEES)	41	<u>10.28</u>	<u>3.27</u>

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	(RUPEES IN THOUSAND)	
	2021	2020
PROFIT AFTER TAXATION FOR THE YEAR	170,641	40,850
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>170,641</u>	<u>40,850</u>

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021**

(RUPEES IN THOUSAND)

Description	Share Capital	Revenue Reserves		Capital Reserves	Equity contribution from Sponsors	Total Equity
	Issued, subscribed and paid up ordinary shares	General reserve	Un-appropriated profit	Share premium		
Balance as at July 01, 2019	30,000	260,000	199,354	-	-	489,354
Right issue of 13,600,000 shares @ Rs.10 with a premium of Rs.15	136,000	-	-	204,000	-	340,000
Total comprehensive income						
- Profit after taxation	-	-	40,850	-	-	40,850
Transaction with owners						
Final dividend for the year ended June 30, 2019 @ Rs.5.20 per share	-	-	(15,600)	-	-	(15,600)
Balance as at June 30, 2020	166,000	260,000	224,604	204,000	-	854,604
Total comprehensive income						
- Profit after taxation	-	-	170,641	-	-	170,641
Transaction with owners						
Final dividend for the year ended June 30, 2020 @ Rs 0.50 per share	-	-	(8,300)	-	-	(8,300)
Transfer to equity contribution from sponsors	-	-	-	-	385,600	385,600
Balance as at June 30, 2021	166,000	260,000	386,945	204,000	385,600	1,402,545

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

		(RUPEES IN THOUSAND)	
	NOTE	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	42	176,443	(163,215)
Finance cost paid		(21,993)	(10,407)
Income tax paid		(37,307)	(29,130)
Paid to workers' profit participation fund	13.3	(3,416)	(5,835)
Profit on deposits with bank	37	8,194	21,959
Net cash generated from / (used in) operating activities		121,921	(186,628)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(1,195,124)	(116,473)
Proceeds from disposal of property, plant and equipment		16,900	17,480
Net cash (used in) investing activities		(1,178,224)	(98,993)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of right shares		-	340,000
Proceeds from long term borrowings		444,879	-
Re-payment of lease - net		(14,872)	(5,470)
Proceeds from sponsors loan		-	160,600
Proceeds from equity contributions from sponsors		225,000	-
Proceeds from short term borrowings - net		180,769	21,877
Dividends paid		(8,249)	(15,469)
Net cash generated from financing activities		827,527	501,538
NET CASH (USED IN) / GENERATED DURING THE YEAR		(228,776)	215,917
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		251,798	35,881
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		23,022	251,798

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. THE COMPANY AND ITS OPERATIONS

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

1.1. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

2. BASIS OF PREPARATION

2.1 Basis of measurement

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

2.2 Statement of compliance

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

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

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

2.3 Functional and presentation currency

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

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that effect the application of policies and reported amount of assets, liabilities, income and expenses. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving significant estimates or judgments are:

**Property, plant and equipment and right of use assets**

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

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

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

Expected credit loss

The Company reviews the recoverability of its trade debts, advances and other receivables to assess amount of expected credit losses and credit impaired trade debts, advances and other receivables.

Provisions and contingencies

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

Income Taxes

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

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

4.1 Standards, amendments to published standards and interpretations that are effective in the current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There following standards, amendments to the IFRS and interpretations are mandatory for companies having accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements:

**Effective date (annual periods
beginning on or after)**

Amendments to existing Standards:

IFRS - 3	Business Combinations (Amendments)	1 January 2022
IFRS - 7	Financial Instruments: Disclosures (Amendments)	1 January 2021
IFRS - 9	Financial Instruments (Amendments)	1 January 2021



IFRS - 16	Leases (Amendments)	1 January 2021
IAS - 1	Presentation of Financial Statements (Amendments)	1 January 2023
IAS - 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	1 January 2023
IAS - 12	Income Taxes (Amendments)	1 January 2023
IAS - 16	Property, Plant and Equipment (Amendment)	1 January 2022
IAS - 37	Provisions, Contingent Liabilities and Contingent Assets (Amendments)	1 January 2022

4.3 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Effective date (annual periods beginning on or after)

IFRS 17 -	Insurance Contracts	1 January 2023
-----------	---------------------	----------------

The Company expects that application of above standards will not have any material impact on the Company's financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

a) Owned

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

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

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

Depreciation on property, plant & equipment is charged to income on reducing balance method at the rates specified in note no. 20. to the accounts to write off the cost cover their estimated useful lives.

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



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

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

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

b) Capital work-in-progress

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

5.2 Leases

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

Company as a lessee:

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

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

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

Financial charges are calculated at the interest rate implicit in the lease and are charged to profit or loss account. Right of use assets are depreciated on a reducing balance basis at the rates as disclosed in note 21 to these financial statements.



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

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

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

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

Company as a lessor:

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Assets subject to operating lease are initially stated at cost. Subsequently, these are stated at cost less accumulated depreciation, and less impairment, if any.

5.3 Stores, spares & loose tools

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

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

5.4 Stock in trade

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

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

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



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

The Company reviews the carrying amount of inventories on a regular basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolescence, if there is any change in usage pattern and / or physical form of related stock in trade.

5.5 Trade debts and other receivables

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

5.6 Balances from contract with customers

Contract assets:

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

Contract liabilities:

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

Right of return assets:

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

Refund liabilities:

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

5.7 Foreign currency translation

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

5.8 Staff retirement benefits

Defined contribution plan - Provident fund

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



5.9 Trade and other payables

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

5.10 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. Revenue from contracts with customers is recognized at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods.

Interest income is recognized on a time proportionate basis using the effective interest method.

5.11 Borrowings cost

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

5.12 Finance cost

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

5.13 Provisions

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

5.14 Impairment

a) Financial assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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



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

b) Non financial assets

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

5.15 Contingent liabilities

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

5.16 Taxation

Current

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

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

**Prior**

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

5.17 Financial instruments**Financial assets**

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

(i) Financial assets at amortized cost

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

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

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

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

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

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

(iii) Financial assets at fair value through OCI (FVTOCI)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI (if any). Equity instruments designated at fair value through OCI are not subject to impairment assessment (if any).

(iv) Derecognition

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



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

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

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

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

(v) Impairment of financial assets

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

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

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

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

(a) Significant increase in credit risk

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



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

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

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

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

(b) Definition of default

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

(c) Credit-impaired financial assets

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

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

(d) Write-off policy

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

(e) Measurement and recognition of ECL.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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



Financial Liabilities

(i) Financial Liabilities at FVTPL

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

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

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

(ii) Financial liabilities measured subsequently at amortized cost

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

(iii) Derecognition of financial liabilities

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

Offsetting of financial assets and financial liabilities

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

5.18 Basic and diluted earning per share

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

**5.19 Cash and cash equivalents**

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

5.20 Loans, deposits, and interest accrued

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

5.21 Related party transactions

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

5.22 Share capital

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

5.23 Proposed dividends and transfer between reserves

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

5.24 Segment reporting

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

5.25 Deferred grant

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



(RUPEES IN THOUSAND)

	NOTE	2021	2020
6. ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
2,000,000 ordinary shares of Rs. 10/- each fully paid in cash		20,000	20,000
1,000,000 ordinary shares of Rs. 10/- each issued as bonus shares		10,000	10,000
13,600,000 ordinary shares of Rs. 10/-each issued as right shares		136,000	136,000
		<u>166,000</u>	<u>166,000</u>
7. CAPITAL RESERVES			
Share premium account		204,000	204,000
		<u>204,000</u>	<u>204,000</u>
7.1	Share premium account represents premium of Rs. 15/- per share charged on right issue of 13,600,000 ordinary shares of Rs. 10/- each in financial year 2020. It has been accounted for in accordance with the provisions of Section 81 of the Companies Act, 2017. This reserve can be utilized by the Company only for the purposes specified in accordance with the said section.		
8. EQUITY CONTRIBUTIONS FROM SPONSORS			
Equity contributions from sponsors		385,600	-
		<u>385,600</u>	<u>-</u>
9. LONG TERM LOANS			
Bank Al-Habib Ltd	9.1	328,677	-
		<u>328,677</u>	<u>-</u>
9.1 Bank Al-Habib Ltd			
TERF Finance - 1	9.1.1	160,000	-
TERF Finance - 2	9.1.2	30,240	-
TERF Finance - 3	9.1.3	90,639	-
TERF Finance - 4	9.1.4	109,000	-
TERF Finance - 5	9.1.5	55,000	-
		<u>444,879</u>	<u>-</u>
Less:			
- Discounting adjustments for recognition at fair value - deferred government grant		(78,258)	-
- Unwinding of discount on liability		13,085	-
		<u>(65,173)</u>	<u>-</u>
- Current portion shown under current liabilities:		(51,029)	-
		<u>328,677</u>	<u>-</u>

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

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



- 9.1.3** This represents the financing under Temporary Economic Refinance Facility (TERF) obtained for the retirement of already established 3 sight LCs for import of machinery. Principal is repayable in 19 equal half yearly installments which will be started after completion of grace period of 6 months and mark up payment will be made on quarterly basis. It carries mark up at the rate of 5% per annum. The loan is secured against specific charge on imported machinery, registered with SECP. Personal guarantees of two sponsoring directors have been provided for this facility.
- 9.1.4** This represents the financing under Temporary Economic Refinance Facility (TERF) obtained for the retirement of already established LC Sight for import of machinery. Principal is repayable in 20 equal half yearly installments and mark up payment will be made on quarterly basis. It carries mark up at the rate of 5% per annum. The loan is secured against specific charge on imported machinery, registered with SECP. Personal guarantees of two sponsoring directors have been provided for this facility.
- 9.1.5** This represents the financing under Temporary Economic Refinance Facility (TERF) obtained for the retirement of already established LC Sight for import of machinery. Principal is repayable in 20 equal half yearly installments and mark up payment will be made on quarterly basis. It carries mark up at the rate of 5% per annum. The loan is secured against specific charge on imported machinery, registered with SECP. Personal guarantees of two sponsoring directors have been provided for this facility.
- 9.1.6** The fair value of the loans have been determined by discounting the loans proceeds using prevailing market rates of interest for similar instruments ranging from 9.28% to 9.87% (2020: Nil). The differential between the loans proceeds and fair value of the loan has been recorded as deferred grant. (note 12.1)

(RUPEES IN THOUSAND)

	2021	2020
10. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC)		
GIDC payable	21,066	-
Less: Gain on remeasurement of GIDC	(1,901)	-
Less: Payment during the year	(8,777)	-
Add: Unwinding of discount on GIDC	1,219	-
	<u>11,607</u>	<u>-</u>
Less: Current portion of GIDC	(10,533)	-
	<u>1,074</u>	<u>-</u>

- 10.1** This represents non-current portion of Gas Infrastructure Development Cess (GIDC) payable to Sui Northern Gas Pipelines Limited (SNGPL). During previous years, various other companies had challenged the legality and validity of levy and demand of GIDC in Honorable Lahore High Court which was pending adjudication at the end of last year. However, during the year Supreme Court of Pakistan vide judgement dated 13 August 2020, while dismissing appeals filed by various industrial and commercial entities with respect to the legality and validity of levy and demand of GIDC, has decided the case in favor of SNGPL. Now the Company is to pay the balance amount of GIDC in 24 equal monthly installments. This liability has been recognized at fair value using discount rate of 9.25% per annum and the difference between the fair value and the total amount of liability is recognized in statement of profit or loss as other income. Subsequent to initial recognition, the effect of unwinding of liability is recognized in statement of profit or loss as finance cost.



		(RUPEES IN THOUSAND)	
	Note	2021	2020
11. LEASE LIABILITIES			
As at 01 July 2020		6,353	11,822
Add: Addition		7,507	-
Add: Interest expense relating to lease liability		801	419
Less: Payment		(6,986)	(5,888)
Less: Disposal		(6,413)	-
As at 30 June 2021		1,262	6,353
Current		1,262	5,091
Non-Current		-	1,262
11.1	The implicit rate against lease liabilities ranges from 9.27% to 10.88% p.a. (2020: 10.24% to 16.11% p.a.)		
11.2	Maturity Analysis of Lease Liability		
Up to one year		1,292	5,481
After one year		-	1,292
		<u>1,292</u>	<u>6,773</u>
12. DEFERRED LIABILITIES			
Deferred government grants	12.1	55,279	-
Deferred income tax liability	12.2	51,898	32,899
		<u>107,177</u>	<u>32,899</u>
12.1 Deferred government grants			
Government grant recognised during the year		78,258	-
Less: Amortisation of deferred government		(8,456)	-
		<u>69,802</u>	<u>-</u>
Less: Current portion of deferred government grant		(14,523)	-
		<u>55,279</u>	<u>-</u>
12.1.1	This represents deferred government grants in respect of long term loan obtained under "SBP Temporary Economic Refinance Facility" for import of plant and machinery as disclosed in note 9.1 to the financial statements, respectively. There are no unfulfilled conditions or other contingencies attached to these grants.		
12.2 Deferred income tax liability			
Deferred tax liabilities on taxable temporary differences:			
Accelerated tax depreciation		131,587	44,414
Finance lease - net		1,823	2,506
Gas Infrastructure Development Cess (GIDC)		197	-
Deferred tax asset on deductible temporary differences:			
Allowance for expected credit loss		(75)	-
Minimum tax available for carry forward		(63,871)	(14,021)
Tax losses carry forward		(17,763)	-
		<u>51,898</u>	<u>32,899</u>



		(RUPEES IN THOUSAND)	
	Note	2021	2020
13. TRADE AND OTHER PAYABLES			
Creditors		66,217	37,801
Contractors' retention money		2,037	599
Security deposits - Interest free	13.1	10,214	164
Provident fund trust		1,792	1,588
Accrued expenses		145,433	191,470
Contract liabilities (Running account with customers)	13.2	5,903	7,114
Workers' profit participation fund	13.3	12,862	3,416
Workers' welfare fund		7,055	6,386
Others		200	200
		<u>251,713</u>	<u>248,738</u>
13.1 No interest is payable on the deposits and it can be used for the business in accordance with requirements of written agreements and have been kept in accordance with section 217 of the Companies Act, 2017.			
13.2 During the year, contract liabilities as at June 30, 2020 have been recognised as revenue. Contract liabilities as at the year end will be recognised as revenue during next financial year.			
13.3 Workers' Profit Participation Fund			
Balance as on 01 July		3,416	5,835
Add: Provision for the year		12,862	3,416
Interest for the year		253	2,151
		<u>16,531</u>	<u>11,402</u>
Less: Payment during the year		(3,669)	(7,986)
Balance as on 30 June		<u>12,862</u>	<u>3,416</u>
14. ACCRUED MARK-UP			
Short term borrowings		5,562	775
		<u>5,562</u>	<u>775</u>
15. SPONSORS LOAN			
Sponsors loan - Directors	15.1	-	160,600
		<u>-</u>	<u>160,600</u>
15.1 The loan has been provided by the sponsors of the company, till previous year it was re-payable at the discretion of the sponsors with no predefined terms. However, in current year, agreement has been drafted and is now re-payable at the discretion of the company and has been reclassified as equity contributions. The loan has been accounted for in accordance with TR 32 'Accounting Directors' Loan' by the Institute of Chartered Accountants of Pakistan.			
16. SHORT TERM BORROWINGS			
From banking companies - secured	16.1	218,247	37,478
		<u>218,247</u>	<u>37,478</u>
16.1 These have been obtained from banking companies on mark-up basis and are secured by pledge and hypothecation of stocks & stores, charge on stocks, specific charge over imported machinery, lien over import documents, book debts, first charge over present and future fixed assets (Land, building and machinery) of the company and against personal guarantee of two sponsoring directors. The borrowing form a part of total credit facilities available to the extent of Rs. 750 million (2020: Rs. 660 million). Unavailed facility as at reporting date is Rs. 532 Million (2020: Rs. 623 million). Mark-up is paid at the rate ranging from 1 months Kibor plus 2% to 3 months Kibor plus 2%.			



(RUPEES IN THOUSAND)			
	Note	2021	2020
17. CURRENT PORTION OF LONG TERM LIABILITIES			
Long term loans	9.1	51,029	-
Gas Infrastructure Development Cess (GIDC)	10	10,533	-
Lease liabilities	11	1,262	5,091
Deferred government grant	12.1	14,523	-
		<u>77,347</u>	<u>5,091</u>
18. PROVISION FOR TAXATION			
Opening balance		34,358	34,142
Less:			
Adjusted during the year - Brought forward minimum tax		-	(34,142)
Adjusted during the year against advance tax		(34,358)	-
Adjusted during the year - Provision for prior year		-	(1,931)
		<u>-</u>	<u>(1,931)</u>
Current		<u>49,850</u>	<u>34,358</u>
Prior		<u>-</u>	<u>1,931</u>
		<u>49,850</u>	<u>36,289</u>
		<u>49,850</u>	<u>34,358</u>
19. CONTINGENCIES AND COMMITMENTS			
19.1 Contingencies			
Counter guarantees of Rs. 48.028 million (2020: Rs. 25.000 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited, Lahore Electric Supply Company and State Bank of Pakistan against connections & TUF rebate.			
19.2 Commitments			
Capital expenditure commitments are amounting to Rs. 54.730 million (2020: Rs. 681.150 million) during the year and non capital expenditure commitments are amounting to Rs. 203.671 million (2020: Rs. 63.783 million).			



(RUPEES IN THOUSAND)

20. PROPERTY, PLANT & EQUIPMENT

	Note	2021	2020
Operating fixed assets	20.1	1,436,036	338,499
Capital work-in-progress	20.4	66,359	35,520
		<u>1,502,395</u>	<u>374,019</u>

20.1 Operating fixed assets

Description	Land Freehold	Buildings	Plant and Machinery	Electric Installations	Factory Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Total
At June 30, 2019									
Cost	3,351	141,247	693,268	2,425	150	3,783	25,180	4,157	873,561
Accumulated depreciation	-	92,936	459,419	2,169	143	3,259	11,240	2,969	572,135
Net book Value	3,351	48,311	233,849	256	7	524	13,940	1,188	301,426
Year ended June 30, 2020									
Opening net book value	3,351	48,311	233,849	256	7	524	13,940	1,188	301,426
Additions	39,213	36,147	-	-	-	-	5,593	-	80,953
Disposals									
Cost	-	-	19,757	-	-	-	2,250	-	22,007
Depreciation	-	-	(9,345)	-	-	-	(535)	-	(9,880)
Net book value	-	-	10,412	-	-	-	1,715	-	12,127
Depreciation	-	(6,036)	(22,344)	(26)	(1)	(52)	(3,175)	(119)	(31,753)
Closing net book value	42,564	78,422	201,093	230	6	472	14,643	1,069	338,499
At June 30, 2020									
Cost	42,564	177,394	673,511	2,425	150	3,783	28,523	4,157	932,507
Accumulated depreciation	-	98,972	472,418	2,195	144	3,311	13,880	3,088	594,008
Closing net book value	42,564	78,422	201,093	230	6	472	14,643	1,069	338,499
Year ended June 30, 2021									
Opening net book value	42,564	78,422	201,093	230	6	472	14,643	1,069	338,499
Additions	3,641	-	199,404	37,062	12,767	676	1,127	-	254,677
Transfers from CWIP	-	34,275	875,333	-	-	-	-	-	909,608
Transfers from right of use assets									
Cost	-	-	-	-	-	-	21,256	-	21,256
Depreciation	-	-	-	-	-	-	(7,080)	-	(7,080)
Disposals							14,176	-	14,176
Cost	-	-	21,284	-	-	-	12,748	-	34,032
Depreciation	-	-	(17,220)	-	-	-	(1,352)	-	(18,572)
Net book value	-	-	4,064	-	-	-	11,396	-	15,460
Depreciation for the year	-	(8,940)	(51,271)	(1,192)	(274)	(47)	(3,611)	(129)	(65,464)
Closing net book value	46,205	103,757	1,220,495	36,100	12,499	1,101	14,939	940	1,436,036
At June 30, 2021									
Cost	46,205	211,669	1,726,964	39,487	12,917	4,459	38,158	4,157	2,084,016
Accumulated depreciation	-	107,912	506,469	3,387	418	3,358	23,219	3,217	647,980
Net book Value	46,205	103,757	1,220,495	36,100	12,499	1,101	14,939	940	1,436,036
Depreciation Rate (%)	-	10	10	10	10	10	20	10	

20.2 Depreciation for the year has been allocated as follows:

	2021	2020
Cost of goods sold	61,677	28,406
Administrative and general expenses	3,787	3,347
	<u>65,464</u>	<u>31,753</u>

**20.3 Statement of disposals of operating fixed assets**

Description	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Gain/(Loss)	Sold to	Basis of Sales
Vehicles							
Toyota Fortuner ASD-034	9,783	(652)	9,131	9,650	519	Tashfeen Waniach	Negotiation
Toyota Corolla - LEA- 9073	2,964	(700)	2,264	3,000	736	IGI General Insurance Limited	Negotiation
Plant and Machinery							
Auto Cone Machine Match Coner 7-II (Model 1990)	1,500	(564)	936	1,000	64	Mubashir Brothers, Faisalabad	Negotiation
Auto Cone Machine Match Coner 7-II (Model 2002)	9,400	(8,115)	1,285	1,350	65	Areeha Private Limited, Chiniot	Negotiation
2 Nos. Crosrol Cards MK-5 (Model 2004)	4,068	(3,390)	678	700	22	Mubashir Brothers, Faisalabad	Negotiation
3 Nos. Crosrol Cards MK-6 (Model 2005)	6,317	(5,151)	1,166	1,200	34	Mubashir Brothers, Faisalabad	Negotiation
Grand Total	34,032	(18,572)	15,460	16,900	1,440		

20.4 Following is the movement in capital work in progress

	Opening balance	additions	Transfer	Closing balance
Tangible:				
- Civil works	30,900	69,734	34,275	66,359
- Plant and machinery	4,620	870,713	875,333	-
June 30,2021	35,520	940,447	909,608	66,359
Tangible:				
- Civil works	-	30,900	-	30,900
- Plant and machinery	-	4,620	-	4,620
June 30,2020	-	35,520	-	35,520

21. RIGHT OF USE ASSETS	Note	(RUPEES IN THOUSAND)	
		2021	2020
Right of use assets	21.1	7,551	14,993
		<u>7,551</u>	<u>14,993</u>

21.1 Right of Use Assets

Description	Vehicles	Total
Opening net book value as on July 01, 2019	18,741	18,741
Additions	-	-
Depreciation charge	3,748	3,748
Closing net book value	14,993	14,993
At June 30, 2020		
Cost	27,560	27,560
Accumulated depreciation	12,567	12,567
Net book value	14,993	14,993
Depreciation Rate (%)	20	



Description	Vehicles	Total
Opening net book value as on July 01, 2020	14,993	14,993
Additions	9,783	9,783
Less: Transferred to owned assets	(21,256)	(21,256)
Depreciation Transferred	7,080	7,080
Less: Depreciation charge	3,049	3,049
Closing net book value	7,551	7,551
At June 30, 2021		
Cost	16,087	16,087
Accumulated depreciation	8,536	8,536
Net book value	7,551	7,551
Depreciation Rate (%)	20	

(RUPEES IN THOUSAND)

	NOTE	2021	2020
22. LONG TERM DEPOSITS			
Others		2,434	2,434
		<u>2,434</u>	<u>2,434</u>
23. SHORT TERM INVESTMENTS			
Term deposits	23.1	-	236,000
		<u>-</u>	<u>236,000</u>
23.1 This represented Term Deposit Receipts (TDRs) encashed during the year. It carried markup at rates ranging from 6.75% to 7.50% (2020: 7.50 to 12.50%) per annum.			
24. STORES, SPARES AND LOOSE TOOLS			
Stores		29,854	25,337
Spares		41,758	39,093
		<u>71,612</u>	<u>64,430</u>
25. STOCK IN TRADE			
Raw materials		309,397	162,609
Work in process		32,576	24,514
Finished goods		62,457	37,172
Waste		795	250
		<u>405,225</u>	<u>224,545</u>
25.1 Stock in trade is under hypothecation and is pledged as security to commercial banks for facilities in respect of short term borrowings facilities.			
26. TRADE DEBTS - UNSECURED			
Considered good		226,487	116,616
Considered doubtful		262	-
		<u>226,749</u>	<u>116,616</u>
Less: Allowance for expected credit losses	26.1	(262)	-
		<u>226,487</u>	<u>116,616</u>



(RUPEES IN THOUSAND)

26.1 Movement in allowance for expected credit losses of trade debts is as below:

	2021	2020
Opening balance	-	-
Charge for the year	262	-
Closing balance	262	-

26.2 The ageing of trade debts at the reporting date is:

Neither past due nor impaired	201,947	116,607
Past due but not impaired:		
- Past due 1-30 days	24,796	-
- Past due 31-180 days	-	9
- Past due 180-365 days	6	-
- Total trade debts	226,749	116,616
Less: Allowance for expected credit losses	(262)	-
	226,487	116,616

26.3 The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, group based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the trade debts. The management believes that none of the balances are credit impaired nor any impairment allowance is necessary in respect of 'neither past due nor impaired' amounts as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

26.4 Trade receivables are pledged to commercial banks as security for facilities in respect of short term borrowings facilities.

27. LOANS AND ADVANCES

(Unsecured but considered good):-

Advances to :

Suppliers and contractors	27.1	36,500	9,857
Employees	27.2	850	1,256
		37,350	11,113

27.1 Advances to suppliers are non-adjustable and are refundable after the contract with the supplier is concluded.

27.2 Advances to employees - Interest free:

- Executives	670	790
- Other employees	180	466
	850	1,256

27.3 These advances are not carried at amortized cost as the impact was considered immaterial.

28. TRADE DEPOSITS AND PREPAYMENTS

Letters of credit	30,243	10,766
Margin on bank guarantee	2,945	642
Prepayments	744	358
	33,932	11,766



		(RUPEES IN THOUSAND)	
	Note	2021	2020
29. OTHER RECEIVABLES			
Advance income tax		63,633	60,684
Sales tax		68,172	6,325
Others		1,084	1,735
		<u>132,889</u>	<u>68,744</u>
30. CASH AND BANK BALANCES			
Cash in hand		774	1,127
Cash with banks:			
- In current accounts		9,678	72,570
- In saving accounts	30.1	12,570	178,101
		<u>23,022</u>	<u>251,798</u>
30.1 These carry markup at the rate of 5.50% to 6.75% (2020: 6.50% to 11.25%) per annum.			
31. SALES - NET			
Local:			
- Yarn		3,825,599	2,690,046
- Raw material		69,637	17,936
- Waste		4,349	3,034
		<u>3,899,585</u>	<u>2,711,016</u>
Less:			
Sales tax		576,272	412,713
Commission		18,096	7,763
		<u>3,305,217</u>	<u>2,290,540</u>
31.1 Revenue is recognized at point in time as per the terms and conditions of underlying contracts with customers.			
32. COST OF SALES			
Raw materials consumed	32.1	2,065,034	1,509,749
Salaries, wages and benefits	32.2	323,747	263,574
Stores and spares		70,486	39,604
Packing materials		52,732	44,866
Fuel and power		361,305	302,481
Repair and maintenance		17,852	4,552
Insurance		3,433	2,542
Other factory overheads		50	17
Depreciation	20.2	61,677	28,406
		<u>891,282</u>	<u>686,042</u>
		<u>2,956,316</u>	<u>2,195,791</u>
Opening work in process		24,514	23,094
Closing work in process	25	(32,576)	(24,514)
Cost of goods manufactured		<u>2,948,254</u>	<u>2,194,371</u>
Opening stock of finished goods		37,422	3,451
Closing stock of finished goods	25	(63,252)	(37,422)
		<u>2,922,424</u>	<u>2,160,400</u>



(RUPEES IN THOUSAND)

	Note	2021	2020
32.1 RAW MATERIAL CONSUMED			
Opening stock		162,609	105,685
Purchases	32.1.1	2,211,822	1,566,673
		<u>2,374,431</u>	<u>1,672,358</u>
Less: Closing stock		(309,397)	(162,609)
		<u>2,065,034</u>	<u>1,509,749</u>

32.1.1 Raw materials purchases include cost of raw materials sold of Rs. 61.893 million (2020: Rs. 15.942 million).

32.2 Salaries, wages and other benefits include Rs. 7.886 million (2020: Rs. 6.785 million) in respect of staff retirement benefits.

33. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, allowances and benefits	33.1	63,903	46,865
Traveling and conveyance		788	437
Vehicle running and maintenance		7,258	5,344
Printing and stationery		1,354	762
Newspaper and periodicals		22	22
Postage, telegram and telephone		975	820
Advertisement		195	273
Rent, rates, and taxes		489	455
Legal and professional		2,353	1,796
Auditors' remuneration	33.2	569	553
Subscription		2,378	1,311
Insurance		2,543	2,861
Entertainment		1,240	619
Computerization		1,137	298
General		2,511	865
Electricity expense		3,153	2,892
Allowance for expected credit loss	26.1	262	-
Depreciation	20.2	6,836	7,094
		<u>97,966</u>	<u>73,267</u>

33.1 Salaries, allowances and benefits include Rs. 1.271 million (2020: Rs. 1.054 million) in respect of staff retirement benefits.

33.2 Auditors' remuneration

Statutory audit fee	500	500
Half yearly review fee	30	30
Provident fund audit & other certification fee	39	23
	<u>569</u>	<u>553</u>

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

34. SELLING AND DISTRIBUTION EXPENSES

Freight and expenses on local sales	7,090	5,470
	<u>7,090</u>	<u>5,470</u>



		(RUPEES IN THOUSAND)	
	NOTE	2021	2020
35. FINANCE COSTS			
Mark-up on:			
Long term loans - secured		10,350	-
Short term bank borrowings - secured		17,897	6,115
		28,247	6,115
Unwinding of discount on GIDC	10	1,219	-
Bank charges and commission		2,108	878
Interest on lease liabilities	11	801	1,500
Interest on workers' profit participation fund	13.3	253	2,151
		<u>32,628</u>	<u>10,644</u>
36. OTHER CHARGES			
Workers' profit participation fund	13.3	12,862	3,416
Workers' welfare fund		4,888	1,298
Workers' welfare fund prior year adjustment		-	261
		<u>17,750</u>	<u>4,975</u>
37. OTHER INCOME			
Income from financial assets			
Profit on deposits with banks		8,194	21,959
Gain on remeasurement of GIDC	10	1,901	-
		<u>10,095</u>	<u>21,959</u>
Income from non financial assets			
Gain on disposal of property, plant and equipment	20.3	1,440	5,353
Miscellaneous income		264	240
Gain on disposal of stores and spares		332	-
		<u>2,036</u>	<u>5,593</u>
		<u>12,131</u>	<u>27,552</u>
38. TAXATION			
Current	18	49,850	34,358
Prior	18	-	(34,004)
Deferred tax		18,999	22,132
		<u>68,849</u>	<u>22,486</u>

38.1 The company's income tax assessments have been finalized upto and including tax year 2020.

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

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

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

(RUPEES IN THOUSAND)			
	Chief Executive Officer	Director	Executives
	2021	2021	2021
Managerial remuneration	1,665	450	11,186
House rent	749	203	4,651
Medical allowance	167	45	1,033
Utility allowance	194	53	1,206
Provident fund contribution by company	-	-	303
	<u>2,775</u>	<u>751</u>	<u>18,379</u>
Number (s)	<u>1</u>	<u>1</u>	<u>8</u>

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

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

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

39.3 No meeting fee was paid to the directors of the company during the year (2020: Rs. Nil).

40. RELATED PARTIES

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

Associated Companies due to common directorship

- Sargodha Spinning Mills Limited

40.1 TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

Transaction with Related Parties / Associated Undertakings, other than remuneration and benefits to key management personnel's under the terms of their employment (refer note no. 39) and other than the payments made to the retirement benefit plans are as under:

No transactions with associated undertaking (2020: Nil) were made during the year.

No aggregate amount due from / due to associated undertaking at the end of the year (2020: Nil).



		(RUPEES IN THOUSAND)	
	NOTE	2021	2020
41 EARNING PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earning per share of the company.			
Profit after taxation		170,641	40,850
Weighted average number of ordinary shares outstanding during the year (No. in '000')		16,600	12,491
Basic earning per share (Rupees)		<u>10.28</u>	<u>3.27</u>
42. CASH GENERATED FROM OPERATIONS			
Profit before taxation		239,490	63,336
Adjustments for non cash charges & other items			
Depreciation of property, plant and equipment	20.2	65,464	31,753
Depreciation of right of use assets	21	3,049	3,748
Financial costs	35	32,628	10,644
Workers' profit participation fund	36	12,862	3,416
Workers' welfare fund	36	4,888	1,298
Allowance for expected credit loss	26.1	262	-
Gain on sale of operating fixed assets	20.3	(1,440)	(5,353)
Gain on remeasurement of GIDC	10	(1,901)	-
Profit on deposits with banks	37	(8,194)	(21,959)
Working capital changes	42.1	<u>(170,665)</u>	<u>(250,097)</u>
		<u>176,443</u>	<u>(163,215)</u>
42.1 WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Short term investment		236,000	(236,000)
Stores, spares and loose tools		(7,182)	(9,562)
Stock in trade		(180,680)	(92,315)
Trade debts		(110,133)	(2,026)
Loans and advances		(26,237)	(1,835)
Trade deposits and prepayments		(22,166)	31,780
Other receivables		(61,196)	24,066
		<u>(171,594)</u>	<u>(285,892)</u>
Increase / (decrease) in current liabilities			
Trade and other payable		929	35,795
		<u>(170,665)</u>	<u>(250,097)</u>
43. CASH AND CASH EQUIVALENTS			
Cash and bank balances	29	<u>23,022</u>	<u>251,798</u>
44. STAFF RETIREMENT BENEFITS			
44.1 DEFINED CONTRIBUTION PLAN			
The Company has maintained an employee provident fund trust and all investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act 2017, and the rules formulated for this purpose. The information of the fund is based on un-audited financial statements of the fund for the year ended 30 June 2021:			



		(RUPEES IN THOUSAND)	
	NOTE	2021	2020
Size of the fund		127,640	97,789
Cost of investment made		71,389	59,343
Percentage of investment made		55.93%	60.68%
Fair value of investment	44.2	110,125	73,609
44.2 BREAKUP OF INVESTMENTS	%age		%age
Investment in mutual fund	85.81%	94,502	92.98% 68,440
Meezan Rozana Amdani Fund	14.19%	15,623	7.02% 5,169
		<u>110,125</u>	<u>73,609</u>
44.3 Balance in scheduled banks			
Saving account		10,548	20,265
45. PLANT CAPACITY AND ACTUAL PRODUCTION			
Number of spindles installed			
Unit - 01 (Ring)		33,600	33,600
Unit - 02 (MVS)		576	-
Number of spindles worked			
Unit - 01 (Ring)		33,120	33,120
Unit - 02 (MVS)		576	-
Production at normal capacity converted to 20/s (Kgs.)		20,234,786	19,423,211
Actual production converted to 20/s (Kgs.)		20,016,747	16,286,782
No. of shifts worked per day		3	3
45.1 Production loss due to normal maintenance, gas and electric shut down / closures (Kgs.)		218,039	219,206
Production loss due to mill closed - COVID-19 (kgs.)		-	2,917,223
46. OPERATING SEGMENTS			
Chief Executive considers the business as a single operating segment as the Company's asset allocation decisions are based on a single side, integrated business strategy, and the Company's performances is evaluated on an overall basis. At the year end, all non-current assets of the Company are located within Pakistan.			
47. NUMBER OF EMPLOYEES			
At the year end number of employees of the company			
- Total employees		<u>1,194</u>	<u>1,069</u>
- Factory employees		<u>1,159</u>	<u>1,047</u>
Weighted average number of employees of the company			
- Total employees		<u>1,142</u>	<u>1,072</u>
- Factory employees		<u>1,107</u>	<u>1,050</u>
48. FINANCIAL INSTRUMENTS BY CATEGORY			
FINANCIAL ASSETS			
as per Statement of Financial Position			
Cash and bank balances		23,022	251,798
Short term investments		-	236,000
Trade debts		226,487	116,616
Loans and advances		850	1,256
Trade deposits and prepayments		2,945	642
Other receivables		902	1,711
Long term deposits		2,434	2,434
		<u>256,640</u>	<u>610,457</u>



(RUPEES IN THOUSAND)

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

	2021	2020
Lease liabilities	1,262	6,353
Long term loans	379,706	-
Gas Infrastructure Development Cess (GIDC)	11,607	-
Sponsors loan	-	160,000
Short term borrowings	218,247	37,478
Trade and other payables	225,893	231,822
Unclaimed dividend	705	654
Accrued mark-up	5,562	775
	<u>842,982</u>	<u>437,082</u>

48.1 Fair value of financial instruments

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

49. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**Financial Risk Management**

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

- Credit Risk
- Liquidity Risk
- Market Risk

Risk management framework

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

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

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

**49.1 CREDIT RISK**

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

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

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

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

	(RUPEES IN THOUSAND)	
	2021	2020
Bank balances	22,248	250,671
Trade debts	226,487	116,616
Loans and advances	850	1,256
Margin on bank guarantee	2,945	642
Other receivables	902	1,711
Long term deposits	2,434	2,434
	255,866	373,330

The Company's credit risk is primarily attributable to its trade debts and balances at banks. Based on past experience the management believes that no impairment allowance is necessary as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

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

				(RUPEES IN THOUSAND)	
				2021	2020
Bank Name	Agency	Short term rating	Long term rating		
Askari Bank Limited	PACRA	A-1+	AA+	9	9
Bank Al Habib Limited	PACRA	A-1+	AAA	2,015	191,698
Bank Alfalah Limited	PACRA	A-1+	AA+	1,199	481
Bank Islami Pakistan Limited	PACRA	A-1	A+	48	100
Habib Bank Limited	VIS	A-1+	AAA	2,205	10
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	2,216	4,126
MCB Bank Limited	PACRA	A-1+	AAA	15	16
Meezan Bank Limited	VIS	A-1+	AAA	12,522	47,868
National Bank of Pakistan	PACRA	A-1+	AAA	1,971	6,353
United Bank Limited	VIS	A-1+	AAA	48	10
				22,248	250,671



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

49.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements as mentioned in note no. 9 and note no. 16. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

Following is the maturity analysis of financial liabilities:

2021	Carrying amount	Contractual Cash Flows	Within 1 Year	Mor than 1 but less than 5 year	After 5 year
Financial liabilities at amortised cost					
Long term liabilities	380,968	446,171	65,251	255,986	124,934
Gas Infrastructure Development Cess (GIDC) payable	11,607	12,288	10,533	1,755	-
Sponsor loan	-	-	-	-	-
Short term borrowings	218,247	218,247	218,247	-	-
Trade and other payable	225,893	225,893	225,893	-	-
Unclaimed dividend	705	705	705	-	-
Accrued mark-up	5,562	5,562	5,562	-	-
	842,982	908,866	526,191	257,741	124,934
2020	Carrying amount	Contractual Cash Flows	Within 1 Year	Mor than 1 but less than 5 year	After 5 year
Financial liabilities at amortised cost					
Long term liabilities	6,353	6,773	5,481	1,292	-
Sponsor loan	160,000	160,000	-	-	-
Short term borrowings	37,478	37,478	15,601	-	-
Trade and other payable	231,822	231,822	201,107	-	-
Unclaimed dividend	654	654	654	-	-
Accrued mark-up on secured loans	775	775	775	-	-
	437,082	437,502	223,618	1,292	-

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

49.3 MARKET RISK

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

49.3.1 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. The company is not significantly exposed to currency risk as the company does not maintain bank accounts in foreign currencies.



49.3.2 Interest Rate Risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts.

49.3.3 Price Risk

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

Fair value of financial assets and liabilities

Fair value hierarchy

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

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

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

i) Fair value at initial recognition

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

ii) Valuation techniques and inputs used

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

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

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

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

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



(RUPEES IN THOUSAND)

Financial assets carried at amortized cost:

	2021	2020
Cash and bank balances	23,022	251,798
Short term investments	-	236,000
Trade debts	226,487	116,616
Loans and advances	850	1,256
Trade deposits and prepayments	2,945	642
Other receivables	902	1,711
Long term deposits	2,434	2,434
	<u>256,640</u>	<u>610,457</u>

Financial liabilities carried at amortized cost:

Lease liabilities	1,262	6,353
Long term loan	379,706	-
Gas Infrastructure Development Cess (GIDC) payable	11,607	-
Sponsors loan	-	160,000
Short term borrowings	218,247	37,478
Trade and other payable	225,893	231,822
Unclaimed dividend	705	654
Accrued mark-up	5,562	775
	<u>842,982</u>	<u>437,082</u>

v) Determination of fair values

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

a) Non-derivative financial assets

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

b) Non-derivative financial liabilities

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

50. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

(RUPEES IN THOUSAND)

FOR THE YEAR ENDED JUNE 30, 2021			
Opening balance	Financing cash flows (50.1)	Other changes	Closing balance
-	444,879	-	444,879
6,353	(14,872)	9,782	1,263
160,600	-	(160,600)	-
-	225,000	160,600	385,600
654	(8,249)	8,300	705
37,478	180,769	-	218,247
<u>205,085</u>	<u>827,527</u>	<u>18,082</u>	<u>1,050,694</u>



(RUPEES IN THOUSAND)

FOR THE YEAR ENDED JUNE 30, 2020			
Opening balance	Financing cash flows (50.1)	Other changes	Closing balance
-	340,000	-	340,000
11,822	(5,470)	1	6,353
-	160,600	-	160,600
523	(15,469)	15,600	654
15,601	21,877	-	37,478
27,946	501,538	15,601	545,085

Right issue of shares
Lease liabilities
Sponsors loan
Unclaimed dividend
Short term borrowings

50.1 This represents net amount of proceeds and repayments.

51. CAPITAL MANAGEMENT

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

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations / investing activities through long-term financing and short-term loans in addition to its equity. The Company has a gearing ratio of 0.742 (2020: 0.61) as of the reporting date.

The Company's objectives when managing capital are:

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

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions.

52. CORRESPONDING FIGURES

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

53. GENERAL

Figures have been rounded off to the nearest thousand rupee.

54. NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors in their meeting held on September 29, 2021 has recommended a cash dividend at Rs. 1.00 per share (i.e. 10.00 %) (2020: Rs 0.50/- per share) amounting to Rs. 16.600 million for the year ended 30 June 2021. The above proposed cash dividend is subject to the approval of the members at the Annual General Meeting to be held on October 28, 2021. These financial statements do not include the effect of the above proposal which will be accounted for in the period in which it is approved by the members.

55. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 29, 2021 by the Board of Directors of the Company.

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer



PATTERN OF SHAREHOLDING

FORM 34

1.1 Name of the Company **SHADAB TEXTILE MILLS LIMITED**2.1 Pattern of holding of the shares held by the shareholders as at **30 06 2021**

2.2	No. of Shareholders	Shareholdings			Total shares held
		From		To	
	96	1	-	100	2,287
	110	101	-	500	39,427
	54	501	-	1,000	49,058
	124	1,001	-	5,000	376,956
	48	5,001	-	10,000	373,106
	14	10,001	-	15,000	183,249
	13	15,001	-	20,000	236,355
	4	20,001	-	25,000	93,000
	2	25,001	-	30,000	60,000
	4	30,001	-	35,000	128,107
	3	35,001	-	40,000	110,350
	2	40,001	-	45,000	83,000
	2	50,001	-	55,000	101,842
	4	55,001	-	60,000	228,833
	2	60,001	-	65,000	122,286
	2	70,001	-	75,000	150,000
	1	80,001	-	85,000	84,000
	2	95,001	-	100,000	195,089
	1	150,001	-	155,000	153,606
	1	230,001	-	235,000	234,000
	1	250,001	-	255,000	250,785
	1	305,001	-	310,000	310,000
	1	330,001	-	335,000	331,230
	1	335,001	-	340,000	338,042
	1	445,001	-	450,000	446,833
	2	475,001	-	480,000	955,215
	1	520,001	-	525,000	521,278
	1	900,001	-	905,000	904,215
	2	955,001	-	960,000	1,910,430
	1	1,050,001	-	1,055,000	1,051,000
	1	1,835,001	-	1,840,000	1,838,348
	1	2,280,001	-	2,285,000	2,283,500
	1	2,450,001	-	2,455,000	2,454,573
	504				16,600,000



2.3	Categories of shareholders	Shares Held	Percentage
2.3.1	Directors, Chief Executive Officers, and their spouse and minor children	7,795,591	46.9614%
2.3.2	Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3	NIT and ICP	521,878	3.1438%
2.3.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	53	0.0003%
2.3.5	Insurance Companies	0	0.0000%
2.3.6	Modarabas and Mutual Funds	0	0.0000%
2.3.7	Share holders holding 10% or more	6,576,421	39.6170%
2.3.8	General Public		
	a. Local	8,012,333	48.2671%
	b. Foreign	0	0.0000%
2.3.9	Others (to be specified)		
	1- Joint Stock Companies	261,201	1.5735%
	2- Pension Funds	8,613	0.0519%
	3- Others	331	0.0020%
4.	Signature of Company Secretary		
5.	Name of Signatory	Mr. Khurram Zahoor	
		Company Secretary	
6.	NIC Number	3 5 2 0 2 - 0 2 5 7 7 9 7 - 7	
7.	Date	30-06-2021	



CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2021

<u>S.No.</u>	<u>Name</u>	<u>No. of Shares Held</u>	<u>%age</u>
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
		-	-
Mutual Funds (Name Wise Detail)			
		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. FAHAD SHAFIQ	2,766	0.0167%
2	MR. FARRUKH NASEEM (CDC)	1,051,000	6.3313%
3	MR. AAMIR NASEEM (CDC)	2,454,573	14.7866%
4	MRS. FATIMA AAMIR (CDC)	1,838,348	11.0744%
5	MR. SAAD NASEEM (CDC)	955,215	5.7543%
6	MR. YASIR NASEEM (CDC)	55,333	0.3333%
7	MRS. HINA FARRUKH W/O MR. FARRUKH NASEEM (CDC)	477,608	2.8772%
8	MR. HAMZA NASEEM (CDC)	955,215	5.7543%
9	MR. GHAZANFER FEROZ (CDC)	5,533	0.0333%
Executives:			
		-	-
Public Sector Companies & Corporations:			
		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		8,666	0.0522%
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
1	MR. AAMIR NASEEM (CDC)	2,454,573	14.7866%
2	MST. RUKHASAN ABDUL RASHEED (CDC)	2,283,500	13.7560%
3	MRS. FATIMA AAMIR (CDC)	1,838,348	11.0744%
4	MR. FARRUKH NASEEM (CDC)	1,051,000	6.3313%
5	MR. SAAD NASEEM (CDC)	955,215	5.7543%
6	MR. HAMZA NASEEM (CDC)	955,215	5.7543%
7	MR. AHMED NASEEM (CDC)	955,215	5.7543%
All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed :			
<u>Sr. No.</u>	<u>Name</u>	<u>Sale</u>	<u>Purchase</u>
1	MR. FARRUKH NASEEM (CDC)	577,043	-
2	MRS. FATIMA AAMIR (CDC)	468,238	-
3	MR. SAAD NASEEM (CDC)	79,872	-
4	MRS. HINA FARRUKH W/O MR. FARRUKH NASEEM (CDC)	-	41,250
5	MR. HAMZA NASEEM (CDC)	-	529,682
6	MR. GHAZANFER FEROZ (CDC)	4,000	-



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

FORM OF PROXY

I / We _____
Son / Daughter / Wife of _____
being a member of **SHADAB TEXTILE MILLS LIMITED** and holder of _____
(Number of Shares)
Ordinary Shares as per Registered Folio No./ CDC/ Participant ID No. and Account No. _____
hererby appoint Mr. _____ of _____
of failing him Mr. _____ of _____
who is also a member of **SHADAB TEXTILE MILLS LIMITED**, Vide Registered Folio No./ CDC/ Participant
ID No. and Account No. _____
as my / our proxy to vote for me / us and on my / our behalf at the 42nd Annual General Meeting of the
Company to be held on Thursday, October 28, 2021 at 11:30 a.m. and at any adjournment thereof.

As witness my / our hand (s) this _____ day of _____ 2021

1. Witness:

Signature _____
Name _____
Address _____
CNIC No. _____

2. Witness:

Signature _____
Name _____
Address _____
CNIC No. _____

Affix
Revenue
Stamps of
Rs. 5/-

Signature of Shareholder

NOTE:

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



فولیونمبر/سی ڈی سی پارٹیشنڈ (شرکت) ID

اور کھاتا نمبر:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

پراکسی فارم

میں/ہم

بیٹا/بیٹی/زوجہ

شاداب ٹیکسٹائل ملز لمیٹڈ اور حامل

(تعداد حصص)

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

محترم

یا عدم موجودگی کی صورت میں، محترم

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

(شرکت) آئی ڈی اور اکاؤنٹ (کھاتہ) نمبر: کو اپنے/ہمارے ایماء پر مورخہ 28 اکتوبر 2021 بروز جمعرات

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

آج بروز بتاریخ 2021 بطور گواہ دستخط کئے گئے۔

(1) گواہ:

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

(2) گواہ:

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

نوٹ:

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

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

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

پانچ روپے مالیت کی رسیدی
ٹکٹ چسپاں کریں

ممبر کے دستخط