SHAHTAJ TEXTILE

ISO 9001:2015
CERTIFIED

Financial Statements for the year ended June 30, 2021

Shahtaj Textile Limited

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BOARD OF DIRECTORS	Mr. Muneer Nawaz	Chairman
	Mr. M. Naeem	Chief Executive
	Mr. Abid Nawaz	
	Mr. Aamir Amin (NIT)	
	Mr. Farooq Hassan	
	Mr. Syed Nadeem Ali Kazmi	
	Mr. Toqueer Nawaz	
	Mrs. Sadia Mohammad	
	Mr. Muhammad Usman Khalid	
	Lt. Col. (Retd.) R.D. Shams	
COMPANY SECRETARY	Mr. Jamil Ahmad Butt, FCMA	
AUDIT COMMITTEE OF THE BOARD	Mr. Aamir Amin	Chairman
	Mr. Muneer Nawaz	Member
	Mr. Toqueer Nawaz	Member
	Mr. Muhammad Usman Khalid	Member
	Mr. Abid Nawaz	Member
	Mr. Jamil Ahmad Butt, FCMA	Secretary
HUMAN RESOURCE AND REMUNERATION COMMITTE OF THE BOARD	Mr. Farooq Hassan	Chairman
	Mr. Muneer Nawaz	Member
	Mr. M. Naeem	Member
	Mr. Toqueer Nawaz	Member
	Mrs. Sadia Muhammad	Member
	Mr. Jamil Ahmad Butt, FCMA	Secretary

AUDITORS

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

BANKS

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

LEGAL ADVISOR

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

HEAD OFFICE

Shahnawaz Building, 19-Dockyard Road,
West Wharf, Karachi-74000
Ph: 32313934-8, 32312834, 32310973
Fax: 32205723, 32310623
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REGISTERED OFFICE

27-C Abdalian Co-oporetive
Hosing Society, Lahore,
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MARKETING OFFICE

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FACTORY

46 K.M. Lahore/Multan Road
Chunian Industrial Estate
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SHARE REGISTRAR

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

To,

All the Shareholders,

Notice is hereby given to all the shareholders of **SHAHTAJ TEXTILE LIMITED** that the 32nd Annual General Meeting of the Company will be held on Wednesday, the 27th October, 2021, at 11:30 AM at PC Hotel, Shahrah-e-Quaid-e-Azam, Lahore to transact the following ordinary business:

1. To confirm the minutes of Annual General Meeting held on 28th October, 2020.

2. To consider and adopt audited Financial Statements of the Company for the year ended June 30, 2021 together with Auditors' and Directors' Reports thereon.

3. To approve a cash Dividend @ 115% i.e. Rs.11.5/- per share for the year ended June 30, 2021 as recommended by the Directors.

4. To appoint Auditors of the Company for the year 2021-2022 and to fix their remuneration. The present Auditors M/s. Yousuf Adil, Chartered Accountants, being eligible, have offered themselves for reappointment.

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

By Order of the Board

(JAMIL AHMAD BUTT)
Company Secretary

Karachi: September 29, 2021

Notes:

1. The share transfer books of the Company will remain closed from 20th October, 2021 to 30th October, 2021, (both days inclusive).

2. Members holding shares physically and Holders of Accounts and Sub-accounts for Company's shares in Central Depository Company of Pakistan Limited, who wish to attend this Annual General Meeting may do so by identifying themselves through their original CNIC/Passport and providing a copy thereof.

3. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.

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

5. DEDUCTION OF INCOME TAX

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

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

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

The Corporate Shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective Participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Company or Company's Share

Registrar and Share Transfer Agent , M/s. JWAFFS REGISTRAR SERVICES (PVT) LIMITED.

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

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

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

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

6. ELECTRONIC DIVIDEND MANDATE

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

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

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

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

In case shares are held in CDC then Electronic Mandate Form must be submitted directly to shareholder's broker participant/CDC account.
In case of non-receipt of the information the company will be constrained to withhold payment of dividend to such shareholders.

7. CONSENT FOR VIDEO CONFERENCE FACILITY

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

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

8. CONVERSION OF PHYSICAL SECURITIES INTO BOOK ENTRY FORM

As per Section 72 of the Companies Act, 2017 every listed company is required to replace its physical shares with book entry from in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act, i.e., May 30, 2017. Further, vide its letter dated March 26, 2021, SECP has directed all the listed companies to pursue its shareholder for conversion of their physical securities into book entry form.

In light of the aforementioned directives, the Shareholders having physical shareholding are encouraged to open CDC account with CDS participant/CDC Investor Account Services and convert their existing physical securities into book entry form.

OUR VISION:

To attain leadership position in the textile sector in Pakistan.

OUR MISSION:

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

OVERALL CORPORATE STRATEGY:

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

1. The directors will ensure implementation of Company's corporate strategy, keeping in view Company's vision and mission and complying with is Memorandum and Articles of Association.

2. They will provide due guidance and discharge their duties to the best of their ability.

3. They will attend meetings of Board of Directors, Audit Committee of the Board, any other Committee and General Meeting of Company.

4. They will disclose their interest in any contract and appointments of the company officers and ownership of company shares and any changes therein.

5. They will not engage in any business competing with the company's business.

6. They will not allow contribution by the company to any political party or for any political purpose to any individual or body.

7. They will ensure maintenance and upkeep of company property, other assets and its record.

8. They will strictly observe all laws of land in running of the company affairs.

9. All company employees will perform their duties faithfully, truly and to the best of their judgment, skill and ability according to company rules and policies.

10. Company employees will not divulge any information about the company or otherwise which comes to their knowledge during the course of employment to any person not connected therein either with in the company or outside.

11. Company employees will not involve in any indiscipline, misbehavior or misconduct, dishonesty, theft or fraud.

12. They will refrain from making commitments on behalf of the company beyond their delegated authority or detrimental to the interest of the company.

13. They will not engage directly or indirectly without the permission of the company in any other business or paid occupation while in the service of the company.

14. They will not give or take bribes or any illegal gratifications.

15. They will be punctual in attendance.

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Shahtaj Textile Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2021, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as satisfactory is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitoring financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

Muneer Nawaz

Karachi: September 29, 2021

(Muneer Nawaz)
Chairman

چیئرمین کی جائزہ رپورٹ

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

مالی سال **30** جون **2021** کے لئے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی گئی۔بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔مجموعی جائزے کیا طمینان بخش قرار پانے کی بنیاد ضروری اجزا کے انفرادی جائزے پر ہے جن میں دوراندیشی، نصب العین اوراقدار، حکمتِ عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروباری سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی نگرانی، موثر مالی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور سرگرمیوں کو موثر انداز سے پورا کرنا شامل ہیں۔

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

Munir Nawaz

منیر شاہنواز

چیئرمین

کراچی مورخہ 29 ستمبر، 2021

Directors are pleased to present the 32nd Annual Report of the Company for the Financial Year ended June 30, 2021.

Principal Activity

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

Financial Results and Prospects

In spite of the challenges posed by the corona virus coupled with an increase in raw material prices, the financial performance of the Company, by the grace of Allah, was remarkable during the current year. The Company has earned an after tax profit of Rs. 216.96 million with an EPS of Rs 22.46 in comparison to Rs 7.51 reported during last year. The Company achieved net sales of Rs. 4.94 billion, which is around 13% higher than last year's sales. This was the highest ever sales and profits in the history of the company.

The value added textile sectors received substantial export orders which culminated into high fabric demand in local market at profitable prices. Combination of volume and price increase has caused increase in sales revenue which resulted in increase of Gross Profit rate from 9.65% to 11.14% during the year.

Administration cost for the period is higher than previous year due to inflationary effect. During the year, we witnessed rupee strengthening against USD which resulted in exchange loss on export receipts. Finance cost decreased by 41% as compared to last year mainly due to the decrease in discount rate from 13.25% to 7% applicable for current year which contributed favorably to the profitability of the company.

As mentioned in our previous report, the LC for replacement of looms has been established under State bank of Pakistan's concessionary Temporary Economic Re-Finance Facility (TERF). The shipment of looms is expected by Dec 2021. This BMR will further improve the capacity and efficiency of the mill and in turn its financial results.

Textile industry is currently facing pressure because of unprecedented rise in the price of raw material. Apart from that, abrupt fluctuation in exchange rate movement and sharp increase in ocean freight are going to seriously impact in days to come.

Efforts will be continuing as always for more improvement.

Dividend

To share the profits with the shareholder, Directors are pleased to recommend a 115% cash dividend for this year. This payment is 51.2% of after tax profit of the Company for the year 2020-21. A sum of Rs. 85 million is proposed to be transferred to general reserve.

Principal Risks and Uncertainties

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

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

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

Internal Financial Controls

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

Material Changes and Commitments

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

Outstanding Statutory Payments

All outstanding payments are normal and of routine nature.

Code of Corporate Governance

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

Corporate and Financial Reporting Statements

a. The financial statements, prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b. Proper books of accounts have been maintained.

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 Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

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. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

Six Years Review

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

Board and its Committees

During the year election of the Board were held on 28 December 2020 for the new tenure of 3 years starting from 1st January, 2021. This election brought three new independent directors on the Board. NIT nominated Mr. Aamir Amin replacing Mr. Saleem Zamindar who remained on the Board for 6 years. Further Mr. Farooq Hassan and Mr. Syed Nadeem Ali Kazmi have been elected as other independent directors. Company hopes to equally benefit from the positive contribution and support of the new directors.

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

The composition of the board is as follows:

Category	Names
Independent Directors	Mr. Farooq Hassan Mr. Amir Amin (NIT) Mr. Syed Nadeem Ali Kazmi
Other Non-Executive Directors	Mr. Muneer Nawaz Mr. Toqueer Nawaz Mr. Muhammad Usman Khalid Mr. Abid Nawaz
Female Non-Executive Director	Mrs. Sadia Muhammad
Executive Directors	Mr. Muhammad Naeem Lt. Col(Retd.) Rashiduddin Shams

The Board has formed committees comprising of members given below:

a) Audit Committee
- Mr. Amir Amin (Chairman)
- Mr. Muneer Nawaz
- Mr. Toqueer Nawaz
- Mr. Muhammad Usman Khalid
- Mr. Abid Nawaz

b) HR and Remuneration Committee
- Mr. Farooq Hassan (Chairman)
- Mr. Muneer Nawaz
- Mr. Muhammad Naeem
- Mr. Toqueer Nawaz
- Mrs. Sadia Muhammad

Directors' Remuneration Policy

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

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

The information on remuneration of Directors and CEO during 2020-21 is disclosed in notes to the Financial Statements.

Pattern of Shareholding

The pattern of shareholding as on 30th June, 2021 listing the required details, is annexed.

Auditors

The Audit Committee of the Board has recommended the appointment of present Auditors, M/s. Yousuf Adil., Chartered Accountants, as Auditors of the Company for the year 2021-2022. Board agrees to this recommendation.

Corporate Social Responsibility

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

Appreciation

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

for and on behalf of the Board of Directors

(M. NAEEM)	**(MUNEER NAWAZ)**
Chief Executive	Chairman

Karachi: September 29, 2021

ڈائریکٹرز رپورٹ برائے حصہ داران

ڈائریکٹرز مسرت کے ساتھ جون 2021 کوختم ہونے والے مالی سال کے لئے کمپنی کی بتیسویں سالانہ رپورٹ پیش کرتے ہیں۔

بنیادی کاروبار:۔

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

مالی حسابات اور امکانات:۔

خام مال کی قیمتوں میں اضافے کے ساتھ ساتھ کورونا وائرس کی وجہ سے درپیش چیلنجوں کے باوجود، اللہ کے فضل سے کمپنی کی مالی کارکردگی رواں سال کے دوران نمایاں رہی۔ کمپنی کا بعد از ٹیکس منافع 216.96 ملین روپے رہا یعنی 22.46 روپے فی حصہ۔ گزشتہ سال کے دوران فی حصہ آمد 7.51 روپے تھی۔ کمپنی کی سیلز 4.94 بلین روپے رہیں، جو گزشتہ سال کے مقابلہ میں تقریباً 13 فیصد زیادہ تھی۔ یہ کمپنی کی تاریخ میں اب تک کی سب سے زیادہ فروخت اور منافع ہے۔

ویلیو ایڈ ڈ ٹیکسٹائل سیکٹرز کو کافی برآمدی آڈرز موصول ہوئے جو مقامی مارکیٹ میں فیبرک ڈیمانڈ کو منافع بخش قیمتوں پر لے گئے۔ حجم اور قیمتوں میں اضافے سے سیلز ریونیو میں اضافہ ہوا ہے جس کے نتیجے میں سال کے دوران مجموعی منافع کی شرح 9.65 فیصد سے بڑھ کر 11.14 فیصد ہوگئی۔

مہنگائی کے اثر کی وجہ سے اس عرصے کے دوران انتظامی اخراجات کی لاگت پچھلے سال سے زیادہ ہے۔ سال کے دوران، ہم نے امریکی ڈالر کے مقابلے میں روپے کی مضبوطی دیکھی جس کے نتیجے میں برآمدی وصولیوں کے تبادلے پر نقصان ہوا۔ گزشتہ سال کے مقابلے میں مالیاتی لاگت میں 41 فیصد کمی واقع ہوئی جس کی بنیادی وجہ شرح سود کا 13.25 فیصد سے کم ہو کر رواں سال کے لئے 7 فیصد ہونا ہے جس نے کمپنی کے منافع پر مثبت حصہ ڈالا۔

جیسا کہ گزشتہ رپورٹ میں ذکر کیا گیا ہے، لومز کی تبدیلی کے لیے ایل سی اسٹیٹ بینک آف پاکستان کی رعایتی عارضی اقتصادی ری فنانس سہولت (ٹی ای آر ایف) کے تحت کھولی گئی ہے۔ ان لومز کی کھیپ کی دسمبر 2021 تک آمد متوقع ہے۔ یہ بی ایم آر ل کی صلاحیت اور استعداد کو مزید بہتر بنائے گا اور اس کے نتیجے میں مالی نتائج بہتر ہوں گے۔

خام مال کی قیمتوں میں بے انتہا اضافے کی وجہ سے فی الحال ٹیکسٹائل انڈسٹری کو دباؤ کا سامنا ہے۔ اس کے علاوہ، ایکسچینج ریٹ میں اچانک اتار چڑھاؤ اور برآمدی مال کی ترسیل کے کرایہ میں تیزی سے ہونے والے اضافہ آنے والے دنوں میں کاروبار پر اثر انداز ہوگا۔

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

ڈیویڈنڈ:۔

منافع میں حصص داران کو شریک کرنے کی غرض سے، ڈائریکٹرز نے اِس سال 115 فیصد نقد ڈیویڈنڈ کی سفارش کی ہے۔ یہ ادائیگی سال 21-2020 کے منافع بعد از ٹیکس کا 51.2 فیصد ہے۔ 85 ملین کی رقم جنرل ریزرو میں منتقل کرنے کی تجویز ہے۔

بنیادی خطرات اور غیر یقینی صورتحال:۔

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

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

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

آڈٹ کا اندرونی انتظام:۔

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

مادی تبدیلیاں اور وعدے:۔

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

بقایا قانونی ادائیگی:۔

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

کمپنیوں کو چلانے کا طریقہ کار (کوڈ آف کارپوریٹ گورنینس):۔

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

کارپوریٹ اور مالیاتی رپورٹس پر مشتمل بیانات:۔

ا۔ انتظامیہ کی تیار کردہ یہ مالیاتی رپورٹس، آپریشنز کے نتائج، حصولِ زر اور استعمال نیز ایکویٹی میں ہونے والی تبدیلیوں کی درست عکاسی کرتی ہیں۔
ب۔ حسابی کتب مناسب طور پر رکھی گئی ہیں۔
پ۔ مالیاتی گوشواروں کی تیاری میں حسبِ سابق اکاؤنٹس کے درست اُصولوں کو اختیار کیا گیا ہے اور حسابی اندازوں کی بنیاد معقول اور محتاط ہے۔
ت۔ حسابات کی تیاری میں اُن بین الاقوامی معیاروں کی، جن کا نفاذ پاکستان میں ہو چکا ہے، پیروی کی گئی ہے اور کسی بھی انحراف کو واضح طور پر ظاہر کیا گیا ہے۔
ٹ۔ اندرونی کنٹرول کا نظام بلحاظِ ساخت مکمل ہے اور اِس پر عملدرآمد اور نگرانی موثر ہے۔
ث۔ کمپنی کے چلتے رہنے کی صلاحیت ہر قسم کے شک وشبہ سے بالا ہے۔
ج۔ لسٹنگ ریگولیشنز میں کارپوریٹ کوڈ آف گورنینس کے بہترین طریقوں، پر عملدرآمد میں کوئی قابلِ ذکر انحراف نہیں ہوا ہے۔

چھ سالہ جائزہ:۔

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

بورڈ آف ڈائریکٹرز اور اُس کی کمیٹیاں:۔

سال کے دوران بورڈ کے انتخابات یکم جنوری 2021 سے شروع ہونے والے 3 سال کی نئی مدت کے لیے 28 دسمبر 2020 کو منعقد ہوئے۔ اس انتخاب سے بورڈ میں تین نئے آزاد ڈائریکٹر آئے۔ این آئی ٹی نے جناب سلیم زمیندار کی جگہ جو 6 سال تک بورڈ میں رہے جناب عامر امین کو نامزد کیا۔ مزید جناب فاروق حسن اور جناب سید ندیم علی کاظمی دوسرے آزاد ڈائریکٹر منتخب ہوئے ہیں۔ کمپنی نئے ڈائریکٹرز کی یکساں مثبت شراکت اور تعاون سے فائدہ اٹھانے کی اُمید کرتی ہے۔

بورڈ کی ساخت

ڈائریکٹرز کی کل تعداد 10 ہے جن کی تفصیل درج ذیل ہے:

ا) مرد: 9 ب) خواتین: 1

بورڈ کی ساخت درج ذیل ہے:

اقسام/کیٹگری	نام
انڈیپنڈینٹ ڈائریکٹر/آزاد ڈائریکٹر	جناب فاروق حسن
	جناب عامر امین (این آئی ٹی)
	جناب سید ندیم علی کاظمی
دیگر غیر انتظامی ڈائریکٹرز	جناب منیر نواز
	جناب توقیر نواز
	جناب محمد عثمان خالد
	محترم عابد نواز
خاتون غیر انتظامی ڈائریکٹر	محترمہ سعدیہ محمد
ایگزیکٹیو ڈائریکٹر/انتظامی ڈائریکٹرز	جناب محمد نعیم
	لیفٹیننٹ کرنل (ریٹائر) رشید الدین شمس

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

الف) آڈٹ کمیٹی

- جناب عامر امین (چیئرمین)
- جناب منیر نواز
- جناب توقیر نواز
- جناب محمد عثمان خالد
- جناب عابد نواز

ب) ایچ آر اینڈ ریمونیریشن کمیٹی

- جناب فاروق حسن (چیئرمین)
- جناب منیر نواز
- جناب محمد نعیم
- جناب توقیر نواز
- محترمہ سعدیہ محمد

ڈائریکٹران کے معاوضہ کی پالیسی:۔

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

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

ڈائریکٹرز اور چیف ایگزیکٹیو کو دورانِ سال 2020-2021 دیئے جانے والے معاوضہ کے بارے میں تمام معلومات سالانہ رپورٹ کے نوٹس میں دے دی گئی ہیں۔

حصہ داروں کی تفصیل (پیٹرن آف شیئر زہولڈرز)

مالی سال 30 جون 2021 کے اختتام پر قواعد کے مطابق درکار حصہ داران کی تفصیل منسلک ہے۔

آڈیٹر

بورڈ کی آڈٹ کمیٹی نے موجودہ آڈیٹر میسرز ڈیوسف عادل، چارٹرڈ اکاؤنٹنٹ کی مالی سال 2021-22 میں بطور آڈیٹر تقرری کی سفارش کی ہے۔ بورڈ اس سفارش سے متفق ہے۔

معاشرتی وسماجی ذمہ داریوں

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

حوصلہ افزائی

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

برائے اور از طرف بورڈ آف ڈائریکٹرز

Munir Nawaz / Naeem

کراچی	(ایم۔نعیم)	(منیر شاہنواز)
29 ستمبر 2021	چیف ایگزیکٹیو آفیسر	چیئرمین

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

Clients

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

Suppliers

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

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

Environment& Society

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

Saving natural resources, water and energy.

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

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

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

Employees

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

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

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

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

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

1. The total number of directors are 10 as per the following:
   a) Male: 9
   b) Female: 1

2. The composition of the Board is as follows:

Category	Names
Independent directors	Mr. Farooq Hassan
	Mr. Amir Amin
	Mr. Syed Nadeem Ali Kazmi
Non-executive directors	Mr. Muneer Nawaz
	Mr. Toqueer Nawaz
	Mr. Muhammad Usman Khalid
	Mr. Abid Nawaz
Female non-executive director	Mrs. Sadia Muhammad
Executive directors	Mr. Muhammad Naeem
	Lt. Col(Retd.) Rashiduddin Shams

   The requirement of independent directors is at least two or one-third of members of the Board, whichever is higher. Three independent directors were appointed/elected on the Company's Board and the fraction of 0.33 was not rounded up as one since the Board considers that the three Independent Directors have adequately protected the interests of the miority shareholders.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;

4. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintaned by the Company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board remained fully complaint with the provision with regard to their director's training program. Out of total ten directors of the Company, three have minimum of 14 years of education and 15 year of experience on the board of a listed company and therefore are exempt from director's training program. Six other directors have completed the Director's Training Program from Pakistan Institute of Corporate Governance (PICG). The remaining one director will undertake the Director's Training Program within the stipulated time. Further, the Company is in process to arrange the orientation course in due course.

10. The Board has approved appointment of chief financial officer, Company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board.

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

   a) Audit Committee
   - Mr. Amir Amin (Chairman)
   - Mr. Muneer Nawaz
   - Mr. Toqueer Nawaz
   - Mr. Muhammad Usman Khalid
   - Mr. Abid Nawaz

   b) HR and Remuneration Committee
   - Mr. Farooq Hassan (Chairman)
   - Mr. Muneer Nawaz
   - Mr. Muhammad Naeem
   - Mr. Toqueer Nawaz
   - Mrs. Sadia Muhammad

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

14. The frequency of meetings of the committee were as per following:
   Audit Committee: Four quarterly meetings during the financial year ended June 30, 2021;
   HR and Remuneration Committee: One meeting during the financial year ended June 30, 2021.

15. The Board has outsourced the internal audit function to a firm of Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

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

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

for and on behalf of the Board of Directors

(M. NAEEM)	(MUNEER NAWAZ)
Chief Executive	Chairman

Karachi: September 29, 2021

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Shahtaj Textile Limited** (the Company) for the year ended June 30, 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.

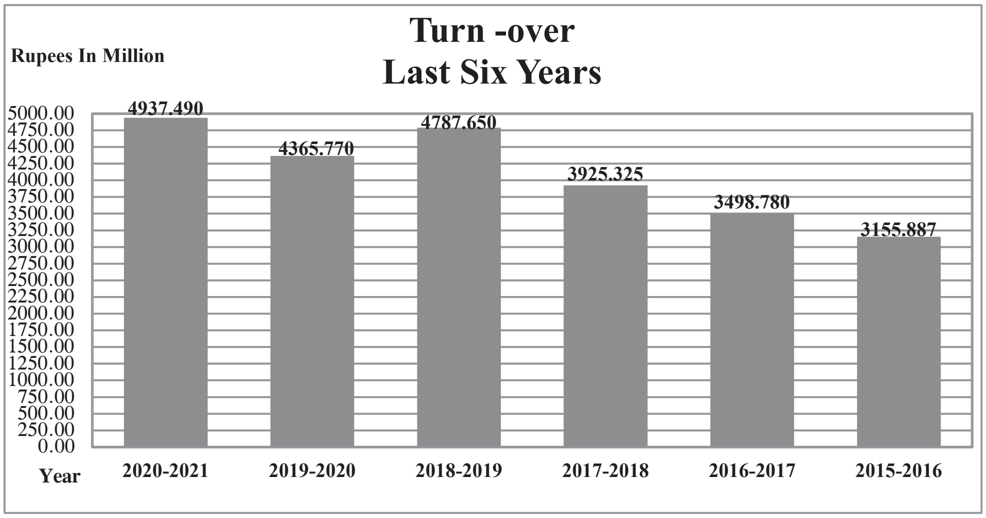
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

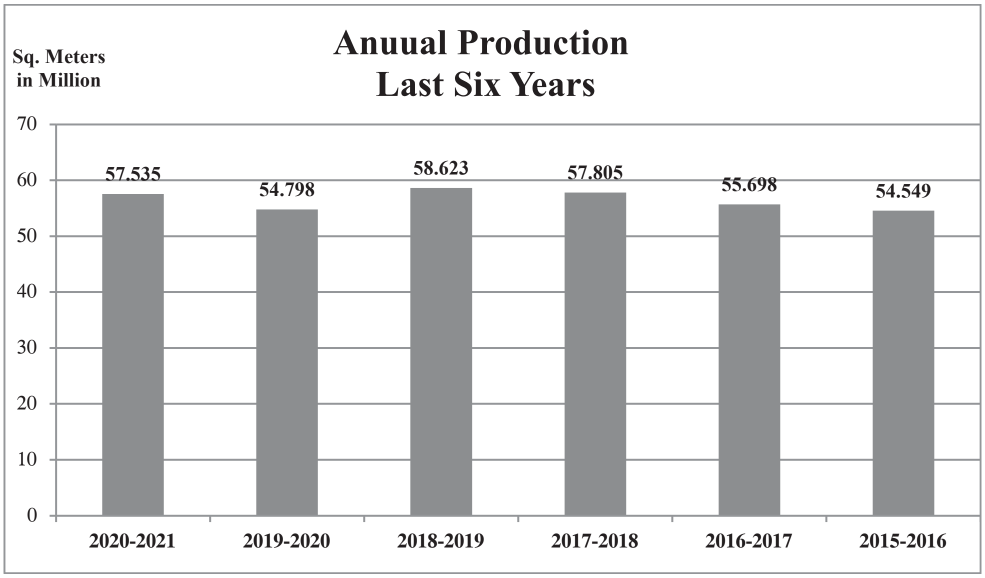
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

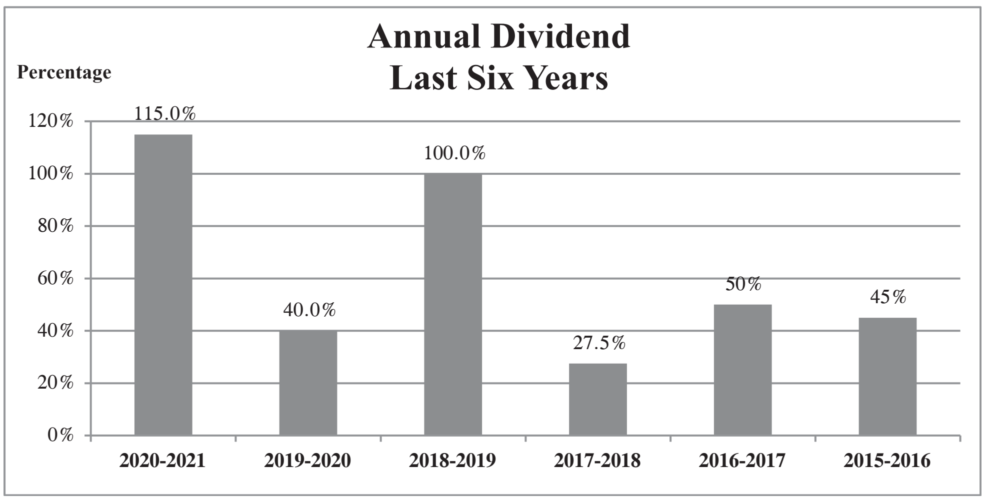
Deloitte Yousuf Adil

Chartered Accountants
Karachi: September 30, 2021

	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
	All figures are in Million Rupees other than where percentages and ratio sign appear.					
Ratios						
PROFIT AND LOSS ACCOUNT						
Net turnover	**4937.494**	4365.769	4787.646	3925.325	3498.781	3155.887
Gross Profit	**550.265**	421.282	448.758	295.817	328.36	325.129
Operating Profit	**334.952**	193.314	338.732	141.135	156.556	159.625
Profit before tax	**287.541**	113.095	251.391	84.598	117.967	116.513
Profit after tax	**216.959**	72.571	188.048	68.100	105.979	98.858
Earning per share (Rs.)	**22.46**	7.51	19.47	7.05	10.97	10.23
Cash dividend	**115%**	40%	100%	27.50%	50%	45%
Dividend payment ratio	**51.2%**	53.2%	51.4%	39%	45.6%	44%
Cash distribution per share in Rupees	**11.50**	4.00	10.00	2.75	5.00	4.50
BALANCE SHEET						
Shareholder funds	**96.600**	96.600	96.600	96.600	96.600	96.600
Reserves	**1228.449**	1037.349	1045.151	875.592	853.589	793.853
Surplus on revaluation of plant & machinery	**258.368**	63.066	75.983	86.947	4.651	5.361
Property plant and equipment	**1409.436**	1152.175	1080.826	1160.648	1014.729	799.161
Long term finance	**569.753**	513.501	338.888	287.398	298.279	82.276
Net current assets / liabilities	**868.866**	636.015	541.391	252.585	320.111	243.724
INVESTOR INFORMATION						
Gross proifit ratio	**11.14%**	9.65%	9.37%	7.54%	9.38%	10.30%
Profit before tax ratio	**5.82%**	2.59%	5.25%	2.16%	3.37%	3.69%
Inventory turnover ratio	**6.32**	6.32	9.04	7.73	8.33	8.86
Fixed asset turnover ratio	**3.50**	3.79	4.43	3.38	3.45	3.95
Return on equity	**13.70%**	6.06%	15.44%	6.42%	11.10%	11.03%
Debt equity ratio	**26:74**	30:70	22:78	21:79	24:76	8:92
Current ratio	**1.83**	1.63	1.44:1	1.20:1	1.45:1	1:43:1
Interest cover ratio	**7.06**	2.41	3.88	2.50	4.06	3.70
STATEMENT OF VALUE ADDITION						
Employees remuneration	**335.083**	317.886	309.365	276.102	266.452	246.061
Government as taxes	**778.615**	699.546	63.342	16.497	11.988	72.302
Shareholders as dividend	**111.09**	38.64	96.60	26.565	48.300	43.470
Retained with in business	**105.87**	33.93	91.448	41.535	57.679	55.388
Financial charges to providers of finance	**47.411**	80.219	87.341	56.537	38.589	43.112


Turn -over
Last Six Years
Rupees In Million
5000.00
4750.00
4500.00
4250.00
4000.00
3750.00
3500.00
3250.00
3000.00
2750.00
2500.00
2250.00
2000.00
1750.00
1500.00
1250.00
1000.00
750.00
500.00
250.00
0.00
4937.490
4365.770
4787.650
3925.325
3498.780
3155.887
Year
2020-2021
2019-2020
2018-2019
2017-2018
2016-2017
2015-2016


Anuual Production
Last Six Years
Sq. Meters
in Million
70
60
50
40
30
20
10
0
57.535
54.798
58.623
57.805
55.698
54.549
2020-2021
2019-2020
2018-2019
2017-2018
2016-2017
2015-2016


Annual Dividend
Last Six Years
Percentage
120%
100%
80%
60%
40%
20%
0%
115.0%
40.0%
100.0%
27.5%
50%
45%
2020-2021
2019-2020
2018-2019
2017-2018
2016-2017
2015-2016

Pattern of shares held by shareholders as at June 30, 2021 is as under:

SERIAL NUMBER	NUMBER OF SHARE HOLDERS	SHARE HOLDINGS			TOTAL SHARES HELD
1	302	1	-	100	12,080
2	154	101	-	500	54,498
3	531	501	-	1000	312,369
4	82	1001	-	5000	170,288
5	15	5001	-	10000	101,935
6	4	10001	-	15000	49,655
7	4	15001	-	20000	75,075
8	1	20001	-	25000	23,000
9	1	25001	-	30000	26,012
10	1	30001	-	35000	30,600
11	2	35001	-	40000	74,225
12	3	40001	-	45000	124193
13	3	45001	-	50000	149,500
14	1	50001	-	55000	54,000
15	1	100001	-	105000	104,543
16	2	110001	-	115000	227,500
17	1	115001	-	120000	118,000
18	1	135001	-	140000	135,200
19	1	145001	-	150000	149,585
20	1	175001	-	180000	177,872
21	1	270001	-	275000	271,584
22	1	285001	-	290000	289,655
23	1	290001	-	295000	294,821
24	1	295001	-	300000	300,000
25	1	305001	-	310000	306,000
26	1	310001	-	315000	311,904
27	1	320001	-	325000	320,964
28	1	345001	-	350000	350,000
29	1	350001	-	355000	352,243
30	1	395001	-	400000	396,750
31	1	475001	-	480000	475,726
32	1	525001	-	530000	529,670
33	1	555001	-	560000	555,200
34	1	750001	-	755000	752,782
35	1	830001	-	835000	832,571
36	1	1145001	-	1150000	1,150,000
	1,127				**9,660,000**

The slabs with nil holding have been ommitted

	SHARE HOLDER'S CATEGORY	Number of Share Held	Percentage of shareholding
(i)	**Directors,Chief Executive Officer, and their spouse(s) and minor childern (name wise details);**		
1	Mr. Muneer Nawaz (Chairman)	832,571	
	Mrs. Abida Muneer Nawaz (Wife)	396,750	
2	Mr. M. Naeem (CEO)	659,743	
	Mrs. Amtul Bari Naeem (Wife)	835,670	
3	Mr. Abid Nawaz	177,872	
4	Lt. Col. (Retd.) Rashiduddin Shams	3,450	
5	Mrs Sadia Muhammad	302,500	
6	Mr. Toqueer Nawaz	374,964	
7	Mr. Muhammad Usman Khalid	330,005	
8	Mr. Farooq Hassan	500	
9	Mr. Syed Nadeem Ali Kazmi	500	
		3,914,525	**40.52%**
(ii)	**Associated Companies, undertaking & related parties (name wise details);**		
	Shahtaj Sugar Mills Limited	1,150,000	
	Shahnawaz (Private) Limited	350,000	
		1,500,000	**15.53%**
(iii)	**NIT and ICP**		
	CDC-Trustee National Investment (Unit) Trust (Represented on Board of Directors)	475,726	
		475,726	**4.92%**
(iv)	**Banks, Development Finance Institutions, Non Banking Fiancial Institution**	**15,342**	**0.16%**
(v)	**Insurance Companies**	-	**-**
(vii)	**Modarabas and Mutual Funds**	-	**-**
(vii)	**General Public**		
	Local	3,694,182	
	Foreign	-	
		3,694,182	**38.24%**
(viii)	**Others**		
	Joint Stock Companies	15,206	
	Provident / Pension Funds and Miscelaneous	45,019	
		60,225	**0.62%**
		9,660,000	**100.00%**

Shareholder holding 10% or more voting rights in the listed company (name wise details);		
Shahtaj Sugar Mills Limited	1,150,000	
	1,150,000	**11.90%**

Opinion

We have audited the annexed financial statements of Shahtaj Textile Limited (the Company), which comprise the statement of financial position as at June 30, 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, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following is the key audit matter:

Key audit matter	How our audit addressed the key audit matter
1. Valuation of stock in trade	
Stock-in-trade has been valued following an accounting policy as stated in note 3.3 and the related value of stock-in-trade is disclosed in note 16 to the financial statements. Stock-in-trade forms material part of the Company's assets comprising of 30.25% of total assets. The valuation of finished goods within stock-in-trade at cost has different components, which includes judgment in relation to the allocation of overheads costs, which are incurred in bringing the finished goods to its present location and condition. Judgments are also involved in determining the net realizable value (estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale) of stock-in-trade items in line with accounting policy. Due to the above factors, we have considered the valuation of stock in trade as key audit matter.	Our key audit procedures to address the valuation of stock-in-trade, included the following: ● We obtained an understanding of mechanism of recording purchases and valuation of stock- in- trade and evaluated their design and implementation; ● We tested on a sample basis purchases with underlying supporting documents; ● We verified the calculations of the actual labor and overhead costs and checked allocation of labor and overhead costs to the finished goods; ● We obtained an understanding of management's process for determining the net realizable value and checked: ● future selling prices by preforming a review of

Key audit matter	How our audit addressed the key audit matter
1. Valuation of stock in trade	
	sales close to and subsequent to the year-end; and ● determination of cost necessary to make the sales. ● We checked the calculations of net realizable value of itemized list of stock-in-trade, on a sample basis and compared the net realizable value with the cost to ensure that valuation of stock-in-trade is in line with the accounting policy.

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

Management is responsible for the other information. The other information comprises the information included in 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 Nadeem Yousuf Adil.

Chartered Accountants

Place: Karachi
Date: September 30, 2021

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 10,000,000 ordinary shares of Rs. 10 each		**100,000,000**	100,000,000
Issued, subscribed and paid-up capital	4	**96,600,000**	96,600,000
Revenue reserves	5	**1,228,449,261**	1,037,349,820
Surplus on revaluation of plant and machinery	5	**258,368,139**	63,066,369
		1,583,417,400	1,197,016,189
LIABILITIES			
Non-current liabilities			
Long-term finance	6	**569,752,661**	513,501,375
Deferred liabilities	7	**158,754,017**	111,170,011
		728,506,678	624,671,386
Current liabilities			
Trade and other payables	8	**628,245,743**	544,510,286
Advance from customers - contract liabilities		**9,442,438**	15,421,800
Unclaimed dividend		**15,154,575**	12,156,285
Interest accrued	9	**9,439,733**	12,594,533
Short-term borrowings	10	**298,240,607**	390,460,673
Current portion of long-term finance	6	**88,283,340**	27,219,458
		1,048,806,436	1,002,363,035
Total equity and liabilities		**3,360,730,514**	2,824,050,610
CONTINGENCIES AND COMMITMENTS	11		

	Note	2021 Rupees	2020 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	12	**1,409,436,223**	1,152,175,286
Long-term loans	13	**513,716**	389,039
Long-term deposits	14	**33,108,482**	33,108,482
		1,443,058,421	1,185,672,807
Current assets			
Stores, spares and loose tools	15	**46,453,308**	44,995,691
Stock-in-trade	16	**1,016,557,575**	690,701,414
Trade debts	17	**647,568,833**	590,579,260
Loans and advances	18	**5,247,482**	4,207,995
Trade deposits and prepayments	19	**2,226,718**	2,414,933
Other receivables	20	**3,417,053**	6,448,505
Taxation - net		**64,883,901**	88,163,737
Sales tax refundable		**80,897,029**	161,619,078
Cash and bank balances	21	**50,420,194**	49,247,190
		1,917,672,093	1,638,377,803
Total assets		**3,360,730,514**	2,824,050,610

The annexed notes from 1 to 44 form an integral part of these financial statements.

(M. Naeem)	(Amir Ahmed)	(Muneer Nawaz)
Chief Executive	Chief Financial Officer	Chairman

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	**2021 Rupees**	2020 Rupees
Sales - net	22	**4,937,493,723**	4,365,769,004
Cost of goods sold	23	**(4,387,228,760)**	(3,944,486,201)
Gross profit		**550,264,963**	421,282,803
Distribution expenses	24	**(69,767,470)**	(68,719,049)
Administrative expenses	25	**(112,948,998)**	(105,806,382)
Other operating expenses	26	**(32,977,951)**	(53,724,498)
Finance cost	27	**(47,410,740)**	(80,219,876)
		(263,105,159)	(308,469,805)
		287,159,804	112,812,998
Other income	28	**381,322**	282,526
Profit before taxation		**287,541,126**	113,095,524
Taxation	29	**(70,581,748)**	(40,524,323)
Profit after taxation		**216,959,378**	72,571,201
Earnings per share - basic and diluted	30	**22.46**	7.51

The annexed notes from 1 to 44 form an integral part of these financial statements.

(M. Naeem) Chief Executive	(Amir Ahmed) Chief Financial Officer	(Muneer Nawaz) Chairman

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

	Note	2021	2020
Profit after taxation		**216,959,378**	72,571,201
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Surplus on revaluation of property, plant & equipment	5.1	**240,032,333**	-
Impact of deferred tax thereon	5.1	**(30,628,126)**	-
		209,404,207	-
(Loss) / gain on remeasurement of defined benefit obligation		**(1,123,874)**	4,433,516
Impact of deferred tax thereon	7.1.4	**143,406**	(544,631)
	7.2	**(980,468)**	3,888,885
Other comprehensive income for the year		**208,423,739**	3,888,885
Total comprehensive income for the year		**425,383,117**	76,460,086

The annexed notes from 1 to 44 form an integral part of these financial statements.

(M. Naeem)	(Amir Ahmed)	(Muneer Nawaz)
Chief Executive	Chief Financial Officer	Chairman

SHAHTAJ TEXTILE

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**287,541,126**	113,095,524
Adjustments for:			
Depreciation	12.2	**123,208,495**	106,326,625
Finance cost	27	**47,410,740**	80,219,876
(Gain) / loss on disposal of property, plant and equipment	28 & 26	**(168,990)**	43,991,040
Provision for leave encashment	8.3	**6,291,468**	5,377,889
Unrealised exchange gain	26.1	**(536,152)**	(228,033)
Provision for gratuity	7.1.3	**19,744,975**	22,437,533
Property, plant and equipment written off	26	**270,582**	-
Stores and spares written off	26	**882,370**	1,351,513
Stock in trade written off	23	**266,941**	252,113
Operating cash flows before movements in working capital		**484,911,555**	372,824,080
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(2,339,987)**	(5,011,367)
Stock-in-trade		**(326,123,102)**	(161,610,442)
Trade debts		**(56,453,421)**	358,555,461
Loans and advances		**(1,039,487)**	(2,388,125)
Trade deposits and prepayments		**188,215**	5,795
Other receivables		**3,031,452**	391,419
Sales tax refundable		**80,722,049**	(27,435,269)
Increase / (decrease) in current liabilities			
Trade and other payables		**83,551,175**	186,652,855
Advance from customers - contract liabilities		**(5,979,362)**	13,596,992
Cash generated from operations		**260,469,087**	735,581,399
Gratuity paid	7.1.1	**(12,040,950)**	(10,940,916)
Leave encashment paid	8.3	**(6,107,186)**	(4,658,580)
Finance cost paid		**(50,565,540)**	(91,249,124)
Income taxes paid		**(39,372,431)**	(65,980,536)
Net cash generated from operating activities		**152,382,980**	562,752,243
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(143,628,391)**	(229,240,030)
Proceeds from disposal of property, plant and equipment		**3,089,700**	7,572,730
Proceeds from disposal of sales tax refund bond		**-**	16,513,562
Long-term loans - net		**(124,677)**	495,834
Net cash used in investing activities		**(140,663,368)**	(204,657,904)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained	6	**154,534,629**	188,537,010
Repayments of long-term finance	6	**(37,219,461)**	(34,216,498)
Dividend paid	31	**(35,641,710)**	(94,629,792)
Net cash generated from financing activities		**81,673,458**	59,690,720
Net increase in cash and cash equivalents		**93,393,070**	417,785,059
Cash and cash equivalents at the beginning of the year		**(341,213,483)**	(758,998,542)
Cash and cash equivalents at the end of the year	32	**(247,820,413)**	(341,213,483)

The annexed notes from 1 to 44 form an integral part of these financial statements.

(M. Naeem)	(Amir Ahmed)	(Muneer Nawaz)
Chief Executive	Chief Financial Officer	Chairman

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

		Revenue reserve		Capital reserve	
	Issued, Subscribed and Paid up Capital	General	Unappropriated profit	Surplus on revaluation of plant and machinery	Total
	(Rupees)				
Balance as at July 01, 2019	96,600,000	745,000,000	300,151,008	75,983,470	1,217,734,478
Total comprehensive income for the year ended June 30, 2020					
Profit after taxation	-	-	72,571,201	-	72,571,201
Other comprehensive income	-	-	3,888,885	-	3,888,885
	-	-	76,460,086	-	76,460,086
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax					
- disposal net of deferred tax	-	-	7,499,728	(7,499,728)	-
- Change in rate of tax	-	-	4,838,998	(4,838,998)	-
Transferred to general reserve	-	-	-	(578,375)	(578,375)
Transactions with owners	-	80,000,000	(80,000,000)	-	-
Final dividend for the year ended June 30, 2019 @ Rs. 10 per share	-	-	(96,600,000)	-	(96,600,000)
Balance as at June 30, 2020	96,600,000	825,000,000	212,349,820	63,066,369	1,197,016,189
Total comprehensive income for the year ended June 30, 2021					
Profit after taxation	-	-	216,959,378	-	216,959,378
Other comprehensive income	-	-	(980,468)	209,404,207	208,423,739
	-	-	215,978,910	209,404,207	425,383,117
Transferred from surplus on revaluation of plant and machinery on account of:					
- incremental depreciation net of deferred tax	-	-	13,259,211	(13,259,211)	-
- disposal net of deferred tax	-	-	501,320	(501,320)	-
- Change in rate of tax	-	-	-	(341,906)	(341,906)
Transferred to general reserve	-	25,000,000	(25,000,000)	-	-
Transactions with owners					
Final dividend for the year ended June 30, 2020 @ Rs. 4 per share	-	-	(38,640,000)	-	(38,640,000)
Balance as at June 30, 2021	**96,600,000**	**850,000,000**	**378,449,261**	**258,368,139**	**1,583,417,400**

The annexed notes from 1 to 44 form an integral part of these financial statements.

(M. Naeem)	(Amir Ahmed)	(Muneer Nawaz)
Chief Executive	Chief Financial Officer	Chairman

1. STATUS AND NATURE OF BUSINESS

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

Following are the geographical locations and addresses of the Company:

Head Office

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

Manufacturing Facility/Plant

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

Registered Office

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

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

- revaluation of plant and machinery; and

- obligation under defined benefit plan at net present value.

2.3 Presentation and functional currency

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

2.4 Accounting estimates and judgements

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

- Provision for gratuity (notes 3.8 and 7.1);
- Provision for taxation and deferred tax (notes 3.5, 7.2 and 29);
- Contingencies and commitments (note 11);
- Useful lives and residual values of property, plant and equipment (notes 3.1 and 12);
- Revaluation of plant and machinery (notes 3.1 and 12);
- Net realizable value of stock in trade (notes 3.3 and 16) and stores, spares and loose tools (notes 3.2 and 15);
- Impairment of financial asset (note 3.6.4); and
- Impairment of non-financial asset (note 3.19).

2.5 Changes in accounting standards and interpretations

2.5.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions
- Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material
- Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform
- Amendments to IFRS 3 ‘Business Combinations’ Amendment in the definition of business

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

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

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

	Effective from accounting period beginning on or after:
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

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

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

a) depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the statement of profit or loss; and

b) an amount equal to incremental depreciation for the year net of deferred tax is transferred from "Surplus on revaluation of plant and machinery" to unappropriated profits through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to unappropriated profit.

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

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

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

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

Capital work-in-progress

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

3.2 Stores, spares and loose tools

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

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

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

Stores general	held over 5 years
Spares	held over 10 years

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

3.3 Stock-in-trade

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

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

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

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

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

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

3.4 Trade debts, loans, deposits and other receivables

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

3.5 Taxation

Current

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

Deferred

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

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

3.6 Financial instruments

3.6.1 Classification of financial assets

The Company classifies its financial assets into following three categories:

At amortized cost (“AC”);
Fair value through other comprehensive income (“FVOCI”); and
Fair value through profit or loss (“FVTPL”).

Financial assets at amortised cost

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

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

2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets at FVOCI

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

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

2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Financial assets at FVTPL

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

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

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

3.6.2 Recognition and initial measurement of financial instruments

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

3.6.3 Subsequent measurement of financial assets

Financial assets at amortised cost

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

Financial assets at FVOCI

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

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

Financial assets at FVTPL

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

3.6.4 Impairment

Impairment of financial assets

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

- Financial assets that are determined to have low credit risk at the reporting date; and

- Other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

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

3.6.5 Classification and measurement of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

3.6.6 Derecognition

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

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

3.6.7 Offsetting of financial assets and liabilities

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

3.7 Cash and cash equivalents

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

3.8 Defined benefit plan - staff gratuity

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

3.9 Compensated absences

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

3.10 Trade and other payables

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

3.11 Provisions

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

3.12 Revenue recognition

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

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

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

3.13 Borrowing costs

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

3.14 Borrowings

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

3.15 Dividend distribution

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

3.16 Foreign currency transactions and translation

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

3.17 Operating segments

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

3.18 Earnings per share

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

3.19 Impairment of non-financial assets

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

3.20 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2021	2020		Note	2021	2020
Number of shares				**Rupees**	Rupees
		Ordinary shares of Rs.10 each fully paid			
8,400,000	8,400,000	In cash		**84,000,000**	84,000,000
1,260,000	1,260,000	As bonus shares	5.1	**12,600,000**	12,600,000
9,660,000	9,660,000			**96,600,000**	96,600,000

4.1 Shahtaj Sugar Mills Limited and Shahnawaz (Private) Limited (associated companies) held 1,150,000 (2020: 1,150,000) and 350,000 (2020: Nil) respectively fully paid ordinary shares of Rs. 10 each at year end.

4.2 Directors held 2,682,105 (2020: 2,682,105) fully paid ordinary shares of Rs. 10 each at year end.

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

5. RESERVES

	Note	2021 Rupees	2020 Rupees
REVENUE RESERVES			
General reserve		**850,000,000**	825,000,000
Unappropriated profit		**378,449,261**	212,349,820
		1,228,449,261	1,037,349,820
CAPITAL RESERVE			
Surplus on revaluation of plant and machinery	5.1	**258,368,139**	63,066,369
		1,486,817,400	1,100,416,189

5.1 Surplus on revaluation of plant and machinery

	2021	2020
Surplus on revaluation of plant and machinery as at July 01,	71,898,743	85,965,433
Impact of revaluation during the year	240,032,333	-
Transfer to unappropriated profit on account of:		
- incremental depreciation (net of deferred taxation)	(13,259,211)	(7,499,728)
- disposal of property, plant and equipment (net of deferred taxation)	(501,320)	(4,838,998)
Related deferred tax liability	(2,012,660)	(1,727,964)
	(15,773,191)	(14,066,690)
Surplus on revaluation of property, plant and equipment as at June 30	296,157,885	71,898,743
Related deferred tax liability on:		
Revaluation as at July 01	(8,832,374)	(9,981,963)
Increase in deferred tax for change in rate of deferred tax	(341,906)	(578,375)
Surplus on revaluation of plant and machinery realized during the year	(30,628,126)	-
- incremental depreciation (net of deferred taxation)	1,939,335	1,050,272
- disposal of property, plant and equipment (net of deferred taxation)	73,325	677,692
	(28,957,372)	1,149,589
	(37,789,746)	(8,832,374)
	258,368,139	63,066,369

	Note	2021 Rupees	2020 Rupees

6. LONG-TERM FINANCE

Secured

	Note	2021 Rupees	2020 Rupees
From banking companies		**658,036,001**	540,720,833
Less: Current portion shown under current liabilities		**(88,283,340)**	(27,219,458)
	6.1	**569,752,661**	513,501,375

6.1 Details and movement are as follows:

	The Bank of Punjab Term Finance*	Bank Alfalah Limited Term Finance 1	Bank Alfalah Limited Term Finance 2	United Bank Limited Term Finance	Faysal Bank Limited Diminishing Musharaka	2021 Total	2020 Total
	(Rupees)						
Balance at July 01	105,311,010	220,811,247	83,226,000	131,372,576	-	540,720,833	386,400,321
Obtained during the year	74,534,634	-	-	-	79,999,995	154,534,629	188,537,010
	179,845,644	220,811,247	83,226,000	131,372,576	79,999,995	695,255,462	574,937,331
Repaid during the year	-	(13,295,438)	-	(13,924,024)	(9,999,999)	(37,219,461)	(34,216,498)
	179,845,644	207,515,809	83,226,000	117,448,552	69,999,996	658,036,001	540,720,833
Payable within one year	-	(31,738,752)	-	(16,544,588)	(40,000,000)	(88,283,340)	(27,219,458)
Balance at June 30	179,845,644	175,777,057	83,226,000	100,903,964	29,999,996	569,752,661	513,501,375
Mark up rate (per annum)	SBP rate + 80 bps (June 2020: 6 month KIBOR +100 bps)	SBP rate + 75 bps (June 2020: SBP rate + 75 bps)	SBP rate + 150 bps (June 2020: 3 month KIBOR +175 bps)	SBP rate + 50 bps (June 2020: SBP rate + 50 bps)	SBP rate + (200 bps - 250 bps) (June 2020: Nil)		
Installment repayable	Bi-annually	Bi-annually	Bi-annually	Quarterly	Quarterly		
Mark up payable	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly		
Loan period	10 years	10 years	10 years	10 years	2.5 years		
Grace period	2 year from last drawn date	2 year from last drawn date	2 year from last drawn date	2 year from last drawn date	6 months from last drawn date		
Sub-note	6.2	6.3 & 6.6	6.3 & 6.6	6.4	6.5		

* These loans were converted to LTFF after SBP approval during the year.

6.2 The loan is secured by way of first pari passu hypothecation charge over present and future fixed assets of the Company (including land, building, plant and machinery) for Rs. 253 million with 25% margin.

6.3 The loan is secured by way of first pari passu charge over fixed assets of the Company (including land, building, plant and machinery) for Rs. 534 million with 25% margin.

6.4 The loan is secured by way of first pari passu charge over plant and machinery of the Company for an amount of Rs. 177 million.

6.5 This represents loan obtained under SBP Islamic Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 80 million. The facility is secured against first pari passu hypothecation and mortgage charge over fixed assets (including land and building) and over stock and book debts for Rs. 133.33 million.

6.6 The Company has entered into a Temporary Economic Refinance Facility (TERF) agreement with a commercial bank, with an approved limit of Rs. 500 million (2020: Nil). The unavailed facility as at year end was Rs. 500 million (2020: Nil). The facility carries mark up of SBP Base Rate + 1.3% (2020: Nil). The tenure of this facility is 10 years including grace period of 2 years. The facility is secured by ranking charge over fixed assets of the Company for Rs. 500 million with 25 % margin, which will be upgraded to first pari passu within 90 days from the date of disbursement.

	Note	2021 Rupees	2020 Rupees
7. DEFERRED LIABILITIES			
Staff gratuity	7.1	**88,375,092**	79,547,193
Deferred taxation	7.2	**70,378,925**	31,622,818
		158,754,017	111,170,011
7.1 Staff gratuity			
Liability recognized in the statement of financial position		**88,375,092**	79,547,193
7.1.1 Movement in liability during the year			
Balance as at July 01		**79,547,193**	72,484,092
Charge for the year	7.1.3	**19,744,975**	22,437,533
Remeasurement loss / (gain) recognized in statement of Comprehensive income	7.1.4	**1,123,874**	(4,433,516)
Payments made during the year		**(12,040,950)**	(10,940,916)
Balance as at June 30		**88,375,092**	79,547,193
7.1.2 Changes in present value of defined benefit obligation			
Present value of defined benefit obligation on July 1		**79,547,193**	72,484,092
Current service cost for the year	7.1.3	**13,495,204**	12,888,090
Interest cost for the year	7.1.3	**6,249,771**	9,549,443
Benefits paid during the year		**(12,040,950)**	(10,940,916)
Actuarial losses / (gains) for the year	7.1.4	**1,123,874**	(4,433,516)
Present value of defined benefit obligation on June 30		**88,375,092**	79,547,193
7.1.3 Expense recognized in statement of profit or loss			
Current service cost		**13,495,204**	12,888,090
Interest cost		**6,249,771**	9,549,443
		19,744,975	22,437,533
7.1.4 Remeasurement losses / (gains) recognized in statement of Comprehensive income			
Actuarial losses / (gains) for the year			
Changes in financial assumptions		**348,672**	(1,271,885)
Experience adjustments		**775,202**	(3,161,631)
		1,123,874	(4,433,516)

7.1.5 The principal assumptions used in the actuarial valuations carried out as of June 30, 2021 and June 30, 2020 using the 'Projected Unit Credit' method, are as follows:

	2021	2020
Discount rate per annum %	**10.0**	8.5
Expected annum rate of increase in future salaries %	**9.0**	7.5
Expected average remaining working lives	**6 years**	7 years
Expected mortality rate	**SLIC (2001-2005)**	SLIC (2001-2005)
	Setback 1 year	Setback 1 year
Expected withdrawal rate	**Age based**	Age based

7.1.6 Sensitivity analysis for actuarial assumptions

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

		2021 Increase / (decrease) in defined benefit obligation	
	Change in assumption	**Increase in assumption Rupees**	**Decrease in assumption Rupees**
Discount rate	1%	(5,401,489)	6,084,766
Salary increase rate	1%	6,270,733	(5,667,686)

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

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

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

Salary risk

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

Mortality / withdrawal risk

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

Longevity risk

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

7.1.8 Expected gratuity expense for the year ending June 30, 2022 is Rs. 22,646,170.

7.1.9 The weighted average duration of the defined benefit obligation for the year ended June 30, 2021 is 6 years (2020: 7 years).

7.2 Deferred taxation	**Opening balance**	**Recognized in statement of profit or loss**	**Recognized in statement of comprehensive income**	**Recognized in surplus on revaluation of assets**	**Closing balance**
Movement for the year ended June 30, 2021	**(Rupees in '000)**				
Deferred tax liabilities on taxable temporary differences arising in respect of:					
- property, plant and equipment	**53,398,284**	**8,445,005**	**-**	**-**	**61,843,289**
- surplus on revaluation of plant and machinery	**8,832,374**	**(2,012,660)**	**30,628,126**	**341,906**	**37,789,746**
	62,230,658	**6,432,345**	**30,628,126**	**341,906**	**99,633,035**
Deferred tax assets on deductible temporary differences arising in respect of:					
- staff gratuity and leave encashment	**(10,492,035)**	**(1,412,755)**	**(143,406)**	**-**	**(12,048,196)**
- provision for doubtful debts	**(10,518,718)**	**(407,240)**	**-**	**-**	**(10,925,958)**
- unadjusted minimum tax u/s 113 (note 7.2.1)	**(9,597,087)**	**3,317,131**	**-**	**-**	**(6,279,956)**
	(30,607,840)	**1,497,136**	**(143,406)**	**-**	**(29,254,110)**
	31,622,818	**7,929,481**	**30,484,720**	**341,906**	**70,378,925**
Movement for the year ended June 30, 2020					
Deferred tax liabilities on taxable temporary differences arising in respect of:					
- property, plant and equipment	**57,234,228**	**(3,835,944)**	**-**	**-**	**53,398,284**
- surplus on revaluation of plant and machinery	**9,981,963**	**(1,727,964)**	**-**	**578,375**	**8,832,374**
	67,216,191	**(5,563,908)**	**-**	**578,375**	**62,230,658**
Deferred tax assets on deductible temporary differences arising in respect of:					
- staff gratuity and leave encashment	**(9,013,738)**	**(2,022,928)**	**544,631**	**-**	**(10,492,035)**
- provision for doubtful debts	**(9,942,622)**	**(576,096)**	**-**	**-**	**(10,518,718)**
- unadjusted minimum tax u/s 113 (note 7.2.1)	**(9,786,160)**	**189,073**	**-**	**-**	**(9,597,087)**
	(28,742,520)	**(2,409,951)**	**544,631**	**-**	**(30,607,840)**
	38,473,671	**(7,973,859)**	**544,631**	**578,375**	**31,622,818**

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

	Note	2021 Rupees	2020 Rupees
8. TRADE AND OTHER PAYABLES			
Creditors		**337,650,756**	351,246,391
Bills payable		**86,456,688**	24,866,848
Accrued liabilities	8.1& 8.2	**151,103,404**	135,653,261
Leave encashment	8.3	**6,046,506**	5,862,224
Due to an associated undertaking	8.4	**1,145,710**	1,556,485
Workers' Profit Participation Fund	8.5	**15,442,595**	6,073,873
Workers' Welfare Fund		**13,306,683**	7,438,497
Retention payable		**1,889,989**	2,215,495
Sales tax payable		**8,859,142**	5,540,454
Others		**6,344,270**	4,056,758
		628,245,743	544,510,286

8.1 This includes the amount payable to Sui Northern Gas Pipelines Limited (SNGPL) in respect of Gas Infrastructure Development Cess (GIDC). The Federal Government issued GIDC Acts in the years 2011, 2014 and 2015. All GIDC Acts have been subject of thorough debate and consideration at Honorable High Courts of the Country as well as the Supreme Court of Pakistan (SCP).

On August 12, 2020, the SCP issued its verdict and held that "the levy imposed under GAS Infrastructure Development Cess Act, 2015 (the Act) is in accordance with the Provisions of the Constitution". The Supreme Court has also held that "the Provisions of Section 8 of the Act, which give retrospective effect to the charge and recovery of GIDC levied from the year 2011 are also declared to be valid being within the legislative competence of the Parliament." However, since the Company is an industrial concern and it did not pass on the burden of GIDC to its consumers prior to the GIDC Act, 2015 (or even thereafter), management believes that the Company is entitled to the exemption under the first proviso to Section 8(2) of the GIDC Act, 2015 from payment of the GIDC levied under the GIDC Act, 2011 and GIDC Ordinance, 2014. As such, arrears due from the Company may only include amounts levied under the GIDC Act, 2015 from the date of its commencement, i.e., May 22, 2015.

Subsequent to the Order passed by the Honorable SCP on August 13, 2020, SNGPL submitted bills to the industry including the Company claiming arrears of first Instalment in deference to the said Judgement of the SCP . As the bills of arrears were calculated for monthly instalment on the basis of entire total payable amount from 2011 to July 2020 by charging Cess on the higher rate of tariff applicable to Captive Connections apart from the fact that the implication of Section 8 of the said Act, 2015 was not taken into consideration whereby it was provided that the industry, which has not collected the Cess from the Customers prior to 2015 shall not be liable to the payment of GIDC for the said period from 2011 to 2015. During the year, a writ petition was filed by All Pakistan Textile Mills Association (APTMA) (where the Company is also a party to the petition) before Honorable High Court at Lahore against imposition of GIDC Act 2015 and the recovery of Cess from December 2011 to May 2015. Further, during the year, SNGPL started billing for GIDC to the Company against which payment is being made by the Company based on the order issued by Honorable Lahore High Court against the aforementioned writ petition. Pursuant to the order, Lahore High Court restrained SNGPL from charging the Cess at the higher tariff rate of Captive Connection and directed to issue revised bill calculated at the rate applicable to industrial connection. Besides, the payment for the period from 2011 to 2015 was also suspended in view of the implication of the said provision of law. Further, the Company made payment which is applicable to industrial consumers and for the difference between the amount charged to industrial consumers and captive power consumers, post-dated cheques are being issued by the Company in favour of SNGPL. For the amount relating to the payment of GIDC based on the actual calculation prior to 2015, the decision was made by the Lahore High Court on June 27, 2021 whereby it has restrained the SNGPL to collect the cess prior to 2015.

Subsequent to the year end, the Company filed an appeal before the Honorable High Court of Sindh on the ground that no burden of GIDC had been passed to its customers / clients and thus the Company is not liable to pay GIDC under GIDC Act 2015. The Court granted stay order against recovery of GIDC payable by the Company till the finalization of matter by Sindh High Court. The matter is currently pending in the Sindh High Court. However, as a matter of abundant caution and without prejudice to the suits filed, the Company has made aggregate provision of Rs. 22.448 million (2020: Rs. 22.915 million) in respect of GIDC up to June 30, 2021

8.2 In June 2017, Oil and Gas Regulatory Authority (OGRA) revised the RLNG tariff retrospectively. Based on retrospective tariff determination, the Company received demand in respect of RLNG tariff arrears. In view of this development, the All Pakistan Textile Mills Association (APTMA) (where the Company is also a party to the petition) filed a law suit in Lahore High Court against charge of RLNG tariff arrears. However, the management on prudent basis has recognized provision of Rs. 27.026 million (2020: Rs. 27.026 million) in this respect, which is included in accrued liabilities.

	Note	**2021 Rupees**	2020 Rupees
8.3 Leave encashment			
Balance as at July 01		**5,862,224**	5,142,915
Provision during the year		**6,291,468**	5,377,889
Paid during the year		**(6,107,186)**	(4,658,580)
Balance as at June 30		**6,046,506**	5,862,224

8.4 This represents payable to Shahnawaz (Private) Limited, a related party, on account of software maintenance charges, computer supplied and office facility charges.

	Note	**2021 Rupees**	2020 Rupees
8.5 Workers' Profit Participation Fund			
Balance as at July 01		**6,073,873**	13,501,117
Interest on funds utilized in the Company's business	27	**344,463**	1,078,983
		6,418,336	14,580,100
Payments made during the year		**(6,418,336)**	(14,580,100)
Allocation for the year	26	**15,442,595**	6,073,873
Balance as at June 30		**15,442,595**	6,073,873

9. INTEREST ACCRUED

Interest accrued on:

	Note	2021 Rupees	2020 Rupees
- Long-term finance		**6,393,869**	4,162,904
- Running finance		**2,676,222**	8,431,629
- Musharaka finance		**369,642**	-
		9,439,733	12,594,533

10. SHORT-TERM BORROWINGS

Banking companies- secured

	Note	2021 Rupees	2020 Rupees
Running finances under markup arrangement	10.1	**188,281,890**	371,988,486
FE-25 loan	10.2	**-**	18,472,187
Musharaka finance	10.3	**109,958,717**	-
		298,240,607	390,460,673

10.1 The Company can avail finance facilities from various banks aggregating to Rs. 970 million (2020: Rs. 1,050 million). The unavailed facilities as at year end were Rs. 782 million (2020: Rs. 678 million). The facilities are secured by hypothecation of stocks and book debts. These are subject to mark-up ranging from 1 to 3 months KIBOR plus 0.35% to 1.25% per annum (2020: KIBOR plus 0.35% to 1.25% per annum).

10.2 This represents FE-25 Loan obtained under sub-limit of facilities mentioned in note 10.1 having mark-up rate of 3% (2020: 3%)

10.3 The Company can avail finance facility under musharakah of Rs. 200 million (2020: Rs 200 million). The unavailed facility as at year end was Rs. 90 million (2020: Rs. 200 million). This finance facility is secured by fixed pari passu hypothecation of stocks and receivables with 25% margin. These are subject to mark-up rate of 1 month KIBOR plus 0.65% per annum (2020: 1 month KIBOR plus 0.8% per annum).

	Note	**2021 Rupees**	2020 Rupees
11. CONTINGENCIES AND COMMITMENTS			
Contingencies			
Guarantees issued by banks on behalf of the Company in favor of Sui Northern Gas Pipelines Limited (SNGPL)		**36,843,000**	36,843,000
Tax contingencies have been disclosed in note 29 to the financial statements.			
11.1 Commitments			
		453,932,847	67,354,150
- Capital expenditure		**205,902,868**	-
- Raw material		**11,892,693**	-
- Spare parts			
12. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		**1,406,597,822**	931,658,960
Capital work in progress		**2,838,401**	220,516,326
		1,409,436,223	1,152,175,286

12.1 Operating fixed assets

	Freehold land	Buildings on freehold land: Mills building	Buildings on freehold land: Labour colony	Buildings on freehold land: Marketing office and others	Plant and machinery *	Furniture and fixtures	Equipment and installations	Computer equipment	Vehicles	Others - arms	Total
	Rupees										
Year ended June 30, 2021											
As at July 01, 2020											
Cost / revalued amount	31,121,190	207,292,198	35,951,499	20,617,154	1,834,839,035	13,282,038	8,471,090	8,165,326	34,309,557	80,470	2,194,129,557
Accumulated depreciation	-	(133,146,385)	(27,459,509)	(10,073,511)	(1,053,750,975)	(6,098,881)	(3,915,188)	(5,791,615)	(22,159,405)	(75,128)	(1,262,470,597)
Net book value	31,121,190	74,145,813	8,491,990	10,543,643	781,088,060	7,183,157	4,555,902	2,373,711	12,150,152	5,342	931,658,960
Additions / transfers from CWIP	-	15,004,009	-	389,533	329,272,000	7,000	243,500	1,011,819	15,378,455	-	361,306,316
Disposals	-	-	-	-	(26,527,142)	-	(170,000)	-	(2,677,355)	-	(29,374,497)
Accumulated depreciation on disposals	-	-	-	-	24,128,388	-	45,764	-	2,279,635	-	26,453,787
Write off	-	-	-	-	-	(311,014)	(675,630)	(1,365,580)	-	-	(2,352,224)
Accumulated depreciation on write off	-	-	-	-	-	231,144	543,589	1,306,909	-	-	2,081,642
Revaluation during the year											
- revalued amount	-	-	-	-	497,116,250	-	-	-	-	-	497,116,250
- accumulated depreciation	-	-	-	-	(257,083,917)	-	-	-	-	-	(257,083,917)
Depreciation charge for the year	-	(8,401,851)	(849,199)	(528,784)	(107,740,094)	(718,171)	(457,717)	(821,181)	(3,690,963)	(535)	(123,208,495)
Closing net book value	31,121,190	80,747,971	7,642,791	10,404,392	1,240,253,545	6,392,116	4,085,408	2,505,678	23,439,924	4,807	1,406,597,822
As at June 30, 2021											
Cost / revalued amount	31,121,190	222,296,207	35,951,499	21,006,687	2,634,700,143	12,978,024	7,868,960	7,811,565	47,010,657	80,470	3,020,825,402
Accumulated depreciation	-	(141,548,236)	(28,308,708)	(10,602,295)	(1,394,446,598)	(6,585,908)	(3,783,552)	(5,305,887)	(23,570,733)	(75,663)	(1,614,227,580)
Net book value	31,121,190	80,747,971	7,642,791	10,404,392	1,240,253,545	6,392,116	4,085,408	2,505,678	23,439,924	4,807	1,406,597,822
Depreciation rate	-	10%	10%	5%	10%	10%	10%	30%	20%	10%	

*** Carried at revalued amount.**

12.1 Operating fixed assets

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

* Carried at revalued amount.

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

Description	Cost / revalued amount	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Relationship of purchaser with Company	Particulars of purchaser
	Rupees							
Plant and machinery	26,527,142	24,128,388	2,398,754	2,215,000	(183,754)	Negotiation	None	**Ms. Professional Engineering** Solutions Khaewait No. 93, Khatoni No. 146, Mouza Marraka, Multan Road Lahore.

12.2 The depreciation charge for the year has been allocated as follows:

	Note	2021 Rupees	2020 Rupees
Cost of goods sold	23	**117,078,304**	100,784,442
Distribution expenses	24	**441,623**	463,184
Administrative expenses	25	**5,688,568**	5,078,999
		123,208,495	106,326,625

12.3 The Company had its plant and machinery revalued by independent valuer M/s Asif Associates (Private) Limited during the year on February 28, 2021 on the basis of depreciated replacement value. The revaluation surplus, net of deferred tax, is recognized in statement of comprehensive income and accumulated in equity under the heading of 'Surplus on revaluation of plant and machinery'. The forced sale value of plant and machinery based on valuation conducted in February 28, 2021 was Rs. 1,026 million.

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

The Company had its plant and machinery revalued by independent valuers M/s Minhas Associates, Projects (Private) Limited, Joseph Lobo (Private) Limited and Asif Associates (Private) Limited in February 2003, March 2008, June 2013, February 2015, February 2018 and February 2021.

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

	2021 Rupees	2020 Rupees
Cost	**1,947,708,163**	1,643,664,372
Accumulated depreciation	**(1,003,612,503)**	(934,481,357)
Written down value	**944,095,660**	709,183,015

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

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

12.6 Capital work in progress

	Vehicles	Civil work	Plant and machinery	Total
	Rupees			
As at July 1, 2019	-	-	2,930,638	2,930,638
Additions	3,233,000	14,165,446	205,438,862	222,837,308
Transferred to operating fixed assets	-	(2,164,630)	(3,086,990)	(5,251,620)
As at June 30, 2020	3,233,000	12,000,816	205,282,510	220,516,326
Additions	**9,580,455**	**3,392,726**	**123,042,409**	**136,015,590**
Transferred to operating fixed assets	**(12,813,455)**	**(15,393,542)**	**(325,486,518)**	**(353,693,515)**
As at June 30, 2021	**-**	**-**	**2,838,401**	**2,838,401**

	Note	2021 Rupees	2020 Rupees
13. LONG-TERM LOANS			
Considered good - secured Loan to employees		**761,984**	925,057
Less: Recoverable within one year shown under current assets	18	**(248,268)**	(536,018)
	13.1 & 13.2	**513,716**	389,039

13.1 Reconciliation of carrying amount of long term loans is as follows:

	2021 Rupees	2020 Rupees
Balance at July 1,	**925,057**	1,212,443
Disbursements during the year	**450,000**	640,000
	1,375,057	1,852,443
Received during the year	**(613,073)**	(927,386)
Balance at June 30,	**761,984**	925,057
Current portion of long term loans	**(248,268)**	(536,018)
	513,716	389,039

13.2 These are non-interest bearing loans given to employees for miscellaneous purposes and are recoverable in 60 equal monthly installments. These loans are secured against gratuity.

	Note	2021 Rupees	2020 Rupees
14. LONG-TERM DEPOSITS			
Security deposits against:			
Utilities	14.1	**33,083,482**	33,083,482
Others		**25,000**	25,000
		33,108,482	33,108,482

14.1 These include deposits to utility companies mainly to Sui Northern Gas Pipelines Limited amounting to Rs. 27.297 (2020: Rs. 27.297) million.

	Note	2021 Rupees	2020 Rupees
15. STORES, SPARES AND LOOSE TOOLS			
Stores		**29,078,455**	25,135,143
Spares		**13,729,979**	16,231,219
Loose tools		**3,644,874**	3,629,329
	23.2	**46,453,308**	44,995,691
Provision made during the year		**882,370**	1,351,513
Written off during the year	26	**(882,370)**	(1,351,513)
		-	-
		46,453,308	44,995,691

	Note	2021 Rupees	2020 Rupees
16. STOCK-IN-TRADE			
Raw and packing materials			
in hand	23.1	**446,271,956**	203,289,097
in transit		**104,712,109**	24,393,193
Work-in-process	23	**95,393,710**	46,464,132
Finished goods, including goods-in-transit	16.1, 16.2 & 23	**370,179,800**	416,554,992
		1,016,557,575	690,701,414
Provision for obsolete raw material			
Provision made during the year	23	**266,941**	252,113
Written off during the year		**(266,941)**	(252,113)
		-	-
		1,016,557,575	690,701,414

16.1 This includes finished goods in transit amounting to Rs. 58.27 million (2020: Rs. 3.96 million).

16.2 This includes items costing Rs. 11.43 million (2020: Rs. 36.84 million) valued at net realizable value of Rs. 3.33 million (2020: Rs. 7.95 million).

	Note	2021 Rupees	2020 Rupees
17. TRADE DEBTS			
Secured - considered good			
Export	17.1 & 17.2	**126,434,343**	80,276,433
Local	17.1	**11,989,495**	-
Unsecured - considered good			
Local	17.3	**509,144,995**	510,302,827
Unsecured - considered doubtful			
Doubtful debts		**85,626,631**	85,626,631
Provision for doubtful debts		**(85,626,631)**	(85,626,631)
		-	-
		647,568,833	590,579,260

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

17.2 The maximum aggregate amount due from Lionsmill General Trading LLC (related party) at the end of any month during the year was Rs. 13.719 million (2020: Rs. Nil) and from FGE LLC (related party) was Rs. Nil (2020: Rs. 14.185 million). However, amount due from these parties at the end of the year is Rs. Nil (2020: Rs. Nil).

17.3 The aging of unimpaired trade debts is disclosed in note 35.4.

	Note	2021 Rupees	2020 Rupees
18. LOANS AND ADVANCES			
Advances - considered good			
Employees		**315,042**	365,841
Suppliers and contractors		**4,684,172**	3,306,136
		4,999,214	3,671,977
Current portion of long-term loans	13	**248,268**	536,018
		5,247,482	4,207,995
19. TRADE DEPOSITS AND PREPAYMENTS			
Trade deposits against container		**187,276**	1,020,914
Prepayments			
Subscription		**1,909,071**	971,728
Insurance		**130,371**	422,291
		2,039,442	1,394,019
		2,226,718	2,414,933
20. OTHER RECEIVABLES -			
Considered good			
Export rebate		**3,357,053**	3,802,133
Other		**60,000**	2,646,372
		3,417,053	6,448,505
21. CASH AND BANK BALANCES			
Cash at bank - current accounts	21.1	**50,047,182**	48,951,178
Cash in hand		**373,012**	296,012
		50,420,194	49,247,190

21.1 Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the State Bank of Pakistan. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the banks, management has assessed that there is no impairment and has not recorded any loss allowances on these balances.

	Note	2021 Rupees	2020 Rupees
22. SALES - NET			
Export	22.1	**819,772,720**	1,187,389,993
Indirect export		**2,097,013,084**	1,595,472,594
Local		**2,762,803,383**	2,269,056,713
		5,679,589,187	5,051,919,300
Export rebate		**212,757**	560,348
Waste sales		**13,135,565**	12,073,023
		5,692,937,509	5,064,552,671
Commission			
- Local		**(29,118,610)**	(14,711,231)
- Export		**(18,289,411)**	(25,050,040)
Sales tax		**(708,035,765)**	(659,022,396)
		(755,443,786)	(698,783,667)
	22.2	**4,937,493,723**	4,365,769,004

22.1 It includes sales made to related parties, i.e., Lionsmill General Trading LLC amounting to Rs. 66.04 million (2020: Rs. Nil) and FGE LLC amounting to Rs. Nil (2020: Rs.17.31 million).

22.2 It includes sales made to three major customers exceeding 46 percent (2020: exceeding 50 percent) of the aggregate net sales during the year, amounting to Rs. 2.28 billion (2020: Rs. 2.32 billion).

	Note	2021 Rupees	2020 Rupees
23. COST OF GOODS SOLD			
Raw and packing materials consumed	23.1	**3,662,398,231**	3,410,534,912
Stores and spares consumed	23.2	**47,108,182**	33,265,337
Manufacturing expenses			
Salaries, wages and benefits	23.3	**219,812,131**	203,893,561
Directors' remuneration	33	**6,347,627**	6,097,640
Fuel and power		**315,812,032**	313,727,488
Repairs and maintenance		**7,980,192**	4,198,774
Insurance		**7,663,596**	7,268,412
Depreciation	12.2	**117,078,304**	100,784,442
Stock in trade written off	16	**266,941**	252,113
Others		**1,609,445**	611,722
		4,386,076,681	4,080,634,401
Work-in-process			
Opening stock		**46,464,132**	66,828,806
Closing stock	16	**(95,393,710)**	(46,464,132)
		(48,929,578)	20,364,674
Cost of goods manufactured		**4,337,147,103**	4,100,999,075
Finished goods			
Opening stock		**416,554,992**	254,854,842
Closing stock	16	**(370,179,800)**	(416,554,992)
		46,375,192	(161,700,150)
		4,383,522,295	3,939,298,925
Outside processing charges		**3,706,465**	5,187,276
		4,387,228,760	3,944,486,201

	Note	2021 Rupees	2020 Rupees
23.1 Raw and packing materials consumed			
Opening stock		**203,289,097**	207,659,437
Purchases		**3,905,381,090**	3,406,164,572
		4,108,670,187	3,613,824,009
Closing stock	16	**(446,271,956)**	(203,289,097)
		3,662,398,231	3,410,534,912
23.1 Raw and packing materials consumed			
Opening stock		**44,995,691**	41,335,837
Purchases		**48,565,799**	36,925,191
		93,561,490	78,261,028
Closing stock	15	**(46,453,308)**	(44,995,691)
		47,108,182	33,265,337

23.3 Salaries, wages and benefits include Rs. 11,587,287 (2020: Rs. 11,834,276) in respect of staff retirement gratuity.

	Note	2021 Rupees	2020 Rupees
24. DISTRIBUTION EXPENSES			
Export related			
Ocean freight		**29,717,079**	19,800,598
Insurance		**552,969**	703,656
Forwarding		**65,610**	92,430
Export duty		**2,123,968**	4,266,906
Entertainment		**-**	9,913
Postage and courier		**60,458**	118,235
Fees and subscription		**83,000**	2,072,400
Travelling and conveyance		**39,086**	3,741,706
Other		**650,165**	478,443
		33,292,335	31,284,287
Local			
Salaries and benefits	24.1	**28,059,338**	29,539,054
Local freight		**3,747,934**	4,122,987
Travelling and conveyance		**591,889**	649,290
Sales promotion		**498,395**	348,829
Marketing office		**2,773,064**	2,169,021
Depreciation	12.2	**441,623**	463,184
Insurance		**45,108**	48,540
Other		**317,784**	93,857
		36,475,135	37,434,762
		69,767,470	68,719,049

24.1 Salaries and benefits include Rs. 3,474,324 (2020: Rs. 4,015,317) in respect of staff retirement gratuity.

	Note	2021 Rupees	2020 Rupees
25. ADMINISTRATIVE EXPENSES			
Salaries and benefits	25.1	**64,074,664**	62,697,021
Director's remuneration	33	**16,790,000**	15,660,000
Travelling and conveyance		**740,802**	1,181,257
Vehicles running and maintenance		**4,855,863**	4,960,407
Telephone and fax		**643,669**	327,389
Postage and courier		**272,005**	174,800
Printing and stationery		**1,676,034**	1,540,479
Computer expenses		**2,278,137**	481,924
Rent, rates and taxes		**2,538,000**	2,844,724
Repairs and maintenance		**642,743**	1,207,033
Insurance		**729,160**	815,995
Auditors' remuneration	25.3	**968,000**	968,000
Legal and professional		**3,179,616**	2,168,310
Advertising		**146,747**	33,150
Entertainment		**341,147**	249,734
Fees and subscription		**3,676,866**	2,284,830
Donations	25.2	**895,000**	250,000
Depreciation	12.2	**5,688,568**	5,078,999
Share registrar services		**236,860**	222,319
Other		**2,575,117**	2,660,011
		112,948,998	105,806,382

25.1 Salaries and benefits include Rs. 4,683,364 (2020: Rs. 6,587,940) in respect of staff retirement gratuity.

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

	Note	2021 Rupees	2020 Rupees
25.3 Auditors' remuneration			
Audit fee		**650,000**	650,000
Half yearly review fee		**125,000**	125,000
Review of statement of compliance and other certifications		**105,000**	105,000
Out of pocket expenses		**88,000**	88,000
		968,000	968,000
26. OTHER OPERATING EXPENSES			
Workers’ Profit Participation Fund	8.5	**15,442,595**	6,073,873
Workers Welfare Fund		**5,868,186**	2,308,072
Property, plant and equipment written off		**270,582**	-
Stores and spares written off	15	**882,370**	1,351,513
Exchange loss	26.1	**10,514,218**	-
Loss on disposal of property, plant and equipment		**-**	43,991,040
		32,977,951	53,724,498

26.1 It includes unrealised gain amounting to Rs. 536,152.

		Note	2021 Rupees	2020 Rupees
27.	**FINANCE COST**			
	Mark-up on:			
	Long-term finance		**19,638,722**	11,919,973
	Running finances under markup arrangement		**22,333,021**	47,966,935
	FE-25 loan		**-**	1,708,462
	Musharaka finance		**1,681,370**	11,835,972
	Discounting charges		**-**	2,489,262
	Interest on Workers' Profit Participation Fund	8.5	**344,463**	1,078,983
	Bank charges and commission		**3,413,164**	3,220,289
			47,410,740	80,219,876
28.	**OTHER INCOME**			
	Reversal on sales tax refund bond		**-**	(13,562)
	Net income from trading	28.1	**212,332**	68,055
	Exchange gain		**-**	228,033
	Gain on disposal of property, plant and equipment		**168,990**	-
			381,322	282,526
28.1	**Net income from trading of raw material**			
	Sales - Local		**1,479,332**	4,484,315
	Cost - Purchases and related expenses		**(1,267,000)**	(4,416,260)
			212,332	68,055
29.	**TAXATION**			`
	Current			
	- for the year		**61,734,195**	53,583,652
	- for prior years		**918,072**	(5,085,470)
			62,652,267	48,498,182
	Deferred		**7,929,481**	(7,973,859)
		29.1	**70,581,748**	40,524,323

	Note	2021 Rupees	2020 Rupees
29.1 Relationship between income tax expense and accounting profit:			
Profit before taxation		**287,541,126**	113,095,524
Tax rate %		**29%**	29%
Tax on accounting profit		**83,386,927**	32,797,702
Effect of income subject to final tax regime		**(15,014,772)**	10,398,078
Effect of income subject to minimum tax		**-**	(189,072)
Effect on deferred tax balances due to change in rate		**104,754**	245,834
Effect of prior year adjustment		**918,072**	(5,085,470)
Effect of deferred tax asset on minimum tax		**-**	189,074
Others		**1,186,767**	2,168,177
Tax charge for the year		**70,581,748**	40,524,323

29.2 The return of income for the tax year 2020, has been filed as per the provision of section 120 of the Income Tax Ordinance, 2001. Under this section when a complete return of income is filed with the Commissioner, it results in deemed assessment of taxable income / loss and tax payable / refundable on the date return is filed.

29.3 The Commissioner Inland Revenue, Zone-III, RTO, Lahore passed amended assessment orders under Section 122 (5A) of the Income Tax Ordinance, 2001 pertaining to the tax years 2010, 2011 and 2013 raising additional demands of Rs. 65.22 million in aggregate. The Company filed appeals against the orders. The Commissioner Inland Revenue (Appeals-III), Lahore has confirmed the orders passed by the Commissioner Inland Revenue. The Company filed rectification applications under Section 221 of the Income Ordinance, 2001 and after allowing certain rectifications the remaining outstanding demand of Rs 46.55 million has been adjusted by tax department against refund available to the Company. The Company has filed appeals for all three years before the Appellate Tribunal Inland Revenue, Lahore. The jurisdiction of these cases has been transferred to LTU Karachi which are pending for hearing. No provision has been made in these financial statements as management, based on the opinion of tax advisor, is confident that the ultimate outcome of these cases will be in favour of the Company.

29.4 The Company received amended assessment order under Section 122 (1) (5) of the Income Tax Ordinance, 2001 pertaining to the tax year 2014 raising additional demand of Rs. 246.972 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals-II), LTU, Karachi wherein the Commissioner Inland Revenue (Appeals-II), Karachi has remanded back the impugned order passed by the assessing officer. No provision has been made in these financial statements as management, based on the opinion of tax advisor, is confident that the ultimate outcome of the case will be in favour of the Company.

30. EARNINGS PER SHARE - BASIC AND DILUTED

		2021	2020
Profit after taxation for the year	**Rupees**	**216,959,378**	72,571,201
Weighted average number of ordinary shares in issue	**Number**	**9,660,000**	9,660,000
Earnings per share - basic and diluted	**Rupees**	**22.46**	7.51

31. CHANGES ARISING FROM FINANCING ACTIVITIES

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

	June 30, 2020	Financing cash inflows	Financing cash outflows	Non cash changes - Transfer current portion	June 30, 2021
	(Rupees in '000)				
Unclaimed dividend	**12,156,285**	**-**	**(35,641,710)**	**38,640,000**	**15,154,575**
	June 30, 2019				June 30, 2020
Unclaimed dividend	10,186,077	-	(94,629,792)	96,600,000	12,156,285

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

	Note	2021 Rupees	2020 Rupees
32. CASH AND CASH EQUIVALENTS			
Short-term borrowings	10	**(298,240,607)**	(390,460,673)
Cash and bank balances	21	**50,420,194**	49,247,190
		(247,820,413)	(341,213,483)

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	2021			2020		
	Chief Executive	**Director**	**Executives**	Chief Executive	Director	Executives
Remuneration	**5,040,000**	**3,048,960**	**16,972,716**	5,040,000	3,048,960	16,325,760
Bonus	**930,000**	**381,100**	**1,916,800**	930,000	381,100	1,830,800
Retirement benefits	**930,000**	**381,100**	**2,121,800**	930,000	381,100	2,040,800
House rent	**2,520,000**	**914,448**	**5,094,348**	2,520,000	914,448	4,898,688
Ex-gratia	**840,000**	**508,160**	**2,692,317**	840,000	508,160	2,581,060
Medical	**1,800,000**	**304,896**	**1,697,268**	1,800,000	304,896	1,632,576
Utilities	**1,800,000**	**304,896**	**1,697,268**	1,800,000	304,896	1,632,576
Performance reward	**-**	**250,000**	**1,180,000**	-	254,080	1,220,580
Leave encashment	**-**	**254,067**	**733,933**	-	-	662,266
	13,860,000	**6,347,627**	**34,106,450**	13,860,000	6,097,640	32,825,106
Number of persons	**1**	**1**	**7**	1	1	7

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

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

33.3 In addition to the above, fee paid to 8 (2020: 6) non-executive directors during the year amounted to Rs. 2,930,000 (2020: Rs. 1,800,000) on account of meeting fee.

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated undertakings, directors and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Remuneration of directors and key management personnel is disclosed in note 33. Balances with related parties have been disclosed in the respective notes to the financial statement as follows:

- Due to associated undertakings under note 8; and

- Shares owned by directors under note 4.2.

Other significant transactions with related parties are as follows:

Relationship with the Company	**% of Shareholding / Other basis of Relationship**	**Name**	**Nature of transactions**	**2021 Rupees**	2020 Rupees
Associated undertakings	3.62% / Common Directorship	Shahnawaz (Private) Limited	Computers, computer supplies and others purchases	740,444	351,265
			Services received for office facility	2,791,664	2,715,000
			Software development charges	1,800,000	-
			Services received for vehicle repair and other computer related	-	304,225
			Services received for miscellaneous	-	40,320
			Dividend paid	1,400,000	-
	11.9% / Common Directorship	Shahtaj Sugar Mills Limited	Dividend paid	4,600,000	11,500,000
	Nil / Common Directorship	Information Systems Associates Limited	Website maintenance	52,800	48,000
Other related parties	Nil / Close family member	FGE LLC	Sale of fabric	-	17,306,919
		Lionsmill General Trading LLC	Sale of fabric	66,040,252	-
Directors			Dividend paid	10,728,420	24,814,790

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

35.1 Financial instruments by category

	2021 Rupees	2020 Rupees
Financial assets as per statement of financial position		
Financial assets at amortized cost		
Long-term loans	**513,716**	389,039
Long-term deposits	**33,108,482**	33,108,482
Trade debts	**647,568,833**	590,579,260
Loans and advances	**248,268**	536,018
Trade deposits	**187,276**	1,020,914
Other receivables	**60,000**	2,646,372
Cash and bank balances	**50,420,194**	49,247,190
	732,106,769	677,527,275

	2021 Rupees	2020 Rupees
Financial liabilities as per statement of financial position		
Financial liabilities at amortized cost		
Long-term financing	**658,036,001**	540,720,833
Trade and other payables	**590,637,323**	525,457,462
Interest accrued	**9,439,733**	12,594,533
Short-term borrowings	**298,240,607**	390,460,673
Unclaimed dividend	**15,154,575**	12,156,285
	1,571,508,239	1,481,389,786

35.2 Financial risk factors

Introduction and overview

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

- market risk
- credit risk
- liquidity risk

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

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

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

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

35.3 Market risk

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

Under market risk the Company is exposed to currency risk and interest rate risk.

(a) Currency risk

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

	June 30, 2021		
	USD	**EURO**	**Total**
	----------Rupees----------		
Trade debts and other receivables	**-**	**126,434,343**	**126,434,343**
Trade and other payables	**(57,961,355)**	**(28,495,333)**	**(86,456,688)**
Advance from customers - contract liabilities	**-**	**(71,714)**	**(71,714)**
Net exposure	**(57,961,355)**	**97,867,296**	**39,905,941**
	June 30, 2020		
Trade debts and other receivables	-	80,276,433	80,276,433
Trade and other payables	(24,336,290)	(530,558)	(24,866,848)
Advance from customers - contract liabilities	-	(1,564,847)	(1,564,847)
Net exposure	(24,336,290)	78,181,028	53,844,738

	Average rate		**Reporting date rate**	
	2021	**2020**	**2021**	**2020**
USD	158.05	167.85	157.80 / 158.30	167.60 / 168.10
Euro	188.42	188.46	188.12 / 188.71	188.19 / 188.72

At June 30, 2021, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollar and Euro with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 4 million (2020: Rs. 5.4 million), mainly as a result of foreign exchange losses / gains on translation of US Dollar and Euro - denominated trade debts and trade payables.

(b) Interest rate risk management

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

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

	Carrying amount	
	2021	2020
	Rupees	Rupees
Variable rate instruments		
Financial liabilities		
- Short term borrowings	**298,240,607**	390,460,673
- Long term finance	**-**	188,537,010
Net financial liabilities at variable interest rates	**298,240,607**	578,997,683

Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the year end would have increased or decreased the profit before tax for the year by Rs. 2.982 million (2020: Rs. 5.799 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2020.

	Interest rate		Carrying amount	
	2021	2020	**2021 Rupees**	2020 Rupees
Fixed rate instruments	----------------%	----------------		
Financial liabilities - long term finances				
	2.75%	2.75%	**207,515,809**	220,811,247
	2.50%	2.50%	**117,448,552**	131,372,576
	2.80%	-	**179,845,644**	-
	3.50%	-	**83,226,000**	-
	2 - 2.50%	-	**69,999,996**	-
Net financial liabilities at fixed interest rates			**658,036,001**	352,183,823

Cash flow sensitivity analysis for fixed rate instrument

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

35.4 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Out of the total financial assets of Rs. 732.106 million (2020: Rs. 677.527 million), the financial assets which are subject to credit risk amounted to Rs. 731.733 million (2020: Rs. 677.231 million).

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

The analysis below summarises the credit quality of the Company's bank balances as at June 30, 2021:

Name	Balances held as at June 30, 2021	Latest available published rating as at June 30, 2021	Rating Agency
Bank balances			
UBL	**69,834**	**AAA**	**VIS**
Bank Al-Falah	**28,466**	**AA+**	**VIS**
Bank of Punjab	**136,855**	**AA**	**PACRA**
Faysal Bank Limited	**119,556**	**AA+**	**VIS**
Habib Bank Limited	**45,231,526**	**AAA**	**VIS**
MCB	**3,716,786**	**AA**	**PACRA**
Habib Metropolitan Bank Limited	**744,159**	**AA+**	**PACRA**

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

Name	Balances held as at June 30, 2020	Latest available published rating as at June 30, 2020	Rating Agency
Bank balances			
UBL	91,030	AAA	VIS
Bank Al-Falah	28,466	AA+	VIS
Bank of Punjab	136,856	AA	PACRA
Meezan	20,397	AA+	VIS
Habib Bank Limited	39,754,133	AAA	VIS
National Bank of Pakistan	8,321,782	AAA	PACRA
Habib Metropolitan Bank Limited	598,514	AA+	PACRA

Credit risk related to trade debts

The Company's main credit exposure is from trade debts. The Company has adopted a policy of only dealing with creditworthy counterparties and majority of the transactions are made through post dated cheques. Further, the Company's credit exposure is continuously monitored and the aggregate value of transactions are spread amongst approved counterparties, and overdue counterparties are pursued efficiently by management for recovery. 21% (2020: 12%) of the credit exposure of the Company at year end is secured against letters of credit or other form of security.

Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate. The major credit exposure of the Company from its top 10 customers is 84% (2020: 98%) of the total trade receivables as at year end.

The Company has the policy to grant credit of 7 days to 120 days to its customers. The exposure of the Company in trade receivables, which are neither overdue nor impaired, is Rs. 536.78 million (2020: Rs. 388.914 million)

Trade debtors, which have crossed their credit days limits, amounting to Rs. 196.415 million (2020: Rs. 287.292 million) for which the Company has provided Rs. 85.627 million (2020: 85.627 million) and the remaining amounts are still considered recoverable.

The aging of such overdue but not impaired trade receivables is as follows:	**2021 Rupees**	2020 Rupees
Less than 1 month	**70,331,516**	185,327,664
1 - 3 months	**38,926,361**	10,474,900
3 - 6 months	**35,074**	3,020,125
6 months - 1 year	**24,773**	591,064
1 - 3 years	**1,470,367**	2,357,209
	110,788,091	201,770,962

The aging of impaired trade receivables is as follows:

Over 3 Years	**85,626,631**	85,626,631

35.5 Liquidity risk management

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and long-term loans. 40.4% of the Company's long-term and short-term debt will mature in less than one year at June 30, 2021 (2020: 44%) based on the carrying value of borrowings as given below. However, the Company has an un-availed aggregated short-term borrowings facilities of Rs. 872 million (2020: Rs. 878 million), which can be utilized to encounter unseen liquidity problems.

35.5.1 Liquidity risk table

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

	2021					
	Long-term finance	**Short-term borrowings**	**Trade and other payables**	Unclaimed Dividend	Interest accrued	Total
	(Rupees)					
With in 1 year	**132,711,580**	**298,240,607**	**590,637,323**	15,154,575	9,439,733	1,046,183,818
1 - 5 years	**535,282,472**	**-**	**-**	-	-	535,282,472
More than 5 years	**132,694,037**	**-**	**-**	-	-	132,694,037
	800,688,089	**298,240,607**	**590,637,323**	15,154,575	9,439,733	1,714,160,327

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

36. FAIR VALUES OF FINANCIAL AND NON-FINANCIAL ASSETS AND LIABILITIES

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

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

b) Fair Value Estimation

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

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

- **Level 3:** Inputs for the asset or liability that are not based on observable market da

There are no transfers between the levels during the year.

36.1 There are no assets or liabilities to classify under above levels except the Company's plant and machinery which are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's plant and machinery carried out as at February 28, 2021, were performed by M/s Asif Associates (Private) Limited (valuer), an independent valuer not related to the Company, using depreciated replacement cost method. The valuer is listed on panel of Pakistan Banks Association and they have appropriate qualification and experience in the fair value measurement of properties, plant and machinery.

Details of the Company's plant and machinery and information about the fair value hierarchy as at end of June 30, 2021 are as follows:

	June 30, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	(Rupees)			
Plant and machinery	**-**	**-**	**1,240,253,545**	1,240,253,545

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Plant and machinery	-	-	781,088,060	781,088,060

37. CAPITAL RISK MANAGEMENT

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

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

	2021 **Rupees**	2020 Rupees
Total borrowings	**956,276,608**	931,181,506
Less: Cash and bank balances	**(50,420,194)**	(49,247,190)
Net debt	**905,856,414**	881,934,316
Total equity	**1,583,417,400**	1,197,016,189
Total capital employed	**2,489,273,814**	2,078,950,505
Gearing ratio	**36%**	42%

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

38. OPERATING SEGMENT

38.1 These financial statements have been prepared on the basis of single reportable segment.

38.2 Revenue from sale of fabric represents 99.97% (2020: 99.89%) of total revenue whereas, remaining represents revenue from trading.

38.3 All non current assets of the Company as at June 30, 2021 are located in Pakistan.

38.4 83.5% (2020: 73%) of sales of fabric are local and indirect export whereas 16.5% (2020: 27%) of sales are export / foreign sales. All sales were made to external customers except one related party to which 1.6% (2020: 0.4%) of sales were made.

38.5 Revenue from three major customers of the Company represents 46% (2020: 53%) of total revenue of the Company.

	Note	2021	2020
39. PLANT CAPACITY AND ACTUAL PRODUCTION			
Number of looms installed		**178**	178
Number of looms worked		**178**	178
100% Plant capacity at 60 picks (Sq. Meters)		**64,626,537**	64,626,537
Actual production converted to 60 picks (Sq. Meters)	39.1	**57,535,319**	54,798,188
Shifts per day (12 hours shift)		**2**	2
Number of days worked during the year		**365**	346

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

	2021	2020
40. NUMBER OF PERSONS EMPLOYED		
Number of employees at June 30	**515**	544
Average number of employees during the year	**530**	552

41. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

In their meeting held on September 29, 2021, the Board of Directors (the Board) of the Company have proposed a final cash dividend for the year ended June 30, 2021 of Rs. 11.5 per share (2020: cash dividend of Rs. 4.0 per share). In addition, the Board has proposed a transfer of Rs. 85,000,000 from Unappropriated Profit to General Reserve (2020: Rs. 25,000,000).

The Financial statements for the year ended June 30, 2021 do not include the effect of the final cash dividend nor the effect of the proposed transfer between reserves which will be accounted for in the financial statements for the year ending June 30, 2022.

42. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged, wherever necessary.

43. DATE OF AUTHORIZATION FOR ISSUE

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

44. GENERAL

44.1 The Novel Coronavirus (Covid-19) pandemic, has caused widespread business disruptions around the world resulting in a negative impact on economic activities, including our business, which is being planned and curtailed accordingly.

To alleviate the negative impact of the COVID-19 pandemic, the Governments and the State Bank of Pakistan have taken measures and issued directives to support businesses, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity in the market. The Company has obtained the salary loan under SBP's Refinance scheme for payment of salaries during the current year.

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

44.2 Figures have been rounded off to the nearest Rupee.

(M. Naeem)	(Amir Ahmed)	(Muneer Nawaz)
Chief Executive	Chief Financial Officer	Chairman

PROXY FORM

Please quote

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

I/We ______________________________ of ______________________________

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

hereby appoint ______________________________ of ______________________________

as my/our proxy to vote for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company to be held on Wednesday, 27th October, 2021 and at any adjournment thereof.

As witnessed given under my/our hand(s) this ______________ day of __________ 2021.

Member's Signature on
Applicable Revenue Stamp

Witness Signature ______________________________

Name: ______________________________

C.N.I.C. No. ______________________________

Notes:

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

SHAHTAJ TEXTILE

پراکسی فارم

درج ذیل پُر کریں

فولیو/CDC اکاؤنٹ نمبر	تعدادحصص

میں مسمّی /مسمّاۃ ____________ ساکن ____________

ضلع ____________ بحیثیت ممبر شاہ تاج ٹیکسٹائل لمٹیڈ، مسمّی / مسماۃ ____________ ساکن ____________

کو بطورمختار(پراکسی) مقرر کرتا / کرتی ہوں تا کہ وہ میری جگہ اورمیری طرف سے کمپنی کے بتیسواں اجلاسِ عام جو بتاریخ 27 اکتوبر 2021ء بروز بدھ منعقد ہو رہا ہے میں اوراس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

مطلوبہ ریوینیوٹکٹ چسپاں کرکے ممبر کے دستخط

دستخط گواہ: ____________

نام: ____________

قومی شناختی کارڈ نمبر: ____________

تاریخ: ____________

نوٹ:

ا۔ مکمل پُرشدہ پراکسی فارم کمپنی کے رجسٹرڈ آفس میں میٹنگ سے 48 گھنٹے قبل جمع کرایا جانا لازمی ہے۔

۲۔ تمام ممبران کے لئے ضروری ہے کہ جس کو پراکسی دیں وہ بھی کمپنی کا ممبر ہو۔

۳۔ کارپوریٹ ممبران کے لئے پراکسی فارم کے ساتھ پراکسی کے حق میں بورڈ آف ڈائریکٹرز کی قرارداد یا پاور آف اٹارنی بمع نمونہ کے دستخط کا جمع کروایا جانا ضروری ہے۔

۴۔ دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی نمونہ کے مطابق ہونے ضروری ہیں۔

۵۔ CDC میں اکاؤنٹ رکھنے والے اور کارپوریٹ ممبران کے لئے مندرجہ بالا کے علاوہ درج ذیل شرائط کو پورا کرنا بھی ضروری ہے:

i۔ پراکسی جس کے حق میں ہو اُس کا شناختی کارڈ یا پاسپورٹ کی ایک تصدیق شدہ نقل پراکسی کے ساتھ لگائی جائے۔

ii۔ پراکسی جس کے حق میں ہو وہ اجلاس میں شریک ہوتے وقت اصل شناختی کارڈ/ پاسپورٹ پیش کرے۔