



Shadab Textile Mills Limited

Manufacturer, Importer & Exporter

Registered Office: A-601/A, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore.
Ph: (042) 35788714-16 Fax: (042) 35788718 E-mail: shadstm@brain.net.pk N.T.N.: 0657824-1

STM/PSX/2019

September 30, 2019

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Subject: **FINANCIAL RESULTS FOR THE YEAR ENDED JUNE 30, 2019**

Dear Sir,

We have to inform you that the Board of Directors of our company in their Meeting held on **September 30, 2019 at 11:30 a.m.** at Registered Office A-601/A, City Towers 6-K Main Boulevard Gulberg-II, Lahore to recommend the following:

CASH DIVIDEND

A Final Cash Dividend for the year ended June 30, 2019 at **Rs.5.20** per share i.e. **52%**.

RIGHT SHARES

The Board has recommended to issue **453.333%** Right Shares of Rs. 10/- each at a price of **Rs. 25/-** per share (**inclusive of premium of Rs. 15/- per share**) in proportion of **453.333** shares for every **100** shares held. These Right shares shall not qualify for the above declared dividend. Detailed papers for Right Issue are being attached herewith separately.

The financial results of the Company are as follows:

	(Rupees in Thousand)	
	<u>June 30</u>	<u>June 30</u>
	<u>2019</u>	<u>2018</u>
Sales-net	2,813,430	2,271,534
Cost of Sales	2,614,441	2,172,226
GROSS PROFIT	198,989	99,308
Administrative and general expenses	68,824	53,852
Selling and distribution expenses	5,831	4,521
	74,655	58,373
OPERATING PROFIT	124,334	40,935
Finance costs	10,183	7,583
Other charges	7,988	2,771
	106,163	30,581
Other Income	2,485	3,852
PROFIT BEFORE TAXATION	108,648	34,433
Taxation	30,603	9,730
PROFIT AFTER TAXATION	78,045	24,703
Basic and diluted earning per share - (Rupees)	26.02	8.23

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The Annual General Meeting of the Company will be held on **October 28, 2019 at 11:00 a.m.** at the Registered Office of the Company at A-601/A, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore.

The above entitlements will be paid to the shareholders whose names will appear in the Register of Members on **October 21, 2019**.

The Share Transfer Books of the Company will be closed from **22-10-2019 to 28-10-2019** (both days inclusive). Transfers received at Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company by the close of business on **October 21, 2019** will be treated in time for the purpose of cash dividend, entitlement of Right issue to the transferees.

The Annual Report of the Company will be transmitted through PUCARS 21 days before holding of Annual General Meeting.

Yours Sincerely,

for **SHADAB TEXTILE MILLS LIMITED**

(Mian Aamir Naseem)

Chief Executive

Copy to:

The Commissioner (Company Law Division)

Securities & Exchange Commission of Pakistan, Islamabad.

The Commissioner (Securities Market Division)

Securities & Exchange Commission of Pakistan, Islamabad.

Chief Executive Officer

Central Depository Company of Pakistan, Karachi.



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STM/PSX/2019

September 30, 2019

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi

Sub: **Declaration of Right Shares**

Dear Sir,

In accordance with the requirements of the applicable provisions of the Securities Act, 2015 and the Rule Book of Pakistan Stock Exchange Limited, we are pleased to inform you that the Board of Directors of **SHADAB TEXTILE MILLS LIMITED** in its meeting held on September 30, 2019 at 11:30 am at Lahore, have decided to issue 453.333 Right Shares for every 100 shares held i.e. 453.333 % at par value of Rs. 10/- per share and Rs.15/- as premium (Rs.25/- per share).

In this respect, the Share Transfer Books of the Company will be closed from **October 22, 2019 to October 28, 2019** (both days inclusive) to determine the entitlement of Right Shares. Transfers received at Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company by the close of business on **October 21, 2019** will be treated in time for the entitlement of Right issue to the transferees.

We also enclose herewith the following information/documents:

- a) Purpose or Justification of right issue, justification of issue at premium, use of proceeds, benefits to the Company & Shareholders and underlying risks, if any and five year financial projection. **(Annexure-A)**
- b) Certified true copy of the Board Resolutions dated September 30, 2019. **(Annexure-B)**
- c) Books closure dates will be considered as mentioned in draft of Notice of Annual General Meeting **(Annexure-C)**.

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- d) A disclosure Form is attached as **(Annexure-D)**.
- e) Statutory Auditors' Certificate towards free reserves per ordinary share of Rs. 10 each as at 30 June 2019.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Sincerely yours,
For Shadab Textile Mills Limited

(Abdul Wahab)
Company Secretary

CC: **The Commissioner (Company Law Division)**
Securities & Exchange Commission of Pakistan, Islamabad.

The Commissioner (Securities Market Division)
Securities & Exchange Commission of Pakistan, Islamabad.

Chief Executive Officer
Central Depository Company of Pakistan, Karachi.



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Annexure 'A'

STATEMENT OF PURPOSE, BENEFITS AND USE OF FUND

QUANTUM AND SIZE OF ISSUE	The right size will be Rs. 136.000 million divided into 13,600,000 ordinary shares of 10/- each.
ISSUE PRICE	The Right Issue offered at Rs. 25/- per share (including premium of Rs. 15/- per share)
PURPOSE OF THE RIGHT ISSUE	To increase the production capacity by adding 384 spindles (Murata Vortex Spun Yarn) and to strengthen the working capital.
BENEFITS TO THE COMPANY	With the completion of above initiatives, the project will become efficient, cost effective and increase profitability and will improve internal cash generation through sale of new product .The balance funding will be done through sponsors loan.
USE OF FUNDS	The proceeds from Right Issue will be utilized for purchase and operational cost of 384 spindles and improving operational efficiencies of the plant.
FINANCIAL PLAN	Right issue of Rs. 340 million and sponsor loan of Rs. 260 million. Capital expenditure of Rs. 570 Million and working capital of Rs. 30 million.

JUSTIFICATION FOR ISSUE OF SHARES AT PREMIUM

The premium charged over the par value is far less than the value of free reserves per share and current share price in the market.

RISK FACTORS ASSOCIATED WITH RIGHT ISSUE

Following are risks which are considered to be associated with right issue, however, they are not to be considered material due to the reasons mentioned against them.

- 1. Investment risk**
Right Issue is being made at premium of Rs.15/- each (Total price Rs. 25/- per share) which is far less than the current share price in the market. Hence, there is no major investment risk associated with the right issue.
- 2. Operational risk**
There is no major operational risk associated with the plant since the desired planning has already been initiated and project shall be completed within schedule period.
- 3. Market / Demand risk**
There is no major market risk associated with yarn because it is a market item and its demand is expected to increase further in the upcoming years due to increase in per capita disposal income and changes in life styles.

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Annexure 'A'

FIVE YEARS FINANCIAL PROJECTIONS

*Note: Five years financial projections of the Company are as follows:

Rupees (in million)	2020	2021	2022	2023	2024
Sales	2,867.63	3,812.12	4,218.20	4,405.47	4,581.76
Net Profit	56.41	168.40	209.88	229.25	259.10
Paid up Capital	30.00	166.00	166.00	166.00	166.00
EPS (Rs)	18.80	10.40	12.64	13.81	15.61

*Note: The financial projections provided herein above reflect considered opinion of the Directors regarding the performance of the business in the current business environment- The Company or its directors do not accept any liability for conclusion drawn or any investment decisions by any person on the basis of the above information.

Mian Aamir Naseem
Chief Executive/Director

Mian Farrukh Naseem
Chairman/Director

Mr. Saad Naseem
Director

Mr. Yasir Naseem
Director

Mr. Hamza Naseem
Director

Mr. Fahad Shafiq
Director

Mrs. Fatima Aamir
Director



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Annexure 'B'

CERTIFIED TRUE COPY OF THE EXTRACT OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF SHADAB TEXTILE MILLS LIMITED IN ITS MEETING HELD ON SEPTEMBER 30, 2019 AT ITS REGISTERED OFFICE.

"**RESOLVED** that in order to raise the equity, the ordinary paid up share capital of SHADAB TEXTILE MILLS LIMITED (the Company) be and is hereby increased from Rs. 30,000,000 to Rs. 166,000,000 by issue of further 13,600,000 ordinary shares to be offered as right shares at par value of 10 and at premium of Rs.15 (Rs. 25/-per share) in ratio of 453.333 right shares for every 100 existing ordinary shares of Rs. 10/- each (i.e. @ 453.333%)."

"**FURTHER RESOLVED** that these right shares be and are hereby offered to the Company's existing ordinary shareholders as provided under section 83 of the Companies Act, 2017 against payment of value of shares to the Company up to the date as per right allotment letters to be issued. These shares shall rank pari passu in all respects with the existing ordinary shares of the company."

RESOLVED FURTHER that quantum and size of Right Issue, issue price, purpose of right issue, justification of issue at premium, benefits to the Company, use of funds, risks associated with the Issue and financial projections for five years be and are hereby approved.

"**FURTHER RESOLVED** that the Company be and is hereby authorized to close its share transfer books for determination of entitlement of right shares from October 22, 2019 to October 28, 2019 (both days inclusive)."

"**FURTHER RESOLVED** that the Chief Executive Officer and / or Company Secretary be and are hereby singly / jointly authorized to announce book closure dates along with publication of the same in newspapers in accordance with relevant regulatory requirements".

"**FURTHER RESOLVED** that the Company Secretary in consultation with the Chief Executive Officer be and is hereby authorized to prepare right issue plan, make any amendment thereon and to obtain approval of the same from Stock Exchange".

"**FURTHER RESOLVED** that the Chief Executive Officer and / or the Chief Financial Officer and / or the Company Secretary be and are hereby authorized singly to take all necessary steps for the finalization and issue of right letter in respect of the said right shares along with filing of related returns / necessary notices with the Companies Registration Officer, Securities & Exchange Commission of Pakistan and Pakistan Stock Exchange Limited as the case may be".

"**FURTHER RESOLVED** that the members are hereby allowed to renounce their right to subscribe any of the shares offered to them in favor of any other person."

"**FURTHER RESOLVED** that the decision to allow the members to renounce their right to subscribe any of the shares offered to them in favor of any other person shall be deemed to be a decision under sub-section (7) of section 83 of the Companies Act, 2017, if the said person decides to subscribe to such shares."

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"**FURTHER RESOLVED** that the Chief Executive Officer, Chief Financial Officer and / or Company Secretary be and are hereby singly / jointly authorized to appoint the Bankers to collect the amount of subscription towards right shares and to open an account with the bankers so appointed."

"**FURTHER RESOLVED** that after finalization of bankers to right Issue, Mr. Aamir Naseem, Chief Executive, Mr. Farrukh Naseem, Mr. Saad Naseem and Mr. Yasir Naseem, directors of the Company are singly authorized to operate the right issue subscription account of the Company and for transfer of proceeds from right subscription account to the Company's account."

"**FURTHER RESOLVED** that the Chief Executive Officer and / or Company Secretary be and are hereby singly / jointly authorized to appoint consultants, if considered necessary."

"**FURTHER RESOLVED** that the Chief Executive Officer and / or Company Secretary be and are hereby singly / jointly authorized to take all necessary actions as required by Central Depository Company of Pakistan Limited ("CDC") including but not limited to induction of the offers for right shares and the right shares in Central Depository System off the ("CDC") and in that connection to sign all requisite applications, undertakings and other documents on behalf of the Company."

"**FURTHER RESOLVED** that the Chief Executive Officer and / or Company Secretary be and are hereby singly / jointly authorized to take all necessary actions as required under the law or otherwise seem necessary or ancillary to the right issue, including but not limited to allotment of shares and filling of return of allotment as required by SECP / Stock Exchange / CDC / or any other authority."

"**FURTHER RESOLVED** that the Chief Executive Officer, any of the Director and Company Secretary be and are hereby jointly authorized to sign the physical share certificates in respect of the Right Issue".

"**FURTHER RESOLVED** that fractional entitlements (if any) will be consolidated in the name of the Chief Executive Officer and sold on the stock exchange. The proceeds of such shares will be distributed to the members in accordance with their entitlements."

"**FURTHER RESOLVED** that unsubscribed shares may be offered and allotted to all or any of the Directors of the Company as the board of directors may deem fit in accordance with the provisions of the section 83(7) of the Companies Act 2019."

Certified to be true copy
For SHADAB TEXTILE MILLS LIMITED

Company Secretary

Draft

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting of the Shareholders of **SHADAB TEXTILE MILLS LIMITED** will be held on **Monday, October 28, 2019 at 11:00 a.m.** at the Registered Office of the Company at A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2019 together with Directors' and Auditors' Reports thereon.
2. To declare and approve the Final Cash Dividend at Rs. _____ per share i.e. _____ % for the year ended June 30, 2019 as recommended by the Board of Directors.
3. To appoint auditors for the year 2019-2020 and fix their remuneration.

OTHER BUSINESS

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

By order of the Board

(Abdul Wahab)

Company Secretary

LAHORE: _____, 2019

NOTES:

1. The Share Transfer Books of the Company will be closed from **22-10-2019 to 28-10-2019** (both days inclusive). Transfers received at Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company by the close of business on **October 21, 2019** will be treated in time for **the purpose of cash dividend, entitlement of Right issue** to the transferees.
2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the time of holding the meeting. A proxy must be a member.
3. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
 - a. **For attending the meeting**
 - i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
 - ii. In case of corporate entity, the Board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

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b. **For Appointing Proxies**

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

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

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

Deduction of Income Tax under section 150 of the Income Tax Ordinance, 2001: As per Finance Act 2019, following rates are prescribed for deduction of withholding tax on payment of cash dividend by the companies:

- Filers of Income Tax return 15%
- Non-Filers of Income Tax Return 30%.

At the time of dividend distribution, the Company, being a withholding agent, would check each shareholder status on the ATL and if the shareholder's name does not appear on the ATL, rate of withholding tax at 30% would be applied. In the instance of a 'filer' withholding tax rate of 15% will be applicable.

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

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

The required information must reach our Share Registrar by the close of business on **October 21, 2019** otherwise it will be assumed that the shares are equally held by Principal Shareholder and joint holders.

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, M/s. Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, upto **October 21, 2019**.

6. **Transmission of Annual Financial Statements through Email:** SECP vide SRO 787(1)/2014 dated September 8, 2014 has provided an option to receive audited financial statements electronically through email, those shareholders who are interested in receiving the annual reports electronically in future are required to submit their e-mail address at Registered Office of the Company on a standard request form which is available on Company's website: www.shadabtextile.com.
- a) In compliance with SECP notification No. 634(1)/2014 dated July 10, 2014, the audited financial statements of the Company for the year ended June 30, 2019 are being placed on the Company's website: www.shadabtextile.com.
- b) In accordance with SRO 470(1)/2016 dated May 31, 2016 SECP has allowed the Companies to circulate that annual audited financial statements to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses. The Company has obtained shareholders' approval in its 39th Annual General Meeting held on October 27, 2018. Accordingly, the Annual report of the Company for the year ended June 30, 2019 is being dispatched to the shareholders through CD/DVD. However, if any shareholder, in addition, desires to get the hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven working days of receipt of such request.
- c) **Unclaimed Dividend/Shares:** Shareholders who could not collect their dividend/physical shares are advised to contact at registered office of the company to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017 after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.
9. **Submission of Copies of Valid CNICs:** Shareholders are requested to submit copy of their valid CNIC mentioning company name & Folio Number at our Share Registrar's address for compliance of SECP SRO No. 831(1)/2012. In case of non-receipt of copy of valid CNIC, the company may be constrained to withhold dispatch of dividend warrants.
10. **Request of Video Conference Facility:** Members can also avail Video Conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard please fill the following and submit to the registered address of the company within ten (10) days before holding of general meeting.
- I/We. _____ of _____ being a member of **SHADAB TEXTILE MILLS LIMITED**, holder of _____ Ordinary Shares as per Registered Folio No./CDC A/C No. _____ hereby opt for Video conference Facility at _____.
- _____
Signature of members
11. **Change of Address:** Shareholders are requested to immediately notify the change of address, if any to Share Registrar of the Company.

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DISCLOSURE FORM IN TERMS OF SECTIONS 96 AND 131 OF THE SECURITIES ACT, 2015

Name of the Company: SHADAB TEXTILE MILLS LIMITED

Date of Report: September 30, 2019

Name of Company as specified in its Memorandum: Shadab Textile Mills Limited

Company's Registered Office: A-601/A, City Towers,
6-K, Main Boulevard, Gulberg-II,
Lahore.

Contact Information: Ph: 042-35788714-16
Fax: 042-35788718
E-mail: shadstm@brain.net.pk

Please mark the appropriate box below:

Disclosure of inside information by listed company

Public disclosure of inside information, which directly concerns the listed securities:

In accordance with the requirements of the applicable provisions of the Securities Act, 2015 and the Rule Book of Pakistan Stock Exchange Limited, we are pleased to inform you that the Board of Directors of **SHADAB TEXTILE MILLS LIMITED** in its meeting held on September 30, 2019 at 11:30 a.m at Lahore, have decided to issue 453.333 Right Shares for every 100 shares held i.e. 453.333 % at par value of Rs.10/- and premium of Rs.15/- per share.

The share transfer books of the Company will be closed from October 22, 2019 to October 28, 2019 (both days inclusive) to determine the entitlement of Right Shares.

Transfers received at Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company at the close of business on **October 21, 2019** will be treated in time for the purpose of entitlement of Right Shares to the transferees.

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We also enclose herewith the following information/documents:

- a) Financial plan including purpose, benefits and use of the funds from right issue along with risk factors associated with the issue. **(Annexure-A)**
- b) A certified true copy of the board resolutions. **(Annexure-B)**
- c) Books closure dates will be considered as mentioned in draft of Notice of Annual General Meeting. Draft of AGM Notice prior to its being published in newspapers in compliance with rule 5.6.4(b) of the PSX Rule Book. **(Annexure-C)**.

SIGNATURES

In case of company pursuant to the requirements of the securities Exchange Ordinance 1969 (XVII), the Company has duly caused this form / statement to be signed / on its behalf by the undersigned hereunto duly authorized.

Yours Sincerely,
For **SHADAB TEXTILE MILLS LIMITED**

Company Secretary

Dated: September 30, 2019

THE BOARD OF DIRECTORS,
SHADAB TEXTILE MILLS LIMITED
601/A, 6KM, GULBERG-II
LAHORE.

DATED: 30 SEPTEMBER 2019

Gentlemen

Shadab Textile Mills Limited ("the Company")

Factual Findings Report with respect to the free reserves per share of the Company as at 30 June 2019

We have performed the procedures agreed with you vide our engagement letter No. STML/RI/121/2019 dated: 30 September 2019 with respect to the free reserve value per share of the Company as at 30 June 2019. Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) – 4400 "Engagements to perform Agreed Upon Procedures Regarding Financial Information" applicable to agreed – upon procedures engagements.

As mentioned in our above referred engagement letter, we were requested to provide our factual findings report related to the free reserves per share of the Company as at 30 June 2019 calculated in accordance with the requirements of regulation 3, clause 2 of Companies (further issue of shares) Regulations, 2018 based on our agreed upon procedures. The procedures that we have performed were solely to assist you in evaluating the free reserves per share calculated by the management of the Company as at 30 June 2019 and are summarized as follows:

1. Compared the number of issued, subscribed and paid up shares of the Company as mentioned in Annexure 'A' with the audited financial statements of the Company for the year ended 30 June 2019;
2. Compared the amount of Un-Appropriated profit and General reserve of the Company as mentioned in the Annexure 'A' with the audited financial statements of the Company for the year ended 30 June 2019; and
3. Recalculated the free reserves per share as mentioned in Annexure 'A'.

We report our findings below:

- a) With respect to item 1, we found the number of issued, subscribed and paid up shares of the Company as mentioned in Annexure 'A' to be in agreement with the audited financial statements of the Company for the year ended 30 June 2019.



147-SHADMAN-1,
LAHORE-54000 (PAKISTAN)



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www.fmc.com.pk

FAZAL MAHMOOD & COMPANY

CHARTERED ACCOUNTANTS

A Member firm of IAPA International



- b) With respect to item 2, we found that the amount of Un-Appropriated profit and General reserve of the Company as mentioned in the Annexure 'A' to be in agreement with the audited financial statements of the Company for the year ended 30 June 2019.
- c) With respect to item 3, we found no exception in the calculation of free reserves per share of the Company as mentioned in Annexure 'A'.

Because the above procedures do not constitute either an audit or a review made in accordance with the International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance thereon.

Had we performed additional procedures or had we performed an audit or review of financial statements of the Company in accordance with the International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attentions that would have been reported to you.

The management of the Company is responsible for sufficiency and appropriateness of the agreed procedures for their purposes and we accept no responsibility with respect to the sufficiency and appropriateness of such procedures. Further, we have no obligation to perform any procedure beyond those agreed.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for anyother purpose or to be distributed to any other parties other than the Company and the Securities and Exchange Commission of Pakistan. This report relates only to the item specified above and does not extend to any financial statement of the Company, taken as a whole.

It has been assumed that all information and representation provided to us by the management of the Company are genuine without any omission.

Yours sincerely,

Fazal Mahmood & Co.

Fazal Mahmood & Co

Chartered Accountants



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Shadab Textile Mills Limited

Manufacturer, Importer & Exporter

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Annexure 'A'

Free reserves per ordinary share of Rs. 10 each as at 30 June 2019

Based on audited financial statements for the year ended June 30, 2019, we would like to furnish the statement for calculation of free reserves per ordinary shares of Rs. 10 each of the company as follows:-

	Audited Rupees
Unappropriated Profit & General Reserve	459,354,000
Less:	
Contingencies & Commitments	(64,983,000)
Free Reserves Prior to Right Share Issue	<u>394,371,000</u>
Issued, Subscribed & Paid Up Capital as at 30th June 2019 3,000,000/- at Rs. 10 Each	30,000,000
Free Reserves per Ordinary Share of Rs. 10 each of the company prior to the Right Issue	131.46

For Shadab Textile Mills Limited

Chief Executive Officer

September 30, 2019



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