



ANNUAL
REPORT
2022



Shahzad Textile Mills Limited



Certificate PK05/00526

The management system of Shahzad Textile Mills Limited

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



has been assessed and certified as meeting the requirements of

ISO 9001:2015

For the following activities

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

This certificate is valid from 10 October 2020 until 15 August 2023 and remains valid subject to satisfactory surveillance audits. Recertification audit due a minimum of 60 days before the expiration date. Issue 1. Certified since 16 August 2005



The audit leading to this certificate commenced on 04 September 2020
Previous issue certificate validity date was until 15 August 2020

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

Authorised by



0005

SGS United Kingdom Ltd
Rossmore Business Park Ellesmere Port Cheshire CH65 3EN UK
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Page 1 of 2



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Certificate PK05/00526, continued

Shahzad Textile Mills Limited

ISO 9001:2015

Issue 1



Detailed scope

The scope of registration appears on page 1 of this certificate.

Additional facilities

Site 01: 34th km, Sheikhpura Road, Sheikhpura, Pakistan.

Site 02: 7km, Sheikhpura-Faisalabad Road, Sheikhpura, Pakistan.



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
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


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COMPANY INFORMATION

Board of Directors

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

Chief Financial Officer

Mr. Nabeel Naveed

Company Secretary

Syed Imran Haider

Auditors

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Audit Committee

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

Human Resources &**Remuneration Committee**

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

Bankers

Habib Metropolitan Bank Ltd
JS Bank Limited
Meezan Bank Limited

Share Registrar

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

Registered Office

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

Mills

Unit # 1, 4 & Socks Hosiery Unit
34th KM Lahore Sheikhpura
Road, Sheikhpura.

Unit # 2

7th KM Sheikhpura Faisalabad
Road, Sheikhpura.

VISION STATEMENT

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

MISSION STATEMENT

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

CODE OF CONDUCT

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

1. Conflict of interest

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

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

2. Confidentiality

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

3. Kickbacks

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

4. Proper Books of Account

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

5. Relationship with government officials suppliers, agents etc.

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

6. Health and Safety

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

7. Environment

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

8. Alcohol, Drugs

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

9. Coordination among staff members to maintain discipline

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

10. Workplace harassment

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

SIX YEARS FINANCIAL SUMMARY

	2022	2021	2020	2019	2018	2017
	--- (Rupees in thousand) ---					
Sales	9,382,850	6,927,057	4,315,237	6,105,230	5,464,278	4,511,169
Gross Profit	1,074,383	729,399	322,054	525,898	267,586	242,998
Profit/(Loss) before taxation	598,787	438,760	62,568	188,593	101,183	64,031
Provision for tax	(221,323)	(133,106)	(16,966)	(57,867)	(28,984)	(29,316)
Profit/(Loss) after taxation	377,464	305,654	45,602	130,726	72,200	34,715
Total Assets	5,306,707	4,648,956	4,011,775	3,659,893	3,430,522	2,908,801
Current liabilities	1,308,453	1,169,234	968,118	836,690	969,147	764,960
	3,998,254	3,479,722	3,043,657	2,823,203	2,461,375	2,143,841
Represented By :						
Equity & Surplus	3,143,683	2,790,450	2,347,849	2,223,856	2,113,308	1,752,012
Long Term Loans & leases	351,053	267,150	336,280	323,871	58,036	98,777
Deferred Liabilities	503,518	422,123	359,528	275,476	290,030	293,053
	3,998,254	3,479,722	3,043,657	2,823,203	2,461,375	2,143,841

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

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

Year Ending: **June 30, 2022**

Shahzad Textile Mills Limited ("the Company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

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

- a) Male: 06
- b) Female: 01

2. The composition of the Board is as follows:

CATEGORY	NAMES
Independent Directors*	Syed Raza Ali Bokhari Dr. Ali Raza Khan
Executive Directors	Mr. Imran Aslam Mr. Danish Aslam
Non-Executive Directors	Mian Parvez Aslam Mr. Irfan Aslam Mrs. Nazish Imran
Female Director	Mrs. Nazish Imran

*The Board comprised of minimum number of members which is seven (7) hence it fulfills the requirement of minimum two (2) independent directors and the fraction (0.33) for independent directors has not been rounded up as one. Further, the existing independent directors have the requisite skills and knowledge to take independent decisions;

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

12. The Board has formed committees comprising of members given below:
- a) **Audit Committee:**
- | | |
|-----------------------|----------|
| Syed Raza Ali Bokhari | Chairman |
| Mian Parvez Aslam | Member |
| Mr. Irfan Aslam | Member |
- b) **HR & Remuneration Committee**
- | | |
|-------------------|----------|
| Dr. Ali Raza Khan | Chairman |
| Mr. Danish Aslam | Member |
| Mrs. Nazish Imran | Member |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/ yearly) of the committee were as per following,-
- a) Audit Committee (1st quarter: 1 2nd quarter: 1 3rd quarter: 1 4th quarter: 3)
- b) HR and Remuneration Committee (3 meetings in financial year)
15. The Board has set up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanation for Non-Compliance with requirements, other than Regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below;

Sr. No.	Reg. Ref.	Requirement	Future course of Action
1	19	By June 30, 2022, all directors shall acquire certification under Directors' Training Program.	The Board shall take steps to arrange Directors' Training Certification for the remaining four directors by June 30, 2023.



CHAIRMAN



CHIEF EXECUTIVE

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Shahzad Textile Mills Limited (the Company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

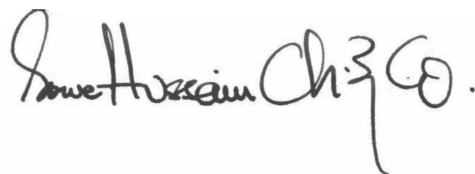
The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

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

Sr. No.	Paragraph Reference	Description
1	19	Four Directors out of Seven have not acquired the prescribed certification under the Directors' Training Program as required under clause 19 of the Regulations.

Lahore
Dated: October 05, 2022
UDIN: CR202210051oCUJAV9gi



CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 44th Annual General Meeting (“AGM”) of the Shareholders of **SHAHZAD TEXTILE MILLS LIMITED** (the “Company”) will be held at Company’s Registered Office, 19-A, Off Zafar Ali Road, Gulberg -V, Lahore on Friday, October 28, 2022 at 11:30 a.m. and via video link to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt Annual Audited Financial Statements of the Company for the year ended June 30, 2022, together with the Chairman’s Review Report, Directors’ and Auditors’ Report thereon.
2. To appoint Company’s auditors and to fix their remuneration. The members are hereby notified that the Audit Committee and the Board of directors have recommended the name of retiring auditors M/s Crowe Hussain Chaudhury & Co. Chartered Accountants for appointment as auditors of the Company.

SPECIAL BUSINESS

3. To ratify and approve transactions carried out with Related Parties during the financial year ended June 30, 2022, under the authority of the special resolution passed in the last annual general meeting held on October 28, 2021 and to authorize the Chief Executive of the Company to approve all transactions with Related Parties carried out and to be carried out in the ordinary course of business during the financial year ending June 30, 2023 and till the date of next Annual General Meeting, and to further authorize him to take any and all necessary steps and to sign/execute any and all such documents/annexures on behalf of the Company as may be required and to pass the resolutions as proposed in the statement of material facts as special resolutions..

Statement of material facts along with draft Special Resolutions are attached to this Notice.

By order of the Board



(SYED IMRAN HAIDER)
Company Secretary

Place: Lahore
Dated: October 05, 2022

NOTES:

1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from October 19, 2022 to October 28, 2022 (both days inclusive). Transfers received in order at Company’s Independent Share Registrar’s Office, Hameed Majeed Associates (Pvt) Limited, H.M. House, 7-Bank Square, Lahore by the close of business on October 18, 2022 will be treated in time for the purpose of attending speaking and voting at the annual general meeting.

2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her and a proxy so appointed shall have the same rights, as respects attending, speaking and voting at the AGM as are available to the members. A Proxy must be a member of the Company.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting. Proxy Forms, in English and Urdu languages, have been dispatched to the members along with the notice of AGM.
4. Members who have deposited their shares into Central Depository Company of Pakistan Limited (“CDC”) will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For attending the Meeting

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

B. For Appointing Proxies

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

5. Change of Address

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

6. CNIC/IBAN for E-Dividend Payment

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

7. Zakat Declarations:

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

8. Circulations of Annual Reports through E-mail

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

9. Tax Deductions from Filers and Non-Filers

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

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

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

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

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

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

10. Placement of Financial Statements

The Company has placed the Notice of AGM and Audited Annual Financial Statements for the year ended June 30, 2022 along with Auditors, Directors and Chairman's Reports thereon on its website: www.shahzadtex.com

11. Unclaimed Dividend and Bonus Shares

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

12. Online Participation in the Annual General Meeting:

As per instructions of Securities and Exchange Commission of Pakistan, the Company has arranged video link facility for online participation of members in the AGM. The meeting can be attended using smart phones/tablets/computers. To attend the meeting through video link, the members are requested to register themselves by providing the following information along with valid copy of CNIC / passport/ certified copy of board resolution/power of attorney in case of corporate shareholders with the subject "Registration for Shahzad Textile Mills Limited AGM" through email corporate@shaheencotton.com on or before 26th October 2022.

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

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

13. Deposit of Physical Shares in CDC account

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book entry form in a manner as may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017.

The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange.

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

This statement sets out the material facts concerning special business to be transacted at the Annual General Meeting of the Company to be held on October 28, 2022.

Ratification / approval of Related Party Transactions

The Company carried out transactions with its related parties in the ordinary course of business at arms' length basis in accordance with the Policy of related party transactions approved by the Board of Directors as disclosed in Note No. 37 of the audited financial statements for the year ended June 30, 2022 and under the authority of special resolution of the members as approved by them in the last annual general meeting held on October 28, 2021. All the related party transactions summarized below were presented before the Board of Directors for their review and consideration as recommended by the Audit Committee on quarterly basis.

Name of Related Party	Nature of Interested Directors	Nature of Relationship	Description of Transaction	Pricing Policy	Amount (Rs.)
Sargodha Jute Mills Limited	Mr. Imran Aslam Mr. Irfan Aslam Mian Parvez Aslam Mr. Danish Aslam Mrs. Nazish Imran	Director Chief Executive Director Director Director	Purchase, Sales & Rental Income	Arms length basis	1,992,025
Mr. Imran Aslam	Mr. Imran Aslam Mr. Irfan Aslam Mrs. Nazish Imran Mr. Danish Aslam Mian Parvez Aslam	Director	Loan	Interest Free Loan	50,000,000

“Resolved that following transactions carried out in the ordinary course of business at arm's length basis with the related parties, in accordance with the Policy of related party transactions approved by the Board of Directors of Shahzad Textile Mills Limited, during the financial year ended June 30, 2022 be and are hereby ratified, approved and confirmed.

Name of Related Party	Description of Transaction	Amount (Rs.)
Sargodha Jute Mills Ltd	Purchase, Sales & Rental Income	1,992,025
Mr. Imran Aslam	Loan	50,000,000

Authorization to the Company to transact with certain related parties

The Company will continue to carry out transactions with its Related Parties in its ordinary course of business at arm's length basis during the financial year ending June 30, 2023 and till the date of next annual general meeting.

The majority of directors will be interested in the transactions with related parties, therefore, such related party transactions need approval of the members under the provisions of the Companies Act, 2017. Accordingly, these transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

The following resolutions are proposed to be passed as Special Resolutions with or without modification:

“Resolved that the Shahzad Textile Mills Limited (the Company) be and is hereby authorized to carry out the transactions with its Related Parties as and when required in the ordinary course of business at arm's length basis during the year ending June 30, 2023 and till the next Annual General Meeting, without any limitation on the amounts of the transactions.

Further Resolved that Chief Executive / Company Secretary of the Company be and is hereby authorized to undertake the transaction and take all necessary steps and to sign/execute any purchase order/document /Agreement on behalf of the Company as may be required and to authorize any other officer of the Company to do so in order to implement the aforesaid Resolution(s).”

The Directors are interested in this business as disclosed hereinabove.

CHAIRMAN'S REVIEW REPORT**For the year ended June 30, 2022**

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

The board of directors is responsible for the management of the company, which formulates all significant policies and strategies. The board is governed by relevant law and regulations and its obligation, rights, responsibilities and duties are as specified and prescribed therein. The Board of Directors comprises of individuals with diversified knowledge who endeavor to contribute towards the aim of the Company with the best of their abilities.

The Board has carried out a review of its effectiveness and performance, which is satisfactory. The Board evaluation during the year 2022 robustly considered all aspects of the Board including the performance of individual Directors, and the Board as a whole. I appreciate the key role played by the Audit Committee in directing the management towards areas of improvements and recommending effective solutions. The Non-Executive and Independent Directors are equally involved in important decision of the company made by the board. I am pleased to report that Board overall performance remained satisfactory for year 2022.

The Company has developed a mechanism for the evaluation of performance of the Board of Directors and its Committees. During the year, a self –evaluation was carried out, as required. The purpose of this evaluations 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, 2022. The board's overall performance and effectiveness has been assessed 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, monitor financial resource management, effective fiscal oversight, equitable treatment of all employees and efficiency in carrying out the Board's business.

I wish to acknowledge the contribution of our employees, financial institutions, customers and stakeholders for their confidence and support extended to us.

Lahore:

Dated: October 05, 2022



MIAN PARVEZ ASLAM
Chairman

DIRECTORS' REPORT

The directors of your Company feel honor to present before you the 44th Directors Report and the performance review together with the audit report and the financial statement of the company as at June 30, 2022.

The Directors' Report has been prepared in accordance with the section 227 of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 and will be submitted to the shareholders at the forty-fourth Annual General Meeting of the Company to be held on October 28, 2022.

The financial performance of your Company for the year ended June 30, 2022 is as follows:

	2022	2021
	Rupees	Rupees
Sales	9,382,850,241	6,927,056,814
Gross Profit	1,074,383,475	729,399,353
Profit before taxation and Share of Associate	524,399,612	350,186,040
Share of Net profit of associate	74,387,551	88,574,175
Profit before Taxation	598,787,163	438,760,215
Taxation	221,322,842	133,106,153
Profit after Taxation	<u>377,464,321</u>	<u>305,654,062</u>

During the year, the company by the grace of Allah has achieved impressive financial results as it has recorded excellent sales growth of 35.45 % to the tune of Rs. 9,382,850,241/- as compared to the previous year sales of Rs.6,927,056,814/-. Profit after tax also depicted an increase of 23.49% as compared to last year. In a surprise move, FBR through finance act 2022 has imposed super tax @ 10% retrospectively from tax year 2022, which has dented the profit after tax. However, despite all the challenges, the company performed well as both its topline and bottom line have increased impressively. The exports sales also increased to Rs.1,844,449,524/- as compared to sales of Rs 785,230,519 in the last year showing a very impressive growth. Generally, during FY 2022 the whole textile sector witnessed a very positive growth trajectory as revenues and net profits increased industry wide.

FUTURE OUTLOOK

The economy of our country has been affected severely by widespread destruction brought by extreme flooding. It has destroyed the cotton crop especially in Sindh province which will adversely impact the availability of cotton as well as its price. Concerns are rising on the health of Pakistan's economy as foreign exchange reserves run low, the currency has weakened to a record level and inflation stands at decades-high level. The State Bank has drastically increased policy rate to a record high in order to tame inflation. These factors coupled with declining currency is pushing up the cost of inputs for industry as raw material, energy prices and finance costs are soaring. The Government under the strict IMF program is also struggling to provide energy at regionally competitive rates.

The management is fully aware of the present challenges facing the company and textile industry. Future business strategies will be adjusted keeping in view the changing economic conditions. The management is fully committed and focused to achieve better results in future and maximize shareholder's wealth.

EARNING PER SHARE

The earning per share is Rs 21.00 per share as compared to previous year's earnings of Rs. 17.01 per share.

DIVIDEND

Although there is excellent profit in current year but management does not intend to pay dividend as they are considering further expansion in socks segment. In the current economic scenario costly machinery and equipment may require the company to use its earning for capitalization. So the profit shall be reinvested into the company, which is in the best interest of the shareholders.

ISO 9001-2015 Certification

The Company believes in the high quality of products to the complete satisfaction of its clients. For this purpose, company has obtained the latest version of ISO 9001-2015. This quality certification, which is renewed after every three years after exhaustive checking and comprehensive verification of company's quality management system. This quality certification boost the trust of new customers and maintain the confidence of our old clients as well.

PRINCIPAL RISKS AND UN-CERTANINTIES FACING THE COMPANY

Despite the fact that the company's financial performance is much improved in the period under discussion but there are some risk factors, which may have an impact on the future performance of the company. Formation of risk management committee is not mandatory as per (CCG) Regulations 2019

RISK FACTORS

A) FOREIGN EXCHANGE RISK

Foreign currency risk arises mainly where receivable and payable exist due to transactions entered into foreign currencies. As dollar shows shaky position with ever-increasing trend therefore, company is exposed to foreign currency risk on trade debts, payable and revenues, which are entered in a currency to other than Pak Rupees.

B) LIQUIDITY RISK

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

C) CREDIT RISK

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

D) INTEREST RATE RISK

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

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

As you are aware, that company had established socks manufacturing unit which started commercial production in FY 2020 and is successfully functioning. The unit attained a healthy sales figure of Rs. 703,987,814/- during the year FY 2022. Management has planned further expansion in this unit by inducting more latest imported socks machinery.

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

We have achieved excellent financial results during the year despite major challenges. However, in the present scenario considering the widespread destruction caused by flooding, weak currency, high interest rates and inflation, the challenges facing the company are daunting. It is the need of the hour that decision makers must achieve political stability, stable currency, reduced fiscal and current account deficit for the country so that the industry and economy at large may be able to flourish.

IMPACT OF COMPANY BUSINESS ON THE ENVIRONMENT

We are carefully maintaining a fresh and pollution free system at our mills by using latest equipment's, which sucks all the fluff and other substances injurious to the health of the workers.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

We have introduced comprehensive internal control system commensurate with the size, scale and complexity of our operations and well documented procedures for various processes, which are periodically reviewed for the changes warranted due to business needs. The internal auditors continuously monitors the efficiency of internal control and regularly reporting to the Audit Committee and Board of Directors. The system of internal control facilitate effective compliance of Companies Act 2017 and the Listing Regulations 2019.

RELATED PARTIES TRANSACTIONS

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

CODE OF CONDUCT FOR PROTECTION AGAINST HARASSMENT AT WORK PLACE

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

ANTI CORRUPTION

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

CORPORATE SOCIAL RESPONSIBILITY

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

I) Health, Safety and Environment

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

II) Work-Life Balance

In order to promote a healthy life balance we strictly observe working timing from 9.00 am to 5:30 pm. This ensures that our employees have plenty time for recreational activities with their families and friends.

III) Business Ethics

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

Contribution to the National Exchequer

To meet our social obligations towards the development of the economy of the country, the Company has contributed Rs. 518.41million in the year 2021-22 into the Government Exchequer on account of taxes, levies, import duty, income Tax, sales tax etc.

Energy Savings

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

COMPOSITION OF THE BOARD

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

Total Number of Directors:

a) Male	06
b) Female	01

Composition:

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

NAME OF THE DIRECTORS AND BOARD OF DIRECTORS MEETING

During the period under review, Eleven (11) meetings of the Board of Directors were held from July 01, 2021 to June 30, 2022. The details regarding the attendance by the Board members at these meetings has been provided below:

Name of Directors	No. of Meetings Attended
Mian Parvez Aslam	11
Mr. Imran Aslam	11
Mr. Irfan Aslam	11
Mr. Danish Aslam	11
Syed Raza Ali Bokhari	11
Dr. Ali Raza Khan	11
Mrs. Nazish Imran	09

AUDIT COMMITTEE

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

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

During the period under review, Six (6) meetings of audit committee of the company were held from July 01, 2021 to June 30, 2022 respectively and the details of the attendance at these meetings are as follows:

Name of Member	No. of Meeting Attended
Syed Raza Ali Bokhari	Six (6)
Mian Parvez Aslam	Six (6)
Mr. Irfan Aslam	Six (6)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

In Compliance with the Code of Corporate Governance (CCG) Regulations, 2019 the Board of Directors has formed a Human Resource and Remuneration Committee comprising of three Directors name below. The HR & R Committee provides assistances to the Board of Directors in helping the Company's Human Resource function efficiently. Further, the HR & R Committee will also assess and makes recommendations to ensure that the Company's Human Resource policies are objectively associated with its overall business.

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

Names of the members of the Committee	No. of Meeting Attended
Dr. Ali Raza Khan	Three (3)
Mr. Danish Aslam	Three (3)
Mrs. Nazish Imran	Three (3)

CORPORATE GOVERNANCE

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

PERFORMANCE EVALUATION OF BOARD OF DIRECTORS AND THE BOARD COMMITTEES

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

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

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

DIRECTORS' REMUNERATION

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

APPOINTMENT OF AUDITORS

The Auditors M/s Crowe Hussain Chaudhury & Co. Chartered Accountant, will retire and eligible for re-appointment as auditors of the Company for the next year. The Audit Committee and the Board have endorsed their re-appointment for reconsideration of the members at the forthcoming Annual General Meeting of the Company.

PATTERN OF SHAREHOLDING

The pattern of shareholding as of June 30, 2022 on the prescribed Form 34 is attached herewith.

SUBSEQUENT EVENTS

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

ACKNOWLEDGMENT

The Directors wish to express their appreciation to the staff and workers of the Company for their dedication and devotion displayed in the growth of the Company. The Directors feel pleasure in expressing appreciation for the continued interest and support of all the shareholders, bankers, various government bodies of the Company while performing their duties during the period and hope that the same spirit will prevail in the future as well.

For and on behalf of the Board



DIRECTOR



CHIEF EXECUTIVE

Lahore:
Dated October 05, 2022

INDEPENDENT AUDITOR'S REPORT

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

We have audited the annexed financial statements of **Shahzad Textile Mills Limited**, which comprise the statement of financial position as at June 30, 2022, the statement of profit or loss, the statement of other 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 other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the Company's affairs as at June 30, 2022 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key Audit Matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	<p>Revenue and Trade Receivables</p> <p>Refer to note 3.16 & 26 to the financial statements.</p> <p>Revenue of the Company has increased from Rs. 6.927 million to Rs. 9.383 million for the year ending June 30 2022.</p> <p>The Company is primarily engaged in manufacturing and sale of yarn and socks. We identified recognition of revenue as a key audit matter due to revenue being one of the key performance indicators of the Company and a significant increase in revenue from last year.</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> Obtaining an understanding of the Company's processes and related internal controls for revenue recognition and on a sample basis, tested the operating effectiveness of those controls. Assessing the appropriateness of the Company's revenue recognition policies and their compliance with applicable accounting and reporting standards. Comparing a sample of revenue transactions recorded during the year with customers' orders, sales invoices, delivery orders and other relevant underlying documents.

	<p>Refer to note 3.22 & 21 to the financial statements.</p> <p>As at June 30, 2022, the Company's gross trade receivables were Rs. 451.29 million against which provision of Rs. 4.307 million had been recognized.</p> <p>We identified recoverability of trade receivables as key audit matter as it involves management judgement in applying the expected credit loss.</p>	<ul style="list-style-type: none"> • Obtaining an understanding of agreement with the Company's customers and compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents to assess whether the revenue was recorded in accordance with the Company's revenue accounting policy and applicable financial reporting framework. • Performing cut-off procedures on sales to ensure revenue has been recorded in the correct period. • Checking receipts from customers to whom sales were made. • Obtaining an understanding of the Company's processes and related internal controls for reviewing / determining credit limits allowed to customers, debt collection process and making expected credit loss for doubtful receivables • Obtaining an understanding of the Company's processes and related internal controls for revenue recognition and, on a sample basis, tested the operating effectiveness of those controls • Considering adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and reporting standards.
2.	Stock in Trade	
	<p>Refer to note 3.11 & 20 to the financial statements which reflect inventory at the reporting date. Inventories have increased from Rs. 700.723 million to Rs. 795.047 as at June 30, 2022.</p> <p>We identified this area as a key audit matter because inventories constitute a significant portion of the total assets of the Company. Further, determining an appropriate write-down as a result of net realizable value (NRV) and provision for slow-moving inventories involves management judgment and estimation</p>	<p>Our key audit procedures included:</p> <ul style="list-style-type: none"> • Observing physical inventory count procedures and comparing, on a sample basis, physically counted inventories with valuation sheets provided by the management • Comparing on a sample basis specific purchases and directly attributable costs with underlying supporting documents • Checking the accumulation of costs at different stages of production to ascertain valuation of work in process and finished goods • Comparing the net realizable value, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value stocks in accordance with applicable accounting and reporting standards. • Assessing the provision for slow moving stocks as of the reporting date and assessed whether it is in accordance with the Company's policies and relevant accounting and reporting standards • Considering adequacy of the related disclosures and assessed whether these are in accordance with the applicable accounting and financial reporting standards.

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 2022, 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



CROWE HUSSAIN CHAUDHURY & CO.
Chartered Accountants

Lahore
Dated: October 05, 2022
UDIN: AR202210051CQq6RT8w1

STATEMENT OF FINANCIAL POSITION

	Note	2022 Rupees	2021 Rupees
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital: 40,000,000 (2021: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid up capital	4	179,713,720	179,713,720
Reserves	5	2,114,604,696	1,730,237,552
Surplus on revaluation of property, plant and equipment	6	849,364,539	880,498,720
		3,143,682,955	2,790,449,992
Non Current Liabilities			
Long term financing	7	351,052,926	267,149,542
Staff retirement benefits	8	141,063,801	124,170,679
Deferred liabilities	9	362,454,279	297,952,006
		854,571,006	689,272,227
Current Liabilities			
Trade and other payables	10	539,844,936	470,573,111
Unclaimed dividends		146,294	146,294
Unpaid dividends		199,348	199,348
Accrued mark up		27,272,135	19,911,125
Current portion of non-current liabilities	11	178,122,747	227,951,670
Short term borrowings	12	404,007,862	350,862,555
Provision for taxation	13	158,859,945	99,590,151
		1,308,453,267	1,169,234,254
Contingencies and Commitments	14	-	-
		5,306,707,228	4,648,956,473

The annexed notes from 1 to 46 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	15	2,555,401,677	2,415,858,301
Investment property	16	91,670,000	90,125,000
Investment in associate	17	658,240,192	592,204,575
Long term deposits	18	3,847,448	3,847,448
		3,309,159,317	3,102,035,324
Current Assets			
Stores and spares	19	140,124,905	132,402,205
Stock in trade	20	795,047,359	700,723,335
Trade debts	21	446,982,430	229,537,803
Advances, trade deposits, prepayments and other receivables	22	275,643,346	208,962,726
Short term investments	23	30,563,313	25,213,313
Tax refunds due from the Government	24	165,961,353	102,332,449
Cash and bank balances	25	143,225,205	147,749,318
		1,997,547,911	1,546,921,149
		<u>5,306,707,228</u>	<u>4,648,956,473</u>

The annexed notes from 1 to 46 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

STATEMENT OF PROFIT OR LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Sales	26	9,382,850,241	6,927,056,814
Cost of sales	27	(8,308,466,766)	(6,197,657,461)
Gross Profit		1,074,383,475	729,399,353
Operating Expenses			
- Selling and distribution costs	28	(247,609,961)	(110,389,410)
- Administrative expenses	29	(211,771,704)	(187,134,907)
		(459,381,665)	(297,524,317)
Operating Profit		615,001,810	431,875,036
Finance cost	30	(100,079,288)	(73,796,745)
Other operating expenses	31	(52,754,839)	(41,323,372)
Other income	32	62,231,929	33,431,121
Share of net profit of associate	17	74,387,551	88,574,175
		(16,214,647)	6,885,179
Profit before Taxation		598,787,163	438,760,215
Taxation	33	(221,322,842)	(133,106,153)
Net Profit for the Year		377,464,321	305,654,062
Earnings per Share - Basic and Diluted	34	21.00	17.01

The annexed notes from 1 to 46 form an integral part of these financial statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021
	Rupees	Rupees
Net Profit for the Year	377,464,321	305,654,062
Other Comprehensive Income for the Year		
<i>Items that will not be reclassified to profit or loss</i>		
Experience adjustment on remeasurement of staff retirement benefits	(6,772,413)	17,881,333
Related tax impact	1,978,777	(4,666,277)
	(4,793,636)	13,215,056
Surplus on revaluation of property, plant and equipment of the Company	-	147,764,694
Related tax impact	-	(26,690,052)
	-	121,074,642
Share in other comprehensive income for the year of Associate	(6,208,216)	6,152,556
Related tax impact	931,232	(922,883)
	(5,276,984)	5,229,673
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year	(10,070,620)	139,519,371
Total Comprehensive Income for the Year	<u>367,393,701</u>	<u>445,173,433</u>

The annexed notes from 1 to 46 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

Particulars	Share Capital	Reserves			Surplus on revaluation of property, plant and equipment	Total
		Capital	Revenue	Total Reserves		
		Share Premium	Unappropriated Profits			
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as at June 30, 2020	179,713,720	5,796,000	1,390,515,882	1,396,311,882	771,823,230	2,347,848,832
Net profit for the year	-	-	305,654,062	305,654,062	-	305,654,062
Other comprehensive income for the year	-	-	18,444,729	18,444,729	121,074,642	139,519,371
Total comprehensive income for the year	-	-	324,098,791	324,098,791	121,074,642	445,173,433
Incremental depreciation charged on revalued property, plant and equipment transferred to retained - earning - net of deferred tax	-	-	9,714,714	9,714,714	(9,714,714)	-
Surplus realized on disposal of revalued property, plant and equipment transferred to retained earnings - net of deferred tax	-	-	98,870	98,870	(98,870)	-
Impact of deferred tax on export rate adjustment	-	-	-	-	(2,585,568)	(2,585,568)
Share of associate's change in deferred tax rate	-	-	13,295	13,295	-	13,295
Balance as at June 30, 2021	179,713,720	5,796,000	1,724,441,552	1,730,237,552	880,498,720	2,790,449,992
Net profit for the year	-	-	377,464,321	377,464,321	-	377,464,321
Other comprehensive loss for the year	-	-	(10,070,620)	(10,070,620)	-	(10,070,620)
Total comprehensive income for the year	-	-	367,393,701	367,393,701	-	367,393,701
Incremental depreciation charged on revalued property, plant and equipment transferred to retained - earning - net of deferred tax	-	-	17,727,115	17,727,115	(17,727,115)	-
Surplus realized on disposal of revalued property, plant and equipment transferred to retained earnings - net of deferred tax	-	-	1,390,046	1,390,046	(1,390,046)	-
Impact of deferred tax on rate change adjustment	-	-	-	-	(13,853,025)	(13,853,025)
Impact of deferred tax on export rate adjustment	-	-	-	-	1,836,005	1,836,005
Share of associate's change in deferred tax rate	-	-	(2,143,718)	(2,143,718)	-	(2,143,718)
Balance as at June 30, 2022	179,713,720	5,796,000	2,108,808,696	2,114,604,696	849,364,539	3,143,682,955

The annexed notes from 1 to 46 form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH GENERATED FROM OPERATIONS	35	474,083,969	446,477,195
Income tax paid		(122,855,314)	(82,652,496)
Gratuity paid		(45,090,611)	(38,411,806)
Repayment of GIDC		(26,266,861)	(21,889,050)
Finance cost paid		(76,164,574)	(58,719,773)
Workers' welfare fund		(8,776,154)	-
Workers' (profit) participation fund paid		(25,776,425)	(3,551,805)
		(304,929,939)	(205,224,930)
Net Cash Generated from Operating Activities		169,154,030	241,252,265
CASH FLOW FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(278,639,922)	(117,238,241)
Capital work in progress		-	(2,576,829)
Short term investments		(6,000,000)	(10,062,238)
Proceeds from disposal of property, plant and equipment		8,805,000	10,239,782
Net Cash Used in Investing Activities		(275,834,922)	(119,637,526)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term financing obtained		149,302,000	37,834,235
Long term financing repaid		(100,290,528)	(48,034,007)
Short term borrowings (repaid) / obtained- net		53,145,307	(63,913,268)
Net Cash (Used in) / Generated from Financing Activities	36	102,156,779	(74,113,040)
Net (Decrease) / Increase Cash and Cash Equivalents		(4,524,113)	47,501,699
Cash and cash equivalents at the beginning of the year		147,749,318	100,247,619
Cash and Cash Equivalents at the End of the Year		143,225,205	147,749,318

The annexed notes from 1 to 46 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Note 1

The Company and its Operations

Shahzad Textile Mills Limited (the Company) was incorporated in Pakistan on October 24, 1978 as a Public Limited Company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are quoted on Pakistan Stock Exchange. The Company is domiciled in Pakistan and its principal business is to manufacture and deal in all types of yarn and socks. The Company holds 24.94% ordinary shares in M/s Sargodha Jute Mills Limited, an Associated Company that is engaged in manufacturing, selling and dealing in jute products (refer to note 17).

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

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

Note 2

Basis of Preparation**2.1 Statement of compliance**

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

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except to the extent of following:

Staff retirement benefits	Note 8	Stated at present value
Certain property, plant and equipment	Note 15	Stated at revalued amount
Investment property	Note 16	Stated at fair value
Investment in associate	Note 17	Stated at equity method
Certain investments	Note 23	Stated at fair value

2.3 Functional and presentational currency

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

2.4 Key judgements and estimates

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

- 2.4.1** Provision for employees' retirement benefits [Note 3.2 and 8]
- 2.4.2** Estimate of useful lives and residual values of property, plant & equipment (Notes 3.6 & 15)
- 2.4.3** Estimate of useful lives and residual values of investment property (Notes 3.8 & 16)
- 2.4.4** Net realisable values of stock-in-trade & store and spares [Notes 3.10, 3.11, 19 and 20]
- 2.4.5** - Current income tax expense, provision for current tax and recognition of deferred tax asset (for carried forward tax losses) - Note 3.3, 13, 9 & 33
- 2.4.6** - Estimation of contingent liabilities - Note 3.5 & 14
- 2.4.7** - Provision for expected credit losses – Note 3.13.1 & 21
- 2.4.8** - Impairment loss of financial assets - Note 3.13, 21, 22, 23 & 25

2.5 Changes in accounting standards, interpretations and pronouncements

2.5.1 Standards, interpretations and amendments to approved accounting standards that are effective in the current year

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. 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.

	Effective Date - Annual Periods 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
IFRS 16 Leases [Amendments] - COVID 19 rent related concession	April 01, 2021

2.5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

There are certain standards, amendments and interpretations to the accounting and reporting standards which are mandatory for companies having accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

	Effective Date (Period beginning on or after)
- IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2022 & January 1, 2023
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023
- IAS 12 Income Taxes [Amendments]	January 1, 2023
- IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2023
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2023
- Annual Improvements to IFRS Standards 2018–2020	January 1, 2023

The Company has assessed that the impact of these amendments is not expected to be significant.

Note 3

Summary of Significant Accounting Policies

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

3.1 Provisions

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

3.2 Staff retirement benefits

Defined benefits plan

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

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

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

3.3 Taxation

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

3.3.1 Current

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax. Super tax applicable on the Company is also as per the applicable rates as per the Income Tax Ordinance, 2001. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

Corporate tax is based on taxable income for the year determined in accordance with the prevailing laws of taxation. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on turnover of the Company in accordance with the provisions of the Income Tax Ordinance, 2001.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

Current tax for current and prior periods, to the extent unpaid, is recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.3.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from the difference between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

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

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

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

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

Deferred tax is calculated at rates that are expected to apply to the period when the differences reverse based on tax rates and tax laws that have been enacted or have been notified for subsequent enactment by the reporting date.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using average rates that are expected to apply to the taxable profit (tax loss) of the periods in which temporary differences are expected to reverse.

3.3.3 Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.4 Trade and other payables

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

3.5 Contingent liabilities

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

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

3.6 Property, plant and equipment

Owned

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

Depreciation on property, plant and equipment, except freehold land, has been provided for using the reducing balance method at the rates specified in Note 15 and is charged to profit or loss account. Depreciation on additions is charged from the month in which the asset is available for use up to the month in which the asset is disposed off. Depreciation method, residual value and useful lives of assets are reviewed at least at each reporting date and adjusted if impact on depreciation is significant.

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

Capital work-in-progress

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

3.7 Impairment

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

3.8 Investment property

Investment property, which is property held to earn rentals and /or for capital appreciation is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. The change in fair value is recognised in profit or loss. The fair value of investment property is determined at each reporting date using the current market prices for comparable real estate, adjusted for any differences in nature, location and condition. The key assumptions used to determine the fair value of investment properties are provided in Note 17.

3.9 Investment in associate

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

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

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

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

3.10 Stores and spares

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

3.11 Stock in trade

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

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

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

3.12 Cash and cash equivalents

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

3.13 Financial instruments

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

3.13.1 Financial assets

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

a) Classification

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

b) Initial recognition and measurement

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

c) Subsequent measurement

Financial assets measured at amortized cost are subsequently measured using the Effective Interest Rate (EIR) method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

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

d) Derecognition

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

e) Impairment of financial assets

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

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

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

3.13.2 Financial liabilities

a) Initial recognition and measurement

Financial liabilities are initially classified at amortized cost. Such liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

b) Subsequent measurement

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

3.13.3 Off-setting of financial assets and financial liabilities

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

3.14 Foreign currency transactions

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

3.15 Related party transactions

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

3.16 Revenue recognition - Sale of goods

Revenue is recognized when performance obligation is satisfied by applying the following five steps of revenue recognition:

- i) Identify the contract with a customer
- ii) Identify the performance obligation in the contract
- iii) Determine the transaction price of the contract
- iv) Allocate the transaction price to each of the separate performance obligations in the contract
- v) Recognize the revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised at amounts that reflect the consideration that the Company expects to be entitled to in exchange for transferring goods to a customer. Revenue is measured at the fair value of the consideration received or receivable, and is recognised when goods are dispatched from the mill to customer whereas revenue of export sales is recognized on date of issue of bill of lading.

3.17 Borrowing costs

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

3.18 Segment reporting

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

3.19 Dividend distribution

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

3.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in an orderly transaction between market participants in the principal, or in its absence, the most advantageous market to which the Company has access at that date. There are three levels which are as under:

Level 1

The Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

When there is no quoted price in an active market, the Company determines transaction price by applying valuation techniques. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received.

Level 3

If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is credited or charged to profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

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

3.21 Earnings per share - basic and diluted

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

3.22 Balances from contract with customers

Contract assets

A contract asset is the right to receive in exchange for goods transferred to the customer against which no invoice has been raised.

Trade receivables

Trade receivables represent the Company's right to an amount of consideration that is unconditional. Trade receivables are carried at original invoice amount less expected credit loss based on review of all outstanding amounts at the reporting date. Bad debts are written off when identified.

Contract liabilities

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

Right of return assets

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

Refund liabilities

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

3.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Note 4

Issued, Subscribed and Paid Up Capital

2022		2021		2022		2021	
Number of shares		Number of shares		Rupees	Rupees		Rupees
12,240,569	12,240,569	Ordinary shares of Rs. 10 each fully paid in cash		122,405,690		122,405,690	
4,418,803	4,418,803	Ordinary shares of Rs. 10 each issued for consideration otherwise than in cash - share issued on amalgamation		44,188,030		44,188,030	
1,312,000	1,312,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		13,120,000		13,120,000	
<u>17,971,372</u>	<u>17,971,372</u>			<u>179,713,720</u>		<u>179,713,720</u>	

4.1 Reconciliation of number of shares outstanding:

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

2022		2021	
Number of shares		Number of shares	
17,971,372		17,971,372	
-		-	
<u>17,971,372</u>		<u>17,971,372</u>	

4.2 Shares held by related parties are as follows:

Directors
Executives
Sargodha Jute Mills Limited

	2022	2021	2022	2021
	percentage	percentage	Rupees	Rupees
Directors	73.83%	73.83%	13,268,831	13,268,831
Executives	0.0028%	0.0028%	500	500
Sargodha Jute Mills Limited	0.12%	0.12%	21,090	21,090
			<u>13,290,421</u>	<u>13,290,421</u>

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

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

Note 5

Reserves

	2022	2021
	Rupees	Rupees
Capital		
Share premium reserve	5,796,000	5,796,000
Revenue		
Unappropriated profits	2,108,808,696	1,724,441,552
	<u>2,114,604,696</u>	<u>1,730,237,552</u>

Note 6

Surplus on Revaluation of Property, Plant and Equipment

		2022	2021
	Note	Rupees	Rupees
Land - freehold		596,065,670	550,578,170
- Opening balance		-	45,487,500
- Revaluation during the year		596,065,670	596,065,670
Buildings on freehold land		158,275,448	159,283,772
- Opening balance		-	9,146,402
- Revaluation during the year		158,275,448	168,430,174
Plant and machinery		83,853,853	56,795,785
- Opening balance		-	41,415,535
- Revaluation during the year		83,853,853	98,211,320
Power house		42,303,749	5,165,503
- Opening balance		-	51,715,257
- Revaluation during the year		42,303,749	56,880,760
		880,498,720	919,587,924
Deferred tax relating to rate change		(13,853,025)	-
Deferred tax relating to export sales	6.3	1,836,005	(2,585,568)
Deferred tax related to revaluation surplus during the year		-	(26,690,052)
Incremental depreciation charged on revalued property, plant and equipment transferred to retained earning - net of deferred tax		(17,727,115)	(9,714,714)
Surplus realized on disposal of revalued property, plant and equipment transferred to retained earnings - net of deferred tax		(1,390,046)	(98,870)
		<u>849,364,539</u>	<u>880,498,720</u>

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

6.2 Latest revaluation of property, plant and equipment was carried out on June 30, 2021 by an independent valuer that resulted in revaluation surplus of Rs. 147.764 million. The following basis were used for revaluation of property, plant and equipment:

Land	Market Value
Buildings	Market Value / Depreciated Value
Plant and machinery	Market Value / Depreciated Value
Power house	Market Value / Depreciated Value

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

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

Note 7

Long Term Financing - Secured

		2022	2021
	Note	Rupees	Rupees
Habib Metro Bank Limited - SBP LTFF	7.1	365,840,000	299,268,300
Meezan Bank Limited - Diminishing Musharka	7.2	29,302,000	-
JS Bank Limited - Loan as per SBP refinance scheme	7.3	23,175,760	66,706,062
		418,317,760	365,974,362
Less: Current portion of long term financing shown under current liabilities	11	(67,264,834)	(98,824,820)
		<u>351,052,926</u>	<u>267,149,542</u>

- 7.1** This long term finance facility was availed to retire documents of import LC that were established for import of machinery for socks unit of the Company. The sanctioned limit amounted to Rs. 377 million (2021: Rs. 300 million) and was secured by way of creating charge of Rs. 560 million (2021: Rs. 400 million) registered with SCEP on complete socks unit installed with 25% margin and personal guarantee of sponsoring directors. This facility is repayable in 28 equal quarterly instalments latest by 2029 and carries markup at SBP rate plus 300 bps (2021: SBP rate plus 300 bps) per annum, payable on quarterly basis.
- 7.2** This diminishing musharka facility is availed to purchase machinery. The sanctioned limit amounts to Rs. 100 million (2021: nil) and is secured by way of exclusive charge over imported machinery with 15% margin and personal guarantee of sponsoring directors. This facility is repayable in 16 equal quarterly instalments, latest by June 2027, and carries markup at 3 month KIBOR plus 1.25% (2021: nil) per annum, payable on quarterly basis.
- 7.3** The Company obtained total borrowing of Rs. 93.726 million from JS Bank Limited under the State Bank of Pakistan's refinance scheme for payment of salaries and wages, at subsidized rate of borrowing. This financing is secured against ranking charge over fixed asset of the Company to be upgraded to pari passu charge. This loan is repayable in 8 quarterly installments starting from July 2020. Markup on this financing is charged at 3% (2021: 3%) per annum. The Company has recognised its liability under SBP refinance scheme at its fair value and recorded Rs. 6.773 million as deferred grant. The movement in loan is as under:

		2022	2021
	Note	Rupees	Rupees
Opening balance		66,706,062	51,386,691
Loan received under SBP refinance scheme		-	37,834,235
Discounting of loan		-	(1,922,147)
Winding of loan		3,331,926	2,838,890
Repayments		(46,862,228)	(23,431,607)
		<u>23,175,760</u>	<u>66,706,062</u>

Note 8

Staff Retirement Benefits

		2022	2021
	Note	Rupees	Rupees
Present value of defined benefit obligation	8.3	<u>141,063,801</u>	<u>124,170,679</u>

- 8.1** The Company operates an unfunded gratuity scheme covering its permanent employees subject to completion of minimum prescribed period of service. Actuarial valuation of the scheme is carried out annually by an independent actuary. Latest actuarial valuation was carried out as at June 30, 2022. Following key information was included in that actuarial report:

8.2 Actuarial assumptions

Discount rate	13.25%	10.00%
Expected rate of salary increase in future years	12.25%	9.00%
Average expected remaining working life of employees	9.00 Years	9.00 Years
Expected mortality rate for active members	As per SLIC (2001-2005)	
	Mortality Table with one year setback	
Actuarial valuation method	Projected Unit Credit Method	

		2022	2021
	Note	Rupees	Rupees
8.3 Company's liability			
Opening balance		124,170,679	129,666,668
Charge for the year	8.5	55,211,320	50,797,150
Remeasurement chargeable to other comprehensive income - experience adjustment		6,772,413	(17,881,333)
		<u>186,154,412</u>	<u>162,582,485</u>
Benefits paid to outgoing employees		(45,090,611)	(38,411,806)
	8.4	<u>141,063,801</u>	<u>124,170,679</u>
8.4 Movement in present value of defined benefit obligation			
Opening balance		124,170,679	129,666,668
Current service cost		45,048,783	41,407,985
Interest cost on defined benefit obligation		10,162,537	9,389,165
Benefits paid to outgoing employees		(45,090,611)	(38,411,806)
Remeasurement chargeable to other comprehensive income - experience adjustment		6,772,413	(17,881,333)
		<u>141,063,801</u>	<u>124,170,679</u>
8.5 Charge for the year			
Current service cost		45,048,783	41,407,985
Interest cost		10,162,537	9,389,165
		<u>55,211,320</u>	<u>50,797,150</u>
8.6 Charge for the year has been allocated as under			
Cost of sales	27	43,771,534	40,271,981
Administrative expenses	29	11,439,786	10,525,169
		<u>55,211,320</u>	<u>50,797,150</u>
8.7 Estimated expenses to be Charged for the year 2022-2023			2022
			Rupees
Current service cost			51,387,155
Interest cost			17,722,006
			<u>69,109,161</u>
8.8 Year end sensitivity analysis on defined benefit obligation			

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees	Rupees
Discount rate	1%	130,144,571	154,220,206
Salary increase	1%	154,420,816	129,736,100

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

	2022	2021	2020	2019	2018
	Rupees	Rupees	Rupees	Rupees	Rupees
Present value of defined benefit obligation	141,063,801	124,170,679	129,666,668	104,977,647	117,208,249
Fair value of plan asset	-	-	-	-	-
Net liability	<u>141,063,801</u>	<u>124,170,679</u>	<u>129,666,668</u>	<u>104,977,647</u>	<u>117,208,249</u>

Note 9

Deferred Liabilities

		2022	2021
	Note	Rupees	Rupees
Deferred tax liability - net	9.1	362,454,279	290,663,788
Gas infrastructure development cess (GIDC)	9.2	-	6,570,652
Deferred grant	9.3	-	717,566
		<u>362,454,279</u>	<u>297,952,006</u>

9.1 Deferred tax liability - net

Taxable temporary differences:

- Share of net profit of associate
- Accelerated tax depreciation
- Investment property
- Surplus on revaluation of property, plant and equipment

Deductible temporary differences:

- Staff retirement benefits
- Allowance for doubtful debts
- Unused tax credits available
- Others

	88,896,029	78,990,686
	242,634,306	194,499,000
	22,687,732	19,454,464
	104,559,976	100,434,428
	458,778,043	393,378,578
	(41,216,303)	(32,404,946)
	(1,701,899)	(420,509)
	(37,733,106)	(58,996,381)
	(15,672,456)	(10,892,954)
	(96,323,764)	(102,714,790)
	<u>362,454,279</u>	<u>290,663,788</u>

9.1.1 Reconciliation of deferred tax liability

Opening balance	290,663,788	225,960,329
Tax charged to profit or loss account	41,420,205	29,838,679
Charged to other comprehensive income	(2,910,009)	32,279,212
Rate adjustment on revaluation surplus taken directly to equity	12,017,020	2,585,568
Tax credits utilized	21,263,275	-
Closing balance	<u>362,454,279</u>	<u>290,663,788</u>

9.1.2 Deferred tax assets / liabilities on temporary differences are measured at effective rate of 33% (2021: 29%).

9.1.3 Analysis of change in deferred tax

	Statement of Financial Position		Statement of Profit or Loss	
	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees
Share of net profit of associate	9,905,343	14,211,004	10,836,575	13,288,121
Accelerated tax depreciation	48,135,306	12,853,316	48,135,306	12,853,316
Investment property	3,233,268	3,008,104	3,233,268	3,008,104
Surplus on revaluation of property, plant and equipment	4,125,548	24,132,087	(7,891,472)	(5,143,533)
Staff retirement benefits	(8,811,357)	296,943	(6,832,580)	(4,369,334)
Allowance for doubtful debts	(1,281,390)	(227,592)	(1,281,390)	(227,592)
Unused tax credits available	21,263,275	18,092,695	-	18,092,695
Others	(4,779,502)	(7,663,098)	(4,779,502)	(7,663,098)
	<u>71,790,491</u>	<u>64,703,459</u>	<u>41,420,205</u>	<u>29,838,679</u>

9.1.4 Deductible temporary difference are considered to the extent that the realization of the related tax benefit is probable from reversal of existing taxable temporary difference and future taxable profits.

	Accounting year to which the minimum tax carried forward relates	Amount of minimum tax carried forward	Accounting year in which the minimum tax carried forward will expire
		----- Rupees -----	
Minimum tax carried forward	2021	12,925,777	2026
	2020	24,807,329	2025
		2022	2021
9.2 Gas infrastructure development cess		Rupees	Rupees
Opening Balance		132,827,240	-
Transferred from current liabilities		-	138,267,214
Expense during the year		-	20,536,894
Payments made during the year	9.2.1	(26,266,861)	(21,889,050)
Interest expense		4,041,632	9,054,210
Discounting of Gas Infrastructure Development Cess		-	(13,142,028)
		110,602,011	132,827,240
Less: current portion		(110,602,011)	(126,256,588)
		-	6,570,652
9.2.1	This represents Gas Infrastructure Development Cess (GIDC) payable by the Company to Sui Northern Gas Pipelines Limited (SNGPL) in 24 monthly instalments in accordance with the Supreme Court of Pakistan's decision dated August 13, 2020. The Company calculated its present value at its borrowing cost and resultant difference was charged to profit or loss.		
9.3 Deferred grant			
Opening balance		3,587,828	4,504,571
Impact of discounting of loan		-	1,922,147
Amortization of grant		(3,331,926)	(2,838,890)
Deferred grant outstanding		255,902	3,587,828
Less: Current portion		(255,902)	(2,870,262)
		-	717,566
Note 10			
Trade and Other Payables		2022	2021
	Note	Rupees	Rupees
Creditors for:			
- Goods supplied	10.1	75,983,816	75,795,748
- Services		13,859,416	17,511,228
Accrued liabilities		313,180,484	209,343,552
Contract liabilities		24,418,653	49,588,770
Workers' (profit) participation fund	10.2	32,261,951	23,562,269
Workers' welfare fund		21,377,412	18,177,823
Sales tax payable	10.3	52,563,226	71,099,419
Unclaimed wages		6,199,978	5,494,302
		539,844,936	470,573,111
10.1	Rs. nil (2021: Rs. 113,975) are payable to M/s Sargodha Jute Mills Limited, an Associated Company, as at the reporting date. The maximum aggregate amount payable to the Associate at the end of any month during the year was Rs. 113,975 (2021: Rs. 141,687).		

	2022	2021
	Rupees	Rupees
10.2 Workers' (profit) participation fund		
Opening balance	23,562,269	3,405,071
Markup on Workers' (profit) participation fund	2,214,156	146,734
Provision for the year	32,261,951	23,562,269
	<u>58,038,376</u>	<u>27,114,074</u>
Payments made during the year	(25,776,425)	(3,551,805)
Closing balance	<u>32,261,951</u>	<u>23,562,269</u>

10.3 This includes Rs. 48.967 million (2021: Rs. 48.967 million) on account of provision for further sales tax.

Note 11

Current Portion of Non-Current Liabilities		2022	2021
	Note	Rupees	Rupees
Long term financing	7	67,264,834	98,824,820
Deferred liability - GIDC	9.2	110,602,011	126,256,588
Deferred grant	9.3	255,902	2,870,262
		<u>178,122,747</u>	<u>227,951,670</u>

Note 12

Short Term Borrowings		2022	2021
	Note	Rupees	Rupees
From banking companies - Secured			
Cash / packing finances	12.1	404,007,862	350,862,555

12.1 The Company obtained various funded and unfunded financial facilities from different banks for a total sanctioned limit of Rs. 2,477 million (2021: Rs. 1,537.76 million) towards working capital requirements, retirement of local and foreign LCs and discounting of local bills / receivables. These facilities shall expire on various dates latest by January 31, 2023. Mark up on these facilities is charged from 1 to 6 months KIBOR plus a spread of 1% to 1.25% (2021: 1 to 6 months KIBOR plus a spread of 1% to 1.25%) payable quarterly. These facilities are secured by ranking and hypothecation charge on property, plant and equipment, stocks and receivables of the Company; lien over export and import documents and personal guarantee of sponsoring directors of the Company. The above balance represents the utilized portion of the funded facilities. The Company has also utilized foreign bill discounting facility and un-funded facilities amounting to Rs. 120.19 million (2021: 35.76) and Rs. 285.744 million (2021: Rs. 244.373 million) respectively. Unutilized amount of funded and unfunded facilities are Rs. 1,667.06 million (2021: Rs. 906.76 million).

Note 13

Provision for Taxation - net		2022	2021
		Rupees	Rupees
Opening balance		99,590,151	63,963,453
Charge for the year - Current		180,123,220	99,590,151
Prior year adjustment		(220,583)	(322,663)
Tax credit utilized		(21,263,275)	-
		<u>158,639,362</u>	<u>99,267,488</u>
Payments / adjustments against advance tax, tax credits and refunds		(99,369,568)	(63,640,790)
		<u>158,859,945</u>	<u>99,590,151</u>

13.1 The provision for current year is based on corporate tax @ 29% (2021: turnover tax @ 1.5%) on local sales, 1% (2021: 1%) on export sales and super tax @ 10% (2021: nil).

13.2 Income tax assessments are deemed finalized by the management up to the Tax Year 2022 as tax returns were filed under the self assessment scheme.

Note 14

Contingencies and Commitments

	2022	2021
	Rupees	Rupees
14.1 Contingencies		
14.1.1 The Company has provided bank guarantee in the favor of following:		
- Sui Northern Gas Pipelines Limited (SNGPL)	80,048,042	79,748,042
- Lahore Electric Supply Company (LESCO)	10,430,000	10,430,000
- Excise and Taxation Office	27,100,000	19,400,000
- SBP Banking Services Corporation	17,929,125	17,929,125
	<u>135,507,167</u>	<u>127,507,167</u>

14.1.2 The Company is contingently liable for Rs. 34.329 million (2021: Rs. 30.650 million) on account of electricity duty on self generation. The Company has obtained stay order by filing petition on August 10, 2010 in Lahore High Court, Lahore against LESCO and has not admitted the said duty. The case is pending hearing before the Lahore High Court, Lahore.

14.1.2 The Deputy Commissioner Inland Revenue (DCIR) passed an assessment order dated August 28, 2020 for the tax period from Jan-2014 to Oct-2018 u/s 11(2) creating a demand of sales tax of Rs. 17,007,359. Being aggrieved, the Company filed an appeal before CIR Appeals-V which was decided in favor of the Company. The Tax Authorities have filed an appeal before ATIR which is pending adjudication. The Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case, accordingly no provision has been recorded in these financial statements.

14.1.3 The Deputy Commissioner Inland Revenue (DCIR) passed an assessment order dated March 03, 2022 for the tax period from July-21 to Nov-21 u/s 11(2) creating a demand of sales tax of Rs. 1,422,344. Being aggrieved, the Company filed an appeal before CIR Appeals-V, which is pending adjudication. The Company on the basis of opinion of the tax advisor is hopeful of favorable outcome of the case, accordingly no provision has been recorded in these financial statements.

14.2 Commitments

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

Letters of credits	<u>150,237,000</u>	<u>116,865,422</u>
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Note 15
Property, Plant and Equipment

15.1 Year ended June 30, 2022

Description	Cost / Revalued Amounts				Depreciation				Book Value as at June 30, 2022
	As at June 30, 2021	Additions	Adjustment	Disposals	As at June 30, 2022	Rate	For the year	Disposals	
	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees
Owned									
Land - freehold	603,137,500	-	-	-	603,137,500	-	-	-	-
Buildings on freehold land	359,224,778	-	-	-	359,224,778	5	17,961,239	-	17,961,239
Plant and machinery	1,202,110,951	234,687,609	-	(8,271,945)	1,428,526,606	5	63,262,450	(137,866)	63,124,584
Power house	154,627,256	7,831,475	-	-	162,458,731	20	31,436,306	-	31,436,306
Solar panel equipment	26,639,188	-	-	-	26,639,188	10	2,139,793	-	7,381,055
Furniture and fixtures	10,681,195	-	-	-	10,681,195	10	425,447	-	6,852,174
Vehicles	112,827,173	34,781,695	-	(5,328,582)	142,280,286	20	8,604,106	(2,693,992)	83,612,044
Electric installations	64,252,686	869,368	-	-	65,122,054	10	2,801,345	-	39,472,930
Computers and equipment	14,681,280	469,775	-	-	15,151,055	20	1,688,305	-	8,097,327
Arms and ammunition	410,775	-	-	-	410,775	7	8,877	-	292,832
Total as at June 30, 2022	2,548,592,782	278,639,922	-	(13,600,536)	2,813,632,168		128,327,868	(2,831,858)	258,230,491
									2,555,401,677

15.2 Operating fixed assets Year ended June 30, 2021

Description	Cost / Revalued Amounts					Depreciation					Book Value as at June 30, 2021		
	As at June 30, 2020	Additions	Revaluation Surplus	Adjustment	Disposals / Transfer	As at June 30, 2021	Rate	As at June 30, 2020	For the year	Adjustment		Disposals	As at June 30, 2021
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Owned													
Land - freehold	557,650,000	45,487,500	-	-	-	603,137,500	-	-	-	-	-	-	603,137,500
Buildings on freehold land	382,615,436	14,412,507	9,146,402	(46,949,567)	-	359,224,778	5	29,219,730	17,729,837	-	(46,949,567)	-	359,224,778
Plant and machinery	1,210,814,361	108,733,453	41,415,535	(145,632,398)	(13,220,000)	1,202,110,951	5	89,030,173	58,400,147	(1,797,922)	(145,632,398)	-	1,202,110,951
Power house	201,000,000	-	51,715,257	(98,088,001)	-	154,627,256	20	72,360,001	25,728,000	-	(98,088,001)	-	154,627,256
Solar panel equipment	26,639,188	-	-	-	-	26,639,188	10	2,863,714	2,377,548	-	-	5,241,262	21,397,926
Furniture and fixtures	10,394,545	286,650	-	-	-	10,681,195	10	5,972,587	454,140	-	-	6,426,727	4,254,468
Vehicles	110,117,508	4,882,595	-	-	(2,172,930)	112,827,173	20	69,832,793	8,390,981	(521,844)	-	77,701,930	35,125,243
Electric installations	63,323,796	928,890	-	-	-	64,252,686	10	33,677,060	2,994,525	-	-	36,671,585	27,581,101
Computers and equipment	12,274,627	2,406,653	-	-	-	14,681,280	20	4,681,746	1,727,276	-	-	6,409,022	8,272,258
Arms and ammunition	410,775	-	-	-	-	410,775	7	274,410	9,545	-	-	283,955	126,820
Total as at June 30, 2021	2,575,240,236	177,138,248	102,277,194	(290,669,966)	(15,392,930)	2,548,592,782		307,912,214	117,811,999	(2,319,766)	(290,669,966)	132,734,481	2,415,858,301

15.3 Had there been no revaluation, book values of revalued assets would have been as follows:

	Book Value as on June 30, 2022	Book Value as on June 30, 2021
Land	7,071,830	7,071,830
Building on freehold land	188,278,977	198,188,396
Plant and machinery	1,259,447,614	1,088,647,996
Power house	85,229,354	97,385,919
1,540,027,775	1,391,294,141	

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

	2022	2021
	Rupees	Rupees
Cost of sales	117,601,132	107,230,057
Administrative expenses	10,726,736	10,581,942
	128,327,868	117,811,999

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

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

15.6 Forced sales value of revalued assets is as follows:

	June 30, 2021
freehold land	Rupees 512,666,875
buildings on freehold land	305,341,061
plant and machinery	1,021,794,308
power house	131,433,168

15.7 Fair value hierarchy

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

Level 2	Land Rupees	Building Rupees	Plant and machinery Rupees	Power House Rupees
For the year ending June 30, 2022	603,137,500	341,263,539	1,365,402,022	131,022,425
For the year ending June 30, 2021	603,137,500	359,224,778	1,202,110,951	154,627,256

Assumptions used in fair value calculation have been given in note 6 of these financial statements. No other assets are measured under level 1 and level 3 of the fair value hierarchy.

15.8

Detail of disposals of property, plant and equipment

The detail of property, plant and equipment disposed off during the year having individual book value exceeding Rs. 500,000 or more are as follows:

Particulars of Assets	Cost/Revalued Amount Rupees	Carrying Amount Rupees	Sales Price Rupees	(Loss) / Gain Rupees	Particular of the Buyer	Mode of Disposal	Relationship with the purchaser
2022							
Plant and machinery:							
Uster Tester	8,271,954	8,134,088	4,200,000	(3,934,088)	M/s Crescent Cotton Mills Limited	Negotiation	None
Vehicle							
Swift Suzuki	2,264,100	1,972,283	1,650,000	(322,283)	Ms. Anila Faheem	Negotiation	None
	<u>10,536,054</u>	<u>10,106,371</u>	<u>5,850,000</u>	<u>(4,256,371)</u>			
2021							
Plant and machinery:							
Blow machine	1,650,000	1,420,873	567,782	(853,091)	Ideal Trading and Co.	Negotiation	None
Blow machine	1,500,000	1,291,703	1,900,000	608,297	Ideal Trading and Co.	Negotiation	None
Winder machine	8,170,000	7,066,199	4,500,000	(2,566,199)	Ideal Trading and Co.	Negotiation	None
Winder machine	1,900,000	1,643,302	1,200,000	(443,302)	Ideal Trading and Co.	Negotiation	None
Vehicles							
Swift Suzuki	2,101,930	1,639,505	2,050,000	410,495	Premier Insurance Limited	Insurance claim	None
	<u>15,321,930</u>	<u>13,061,582</u>	<u>10,217,782</u>	<u>(2,843,800)</u>			

Note 16

Investment Property

		2022	2021
	Note	Rupees	Rupees
Investment property - at fair value	16.1	<u>91,670,000</u>	<u>90,125,000</u>

16.1 The fair value of the investment property is determined as at the reporting date by an independent valuer. This investment property is located at 7th Floor of Tricon Corporate Centre, 73-E Jail Road, Lahore.

The fair value of the investment property was determined based on the market comparable approach that reflects recent transaction prices for similar properties, where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in lettable units. The fair value hierarchy as at the end of reporting date is Level 2.

The forced sale value of the investment property is assessed at Rs. 77,919,500 (2021: Rs. 76,606,250) by the independent valuer.

Note 17

Investment in Associate

	2022	2021
	Rupees	Rupees
Associates - Unquoted		
Sargodha Jute Mills Limited:		
8,120,000 (2021: 8,120,000) fully paid ordinary shares of Rs. 10 each		
Equity held 24.94% (2021: 24.94%)		
Cost of investment Rs. 65,600,000 (2021: Rs. 65,600,000)		
Carrying amount of investment	<u>658,240,192</u>	<u>592,204,575</u>

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

Net assets of the Associate	<u>2,639,295,069</u>	<u>2,374,517,138</u>
Percentage of shareholding in Associate	<u>24.94%</u>	<u>24.94%</u>
Carrying amount of investment	<u>658,240,192</u>	<u>592,204,575</u>

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

Current assets	3,457,824,296	2,371,062,563
Non-current assets	1,429,798,620	1,463,910,589
Current liabilities	2,086,676,206	1,264,701,280
Non-current liabilities	161,651,641	195,754,734
Equity	2,639,295,069	2,374,517,138
Total assets	4,887,622,916	3,834,973,152
Revenue	6,516,120,066	4,574,989,728
Net profit for the year	298,266,041	355,149,056
Other comprehensive (loss) / income	(24,892,608)	24,669,431
Total comprehensive income for the year	273,373,433	379,818,487

Note 18

Long Term Deposits

		2022	2021
		Rupees	Rupees
Lahore Electric Supply Company		1,597,430	1,597,430
Sui Northern Gas Pipelines Limited		1,928,612	1,928,612
Others		321,406	321,406
		<u>3,847,448</u>	<u>3,847,448</u>

Note 19

Stores and Spares

		2022	2021
		Rupees	Rupees
Stores and spares	Note 19.1	<u>140,124,905</u>	<u>132,402,205</u>

19.1 This includes stores in transit amounting to Rs.18.492 million (2021: Rs.15.627 million) as at the reporting date.

Note 20

Stock in Trade

		2022	2021
		Rupees	Rupees
Raw materials	Note 20.1 & 20.2	557,347,524	510,174,223
Work in process		84,732,482	85,044,030
Finished goods	Note 20.3	<u>152,967,353</u>	<u>105,505,082</u>
		<u>795,047,359</u>	<u>700,723,335</u>

20.1 Stocks amounting to Rs. 201.620 million (2021: Rs. 199.956 million), approximately, are pledged against short term borrowings.

20.2 This includes material in transit amounting to Rs. 95.425 million (2021: nil).

20.3 This includes stocks in transit amounting to Rs. 12.559 million (2021: nil).

Note 21

Trade Debts

		2022	2021
		Rupees	Rupees
Local debts (Unsecured - considered good)	Note 21.1	<u>215,352,345</u>	<u>126,681,960</u>
Foreign debts (Secured - considered good)		<u>235,937,442</u>	<u>104,467,168</u>
Less: Allowance for expected credit (ECL)	Note 21.2	<u>451,289,787</u> <u>(4,307,357)</u>	<u>231,149,128</u> <u>(1,611,325)</u>
		<u>446,982,430</u>	<u>229,537,803</u>

21.1 Rs 21,225 (2021: Nil) is receivable from M/s Sargodha Jute Mills Limited, an Associated Company, as at the reporting date. The maximum aggregate amount due from the Associate at the end of any month during the year was Rs. 21,225 (2021: Rs. 102,271).

21.2 Allowance for expected credit losses (ECL)

Opening balance	1,611,325	764,939
Add: Allowance for the impairment for the year	<u>2,696,032</u>	<u>846,386</u>
	<u>4,307,357</u>	<u>1,611,325</u>
Less: Reversal of credit loss allowance	-	-
Closing balance	<u>4,307,357</u>	<u>1,611,325</u>

21.3 Detail of trade receivables from export sales

Jurisdiction	Export sales during the year	Gross receivables at year end	Default amount	Names of defaulting parties	Legal action taken
Europe	1,429,604,000	201,850,165	-	No default	N/A
United State of America	<u>414,846,000</u>	<u>34,087,277</u>	-	No default	N/A
	<u>1,844,450,000</u>	<u>235,937,442</u>	-		

Note 22

Advances, Trade Deposits, Prepayments and Other Receivables

		2022	2021
	Note	Rupees	Rupees
Advances (Unsecured - considered good):			
- Employees	22.1	1,698,445	656,828
- Suppliers and others	22.1	101,627,172	58,061,995
- Letters of credit		199,855	186,244
Income tax deducted at source / advance tax		122,179,689	82,620,960
Margins with banks against letter of guarantee		30,740,936	30,345,936
Prepayments		675,876	2,173,823
Duty draw back on export		15,619,916	28,696,147
Insurance claims receivable		2,755,545	4,971,001
Due from associated company		102,000	200,000
Profit receivable on TDR	22.3	1,561,347	1,049,792
		<u>277,160,781</u>	<u>208,962,726</u>
Less: Loss allowance against doubtful advances and other receivables		<u>(1,517,435)</u>	<u>-</u>
		<u>275,643,346</u>	<u>208,962,726</u>

22.1 No amount was due from chief executive, directors and executives as at the reporting date (2021: Nil).

22.2 Loss allowance against doubtful advances and other receivables

Opening balance	-	-
Loss allowance charged to profit or loss account	1,517,435	-
Closing balance	<u>1,517,435</u>	<u>-</u>

22.3 This represents amount receivable from M/s Sargodha Jute Mills Limited, an Associated Company, as at the reporting date. The maximum amount outstanding during the year was Rs. 200,000 (2021: 600,000).

Note 23

Short Term Investments

		2022	2021
	Note	Rupees	Rupees
At fair value through profit or loss			
Investment in un-quoted shares		650,000	650,000
Less: Provision for impairment against investment		(650,000)	-
		-	650,000
At amortized cost			
Investment in term deposit receipts (TDR)	23.1	30,563,313	24,563,313
		<u>30,563,313</u>	<u>25,213,313</u>

23.1 This investment is lien marked by JS Bank Limited against guarantees issued by it to LESCO and Excise and Taxation Office, Karachi on behalf of the Company. These TDRs yield profit at rates ranging from 6.8% to 12.0% (2021: 6.5% to 7.2%) per annum.

Note 24

Tax Refunds Due from the Government

		2022	2021
		Rupees	Rupees
Sales tax		113,805,817	34,103,930
Income tax		52,155,536	68,228,519
		<u>165,961,353</u>	<u>102,332,449</u>

Note 25

Cash and Bank Balances

		2022	2021
	Note	Rupees	Rupees
Cash in hand		773,952	775,927
Cash at banks - Current accounts		87,973,434	125,939,009
Cash at banks - Saving accounts	25.1	54,477,819	21,034,382
		<u>143,225,205</u>	<u>147,749,318</u>

25.1 This represents amounts in saving accounts yielding profit @ 9.46% (2021: 5.5%) per annum, approximately.

Note 26

Sales - Net

		2022	2021
		Rupees	Rupees
Yarn sales			
- Local		8,839,716,539	7,190,936,664
- Export		1,156,782,931	113,890,183
Socks sales			
- Local		-	106,142
- Export		687,666,593	671,340,336
Waste sales yarn		45,627,624	39,629,835
Waste sales socks		16,321,221	24,948,804
		<u>10,746,114,908</u>	<u>8,040,851,964</u>
Duty draw back		-	25,969,913
Sales tax		<u>(1,363,264,667)</u>	<u>(1,139,765,063)</u>
		<u>9,382,850,241</u>	<u>6,927,056,814</u>

26.1 All the revenue is recognised at point in time.

26.2 The Company's revenue based on geographical location is given as under: (Rupees in thousand)

Pakistan	7,664,448	6,117,980
Europe	1,293,556	336,508
United State of America	424,846	446,319
Africa	-	26,250
	<u>9,382,850</u>	<u>6,927,057</u>

Note 27

Cost of Sales

		2022	2021
	Note	Rupees	Rupees
Raw materials consumed		6,208,455,816	4,398,489,180
Stores and spares consumed		185,337,720	179,008,678
Packing materials consumed		206,157,990	184,376,931
Salaries, wages and other benefits	27.1	775,974,984	671,026,555
Fuel and power		814,244,487	595,253,256
Insurance		11,227,745	10,082,497
Repairs and maintenance		14,815,963	26,939,268
Toll manufacturing charges		4,749,581	28,029,477
Other manufacturing expenses		17,052,071	15,782,771
Depreciation	15.4	117,601,132	107,230,057
		<u>8,355,617,489</u>	<u>6,216,218,670</u>
Opening work in process		85,044,030	40,459,744
Closing work in process		<u>(84,732,482)</u>	<u>(85,044,030)</u>
		311,548	(44,584,286)
		<u>8,355,929,037</u>	<u>6,171,634,384</u>

Cost of goods manufactured:	2022	2021
	Rupees	Rupees
- Opening finished goods	105,505,082	131,528,159
- Closing finished goods	(152,967,353)	(105,505,082)
	(47,462,271)	26,023,077
	<u>8,308,466,766</u>	<u>6,197,657,461</u>

27.1 This includes Rs. 43.77 million (2021: Rs. 40.27 million) in respect of staff retirement benefits.

Note 28

Selling and Distribution Costs

	2022	2021
	Rupees	Rupees
Commission to selling agents	56,405,626	53,140,336
Freight and octroi	182,999,016	39,542,717
Export sale expenses	8,205,319	17,706,357
	<u>247,609,961</u>	<u>110,389,410</u>

Note 29

Administrative Expenses

	Note	2022	2021
		Rupees	Rupees
Salaries and benefits	29.1	131,517,614	112,500,608
Printing and stationery		737,237	576,192
Communication		6,921,735	5,084,130
Travelling and conveyance		4,477,459	3,569,256
Repairs and maintenance		3,347,548	5,721,886
Vehicles' running and maintenance		15,359,125	13,535,233
Rent, rates and taxes		8,704,014	7,574,003
Insurance		2,984,389	2,308,231
Legal and professional charges		2,757,120	3,454,319
Fees and subscription		4,170,257	4,030,665
Utilities		12,702,231	13,090,387
Entertainment		6,227,295	4,475,339
Advertisement		442,111	249,250
Miscellaneous		696,833	383,466
Depreciation	15.4	10,726,736	10,581,942
		<u>211,771,704</u>	<u>187,134,907</u>

29.1 This includes Rs. 11.44 million (2021: Rs. 10.52 million) in respect of staff retirement benefits.

Note 30

Finance Cost

Interest / mark-up on:	2022	2021
	Rupees	Rupees
- Short term borrowings	64,828,635	37,821,502
- Long term financing	18,696,949	18,940,871
	83,525,584	56,762,373
Unwinding of long term loan	3,331,926	2,838,890
Unwinding of deferred liability	4,041,632	9,054,210
Bank charges	4,974,001	3,337,426
Commission on bank guarantees	1,991,989	1,657,112
Interest on workers' (profit) participation fund	2,214,156	146,734
	<u>100,079,288</u>	<u>73,796,745</u>

Note 31

Other Operating Expenses

	2022	2021
	Rupees	Rupees
Auditors' remuneration		
- Statutory audit	1,450,000	1,150,000
- Limited scope review and other attestation services	190,000	150,000
- Out of pocket expenses	50,000	-
Loss on disposal of property, plant and equipment - Net	1,690,000	1,300,000
Provision for workers' (profit) participation fund	1,963,678	2,833,382
Provision for workers' welfare fund	32,261,951	23,562,269
Allowance for doubtful debts	11,975,743	8,776,154
Allowance for advances and other receivables	2,696,032	846,386
Impairment against short term investment	1,517,435	-
Loss on sale of raw material	650,000	-
Exchange loss	-	1,090,927
	-	2,914,254
	<u>52,754,839</u>	<u>41,323,372</u>

Note 32

Other Income

		2022	2021
	Note	Rupees	Rupees
Profit on sale of raw material		934,678	-
Toll manufacturing income		10,185,895	-
Gain on revaluation of short term investments at fair value through profit or loss		-	276,135
Profit on saving account and term deposit receipts		4,929,170	3,002,278
Amortization of deferred grant		3,331,926	2,838,890
Discounting of Gas Infrastructure Development Cess		-	13,142,028
Fair value gain on investment property		1,545,000	2,575,000
Exchange gain		28,782,809	-
Rental income	32.1	12,522,451	11,596,790
		<u>62,231,929</u>	<u>33,431,121</u>

32.1 This includes Rs. 0.480 million (2021: 0.480 million) on account of rental income from related party.

Note 33

Taxation

	2022	2021
	Rupees	Rupees
Current tax:		
- For current year	133,937,779	99,590,151
- Super tax	46,185,441	-
- For prior years		
- Tax adjustment	(220,583)	(322,663)
- Tax appeal order adjustments	-	3,999,986
	<u>(220,583)</u>	<u>3,677,323</u>
	179,902,637	103,267,474
Deferred tax	41,420,205	29,838,679
	<u>221,322,842</u>	<u>133,106,153</u>

33.1 The current tax expense for the year is calculated using corporate tax @ 29% (2021: turnover tax @ 1.5%) on local sales, 1% on export sales (2021: 1%) and super tax @ 10% (2021: nil).

33.2 Reconciliation of tax charge for the year

	2022	2021
	Rupees	Rupees
Profit before taxation	598,787,163	438,760,215
Tax @ 29% (2020: 29%) on profit before taxation	173,648,277	127,240,462
Super tax	46,185,441	-
Prior year tax charge	(220,583)	(322,663)
Tax appeal relief	-	3,999,986
Tax effect on income taxed at reduced rate	(21,572,390)	(25,686,511)
Tax effect of exports under final tax regime	(13,841,899)	(19,882,394)
Other adjustments	(4,296,209)	17,918,594
Deferred tax	41,420,205	29,838,679
	<u>221,322,842</u>	<u>133,106,153</u>

Note 34

Earnings per Share - Basic and Diluted

		2022	2021
		Rupees	Rupees
Net profit for the year attributable to ordinary shareholders	Rupees	377,464,321	305,654,062
Weighted average number of ordinary shares outstanding during the year	Number	17,971,372	17,971,372
Earnings per share - Basic	Rupees	<u>21.00</u>	<u>17.01</u>

34.1 Diluted Earnings per Share

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

Note 35

Cash Generated from Operations

	2022	2021
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	598,787,163	438,760,215
Adjustments for:		
- Depreciation	128,327,868	117,811,999
- Share of net profit of associate	(74,387,551)	(88,574,175)
- Loss on disposal of property, plant and equipment - Net	1,963,678	2,833,382
- Gain on revaluation of short term investments	-	(276,135)
- Provision for staff retirement benefits	55,211,320	50,797,150
- Impairment against short term investment	650,000	-
- Discounting of Gas Infrastructure Development Cess	-	(13,142,028)
- Exchange (loss) / gain	(28,782,809)	2,914,254
- Allowance for doubtful debts	2,696,032	846,386
- Allowance for advances and other receivables	1,517,435	-
- Provision for workers' (profit) participation fund	32,261,951	23,562,269
- Provision for workers' welfare fund	11,975,743	8,776,154
- Amortization of deferred grant	(3,331,926)	(2,838,890)
- Unwinding of long term financing	3,331,926	2,838,890
- Unwinding of deferred liability	4,041,632	9,054,210
- Interest on workers' (profit) participation fund	2,214,156	146,734
- Fair value gain on short term investment	(1,545,000)	(2,575,000)
- Finance cost	83,525,584	56,762,373
	<u>219,670,039</u>	<u>168,937,573</u>
	818,457,202	607,697,788

	2022	2021
	Rupees	Rupees
Operating profit before working capital changes		
Decrease / (increase) in current assets:		
- Stores and spares	(7,722,700)	(27,195,122)
- Stock in trade	(94,324,024)	(103,149,793)
- Trade debts	(191,357,850)	(150,629,435)
- Advances, trade deposits, prepayments and other receivables	(28,639,326)	(56,766,847)
- Tax refunds due from the Government - sales tax	(79,701,887)	3,660,693
Increase / (decrease) in current liabilities:		
- Trade and other payables	57,372,554	172,859,911
	<u>(344,373,233)</u>	<u>(161,220,593)</u>
Cash Generated from Operations	<u>474,083,969</u>	<u>446,477,195</u>

Note 36

Reconciliation of Liabilities arising from Financing Activities

	As at June 30, 2021	Non-cash changes	Cash Flows -net	As at June 30, 2022
	Rupees	Rupees	Rupees	Rupees
Long term financing	365,974,362	3,331,926	49,011,472	418,317,760
Short term borrowings	350,862,555	-	53,145,307	404,007,862
Dividend payable	345,642	-	-	345,642
Total liabilities from financing activities	<u>717,182,559</u>	<u>3,331,926</u>	<u>102,156,779</u>	<u>822,671,264</u>

	As at June 30, 2020	Non-cash changes	Cash Flows	As at June 30, 2021
	Rupees	Rupees	Rupees	Rupees
Long term financing	375,257,391	916,743	(10,199,772)	365,974,362
Short term borrowings	414,775,823	-	(63,913,268)	350,862,555
Dividend payable	345,642	-	-	345,642
Total liabilities from financing activities	<u>790,378,856</u>	<u>916,743</u>	<u>(74,113,040)</u>	<u>717,182,559</u>

Note 37

Balances and Transactions with Related Parties

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

Transactions during the year

Related party	Basis of Relationship	Aggregate Shareholding	Nature of Transaction	2022	2021
				Rupees	Rupees
Sargodha Jute Mills Limited	Associate	24.94%	Rental income from associate amount received-net	480,000	480,000
				528,000	604,942
			Purchase of materials, goods and service from Associate Amount paid	838,422 (952,397)	624,563 (515,934)
			Sales of materials, goods and services to Associate	652,379	432,074
Directors			Amount received	673,603	484,431
			Loan received from director	50,000,000	-
			Loan repaid to director	50,000,000	-
Balances receivable as at June 30,					
Sargodha Jute Mills Limited (note 21 & 22)			Long term investment - Carrying value	658,240,192	592,204,575
			Trade debts	21,225	-
			Other receiveables	102,000	200,000
			Trade payable	-	113,975

37.1 There were no transactions with key management personnel other than those undertaken as per terms of their employment that have been disclosed in Note 38.

37.2 Sales and purchase transactions have been carried out on commercial terms and conditions under comparable uncontrolled price method.

Note 38

Chief Executive's, Directors' and Executives' Remuneration

The aggregate amounts charged in the financial statements for the year as remuneration and benefits to Chief Executive, Directors and Executives of the Company are as follows:

	2022			2021		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	13,090,909	2,181,818	23,570,909	13,090,909	1,636,364	20,407,273
Medical	1,309,091	218,182	2,357,091	1,309,091	163,636	2,040,727
Bonus	1,200,000	200,000	2,160,667	1,200,000	150,000	1,829,167
Staff retirement benefits	1,200,000	200,000	2,160,667	1,200,000	150,000	1,837,500
	16,800,000	2,800,000	30,249,334	16,800,000	2,100,000	26,114,667
Number of persons	1	1	7	1	1	8

38.1 In addition to above, the Chief Executive, Directors, and Executives are provided with free use of the Company maintained vehicles in accordance with the Company's policy.

38.2 An executive is defined as an employee, other than the Chief Executive and Directors, whose basic salary exceeds Rs. 1.2 million in a financial year.

Note 39

Segment Information

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

39.1**Segment Results for the period ended June 30, 2022**

	Yarn	Socks	Total
	Rupees in Thousand		
Revenue	8,681,304	701,546	9,382,850
Operating profit	585,946	29,056	615,002
Finance cost	(82,738)	(16,086)	(98,824)
Other income	-	10,186	10,186
Finance cost - unallocated			(1,255)
Other operating expense			(52,755)
Other income			52,046
Share of net profit from associate			74,388
Profit before taxation			<u>598,787</u>

Segment Results for the period ended June 30, 2021

	Yarn	Socks	Total
	Rupees in Thousand		
Revenue	6,208,315	718,742	6,927,057
Segment results	401,207	30,668	431,875
Finance cost	(41,847)	(14,915)	(56,762)
Finance cost - unallocated			(17,034)
Other operating expense			(41,323)
Other income			33,431
Share of net profit from associate			88,574
Profit before taxation			<u>438,760</u>

39.2**Segment financial position for the year ended June 30, 2022****Assets**

	Yarn	Socks	Total
	Rupees in Thousand		
Property, plant and equipment	1,436,442	1,118,960	2,555,402
Store and spares	104,537	35,588	140,125
Stock in trade	646,247	148,800	795,047
Trade debts	399,279	47,703	446,982
Advances to suppliers	93,188	8,439	101,627
	<u>2,679,693</u>	<u>1,359,490</u>	<u>4,039,183</u>

	Yarn	Socks	Total
	Rupees in Thousand		
Unallocated Assets			
Investment property			91,670
Long term investments			658,240
Long term deposits			3,847
Advances, trade deposits, prepayments and other receivables			174,017
Short term investments			30,563
Tax refunds due from the Government			165,961
Cash and bank balances			143,225
Total assets			<u>5,306,706</u>
Liabilities			
Long term financing	142,478	275,840	418,318
Trade creditors	34,856	54,987	89,843
Short term borrowings	404,007	-	404,007
Accrued mark up	11,423	15,849	27,272
	<u>592,764</u>	<u>346,676</u>	<u>939,440</u>
Unallocated liabilities			
Deferred tax liability - net			362,456
Deferred grant			255
Staff retirement benefit			141,064
Gas infrastructure development cess			110,602
Other payables			450,002
Unclaimed dividends			146
Unpaid dividends			199
Provision for taxation - net			158,860
			<u>2,163,024</u>

Segment financial position for the year ended June 30, 2021

Assets			
Property plant and equipment	1,549,821	866,037	2,415,858
Store and spares	98,591	33,811	132,402
Stock in trade	566,682	134,041	700,723
Trade debts	129,378	100,160	229,538
Advances to suppliers	39,659	18,403	58,062
	<u>2,384,131</u>	<u>1,152,452</u>	<u>3,536,583</u>
Unallocated Assets			
Investment property			90,125
Long term investments			592,205
Long term deposits			3,847
Advances, trade deposits, prepayments and			150,902
Short term investments			25,213
Tax refunds due from the Government			102,332
Cash and bank balances			147,749
Total assets			<u>4,648,956</u>

	Yarn	Socks	Total
	Rupees in Thousand		
Liabilities			
Long term financing	67,011	298,964	365,975
Creditors	54,312	38,995	93,307
Short term borrowings	311,313	-	311,313
Accrued mark up	10,530	9,381	19,911
	<u>443,166</u>	<u>347,340</u>	<u>790,506</u>
Unallocated liabilities			
Deferred tax liability - net			290,664
Deferred grant			3,588
Staff retirement benefit			124,171
Gas Infrastructure Development Cess			132,827
Other payables			377,266
Unclaimed dividends			146
Unpaid dividends			199
Short term borrowing			39,549
Provision for taxation - net			99,590
Total liabilities			<u>1,858,506</u>

	2022	2021
	Percentage	Percentage
39.3 Information about products:		
Yarn	92.52%	89.05%
Socks	7.48%	9.64%

39.4 Major customers:

There is no individual customer to whom sales are 10% more than of revenue.

39.5 Geographical Information:

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

	2022	2021
	Rupees in thousand	
Pakistan	7,538,400	6,115,856
Europe	1,429,604	336,508
United State of America	414,846	446,319
Africa	-	26,250
	<u>9,382,850</u>	<u>6,924,933</u>

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

Note 40

Plant Capacity and Production

		Note	2022	2021
Yarn				
Plant capacity converted into 20/S count	Kilograms	40.1	41,732,689	41,732,689
Actual production converted into 20/S count	Kilograms		40,159,283	37,685,883
Socks				
Plant capacity dozen pairs	Dozen pairs		2,288,448	2,004,480
Actual production dozen pairs	Dozen pairs		1,132,710	1,414,189

40.1 Reasons attributable to under utilization of optimal production capacity are mainly due to various factors such as spindles' speed, twist, maintenance of machinery, power shutdown, demand etc.

Note 41

Financial Risk Management**41.1 Financial risk factors**

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

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

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

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

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

	2022	2021
	Rupees in thousand	
Trade debts	235,937	104,467
Outstanding commitments against letters of credit	(150,237)	(116,865)
Net exposure	<u>85,700</u>	<u>(12,398)</u>

The following significant exchange rates were applied during the year:

Rupees per US Dollar

Average exchange rate during the year	183.61	162.44
Reporting date rate	204.85	157.13

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 1% against the USD with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 0.857 million (2021: Rs. 0.129 million) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. This sensitivity analysis reflects exposure as at the reporting date and is unrepresentative of the exposure during the year

(ii) Price risk

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

	2022	2021
	Rupees in thousand	
Investment in quoted shares	-	650
Change in equity prices (%)	1%	1%
Effect on profit or loss	-	6.50

(iii) Interest rate risk

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

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

	2022	2021
	Rupees in thousand	
<i>Fixed rate instruments - Financial liabilities</i>		
Long term financing	418,318	365,974
<i>Floating rate instruments - Financial liabilities</i>		
Short term borrowings	404,008	350,863
<i>Fixed rate instruments - Financial assets</i>		
Short term investment	30,563	24,563
<i>Floating rate instruments - Financial assets</i>		
Bank balances in saving's account	54,478	21,034

Sensitivity analysis for fixed rate instruments

The Company has certain financial liabilities and financial assets at fixed rate. Therefore, no impact on profit or loss of the Company is expected.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to 1% change in interest rates, with all other variables held constant, of the Company's profit or loss. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the entire year.

	2022	2021
Effect on profit or loss (Rupees in thousand)	<u>3,495</u>	<u>3,298</u>

(b) Credit risk

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

	2022	2021
	Rupees in thousand	
Long term deposits	3,847	3,847
Long term investment	658,240	592,205
Trade debts	446,982	229,538
Short term investments	30,563	25,213
Trade deposits and other receivables	35,160	36,567
Bank balances	142,451	146,973
The aging of trade debts as at the reporting date is as follows:		
Past due 1 - 30 days	353,922	168,072
Past due 31 - 60 days	36,069	27,032
Past due 61 - 90 days	24,987	14,656
More than 91 days	32,004	19,778
	<u>446,982</u>	<u>229,538</u>

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

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

	Rating		Rating Agency	2022	2021
	Short term	Long term			
	Rupees in thousand				
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,386	3,768
MCB Bank Limited	A1+	AAA	PACRA	84,533	57,289
Habib Bank Limited	A-1+	AAA	JCR-VIS	3,195	4,456
Allied Bank Limited	A1+	AAA	PACRA	10,169	7,446
Meezan Bank Limited	A-1+	AAA	JCR-VIS	4,848	48,879
National Bank of Pakistan	A1+	AAA	PACRA	736	736
United Bank Limited	A-1+	AAA	JCR-VIS	112	112
Bank Alfalah Limited	A1+	AA+	PACRA	16	8,269
Faysal Bank Limited	A1+	AA	PACRA	50	-
JS Bank Limited	A1+	AA-	PACRA	37,406	16,018
				<u>142,451</u>	<u>146,973</u>

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages its liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the reporting date, the Company has Rs. 1,667.06 million (2021: Rs. 906.76 million) worth unavailed limits (both funded and unfunded) from financial institutions and Rs. 143.225 million (2021: Rs. 147.749 million) cash and bank balances. Following are the contractual maturities of financial liabilities:

Contractual maturities of financial liabilities as at June 30, 2022:

	Carrying Amount	Contractual cash flows	Within 1 Year	1 - 2 Year	2 - 5 Years	More than 5 Years
----- Rupees in thousand -----						
Long term financing	418,318	558,879	85,942	101,339	320,593	51,005
Trade and other payables	403,024	403,024	403,024	-	-	-
Accrued interest	27,272	27,272	27,272	-	-	-
Short term borrowings	404,008	404,008	404,008	-	-	-
	<u>1,252,622</u>	<u>1,393,183</u>	<u>920,246</u>	<u>101,339</u>	<u>320,593</u>	<u>51,005</u>

Contractual maturities of financial liabilities as at June 30, 2021:

	Carrying Amount	Contractual cash flows	Within 1 Year	1 - 2 Year	2 - 5 Years	More than 5 Years
----- Rupees in thousand -----						
Long term financing	365,974	420,211	115,470	77,965	149,918	76,858
Trade and other payables	302,651	302,651	302,651	-	-	-
Accrued interest	19,911	19,911	19,911	-	-	-
Short term borrowings	350,863	350,863	350,863	-	-	-
	<u>1,039,399</u>	<u>1,093,636</u>	<u>788,895</u>	<u>77,965</u>	<u>149,918</u>	<u>76,858</u>

(d) Fair value of financial instruments

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

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

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

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

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

The Company held the following short term investment measured at fair value:

	Total	Level 1	Level 2	Level 3
----- Rupees in thousand -----				
Financial assets - 2022	-	-	-	-
Financial assets - 2021	<u>650</u>	<u>650</u>	-	-

41.2 Financial instruments by categories**Financial assets as at June 30, 2022**

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
----- Rupees in thousand -----				
Long term deposits	-	3,847	-	3,847
Long term investment	-	658,240	-	658,240
Short term investments	-	30,563	-	30,563
Trade debts	-	446,982	-	446,982
Trade deposits and other receivables	-	35,160	-	35,160
Cash and bank balances	-	143,225	-	143,225
	-	1,318,017	-	1,318,017

Financial assets as at June 30, 2021

	Fair value through profit or loss	At amortized cost	At fair value through other comprehensive income	Total
----- Rupees in thousand -----				
Long term deposits	-	3,847	-	3,847
Long term investment	-	592,205	-	592,205
Short term investments	650	24,563	-	25,213
Trade debts	-	229,538	-	229,538
Trade deposits and other receivables	-	36,567	-	36,567
Cash and bank balances	-	147,749	-	147,749
	650	1,034,469	-	1,035,119

Financial liabilities at amortized cost

	2022	2021
Rupees in thousand		
Long term financing	418,318	365,974
Trade and other payables	403,024	302,651
Accrued mark-up	27,272	19,911
Short term borrowings	404,008	350,863
	1,252,622	1,039,399

41.3 Fair values of financial assets and liabilities

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

Note 42

Capital Risk Management

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

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

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

		2022	2021
	Note	Rupees in thousand	
Total borrowings	7&11	822,326	717,554
Cash and bank balances		(143,225)	(147,749)
Net Debt		679,101	569,805
Equity		3,143,683	2,790,450
Total capital employed		3,822,784	3,360,255
Gearing Ratio		17.76%	16.96%

Note 43

Shariah Screening Disclosures

		2022	2021
		Rupees in thousand	
Loans / advances obtained as per Islamic mode		85,439,353	32,513,108
Shariah compliant bank deposits / bank balances		15,548,535	48,878,908
Profit earned from shariah compliant bank deposits / bank balances		-	-
Revenue earned from a shariah compliant business segment		9,382,850,241	6,927,056,814
Gain / loss or dividend earned from shariah compliant investments		-	-
Shariah compliant exchange gain earned		-	-
Mark up paid on Islamic mode of financing		17,372,330	5,412,067
Profits earned on any conventional loan or advance		4,929,170	3,002,278
Interest paid on any conventional loan or advance		66,153,254	51,350,306

Note 44

Number of Employees

		2022	2021
		Number	Number
Total number of employees as at the year end		2311	2217
Average number of employees during the year		2244	2195

Note 45


Authorization of Financial Statements

These financial statements were approved and authorized by the Board of Directors of the Company for issuance on _____.

Note 46

General

Comparative figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. No material re-arrangements / reclassifications have been made in these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

FORM 34

PATTERN OF SHAEHOLDING AS AT JUNE 30, 2022
CUIN (INCORPORATION NUMBER) 0006512

No. of Shareholders	Share Holding		Total Share Held
	From	To	
475	1	100	11,518
229	101	500	54,046
31	501	1,000	21,781
33	1,001	5,000	60,903
2	5,001	10,000	15,584
2	10,001	15,000	23,780
1	15,001	20,000	15061
1	20,001	25,000	21,090
3	35,001	100,000	176,303
1	105001	110,000	108,033
2	295,001	300,000	600,000
1	315,001	320,000	319,570
1	325,001	330,000	326,391
2	495,001	500,000	1,000,000
1	760,001	765,000	760,382
1	1105001	1,110,000	1105,907
1	1790001	1,795,000	1,790,249
1	2605001	2610000	2,608,032
1	4465001	4470000	4,466,371
1	4,485,001	4,490,000	4,486,371
790	Total		17,971,372

Categories of Shareholders	Share Held	Percentage
5.1 Directors, Chief Executive Officer, and their spouse and minor children	13,268,831	73.83
5.2 Associated Companies, undertakings and related parties	1,021,090	5.68
5.3 NIT and ICP	9,310	0.05
5.4 Banks, Development Financial Institutions, Non Banking Financial Institutions,	2,200	0.01
5.5 Insurance Companies	600	0.00
5.6 Modarabas and Mutual Funds	122	0.00
5.7 Share Holding 10% or more	14,111,405	78.52
5.8 General Public		
a. Local	3,663,541	20.39
b. Foreign	-	-
5.9 Others (Securities & Joint Stock Companies)	5,178	0.03

CATEGORIES OF SHAREHOLDING
INFORMATION REQUIRED AS PER CODE OF CORPORATE GOVERNANCE
AS AT JUNE 30, 2022

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

Detail of Purchase / Sales / by Directors/CEO/Company Secretary/CFO and Their Spouses /Minor Children during 2022.

No Purchase / Sales of shares were carried out by Directors / CEO/Company Secretary/CFO, Executives, and their spouses and minor children.

کارپوریٹ گورننس

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

بورڈ آف ڈائریکٹرز کی قدر پیمائی

لسٹڈ کمپنی کے کوڈ آف کارپوریٹس گورننس 2019ء کے مطابق بورڈ نے ایک میکنیزم تیار کیا ہے جو ڈائریکٹرز کی قدر پیمائی اور انکی کارکردگی کو چیک کرتا ہے۔ سال رواں کے درمیان ایک جامع سوال نامہ تیار کیا گیا ہے جو تمام ممبرز کے درمیان بانٹا گیا ہے۔ کہ وہ نقصان دہ جگہوں پر اپنی توجہ بڑھائیں۔ یہ سوال نامہ درج ذیل ہے۔ کارپوریٹ کے مقاصد کو اپنا مشن بنانے اور پائیدار قسم کی اسٹریٹیجی بنانے اور کروں کی پرفارمنس کو چیک کریں اُس پر نظر رکھیں اور بورڈ کی پرفارمنس کو بھی چیک کریں بورڈ یہ بتائے کہ کوئی جگہوں پر بہتری کی گنجائش ہے۔

ڈائریکٹرز کی تنخواہ

ڈائریکٹرز کی تنخواہ کی پالیسی (ایگزیکٹو، نان ایگزیکٹو اور انڈیپنڈنٹ) تنخواہ کی پالیسی مارکیٹ میں موجود شیڈولڈ کے مطابق ہے جو ان کے کام کے مطابق ہے ایگزیکٹو ڈائریکٹرز کی تنخواہ کی منظوری بورڈ آف ڈائریکٹرز دیتا ہے۔ کوئی ڈائریکٹر بھی اپنی تنخواہ خود مقرر نہیں کر سکتا کمپنی نان ایگزیکٹو ڈائریکٹر اور انڈیپنڈنٹ ڈائریکٹرز پر بھی یہی پالیسی لاگو ہوتی ہے

محاسب کا تقرر

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

خاکہ شیئر ہولڈرز

فارم 34 آف 30 جون 2022ء پیٹرن آف شیئر ہولڈنگز یہاں منسلک کر دیا گیا ہے۔

مالی سال کی تکمیل کے بعد کے واقعات

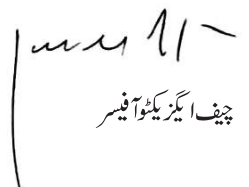
کوئی بھی ایسا بڑا واقعہ جو کمپنی کے مالی حالات کو تبدیل کرے وقوع پذیر نہیں ہوا

اعتراف

ہم مختلف شعبوں کے کاروباری ساتھیوں، بینکوں، مالیاتی اداروں، صارفین، ڈسٹری بیوٹرز، سپلائرز اور کمپنی کے دیگر سٹیک ہولڈرز کے تعاون کا شکریہ ادا کرتے ہیں جنہوں نے فعال طور پر کمپنی کی ترقی میں حصہ لیا ہے۔ ہم کمپنی کے تمام ترملازمین کو ان کی محنت، لگن اور مسلسل وابستگی کے لئے بہت سرہتے ہیں۔

برائے اور بحکم بورڈ


ڈائریکٹر


چیف ایگزیکٹو آفیسر

لاہور: مورخہ 105 اکتوبر 2022

بورڈ آف ڈائریکٹرز

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

ڈائریکٹرز کے نام اور بورڈ آف ڈائریکٹرز کی میٹنگ

بورڈ آف ڈائریکٹرز کی میٹنگ

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

آڈٹ کمیٹی

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

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

آڈٹ کمیٹی مؤثر طور پر موجود اندرونی کنٹرول سسٹم کے ذریعے مفادات کا جائزہ اور کوتاہیوں کی نشاندہی کرتی ہے۔ کمیٹی اندرونی کنٹرول سسٹم کے بہتر نفاذ کے لئے اصلاحی اقدامات بھی تجویز کرتی ہے۔ یہ جائزہ سال کے دوران یکم جولائی 2021ء سے لے کر 30 جون 2022ء تک آڈٹ کمیٹی کے چھ (6) اجلاس منعقد ہونے آڈٹ کمیٹی کی حاضری درج ذیل ہے۔

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

ہیومن ریسورس اور معاوضہ (HR & R) کمیٹی

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

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

متعلقہ پارٹیوں سے لین دین

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

کام کی جگہ پر ہراساں کرنے کے خلاف تحفظ کا ضابطہ اخلاق

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

اینٹی کرپشن

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

اجتماعی سماجی ذمہ داری

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

صحت، حفاظت اور ماحول

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

کام اور زندگی کا توازن

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

کاروباری اخلاقیات

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

قومی خزانے میں شراکت

ملک کی اقتصادی ترقی کے لئے اپنی قانونی اور سماجی ذمہ داری کو پورا کرنے کے لئے کمپنی نے ٹیکس، لیویز، ایکسائز اور سیلز ٹیکس کی مدد میں حکومتی خزانے میں مالی سال 2021-22ء میں 518.41 ملین حصہ شامل کیا ہے۔

بجلی کی بچت

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

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز کی تشکیل کوڈ آف کارپوریٹ گورننس 2019 کے مطابق ہے۔

ڈائریکٹرز کی تعداد

(a)	مرد حضرات	06
(b)	خواتین	01

آئی ایس او 9001-2015 سرٹیفیکیشن

کمپنی نے اپنے گاہکوں کے اطمینان کے لئے جو دھاگے کے معیاری پیداوار پر یقین رکھتے ہیں۔ کمپنی نے 2015-9001 تازہ ترین سرٹیفیکیشن حاصل کیے ہیں۔ یہ سرٹیفیکیشن پر تین سال کے بعد مکمل جانچ اور جامع تصدیق کی تجدید کی جاتی ہے۔ کوالٹی سرٹیفیکیشن کے صارفین کا اعتماد بڑھاتا ہے۔ اور پرانے گاہکوں کا اعتماد برقرار رکھتا ہے۔

لیکوڈیٹی نقصان کا خدشہ

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

نقصانات کے خدشات

زر مبادلہ کے نقصان کے خدشات

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

اُدھار میں نقصان کا خدشہ

اُدھار میں نقصان کا خدشہ کاؤنٹنگ نقصان ظاہر کرتا ہے جو روپے کے وقت اُبھر کے سامنے آتا ہے خدشہ کو کم کرنے کے لئے کمپنی نے گاہکوں سے اُدھار کی پالیسی بھی بنائی ہے اور پھر یہ اُدھار کی مقررہ حد مسلسل نظر میں رکھی جاتی ہے۔

شرح سود میں اتار چڑھاؤ سے نقصان

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

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

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

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

ہم نے جیسا کہ مالی گوشوارہ میں درج ذیل ہے اس سال کے بہترین نتائج پیش کئے ہیں۔ موجودہ منظر نامہ میں دھاگے کی برآمدات میں بتدریج بہتری آ رہی ہے۔ اور جرابوں کی برآمدات تسلی بخش رفتار سے چل رہی ہے۔ مہنگی توانائی اور کپاس کی متزلزل قیمتیں مستقبل میں مشکل کا سبب بن سکتی ہیں لیکن ہم مصمم طریقے سے معیاری دھاگے کی پیداوار اور گاہکوں سے بہترین تعلقات کے سبب بین الاقوامی مارکیٹ میں مقابلہ کر سکیں گے۔

کمپنی کے کاروبار کا حالات پر اثر

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

موزوں ترین اندرونی مالی کنٹرول

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

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز آپ کے سامنے چوالیسویں سالانہ ڈائریکٹرز کی رپورٹ اور کارکردگی کا جائزہ لے کر آڈٹ رپورٹ اور کمپنی کی مالیاتی گوشوارہ 30 جون 2022 کو پیش کرنے پر فخر محسوس کرتے ہیں۔

ڈائریکٹرز کی رپورٹ کمپنی ایکٹ 2017 کے سیکشن 227 اور سڈ کمپنی (بورڈ آف کارپوریٹ گورننس 2019) کے ریگولیشن کے مطابق تیار کی گئی ہے۔ اور 28 اکتوبر 2022 کو منعقد ہونے والے چوالیسویں سالانہ اجلاس میں شیئر ہولڈرز کو پیش کی جائے گی۔

30 جون 2022 کو ختم ہونے والے سال کے لئے آپ کی کمپنی کی مالی کارکردگی درج ذیل ہے۔

2021 (روپے)	2022 (روپے)	
6,927,056,814	9,382,850,241	دھاگے کی فروخت
729,399,353	1,074,383,475	خام منافع
350,186,040	524,399,612	ٹیکس اور ایسوسی ایٹ کے منافع کے حصے سے پہلے کا منافع
88,574,175	74,387,551	ایسوسی ایٹ کے حصے کا خالص منافع
438,760,215	598,787,163	ٹیکس سے پہلے کا منافع
133,106,153	221,322,842	ٹیکسیشن
305,654,062	377,464,321	ٹیکس کے بعد کا منافع

سال کے دوران، اللہ کے فضل سے کمپنی نے شاندار مالیاتی نتائج حاصل کیے ہیں کیونکہ اس نے 35.45 فیصد کی شاندار فروخت میں اضافہ ریکارڈ کیا ہے۔ 9,382,850,241/- پچھلے سال کی بعد از ٹیکس منافع میں بھی گزشتہ سال کے مقابلے میں 23.49 فیصد اضافہ ہوا ہے۔ ایک حیران کن اقدام میں، ایف بی آر نے فنانس 6,927,056,814/- فروخت کے مقابلے میں ایکٹ 2022 کے ذریعے ٹیکس سال 2022 سے 10 فیصد پر سپر ٹیکس عائد کیا ہے، جس سے ٹیکس کے بعد منافع میں کمی آئی ہے۔ تاہم، تمام چیلنجوں کے باوجود، کمپنی نے اچھی کارکردگی کا مظاہرہ کیا کیونکہ اس کی ٹاپ لائن اور باٹم لائن دونوں متاثر کن طور پر بڑھی ہیں۔ برآمدات کی فروخت بھی بڑھ کر 1,844,449,524/- روپے ہو گئی جو کہ گزشتہ سال میں 785,230,519 روپے کی فروخت کے مقابلے میں بہت متاثر کن نمود کھاتی ہے۔ عام طور پر، مالی سال 2022 کے دوران ٹیکسٹائل کے پورے شعبے نے بہت ہی مثبت ترقی کی رفتار دیکھی کیونکہ محصولات اور خالص منافع میں صنعت کے وسیع پیمانے پر اضافہ ہوا۔

مستقبل کا نقطہ نظر

ہمارے ملک کی معیشت شدید سیلاب سے ہونے والی وسیع تباہی سے بری طرح متاثر ہوئی ہے۔ اس نے خاص طور پر صوبہ سندھ میں کپاس کی فصل کو تباہ کر دیا ہے جس سے کپاس کی دستیابی کے ساتھ ساتھ اس کی قیمت پر بھی برا اثر پڑے گا۔ پاکستان کی معیشت کی صحت پر تشویش بڑھ رہی ہے کیونکہ زر مبادلہ کے ذخائر کم ہیں، کرنسی ریکارڈ سطح تک کمزور ہوئی ہے اور افراط زر دہائیوں کی بلند ترین سطح پر ہے۔ اسٹیٹ بینک نے مہنگائی پر قابو پانے کے لیے پالیسی ریٹ کو ریکارڈ حد تک بڑھا دیا ہے۔ کرنسی میں کمی کے ساتھ مل کر یہ عوامل صنعت کے لیے ان پٹ کی لاگت کو بڑھا رہے ہیں کیونکہ خام مال، توانائی کی قیمتیں اور مالیاتی اخراجات بڑھ رہے ہیں۔ آئی ایم ایف کے سخت پروگرام کے تحت حکومت علاقائی سطح پر مسابقتی شروحوں پر توانائی فراہم کرنے کے لیے بھی جدوجہد کر رہی ہے۔

انتظامیہ کمپنی اور ٹیکسٹائل انڈسٹری کو درپیش موجودہ چیلنجز سے پوری طرح آگاہ ہے۔ بدلتے ہوئے معاشی حالات کو مد نظر رکھتے ہوئے مستقبل کی کاروباری حکمت عملی کو ایڈجسٹ کیا جائے گا۔ انتظامیہ مستقبل میں بہتر نتائج حاصل کرنے اور شیئرز ہولڈرز کی دولت کو زیادہ سے زیادہ کرنے کے لیے پوری طرح پر عزم اور مرکوز ہے۔

فی حصہ آمدنی

کمپنی کی فی شیئر آمدنی 21.00 روپے فی شیئر ہے۔ جو پچھلے سال 2021 میں 17.01 روپے فی شیئر تھی۔

منافع منقسمہ

اگرچہ موجودہ سال میں بہترین منافع ہے لیکن انتظامیہ ڈیویڈنڈ ادا کرنے کا ارادہ نہیں رکھتی کیونکہ وہ جرابوں کے حصے میں مزید توسیع پر غور کر رہی ہے۔ موجودہ معاشی منظر نامے میں مہنگی مشینری اور آلات کی وجہ سے کمپنی کو اپنی مالی کیپٹلائزیشن کے لیے استعمال کرنے کی ضرورت پڑ سکتی ہے۔ لہذا منافع کو کمپنی میں دوبارہ لگایا جائے گا، جو حصص یافتگان کے بہترین مفاد میں ہے۔

————— PAGE IS INTENTIONALLY LEFT BLANK —————

FORM OF PROXY

I/We _____ Son / Daughter / Wife of _____ being a member
 Of **SHAHZAD TEXTILE MILLS LIMITED** and holder of _____ Shares Folio
 No. _____ CDC Participant ID # _____ and
 Sub Account # _____ do hereby appoint _____ of or failing
 him /her _____ of _____ as my/our proxy to
 attend, speak and vote for me/us and on my/our behalf at the Annual General meeting of Shahzad Textile Mills
 Limited scheduled to be held on Friday October 28, 2022 at 11:30 a.m at 19-A, Off. Zafar Ali Road, Gulberg-V,
 Lahore and at any adjournment thereof.

As witness my/our hands this _____ day of _____ 2022.

1. Witnesses:

Name: _____

Signature: _____

CNIC: _____

Address: _____

Please affix here Revenue
Stamp of Rs. 5/-

Members' Signature

2. Witnesses:

Name: _____

Shareholder's Folio No. _____

Signature _____

CDC A/c No. _____

CNIC: _____

CNIC: _____

Address: _____

Address: _____

Notes:

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

The Secretary

SHAHZAD TEXTILE MILLS LIMITES

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

Tel: +92 (42) 35754024-27

میں اہم _____ ولد دختر ازوجہ _____ بحیثیت رکن
 شہزاد ٹیکسٹائل ملز لمٹیڈ اور حامل _____ حصص بمطابق فولیو نمبر _____
 سی ڈی سی پارٹنر شپ (شرکت) آئی ڈی نمبر _____ اور سب اکاؤنٹ (ذیلی حکمت) نمبر _____
 محترم / محترمہ _____ کا/کی _____
 کو اپنے اہمارے ایما پر _____ بروز جمعہ 28 اکتوبر 2022 دوپہر 11:30 بجے
 بمقام _____ Off, 19-A ظفر علی روڈ گلبرگ-V، لاہور
 منعقد ہونے والے شہزاد ٹیکسٹائل ملز لمٹیڈ کے سالانہ اجلاس نام میں حق مانے دیے استعمال کرنے،
 کرتے ہیں۔

آج بروز _____ تاریخ _____ 2022 کو میرے اہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

-1

5 روپے کی رسیدی ٹکٹ یہاں چسپاں کریں۔

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

دستخط رکن: _____

-2

شہزاد ٹیکسٹائل ملز کا فولیو نمبر: _____
 سی ڈی سی اکاؤنٹ نمبر: _____
 کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____
 پتہ: _____

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

نوٹ:

- 1- سالانہ اجلاس نام میں شرکت اور مانے دیے کا مستحق رکن، پراکسی مقرر کر سکتا ہے۔
- 2- پراکسیوں کو تاکہ موثر ہو سکیں، کمپنی کے رجسٹرڈ دفتر Off, 19-A ظفر علی روڈ، گلبرگ-V لاہور میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانی چاہئیں اور باقاعدہ مہر، دستخط اور گواہی شدہ ہونی چاہئیں۔
- 3- اراکین جو اپنے حصص سنٹرل ڈیپازٹری کمپنی پاکستان لمٹیڈ کے سنٹرل ڈیپازٹری سسٹم میں جمع کروا چکے ہوں، کو سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کی سرکلر نمبر مورخہ 26 جنوری 2000 میں دی گئی ذیل میں درج ذیل ہدایات پر عمل کرنا ہوگا۔
 - i- بصورت افراد، اکاؤنٹ ہولڈر اور ایسب اکاؤنٹ ہولڈر جن کی رجسٹریشن تفصیلات سی ڈی سی قواعد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نام) جمع کرانا ہوگا
 - ii- بینیفیشیئل اوٹرز (مستفید ہونے والے افراد) اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل، پراکسی فارم (مختار نام) کے ہمراہ جمع کرانا ہوگی۔
 - iii- بصورت کارپوریٹ ہونے والے افراد، مختار نام معہ نامزد کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نام) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

سیکرٹری
شہزاد ٹیکسٹائل ملز لمیٹڈ

19-A آن ظفر علی روڈ، گلبرگ-۵ لاہور

Tel: +92 (42) 35754024-27

محترم شیئر ہولڈرز (ز)

کمپنیز ایکٹ 2107 شق 242 اور سیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 18/2017 بتاریخ یکم اگست 2017 کے ذریعے SECP کی طرف سے تمام لمیٹڈ کمپنیوں کو ہدایت کی گئی ہے کہ یکم نومبر 2017 کے بعد سے ادا ہونے والے ڈیویڈنڈ کی رقم الیکٹرانک طریقہ کار سے براہ راست شیئر ہولڈرز کی طرف سے فراہم کردہ بینک اکاؤنٹ میں منتقل کی جائے۔

درج بالا ہدایات کے تناظر میں، آپ سے گزارش کی جاتی ہے کہ آپ مکمل بینک اکاؤنٹ/IBAN (انٹرنیشنل بینک نمبر) کی تفصیل درج ذیل فارمیٹ کے تحت کمپنی کے شیئرز رجسٹرار، شہزاد ٹیکسٹائل ملز لمیٹڈ، 19-A آف ظفر علی روڈ، گلبرگ 5 لاہور کو مہیا کریں (سی ڈی سی اکاؤنٹ ہولڈر/سب اکاؤنٹ ہولڈر یہ تفصیل متعلقہ اسٹاک ایکسچینج کو مہیا کریں) تاکہ ہم درج بالاشق/سرکلر پر عمل پیرا ہو سکیں۔



سید عمران حیدر
کمپنی سیکریٹری
شہزاد ٹیکسٹائل ملز لمیٹڈ

	فولیو نمبر
	شیئر ہولڈر کا نام
	بینک اکاؤنٹ نمبر
	بینک کا نام، برانچ کا نام، کوڈ اور پتہ
	موبائل نمبر
	فون نمبر (اگر ہے)
	کمپیوٹرائزڈ شناختی کارڈ نمبر
	(کاپی منسلک کریں)
<p>بیان کیا جاتا ہے۔ کہ درج بالا معلومات درست ہیں اور یہ کہ میں درج بالا معلومات میں تبدیلی کی صورت میں کمپنی اور متعلقہ شیئرز رجسٹرار کو مطلع کرونگا۔</p> <p style="text-align: right;">دستخط شیئر ہولڈر</p>	

ANNUAL ACCOUNTS

REQUEST FORM

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

Company Name: **Shahzad Textile Mills Limited**

Folio No. / CDC Sub -Account No. _____

E-mail Address: _____

CNIC No. _____

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

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

Name and Signature of Shareholder

(Attachment Copy of CNIC)

The Secretary

SHAHZAD TEXTILE MILLS LIMITES

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

Tel: +92 (42) 35754024-27

درخواست فارم

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

کمپنی کا نام: شہزاد ٹیکسٹائل ملز لمیٹڈ

فولیو: سی ڈی سی سب اکاؤنٹ نمبر

ای میل ایڈریس:

شناختی کارڈ نمبر

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

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

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

شیئر ہولڈر کا نام اور دستخط

شناختی کارڈ کی کاپی منسلک شدہ ہے

سیکرٹری
شہزاد ٹیکسٹائل ملز لمیٹید

19-A آن ظفر علی روڈ، گلبرگ-۵ لاہور

Tel: +92 (42) 35754024-27

CONSENT FOR VIDEO CONFERENCE FACILITY

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

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

REQUEST FORM

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

Signature of Member



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