CONTENTS

NADEEM TEXTILE MILLS LIMITED

Vision Statement

To be a dynamic, profitable and growth oriented Company.

Mission Statement

The mission of the Company is to prudently utilize the human resources and plant and machinery in order to achieve high levels of sustainable profitability and growth by:

- Offering high class products and services to all our customers.
- Building a long term relationship with our customers, suppliers and other stake holders.
- Continuously upgrading the latest production facilities to achieve higher levels of operational efficiency and develop potential as well as performance.
- Nurturing a work culture that generates creativity, enthusiasm, professionalism and teamwork.
- Maintaining the highest standards of ethics, safety and environment.
- Contributing towards the economic development of the country.
- Being a good corporate citizen by fulfilling our social responsibilities.

COMPANY INFORMATION

Board of Directors	:	Mr. Zahid Mazhar (Chief Executive) Mr. Omer Bin Zahid (Executive Director) Mr. Hassan Bin Zahid (Executive Director) Mrs. Naila Zahid (Chairperson) Mrs. Anam Omer Mrs. Shafia Hassan Mr. Waqar Hassan Siddiqui Mr. Nadeem Ahmed Mr. Noor Muhammad
Chief Financial Officer	:	Mr. Omer Bin Zahid
Company Secretary	:	Mr. Abdul Amin
Audit Committee	:	Mr. Waqar Hassan Siddiqui (Chairman) Mrs. Anam Omer (Member) Mrs. Shafia Hassan (Member)
H. R. & Remuneration Committee	:	Mr. Nadeem Ahmed (Chairman) Mrs. Anam Omer (Member) Mrs. Shafia Hassan (Member)
Auditors	:	M/s. Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants
Legal Advisor	:	Mr. Abdul Ghani Khan (Advocate)
Bankers	:	Habib Bank Limited Bank Al-Falah Limited Soneri Bank Limited Habib Metropolitan Bank Limited J. S. Bank Limited Samba Bank Limited Askari Bank Limited
Head Office / Registered Office	:	A 801-804, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi - Pakistan. Phone : (021) 35220481-8 Fax : (92-21) 35220495-6
Share Registrar	:	M/s Hameed Majeed Associates (Pvt.) Ltd. 5th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi. Phone : 32424826-32412754 Fax : 32424835 E-mail : majeed@hmaconsultants.com
Mills	:	Unit 1: A-265, S.I.T.E., Nooriabad, District jamshoro, Sindh. Unit 2: E-11, S.I.T.E, Kotri, District jamshoro, Sindh.
URL	:	www.nadeem.com.pk

NADEEM TEXTILE MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of **Nadeem Textile Mills Limited** will be held on Thursday, October 28, 2021 at 5:30 p.m. at 801-804, 8th Floor, Lakson Square Building No.3, Block-A, Sarwar Shaheed Road, Karachi, to transact the following business:

Ordinary Business:

1. To confirm the Minutes of the Annual General Meeting of the Company held on 28th October, 2020.
2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2021 together with the Directors' and Auditors' Reports thereon.
3. To approve the cash dividend @ 30% (Rs.3/- per share) for the year ended June 30, 2021 as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration for the year ending June 30, 2022.
5. To transact any other business with the permission of the Chair.

Special Business:

6. To ratify the transactions carried out by the Company with related parties as disclosed in the Financial Statements for the year ended June 30, 2021 by passing the following resolutions as ordinary resolutions:

   "RESOLVED that the related parties transactions carried out by the Company with Nadeem Power Generation (Pvt.) Ltd. and Nadeem International (Pvt.) Ltd. related parties during the year ended June 30, 2021 be and are hereby approved."

   FURTHER RESOLVED THAT the Company may carry out transactions including, but not limited to, the sale/purchase of yarn, sale/purchase of cotton/fibre, sale/purchase of electricity, reprocessing of yarns, rent/lease of assets, sale/purchase of machinery and equipment and other necessary goods, including receipt and payment of dividends, with related parties from time to time for the financial year 2021-22.

Karachi:
5th October, 2021

By order of the Board

Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from October 21, 2021 to October 28, 2021 (both days inclusive).
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company.
3. The instrument appointing a proxy, in order to be valid must be received at the Head Office of the Company at A -801-804, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi, not less than forty-eight (48) hours before the time fixed for the meeting.
4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her participant ID number and account/sub account number along-with original Computerized National Identity Card (CNIC) or passport at the time of attending the meeting to prove his/her identity and in case of Proxy must enclose additionally an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
5. CDC Account Holders will also have to follow the guidelines laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
6. Members are requested to immediately inform of any change in their addresses to our Share Registrar, M/S Hameed Majeed Associates (Pvt.) Ltd., 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
7. **Payment of cash Dividend Electronically**
   In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.
   All shareholders are requested to provide the details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) IBAN number: (iv) bank name and (v) branch name, code & address, to the Company's Share Registrar M/S Hameed Majeed Associates (Pvt.) Ltd., Karachi.
8. **Submission of copies of CNIC and NTN Certificate (Mandatory)**
   Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrant shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, Hameed Majeed Associates (Pvt.) Ltd., Karachi, without any delay.
   In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall withhold the Dividend in terms of Clause (a) of proviso under Section 243(2) of the Companies Act 2017, which will be released by the Share Registrar, only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

Withholding Tax on Dividend

Pursuant to the provision of the Finance Act, 2017 effective July 1, 2017 the deduction of withholding tax on the amount of dividend paid by the companies under section 150 of the Income Tax Ordinance, 2001, are as under:

(a)	For filers of income tax returns:	15%
(b)	For non-filers of income tax returns:	30%

Shareholders who are filers are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

Withholding tax on Dividend in case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividend of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, enabling the Company to compute withholding tax of each shareholder accordingly. The required information must reach the Company's Share Registrar by October 20, 2021, otherwise each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

9. **Unclaimed Dividend**

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar: M/s Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber, Hasrat Mohani Road, Karachi to collect / enquire their unclaimed dividend, if any.

In compliance with section 244 of the Companies Act, 2017, after having completed the stipulated procedure all such dividend outstanding for a period of three years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend, shall be delivered to the SECP.

10. **Deposit of Physical Shares into CDC Accounts:**

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 Commission, within a period not exceeding four years from the commencement of the Companies Act, 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, anytime they want as the trading of physical shares in not permitted as per existing Regulations of the Pakistan Stock Exchange Ltd.

11. **Placement of Financial Statements on Website:**

The Financial Statements of the Company for the year ended June 30, 2021 along with reports have been placed on the website of the Company: **http://www.nadeem.com.pk**

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

This statement sets out the material facts concerning the Special Business, given as agenda item no. 6 of the Notice to be transacted at the 35th Annual General Meeting of the Company.

ITEM NO. 6 OF THE AGENDA:

Nadeem Textile Mills Limited is engaged in manufacture and sale of yarn. The Company in the normal course of business carries out transactions with its associated entities. Summary of transactions carried out during the year with the associated entities is as follow:

S. No.	Name of Associated Undertaking	Nature of Transactions	Rupees
1	Nadeem Power Generation (Pvt) Ltd.	Purchase of Power	302,289,786
2	Nadeem Power Generation (Pvt) Ltd.	Loan Received	33,900,000
3	Nadeem Power Generation (Pvt) Ltd.	Loan Re-Paid	15,505,000
4	Nadeem Power Generation (Pvt) Ltd.	Rental Income	10,000
5	Nadeem International (Pvt) Ltd.	Loan Received	13,500,000
6	Nadeem International (Pvt) Ltd.	Loan Re-Paid	14,100,000
7	Nadeem International (Pvt) Ltd.	Weigh Bridge Expenses	180,000

Mr. Zahid Mazhar, Mr. Omer Bin Zahid and Mr. Hassan Bin Zahid are Directors of Nadeem Textile Mills Limited and are also Directors of Nadeem Power Generation (Private) Limited.

Mr. Zahid Mazhar, Mr. Omer Bin Zahid, Mr. Hassan Bin Zahid and Mrs. Naila Zahid are Directors of Nadeem Textile Mills Limited and are also Directors of Nadeem International (Private) Limited.

All related party transactions, during the year 2021, were reviewed and approved by the Audit Committee and the Board in their respective meetings. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method.

The above concerned Directors abstained while the Board approved the above transactions in accordance with the requirement of relevant provision of the Companies Act, 2017 and listed Companies (Code of Corporate Governance) Regulations 2017.

The above transactions with related parties are an ongoing process and will also remain continued in future.

None of the Directors other than the above concerned directors have any direct or indirect interest in the above mentioned associated entities and have no interest in the above business, other than shareholders of the Company.

NADEEM TEXTILE MILLS LIMITED

CHAIRMAN'S REVIEW REPORT
FOR THE YEAR ENDED JUNE 30, 2021

Dear Shareholders,
It is my pleasure to present the Chairman's Review report for the year ended June 30, 2021.

BOARD COMPOSITION AND PERFORMANCE

Our Board comprises of appropriate mix of young as well as senior members who have the experience and the capabilities relevant to the field of textile and value system. The Board's role was instrumental under the challenging environment in steering the company's to achieve its objective while discharging their responsibilities as per best Corporate Governance Standards. The Board remained cognizant of its strategic role in achieving the company's key objectives and higher returns for all of its shareholders.

The Board has formed 2 Committees, "Audit Committee" and "Human Resource and Remuneration Committee". The committees carried out their responsibility effectively in accordance with the code of corporate governance and terms of reference duly approved by the Board of Directors. We will continue our efforts to adopt and implement best governance practices.

All quarterly, half yearly and annual financial results were thoroughly reviewed and Board extended its guidance to the management on regular basis. The Board also played a key role in monitoring the management's performance and focus on major risk areas.

The Board met frequently enough to discharge its responsibilities and the member's attendance was satisfactory during the year. The independent and other executive directors remained actively involved in all business decisions.

During the year under review, the Board has effectively discharged its responsibilities as required under the Companies Act 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019.

BOARD PERFORMANCE AND EFFECTIVENESS

The Company follows the best practices relating to corporate governance and complies with all the relevant requirements of Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to composition, meetings and procedures of the Board of Directors and its Committees.

The Board has developed a mechanism for annual evaluation of the Board's own performance in compliance with the provisions of Listed Companies (Code of Corporate Governance) Regulations 2019. The performance evaluation mechanism ensures that all statutory and legal requirements are fulfilled with regard to procedures, meetings and the role of the Board.
The Board played a pivotal role in achieving the Company's objectives by providing oversight, guidance, strategic direction, and monitoring of the Company's performance. All the significant issues including planning process, risk management system, policy development, and financial management were presented before the Board or its committees to formalize the corporate decision making process.

ACKNOWLEDGEMENT

I, on behalf of the Board, wish to acknowledge the contribution of all our employees in the success of the Company. I also wish to thank our shareholders, customers, suppliers, bankers and other stakeholders for their continued confidence and support.

Anam Omer

for and on Behalf of the Board of Directors
ANAM OMER
Chairperson

Karachi
Dated: October 05, 2021

ندیم ٹیکسٹائل ملز لمیٹڈ

چیئرمین کی جائزہ رپورٹ

محترم حصص یافتگان،

۳۰ جون ۲۰۲۱ کو اختتام پذیر ہونے والے سال کے لئے چیئرمین کی جائزہ رپورٹ پیش کرتے ہوئے میں خوشی محسوس کر رہی ہوں۔

بورڈ کی تشکیل اور کارکردگی

ہمارا بورڈ نوجوانوں کے ساتھ ساتھ تجربہ کار اراکین کے مناسب مرکب پر مشتمل ہے جو کہ ٹیکسٹائل اور ویلیو سسٹم کے شعبے سے متعلق تجربہ اور صلاحیتوں کے حامل ہیں۔ کارپوریٹ گورننس کے معیار کے مطابق اپنی ذمہ داریوں کو نبھاتے ہوئے کمپنی کا مقصد حاصل کرنے کے لئے چیلنجنگ ماحول میں بورڈ کا کردار بہت اہم تھا۔ بورڈ کمپنی کے اہم مقاصد اور اپنے تمام حصص یافتگان کے لئے زیادہ سے زیادہ منافع کے حصول میں اپنی حکمت عملی سے بخوبی آگاہ رہا۔

بورڈ نے 2 کمیٹیاں، آڈٹ کمیٹی اور افرادی وسائل اور معاوضہ کمیٹی تشکیل دی ہے۔ کمیٹیوں نے اپنی ذمہ داری کو کارپوریٹ گورننس کے ضابطے اور بورڈ آف ڈائریکٹرز کے منظور شدہ ٹرم آف ریفرنس کے مطابق موثر انداز میں انجام دیا۔ ہم گورننس کے بہترین طریقوں کو اپنانے اور ان پر عمل درآمد کے لئے اپنی کوششیں جاری رکھیں گے۔

تمام سہ ماہی، ششماہی اور سالانہ مالیاتی نتائج کا مکمل جائزہ لیا گیا اور بورڈ باقاعدہ وقفوں پر انتظامیہ کو اپنی رہنمائی دیتا رہا۔ بورڈ نے مینجمنٹ کی کارکردگی کی نگرانی اور اہم خطرے والے مقامات پر توجہ دینے میں بھی اپنا کلیدی کردار ادا کیا۔

اپنی ذمہ داریوں کو بخوبی نبھانے کے لئے بورڈ سال کے دوران کثرت سے ملتا رہا اور سال کے دوران اراکین کی حاضری تسلی بخش رہی۔ آزاد اور دیگر نان ایگزیکٹو ڈائریکٹرز تمام کاروباری فیصلوں میں فعال طور پر شامل رہے۔

زیر نظر سال کے دوران بورڈ نے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019) کے تحت ضرورت کے مطابق اپنی ذمہ داریوں کو موثر طریقے سے انجام دیا ہے۔

بورڈ کی کارکردگی اور اثرات

کمپنی کارپوریٹ گورننس سے متعلق بہترین طریقہ کار پر عمل پیرا ہے اور بورڈ آف ڈائریکٹرز کی تشکیل، میٹنگز اور طریقہ کار کے حوالے سے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تمام متعلقہ شرائط کی تعمیل کرتی ہے۔

بورڈ نے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 کی شقوں کی تعمیل میں اپنے بورڈ کے اراکین اور اس کی کمیٹیوں کی سالانہ کارکردگی کا جائزہ لینے کے لئے ایک طریقہ کار تیار کیا ہے تا کہ تمام طریقہ کار، میٹنگز اور بورڈ کے متعلق تمام قانونی تقاضے پورے کئے جا سکیں۔

بورڈ نے رہنمائی، حکمت عملی اور کمپنی کی کارکردگی کی نگرانی کے ذریعے کمپنی کے مقاصد کو حاصل کرنے میں اہم کردار ادا کیا۔ تمام اہم مسائل بشمول منصوبہ بندی، رسک مینجمنٹ سسٹم، پالیسی کی تشکیل اور مالیاتی انتظام کو کارپوریٹ فیصلہ سازی کے لئے بورڈ یا اس کی کمیٹیوں کے سامنے پیش کئے گئے۔

اظہار تشکر

میں بورڈ کی جانب سے کمپنی کی کامیابی میں اپنے تمام ملازمین کی شرکت کو تسلیم کرنا چاہتی ہوں۔ میں اپنے حصص یافتگان، صارفین، سپلائی کنندگان اور دیگر اسٹیک ہولڈرز کے اعتماد اور حمایت کے لئے ان کا شکریہ بھی ادا کرتی ہوں۔

Anam Omer

منجانب بورڈ آف ڈائریکٹرز

انعم عمر

چیئرپرسن

کراچی 05 اکتوبر 2021

NADEEM TEXTILE MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED JUNE 30, 2021

Dear Shareholders,

The Directors of the Company hereby present their report together with the audited financial statements of the Company and Auditor's Report thereon for the year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

The company's financial results for the year ended June 30, 2021 indicates that the Company achieved the highest sales turnover during the year with growth in revenues by 38.68% over previous year. The Company earnings reached historical heights with net profit after tax of Rupees 638.87 million for the year. This is mainly attributable to economic recovery in the international market after Covid-19, diversion of export orders to Pakistan from India and Bangladesh, and availability of raw materials at relatively better rates as compared to the prevailing market rates and timely incentives and conducive policies of the government.

The financial results of the Company for the year ended June 30, 2021 are summarized below.

	Rupees in Million	
	2021	2020
Sales	9,420.60	6,792.76
Gross profit	1,253.67	613.15
Gross profit % to sales	13.30%	9.03%
Profit before tax	758.17	105.52
Profit after tax	638.87	17.54

KEY FINANCIAL INDICATORS

- Sales grew by Rs. 2,627.84 million, showing a growth of 38.68% largely driven by increase in sales price.
- The gross profit margin increased to 13.30% as compared to 9.03% of the previous year. The major factors behind this increase are higher sales price, coverage of raw material at cheaper rates, and cost-saving initiatives.
- Net profit after tax was reported at 6.78% as compared to 0.258% of last year.

BREAK-UP VALUE AND EARNING PER SHARE

The break-up value of the shares as on June 30, 2021 is Rupees 138.51 as compared to Rupees 62.52 as at June 30, 2020. The earning per share for the year ended June 30, 2021 increased to Rupees 30.78 as compared to Rupee 0.91 for the year ended June 30, 2020.

DIVIDEND

The Board of Directors of the company has recommended to pay final cash dividend at 30% i.e., Rs. 3 per share.

IMPACT OF COVID-19

The Covid-19 pandemic has become an economic threat to every country of the world pushing global economies towards a recession. Production, as well as consumption levels simultaneously declined worldwide. Concurrent interruption in the global supply chain and transportation due to major lockdowns resulted in a drastic decline in international trades. Pakistan was also affected initially by the unprecedented health and economic shocks caused by the outbreak of Coronavirus.

The government of Pakistan has announced supportive policies including a massive reduction in markup rates and relief measures to improve liquidity through the State Bank. The monetary and fiscal policy interventions have been made to restore the economic activity in this difficult time and to reduce negative effects on unemployment.

OVERVIEW

The company's performance remained promising throughout the year despite very difficult economic conditions due to the Covid-19 pandemic. Although the emergence of COVID-19 caused major disruptions to the country's as well as the international economy, the global economy is now returning to normal phenomenon.

The textile industry of the country improved considerably during the year due to a revival in demand after Covid-19 related lockdowns globally. Cotton prices, along with many other raw materials, increased with a corresponding increase in yarn prices. Since Pakistan managed to control the Covid-19 pandemic better than other regional countries, the international buyers diverted their orders towards

Pakistan, resulting in the country's full utilization of available production capacity. Textile mills in Pakistan are enhancing their production capacity in order to meet export orders despite the challenges like high costs of raw materials.

OPERATING PERFORMANCE

The Company installed 7,164 more spindles during the year, which led to an increase in production of 20/s count of spun yarn from 20.62 million Kgs. to 25.57 million Kgs. during the year.

PRESENT AND FUTURE OUTLOOK

Pakistan has made major progress in combating against Covid-19 in the moment of crisis through team work. Despite significant challenges, Pakistan has succeeded in keeping the rate of Covid-19 cases relatively low through strict control over implementing smart lockdown and timely vaccination.

Pakistan textile export is likely to grow from FY22 onwards. During the year 2020-21, the textile sector touched $15.3 billion exports i.e., $ 2 billion higher than the year 2019-20. For the years 2021-22 and 2022-23, the textile exports have been projected to cross $20bn and $25bn respectively. The present growth in textile exports have been achieved only due to the structured policies of the present government that have boosted the confidence of the textile sector, including incentives and support through speedy refunds.

The country's cotton crop is continuously declining. Pakistan harvested 14.26m bales in 2004-05, compared to just 5.57m bales in 2020-21 — a whopping 61pc decline in the last 16 years. The textile industry of Pakistan requires 15.5 million bales per annum to meet its demands. This gradual decrease in cotton output has been forcing the country to rely more and more on imports. The Government should give its prime attention to improve the cotton crop as the country's economic development largely depends on cotton and its related textile industry.

EXPANSION AND MODERNIZATION

The Company has a policy of continuous BMR to improve technology and manufacturing processes. The Company has added the following machinery during the year:

2 sets Reciprocating Bale Plucker (Blandomat)
14 sets Ring Frames
2 sets Murata 21-C Autoconers

The Company intends to import 14 sets Saurer Carding machines, Crosrol Blow Room machinery, 3 sets Savio Polar automatic cone winders, and 2 gas efficient generators of 1500 KW each through LTFF. The profitability of the company is expected to improve further after the successful installation of these machineries.

CREDIT RATING

The latest rating of BBB+/A2 has been assigned to the company by the rating company Messer's VIS Credit Rating Company Limited.

HUMAN RESOURCE

The management firmly believes in teamwork and the integral role of manpower for achieving the targeted results of the Company.

The company has established a Human Resource and Remuneration Committee comprised of three members as mentioned in the company information. On the recommendations of the HR&R Committee, the management has developed a team of highly competent professionals and continuously upgrading its manpower through training facilities and by inducting more qualified staff.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Statement of Compliance with the Code of Corporate Governance is annexed.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board is committed to maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and declares that:

- The financial statements, together with the notes thereon have been drawn up in conformity with the Companies Act 2017. These statements present fairly the Company's state of affairs, results of its operations, cash flow, comprehensive income and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- The International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of Internal Control is sound in design and has been effectively implemented and monitored. The process of review and monitoring continues with the object to improve it further.
- There is no significant doubt upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The key operating and financial data for the last six years in a summarized form is annexed.
- Information about taxes and levies is given in the notes to the accounts.
- The Company entered in arm-length transactions with other members of the group. These transactions are in compliance with the directives issued by the Security & Exchange Commission of Pakistan in this regard.
- All the directors of the company are registered as tax-payer and none of the company's directors is in default of payment of any dues to a banking company, DFI, NBFI or Stock Exchange.
- None of the directors of the company is serving on the Board of 7 or more listed companies.
- The company operates an unfunded gratuity covering all its employees who have completed their qualifying period. Provision is made annually to cover current obligations under the scheme. The company has adopted the revised IAS 19.
- Trading in the shares of the Company during the year by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children are mentioned in the annexed pattern of shareholding.

CORPORATE SOCIAL RESPONSIBILITY

The company has a strong commitment to corporate social responsibility. The Company believes in contributing to the society and environment by promoting a better working environment 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 a safe and healthy working environment. The Company regularly contributes towards the health facility and retirement benefits available for the workers of the Company.

ii. **Business Ethics:**
The Management is committed to conducting all business activities with integrity, honesty, and observance of laws and regulations. A Code of Conduct detailing policies concerning the same has been developed and approved by the Board.

iii. **Energy Savings:**
The Management focuses on energy conservation. Many preventive measures have been adopted by fixing energy-conserving devices to save energy. Workers are also made aware of various energy conservation methods to curtail the unnecessary consumption of energy.

BOARD MEETINGS

During the period under review, 5 meetings of the Board of Directors were held and the following were in attendance:

	Name of Directors	No. of Meetings Attended
1.	Mr. Zahid Mazhar	5
2.	Mr. Omer Bin Zahid	5
3.	Mr. Hassan Bin Zahid	5
4.	Mrs. Naila Zahid	5
5.	Mrs. Anam Omer	5
6.	Mrs. Shafia Hassan	5
7.	Mr. Waqar Hassan Siddiqui	5
8.	Mr. Mehmood Siddiqui	4
9.	Mr. Nadeem Ahmed	5
10.	Mr. Noor Muhammad	2

Mr. Mehmood Siddiqui resigned from the Board during the period and Mr. Noor Muhamad was appointed as director to fill the casual vacancy.

COMPOSITION OF BOARD

Directors	Numbers
(a) Male	06
(b) Female	03

Composition	Numbers
a) Independent Director	03
b) Other Non-Executive Directors	03
c) Executive Directors	03

ASSOCIATED COMPANIES

Following is the list of associated companies:

(a) Nadeem Power Generation (Pvt.) Ltd.
(b) Nadeem International (Pvt.) Ltd.

The transactions between the related parties were made at arm-length basis. The Company has fully complied with the best practices of transfer pricing as stated in the Listing Regulations. The related party transactions were approved by the Board on the recommendation of the Audit Committee.

AUDIT COMMITTEE

The company has established an audit committee as required by the Code of Corporate Governance, which comprises of three members as mentioned in the company information. The audit committee has established an internal audit function to monitor and review the adequacy and implementation of internal control at each level.

STATUTORY AUDITORS

The Auditors of the Company M/S Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants retire at the conclusion of the Annual General Meeting and being eligible; offer themselves for re-appointment as Auditors for the next term.

As suggested by the Audit Committee, The Board recommends their appointment as Auditors of the Company for the year ending June 30, 2022.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the company as at June 30, 2021 is annexed.

CHAIRMAN'S REVIEW

The Directors of the Company endorse the contents of the Chairman's review, which is deemed to be a part of the Director's report.

ACKNOWLEDGMENT

The Directors of the Company would like to take the opportunity to thank the shareholders, valued clients and bankers for the co-operation extended by them during the course of business activities. The Directors are also pleased to record their appreciation for the continued diligence and devotion of the staff members and workers of the Company.

for and on Behalf of the Board of Directors

Karachi.
Date: October 05, 2021

HASSAN BIN ZAHID
Director

OMER BIN ZAHID
Director

ندیم ٹیکسٹائل ملز لمیٹڈ

ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

کمپنی کے ڈائریکٹرز ۳۰ جون ۲۰۲۱ کو اختتام پذیر مالی سال کے لئے اپنی رپورٹ معہ کمپنی کے آڈٹ شدہ مالیاتی گوشوارے اور اس پر آڈیٹر کی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالیاتی کارکردگی

۳۰ جون ۲۰۲۱ کو اختتام پذیر ہونے والے مالی سال کے لئے کمپنی کے مالیاتی نتائج بتاتے ہیں کہ کمپنی نے سال کے دوران 38.68 فیصد کی شرح نمو سے اپنی بلند ترین فروخت کا ریکارڈ قائم کیا اور 638.87 ملین کا بعد از ٹیکس کا منافع حاصل کرنے میں کامیاب رہی۔ اس کامیابی کی بنیادی وجوہات میں کووڈ 19 کے بعد بین الاقوامی مارکیٹ کی بحالی، بھارت اور بنگلہ دیش سے پاکستان کو برآمدی آرڈرز کی منتقلی اور موجودہ مارکیٹ ریٹ کے مقابلے میں نسبتاً سستے نرخوں پر خام مال کی خریداری جیسے اقدامات شامل ہیں۔ 30 جون 2021 کو اختتام پذیر ہونے والے سال کے لئے کمپنی کے مالیاتی نتائج مختصر طور پر درج ذیل ہیں۔

----- روپے ملین میں -----

	30 جون 2021 کو ختم ہونے والا مالی سال	30 جون 2020 کو ختم ہونے والا مالی سال
فروخت	9,420.60	6,792.76
کل منافع	1,253.67	613.15
کل منافع (فروخت کی شرح فیصد)	13.30%	9.03%
خالص منافع قبل از ٹیکس	758.17	105.52
خالص منافع بعد از ٹیکس	638.86	17.54

اہم مالیاتی انڈیکیٹرز

کمپنی کی فروخت میں پچھلے سال کے مقابلے میں 2,627.84 ملین روپے کا اضافہ ہوا جو کہ 38.68 فیصد اضافے کو ظاہر کرتا ہے۔ فروخت میں اس اضافے کی اہم وجہ قیمت فروخت میں اضافہ ہے۔

مجموعی منافع کا مارجن پچھلے سال کے 9.03 فیصد کے مقابلے میں 13.30 فیصد تک بڑھ گیا ہے۔ اس اضافے کے پیچھے اہم عوامل میں قیمت فروخت میں اضافہ، سستے نرخوں پر خام مال کی خریداری اور پیداواری لاگت میں بچت جیسے اقدامات شامل ہیں۔

خالص منافع بعد از ٹیکس پچھلے سال کے 0.258% کے مقابلے میں 6.78% رہا۔

بریک اپ ویلیو اور فی حصص آمدن

۳۰ جون ۲۰۲۰ کو حصص کی بریک اپ ویلیو 62.52 روپے تھی جو کہ ۳۰ جون ۲۰۲۱ کو اختتام پذیر ہونے والے سال میں بڑھ کر 138.51 روپے ہو گئی ہے۔ فی حصص آمدن پچھلے سال کے 0.91 روپے سے بڑھ کر 30.78 روپے ہو گئی۔

ڈیویڈنڈ

کمپنی کے بورڈ آف ڈائریکٹرز نے 30% یعنی 3 روپے فی شیئر کے حتمی کیش ڈیویڈنڈ کی سفارش کی ہے۔

کووڈ 19 کے اثرات

کووڈ 19 وبائی مرض دنیا کے تمام ممالک کے لئے ایک معاشی خطرہ بن چکا ہے جس نے عالمی معیشت کو کساد بازاری کی طرف دھکیل دیا ہے۔ عالمی لاک ڈاؤن کی وجہ سے سپلائی چین اور ٹرانسپورٹ میں رکاوٹ کے نتیجے میں بین الاقوامی تجارت میں زبردست کمی واقع ہوئی ہے۔ ابتداً پاکستان بھی اس وبائی مرض کے نتیجے میں متاثر ہوا۔

حکومت پاکستان نے اس وبائی مرض کے اثرات کو کم کرنے کے لئے جن پالیسیوں کا اعلان کیا ان میں شرح سود میں بڑے پیمانے پر کمی اور اسٹیٹ بینک کے ذریعے لیکویڈیٹی کو بہتر بنانے کے لئے کئے جانے والے امدادی اقدامات شامل ہیں۔ اس مشکل وقت میں معاشی سرگرمی کو بحال کرنے اور روزگار پر منفی اثرات کم کرنے کے لئے بہتر مالیاتی پالیسیاں متعارف کرائی گئی ہیں۔

جائزہ

کووڈ 19 وبائی مرض کی وجہ سے پیدا ہونے والے انتہائی مشکل معاشی حالات کے باوجود کمپنی کی کارکردگی متاثر کن رہی۔ عالمی سطح پر کووڈ 19 کی وجہ سے لگنے والے لاک ڈاؤن کے بعد طلب میں اضافے کی وجہ سے سال کے دوران ملک کی ٹیکسٹائل کی صنعت میں کافی بہتری آئی ہے۔ کپاس کی قیمتوں کے ساتھ ساتھ بہت سے دوسرے خام مال کی قیمتوں میں اضافہ ہوا ہے جس کے نتیجے میں دھاگے کی قیمتیں بھی بڑھی ہیں۔ چونکہ پاکستان کووڈ 19 وبائی مرض کو دیگر علاقائی ممالک کے مقابلے میں بہتر طریقے سے کنٹرول کرنے میں کامیاب رہا لہذا بین الاقوامی خریداروں نے اپنے آرڈرز پاکستان کی طرف منتقل کرنا شروع کر دیے جس کے نتیجے میں ملک اپنی دستیاب پیداواری صلاحیت سے بھرپور استفادہ کر رہا ہے۔ پاکستان کی زیادہ تر ٹیکسٹائل ملز اپنی پیداواری

صلاحیت میں اضافہ کر رہی ہیں تاکہ وہ ایکسپورٹ آرڈرز کی بروقت فراہمی کو یقینی بنا سکیں۔

پیداواری کارکردگی

کمپنی نے سال کے دوران مزید 7,164 اسپنڈلز لگائے ہیں جس کے باعث 20/s کاؤنٹ یارن کی پیداوار اس سال 20.62 ملین کلوگرام سے بڑھ کر 25.57 ملین کلوگرام ہوگئی۔

موجودہ اور مستقبل کے نقطہ نظر

پاکستان نے مالی بحران کے دوران کووڈ 19 کے خلاف فریم ورک کے ذریعے بڑی پیش رفت کی ہے۔ درپیش چیلنجز کے باوجود پاکستان نے اسمارٹ لاک ڈاؤن اور بروقت ویکسینیشن کے فیصلوں کے ذریعے کووڈ 19 کی شرح کو کنٹرول رکھنے میں کامیابی حاصل کی ہے۔

مالی سال 2022 سے پاکستان ٹیکسٹائل کی برآمدات میں اضافے کا امکان ہے۔ سال 2020-21 کے دوران ٹیکسٹائل کے شعبے نے 15.3 بلین ڈالر کی برآمدات کا ہدف حاصل کیا جو کہ سال 2019-20 کے مقابلے میں 2 بلین ڈالر زیادہ ہے۔ سال 2021-22 اور 2022-23 میں پاکستان کی ٹیکسٹائل ایکسپورٹ کا تخمینہ بالترتیب 20 بلین ڈالر اور 25 بلین ڈالر لگایا جا رہا ہے۔ ٹیکسٹائل برآمدات میں یہ ترقی صرف موجودہ حکومت کی پالیسیوں کی وجہ سے ممکن ہوسکی ہے جس نے ٹیکسٹائل سیکٹر کا اعتماد بحال کیا ہے۔ حکومتی پالیسیوں میں تیز رفتار رقم کی واپسی جیسے اقدامات شامل ہیں۔

پاکستان کی کپاس کی فصل میں مسلسل کمی آ رہی ہے۔ 2004-05 میں پاکستان نے کپاس کی 14.26 ملین گانٹھیں کاشت کیں جو کہ 2020-21 میں کم ہو کر صرف 5.57 ملین گانٹھیں رہ گئیں جو گزشتہ 16 سالوں میں 61% کی کمی کو ظاہر کرتی ہے۔ پاکستان کی ٹیکسٹائل کی صنعت کو اپنی ضرورت پوری کرنے کے لئے کپاس کی 15.5 ملین گانٹھیں درکار ہوتی ہیں۔ کپاس کی پیداوار میں بتدریج کمی کے باعث پاکستان کو کپاس کی درآمدات پر انحصار کرنا پڑ رہا ہے۔ حکومت کو کپاس کی پیداوار میں اضافے کے لئے کوششیں کرنی چاہئیں کیونکہ ملک کی معاشی ترقی کا زیادہ تر انحصار کپاس کی فصل اور اس سے متعلقہ ٹیکسٹائل کے شعبے پر ہے۔

توسیع اور جدت

پیداواری اور مینوفیکچرنگ کے شعبے کو بہتر بنانے کے لئے کمپنی مسلسل BMR کی پالیسی اپنائے ہوئے ہے۔ کمپنی نے سال کے دوران مندرجہ ذیل مشینوں کا اضافہ کیا ہے۔

2 سیٹ بلینڈو میٹ

14 سیٹ رنگ فریم

2 سیٹ مرات 21-C آٹو کون

کمپنی LTFF لون کے ذریعے 14 سیٹ کارڈنگ مشین، کراس رول ہلو رومشینری، 3 سیٹ Savio Plar آٹو میٹک کون وائنڈرز اور 1,500 کلوواٹ کے 2 گیس جنریٹرز درآمد کرنے کا ارادہ رکھتی ہے۔ ان مشینریوں کی کامیاب تنصیب کے بعد کمپنی کے منافع میں مزید بہتری کی توقع ہے۔

کریڈٹ ریٹنگ

میسرز VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے حال ہی میں کمپنی کو BBB+/A2 کی کریڈٹ ریٹنگ دی ہے۔

افرادی وسائل

کمپنی انتظامیہ بڑی سختی سے ٹیم ورک اور کمپنی کے مطلوبہ نتائج کے حصول کے لئے افرادی قوت کے لازمی کردار پر یقین رکھتی ہے۔

کمپنی نے ایک افرادی وسائل اور معاوضہ کمیٹی قائم کی ہے جو کہ تین ارکان پر مشتمل ہے جن کے نام کمپنی کی معلومات کے حصے پر درج ہیں۔ اس کمیٹی کی سفارشات پر کمپنی اپنے ملازمین کی مسلسل تربیت اور زیادہ تعلیم یافتہ عملے کی بھرتی کے ذریعے اپنے افرادی قوت میں بہتری لا رہی ہے۔

کوڈ آف کارپوریٹ گورننس

کوڈ آف کارپوریٹ گورننس کے فریم ورک کے مطابق مالیاتی رپورٹ کے ضمن میں ڈائریکٹرز مندرجہ ذیل امور کی تصدیق کرتے ہیں:

☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے تمام معاملات کو واضح طور پر پیش کرتے ہیں جیسے سرگرمیوں کے نتائج، رقم کی آمد و رفت اور کاروباری سرمایہ میں ہونے والی تبدیلیاں۔

☆ حساب داری کے مناسب کھاتے رکھے جاتے ہیں۔

☆ مالیاتی گوشواروں کی تیاری کے لئے ہمیشہ مناسب اور متعلقہ اکاؤنٹنگ پالیسیوں میں ہونے والی کسی بھی تبدیلی کو مالیاتی گوشواروں میں ظاہر کیا جاتا ہے۔ حساب داری کے گوشوارے ہمیشہ احتیاطی منطقی اور جائز اندازوں پر مشتمل ہوتے ہیں۔

☆ پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کو مالیاتی گوشواروں کی تیاری کے لئے بروئے کار لایا جاتا ہے اور ان میں ہونے والی کسی بھی تبدیلی کو مناسب طور پر ظاہر کیا جاتا ہے اور اس کی وضاحت کی جاتی ہے۔

☆ اندرونی کنٹرول کا نظام مضبوط بنیادوں پر استوار ہے اور موثر طریقے سے رو بہ عمل ہے جس کی مسلسل نگرانی کی جاتی ہے۔

☆ کمپنی کے کام جاری رکھنے کے حوالے سے کسی بھی قسم کا کوئی خدشہ نہیں پایا جاتا۔
☆ کارپوریٹ گورننس کے درج کردہ اصولوں سے کسی قسم کا انحراف نہیں کیا جا رہا۔
☆ گزشتہ چھ برس کے مالی اور انتظامی امور سے متعلق اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔
☆ واجب الادا ٹیکسوں اور دیگر دوسری ادائیگیوں کے بارے میں معلومات گوشوارے کے نوٹس میں دی گئی ہیں۔
☆ گروپ کے دوسرے اراکین کے ساتھ لین دین ضابطے کے مطابق ہے۔ تمام سودوں میں سیکیورٹی اینڈ ایکسچینج کمیشن کی ہدایات کو ملحوظ خاطر رکھا گیا ہے۔
☆ کمپنی کے تمام ڈائریکٹرز، بشمول ان کی بیگمات اور بچوں میں سے کوئی بھی کسی بینکنگ کمپنی، NBFI, DFI یا اسٹاک ایکسچینج کا ممبر نہیں ہے۔
☆ کمپنی کا کوئی بھی ڈائریکٹر 5 سے زیادہ لسٹڈ کمپنیوں کے بورڈ میں اپنی خدمات پیش نہیں کر رہا۔
☆ کمپنی اپنے تمام ملازمین جو کہ اپنی اہلیت کی مدت پوری کر چکے ہوں کے لئے ایک ان فنڈڈ گریجویٹی اسکیم چلاتی ہے جس کی پروویژن سالانہ کی بنیاد پر کی جاتی ہے۔ کمپنی نے اس سلسلے میں نظرثانی شدہ IAS-19 کو اپنایا ہے۔
☆ سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکرٹری اور ان کے شریک حیات اور نابالغ بچوں کی طرف سے کئے گئے کمپنی کے حصص کے تمام تر سودے منسلکہ پیٹرن آف شیئر ہولڈنگ میں درج ہیں۔

کمپنی کی سماجی ذمہ داریاں

کمپنی اپنی سماجی ذمہ داریوں کے بارے میں پرعزم ہے۔ کمپنی کام کے بہتر ماحول کو فروغ دینے اور قانون کے مطابق قومی خزانے میں باقاعدگی سے شراکت کے ذریعہ معاشرے اور ماحولیات کی بہتری پر یقین رکھتی ہے۔

۱) صحت، حفاظت اور ماحولیات

اپنے ملازمین کو محفوظ اور صحت مند ماحول کی فراہمی کو یقینی بنانے کے لئے ہم مسلسل کوشاں ہیں۔ کمپنی باقاعدگی سے کمپنی کے کارکنوں کے لئے صحت کی سہولیات اور ریٹائرمنٹ کے فوائد میں اضافہ کر رہی ہے۔

۲) کاروباری اخلاقیات

انتظامیہ اپنی کاروباری سرگرمیوں کو جاری رکھنے کے لئے دیانتداری اور قوانین اور قواعد و ضوابط کی پاسداری پر یقین رکھتی ہے۔ بورڈ نے اس سلسلے میں ایک ضابطہ اخلاق تیار کیا ہے جس میں تمام پالیسیوں کی تفصیل درج ہے۔

۳) توانائی کی بچت

مینجمنٹ توانائی کے تحفظ پر خصوصی توجہ دیتی ہے اور توانائی کو بچانے والے آلات کی تنصیب جیسے اقدامات اختیار کئے ہیں۔ محنت کشوں کو توانائی کے غیر ضروری استعمال کو کم کرنے کے لئے توانائی کے مختلف طریقوں سے آگاہ کیا جاتا ہے۔

بورڈ کے اجلاس

زیر جائزہ مدت کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے جس میں مندرجہ ذیل اراکین حاضر تھے۔

	ڈائریکٹرز کے نام	اجلاس میں حاضری
۱	جناب زاہد مظہر	5
۲	جناب عمران زاہد	5
۳	جناب حسن بن زاہد	5
۴	محترمہ ناظرہ زاہد	5
۵	محترمہ انجم عمر	5
۶	محترمہ شانزے حسن	5
۷	جناب وقار حسن صدیقی	5
۸	جناب محمود صدیقی	4
۹	جناب ندیم احمد	5
۱۰	جناب نور محمد	2

(جناب محمود صدیقی نے دوران مدت بورڈ سے استعفیٰ دے دیا اور جناب نور محمد کو خالی عہدے کی جگہ کو پُر کرنے کے لئے ڈائریکٹر مقرر کیا گیا۔)

بورڈ کے اراکین

ڈائریکٹرز	تعداد
مرد	6
خواتین	3

ترتیب	تعداد
آزاد ڈائریکٹرز	3
دیگر غیر انتظامی ڈائریکٹرز	3
انتظامی ڈائریکٹرز	3

متعلقہ کمپنیاں

متعلقہ کمپنیوں کی فہرست درج ذیل ہے۔

(۱) ندیم پاور جنریشن (پرائیویٹ) لمیٹڈ

(۲) ندیم انٹرنیشنل (پرائیویٹ) لمیٹڈ

متعلقہ کمپنیوں کے ساتھ لین دین قابل رسائی قیمتوں کی بنیاد پر کی گئی ہیں۔ کمپنی نے ٹرانسفر پرائسنگ کے لئے اسٹاک ریگولیشنز کے ضوابط کو مدنظر رکھا ہے۔ متعلقہ کمپنیوں کی لین دین کو بورڈ نے آڈٹ کمیٹی کی سفارشات پر منظور کیا تھا۔

آڈٹ کمیٹی

کارپوریٹ گورننس کے تقاضوں کو پورا کرنے کے لئے کمپنی نے تین اراکین پر مشتمل ایک آڈٹ کمیٹی تشکیل دی ہے جن کے نام کمپنی کی معلومات کے صفحے پر درج ہیں۔ آڈٹ کمیٹی نے نگرانی اور اندرونی کنٹرول کے نظام کا جائزہ لینے کے لئے ہر سطح پر اندرونی آڈٹ کے نظام کو نافذ کیا ہے۔

آڈیٹرز

سالانہ اجلاس عام کے اختتام پر کمپنی کے آڈیٹرز میسرز رحمان سرفراز رحیم اقبال رفیق چارٹرڈ اکاؤنٹنٹس کی خدمات کا عرصہ مکمل ہو چکا ہے اور اپنی اہلیت کی بنیاد پر انہوں نے دوبارہ تعیناتی کی خدمات پیش کی ہیں۔

بورڈ آف ڈائریکٹرز نے یہ سفارش کی ہے کہ آڈٹ کمیٹی کی تجویز کے مطابق انہیں اگلے مالی سال ۳۰ جون ۲۰۲۲ کے لئے بھی کمپنی کا آڈیٹر مقرر کیا جائے۔

حصص یافتگان کی تفصیل

حصص یافتگان کی تفصیل برائے ۳۰ جون ۲۰۲۱ اس رپورٹ کے ساتھ منسلک ہے۔

اظہار تشکر

کمپنی کے ڈائریکٹرز اپنے حصص یافتگان، قابل قدر گاہکوں اور بینکاروں کا تہہ دل سے مشکور ہیں جنہوں نے کمپنی کے معاملات میں تعاون کیا۔ ڈائریکٹرز کمپنی کے عملے اور کارکنوں کی مسلسل کوششوں اور لگن کا اعتراف کرنے میں خوشی محسوس کرتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

حسن بن زاہد
ڈائریکٹر

عمر بن زاہد
ڈائریکٹر

کراچی:
مورخہ: ۵ اکتوبر ۲۰۲۱

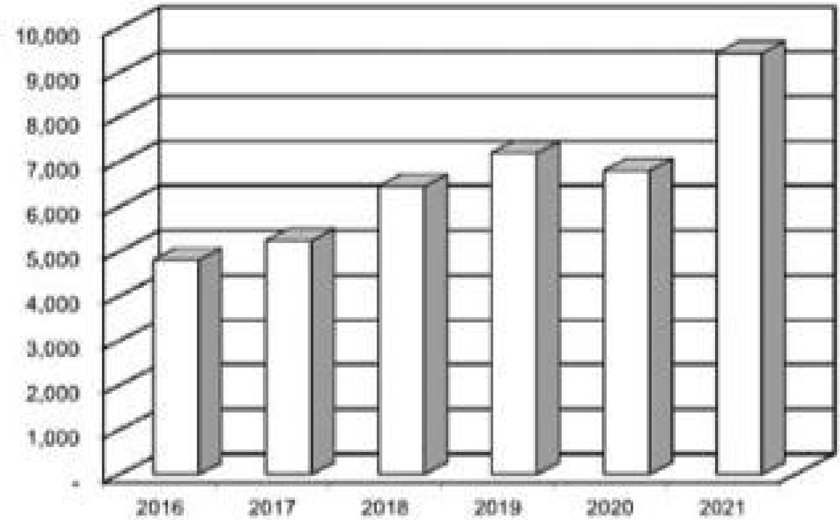
NADEEM TEXTILE MILLS LIMITED

Key Operating & Financial Data
For the Period From July 2015 To June 2021

PERIODS	Jul - Jun 2020-2021	Jul - Jun 2019-2020	Jul - Jun 2018-2019	Jul - Jun 2017-2018	Jul - Jun 2016-2017	Jul - Jun 2015-2016
Net Sales Revenue	9,420,601,507	6,792,767,434	7,186,097,611	6,441,230,473	5,230,013,369	4,800,851,059
Cost Of Goods Sold	8,166,931,512	6,179,618,395	6,431,415,146	5,877,270,121	4,923,087,905	4,695,875,674
Gross Profit	1,253,669,995	613,149,039	754,682,465	563,960,352	306,925,464	104,975,385
Operating Profit	1,060,118,863	443,112,207	579,109,853	382,570,826	147,077,112	(32,661,510)
Profit/(Loss) Before Tax	758,174,989	105,521,813	322,690,888	168,299,087	24,494,249	(148,482,489)
Profit/(Loss) After Tax	638,868,823	17,544,745	200,160,181	149,755,696	7,126,008	(178,224,297)
Paid Up Capital	215,119,850	192,119,850	192,119,850	192,119,850	156,195,000	156,195,000
Current Assets	3,226,528,764	3,606,835,263	2,576,356,301	2,409,635,450	1,699,417,236	1,419,416,621
Current Liabilities	2,381,107,605	3,318,504,593	2,486,387,751	2,529,508,675	1,956,025,702	1,686,792,467

TURNOVER

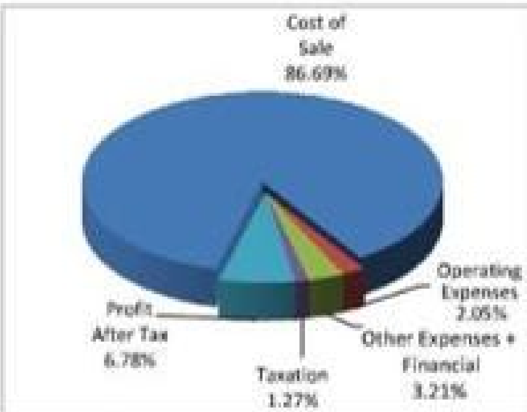
Year	Sales in (M)
2021	9,421
2020	6,793
2019	7,186
2018	6,441
2017	5,230
2016	4,801



APPLICATION OF REVENUE

FOR THE YEAR ENDED JUNE 30, 2021

	RUPEES	PERCENTAGE
Cost of Sale	8,166,931,512	86.69%
Operating Expenses	193,561,132	2.05%
Other Epenses + Financial	301,943,874	3.21%
Taxation	119,306,166	1.27%
Profit / (Loss) After Tax	638,868,823	6.78%
TOTAL	**9,420,601,507**	**100.00%**



NADEEM TEXTILE MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES

(Code of Corporate Governance) Regulation, 2019 for the year ended June 30, 2021

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

1. The total numbers of directors are 9 (including the Chief Executive Officer) as per the following:
   a. Male 6
   b. Female 3

2. The composition of the Board is as follows:

Category	Name
Independent Directors	Mr. Noor Muhammad Mr. Waqar Hassan Siddiqui Mr. Nadeem Ahmed
Executive Directors	Mr. Zahid Mazhar (CEO) Mr. Omer Bin Zahid Mr. Hassan Bin Zahid
Non-Executive Directors	Mrs. Naila Zahid (Chairperson) Mrs. Anam Omer Mrs. Shafia Hassan
Female Directors	Mrs. Naila Zahid (Chairperson) Mrs. Anam Omer Mrs. Shafia Hassan

Mr. Mehmood Siddiqui resigned from the Board during the period and Mr. Noor Muhamad was appointed as director to fill the casual vacancy.

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 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 Chairperson and, in his absence, by a director elected by the Board for this purpose. The Board has complied with requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of the Meetings of the Board.

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

9. Out of nine, three directors are exempt from Director's training program and three directors acquired the certificate during the year. However, as of June 30, 2021, the remaining directors were yet in the process of acquiring such certification.

10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

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

Committee	Name of members and Chairman
(a) Audit Committee	Mr. Waqar Hassan Siddiqui (Chairman) Mrs. Anam Omer Mrs. Shafia Hassan
(b) HR & R Committee	Mr. Nadeem Ahmed (Chairman) Mrs. Anam Omer Mrs. Shafia Hassan

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

14. The frequency of meetings of the committees were as per following:

Committee	Frequency of meetings
(a) Audit Committee	Quarterly
(b) HR & R Committee	Annually

15. The Board has setup an effective internal audit function manned by competent personnel 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.

for and on Behalf of the Board of Directors

Anam Omer

ANAM OMAR
Chairperson

OMER BIN ZAHID
Director

Karachi.
Date: October 05, 2021

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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Karachi-74400, PAKISTAN
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INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of M/s. Nadeem 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 **M/s. Nadeem Textile Mills Limited** ('the Company') for the year ended **June 30, 2021** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

Karachi.
Date: October 05, 2021

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT
To the members of Nadeem Textile Mills Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

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

Basis for Opinion

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

Key Audit Matter(s)

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

Following is the Key audit matter:

S.No.	Key audit matter(s)	How the matter was addressed in our audit
1	**Revenue from contracts with customers** (Refer note 4.9 and note 24 to the financial statements) During the year, net sales to the domestic and export customers have increased significantly by 50.07% and 28.71%, respectively, which is substantially due to increase in local and international yarn prices. We considered revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company and for the year revenue has increased significantly as compared to the last year. In addition, revenue was also considered as an area of significant audit risk as part of the audit process.	Our audit procedures amongst others included the following: - evaluated management controls over revenue and checked their validation; - performed verification of sales with underlying documentation including gate pass, delivery order and invoice; - performed cut-off procedures on sample basis to ensure sales has been recorded in the correct period; - verified that sales prices are negotiated and approved by appropriate authority; - recalculated the commission as per Company's policy and verified related distribution expenses; and - ensured that presentation and disclosures related to revenue are being addressed appropriately.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's reports 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017).

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns.

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat 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 **Mr. Muhammad Rafiq Dosani**.

Karachi.
Date: October 05, 2021

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

NADEEM TEXTILE MILLS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021	2020
ASSETS		Rupees	
Non-current assets			
Property, plant and equipment	5	2,942,055,457	1,762,441,100
Long term deposits	6	13,608,488	13,608,488
		2,955,663,945	1,776,049,588
Current assets			
Stores, spares and loose tools	7	117,843,997	88,790,763
Stock-in-trade	8	1,041,106,025	1,785,459,066
Trade debts	9	1,678,765,237	1,441,599,793
Investments	10	82,439,482	59,971,390
Loans and advances	11	114,865,743	55,740,641
Other receivables	12	23,906,809	25,233,182
Tax refunds due from government		25,744,511	24,329,869
Cash and bank balances	13	141,856,960	125,710,539
		3,226,528,764	3,606,835,263
		6,182,192,709	5,382,884,851
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
25,000,000 ordinary (2020: 25,000,000) shares of Rs. 10/- each		250,000,000	250,000,000
Issued, subscribed and paid up capital	14	215,119,850	192,119,850
Advance against right shares		-	119,600,000
Revenue reserve			
Unappropriated profits		1,184,734,861	530,976,171
Capital reserves			
Revaluation surplus on property, plant and equipment - net of deferred tax	15	1,305,611,412	300,440,266
Share premium		274,197,289	177,597,289
		1,579,808,701	478,037,555
		2,979,663,412	1,320,733,576
Non-current liabilities			
Long term financing	16	288,508,595	272,185,047
Deferred liabilities	17	149,930,739	104,804,153
Loan from related parties	18	377,650,204	359,855,204
Deferred income - Government grant	19	5,332,154	6,802,278
		821,421,692	743,646,682
Current liabilities			
Loan from director	20	60,700,000	36,700,000
Trade and other payables	21	816,957,298	1,116,293,057
Accrued mark-up	22	32,194,556	55,335,461
Short term borrowings - secured	23	1,284,020,194	1,995,506,941
Unclaimed dividend		1,485,472	1,485,472
Current portion of long term financing	16	112,750,085	40,183,662
Current portion of loan from related parties	18	73,000,000	73,000,000
		2,381,107,605	3,318,504,593
Contingencies and commitments	24	-	-
		6,182,192,709	5,382,884,851

The annexed notes from 1 to 42 form an integral part of these financial statements.

DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER

Karachi Dated: October 05, 2021

As required U/S 232 of the Companies Act, 2017, these financial statements have been signed by two directors and CFO, as the Chief Executive is out of the country.

NADEEM TEXTILE MILLS LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		Rupees	
Sales - net	25	**9,420,601,507**	6,792,767,434
Cost of sales	26	**(8,166,931,512)**	(6,179,618,395)
Gross profit		**1,253,669,995**	613,149,039
Administrative expenses	27	**(120,358,679)**	(104,531,874)
Distribution costs	28	**(73,192,453)**	(65,504,958)
		(193,551,132)	(170,036,832)
		1,060,118,863	443,112,207
Other operating income	29	**26,439,125**	15,304,787
Other operating expenses	30	**(67,089,280)**	(50,783,152)
Finance costs	31	**(261,293,719)**	(302,112,029)
		(301,943,874)	(337,590,394)
Profit before taxation		**758,174,989**	105,521,813
Taxation	32	**(119,306,166)**	(87,977,068)
Profit after taxation		**638,868,823**	17,544,745
Earnings per share - basic and diluted	33	**30.78**	0.91

The annexed notes from 1 to 42 form an integral part of these financial statements.

DIRECTOR **DIRECTOR** **CHIEF FINANCIAL OFFICER**

Karachi Dated: October 05, 2021

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NADEEM TEXTILE MILLS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	Rupees	
Profit after taxation	**638,868,823**	17,544,745
Other comprehensive income		
Items that will not be subsequently reclassified in profit or loss:		
Remeasurement of on defined benefit obligation	**2,041,491**	5,110,659
Deferred tax on remeasurement on defined benefit obligation	**(308,034)**	(1,482,091)
	1,733,457	3,628,568
Surplus on revaluation of leasehold land, factory building, and office premises	**1,051,039,365**	-
Deferred tax on revaluation	**(32,711,809)**	-
	1,018,327,556	-
Total comprehensive income for the year	**1,658,929,836**	21,173,313

The annexed notes from 1 to 42 form an integral part of these financial statements.

DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER

Karachi Dated: October 05, 2021

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NADEEM TEXTILE MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash generated from operations	34	1,356,761,078	(51,648,310)
Long term deposit		-	(11,214)
Taxes paid		(117,718,257)	(91,622,781)
Gratuity paid	17.1.1	(22,616,394)	(28,542,875)
Finance costs paid		(285,384,165)	(297,377,012)
Workers' Profit Participation Fund paid	21.4	(26,188,169)	-
Workers' Welfare Fund paid	21.5	(2,155,964)	(6,748,624)
Net cash generated from / (used in) operating activities		902,698,129	(475,950,816)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(294,118,065)	(288,711,293)
Short term investments - net		(22,468,092)	54,798,000
Proceeds from disposal of property, plant and equipment	5.1.5	10,836,225	7,450,000
Net cash used in investing activities		(305,749,932)	(226,463,293)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance (repaid) / obtained - net		88,889,971	161,671,380
Loan obtained from director		24,000,000	26,700,000
Loan from related parties-net		17,795,000	19,859,833
Right Shares Application Money		-	119,600,000
Dividend paid		-	(40,341,506)
Net cash generated from financing activities		130,684,971	287,489,707
Net increase / (decrease) in cash and cash equivalents		727,633,168	(414,924,402)
Cash and cash equivalents at beginning of the year		(1,869,796,402)	(1,454,872,000)
Cash and cash equivalents at end of the year	35	(1,142,163,234)	(1,869,796,402)

The annexed notes from 1 to 42 form an integral part of these financial statements.

DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER

Karachi Dated: October 05, 2021

As required U/S 232 of the Companies Act, 2017, these financial statements have been signed by two directors and CFO, as the Chief Executive is out of the country.

NADEEM TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

			Revenue reserve	Capital reserves		
	Issued, subscribed and paid up capital	Advance against issue of shares	Unappropriated profits	Share premium	Revaluation surplus on property, plant and equipment - net of deferred tax	Total
			Rupees			
Balance as at July 01, 2019	192,119,850	-	538,359,167	177,597,289	312,229,122	1,220,305,428
Total comprehensive income for the year ended June 30, 2020						
- Profit after taxation	-	-	17,544,745	-	-	17,544,745
- Other comprehensive income	-	-	3,628,568	-	-	3,628,568
	-	-	21,173,313	-	-	21,173,313
Transfer to unappropriated profit on account of incremental depreciation - net of deferred tax	-	-	11,788,856	-	(11,788,856)	-
Transactions with owners						
Dividends paid	-	-	(40,345,165)	-	-	(40,345,165)
Advance received against issue of shares	-	119,600,000	-	-	-	119,600,000
	-	119,600,000	(40,345,165)	-	-	79,254,835
Balance as at June 30, 2020	192,119,850	119,600,000	530,976,171	177,597,289	300,440,266	1,320,733,576
Total comprehensive income for the year ended June 30, 2021						
- Profit after taxation	-		**638,868,823**	-	-	**638,868,823**
- Other comprehensive income	-		**1,733,457**	-	**1,018,327,556**	**1,020,061,013**
	-		**640,602,280**	-	**1,018,327,556**	**1,658,929,836**
Transfer to unappropriated profit on account of incremental depreciation - net of deferred tax	-	-	**13,156,410**	-	**(13,156,410)**	-
Transactions with owners						
Issue of shares other than right share	**23,000,000**	**(119,600,000)**	-	**96,600,000**	-	-
Balance as at June 30, 2021	**215,119,850**	-	**1,184,734,861**	**274,197,289**	**1,305,611,412**	**2,979,663,412**

The annexed notes from 1 to 42 form an integral part of these financial statements.

DIRECTOR | **DIRECTOR** | **CHIEF FINANCIAL OFFICER**

Karachi Dated: October 05, 2021

As required U/S 232 of the Companies Act, 2017, these financial statements have been signed by two directors and CFO, as the Chief Executive is out of the country.

NADEEM TEXTILE MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. INTRODUCTION

1.1 Legal status of the Company

Nadeem Textile Mills Limited ('the Company') was incorporated in Pakistan on July 15, 1984 as a public limited company under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and its shares are listed on the Pakistan Stock Exchange Limited.

1.2 Location of the registered office and the manufacturing facilities

Registered office:

The registered office of the Company is situated at 801-804, Laksm Square Building No.3, Sarwar Shaheed Road, Karachi.

Manufacturing facilities:

The Company's manufacturing facilities are situated as follows:

- Unit-1: A-265, S.I.T.E., Nooriabad, district Dadu, Sindh.
- Unit-2: E-11, S.I.T.E., Kotri, Sindh.

1.3 Principal business activity

The main business of the Company is manufacturing and sale of yarn.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

Items in these financial statements have been measured at their historical cost except for leasehold land, factory building and office premises which are carried at revalued amounts less accumulated depreciation therein.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policy are as follows:

	Note
- Revaluation of certain items of property, plant and equipment	4.1
- Useful life and residual values of property, plant and equipment	4.1
-Discount rate used to determine the value of government grant element embedded in the long term finance received from a commercial bank under the SBP Refinance Scheme for Payment of Wages and Salaries	
- Provision for staff retirement benefits	4.6
- Provision for taxation	4.8

3. NEW ACCOUNTING PRONOUNCEMENTS

3.1 Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2021.

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates were not considered to be relevant to these unconsolidated financial statements, the same have not been reported.

3.2 New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after January 01, 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met. The application of the amendment is not likely to have an impact on the Company's financial statements.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.
- The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

b. any reduction in lease payments affects only payments originally due on or before June 30, 2020 ; and

c. there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Company

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after January 01, 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The management of the Company is currently in the process of assessing the impacts of these amendments to these financial statements.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;

b. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

c. clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

The management of the Company is currently in the process of assessing the impacts of above amendments to these financial statements.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendments are not likely to affect the financial statements of the Company.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted. The amendments are not likely to affect the financial statements of the Company.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

The above amendments are not likely to affect the financial statements of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. The accounting policies set out below have been applied consistently to all periods presented.

4.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment loss, if any, except lease hold land, factory building and office premises which are stated at revalued amount less accumulated depreciation and impairment loss, if any.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

Depreciation is charged to the statement of profit or loss applying written down value method whereby the cost or revalued amount of an asset is written off over its useful life at the rates specified in note 5.1 the financial statements. Depreciation on additions is charged from the day in which asset is available for use and on disposals up to the day immediately preceding that of disposal.

The assets' residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment at year end did not require any adjustment as its impact is considered insignificant.

Any revaluation increase arising on the revaluation of assets is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of freehold land, factory building and office premises is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profit.

Capital work - in - progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work - in - progress. These are transferred to specified assets as and when assets are available for use.

4.2 Stores, spares and loose tools

These are valued at cost less the provision for slow-moving or obsolete items, if any, except for the items in transit which are stated at cost (comprising invoice value and other directly attributable costs incurred thereon). The cost of the items consumed and those held in stock at the reporting date is determined using average cost method.

Provisions are made in the financial statements for obsolete and slow moving items based on the management's best estimate regarding their future usability.

4.3 Stock in trade

Basis of valuation

All items of stock-in-trade are valued at the lower of cost and their net realizable value as of the reporting date.

Determination of cost

The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the Company from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The **costs of conversion** of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities (which is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance). However, in periods of abnormally high production, the amount of fixed overhead allocated to each unit of production is decreased so that inventories are not measured above cost. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

The cost of the items consumed or sold and those held in stock at the reporting date is determined using the average cost formula.

Determination of net realizable value
Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs of completion or the estimated costs to be incurred to make the sale have increased.

The Company estimates the net realisable value of inventories based on the most reliable evidence available, at the reporting date, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period.

Raw materials and other supplies held for use in the production of inventories are not written down below cost if the finished product in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished product exceeds net realisable value, the materials are written down to net realisable value. In such circumstances, the replacement cost of the materials is used as the measure of their net realisable value.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realisable value.

4.4 Trade debts

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized when the goods are delivered to dealers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

4.5 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances and short term borrowings from banks which are repayable on demand and form an integral part of the Company's cash management.

4.6 Staff retirement benefits

A defined benefit plan is a post-employment benefit plan under which an entity regularly pays contributions into a separate fund but will continue to have legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the entity.

The Company operates an unfunded gratuity scheme for its employees which is classified as a defined benefit plan.

The Company's obligation in respect of the defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligation is performed annually by a qualified actuary using the Projected Unit Credit Method.

Remeasurements of the defined benefit liability (i.e. the actuarial gains or losses) are recognised immediately in other comprehensive income. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate to the defined benefit liability at the beginning of the annual reporting period, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments. Interest expense and other expenses related to the defined benefit plan are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

4.7 Provisions and contingent liabilities

Provisions
A provision is recognised 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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

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

4.8 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Current

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also 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 the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses and credits only if it is probable that future taxable amounts will be available to utilise those temporary differences and unused tax losses and credits.

4.9 Revenue recognition

Revenue from local sales

Revenue from sale of goods (yarn) is recognised when the customer obtains control of the goods, being when the goods are delivered to the customer, the customer has full discretion over the selling price of the goods and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been dispatched from the company premise, the risk of loss has been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company does not expect to have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Revenue from export sales

Revenue from sale of goods to foreign customers is recognized when those customers obtain control of the exported goods which is when the goods are loaded onto the shipping vessel and, as an acknowledgement thereof, a bill of lading is issued by the shipping company.

The Company does not expect to have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Other income

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

4.10 Borrowing costs

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

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period.

To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to all borrowings of the Company that are outstanding during the period. However, the Company excludes from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete.

The Company begins capitalising borrowing costs as part of the cost of a qualifying asset on the 'commencement date' which is the date when the Company first meets all of the following conditions: (a) it incurs expenditures for the asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

The Company suspends capitalisation of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

The Company ceases capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

4.11 Foreign currency transactions and translation

Transactions in foreign currencies are converted into Rupees at the rate of exchange ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the rate of exchange ruling at the balance sheet date. All exchange differences arising on transaction are charged to profit and loss account in that period.

4.12 Financial assets

4.12.1 Classification and initial measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

(a) financial assets measured at amortized cost;
(b) fair value through other comprehensive income (FVOCI);
(c) fair value through profit or loss (FVTPL); and

(a) Financial assets measured at amortized cost.

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding. Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(b) Fair value through other comprehensive income (FVOCI);

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

(c) Fair value through profit or loss (FVTPL); and

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.
Such financial assets are initially measured at fair value.

4.12.2 Subsequent measurement

(a) Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses. Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in profit or loss.

(b) Financial assets at FVOCI

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

4.12.3 *Impairment:*

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade receivables, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

4.12.4 *De-recognition*

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

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

4.13 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.
Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

4.14 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

4.15 Dividends

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

5. PROPERTY, PLANT AND EQUIPMENT	*Note*	**2021**	2020
		Rupees	
Operating fixed assets	*5.1*	**2,936,481,747**	1,759,538,807
Capital work in progress	*5.2*	**5,573,710**	2,902,293
		2,942,055,457	1,762,441,100

5.1 Operating fixed assets

	Leasehold land	Factory building	Office premises	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Total
	Rupees								
As at June 30, 2019									
Gross carrying amount	112,000,000	450,061,706	210,461,253	1,994,066,362	12,638,590	2,935,257	8,438,610	69,539,956	2,860,163,234
Accumulated depreciation	-	(128,697,758)	(69,586,560)	(1,011,498,245)	(6,347,460)	(2,190,733)	(3,683,625)	(31,578,661)	(1,253,583,442)
	112,000,000	321,363,948	140,874,793	982,568,117	6,291,130	745,524	4,754,985	37,961,295	1,606,579,792
Movement during the year ended June 30, 2020									
Opening net book value	112,000,000	321,363,948	140,874,793	982,568,117	6,291,130	745,524	4,754,985	37,961,295	1,606,579,792
Additions / transfers	-	427,650	16,721,568	286,419,431	1,664,670	138,305	262,800	-	305,634,424
Disposals:									
-Cost	-	-	-	(30,689,875)	-	-	-	(4,371,505)	(35,061,380)
-Accumulated depreciation	-	-	-	21,668,572	-	-	-	3,163,707	24,832,279
	-	-	-	(9,021,303)	-	-	-	(1,207,798)	(10,229,101)
Depreciation for the year	-	(16,070,013)	(7,580,024)	(109,934,261)	(750,447)	(250,220)	(479,422)	(7,421,521)	(142,486,708)
Closing net book value	112,000,000	305,721,585	150,055,917	1,150,031,984	7,205,353	633,609	4,538,363	29,331,976	1,759,538,807
Movement during the year ended June 30, 2021									
Gross carrying amount	112,000,000	450,489,356	227,183,321	2,249,815,918	14,303,660	3,074,562	8,701,410	65,168,451	3,130,736,678
Accumulated depreciation	-	(144,767,771)	(77,127,304)	(1,099,783,934)	(7,098,307)	(2,440,953)	(4,163,047)	(35,836,475)	(1,371,197,871)
	112,000,000	305,721,585	150,055,917	1,150,031,984	7,205,353	633,609	4,538,363	29,331,976	1,759,538,807
Year ended June 30, 2021									
Opening net book value	**112,000,000**	**305,721,585**	**150,055,917**	**1,150,031,984**	**7,205,353**	**633,609**	**4,538,363**	**29,331,976**	**1,759,538,807**
Additions	**-**	**3,650,353**	**37,700**	**73,279,594**	**454,000**	**184,278**	**360,959**	**28,484,945**	**103,351,830**
Transfer from CWIP	**-**	**2,093,016**	**1,620,340**	**182,381,472**	**-**	**-**	**-**	**-**	**186,094,828**
Revaluation surplus	**853,000,000**	**22,878,181**	**175,161,184**	**-**	**-**	**-**	**-**	**-**	**1,051,039,365**
Disposals:									
-Cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(8,231,395)**	**(8,231,395)**
-Accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,409,448**	**3,409,448**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**(4,821,947)**	**(4,821,947)**
Depreciation for the year	**-**	**(15,652,270)**	**(9,710,506)**	**(127,180,038)**	**(743,253)**	**(213,708)**	**(474,691)**	**(6,766,664)**	**(160,721,126)**
Closing net book value	**965,000,000**	**317,590,864**	**317,164,655**	**1,278,533,012**	**6,916,100**	**604,179**	**4,424,631**	**46,248,310**	**2,936,481,747**
As at June 30, 2021									
Gross carrying amount	**965,000,000**	**478,010,905**	**404,002,545**	**2,505,476,984**	**14,757,660**	**3,258,832**	**9,062,369**	**85,422,001**	**4,464,991,296**
Accumulated depreciation	**-**	**(160,420,041)**	**(86,837,890)**	**(1,226,943,972)**	**(7,841,560)**	**(2,654,657)**	**(4,637,738)**	**(39,173,691)**	**(1,528,509,549)**
	965,000,000	**317,590,864**	**317,164,655**	**1,278,533,012**	**6,916,100**	**604,179**	**4,424,631**	**46,248,310**	**2,936,481,747**
Annual rates of depreciation	**0%**	**5%**	**5%**	**10%**	**10%**	**30%**	**10%**	**20%**	

5.1.1 Leasehold land of the Company are located at A-265 S.I.T.E, Nooriabad, Sindh and E-11, S.I.T.E., Kotri Sindh with an area of 111,320 and 156,090 square yards respectively

5.1.2 The Company measure its land, buildings and office premises using revaluation model. The latest revaluation of land, building, and office premises was carried out by an independent valuer M/s. Joseph Lobo as on June 30, 2021 on the basis of present market values for similar sized land in the vicinity and replacement values of similar type of buildings adjusted for depreciation factor for the existing assets in use.

5.1.3 Forced sales value of leasehold land, buildings and office premises based on the valuation conducted in April 2021 by independent valuer were as follows:

	Fair value	Forced sale value
Freehold land		
Factory building	965,000,000	723,200,100
Office premises	328,599,766	246,387,750
	325,217,121	243,842,900

5.1.4 Had the leasehold land, factory building and office premises been carried under the cost model of accounting, their carrying amount at the reporting date would have been as follows:

	2021	2020
	Rupees	
Leasehold land	46,384,040	46,384,040
Factory building	86,571,166	86,325,048
Office premises	103,513,188	107,326,376
	236,468,394	240,035,464

5.1.5 The following operating fixed assets with a net book value exceeding Rs. 500,000 were disposed off during the year.

Particular of assets	Cost	Accumulated depreciation	Book value	Sales proceeds	(Gain)/loss on disposal	Particulars of purchaser	Relation with purchaser	Mode of disposal
	Rupees							
Suzuki Cultus AUT-147	760,000	500,833	259,167	295,000	(35,833)	Jawaid Yousuf	No relation	Negotiation
Prado BH-8088	7,430,170	2,908,615	4,521,555	10,500,000	(5,978,445)	Rajby Industries	No relation	Negotiation
MotorCycle KKY-0573	41,225	-	41,225	41,225	-	Adamjee Insurance	No relation	Negotiation
2021	8,231,395	3,409,448	4,821,947	10,836,225	(6,014,278)			

Particular of Assets	Cost	Accumulated Depreciation	Book Value	Sales Proceeds	(Gain)/Loss on Disposal	Particulars of Purchaser	Relation with purchaser	Mode of Disposal
	Rupees							
AUJ-339	780,000	472,861	307,139	310,000	(2,861)	AL Ghazi Motors	No relation	Negotiation
Gas Generator (waukesha)	30,689,875	21,668,572	9,021,303	5,350,000	3,671,303	Javed Umer	No relation	Negotiation
ALC-342 (Cultus)	650,000	496,283	153,717	190,000	(36,283)	M Junaid	No relation	Negotiation
AEB-191	318,500	311,548	6,952	50,000	(43,048)	AL Ghazi Motors	No relation	Negotiation
BAR-670 (Cultus)	799,500	352,751	446,749	500,000	(53,251)	M Junaid	No relation	Negotiation
AXA-808 (Toyota Corola)	1,823,505	1,530,264	293,241	1,050,000	(756,759)	Adamjee Insurance	No relation	Negotiation
2020	35,061,380	24,832,279	10,229,101	7,450,000	2,779,101			

		Note	2021	2020
5.1.6	Depreciation charge for the year is allocated as under:	*Note*	Rupees	
	Cost of goods manufactured - conversion costs incurred	*26.1.2*	**142,832,308**	126,004,274
	Administrative expenses	*27*	**17,888,818**	16,442,434
			160,721,126	142,446,708
5.2	**Capital work in progress**			
	Advance to contractors against capital work in progress		5,404,309	2,800,551
	Plant and machinery		169,401	101,742
			5,573,710	2,902,293

6. LONG TERM DEPOSITS

	Note	2021	2020
Long term advances		**437,500**	437,500
Long term security deposits	*6.1*	**13,170,988**	13,170,988
		13,608,488	13,608,488

6.1 This includes security deposit to WAPDA amounting to Rs. 10.2 million (2020: Rs.10.2 million).

7. STORES, SPARES AND LOOSE TOOLS	Note	2021	2020
		Rupees	
Stores		**66,706,371**	38,547,518
Spares		**55,209,620**	49,141,406
Loose tools		**568,010**	1,101,839
Less: Provision against slow moving store items		**(4,640,004)**	-
		117,843,997	88,790,763

8. STOCK IN TRADE

	Note	2021	2020
Raw materials		**373,846,564**	840,779,847
Work - in - process		**61,074,545**	50,018,553
Finished goods		**372,638,511**	854,522,208
Waste		**48,270,623**	40,138,478
Stock in transit		**185,275,782**	-
	8.1	**1,041,106,025**	1,785,459,086

8.1 This includes stocks amounting to Rs. 644 million (2020: Rs. 1,503 million) pledged with banks as security with banks against finance facilities.

9. TRADE DEBTS	Note	2021	2020
		Rupees	
Export trade debts - secured		-	2,437,202
Local trade debts - unsecured		**1,686,862,449**	1,444,824,302
		1,686,862,449	1,447,261,504
Less: Provision for expected credit losses	*9.1*	**(8,097,212)**	(5,661,711)
		1,678,765,237	1,441,599,793

9.1 The movement in the allowance for the doubtful debts is as follows:

	2021	2020
Opening balance	**5,661,711**	5,541,290
Charge / (reversal) during the year	**2,435,501**	120,421
Closing balance	**8,097,212**	5,661,711

10. INVESTMENTS

	Note	2021	2020
Term deposits	*10.1*	**82,439,482**	59,971,390

10.1 These TDRs were deposited as margin against bank guarantees issued by different banks as disclosed in note No.24.2. This carries markup at a rate of 5.5% - 7.25% per annum (2020: 7.5% - 11.25%). These term deposits will mature between 6 to 12 months.

		Note	2021	2020
11.	**LOANS AND ADVANCES**		Rupees	
	Loans to staff and workers	11.1	**848,679**	307,111
	Advance to suppliers		**114,017,064**	55,433,530
			114,865,743	55,740,641

11.1 These represent interest-free loan provided to employees in accordance with the Company's policy. The loans are secured against retirement benefits and are recoverable in equal monthly installments.

		Note	2021	2020
12.	**OTHER RECEIVABLES**		Rupees	
	Profit on saving account receivable		**3,280,737**	4,897,442
	Other receivable		**20,626,072**	20,335,740
			23,906,809	25,233,182

		Note	2021	2020
13.	**CASH AND BANK BALANCES**			
	Cash in hand		**11,885,581**	12,106,589
	Cash at bank - current accounts		**33,421,434**	15,305,716
	Cash at bank - deposit accounts	14.1	**96,549,945**	98,298,234
			129,971,379	113,603,950
			141,856,960	125,710,539

13.1 These carry markup ranging from 5.5% to 7.5% per annum on daily product basis (2020: 7.5% to 11.25% per annum).

14. **ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

2021	2020		2021	2020
Number of shares			Rupees	
15,011,985	12,711,985	Ordinary shares of Rs.10/- each issued as fully paid in cash	**150,119,850**	127,119,850
6,500,000	6,500,000	Ordinary shares of Rs.10/- each issued as fully paid as bonus	**65,000,000**	65,000,000
21,511,985	19,211,985		**215,119,850**	192,119,850

14.1 Following is the reconciliation of opening and closing number of outstanding ordinary shares:

	Number of shares	Value at par	Share Premium
Balance as at the beginning of the year	19,211,985	192,119,850	177,597,289
Shares issued in respect of advance against issue of shares	2,300,000	23,000,000	96,600,000
Balance as at the end of the period / year	21,511,985	215,119,850	274,197,289

14.1.1 In October 2020 the company issued 2.3 million shares, by way of other than right offer, at Rs. 119.6 million to one of its directors Mrs. Naila Zahid, against advance in respect of issue of shares, after obtaining approval from the members of the Company in their Extraordinary General Meeting held on July 18, 2020. These shares were issued at a price of Rs. 52 per share, that comprise of par value of Rs. 10 and share premium of Rs. 42, which was above the market value on the date of allotment.

14.2 There are no agreements among shareholders for voting rights, board selection, rights of first refusal and block voting.

14.3 The associated company Nadeem Power Generation (Private) Limited held 3,604,500 (2020: 3,604,500) ordinary shares at the year end.

15. REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT

	Note	2021	2020
		Rupees	
Balance as at July 01		**327,742,058**	341,446,063
Add: surplus on revaluation during the year		**1,051,039,365**	-
Less: Incremental depreciation transferred to retained earnings		**(15,494,298)**	(13,704,005)
		1,363,287,125	327,742,058
Less: Related deferred tax on revaluation		**(57,675,713)**	(27,301,792)
		1,305,611,412	300,440,266

16. LONG TERM FINANCING

		Note	2021	2020
16.1	JS Bank Limited			
	Long term Finance Facility	*16.1.1*	130,047,500	43,786,750
	Bank Al Falah Limited			
	Long term Finance Facility	*16.1.2*	158,274,040	164,526,550
	Soneri Bank Limited			
	Refinance scheme for payment of salaries and wages	*16.1.3*	103,562,140	75,930,409
	Samba Bank Limited			
	Medium Term Loan	*16.1.4*	9,375,000	28,125,000
	Less: Current portion shown under current liabilities		(112,750,085)	(40,183,662)
			288,508,595	272,185,047

16.1.1 This represents liability against Long Term Finance Facility (LTFF), under LTFF scheme of State Bank of Pakistan, for import of Machinery to be repaid in 20 equal quarterly installments . The loan is secured against first exclusive and specific hypothecation charge over machinery with 20% margin imported through JSBL. The rate of Mark-up is SBP LTFF rate plus 2.5% (2020: SBP LTFF rate plus 2.5%) per annum.

16.1.2 This represents liability against Term Finance and LTFF amounting to Rs. 25 million and Rs. 133 million, respectively.

The Term Finance is secured by exclusive charge on 5x Maurata 21C Auto Winder and 18% margin in existing 1st pari passu charge over current assets of Rs. 75 million. The rate of Mark-up is 6-Month Kibor plus 2% (2020: 6-Month Kibor plus 2%)

The LTFF is secured by exclusive charge over 2 MTU gas generators and ranking charge of Rs. 25 million over existing and machinery located at Nooriabad Unit. The rate of Mark-up is SBP LTFF rate plus 2.5% (2020: SBP LTFF rate plus 2.5%)

		2021	2020
16.1.3	**Refinance Scheme for Payment of Salaries and Wages**	Rupees	
	Opening carrying amount - net of deferred grant	**75,930,409**	-
	Funds borrowed during the year:		
	Loan proceeds received from the bank	**40,953,886**	82,891,624
	Less: Element of government grant recognized as deferred income	**(4,036,138)**	(6,961,215)
		36,917,748	75,930,409
	Interest recognized on unwinding of the liability	**8,996,234**	-
	Loan installments paid during the year	**(18,282,251)**	-
	Closing carrying amount - net of deferred grant	**103,562,140**	75,930,409
	Less: Current maturity shown under current liabilities	**(56,675,069)**	(20,722,906)
	Non-current maturity	**46,887,071**	55,207,503

During the year, the Company obtained a long term financing facility amounting to Rs. 40.9 million (2020: Rs. 82.9 million) from M/s. Soneri Bank Limited under the State Bank of Pakistan (SBP's) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns notified vide IH & SMEFD Circular No. 7 of 2020 dated April 10, 2020. The facility is secured by pari passu charge over plant and machinery of Unit 1 located at Nooriabad for Rs. 193M.

- The applicable markup rate is SBP+3% per annum;
- The tenor of the facility is 2.5 years (including 6-month grace period ending on December 31, 2022); and
- The loan is to be repaid in 8 equal quarterly instalments commencing from April 2021.

Since the facility carries an interest rate which is well below the market interest rate prevailing as on the date of disbursement of funds, in accordance with Circular 11 of 2020 dated August 17, 2020 issued by the Institute of Chartered Accountants of Pakistan (ICAP), the financing is considered to contain an element of government grant as per the IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. Accordingly, the Company measured the loan liability at its fair value (determined on a present value basis) and recognized the difference between the disbursement proceeds received from the bank and the said fair value as deferred income in the statement of financial position. This deferred income is being recognized as other income in profit or loss in proportion to the recognition of interest cost on the outstanding loan balance (based on the effective interest rate method).

16.1.4 This represents Medium Term Loan acquired for permanent working capital facility. The loan is secured against first pari pasu charge over all present and future stocks and receivables with 25% margin. The loan is repayable in 8 equal quarterly installments. Mark up rate is 1-Month KIBOR plus 2% (2020: 1-Month KIBOR plus 2%).

		Note	2021	2020
			Rupees	
17.	**DEFERRED LIABILITIES**			
	Staff retirement benefits - defined benefit plan (gratuity)	*17.1*	**78,516,576**	69,412,384
	Deferred taxation - net	*17.2*	**71,414,163**	35,391,769
			149,930,739	104,804,153

17.1 Staff retirement benefits - defined benefit plan (gratuity)

As disclosed in note 4.6 to these financial statements, the Company operates an unfunded gratuity scheme for its staff employees. The latest actuarial valuation was carried out as at June 30, 2021, using the Projected Unit Credit Method.

		2021	2020
		Rupees	
17.1.1	**Movement in defined benefit obligation**		
	Opening defined benefit obligation	**69,412,384**	67,162,738
	Current service cost	**28,864,381**	28,366,170
	Interest cost	**4,938,856**	7,537,010
	Benefits paid	**(22,616,394)**	(28,542,875)
	Remeasurements	**(2,041,491)**	(5,110,659)
	Closing defined benefit obligation	**78,557,736**	69,412,384
17.1.2	**Expenses recognized in the statement of profit or loss account**		
	Current service cost	**28,864,381**	28,366,170
	Interest cost on defined benefit obligation	**4,938,856**	7,537,010
		33,803,237	35,903,180
17.1.3	**Remeasurement losses / (gains) recognised in other comprehensive income**		
	Actuarial losses / (gains) on defined benefit obligation due to:		
	- Changes in financial assumptions	**1,493,103**	(403,796)
	- Experience adjustments	**(3,534,594)**	(4,706,863)
		(2,041,491)	(5,110,659)
17.1.4	Year-end sensitivity analysis on defined benefit obligation		
	Discount rate + 100 bps	**75,057,632**	65,737,403
	Discount rate - 100 bps	**82,492,322**	73,597,793
	Salary increment rate + 100 bps	**82,530,658**	73,639,422
	Salary increment rate -100 bps	**74,965,109**	65,639,520

17.1.5 As of June 30, 2021 the weighed average duration of the defined benefit obligation was 5 Years (2020: 5 years).

		2021	2020
17.1.6	Principal actuarial assumptions used in the valuation of gratuity	**2021**	2020
	Discount rate used for interest cost in profit and loss	**8.50%**	14.25%
	Discount rate used for year end obligation	**10.00%**	8.50%
	Expected rate of increase in salary level (per annum)	**8.00%**	6.50%
	Mortality rates	**SLIC 2001-2005**	SLIC 2001-2005

17.2 Deferred taxation - net

For the year ended June 30, 2021	Note	Opening balance	Charge / (reversal) recognized in profit or loss	Charge / (income) recognized in other comprehensive income	Closing balance
		---------- Rupees ----------			
Taxable temporary differences					
- Accelerated tax depreciation		97,402,277	4,129,064	-	101,531,341
- Deferred grant		(1,022,036)	217,483	-	(804,553)
- SBP loan for salaries and wages		-	724,662	-	724,662
- Excess of minimum tax carried forward	17.2.1	(76,947,918)	4,130,356	-	(72,817,562)
		19,432,323	9,201,565	-	28,633,888
Deductible temporary differences					
- Surplus on revaluaiton of fixed assets		27,301,792	(2,337,888)	32,711,809	57,675,713
- Provisions for expected credit losses		(1,641,896)	(706,295)	-	(2,348,191)
- Provisions for slow moving store items		-	(700,116)	-	(700,116)
- Staff retirement benefits		(9,700,450)	(2,454,715)	308,034	(11,847,131)
		15,959,446	(6,199,014)	33,019,843	42,780,275
		35,391,769	3,002,551	33,019,843	71,414,163

For the year ended June 30, 2020	Opening balance	Charge / (reversal) recognized in profit or loss	Charge / (income) recognized in other comprehensive income	Closing balance
	---------- Rupees ----------			
Taxable temporary differences				
-Accelerated tax depreciation	76,572,624	20,829,653	-	97,402,277
	76,572,624	20,829,653	-	97,402,277
Deductible temporary differences				
- Surplus on revaluaiton of fixed assets	29,216,941	(1,915,149)	-	27,301,792
- Provisions for expected credit losses	(1,606,974)	(34,922)	-	(1,641,896)
- Staff retirement benefits	(8,488,161)	(2,694,380)	1,482,091	(9,700,450)
- Deferred grant	-	(1,022,036)	-	(1,022,036)
- Excess of minimum tax carried forward	(71,505,055)	(5,442,863)	-	(76,947,918)
	(52,383,249)	(11,109,350)	1,482,091	(62,010,508)
	24,189,375	9,720,303	1,482,091	35,391,769

17.2.1 This represents excess tax over and above the normal tax payable under provision of section 113 of income tax ordinance 2001. The excess amount of tax paid can be carried forward and adjusted against tax liability for five tax years immediately succeeding the tax year.

18. LOAN FROM RELATED PARTIES	Note	2021	2020
		Rupees	
Nadeem Power Generation (Private) Limited (NPGL)	*18.1*	**32,750,204**	14,355,204
Nadeem International (Private) Limited (NIPL)	*18.2*	**417,900,000**	418,500,000
		450,650,204	432,855,204
Less : Current portion shown under current liabilities			
Nadeem International (Private) Limited		**(73,000,000)**	(73,000,000)
	18.3	**377,650,204**	359,855,204

18.1 *Nadeem Power Generation (Private) Limited (NPGL)*

	2021	2020
Opening	**14,355,204**	14,020,371
Loan obtained	**33,900,000**	4,500,000
Less: repaid	**(15,505,000)**	(4,165,167)
Closing	**32,750,204**	14,355,204

18.2 *Nadeem International (Private) Limited (NIPL)*

	2021	2020
Opening	**418,500,000**	398,975,000
Loan obtained	**13,500,000**	32,000,000
Less: repaid	**(14,100,000)**	(12,475,000)
Closing	**417,900,000**	418,500,000

18.3 This represents loan provided by related parties NPGL and NIPL on June 29, 2013 and April 28, 2015 respectively on renewable terms which may be extended for such period as may be mutually agreed by companies after expiry of the repayment period. These loans are interest free and repayable within 13 months from July 01, 2021.

19. DEFERRED INCOME - GOVERNMENT GRANT	2021	2020
	Rupees	
Opening balance	6,802,278	-
Deferred government grant recognized in respect of loans	4,036,138	6,961,215
Less: Amortized during the year	(5,506,262)	(158,937)
	5,332,154	6,802,278

20. LOAN FROM DIRECTOR

This represents director's loans that is interest-free and repayable on-demand

21. TRADE AND OTHER PAYABLES	Note	2021	2020
		Rupees	
Creditors	*21.1*	**406,223,838**	739,715,196
Accrued expenses	*21.2*	**329,510,189**	319,359,070
Provision against ETO		**10,017,753**	10,017,753
Advances from customer	*21.3*	**9,957,068**	15,983,973
Worker's Profit Participation Fund payable	*21.4*	**41,894,040**	25,626,426
Worker's Welfare Fund payable	*21.5*	**19,354,410**	5,590,639
		816,957,298	1,116,293,057

21.1 This includes foreign creditors amounting to Rs. 58 million (2020: Rs. Nil)

21.2 This includes Rs. 28 million (2020: Rs. 33.33 million) due to M/s. Nadeem Power Generation (Private) Limited, a related party, against electric bill.

21.3 During the year, the performance obligations underlying the opening contract liability of Rs. 15.98 million were satisfied in full. Accordingly, the said liability was recorded as revenue during the year.

Information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of Rs. 9.9 million is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

		Note	2021	2020
			Rupees	
21.4	**Worker's Profit Participation Fund payable**			
	Opening balance		**25,626,426**	17,759,535
	Provision for the year		**41,894,040**	5,673,589
	Interest charged during the year		**561,743**	2,193,302
			68,082,209	25,626,426
	Payment during the year		**(26,188,169)**	-
			41,894,040	25,626,426
21.5	**Worker's Welfare Fund payable**			
	Opening balance		**5,590,639**	10,183,299
	Provision for the year		**15,919,735**	2,155,964
			21,510,374	12,339,263
	Payment during the year		**(2,155,964)**	(6,748,624)
			19,354,410	5,590,639
22.	**ACCRUED MARK - UP**			
	Long term financing		**3,586,140**	1,644,794
	Short term borrowings		**28,608,416**	53,690,667
			32,194,556	55,335,461
23.	**SHORT TERM BORROWINGS - secured**			
	Secured			
	Bank Al-Falah Limited		**226,640,885**	383,332,177
	Soneri Bank Limited		**43,496,429**	111,491,907
	J.S. Bank Limited		**297,812,101**	377,203,343
	Habib Bank Limited		**201,979,414**	351,077,356
	Askari Bank Limited		**71,935,871**	-
	Habib Metropolitan Bank Limited		**73,704,743**	206,114,514
	Samba Bank Limited		**168,201,251**	167,745,157
		23.1	**1,083,770,694**	1,596,964,454
	Soneri bank limited FE_25		**200,249,500**	398,394,918
	Soneri bank limited (overdraft)		**-**	147,569
			1,284,020,194	**1,995,506,941**

23.1 These represent short term working capital finance facilities secured against pledge of stocks (Cotton, Yarn, fibre and Spares), and export bills under collection, local trade debts of the Company and charge over current assets. The rate of mark-up for short term borrowing ranges @ KIBOR + 1.85% to 2.25% per annum (2020: KIBOR + 1.85% to 2.25% per annum), KIBOR ranged from 1 month and 3 months.

23.2 The unavailed facility of total short term borrowings amount to Rs.72 million (2020: Rs 551.5 million).

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

As disclosed last year, in the matter of GIDC levy under act 2011 and GIDC Act 2015 the Company and other petitioners had been contesting the imposed levy since 2011 and it was in August 13, 2020 that the honorable Supreme Court of Pakistan upheld the constitutionality of the GIDC Act 2015.

Moreover, in para 37 of the above judgment, the Honorable Supreme Court has held that the Cess under GIDC Act, 2015 is leviable to those customers of natural gas who on account of their industrial or commercial dealings pass on its burden to their customer. The Apex Court also restrained the Federal Government from charging further Cess from the date of the judgment and also imposed certain eventualities on the basis of which this Cess would become nullified.

The Company along with several other petitioners filed review petitions before the Honorable Supreme Court of Pakistan seeking a setting aside of the judgment of the Supreme Court and also challenging the applicability of the GIDC on the Company including the amount to be recovered including its retrospective application from the year 2011. The Hon'ble Supreme Court was pleased to clarify that the question as to the retrospective applicability of GIDC from 2011 to 2015 would remain open to be decided by the Hon'ble High Courts.

As a result the Company filed Suit 1343 /2020 in the Honorable High Court of Sindh along with several other companies on the ground that the Company falls within the category of gas consumers, who have neither collected GIDC from their clients / customers and even not passed on to the customers through addition in the cost of goods and accordingly, the Company is not liable to pay any amounts pursuant to the above judgment of the Supreme Court. The Company also raised the issue of retrospective applicability of the Act from 2011. The Honorable High Court has granted stay to the Company and other petitioners to the extent of payment of GIDC.

The Company has also recently filed Suit No. 1682/2021 in the Honorable High Court of Sindh at Karachi along with several other petitioners seeking a declaration that after the lapse of time period of six months for laying of the North-South gas pipe line allowed by the Honourable Supreme Court of Pakistan, the Act has now become in-operational and dead for all intents and purposes. Consequently, the Company is not liable to pay any GIDC.

The legal counsel of the Company has given his considered opinion that in view of above two suits the Company will not be subject to pay any amount of Cess and the Company has therefore in view of the above opinion not recorded any provision.

In view of the above, the Company continues to disclose the GIDC amounting to Rs. 234 million(2020: 230.8 million) as a contingent liability.

24.2 Commitments

As of the reporting date, following were the financial commitments:

	2021	2020
	Rupees	
Against letters of credit	**1,312,205,937**	277,944,693
Bank guarantee to Excise and Taxation department	**64,375,753**	52,875,753
Revolving Letter of credit to SSGC	**53,923,889**	34,983,987
Bank Guarantee to HESCO - (HMBL)	**-**	2,502,000
FBP outstanding	**263,220,120**	93,371,408
Civil contractor	**-**	2,879,627
Post dated cheques	**91,881,560**	91,881,560

		Note	2021	2020
			Rupees	
25.	**SALES - net**			
	Revenue from local sales	25.1	4,769,973,830	3,178,410,536
	Revenue from export sales - indirect		3,498,988,192	1,999,197,330
	Revenue from export sales - direct	25.2	1,040,177,426	1,527,444,148
	Wastage sales		111,462,059	87,715,420
			9,420,601,507	6,792,767,434
25.1	**Revenue from local sales**			
	Revenue from local sales		4,828,686,943	3,212,463,674
	Commission on local sales		(58,713,113)	(34,053,138)
			4,769,973,830	3,178,410,536
25.2	**Revenue from export sales - direct**			
	Revenue from export sales - direct		1,055,223,396	1,549,177,502
	Commission on export sales		(10,911,680)	(10,206,708)
	Premium on discounting of the export bill		(4,134,290)	(11,526,646)
			1,040,177,426	1,527,444,148
26.	**COST OF SALES**			
	Opening stock of finished goods and waste		894,660,686	392,611,421
	Cost of goods manufactured	26.1	7,693,179,960	6,681,667,660
			8,587,840,646	7,074,279,081
	Closing stock of finished goods and waste		(420,909,134)	(894,660,686)
			8,166,931,512	6,179,618,395
26.1	**Cost of goods manufactured**			
	Raw material consumed	26.1.1	5,910,542,267	5,165,687,050
	Conversion costs incurred	26.1.2	1,793,693,685	1,520,602,204
			7,704,235,952	6,686,289,254
	Change in work-in-process inventory:			
	- Opening stock		50,018,553	45,396,959
	- Closing stock		(61,074,545)	(50,018,553)
			(11,055,992)	(4,621,594)
			7,693,179,960	6,681,667,660
26.1.1	**Raw material consumed**			
	Opening		840,779,847	448,451,613
	Add: Purchases		5,443,608,984	5,558,015,284
			6,284,388,831	6,006,466,897
	Closing stock		(373,846,564)	(840,779,847)
			5,910,542,267	5,165,687,050
26.1.2	**Conversion costs incurred**			
	Stores and spares consumed	26.1.2.1	146,588,855	123,171,908
	Packing materials consumed	26.1.2.2	134,212,180	99,604,814
	Salaries, wages and other benefits	26.1.2.3	607,475,044	530,358,126
	Repair and maintenance		8,762,570	5,470,627
	Insurance		12,653,319	12,068,947
	Fuel and power	26.1.2.4	715,882,507	600,522,774
	Other manufacturing expenses		25,286,902	23,400,734
	Depreciation	5.1.6	142,832,308	126,004,274
			1,793,693,685	1,520,602,204

		2021	2020
26.1.2.1	**Stores and spares consumed**	Rupees	
	Opening stock	**75,633,053**	78,876,646
	Add: Purchases during the year	**159,216,537**	119,928,315
		234,849,590	198,804,961
	Closing stock	**(88,260,735)**	(75,633,053)
		146,588,855	123,171,908
26.1.2.2	**Packing materials consumed**		
	Opening	**13,157,710**	10,538,726
	Add: Purchases	**155,277,736**	102,223,798
		168,435,446	112,762,524
	Closing stock	**(34,223,266)**	(13,157,710)
		134,212,180	99,604,814

26.1.2.3 This includes staff retirement benefits amounting to Rs. 27.93 million (2020: Rs. 29.55 million).

		Note	2021	2020
26.1.2.4	**Fuel and power**		Rupees	
	Gas expense		412,112,655	344,183,816
	Electricity expense		296,362,599	247,596,748
	Diesel expense		7,407,253	8,742,210
			715,882,507	600,522,774

27. ADMINISTRATIVE EXPENSES

	Note	2021	2020
Salaries and other benefits	*27.1*	**43,807,044**	42,877,968
Directors' remuneration	*39*	**6,000,000**	6,000,000
Travelling and conveyance		**7,142,060**	6,490,257
Legal and professional		**5,754,668**	2,641,770
Fees and subscription		**6,553,583**	2,060,847
Rent, rates and taxes		**1,045,112**	1,181,390
Electricity, gas and water		**4,672,169**	3,876,090
Repairs and maintenance		**6,167,962**	4,608,584
Communication expenses		**2,220,059**	2,198,444
Printing and stationery		**3,087,015**	2,623,529
Motor vehicle expenses		**9,608,041**	8,820,251
Advertisement expenses		**375,010**	187,845
Entertainment expenses		**3,257,185**	2,326,832
Auditor's remuneration	*27.2*	**1,332,200**	1,242,200
Depreciation	*5.1.6*	**17,888,818**	16,442,434
Miscellaneous expenses		**1,447,753**	953,433
		120,358,679	104,531,874

27.1 This includes staff retirement benefits amounting to Rs. 5.86 million (2020: Rs. 6.33 million).

		Note	2021	2020
27.2	**Auditors' remuneration**		Rupees	
	Audit fee		**997,500**	950,000
	Half yearly review		**255,000**	215,000
	Code of Corporate Governance		**52,500**	50,000
	Other certifications		**17,200**	17,200
	Out of pocket expenses		**10,000**	10,000
			1,332,200	1,242,200

		Note	2021	2020
			Rupees	
28.	**DISTRIBUTION COSTS**			
	Export development charges		**2,604,243**	3,906,272
	Export insurance charges		**989,538**	1,442,862
	Export selling expenses		**6,438,206**	11,330,522
	Foreign travelling expense		**1,440,230**	3,120,000
	Freight and octroi charges		**35,477,484**	21,927,446
	Ocean freight		**10,563,139**	7,019,504
	Stamp duty on export sales		**1,030,760**	4,240,690
	Trailer charges		**3,657,328**	6,199,779
	Others	*28.1*	**10,991,525**	6,317,883
			73,192,453	65,504,958

28.1 This includes charges in respect of stamp duty on local sales, Letter of credit expenses, sales promotion, export and foreign bank charges and forwarding charges.

		Note	2021	2020
			Rupees	
29	**OTHER INCOME**			
	Profit on saving accounts		**11,299,422**	15,222,495
	Gain on sale of property, plant and equipment	*5.1.5*	**6,014,278**	-
	Exchange gain - net		**6,602,247**	-
	Bad debts recovered		**2,513,178**	72,292
	Rental Income		**10,000**	10,000
			26,439,125	15,304,787
30	**OTHER EXPENSES**			
	Loss on sale of property, plant and equipment	*5.1.5*	**-**	2,779,101
	Exchange loss - net		**-**	40,054,077
	Workers' Profit Participation Fund		**41,894,040**	5,673,589
	Workers Welfare Fund		**15,919,735**	2,155,964
	Provision against slow moving store items		**4,640,004**	-
	Provision for expected credit losses		**4,635,501**	120,421
			67,089,280	50,783,152
31	**FINANCE COSTS**			
	Mark-up on:			
	Short term financing			
	- Markup on cash finance		**90,985,021**	144,109,012
	- Markup on running finance		**28,179,980**	30,591,121
	- Markup on finance imported merchandise		**34,191,654**	37,095,614
	- Markup on packing finance		**12,090,625**	18,756,289
	- Markup on export loan		**9,218,838**	12,988,586
			174,666,118	243,540,622
	Long term financing			
	- Markup on Term finance		**16,686,688**	19,876,382
	- Markup on SBP salary and wages scheme	*31.1*	**3,489,972**	101,503
			20,176,660	19,977,885
	Interest on workers profit participation fund		**561,743**	2,193,302
	Bank charges and guarantee commission		**65,889,198**	36,400,220
			261,293,719	302,112,029

31.1 An amortization of government grant amounting to Rs. 5.5 million (2020: Rs. 158,937) has been netted off from the finance cost on SBP salary and wages scheme.

32 TAXATION

	2021	2020
	Rupees	
Current	115,541,411	83,546,677
Prior	762,204	(5,289,912)
	116,303,615	78,256,765
Deferred	3,002,551	9,720,303
	119,306,166	87,977,068

32.1 Status of income tax assessments

The income tax assessments of the Company have been finalized up to, and including, the tax year 2020. Tax returns filed by the Company are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for re-assessment or audit by the taxation authorities. However, at any time during a period of five years from the date of filing of a return, the taxation authorities may select an income tax return filed by the Company for the purpose of re-assessment.

32.2 Relationship between income tax expense and accounting loss before taxation

The numerical reconciliation between tax expense and accounting profit has not been presented for the current year and comparative year in these financial statements as the total income of the Company for the current and previous year attracted the provisions of minimum tax under section 113 of the Income Tax Ordinance, 2001.

33 EARNINGS PER SHARE - BASIC AND DILUTED

33.1 Basic earnings per share

	2021	2020
	Rupees	
Profit after taxation	638,868,823	17,544,745
	Number of shares	
Weighted average number of ordinary shares outstanding	20,757,887	19,211,985
	Rupees	
Earnings per share - base	30.78	0.91

33.2 *Diluted earnings per share*

There is no dilutive effect on the basic earnings per share of the Company, since there were no potential ordinary shares in issue as at June 30, 2021 and June 30, 2020.

34 CASH FLOWS FROM OPERATIONS

	Note	2021	2020
		Rupees	
Profit before taxation		758,174,989	105,521,813
Adjustments for non cash and other items:			
-Depreciation expense	*5.1.6*	160,721,126	142,446,708
-Provision for gratuity	*17.1.2*	33,803,237	35,903,180
-(Gain) / loss on sale of property, plant and equipment	*5.1.5*	(6,014,278)	2,779,101
-Provision for Workers Profit Participation Fund	*30*	41,894,040	5,673,589
-Provision for Workers Welfare Fund	*30*	15,919,735	2,155,964
-Government grant recognised		-	6,961,215
-Provision against slow moving store items	*30*	4,640,004	-
-Provision for expected credit losses	*30*	4,635,501	-
-Finance costs	*31*	261,293,719	302,112,029
		516,893,084	498,031,786
Operating profit before working capital changes		1,275,068,073	603,553,599
(Increase) / decrease in current assets			
-Stores, spares and loose tools		(33,693,238)	624,609
-Stock in trade-Trade debts		744,353,061	(898,999,093)
-Loans and advances		(241,800,945)	(492,018,776)
-Sales tax refundable		(59,125,102)	174,703,482
-Other receivables		-	58,849,283
		1,326,373	61,453,694
		411,060,149	(1,095,386,801)
Increase / (decrease) in current liabilities			
-Trade and other payables		(329,367,144)	440,184,892
Net cash generated from operations		1,356,761,078	(51,648,310)

35 CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following:

	Note	2021	2020
		Rupees	
Cash and bank balances	13	**141,856,960**	125,710,539
Short term borrowings - running finance	23	**(1,284,020,194)**	(1,995,506,941)
		(1,142,163,234)	(1,869,796,402)

36 FINANCIAL INSTRUMENTS

36.1 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

36.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Company's internal credit management purposes, a financial asset is considered as defaulted when it is **past due for 90 days or more**.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

Maximum exposure to credit risk

The maximum exposure to credit risk at the reporting date is as follows:

	Note	2021		2020	
		Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
		Amount in rupees			
At amortised cost					
-Long term deposits		13,608,488	13,608,488	13,608,488	13,608,488
-Trade debts	(a)	1,678,765,237	1,678,765,237	1,441,599,793	1,441,599,793
-Other receivables		23,906,809	23,906,809	25,233,182	25,233,182
-Investments		82,439,482	82,439,482	59,971,390	59,971,390
-Bank balances	(b)	129,971,379	129,971,379	113,603,950	113,603,950
		1,928,691,395	1,928,691,395	1,654,016,603	1,654,016,603

Note (a) - Credit risk exposure on trade debts

To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payments from its customers. Except for customers relating to the Government and certain small and medium sized enterprises, the management strictly adheres to this policy.

Export receivables as at year end are not past due. The aging of local trade debts as at the reporting date is as follows:

	2021		2020	
	Gross value	Life time expected credit losses	Gross value	Life time expected credit losses
	Rupees			
Not past due	1,569,727,005	-	929,456,383	-
Past due 1-60 days	70,351,145	-	264,488,903	-
Past due 61 days to 1 year	18,535,629	-	206,058,166	-
More than 1 year	28,248,670	8,097,212	44,820,850	5,661,711
	1,686,862,449	8,097,212	1,444,824,302	5,661,711

Note (b) - Credit risk exposure on bank balances

The Company's credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. As of the reporting date, the external credit ratings of the Company's bankers were as follows:

Banks	Short term rating	Credit rating agency	2021	2020
			Rupees	
Askari Bank Limited	A1+	Pacra	26,794	32,006
Bank Al Habib Limited	A1+	Pacra	1,354,474	-
Bank Al Falah Limited	A1+	Pacra	2,440,926	244,835
Bank Islami Limited	A-1	Pacra	10,500	10,500
Bank of Punjab Limited	A1+	Pacra	9,700	9,700
Habib Bank Limited	A-1+	JCR-VIS	545,240	4,102,821
Habib Metropolitan Bank Limited	A1+	Pacra	6,426,747	296,439
JS Bank Limited	A1+	Pacra	427,098	28,967
MCB Bank Limited	A1+	Pacra	78,375	173,023
Meezan Bank Limited	A-1	JCR-VIS	15,187,216	403,093
National Bank of Pakistan	A1+	Pacra	5,346,009	5,129,686
Silk Bank Limited	A-2	JCR-VIS	39,230	39,230
Soneri Bank Limited	A1+	Pacra	97,726,184	102,780,763
Summit Bank Limited	-	-	352,886	352,887
			129,971,379	113,603,950

Concentration of credit risk

Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. As of the reporting date, the Company was not exposed to any major concentrations of credit risk.

36.1.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

June 30, 2021	Carrying value	Contractual cashflows Total	Upto one year	More than one year
	Rupees			
Long term financing	401,258,680	(419,118,083)	(130,047,815)	(289,070,268)
Loan from related parties	450,650,204	(450,650,204)	(73,000,000)	(377,650,204)
Loan from director	60,700,000	(60,700,000)	(60,700,000)	-
Trade and other payables	755,708,848	(755,708,848)	(755,708,848)	-
Unclaimed Dividend	1,485,472	(1,485,472)	(1,485,472)	-
Accrued mark-up	32,194,556	(32,194,556)	(32,194,556)	-
Short term borrowings	1,284,020,194	(1,284,020,194)	(1,284,020,194)	-
	2,986,017,954	(3,003,877,357)	(2,337,156,885)	(666,720,472)

June 30, 2020	Carrying value	Contractual cashflows Total	Upto one year	More than one year
	Rupees			
Long term financing	312,368,709	(429,692,958)	(93,811,880)	(335,881,078)
Loan from related parties	432,855,204	(432,855,204)	(73,000,000)	(359,855,204)
Loan from director	36,700,000	(36,700,000)	(36,700,000)	-
Trade and other payables	1,090,291,331	(1,090,291,331)	(1,090,291,331)	-
Unclaimed Dividend	1,485,472	(1,485,472)	(1,485,472)	-
Accrued mark-up	55,335,461	(55,335,461)	(55,335,461)	-
Short term borrowings	1,995,506,941	(1,995,506,941)	(1,995,506,941)	-
	3,924,543,118	(4,041,867,367)	(3,346,131,085)	(695,736,282)

36.1.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and other price risk.

(a) 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. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The foreign currency risk of the Company is minimal as the export bills are immediately realized via sale to bank. As of the reporting date, the Company was exposed to currency risk on payables that are denominated in US Dollars as follows:

	June 30, 2021 Rupees	June 30, 2021 US Dollars	June 30, 2020 Rupees	June 30, 2020 US Dollar
Foreign trade payables	58,254,521	$ 370,458	-	$ -

The following significant exchange rates applied during the year:

	2021		2020	
	Average rate	**Reporting date rate**	Average rates	Reporting date rate
	Rupees			
US Dollar	**160.63**	**157.25**	164.95	168.40

Sensitivity analysis:

As of the reporting date, 10% strengthening / (weakening) of the Pak Rupee against the US Dollar would have reduced / (increased) the profit before tax of the Company by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Effect on profit
	— Rupees —
As at June 30, 2021	**5,825,452**
As at June 30, 2020	-

(b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and term deposits with banks. As of the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2021	2020	**2021**	2020
	Effective interest rate (%)		**Carrying amount (Rs.)**	
Financial assets				
Bank deposits - Pls accounts	**5.5% - 7.25%**	7.5% - 11.25%	**96,549,945**	98,298,234
Financial liabilities				
Long tem financing	**3% - 10.8%**	3% - 9.76%	**401,258,680**	312,368,709
Short term financing:				
-Kibor based	**9.03% - 10.25%**	9.15% - 9.55%	**1,083,770,694**	1,596,964,454

A change of 100 basis points in interest rates at the reporting date would have increase / decrease profit by 13.9 million (2020: Rs. 24.3 million). This analysis assumes that all other variables remain constant. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

		2021	2020
		Rupees	
36.2.	**FINANCIAL INSTRUMENTS BY CATEGORY**		
36.2.1	**Financial assets:**		
	Amortized cost		
	Long term deposits	**13,608,488**	13,608,488
	Trade debts	**1,678,765,237**	1,441,599,793
	Investments	**82,439,482**	59,971,390
	Loans and advances	**114,865,743**	55,740,641
	Other receivables	**23,906,809**	25,233,182
	Cash and bank balances	**141,856,960**	125,710,539
		2,055,442,719	1,721,864,033
36.2.2	**Financial liabilities:**		
	At amortized cost		
	Long term financing	**401,258,680**	312,368,709
	Trade and other payables	**745,751,780**	1,069,092,019
	Accrued mark-up	**32,194,556**	55,335,461
	Short term borrowings	**1,284,020,194**	1,995,506,941
		2,463,225,210	3,432,303,130

37 FAIR VALUE OF ASSETS AND LIABILITIES

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Management engage independent external experts / valuers to carry out valuation of its non-financial assets (i.e. Property, plant and equipment) and financial assets where prices are not quoted or readily available in the market.

When measuring the fair value of an asset or a liability, the Company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company does not hold financial assets under level-1 and level-2. The fair value of land, office premises and building is categorised in level 3 fair value hierarchy.

There were no transfers between different levels of fair values mentioned above.

38 CAPITAL MANAGEMENT

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

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

Following is the quantitative analysis of what the Company manages as capital:

	2021	2020
	Rupees	
Borrowing:		
Long term financing	**401,258,680**	312,368,709
Loan from related parties	**450,650,204**	432,855,204
Loan from director	**60,700,000**	36,700,000
Short term borrowings	**1,284,020,194**	1,995,506,941
	2,196,629,078	2,777,430,854
Shareholders' equity:		
Issued, subscribed and paid up capital	**215,119,850**	192,119,850
Share premium	**274,197,289**	177,597,289
Advance against right shares	**-**	119,600,000
Unappropriated profit	**1,184,734,861**	530,976,171
	1,674,052,000	1,020,293,310
Total capital managed by the Company	**3,870,681,078**	3,797,724,164

39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021				2020			
	Chief executive	Directors	Executives	Total	Chief executive	Directors	Executives	Total
	Rupees				Rupees			
Managerial remuneration and fee	**3,272,727**	**2,181,818**	**7,870,636**	**13,325,181**	3,272,727	2,181,818	4,483,636	9,938,181
Other allowances and reimbursable expenses	**327,273**	**218,182**	**787,064**	**1,332,519**	327,273	218,182	448,364	993,819
	3,600,000	**2,400,000**	**8,657,700**	**14,657,700**	3,600,000	2,400,000	4,932,000	10,932,000
Number of persons	**1**	**2**	**7**	**10**	1	2	3	6

39.1 The Chief Executive and two directors are provided with cars maintained by the Company and Electricity, gas and telephone consumption at their residence is also borne by the Company

39.2 The Chief Executive and directors have waived their meeting fees.

40 TRANSACTIONS WITH RELATED PARTIES

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

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	2021	2020
			Rupees	
Nadeem Power Generation (Private) Limited	Associated company by virtue of common directorship	*Transactions during the year*		
		Electricity purchased	**302,289,786**	257,437,750
		Loan received	**33,900,000**	4,500,000
		Loan repaid	**15,505,000**	4,165,167
		Rental income	**10,000**	10,000
		Balance outstanding	**32,750,204**	14,355,204

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	2021	2020
			Rupees	
Nadeem International (Private) Limited	Associated company by virtue of common directorship	*Transactions during the year*		
		Loan received	**13,500,000**	32,000,000
		Loan repaid	**14,100,000**	12,475,000
		Weight bridge expenses	**180,000**	180,000
		Balance outstanding	**417,900,000**	418,500,000
Zahid Mazhar	Chief Executive Officer	*Transactions during the year*		
		Loan received	**24,000,000**	21,000,000
		Loan repaid	**-**	4,700,000
		Balance outstanding against loan	**50,300,000**	26,300,000
Naila Zahid	Chairperson	*Transactions during the year*		
		Loan received	**-**	10,400,000
		Advance received for share issue		119,600,000
		Balance outstanding against loan	**10,400,000**	10,400,000

41. OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment as the company's asset allocation decisions are based on a single, integrated business strategy, and the company's performance is evaluated on an overall basis:

Entity wide information with respect to IFRS-8 "Operating Segments" are stated below:

- Revenue from sales of yarn represents 98.82% (2020: 98.72%) of total revenue whereas remaining represent revenue from sale of waste.

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

- 48% sales of the company relate to customer outside Pakistan (direct and indirect exports) (2019: 52%)

42. GENERAL

42.1 Plant capacity and actual production

	2021	2020
	Rupees	
Total number of spindles installed	**77,592**	70,428
Average numbers of spindle worked	**71,984**	63,787
Number of shifts worked per day	**3**	3
Installed capacity after conversion into 20/s count (kgs.)	**26,490,778**	22,638,483
Actual production after conversion into 20/s count (kgs.)	**25,569,629**	20,617,611
Capacity utilisation	**96.52%**	91.07%

42.1.1 The present normal capacity of the Company's manufacturing facilities is to produce 72,563.77 kgs of yarn per day. The above disclosed annual production capacity of 26.5 million kgs of yarn is based on 365 operating days a year.

42.1.2 Actual production is less than the installed capacity due to planned maintenance shutdown and gap between market demand and supply.

42.2 Number of employees

The total number of employees and average number of employees at year end and during the year respectively are as follows:

	2021	2020
	(Number)	
Total employees of the Company at the year end	1,190	1,220
Average employees of the Company during the year	1,140	1,150

42.3 Date Of authorization for issue

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on October 05, 2021.

42.4 Non-adjusting events after the reporting date

The Board of Directors of the Company in their meeting dated October 05, 2021 has proposed cash dividend at the rate of 30 % (2020: NIL% amounting to Rs. NIL) per share which amounts to 64.535 Million for the financial and tax year 2021.

42.5 Level of rounding

Figures in these financial statements have been rounded off to the nearest rupee.

DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER

Karachi Dated: October 05, 2021

As required U/S 232 of the Companies Act, 2017, these financial statements have been signed by two directors and CFO, as the Chief Executive is out of the country.

NADEEM TEXTILE MILLS LIMITED
PATTERN OF SHAREHOLDING AS AT JUNE 30, 2021

NUMBERS OF SHAREHOLDERS	SHARE HOLDING FROM TO	TOTAL SHARES HELD	PERCENTAGE
13	Shareholding from 1 to 100 shares	107	0.00
16	Shareholding from 101 to 500 shares	7,283	0.03
1	Shareholding from 501 to 1000 shares	693	0.00
2	Sharehoding from 100001 to 105000 shares	209,338	0.97
1	Sharehoding from 710001 to 715000 shares	712,934	3.31
1	Sharehoding from 715001 to 720000 shares	715,704	3.33
1	Sharehoding from 1100001 to 1105000 shares	1,103,399	5.13
1	Shareholding from 1585001 to 1590000 shares	1,587,849	7.38
1	Sharehoding from 1745001 to 1750000 shares	1,745,565	8.11
1	Sharehoding from 3600001 to 3605000 shares	3,604,500	16.76
1	Sharehoding from 3890001 to 3895000 shares	3,893,388	18.10
1	Sharehoding from 3895001 to 3900000 shares	3,896,158	18.11
1	Sharehoding from 4035001 to 4040000 shares	4,035,067	18.76
41		21,511,985	100

* Note: The slabs representing NIL holding have been omitted.

SR #	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
1	Directors, Chief Executive Officer their Spouse and minor children	9	15,000,509	69.73
2	Associated Companies, undertaking and related parties	1	3,604,500	16.76
3	NIT	-	-	-
4	Bank / Financial Institution	-	-	-
5	Insurance Companies	-	-	-
6	General Public / Individuals	31	2,906,976	13.51
7	Joint Stock Companies	-	-	-
		41	21,511,985	100.00

SR #	Shareholder Category	Percentage	No of Shares
1	CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN		
	DIRECTORS AND THEIR SPOUSES		
	MR. ZAHID MAZHAR	18.76	4,035,067
	MR. OMER BIN ZAHID	18.10	3,893,388
	MR. HASSAN BIN ZAHID	18.11	3,896,158
	MRS. NAILA ZAHID	8.11	1,745,565
	MRS. ANAM OMER	3.33	715,704
	MRS. SHAFIA HASSAN	3.31	712,934
	MR. NOOR MUHAMMAD	0.00	500
	MR. WAQAR HASSAN SIDDIQUI	0.00	500
	MR. NADEEM AHMED	0.00	693
2	Associated companies undertakings and related parties	16.76	3,604,500
3	NIT	0.00	-
4	Banks, development financial institutions, non banking finance institutions and insurance companies	0.00	-
5	Individual shareholders	13.51	2,906,976
6	Joint stock companies	0.00	-
7	**Shareholders holding 5% or more**		
	MR. ZAHID MAZHAR	18.76	4,035,067
	MR. OMER BIN ZAHID	18.10	3,893,388
	MR. HASSAN BIN ZAHID	18.11	3,896,158
	MRS. NAILA ZAHID	8.11	1,745,565
	MST. RAFIA SULTANA	5.13	1,103,399
	MS. SARAH ZAHID	7.38	1,587,849
	Nadeem Power Generation (Pvt.) Ltd.	16.76	3,604,500
8	**MRS. NAILA ZAHID SHARES GIFT TO HER SONS**		
	MR. OMER BIN ZAHID	3.30	710,000
	MR. HASSAN BIN ZAHID	3.30	710,000