



ANNUAL REPORT
2017



Shadab Textile Mills Limited

**CONTENTS**

Company Information	2
Vision / Mission Statement	3
Notice of Annual General Meeting	4-5
Chairman's Review	6
Directors' Report (English)	7-10
Directors' Report (Urdu)	11-14
Statement of Compliance with the Code of Corporate Governance	15-16
Review Report to the Members on Statement of Compliance with Code of Corporate Governance	17
Six Year's Financial Data	18
Auditors' Report to the Members	19
Balance Sheet	20-21
Profit and Loss Account	22
Statement of Comprehensive Income	23
Cash Flow Statement	24
Statement of Changes in Equity	25
Notes to the Financial Statements	26-50
Pattern of Shareholding	51-53
Form of Proxy (English)	
Form of Proxy (Urdu)	

**COMPANY INFORMATION**

BOARD OF DIRECTORS	Mian Amir Naseem Mian Farrukh Naseem Mian Shahzad Aslam Mr. Yasir Naseem Mr. Hamza Naseem Mrs. Fatima Aamir Mrs. Hina Farrukh	Chief Executive (Chairman)
AUDIT COMMITTEE	Mian Farrukh Naseem Mr. Hamza Naseem Mrs. Hina Farrukh	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mian Farrukh Naseem Mian Amir Naseem Mr. Hamza Naseem	Chairman Member Member
CHIEF FINANCIAL OFFICER	Mr. Mazhar Hussain	
COMPANY SECRETARY	Mr. Mazhar Hussain	
AUDITORS	M/s. Fazal Mahmood & Company Chartered Accountants	
SHARE REGISTRAR	Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 042-35887262, 35839182 Fax: 042-35869037	
BANKERS	National Bank of Pakistan Bank Al-falah Limited	
REGISTERED OFFICE	A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore. Ph: 042-35788714-16	
WEBSITE ADDRESS	www.shadabtextile.com	
MILLS	Nasimabad, Shahkot, District Nankana Sahib.	



VISION STATEMENT

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

MISSION STATEMENT

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

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

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 38th Annual General Meeting of the Shareholders of **SHADAB TEXTILE MILLS LIMITED** will be held on Saturday, October 28, 2017 at 10:00 a.m. at the Registered Office of the Company at A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2017 together with Directors' and Auditors' Reports thereon.
2. To declare and approve the Final Cash Dividend at Rs.2.53 per share i.e.25.30% for the year ended June 30, 2017 as recommended by the Board of Directors.
3. To appoint auditors for the year 2017-2018 and fix their remuneration.

By order of the Board

(Mazhar Hussain)
Company Secretary

LAHORE: October 5, 2017

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 22, 2017 to October 28, 2017 (both days inclusive). Transfers received at Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, the Registrar and Shares Transfer Office of the Company by the close of business on October 21, 2017 will be treated in time for the purpose of above entitlement to the transferees.
2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the time of holding the meeting. A proxy must be a member.
3. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
 - a. **For attending the meeting**
 - i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
 - ii. In case of corporate entity, the Board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.
 - b. **For Appointing Proxies**
 - i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement
 - ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
 - v. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.
4. **Submission of Copies of Valid CNICs:** Shareholders are requested to submit copy of their valid CNIC mentioning company name & Folio Number at our Share Registrar's address for compliance of SECP SRO No. 831(1)/2012. In case of non-receipt of copy of valid CNIC, the company may be constrained to withhold dispatch of dividend warrants.



5. **Deduction of Income Tax under section 150 of the Income Tax Ordinance, 2001:** Through the Finance Act 2017, the rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 has been revised. New tax rates are:

- Filers of Income Tax return 15%
- Non-Filers of Income Tax Return 20%.

At the time of dividend distribution, the Company, being a withholding agent, would check each shareholder status on the ATL and if the shareholder's name does not appear on the ATL, rate of withholding tax at 20% would be applied. In the instance of a 'filer' withholding tax rate of 15% will be applicable.

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

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

The required information must reach our Share Registrar by the close of business on October 21, 2017 otherwise it will be assumed that the shares are equally held by Principal Shareholder and joint holders.

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, M/s. Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore, upto October 21, 2017.

6. **Transmission of Annual Financial Statements through Email:** SECP vide SRO 787(1)/2014 dated September 8, 2014 has provided an option to receive audited financial statements electronically through email, those shareholders who are interested in receiving the annual reports electronically in future are required to submit their e-mail address at Registered Office of the Company on a standard request form which is available on Company's website: www.shadabtextile.com.

7. **Dividend Mandate (Mandatory):** 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. SECP vide Circular No. 18 of 2017 dated August 01, 2017 has presently waived this condition till October 31, 2017. After this date, any Dividend payable shall be paid in the manner prescribed only. Therefore all shareholders are requested to provide the details of their bank mandate specifying **(a) Title of Account (b) Account Number (c) IBAN Number (d) Name of Bank (e) Branch Name, code and address** to the Company's Share Registrar. Those shareholders who hold shares with Participants/Central Depository Company of Pakistan (CDC) are advised to provide bank mandate detail as mentioned above, to the concerned Participants/CDC. The Dividend Mandate Form is placed on Company's website: www.shadabtextile.com.

8. **Unclaimed Dividend/Shares:** Shareholders who could not collect their dividend/physical shares are advised to contact at registered office of the company to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017 after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

9. In compliance with SECP notification No. 634(1)/2014 dated July 10, 2014, the audited financial statements of the Company for the year ended June 30, 2017 are being placed on the Company's website: www.shadabtextile.com.

10. Shareholders are requested to immediately notify the change of address, if any to Share Registrar of the Company.



CHAIRMAN'S REVIEW

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

During the year, the Board of Directors focused on the future restructuring. The Board regularly tracked the progress against the business plan approved by them. The committees of the board worked diligently and focused on their terms of reference during the year under review.

The Board has carried out a review of its effectiveness and performances which is satisfactory. The Board evaluation during the year 2017 robustly considered all aspects of the Board including the performance of individual Directors, Board Committees and the Board as a whole and I am happy to report that your Board continues to function effectively and is focused on priorities for the Company's business.

(Mian Farrukh Naseem)

Chairman, Board of Directors

Lahore: October 5, 2017

**DIRECTORS' REPORT**

Dear Shareholders,

The Directors of the Company welcome you to the 38th Annual General Meeting and are pleased to present the Annual Report together with Audited Accounts of the Company for the year ended June 30, 2017.

Financial Results

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

	(RUPEES IN THOUSAND)	
	June 30 2017	June 30 2016
Sales - net	2,042,324	1,861,576
Cost of sales	1,956,368	1,760,578
GROSS PROFIT	85,956	100,998
Administrative and general	47,081	41,830
Selling and distribution	4,194	2,039
OPERATING PROFIT	51,275	43,869
	34,681	57,129
Finance costs	9,785	13,414
Other charges	1,786	3,155
	23,110	40,560
Other income	985	2,009
PROFIT BEFORE TAXATION	24,095	42,569
Taxation	5,154	9,762
PROFIT AFTER TAXATION	18,941	32,807
Basic earning per share (Rupees)	6.31	10.94

During the year under review, your Company earned profit after tax Rs. 18.941 million as compared to after tax profit Rs. 32.807 million of the previous year. The net sales made in the year are amounting to Rs. 2,042.324 million as compared to previous year sale of Rs. 1,861.576 million showing increase of 9.71% against previous year sales. Due to continuous supply of energy to the textile sector, your company saved its production losses and produced more yarn as compared to the previous year. Earning per share is Rs. 6.31 as compared to Rs. 10.94 per share.

The profitability of the Company has been affected mainly due to unstable raw material prices, continuous declining trend in yarn prices in export and local market, rise in energy cost, declining in Pak Rupees, global recession in textile sector. At present, the textile industry is still in crisis, many textile units are on the closure of their operation due to heavy losses. Despite unfavourable market condition, your company has earned profit after tax of Rs. 18.941 million which is 0.93% of net sales.

The management is continuously making efforts to make BMR of the existing facilities and take new investment initiative to cope with regional competitors in technology related advantage through own sources. The proposal for further BMR of existing facilities in shape of 01 Gas Generator set – 2000 EKW for the value of Rs. 65.000 million is under approval with the bank. With this addition the cost of power generation will be decreased.

The performance of the textile sector is exclusively reliant on the cotton crop as well as the cost of inputs compared to those in other countries. The cotton crop looks better in the current year but the pressure of other costs including energy, wages and salaries are comparatively higher than the costs in other countries. The textile industry expects improvement during the current financial year as cotton prices are stabilizing and yarn prices have started improving.



The Management is determined to show better financial results in the time to come by increasing its export sales and fetching better yarn rates in local market as well.

Dividend

The Board of Directors has recommended a Final Cash Dividend of Rs. 2.53 per share i.e. @ 25.30% to the shareholders of the Company.

Corporate and Financial Reporting Framework

- a. The financial statements, prepared by the management of the company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- b. Proper books of account have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the company's ability to continue as a going concern.
- g. Key operating and financial data of last six years is annexed to the annual report.
- h. There are no outstanding statutory payments on account of taxes, duties, levies and charges except routine payments of various levies.
- i. Value of investments of provident fund as on 30-06-2017 was Rs. 108.098 million.
- j. The pattern of shareholding and the additional information as required by the CCG is annexed to the annual report.
- k. Directors, CEO, CFO, Company Secretary and their spouses and minor children have not traded in the company's shares during the year.

Board of Directors

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

<u>Name of Director</u>	<u>No. of Meetings Attended</u>
Mian Aamir Naseem	4
Mian Farrukh Naseem	4
Mian Shahzad Aslam	4
Mr. Yasir Naseem	4
Mr. Hamza Naseem	4
Mrs. Fatima Aamir	4
Mrs. Hina Farrukh	4

Audit Committee

During the year six meetings of the Audit Committee were held and attendance of these meetings is as under:-

<u>Name</u>	<u>No. of Meetings Attended</u>
Mian Farrukh Naseem	6
Mr. Hamza Naseem	6
Mrs. Hina Farrukh	6



Human Resource Committee

During the year one meeting of the HR Committee was held and attendance of the meeting is as under:-

<u>Name</u>	<u>No. of Meetings Attended</u>
Mian Farrukh Naseem	1
Mian Aamir Naseem	1
Mr. Hamza Naseem	1

Directors Training Programme

In accordance with criteria specified on clause (xi) of CCG, three of Directors of the Company are exempted from the requirement of Directors' training program and the rest of the directors to be trained within specified time. However, no director obtained training during the year.

Auditors

The present Auditors M/s Fazal Mehmood & Company, Chartered Accountants, retire and being eligible offer themselves for re-appointment. The audit committee of the board has recommended the re-appointment of M/s Fazal Mahmood & Company, Chartered Accountants, as external auditors of the Company for the year 2017-2018.

Corporate Social Responsibility

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

Health, Safety and Environment

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

Work-Life Balance

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

Business Ethics and Anti-corruption Measures

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

Contribution to the National Exchequer

To meet our legal and social obligation towards the development of the economy of the country, the company has contributed Rs. 31.286 million in the FY 2016-17 into the Government exchequer on account of taxes, levies, excise duty and sales tax.



Energy Conservation

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

Acknowledgements

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

for and on behalf of the Board

MIAN AAMIR NASEEM
(Chief Executive)

MIAN FARRUKH NASEEM
(Director)

LAHORE: October 5, 2017



مجلس نفعیاء کی رپورٹ

محترم جھص یا نفعیان،

کھٹی کی مجلس نفعیاء 38 ویں سالانہ ساجھان میں آپ کا استقبالیہ کرتی ہے اور 30 جون 2017 کو جمع ہونے والے سال کے لیے کھٹی نظر ثانی شدہ حسابات کے ساتھ سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

مالیاتی نتائج

کھٹی کے مالیاتی نتائج کتابی شکل میں حسب ذیل ہیں:-

روپے ہزاروں میں

30 جون 2016	30 جون 2017	
1,861,576	2,042,324	خالص فروخت
1,760,578	1,956,368	فروخت کی لاگت
100,998	85,956	مجموعی منافع
41,830	47,081	انتظامی اور عمومی
2,039	4,194	فروخت اور تقسیم
43,869	51,275	
57,129	34,681	آپریٹنگ منافع
13,414	9,785	مالی لاگت
3,155	1,786	دیگر اخراجات
40,560	23,110	
2,009	985	دیگر آمدنی
42,569	24,095	قبلی از نکس منافع
9,762	5,154	نکس
32,807	18,941	بعد از نکس منافع
10.94	6.31	فی شیئر بنیادی آمدنی (روپے)

زیرجہ ترمیم کے دوران، کھٹی نے گزشتہ سال کے بعد از نکس منافع 32,807 ملین روپے کے مقابلے میں بعد از نکس منافع 18,941 ملین روپے بعد از نکس منافع کا سالانہ رپورٹ پیش کیا۔ اس سال میں کی جانے والی خالص فروخت گزشتہ سال 1,861,576 ملین روپے پچھلے سال کی فروخت کے برعکس 2,042,324 ملین روپے کا اضافہ ظاہر کرتی ہیں۔ نیکہ نیکل پیگھریس تو ان کی مسلسل فراہمی کی وجہ سے آپ کی کھٹی نے پیداوار کے نقصان کو بچایا اور گزشتہ سال سے مقابلے میں زیادہ مہارت کی پیداوار کی ہے۔ فی شیئر آمدنی گزشتہ سال 10.94 روپے فی شیئر کے مقابلے میں 6.31 روپے فی شیئر ہے۔

کھٹی کا منافع بنیادی طور پر غیر مستحکم نام مال کی قیمتوں، برآمد اور مقامی مارکیٹ میں بارڈن کی مسلسل کمی کے دوران، توانائی کی قیمت میں اضافہ، پاکستانی کرنسی میں گراؤت، نیکس کی پیگھریس کی مندی کی وجہ سے متاثر ہوا ہے۔ فی الحالیہ نیکس کی قیمت ابھی تک بحران کا شکار ہے۔ بعد از نکس منافع کی وجہ سے نیکس کی قیمت اپنے آپریٹنگ بند کر رہے ہیں۔ آپ کی کھٹی نے ہر موافق حالات کے باوجود بعد از نکس 18,941 ملین روپے منافع کیا! جو کہ خالص فروخت کا 0.93 فیصد ہے۔

انتظامیہ موجودہ اہولیات کی بنیام آرزو حالتے اور عذاتی ترلیوں سے جھٹنے کیلئے اپنے وساکں کے ذریعے مفید ٹیکنالوجی میں نئی سرمایہ کاری کرنے کی مسلسل کوششیں کر رہی ہے۔
01 عدوٹیکس ہنڈلر سٹیٹ EKW-2000 کی شکل میں موجود اہولیات کی خرید BMR کی تجویز جس کی مالیت 65.000 ملین روپے کے لیے ایک کے ساتھ منظوری کے تحت ہے۔ اس اضافے کی وجہ سے کچی کی پیداوار کی لاگت میں کمی واقع ہوگی۔

ٹیکنالوجی سیکر کی کارکردگی خاص طور پر کپاس کی فصل اور دوسرے ممالک کے مقابلے میں انہی کی قیمت پر انحصار کرتی ہے۔ کپاس کی فصل موجودہ دو سال میں بہتر رہی ہے۔ لیکن دیگر اخراجات کے دباؤ سمیت توانائی، اجرت اور کھانا وغیرہ مٹلک سے کہیں زیادہ ہیں۔ جیسا کہ اندر ستری موجودہ مالی سال کے دوران بہتری کی توقعی رکھی ہے۔ چونکہ کپاس کی قیمتیں مستحکم ہو رہی ہیں اور پیمان کی قیمتوں میں بہتر آ رہی ہے۔

انتظامیہ کا مقصد ہے اس وقت برآمداتی فروخت میں اضافے اور ریٹ میں بڑھان کی بہتر قیمتیں حاصل کر کے آنے والے وقت میں بہتر مالیاتی نتائج دیکھنے کے جائیں

موقع مختصر

بورڈ آف ڈائریکٹرز نے کچی کے حصص یافتگان کو 2.53 روپے فی شیئر یعنی 25.30 فیصد کی شرح سے نئی نقد مبالغہ مختصر کی عطا کرنے سے۔
کارپورٹ اور مالیاتی رپورٹنگ فریم ورک

- a- کچی کی ادھ میں ٹرنک سے تیار کردہ، مالیاتی حسابات، اس کے مورچہ پر شیئر کے نتائج باقوی ہوا اور کچی میں تبدیلیوں کو متصانہ طور پر دکھا کر کرتے ہیں۔
- b- کچی کے مابہ جات بالکل صحیح طور سے ہائے گئے ہیں۔
- c- ماں حسابات کی تروی میں مناسب اکاؤنٹنگ یا بیسیوں کو تسلیم کے ساتھ آؤ کو لیا گیا ہے اور اکاؤنٹنگ کے نتیجہ جات مناسب اور اٹھمندانہ لکھوں پر مبنی ہیں۔
- d- ماں حسابات اور اس کی تروی میں پاکستان میں لاگو بین الاقوامی، اپنی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کچی بھی اخراجات کو موزوں انکشاف اور وضاحت کی گئی ہے۔
- e- اندرونی کنٹرول کے نظام کا ایک اہم حصہ ہے اور انکی مؤثر طریقے سے نکلوانے اور نگرانی کی جاتی ہے۔
- f- کچی کے کوٹنگ کسٹرن ہونے کی علامت پر کوئی قابل ذکر خلوک و شہادت نہیں ہیں۔
- g- گزشتہ چھ سالہ کھیدی کرپٹنگ اور مالیاتی نظام مستحکم ہے۔
- h- مختلف ایجنسیوں کی امانتوں کے علاوہ کچس، پوٹیلو، ایویز اور چارٹرڈ کی مدد سے کوئی قانونی اور نئی وجہ لاوا نہیں ہیں۔
- i- 30 جون 2017 سے مطابق پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 108.098 ملین روپے ہے۔
- j- غیر ملکی کرنسی اور CCG کو درکار اضافی معلومات اس سالانہ رپورٹ کے سرہانہ ملگ ہیں۔
- k- سال کے دوران کچی کے حصص میں اس کے ڈائریکٹرز ہی ای او بی ایف اور کچی بھارتی اور ان کے ذریعہ اور مالیاتی چھٹوں کی طرف سے کوئی تجارت نہیں ہوئی ہے۔

بورڈ آف ڈائریکٹرز

سال کے دوران بورڈ آف ڈائریکٹرز کے چوراہا میں متفقہ ہونے اور ان اہما میں حاضر کی سب ذیل ہے:-

نام ڈائریکٹر	تعداد حاضر
میاں عامر نسیم	4
میاں فریح نسیم	4
میاں شہزاد اعظم	4
جناب یونس نسیم	4
جناب سید نسیم	4
محترمہ سیدہ طہ علیہ	4
محترمہ سحر فریح	4



قومی خزانے میں شراکت:

ملک کی اقتصادی ترقی کے لئے اچھی تو فی اور بہتر بنی آمد آمدی کو پورا کرنے کے لئے کچھ نئے ٹیکس، لیورڈ، ایڈ ٹریڈ پیولی اور پیکس کی مد میں حکومتی خزانے میں 2016-17 میں 31.286 ملین روپے حصہ خزانے کی ہے۔

بگلی کی بچت:

بگلی کے لئے مل کے احاطہ میں بگلی کی بچت کے آدھے اٹھ کر کے قوانین کے تحت بگلی کے اقدامات کے ہیں۔

شکرگزاری

یورڈ بگلی کے ایگزیکٹوز، افسران، بگلی کے عملے اور کارکنوں کی اہمیت کو پیشوں کا شکر گزار ہے۔

مقامی کاروبار

Agamir Khan
میاں عامر نسیم
(یوٹھ انجینئر)

Farman
میاں فرخ نسیم
(یوٹھ انجینئر)

لاہور: 05 اکتوبر 2017



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 5.19.24 of Listing Regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the Board includes.

Category	Names
Independent Director	Nil
Executive Directors	Mian Aamir Naseem Mr. Yasir Naseem
Non-Executive Directors	Mian Shahzad Aslam Mian Farrukh Naseem Mr. Hamza Naseem Mrs. Fatima Aamir Mrs. Hina Farrukh

The Company is in the process of appointment of an independent Director to meet the criteria of independence under the clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year no casual vacancy occurred on the board.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps which have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and executive and non-executive director have been taken by the Board.
8. The meetings of the Board were presided over by Chairman of the Board of Directors and in his absence by a director elected for this purpose and the Board met at least once in every quarter. Written notices of the Board meeting, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. In accordance with criteria specified on clause 5.19.7 of the Code, three directors of the company are exempted from the requirement of directors' training program. Rest of the directors to be trained within specified time.
10. There is no change in the position of CFO, Company Secretary and Head of Internal Audit during the year. The remuneration and terms and conditions of employment have been approved by the Board.



11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee comprising of three members all of whom are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the Chairman of the committee is a non-executive director.
18. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on full time basis.
19. 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, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decision, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in timely manner and maintained proper record including basis for inclusion or exclusion of names of person from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with, except non-compliance as mentioned above.

for and on behalf of the Board

MIAN AAMIR NASEEM
(Chief Executive)

MIAN FARRUKH NASEEM
(Director)

LAHORE: October 5, 2017



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **SHADAB TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2017 to comply with the requirements of Rule 5.19 of the Rule Book of Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended June 30, 2017.

Further, we highlight below instance of non-compliance with the requirement of the Code as reflected in the paragraph reference where it is stated in the Statement of Compliance:

	Paragraph reference:	Description:
i.	1	Independent Director was not appointed

Date: October 05, 2017
Lahore:

FAZAL MAHMOOD & COMPANY
Chartered Accountants
Engagement Partner: Muhammad Imran Akhtar

**SIX YEAR'S FINANCIAL DATA AT A GLANCE**

(RUPEES IN MILLION)

PARTICULARS	2017	2016	2015	2014	2013	2012
ASSETS EMPLOYEED						
Property, plant and equipment	349.784	381.570	396.246	390.450	338.069	271.336
Assets subject to finance lease	8.124	-	-	-	-	-
Long term deposits	2.387	2.387	2.387	2.387	2.382	2.382
Current assets	360.368	333.280	370.595	361.612	372.401	255.075
TOTAL ASSETS EMPLOYEED	720.663	717.237	769.228	754.449	712.852	528.793
FINANCED BY						
Share holders' equity	399.146	393.327	370.720	348.269	309.420	200.238
Long term financing	5.667	17.000	28.333	-	23.486	46.973
Liabilities against subject to finance lease	4.875	-	-	-	-	-
Deferred taxation	32.923	47.039	53.978	64.562	48.857	42.492
Current liabilities	278.052	259.871	316.197	341.618	331.089	239.090
TOTAL FUNDS INVESTED	720.663	717.237	769.228	754.449	712.852	528.793
PROFIT & (LOSS)						
Sales - net	2,042.324	1,861.576	1,852.800	2,024.029	1,785.120	1,619.546
Cost of sales	1,956.368	1,760.578	1,769.185	1,884.586	1,571.937	1,524.589
Gross profit	85.956	100.998	83.615	139.443	213.183	94.957
Administrative & general	47.081	41.830	40.611	37.048	34.540	28.997
Selling & distribution	4.194	2.039	0.400	0.291	0.943	0.453
Operating profit	34.681	57.129	42.604	102.104	177.700	65.507
Finance costs	9.785	13.414	15.818	26.739	32.198	40.274
Other charges	1.786	3.155	2.093	5.374	10.136	1.953
	23.110	40.560	24.693	69.991	135.366	23.280
Other income	0.985	2.009	3.548	2.512	1.402	3.058
PROFIT BEFORE TAXATION	24.095	42.569	28.241	72.503	136.768	26.338
Taxation	5.154	9.762	2.790	29.154	24.586	5.494
PROFIT AFTER TAXATION	18.941	32.807	25.451	43.349	112.182	20.844
PREVIOUS YEARS' BALANCE B/F	103.327	80.720	58.269	219.420	110.238	92.394
Profit available for appropriation	122.268	113.527	83.720	262.769	222.420	113.238
Dividend	13.122	10.200	3.000	4.500	3.000	3.000
Transfer to general reserve	-	-	-	200.000	-	-
BALANCE CARRIED TO B/S	109.146	103.327	80.720	58.269	219.420	110.238
EARNING PER SHARE (Rs.)	6.31	10.94	8.48	14.45	37.39	6.95
Number of spindles installed	33600	33600	33600	33600	32640	32640
Number of spindles worked	32640	32640	32640	33600	32640	32640
Number of shifts per day	3	3	3	3	3	3
Actual production converted into 20/S count (Kgs. in million)	17.974	17.143	14.708	13.946	13.253	13.960



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SHADAB TEXTILE MILLS LIMITED** ("the Company") as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the repealed Companies Ordinance, 1984, 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, 2017 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: October 05, 2017
Lahore:

FAZAL MAHMOOD & COMPANY
Chartered Accountants
Engagement Partner: Muhammad Imran Akhtar



BALANCE SHEET AS
(RUPEES IN THOUSAND)

	NOTE	2017	2016
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 6,000,000 ordinary shares of Rs. 10/- each.			
		<u>60,000</u>	<u>60,000</u>
Issued, subscribed and paid-up share capital	6	30,000	30,000
Revenue reserves	7	369,146	363,327
		399,146	393,327
NON - CURRENT LIABILITIES			
Long term financing	8	5,667	17,000
Liabilities against assets subject to finance lease	9	4,875	-
Deferred liabilities	10	32,923	47,039
CURRENT LIABILITIES			
Trade and other payables	11	166,378	160,707
Accrued mark-up	12	929	1,261
Short term borrowings	13	78,210	69,869
Current portion of long term liabilities	14	13,264	11,333
Provision for taxation	15	19,271	16,701
		278,052	259,871
CONTINGENCIES AND COMMITMENTS	16	-	-
TOTAL EQUITY & LIABILITIES		<u>720,663</u>	<u>717,237</u>

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

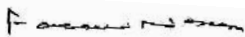
(Mian Aamir Naseem)
Chief Executive

(Mazhar Hussain)
Chief Financial Officer



AT JUNE 30, 2017

		(RUPEES IN THOUSAND)	
	NOTE	2017	2016
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	17	349,784	381,570
Assets subject to finance lease	18	8,124	-
Long term deposits	19	2,387	2,387
		<u>360,295</u>	<u>383,957</u>
CURRENT ASSETS			
Stores, spares and loose tools	20	43,806	41,220
Stock in trade	21	122,258	126,138
Trade debts	22	98,355	78,850
Loans and advances	23	5,140	4,414
Trade deposits and prepayments	24	65,268	55,563
Other receivables	25	12,317	261
Cash and bank balances	26	13,224	26,834
		<u>360,368</u>	<u>333,280</u>
TOTAL ASSETS		<u><u>720,663</u></u>	<u><u>717,237</u></u>


(Mian Farrukh Naseem)
Director



**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017**

		(RUPEES IN THOUSAND)	
	NOTE	2017	2016
Sales - net	27	2,042,324	1,861,576
Cost of sales	28	<u>1,956,368</u>	<u>1,760,578</u>
GROSS PROFIT		85,956	100,998
Administrative and general expenses	29	<u>47,081</u>	<u>41,830</u>
Selling and distribution expenses	30	<u>4,194</u>	<u>2,039</u>
		<u>51,275</u>	<u>43,869</u>
OPERATING PROFIT		34,681	57,129
Finance costs	31	9,785	13,414
Other charges	32	<u>1,786</u>	<u>3,155</u>
		<u>23,110</u>	40,560
Other income	33	<u>985</u>	<u>2,009</u>
PROFIT BEFORE TAXATION		24,095	42,569
Taxation	34	5,154	9,762
PROFIT AFTER TAXATION		<u>18,941</u>	<u>32,807</u>
BASIC AND DILUTED EARNING PER SHARE - (RUPEES)	37	<u>6.31</u>	<u>10.94</u>

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

(Mian Aamir Naseem)
Chief Executive

(Mazhar Hussain)
Chief Financial Officer

(Mian Farrukh Naseem)
Director



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	(RUPEES IN THOUSAND)	
	2017	2016
PROFIT AFTER TAXATION FOR THE YEAR	18,941	32,807
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>18,941</u>	<u>32,807</u>

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

(Mian Aamir Naseem)
Chief Executive

(Mazhar Hussain)
Chief Financial Officer

(Mian Farrukh Naseem)
Director



**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017**

	NOTE	(RUPEES IN THOUSAND)	
		2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	41,802	123,687
Finance cost paid		(10,117)	(14,580)
Income tax paid		(18,073)	(14,253)
Paid to workers' profit participation fund		(2,286)	(1,517)
Net cash generated from operating activities		11,326	93,337
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure		(18,493)	(26,295)
Proceeds from disposal of operating fixed assets		11,550	298
Net cash (used) in investing activities		(6,943)	(25,997)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments against long term loans		(11,333)	(5,667)
Repayment of lease liability - net		(2,000)	-
Proceeds from short term borrowings - net		8,341	(42,973)
Dividends paid		(13,001)	(10,105)
Net cash (used) in financing activities		(17,993)	(58,745)
NET CASH (USED) / GENERATD DURING THE YEAR		(13,610)	8,595
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		26,834	18,239
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	39	13,224	26,834

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

(Mian Aamir Naseem)
Chief Executive

(Mazhar Hussain)
Chief Financial Officer

(Mian Farrukh Naseem)
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017**

(RUPEES IN THOUSAND)

Description	Share Capital	Revenue Reserves		Total Equity
	Issued, subscribed and paid up ordinary shares	General reserve	Un-appropriated profit	
Balance as at July 01, 2015	30,000	260,000	80,720	370,720
Total comprehensive income				
- Profit after taxation	-	-	32,807	32,807
Transaction with owners				
Final dividend for the year ended June 30, 2015 @ Rs. 3.40 per share	-	-	(10,200)	(10,200)
Balance as at June 30, 2016	30,000	260,000	103,327	393,327
Total comprehensive income				
- Profit after taxation	-	-	18,941	18,941
Transaction with owners				
Final dividend for the year ended June 30, 2016 @ Rs. 4.37 per share	-	-	(13,122)	(13,122)
Balance as at June 30, 2017	30,000	260,000	109,146	399,146

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

(Mian Aamir Naseem)
Chief Executive

(Mazhar Hussain)
Chief Financial Officer

(Mian Farrukh Naseem)
Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. THE COMPANY AND ITS OPERATIONS

The company is registered as a public limited company in Pakistan and quoted on Pakistan Stock Exchange and engaged in the business of manufacturing, selling, buying and dealing in yarn of all types. The registered office of the company is situated at 6th Floor, A-601/A, City Towers, Main Boulevard, Gulberg-II, Lahore.

2. BASIS OF PREPARATION

2.1 Basis of measurement

These Financial Statements have been prepared under the historical cost convention without any adjustment for the effect of inflation or current values, if any, using accrual basis of accounting.

2.2 (a) Transition to Companies Act, 2017

During the year, Companies Act, 2017 ("the Act"), was promulgated, which repealed the existing Companies Ordinance, 1984 ("the Ordinance"), with effect from May 30, 2017. However, as per Circular No. 17 of 2017 dated July 20, 2017, SECP has notified, that Companies whose financial year closes on / or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Ordinance.

2.2 (b) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the repealed Companies Ordinance, 1984, provisions of and the directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.3 Functional and presentation currency

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

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that effect the application of policies and reported amount of assets, liabilities, income and expenses. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Significant areas requiring the use of management estimates in the financial statements relate to provision for doubtful balances, provisions for income taxes, useful life and residual values of property plant and equipment. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in next year.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are set forth below:



Property, plant and equipment

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

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

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

Provision against doubtful balances

The Company reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required there against on annual basis.

Contingencies

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

Fair value measurement and valuation processes

Some of the Company's assets and liabilities are required to be measured at fair value for financial reporting purposes. The management carefully ensures that appropriate valuation techniques and inputs are used for fair value measurements. In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, appropriate valuation techniques are used.

Income taxes

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

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

4.1 Amendments to IFRSs that became effective during the year

Certain amendments to approved accounting standards became effective during the year, which have been applied by the Company and are explained below:

IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests In Other Entities and IAS 28 - Investment in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 19. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves. The application of these amendments has had no impact on the Company's financial statements as the Company is not an investment entity and does not have any holding company, subsidiary, associate or joint entity that qualifies as an investment entity.

**IFRS 11 - Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation**

The amendments provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The same requirements should be applied to the formation of joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participates in the joint operation. The joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations. The application of these amendments has had no impact on the Company's financial statements as the Company did not have any such transaction during the current year.

IAS 1 - Presentation of Financial Statements - Disclosure Initiative

The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the basis of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transaction events, and conditions in the entity's financial position and financial performance. In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity methods should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other IFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met. As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes. The application of these amendments has not resulted in any impact on the financial performance or financial position of the Company.

IAS 16 - Property, Plant & Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation methods for items of property, plant & equipment.

The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

As, the Company currently does not have an intangible assets and uses reducing balance method for depreciation for its property, plant & equipment, the application of these amendments has had no impact on the Company's financial statements.

IAS 27 - Separate Financial Statements - Equity Method in Separate Financial Statements

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- a) at cost;
- b) in accordance with IFRS 9 Financial Instruments (or IAS 39 Financial Instruments: Recognition and Measurement for entities that have not yet adopted IFRS 9); or
- c) using the equity method as described in IAS 28 Investments in Associates and Joint Ventures.



The accounting option must be applied by category of investments. The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

The application of these amendments has had no effect on the Company's financial statements.

IAS 16 - Property, Plant & Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants

The amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant & equipment in accordance with IAS 16, instead of IAS 41. The produce growing bearer plants continues to be accounted for in accordance with IAS 41. The application of these amendments has not resulted in any impact on the Company's financial statements as the Company is not engaged in agricultural activities.

Annual improvements to IFRSs 2012-2014 Cycle

The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarised below:

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from 'held-for-sale' to 'held-for-distribution' to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when 'held-for-sale distribution' accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The amendments to IAS 34 clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

The application of these amendments has had no effect on the Company's financial statements.

4.2 New and revised IFRSs that have been issued but are not yet effective and have not been early adopted by the Company

The company has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IAS 7 - Statement of Cash Flows - Disclosure Initiative¹

The amendments come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments apply prospectively for annual periods on or after January 1, 2017 with earlier application permitted. The amendments are not likely to have material impact on the Company's financial statements.

Amendments to IAS 12 - Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses¹

The amendment clarifies the following:



- a) Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- b) The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- c) Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- d) An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments are not likely to have material impact on the Company's financial statements.

Amendments to IAS 40 - Investment Property - Transfers of Investment Property²

The amendment clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendment is not likely to have an impact on Company's financial statements.

Amendments to IFRS 12 - Disclosure of Interests in Other Entities - Annual Improvements 2014–2016 Cycle (Clarifying Scope)¹

Amendments clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as 'held-for-sale' or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment is not likely to have an impact on Company's financial statements.

Amendments to IAS 28 - Investment in Associates and Joint Ventures - Annual Improvements 2014–2016 Cycle (Clarifying certain Fair Value Measurements)²

The amendment clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendment is not likely to have an impact on Company's financial statements.

Amendments to IFRS 2 - Share-based Payment - Classification and Measurement of Share-based Payment Transactions²

The amendments cover three accounting areas:

- (a) measurement of cash-settled share-based payments;
- (b) classification of share-based payments settled net of tax withholdings; and
- (c) accounting for a modification of a share-based payment from cash-settled to equity settled.

The amendments are not likely to have an impact on Company's financial statements.

**Amendments to IFRS 4 - Insurance Contracts - Interaction of IFRS 4 and IFRS 9²**

The amendments provides two options:

- a) an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- b) an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The amendments are not likely to have an impact on Company's financial statements.

IFRIC -22 Foreign Currency Transactions and Advance Considerations²

Clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The amendment is not likely to have an impact on Company's financial statements.

IFRIC -23 Uncertainty over Income Tax Treatments³

Clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. The amendments are not likely to have an impact on Company's financial statements.

¹ Effective for annual periods beginning on or after January 01, 2017, with earlier application permitted.

² Effective for annual periods beginning on or after January 01, 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after January 01, 2019.

4.3 New IFRSs that have been issued by IASB, but have not yet been notified by the SECP for the purpose of applicability in Pakistan. The Company has yet to assess the impact of these standards on its financial statements.

	Effective for annual periods beginning on or after
IFRS 1 - First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14 - Regulatory Deferral Accounts	January 01, 2016
IFRS 15 - Revenue with contracts with customers	January 01, 2018
IFRS 16 - Leases	January 01, 2019
IFRS 17 - Insurance Contracts	January 01, 2021

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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



5.1 Property, plant and equipment

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

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

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

Borrowing costs pertaining to the construction and erection are capitalized up to the date of completion. Depreciation on property, plant & equipment is charged to income on reducing balance method at the rates specified in note no. 16. to the accounts to write off the cost cover their estimated useful lives.

Depreciation on addition and deletion is charged on the basis of number of days the asset remain in use of the company. Assets residual values, useful life and depreciation rates are reviewed and adjusted, if appropriate at each balance sheet date. An asset carrying amount is written down immediately to its recoverable amount. Normal repair and maintenance is charged to income as and when incurred. Major renewals and improvements are capitalized.

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in profit and loss account.

5.2 Stores, spares & loose tools

These are valued at lower of cost and net realizable value, determined on moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other incidental charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to be incurred to make the sale.

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

5.3 Stock in trade

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

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



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

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

Provision for obsolete and slow-moving stock in trade is based on management estimate.

5.4 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

5.5 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. Non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

5.6 Staff Retirement Benefits

Defined contribution plan - Provident fund

The company operates a funded provident fund scheme covering all its permanent employees. Equal monthly contributions are made to the trust, both the company and the employees, at the rate of 6.25% of basic salary. Obligation for contributions to the fund are recognized as an expense in the profit and loss account when they are due.

5.7 Trade and other payables

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

5.8 Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Revenue from sales is recognized at the time of dispatch of goods to the customer where risks and rewards are transferred to the customer.

Dividend is recognized as income when the right to receive dividend is established. Investment income is recognized when right to receive the income is established.

5.9 Borrowings Cost

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

5.10 Provisions

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



5.11 Impairment

a) Financial Assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non Financial Assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account except for the impairment loss on revalued asset, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of asset.

5.12 Contingent Liabilities

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

5.13 Taxation

Current

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

Deferred

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

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



5.14 Financial instruments

a) Financial assets

The management determines the appropriate classification of its financial asset in accordance with the requirements of International Accounting Standards 39 (IAS 39), "Financial Instruments: Recognition and Measurement" at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the company are categorized as follows:

(i) Financial assets at fair value through profit or loss

A non-derivative financial asset is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognized in the profit and loss account when incurred. Investments at fair value through profit or loss are measured at fair value and changes therein are recognized in the profit and loss account.

(ii) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has positive intention and ability to hold to maturity. Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortized cost using the effective interest method, less any impairment loss, if any.

(iii) Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables measured at amortized cost using the effective interest method, less any impairment losses, if any.

(iv) Available for sale investments

"Other investments not covered in any of the above categories including investments in associates in which the Company has no significant influence are classified as being available for sale and are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gains or losses on available for sale investments are recognized in other comprehensive income until the investments are sold or disposed off or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current period's profit and loss account."

Fair value of listed securities are the quoted prices on stock exchange on the date it is valued. Unquoted securities are valued at cost.

The Company follows trade date accounting for regular way purchase and sale of securities, except for sale and purchase of securities in the future market.

b) Financial liabilities

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

5.15 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

**5.16 Basic and diluted earning per share**

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

5.17 Cash and cash equivalents

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

5.18 Related party transactions

All transactions between the company and related parties are accounted for at arm's length price in accordance with the method prescribed under the repealed Companies Ordinance, 1984.

5.19 Proposed dividends and transfer between reserves

Dividend distribution to the company's shareholders and appropriations to/from reserves is recognized in the period in which these are approved by the shareholders.

		(RUPEES IN THOUSAND)		
		Note	2017	2016
6.	ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
	2,000,000 ordinary shares of Rs. 10/- each fully paid in cash.		20,000	20,000
	1,000,000 ordinary shares of Rs. 10/- each issued as bonus shares		10,000	10,000
			<u>30,000</u>	<u>30,000</u>
7.	REVENUE RESERVES			
	Unappropriated Profit		109,146	103,327
	General Reserve		260,000	260,000
			<u>369,146</u>	<u>363,327</u>
8.	LONG TERM FINANCING			
	Loan from banking companies - secured			
	Bank Alfalah Limited	8.1	<u>5,667</u>	<u>17,000</u>
			<u>5,667</u>	<u>17,000</u>
	8.1 Bank Alfalah Limited			
	Term Finance I	8.1.1 & 8.1.2	<u>17,000</u>	<u>28,333</u>
	Balance as at 30th June		17,000	28,333
	Less:			
	Current portion shown under current liabilities		<u>(11,333)</u>	<u>(11,333)</u>
			<u>5,667</u>	<u>17,000</u>
8.1.1	This is repayable in 12 equal installments commencing from February 1, 2016 and ending on November 1, 2018. The loan carries markup @ 6 months KIBOR + 2.5% p.a. payable on quarterly basis.			
8.1.2	The above finance is secured against ranking charge of Rs. 50 million on fixed assets of the company and first exclusive charge on company's property - office located at City Tower, Gulberg, Lahore and personal guarantees of two sponsoring directors of the company.			



(RUPEES IN THOUSAND)

Note 2017 2016

9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future minimum lease payments	7,929	-
Less: Un-amortized finance charge	(1,123)	-
Present value of minimum lease payments	6,806	-
Less: Current portion shown under current liabilities	1,931	-
	<u>4,875</u>	<u>-</u>

9.1 The rentals are payable in monthly installments and taxes, repair and insurance costs are to be borne by the company. The company intends to exercise its option to acquire leased assets upon completion of lease period. Present value of minimum lease payments has been discounted using the implicit rate i.e. 9.14% to 9.16% p.a. The facility has been drawn from First Habib Modarba. The facility has been secured against the personal guarantees of the directors.

9.2 Minimum lease payments and their present values are regrouped as under:

	Not later than 1 year	Later than 1 year but not later than 5 years	Total	Not later than 1 year	Later than 1 year but not later than 5 years	Total
Future minimum lease payments	2,473	5,456	7,929	-	-	-
Less: Un-amortized finance charge			(1,123)			-
Present value of minimum lease payments			<u>6,806</u>			<u>-</u>

10. DEFERRED LIABILITIES

Deferred Taxation	10.1	<u>32,923</u>	<u>47,039</u>
--------------------------	------	---------------	---------------

10.1 Deferred tax credits / (debits) arising in respect of :

Taxable Temporary Differences

Accelerated tax depreciation	47,039	60,299
------------------------------	--------	--------

Deductible Temporary Differences

Minimum tax available for carry forward	(14,116)	(13,260)
	<u>32,923</u>	<u>47,039</u>

11. TRADE AND OTHER PAYABLES

Creditors		23,732	22,706
Contractors retention money		47	26
Security deposits - Interest free	11.1	6,653	12,153
Provident fund trust		1,303	1,210
Accrued charges		115,751	107,382
Unclaimed dividend		432	311
Advances from customers		6,643	4,602
Workers' profit participation fund	11.2	1,294	2,286
Workers' welfare fund		9,923	9,431
Others		600	600
		<u>166,378</u>	<u>160,707</u>

11.1 No interest is payable on the deposits and it can be used for the business.



		(RUPEES IN THOUSAND)	
	Note	2017	2016
11.2 Workers' Profit Participation Fund			
Balance as on 01 July		2,286	1,517
Add: Provision for the year		1,294	2,286
Interest for the year		555	286
		<u>4,135</u>	<u>4,089</u>
Less: Payment during the year		<u>(2,841)</u>	<u>(1,803)</u>
Balance as on 30 June		<u>1,294</u>	<u>2,286</u>
12. ACCRUED MARK-UP			
Long term financing		199	-
Short term borrowings		730	1,261
		<u>929</u>	<u>1,261</u>
13. SHORT TERM BORROWINGS			
From Banking Companies - Secured	13.1	78,210	69,869
		<u>78,210</u>	<u>69,869</u>
13.1			
These have been obtained from banking companies on mark-up basis and are secured by pledge and hypothecation of stocks & stores, charge on stocks, book debts, other movable assets and fixed assets of the company and against personal guarantee of directors. The borrowing form a part of total credit facilities available to the extent of Rs. 135 million (2016: Rs. 505 million). Unavailed facility as at balance sheet date is Rs. 57 Million (2016: Rs. 435 million). Mark-up is paid at the rate ranging from 3 months Kibor plus 2%.			
14. CURRENT PORTION OF LONG TERM LIABILITIES			
Bank Al-Falah		11,333	11,333
Liabilities against asset subject to finance lease		1,931	-
		<u>13,264</u>	<u>11,333</u>
15. PROVISION FOR TAXATION			
Opening balance		16,701	14,005
Less:			
Paid during the year		(14,245)	(6,467)
Adjusted during the year		(2,455)	(7,538)
		<u>1</u>	<u>-</u>
Current		19,271	16,701
Prior		(1)	-
		<u>19,270</u>	<u>16,701</u>
		<u>19,271</u>	<u>16,701</u>
16. CONTINGENCIES AND COMMITMENTS			
16.1 Contingencies			
Counter guarantees of Rs. 25.000 million (2016: Rs. 14.487 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited against gas connections.			
16.2 Commitments			
There are no capital expenditure commitment during the year and non capital expenditure commitments are amounting to Rs. 26.634 million (2016: Rs. 21.250 million).			



(RUPEES IN THOUSAND)

17. PROPERTY, PLANT & EQUIPMENT

	Note	2017	2016
Operating fixed assets	17.1	<u>349,784</u>	<u>381,570</u>
		<u>349,784</u>	<u>381,570</u>

17.1 Operating fixed assets

Description	Land Freehold	Buildings	Plant and Machinery	Electric Installations	Factory Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Total
At June 30, 2015									
Cost	3,351	134,796	668,453	2,425	150	3,783	20,605	3,343	836,906
Accumulated depreciation	-	68,994	351,799	2,035	139	2,984	12,158	2,551	440,660
Net book Value	<u>3,351</u>	<u>65,802</u>	<u>316,654</u>	<u>390</u>	<u>11</u>	<u>799</u>	<u>8,447</u>	<u>792</u>	<u>396,246</u>
Year ended June 30, 2016									
Opening Net book value	3,351	65,802	316,654	390	11	799	8,447	792	396,246
Additions	-	-	19,153	-	-	-	7,142	-	26,295
Disposals	-								
Cost	-	-	-	-	-	-	521	-	521
Depreciation	-	-	-	-	-	-	(496)	-	(496)
Net book value	-	-	-	-	-	-	25	-	25
Depreciation	-	(6,580)	(32,257)	(39)	(1)	(80)	(1,910)	(79)	(40,946)
Closing Net book value	<u>3,351</u>	<u>59,222</u>	<u>303,550</u>	<u>351</u>	<u>10</u>	<u>719</u>	<u>13,654</u>	<u>713</u>	<u>381,570</u>
At June 30, 2016									
Cost	3,351	134,796	687,606	2,425	150	3,783	27,226	3,343	862,680
Accumulated depreciation	-	75,574	384,056	2,074	140	3,064	13,572	2,630	481,110
Net book Value	<u>3,351</u>	<u>59,222</u>	<u>303,550</u>	<u>351</u>	<u>10</u>	<u>719</u>	<u>13,654</u>	<u>713</u>	<u>381,570</u>
Year ended June 30, 2017									
Opening Net book value	3,351	59,222	303,550	351	10	719	13,654	713	381,570
Additions	-	6,451	11,518	-	-	-	-	524	18,493
Disposals	-								
Cost	-	-	19,088	-	-	-	-	-	19,088
Depreciation	-	-	(7,828)	-	-	-	-	-	(7,828)
Net book value	-	-	11,260	-	-	-	-	-	11,260
Depreciation	-	(6,030)	(30,039)	(35)	(1)	(72)	(2,731)	(111)	(39,019)
Closing Net book value	<u>3,351</u>	<u>59,643</u>	<u>273,769</u>	<u>316</u>	<u>9</u>	<u>647</u>	<u>10,923</u>	<u>1,126</u>	<u>349,784</u>
At June 30, 2017									
Cost	3,351	141,247	680,036	2,425	150	3,783	27,226	3,867	862,085
Accumulated depreciation	-	81,604	406,267	2,109	141	3,136	16,303	2,741	512,301
Net book Value	<u>3,351</u>	<u>59,643</u>	<u>273,769</u>	<u>316</u>	<u>9</u>	<u>647</u>	<u>10,923</u>	<u>1,126</u>	<u>349,784</u>
Depreciation Rate (%)	-	10	10	10	10	10	20	10	

17.2 Depreciation for the year has been allocated as follows:

	2017	2016
Cost of goods sold	36,105	38,877
Administrative and general expenses	<u>2,914</u>	<u>2,178</u>
	<u>39,019</u>	<u>40,946</u>

**17.3 Statement of disposals of operating fixed assets**

Description	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Gain	Sold to	Basis of Sales
Plant & Machinery							
Drawing - Breaker & Finisher	7,341	(4,592)	2,749	5,150	2,401	Hanif's Trading Corporation	Negotiation
Trutzchler Cards	11,747	(3,236)	8,511	6,400	(2,111)	Fag Textiles	Negotiation
Grand Total	19,088	(7,828)	11,260	11,550	290		

		Note	(RUPEES IN THOUSAND)	
			2017	2016
18. ASSETS SUBJECT TO FINANCE LEASE				
Leased assets		18.1	<u>8,124</u>	-
			<u>8,124</u>	-
18.1 Leased Assets				
Description			Vehicles	Total
Opening net book value as on 1 July 2016			-	-
Additions			8,806	8,806
Depreciation charge			682	682
Closing net book value			<u>8,124</u>	<u>8,124</u>
At June 30, 2017				
Cost			8,806	8,806
Accumulated depreciation			682	682
Net book value			<u>8,124</u>	<u>8,124</u>
Depreciation Rate (%)			<u>20</u>	
19. LONG TERM DEPOSITS				
Others			<u>2,387</u>	2,387
			<u>2,387</u>	<u>2,387</u>
20. STORES, SPARES AND LOOSE TOOLS				
Stores			15,827	14,160
Spares			27,979	27,060
			<u>43,806</u>	<u>41,220</u>
21. STOCK IN TRADE				
Raw material			97,889	106,781
Work in process			17,696	13,223
Finished goods			6,224	5,740
Waste			449	394
			<u>122,258</u>	<u>126,138</u>
22. TRADE DEBTS				
These are unsecured but considered good.		22.1	<u>98,355</u>	<u>78,850</u>



		(RUPEES IN THOUSAND)	
	Note	2017	2016
22.1	The aging of trade debts at the balance sheet date is:		
		88,508	59,818
		1,928	11,700
		6,899	6,232
		1,020	1,100
		<u>98,355</u>	<u>78,850</u>
23.	LOANS AND ADVANCES		
	(Unsecured but considered good):-		
	Advances to:		
		2,780	1,827
		1,325	1,624
		1,035	963
		<u>5,140</u>	<u>4,414</u>
24.	TRADE DEPOSITS AND PREPAYMENTS		
		19,923	18,550
		30,352	22,074
		14,642	14,639
		351	300
		<u>65,268</u>	<u>55,563</u>
25.	OTHER RECEIVABLES		
		11,992	237
		325	24
		<u>12,317</u>	<u>261</u>
26.	CASH AND BANK BALANCES		
		920	1,333
		12,304	25,501
		<u>13,224</u>	<u>26,834</u>
27.	SALES - NET		
		2,049,462	1,948,119
		3,650	3,777
		<u>2,053,112</u>	<u>1,951,896</u>
		-	81,194
		10,788	9,126
		<u>2,042,324</u>	<u>1,861,576</u>
28.	COST OF SALES		
	28.1	1,309,779	1,170,589
	28.2	217,949	205,464
		39,952	40,595
		32,895	31,599
		316,927	257,079
		3,628	4,042
		3,982	4,308
		163	2,734
		36,105	38,877
		<u>651,601</u>	<u>584,698</u>
		<u>1,961,380</u>	<u>1,755,287</u>



(RUPEES IN THOUSAND)			
	Note	2017	2016
Opening stock in process		13,223	13,497
Closing stock in process		<u>(17,696)</u>	<u>(13,223)</u>
Cost of goods manufactured		<u>1,956,907</u>	<u>1,755,561</u>
Opening stock of finished goods		6,134	11,151
Closing stock of finished goods		<u>(6,673)</u>	<u>(6,134)</u>
		<u>1,956,368</u>	<u>1,760,578</u>
28.1 RAW MATERIAL CONSUMED			
Opening stock		106,781	144,127
Purchases		<u>1,300,887</u>	<u>1,133,243</u>
		<u>1,407,668</u>	<u>1,277,370</u>
Less: Closing stock		<u>(97,889)</u>	<u>(106,781)</u>
		<u>1,309,779</u>	<u>1,170,589</u>
28.2 Salaries, wages and other benefits include Rs. 5.655 million (2016: Rs. 5.030 million) in respect of staff retirement benefits.			
29. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, allowances and benefits	29.1	32,124	29,666
Traveling and conveyance		202	282
Vehicle running and maintenance		3,767	3,021
Printing and stationery		673	653
Newspaper and periodicals		24	24
Postage, telegram and telephone		682	567
Advertisement		106	145
Rent, rates, and taxes		130	178
Legal and professional		1,059	1,065
Auditors' remuneration	29.2	548	548
Subscription	29.3	321	301
Insurance		1,503	1,381
Entertainment		423	384
Computerization		253	123
General		543	526
Lighting charges		1,127	897
Depreciation		<u>3,596</u>	<u>2,069</u>
		<u>47,081</u>	<u>41,830</u>
29.1 Salaries, allowances and benefits include Rs. 0.805 million (2016: Rs. 0.710 million) in respect of staff retirement benefits.			
29.2 Auditors' Remuneration			
Statutory audit fee		500	500
Half yearly review fee		30	30
Provident fund audit & other certification fee		<u>18</u>	<u>18</u>
		<u>548</u>	<u>548</u>
29.3 No director or his spouse had any interest in the donee's fund.			
30. SELLING AND DISTRIBUTION EXPENSES			
Freight and expenses on local sales		4,194	2,039
		<u>4,194</u>	<u>2,039</u>



	Note	(RUPEES IN THOUSAND)	
		2017	2016
31. FINANCE COSTS			
Mark-up on:			
Long term financing - secured		1,921	2,993
Short term bank borrowings - secured		5,854	9,022
		7,775	12,015
Bank charges and commission		1,135	1,113
Lease finance charges		320	-
Interest on workers' profit participation fund		555	286
		<u>9,785</u>	<u>13,414</u>
32. OTHER CHARGES			
Workers' profit participation fund		1,294	2,286
Workers' welfare fund		492	869
		<u>1,786</u>	<u>3,155</u>
33. OTHER INCOME			
Gain on sale of operating fixed assets		290	273
Profit on sale of stores		-	5
Balances written off		378	273
Miscellaneous receipts		135	-
Office rent		182	1,458
		<u>985</u>	<u>2,009</u>
34. TAXATION			
Current		19,271	16,701
Prior		(1)	-
Deferred tax		(14,116)	(6,939)
		<u>5,154</u>	<u>9,762</u>

34.1 The company's income tax assessments have been finalized upto and including tax year 2016.

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

35. CHIEF EXECUTIVE OFFICER, DIRECTOR AND EXECUTIVES' REMUNERATION

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

	(RUPEES IN THOUSAND)		
	Chief Executive Officer	Director	Executives
	2017	2017	2017
Managerial remuneration	1,260	144	9,970
House rent	567	65	1,542
Medical allowance	126	14	997
Utility allowance	147	17	1,400
Provident fund contribution by company	-	-	434
	<u>2,100</u>	<u>240</u>	<u>14,343</u>
Number (s)	<u>1</u>	<u>1</u>	<u>10</u>



(RUPEES IN THOUSAND)

	Chief Executive Officer	Director	Executives
	2016	2016	2016
Managerial remuneration	1,260	-	7,595
House rent	567	-	1,860
Medical allowance	126	-	760
Utility allowance	147	-	605
Provident fund contribution by company	-	-	347
	<u>2,100</u>	<u>-</u>	<u>11,167</u>
Number (s)	<u>1</u>	<u>-</u>	<u>10</u>

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

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

35.3 No meeting fee was paid to the directors of the company during the year (2016: Rs. Nil).

36. TRANSACTIONS WITH RELATED PARTIES / ASSOCIATED UNDERTAKING

Transaction with Related Parties/ Associated Undertakings, other than remuneration and benefits to key management personnel's under the terms of their employment (refer note no. 35) and other than the payments made to the retirement benefit plans are as under:

The company sold to associated undertaking, Sargodha Spinning Mills Limited, goods / material of aggregate sum of Rs. Nil (2016: Rs. 4.201 million) and purchased from associated undertaking office building, goods/material of aggregate sum of Rs.11.280 million (2016: Rs. 37.636 million) during the year, charged rent during the year of Rs. Nil (2016: Rs.1.260 million).

The maximum aggregate amount due from associated undertaking, Sargodha Spinning Mills Limited, at the end of the year was Rs. 0.216 million (2016: Rs.5.496 million).

(RUPEES IN THOUSAND)

	Note	2017	2016
37. EARNING PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earning per share of the company.			
Profit after taxation		18,941	32,807
Weighted average number of ordinary shares outstanding during the year (No. in '000)		3,000	3,000
Basic earning per share (Rupees)		<u>6.31</u>	<u>10.94</u>
38. CASH GENERATED FROM OPERATIONS			
Profit before taxation		24,095	42,569
Adjustments for non cash charges & other items:			
Depreciation		39,701	40,946
Financial charges		9,785	13,414
Workers' profit participation fund		1,294	2,286
Workers' welfare fund		492	869
Gain on sale of operating fixed assets		(290)	(273)
Balances written off		(378)	(273)
Working capital changes	38.1	<u>(32,897)</u>	<u>24,149</u>
		<u>41,802</u>	<u>123,687</u>



		(RUPEES IN THOUSAND)	
	Note	2017	2016
38.1 WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(2,586)	1,445
Stock in trade		3,880	42,637
Trade debts		(19,505)	24,660
Loans and advances		(726)	(207)
Trade deposits and prepayments		(8,332)	(24,089)
Other receivables		(12,056)	1,712
		<u>(39,325)</u>	<u>46,158</u>
Increase / (decrease) in current liabilities			
Trade and other payable		6,428	(22,009)
		<u>(32,897)</u>	<u>24,149</u>
39. CASH AND CASH EQUIVALENTS			
Cash and bank balances	26	<u>13,224</u>	<u>26,834</u>
40. STAFF RETIREMENT BENEFITS			
40.1 DEFINED CONTRIBUTION PLAN			
The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance 1984, and the rules formulated for this purpose. The information of the fund is based on un-audited financial statements of the fund for the year ended 30 June 2017:			
Size of the fund		125,382	96,219
Cost of investment made		59,872	45,439
Percentage of investment made		47.75%	47.22%
Fair value of investment	40.2	108,098	73,335
40.2 BREAKUP OF INVESTMENTS			
Investment in mutual fund	91.30%	98,692	73,335
Meezan strategic allocation plan - II	8.70%	9,406	-
		<u>108,098</u>	<u>73,335</u>
40.3 Balance in Scheduled Banks			
Saving account		15,100	20,286
41. PLANT CAPACITY AND ACTUAL PRODUCTION			
Number of spindles installed		33,600	33,600
Number of spindles worked		32,640	32,640
Production at normal capacity converted to 20/s (Kgs.)		18,271,001	17,648,910
Actual production converted to 20/s (Kgs.)		17,973,818	17,143,409
No. of shifts worked per day		3	3
41.1	Reason for low production is due to normal maintenance, gas and electric shut down / closures.		
42. NUMBER OF EMPLOYEES			
At the year end number of employees of the company		<u>1,081</u>	<u>1,024</u>
Weighted average number of employees of the company		<u>1,064</u>	<u>1,022</u>



	(RUPEES IN THOUSAND)		
	Note	2017	2016
43. FINANCIAL INSTRUMENTS BY CATEGORY			
FINANCIAL ASSETS			
as per Balance Sheet			
Cash and bank balances		13,224	26,834
Trade debts		98,355	78,850
Loans & advances		1,035	963
Deposit & prepayments		14,642	14,639
Other receivables		325	24
Long term deposits		2,387	2,387
		<u>129,968</u>	<u>123,697</u>
FINANCIAL LIABILITIES			
as per Balance Sheet			
Long term loans		18,931	28,333
Short term borrowings		78,210	69,869
Trade and other payable		148,518	144,388
Accrued mark-up on secured loans		929	1,261
		<u>246,588</u>	<u>243,851</u>

44. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial Risk Management

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

- Credit Risk
- Liquidity Risk
- Market Risk

Risk management framework

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

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

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

44.1 CREDIT RISK

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



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

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

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

	(RUPEES IN THOUSAND)		
	Note	2017	2016
Bank balances		12,304	25,501
Trade debts		98,355	78,850
Loans & advances		1,035	963
Deposits & prepayments		14,642	14,639
Other receivables		325	24
Long term deposits		2,387	2,387
		<u>129,048</u>	<u>122,364</u>

Based on past experience the management believes that no impairment allowance is necessary as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

Bank balances are held only with reputable banks with high quality credit ratings.

44.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements as mentioned in note no. 12.1 and note no. 24. Further liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

Following is the maturity analysis of financial liabilities:

2017	Upto 1 Year	Between 1 to 5 Years	Total
Non derivative financial liabilities			
Long term Liabilities	13,264	10,542	-
Short term borrowings	78,210	-	-
Trade and other payable	148,518	-	-
Accrued mark-up on secured loans	929	-	-
	<u>240,921</u>	<u>10,542</u>	<u>-</u>
2016	Upto 1 Year	Between 1 to 5 Years	Total
Non derivative financial liabilities			
Long term loans	11,333	17,000	28,333
Short term borrowings	69,869	-	69,869
Trade and other payable	144,388	-	144,388
Accrued mark-up on secured loans	1,261	-	1,261
	<u>226,851</u>	<u>17,000</u>	<u>243,851</u>



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

44.3 MARKET RISK

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

44.3.1 Interest Risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts. At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

Cash flow sensitivity analysis

A change of 100 basis points in interest rate of long term loans at the reporting date would have increased / (decreased) equity and profit or (loss) by Rs. 0.223 million (2016: Rs. 0.325 million).

44.3.2 Fair value of financial assets and liabilities

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows

Level 1: quoted prices (un-adjusted) in active market for identical assets or liabilities.

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

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

i) Fair value at initial recognition

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

ii) Valuation techniques and inputs used

For instruments carried at amortized cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

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

The company uses widely recognized valuation techniques, for determining the fair value of assets and liabilities, that use only observable market data and require little management judgement and estimation.



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

The carrying amount of financial assets and financial liabilities recognized in these financial statements approximate their respective fair values. Fair values of financial assets and liabilities carried at amortized cost.

(RUPEES IN THOUSAND)

	June 30, 2017	June 30, 2016
Financial assets carried at amortized cost:	Carrying amount	Carrying amount
Cash and bank balances	13,224	26,834
Trade debts	98,355	78,850
Loans & advances	1,035	963
Deposit & prepayments	14,642	14,639
Other receivables	325	24
Long term deposits	2,387	2,387
	<u>129,968</u>	<u>123,697</u>
Financial liabilities carried at amortized cost:	Carrying amount	Carrying amount
Long term loans	18,931	28,333
Short term borrowings	78,210	69,869
Trade and other payable	148,518	144,388
Accrued mark-up on secured loans	929	1,261
	<u>246,588</u>	<u>243,851</u>

- v) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

- a) Non-derivative financial assets

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

- b) Non-derivative financial liabilities

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

45. CAPITAL MANAGEMENT

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

The Company's objectives when managing capital are:

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

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

**46. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue on 05 October 2017 by the Board of Directors of the company.

47. NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on 05 October 2017 has recommended a cash dividend at Rs. 2.53 per share (i.e. 25.30%) (2016: Rs 4.37 per share) amounting to Rs. 7.590 million for the year ended 30 June 2017. The above proposed cash dividend is subject to the approval of the members at the Annual General Meeting to be held on 28 October 2017. These financial statements do not include the effect of the above proposal which will be accounted for in the period in which it is approved by the members.

48. GENERAL

Figures have been rounded off to the nearest thousand rupee.

(Mian Aamir Naseem)
Chief Executive

(Mazhar Hussain)
Chief Financial Officer

(Mian Farrukh Naseem)
Director



PATTERN OF SHAREHOLDING

FORM 34

1. Incorporation Number **0007162**
 2. Name of the Company **SHADAB TEXTILE MILLS LIMITED**
 3. Pattern of holding of the shares held by the shareholders as at **30 06 2017**

4.	No. of Shareholders	Shareholdings			Total shares held
		From		To	
	90	1	-	100	2,145
	92	101	-	500	27,898
	35	501	-	1,000	32,130
	32	1,001	-	5,000	81,492
	7	5,001	-	10,000	57,339
	1	10,001	-	15,000	11,000
	1	15,001	-	20,000	16,800
	2	25,001	-	30,000	59,000
	1	30,001	-	35,000	30,150
	3	35,001	-	40,000	110,350
	1	40,001	-	45,000	41,420
	1	45,001	-	50,000	48,710
	1	55,001	-	60,000	59,000
	5	60,001	-	65,000	312,280
	1	65,001	-	70,000	65,182
	2	70,001	-	75,000	150,000
	1	75,001	-	80,000	79,034
	1	80,001	-	85,000	80,753
	1	85,001	-	90,000	88,253
	1	90,001	-	95,000	94,207
	1	135,001	-	140,000	136,682
	1	145,001	-	150,000	147,900
	1	160,001	-	165,000	165,000
	1	170,001	-	175,000	175,000
	1	190,001	-	195,000	193,200
	1	200,001	-	205,000	203,636
	1	260,001	-	265,000	262,486
	1	265,001	-	270,000	268,953
	<u>287</u>				<u>3,000,000</u>



5.	Categories of shareholders	Shares Held	Percentage
5.1	Directors, Chief Executive Officer, and their spouse and minor children.	1,207,455	40.2485
5.2	Associated Companies, undertakings and related parties.	-	-
5.3	NIT and ICP	600	0.0200
5.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	53	0.0018
5.5	Insurance Companies	-	-
5.6	Modarabas and Mutual Funds	94,207	3.1402
5.7	Shareholders holding 10% or more	416,853	13.8951
5.8	General public		
	a. Local	1,610,541	53.6847
	b. Foreign	-	-
5.9	Others (to be specified)		
	1. Joint Stock Companies	78,200	2.6067
	2. Pension Funds	8,613	0.2871
	3. Others	331	0.0110
6.	Signature of Company Secretary		
7.	Name of Signatory	Mr. Mazhar Hussain	
8.	Designation	Company Secretary	
9.	NIC Number	3 5 2 0 2 - 2 7 2 5 5 7 6 - 3	
10.	Date	30-06-2017	

**CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2017**

S.No.	Name	No. of Shares Held	%age
Associated Companies, Undertakings and Related Parties		-	-
Mutual Funds			
1.	CDC Trustee National Investment (Unit) Trust (CDC)	94,207	3.1402
DIRECTORS AND THEIR SPOUSE AND MINOR CHILDREN			
1.	Mian Shahzad Aslam	234,620	7.8207
2.	Mian Farrukh Naseem	203,636	6.7879
3.	Mian Aamir Naseem	262,486	8.7495
4.	Mrs. Fatima Aamir	416,853	13.8951
5.	Mr. Yasir Naseem	10,000	0.3333
6.	Mrs. Hina Farrukh	78,860	2.6287
7.	Mr. Hamza Naseem	1,000	0.0333
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		8,666	0.2889
Shareholders holding five percent or more voting interest in the listed company			
1.	Mrs. Fatima Aamir	416,853	13.8951
2.	Ahmad Ali Tariq (CDC)	175,000	5.8333
3.	Mst. Sadia Ali Tariq (CDC)	165,000	5.5000
4.	Mian Aamir Naseem	262,486	8.7495
5.	Mian Farrukh Naseem	203,636	6.7879
6.	Mian Shahzad Aslam	234,620	7.8207
7.	Mr. Ahmed Naseem	153,435	5.1145

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:-

(No trade carried out during the year.)



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

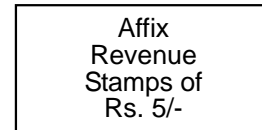
FORM OF PROXY

I / We
Son / Daughter / Wife of
being a member of SHADAB TEXTILE MILLS LIMITED and holder of
Ordinary Shares as per Registered Folio No./ CDC/ Participant ID No. and Account No.
hererby appoint Mr. of
of failing him Mr. of
who is also a member of SHADAB TEXTILE MILLS LIMITED, Vide Registered Folio No./ CDC/ Participant ID No. and Account No.
as my / our proxy to vote for me / us and on my / our behalf at the 38th Annual General Meeting of the Company to be held on Saturday, October 28, 2017 at 10.00 a.m. and at any adjournment thereof.

As witness my / our hand (s) this day of 2017

1. Witness:

Signature
Name
Address
CNIC No.



2. Witness:

Signature
Name
Address
CNIC No.

Signature of Shareholder

NOTE:

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



فولیو نمبر / سی ڈی سی پارٹیشن (شرکت) ID

اور کھاتا نمبر:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

پراکسی فارم

میں / ہم _____
بیٹا / بیٹی / زوجہ _____
مخفییت رکن _____

شاداب ٹیکسٹائل ملز لمیٹڈ اور حامل _____
عام حصص، برطابق رجسٹرڈ فولیو نمبر /
(تعداد حصص)

سی ڈی سی پارٹیشن (شرکت) آئی ڈی اور اکاؤنٹ (کھاتہ) نمبر: _____
محترم _____ کا / کے _____

یا عدم موجودگی کی صورت میں، محترم _____

کا / کے _____ بھی جو کے شاداب ٹیکسٹائل ملز لمیٹڈ کے رکن ملاحظہ رجسٹرڈ فولیو نمبر / سی ڈی سی پارٹیشن

(شرکت) آئی ڈی اور اکاؤنٹ (کھاتہ) نمبر: _____ کو اپنے / ہمارے ایما پر مورخہ 28 اکتوبر 2017 بروز ہفتہ

صبح 10:00 بجے منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التوا کی صورت میں اپنا / ہمارا پراکسی مقرر کرتا ہوں / کرتے ہیں۔

آج بروز _____ تاریخ _____ 2017 بطور گواہ دستخط کئے گئے۔

(1) گواہ:

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

(2) گواہ:

دستخط:

نام:

پتہ:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

نوٹ:

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

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

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

پانچ روپے مالیت کی رسیدی
ٹکٹ چسپال کریں

ممبر کے دستخط