



ANNUAL REPORT
2022

SHADAB TEXTILE MILLS LIMITED

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**COMPANY INFORMATION**

CHIEF EXECUTIVE	Mian Aamir Naseem	
BOARD OF DIRECTORS	Mian Farrukh Naseem Mr. Saad Naseem Mr. Yasir Naseem Mr. Hamza Naseem Mrs. Fatima Aamir Mr. Fahad Shafiq Mr. Ghazanfer Feroz	Chairman/Non Executive Director Non Executive Director Executive Director Non Executive Director Female - Non Executive Director Independent Director Independent Director
AUDIT COMMITTEE	Mr. Fahad Shafiq Mian Farrukh Naseem Mr. Hamza Naseem	Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Fahad Shafiq Mr. Ghazanfer Feroz Mr. Saad Naseem	Chairman Member Member
CHIEF FINANCIAL OFFICER	Mr. Muhammad Aslam	
COMPANY SECRETARY	Mr. Muhammad Adeel Anwar Khan	
AUDITORS	M/s. Fazal Mehmood & Company, Chartered Accountants	
SHARE REGISTRAR	Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 042-35887262, 35839182 Fax: 042-35869037	
BANKERS	Bank Al-Falah Limited Bank Al-Habib Limited	
REGISTERED OFFICE	A-601/A, City Towers, 6-K Main Boulevard, Gulberg-II, Lahore Ph: No. 042-35788714-16	
WEBSITE ADDRESS	www.shadabtextile.com	
MILLS	Unit # 1: Nasimabad, Shahkot, District Nankana Sahib. Unit # 2: Habibabad, Pattoki, District, Kasur.	



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 43rd Annual General Meeting of the Shareholders of **SHADAB TEXTILE MILLS LIMITED** will be held on Friday, October 28, 2022 at 11:30 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, 2022 together with Directors' and Auditors' Reports thereon.
2. To declare and approve the Final Cash Dividend at Rs. 0.50 per share i.e. 5 % for the year ended June 30, 2022 as recommended by the Board of Directors.
3. To appoint auditors for the year 2022-2023 and fix their remuneration.

ANY OTHER BUSINESS

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

By order of the Board

(Muhammad Adeel Anwar Khan)
Company Secretary

LAHORE: September 27, 2022

NOTES:

1. **Closure of Share Transfer Books:** The Share Transfer Books of the Company will remain closed from October 22, 2022 to October 28, 2022 (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, 2022 will be treated in time for the purpose of above entitlement to the transferees.
2. **Participation in General Meeting:** An individual beneficial owner of share must bring his/her original CNIC or Passport, Account and Participant's I.D numbers to prove his/her identity. A representative of corporate members, must bring the Board of Directors' Resolution and / or Power of Attorney and the specimen signature of the nominee. 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 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. In light of the threat by the evolving coronavirus (COVID-19) situation, the Securities & Exchange Commission of Pakistan vide Circular No. 4 dated February 15, 2021, to ensure the safety and well-being of all the members, interested members in attending the AGM through ZOOM are requested to get themselves registered by sending an email at least 48 hours prior to the date of meeting at adnan@shadabtextile.com by providing the following details:

Name	CNIC No.	Folio/CDC A/c No.	Cell No.	Email Address



The shareholders who are registered after the necessary verification shall be provided a video link by the Company on the said email address. The login facility will remain open from start of the meeting till its proceedings are concluded. Members will be able to login and participate in the Annual General Meeting proceedings through their devices.

4. **Deposit of Physical Shares into CDC Account:** As per Section 72 of the Companies Act, 2017, every existing listed company will be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by Commission, within a period not exceeding four years from the commencement of the Act i.e., May 30, 2017.

The Shareholders having physical shareholding are encouraged to open CDC sub-accounts with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including sale custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

5. **Dividend Mandate (Mandatory):** In accordance with the provisions of section 242 of the Companies Act and Companies (Distribution of Dividends), Regulations 2017, a listed company is required to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.
6. All shareholders who have still not provided their IBAN are once again requested to provide the details of their bank mandate specifying (a) Title of Account (b) Account Number (c) IBAN Number (d) Name of Bank (e) Branch Name, code and address to the Company's Share Registrar. Those shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide bank mandate detail as mentioned above, to the concerned Participants/CDC. The Dividend Mandate Form is placed on Company's website www.shadabtextile.com.
7. **Deduction of Income Tax under section 150 of the Income Tax Ordinance, 2001:** Pursuant to the Finance Act, 2022 effective July 01, 2022 the rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 are prescribed as under:
- Persons appearing in Active Tax Payers List (ATL) 15%
 - Persons not appearing in Active Tax Payers List (ATL) 30%

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

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

Folio No./CDC 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, 2022 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, 2022.

8. **Unclaimed Dividend/Shares:** Shareholders, who by any reason, could not claim their dividend/shares, if any, are advised to contact our Share Registrar M/s. Corplink (Pvt) Limited, Wings Arcade, I-K, Commercial, Model Town, Lahore to enquire about their unclaimed dividend/shares.
9. **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.

Pursuant to Section 223 of the Companies Act, 2017, the audited financial statements of the Company for the year ended June 30, 2022 together with Chairman's Review Report, Directors' and Auditors' Report thereon have been made available on the Company's website: www.shadabtextile.com.

10. **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 dividend to the members.
11. **Request of Video Conference Facility:** Members can also avail Video Conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard please fill the following and submit to the registered address of the company within ten (10) days before holding of general meeting.

I/We. _____ of _____ being a member of SHADAB TEXTILE MILLS LIMITED, holder of _____ Ordinary Shares as per Registered Folio No./CDC A/C No. _____ hereby opt for Video conference Facility at _____.

Signature of members

12. **Change of Address:** 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 the role in achieving the Company's objective.

The Board is responsible for overall management of the Company and carry out its fiduciary duties with a sense of objective judgement in the best interest of the Company and its stakeholders. The committees of the Board worked diligently and focused on their terms of reference during the year under review.

During the financial year 2021-22 four board meetings, five audit committee meetings and two Human Resource and Remuneration Committees were conducted. The Board has carried out a review of its effectiveness and performances which is satisfactory.

The board evaluation during the year 2022 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.

I wish to thank all stakeholders, for their untiring efforts in achieving very good results under difficult circumstances. May Allah continue to bless us.

MIAN FARRUKH NASEEM

Chairman

Lahore: September 27, 2022

**DIRECTORS' REPORT****Dear Shareholders,**

The Directors of the Company welcome you to the 43rd Annual General Meeting and are pleased to present the Annual Report together with Audited Accounts of the Company for the year ended June 30, 2022.

Financial Results

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

	(RUPEES IN THOUSAND)	
	June 30, 2022	June 30, 2021
Sales - net	5,297,444	3,305,217
Cost of sales	4,784,455	2,922,424
GROSS PROFIT	512,989	382,793
Administrative and general expenses	124,103	97,966
Selling and distribution expenses	10,038	7,090
OPERATING PROFIT	378,848	277,737
Finance costs	71,681	32,628
Other charges	21,678	17,750
	285,489	227,359
Other income	7,008	12,131
PROFIT BEFORE TAXATION	292,497	239,490
Taxation	97,242	68,849
PROFIT AFTER TAXATION	195,255	170,641
Basic & diluted earning per share-(Rupees)	11.76	10.28

During the year under review, your Company earned profit after tax of Rs. 195.255 million as compared to after tax profit of Rs. 170.641 million of the previous year. The net sales made in the year are amounting to Rs. 5,297.444 million including sales Rs. 1,358.363 million of unit No.2 as compared to previous year sale of Rs. 3,305.217 including sales Rs. 252.490 million of unit No.2 showing Increase of Rs. 1,992.227 million i.e 60.27% against previous year sales. Earning per share is 11.76 as compared to Rs. 10.28 per share.

During the year under review, the company has achieved better financial results as compared to previous year primarily because of increased quantity in production and better sales price due to the boost in global economic activity post-pandemic, resulting in an increase in demand in the value-added sector of textile industry. During the year the prices of raw material remained on higher side, high mark-up rates and other input costs increased due to devaluation in Pak Rupees. Despite of these above factors the Company results remained favourable.

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 bank financing and own resources. Management of the company is further striving their best to reduce their production cost by injecting and expanding their new project of MVS to meet the production plans to make the company more profitable and competitive. New markets are being targeted along with putting emphasis on existing markets as well. The management is continuously working toward improvement in efficiencies and productivity as well as enhanced cost controls.



Textile industry is the backbone of economy of the country and is playing a pivotal role in strengthening the economy of the country. Presently it is very difficult time for textile sector due to rising raw material prices, high cost of production and recession prevailing in both international and domestic markets, resultantly the textile units are forced to close of their operation due to heavy losses. The government should have to take further well planned concrete steps to uplift the economy and textile industry especially for spinning sector which is the core industry of Pakistan. We hope our government will take vigorous steps to revive textile industry as following:-

- Continuous supply of energy.
- Lower rate of Electricity & Gas Tariff for textile industry.
- Lower rate of mark-up.
- Rationalising of currency exchange rate.
- Long Term Finance (LTF) SBP financing scheme for renewable energy category II for solar system.

Earning Per Share

Earning per Share is Rs. 11.76 (2021: Rs.10.28).

Dividend

The Board of Directors has recommended a Final Cash Dividend of Rs. 0.50 per share i.e. @ 5% to the shareholders of the Company.

Corporate Governance 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 30-06-2022 was Rs.101.965 million.
- j. The pattern of shareholding and the additional information as required by the CCG is annexed to the annual report.
- k. Directors, CFO, Company Secretary and their spouses and minor children have not traded in the company's shares during the year.

Board of Directors

The Board of Directors consist of:

Total number of Directors

- | | | |
|----|--------|---|
| a) | Male | 6 |
| b) | Female | 1 |

**Composition:**

a)	Independent Directors	2
b)	Non-Executive Directors	3
c)	Executive Directors	2

Election of Directors

The election of directors of the company was held on March 28, 2022. The following directors have been elected for a period of three years.

1.	Mian Farrukh Naseem	Non-Executive Director/Chairman
2.	Mr. Yasir Naseem	Executive Director
3.	Mr. Saad Naseem	Non-Executive Director
4.	Mr. Hamza Naseem	Non-Executive Director
5.	Mrs. Fatima Aamir	Female Non-Executive Director
6.	Mr. Fahad Shafiq	Independent Director
7.	Mr. Ghazanfer Feroz	Independent Director

The Board as of June 30, 2022:

	Mian Aamir Naseem	Chief Executive
1.	Mian Farrukh Naseem	Chairman/Non-Executive Director
2.	Mr. Yasir Naseem	Executive Director
3.	Mr. Saad Naseem	Non-Executive Director
4.	Mr. Hamza Naseem	Non-Executive Director
5.	Mrs. Fatima Aamir	Female Non-Executive Director
6.	Fahad Shafiq	Independent Director
7.	Ghazanfer Feroz	Independent Director

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

Name of Director	Meetings Attended
Mian Farrukh Naseem	4
Mr. Yasir Naseem	4
Mr. Saad Naseem	4
Mr. Hamza Naseem	4
Mrs. Fatima Aamir	4
Mr. Fahad Shafiq	4
Mr. Ghazanfer Feroz	4

Audit Committee

The Board of Directors has formed an audit committee comprising of the followings:

Mr. Fahad Shafiq	Chairman
Mian Farrukh Naseem	Member
Mr. Hamza Naseem	Member

During the year five meetings of the Audit Committee (AC) were held and attendance of these meetings is as under:

Name of Members	Meetings Attended
Mr. Fahad Shafiq	5
Mian Farrukh Naseem	5
Mr. Hamza Naseem	5



Human Resource and Remuneration Committee

The Board of Directors has formed Human Resource and remuneration Committee comprising of the followings:

Mr. Fahad Shafiq	Chairman
Mr. Ghazanfer Feroz	Member
Mr. Saad Naseem	Member

During the year two meetings of the Human Resource & Remuneration Committee (HR & R) were held and attendance of these meetings is as under:

Name of Members	Meetings Attended
Mr. Fahad Shafiq	2
Mr. Ghazanfer Feroz	2
Mr. Saad Naseem	2

Appointment of Chief Executive and Executive Director

The HR & R Committee has recommended the appointment of the followings during the year ended June 30, 2022.

Mian Aamir Naseem, Chief Executive, was re-appointed on April 07, 2022 at monthly remuneration of Rs. 250,000/- per month. Other terms and conditions remain unchanged.

Mr. Yasir Naseem, Executive Director was re-appointed on April 07, 2022 at monthly remuneration of Rs. 75,000/- per month. Other terms and conditions remain unchanged.

Directors' Remuneration

The Board of Directors has approved a Remuneration Policy for Directors and Members of Senior Management. The Company will not pay remuneration to its non-executive directors except as meeting fee for attending the Board and its Committee meetings. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in Note 37 of the annexed financial statements.

Chairman's Review

The Chairman's review is endorsed by the Board of Directors.

Performance Evaluation of the Board

As required under the Listed Companies (Code of Corporate governance) Regulations, 2019, the Board has undertaken a formal process of self-evaluation of performance of the Board as a whole and its committees.

Appointment of Company Secretary

Mr. Khurram Zahoor, Company Secretary has resigned during the year and Mr. Muhammad Adeel Anwar Khan has been appointed as Company Secretary in his place. The board has approved appointment of Company Secretary including remuneration and terms and conditions of employment and complied with relevant requirements.

Directors Training Programme

The Company has arranged orientation courses for the Directors in the preceding years. However, during this year there was no Directors Training Program held as the majority of Directors have either completed the Director's Certification from authorized institutions in past or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG.



Related Party Transactions

All transactions with related parties have been executed at arm's length and have been disclosed in the financial statements under relevant notes.

Auditors

The present Auditors M/s Fazal Mehmood & Company, Chartered Accountants, retire and being eligible offer them-selves 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 2022-23 on the current level of auditors' remuneration.

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, honesty 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. 363.787 million in the FY 2021-22 into the Government exchequer on account of taxes, levies, excise duty and sales tax.

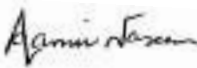
Energy Conservation:

The Company has taken many measures 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)


YASIR NASEEM
(Director)

Lahore: September 27, 2022



قومی خزانے میں شراکت:

ملک کی اقتصادی ترقی کے لئے اپنی قانونی اور سماجی ذمہ داری کو پورا کرنے کے لئے، کمپنی نے ٹیکس، لیویز، ایکسائز ڈیوٹی اور سیلز ٹیکس کی مد میں حکومتی خزانے میں مالی سال 2021-22 میں 363.787 ملین روپے حصہ شامل کیا ہے۔

توانائی کی بچت:

کمپنی نے مل کے احاطہ میں بجلی کی بچت کے آلات نصب کر کے توانائی کے تحفظ کے کئی اقدامات کئے ہیں۔

شکرگذاری

بورڈ کمپنی کے ایگزیکٹوز، افسران، کمپنی کے عملے اور کارکنوں کی انتھک کوششوں کا شکر گزار ہے۔

منجانب بورڈ

یا سر نسیم
(ڈائریکٹر)

میاں عامر نسیم
(چیف ایگزیکٹو)

لاہور: 27 ستمبر 2022



کمپنی سیکرٹری کی تقرری

جناب خرم ظہور، کمپنی سیکرٹری نے اس سال کے دوران استعفیٰ دے دیا ہے اور ان کی جگہ جناب محمد عدیل انور خان کو کمپنی سیکرٹری تعینات کیا گیا ہے۔ بورڈ نے کمپنی سیکرٹری کی تعیناتی بشمول معاوضہ و ملازمت کی شرائط و ضوابط کی منظوری دے دی ہے۔

ڈائریکٹرز ٹریننگ پروگرام

کمپنی نے گزشتہ سال کے دوران ڈائریکٹرز ٹریننگ پروگرام کا انتظام کیا تھا، تاہم اس سال ڈائریکٹرز ٹریننگ پروگرام کا انعقاد نہیں کیا گیا۔ کیونکہ زیادہ تر ڈائریکٹران نے یا تو مجاز اداروں سے ڈائریکٹرز کا سرٹیفکیٹ مکمل کر لیا ہے یا وہ سی جی جی کی ضابطہ 19 کے تحت مروجہ قابلیت اور تجربہ کے حامل ہیں۔

متعلقہ فریقین سے لین دین

متعلقہ فریقین کے ساتھ تمام لین دین پر ہر ممکن عمل درآمد کیا گیا ہے اور اس کے تفصیل متعلقہ نوٹس کے تحت مالیاتی گوشواروں میں درج ہے۔

محاسب

موجودہ محاسب میسر فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں اور اہل ہونے، بناء پر دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے سال 2022-23 کے لئے کمپنی کے محاسب کے طور پر میسر فضل محمود اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی سفارش کی ہے۔

کارپوریٹ سماجی ذمہ داری

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

صحت، حفاظت اور ماحول:

ہم اپنے ملازمین کے لئے محفوظ اور صحت مند کام کا ماحول یقینی بنانے کے لئے مسلسل کام کرتے ہیں۔ اس کے علاوہ، کمپنی حکومت کے سوشل سیکورٹی ڈیپارٹمنٹ کے ہاں رجسٹرڈ ہے اور کمپنی کارکن کی صحت کے لئے باقاعدہ حصہ ادا کر رہی ہے۔

کام اور زندگی کا توازن

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

کاروباری اخلاقیات اور اینٹی کرپشن کے اقدامات:

انتظامیہ سالمیت، ایمانداری اور موجودہ قوانین و ضوابط کی مکمل پاسداری کے ساتھ تمام کاروباری سرگرمیوں کو منظم کرنے پر کاربند ہے۔ بورڈ کی طرف سے ایک ضابطہ اخلاق تیار اور منظور کیا گیا ہے جس پر تمام ملازمین کے دستخط ہیں۔



آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی تشکیل دی ہے جو کہ حسب ذیل پر مشتمل ہے:

جناب فہد شفیق	چیئر مین
• میاں فرخ نسیم	رکن
• جناب حمزہ نسیم	رکن

اس سال کے دوران آڈٹ کمیٹی کے 15 اجلاس ہوئے اور حاضری کی تفصیل درج ذیل ہے:

ممبر کا نام	اجلاسوں میں شرکت
• جناب فہد شفیق	5
• میاں فرخ نسیم	5
• جناب حمزہ نسیم	5

افراد کی قوت و مشاہرہ کمیٹی

بورڈ آف ڈائریکٹرز نے درج ذیل پر مشتمل افرادی قوت و مشاہرہ کمیٹی تشکیل دی ہے:

• جناب فہد شفیق	چیئر مین
• جناب غضنفر فیروز	رکن
• جناب سعید نسیم	رکن

اس سال کے دوران افرادی قوت و مشاہرہ کمیٹی کے 12 اجلاس ہوئے اور حاضری کی تفصیل درج ذیل ہے:

• جناب فہد شفیق	2
• جناب غضنفر فیروز	2
• جناب سعید نسیم	2

چیف ایگزیکٹو اور ایگزیکٹو ڈائریکٹر کی تقرری

افراد کی قوت و مشاہرہ کمیٹی نے 30 جون 2022 کو اختتام شدہ سال کے دوران درج ذیل کی تقرری کیلئے سفارش کی ہے۔

میاں عامر نسیم، چیف ایگزیکٹو، کو دو بارہ 17 اپریل 2022 کو 250,000 روپے ماہانہ مشاہرہ پر دو بارہ تقرر کیا گیا۔ دیگر شرائط و ضوابط میں کوئی تبدیلی نہیں۔
جناب یاسر نسیم، ایگزیکٹو ڈائریکٹر، کو دو بارہ 17 اپریل 2022 کو 75,000 روپے ماہانہ مشاہرہ پر دو بارہ تقرر کیا گیا۔ دیگر شرائط و ضوابط میں کوئی تبدیلی نہیں۔

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز اور سینئر مینجمنٹ ارکان کے لئے معاوضہ پالیسی منظور کی ہے۔ کمیٹی اپنے نان ایگزیکٹو ڈائریکٹرز کو ماسوائے بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کی فیس کوئی معاوضہ ادا نہیں کرے گی۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی مجموعی رقم منسلک مالی گوشواروں کے نوٹ 37 میں بھی درج ہے۔

چیئر مین کا جائزہ

چیئر مین کے جائزہ کی بورڈ آف ڈائریکٹرز نے توثیق کی ہے۔

بورڈ کی کارکردگی کی تشخیص

جیسا کہ سہ ماہی (کوڈ آف کارپوریٹ گورننس) ریگولیشن، 2019 کے تحت ضرورت ہے، بورڈ نے مجموعی طور پر بورڈ اور اس کی کمیٹیوں کی کارکردگی کی خود تشخیص کا ایک باضابطہ عمل شروع کیا ہے۔



تشکیل

2	a- آزاد ڈائریکٹرز
3	b- نان ایگزیکٹو ڈائریکٹرز
2	c- ایگزیکٹو ڈائریکٹرز

ڈائریکٹرز کا انتخاب

کمپنی کے ڈائریکٹرز کے انتخابات 28 مارچ 2022 کو منعقد ہوئے۔ مندرجہ ذیل ڈائریکٹرز تین سالوں کی مدت کے لئے منتخب ہوئے:

1- میاں فرخ نسیم	نان ایگزیکٹو ڈائریکٹر / چیئر مین
2- جناب یاسر نسیم	ایگزیکٹو ڈائریکٹر
3- جناب سعد نسیم	نان ایگزیکٹو ڈائریکٹر
4- جناب حمزہ نسیم	نان ایگزیکٹو ڈائریکٹر
5- محترمہ فاطمہ عامر	خاتون نان ایگزیکٹو ڈائریکٹر
6- جناب فہد شفیق	آزاد ڈائریکٹر
7- جناب غضنفر فیروز	آزاد ڈائریکٹر

30 جون 2022 کو مشتمل بورڈ ہے:

میاں عامر نسیم	چیف ایگزیکٹو
1- میاں فرخ نسیم	نان ایگزیکٹو ڈائریکٹر / چیئر مین
2- جناب یاسر نسیم	ایگزیکٹو ڈائریکٹر
3- جناب سعد نسیم	نان ایگزیکٹو ڈائریکٹر
4- جناب حمزہ نسیم	نان ایگزیکٹو ڈائریکٹر
5- محترمہ فاطمہ عامر	خاتون نان ایگزیکٹو ڈائریکٹر
6- جناب فہد شفیق	آزاد ڈائریکٹر
7- جناب غضنفر فیروز	آزاد ڈائریکٹر

اس سال کے دوران بورڈ آف ڈائریکٹرز کے 14 اجلاس ہوئے اور حاضری کی تفصیل درج ذیل ہے:

ڈائریکٹرز کا نام	اجلاس میں شرکت
میاں فرخ نسیم	4
جناب یاسر نسیم	4
جناب سعد نسیم	4
جناب حمزہ نسیم	4
محترمہ فاطمہ عامر	4
جناب فہد شفیق	4
جناب غضنفر فیروز	4



ٹیکسٹائل انڈسٹری ملک کی معیشت کی ریڑھ کی ہڈی کی حیثیت رکھتی ہے اور ملک کی معیشت کو مضبوط بنانے میں اہم کردار ادا کر رہی ہے۔ فی الحال خام مال کی بڑھتی ہوئی قیمتوں، بین الاقوامی اور مقامی مارکیٹوں میں مروجہ پروڈکشن کے بڑھتی اخراجات کے باعث ٹیکسٹائل شعبے کے لئے یہ بہت مشکل وقت ہے۔ نتیجتاً ٹیکسٹائل یونٹس بھاری نقصان کی وجہ سے اپنا آپریشن بند کرنے پر مجبور ہیں۔ معیشت اور ٹیکسٹائل کی صنعت خاص طور پر سپننگ سیکٹر، جو پاکستان کی بنیادی صنعت ہے، کو ترقی دینے کے لئے حکومت کو منصوبہ بند مزید ٹھوس اقدامات اٹھانا ہوں گے۔ ہم امید کرتے ہیں کہ ہماری حکومت ٹیکسٹائل صنعت کی بحالی کے لئے درج ذیل کے مطابق بھرپور اقدامات کرے گی:-

- توانائی کی مسلسل فراہمی
- ٹیکسٹائل صنعت کے لئے بجلی اور گیس کے نرخوں کی کم شرح
- مارک اپ کا کمیٹی
- کرنسی آپریٹنگ ریٹ کی عقلیت پسندی
- لاگ ٹرم فننس (ایل ٹی ایف) ایس بی پی فنانسنگ سکیم برائے قابل تجدید توانائی کی ٹیکنالوجی II برائے سولر سسٹم

فی شیئر آمدنی

فی شیئر آمدنی 11.76 روپے (Rs.10.28 : 2021) ہے۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے کمپنی کے حصص یافتگان کو 0.50 روپے فی شیئر یعنی 5 فیصد کی شرح سے حتمی نقد منافع منقسمہ تقسیم کرنے کی سفارش کی ہے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک

- a- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- b- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- c- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- d- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
- e- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- f- کمپنی کے دواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- g- گزشتہ چھ سال کا کلیدی آپریشن اور مالیاتی ڈیٹا منسلک ہے۔
- h- مختلف لیویز کی معمول کی ادائیگیوں کے علاوہ ٹیکس، ڈیوٹی، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہیں۔
- i- 30 جون 2022 کے مطابق پراویڈنٹ فنڈ کی سرمایہ کاری کی قیمت 101.965 ملین روپے ہے۔
- j- شیئر ہولڈنگ کا پیٹرن اور CCG کو درکار اضافی معلومات اس سالانہ رپورٹ کے ہمراہ منسلک ہیں؛
- k- سال کے دوران کمپنی کے حصص میں اس کے ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کے زوج اور نابالغ بچوں کی طرف سے کوئی تجارت نہیں ہوئی ہے۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز مشتمل ہے

ڈائریکٹرز کی کل تعداد

- a- مرد 6
- b- خاتون 1



مجلس نظماء کی رپورٹ

محترم حصص یافتگان،

کمپنی کی مجلس نظماء، تینالیواں سالانہ عام اجلاس میں آپ کا استقبال کرتی ہے اور 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے نظر ثانی شدہ گوشواروں کے ساتھ سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

مالیاتی نتائج

کمپنی کے مالیاتی نتائج تقابلی شکل میں حسب ذیل ہیں:-

روپے ہزاروں میں

30 جون 2021	30 جون 2022	
3,305,217	5,297,444	خالص فروخت
2,922,424	4,784,455	فروخت کی لاگت
382,793	512,989	مجموعی منافع
97,966	124,103	انتظامی اور عمومی اخراجات
7,090	10,038	فروخت اور تقسیمی اخراجات
105,056	134,141	
277,737	378,848	آپریٹنگ منافع
32,628	71,681	مالی لاگت
17,750	21,678	دیگر واجبات
227,359	285,489	
12,131	7,008	دیگر آمدنی
239,490	292,497	قبل از ٹیکس منافع
68,849	97,242	ٹیکس
170,641	195,255	بعد از ٹیکس منافع
10.28	11.76	فی شیئر بنیادی اور تحلیل شدہ آمدنی (روپے میں)

زیر جائزہ سال کے دوران، کمپنی نے گزشتہ سال کے بعد از ٹیکس منافع 170.641 ملین روپے کے مقابلے بعد از ٹیکس 195.255 ملین روپے منافع کمایا۔ سال میں ہونے والی خالص فروخت 5,297,444 ملین روپے بشمول یونٹ نمبر 2 کی فروخت 1,358,363 ملین روپے جبکہ گزشتہ سال فروخت 3,305,217 ملین روپے بشمول یونٹ نمبر 2 کی فروخت 252,490 ملین روپے پچھلے سال کی فروخت کے مقابلے 60.27 فیصد کا اضافہ ظاہر کر رہی ہیں۔ فی شیئر آمدنی گزشتہ سال 10.28 روپے فی شیئر کے مقابلے 11.76 روپے فی شیئر ہے۔

زیر جائزہ سال کے دوران، کمپنی نے بعد از و باء عالمی اقتصادی نمو ایکٹیویٹی، جو کہ ٹیکسٹائل انڈسٹری میں ویلیو ایڈڈ سیکٹر میں اضافے کے نتیجے میں پروڈکشن میں زیادہ تعداد اور زیادہ سیل پرائس کی وجہ سے بہتر مالیاتی نتائج حاصل کئے ہیں۔ زیر جائزہ سال کے دوران خام مال کی قیمتیں زیادہ رہیں، بلند مارک اپ شرح، پاکستانی روپیہ کی قدر میں کمی رہی۔ مذکورہ بالا عناصر کے باوجود کمپنی کے نتائج منافع بخش رہے۔

انتظامیہ موجودہ سہولیات کی بی ایم آر بڑھانے اور علاقائی حریفوں سے نمٹنے کیلئے اپنے ذاتی وسائل کے ذریعے مفید ٹیکنالوجی میں نئی سرمایہ کاری کرنے کی مسلسل کوشش کر رہی ہے۔ کمپنی کی انتظامیہ اپنی طرف سے بہترین کوشش کر رہی ہے کہ کمپنی کو زیادہ منافع بخش اور بہتر بنایا جائے۔ موجودہ مارکیٹوں پر توجہ دینے کے ساتھ نئی مارکیٹیں بھی ٹارگٹ کی جارہی ہیں۔ انتظامیہ مسلسل کوشش کر رہی ہے کہ کارکردگی اور پیداوار میں بہتری لائی جاسکے اور لاگت کے بہتر کنٹرول حاصل کئے جائیں۔

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

Name of the Company: **SHADAB TEXTILE MILLS LIMITED**

Period Ended: **JUNE 30, 2022**

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

1. The total number of directors are 7 and chief executive as per the following:
 - a. Male: 6
 - b. Female: 1
2. The composition of the Board is as follows:

Category	Names
a) Independent Directors*	Mr. Fahad Shafiq
	Mr. Ghazanfer Feroz
b) Executive Directors	Mian Aamir Naseem (Chief Executive)
	Mr. Yasir Naseem
c) Non-Executive Directors	Mian Farrukh Naseem
	Mr. Saad Naseem
	Mr. Hamza Naseem
d) Female Director	Mrs. Fatima Aamir

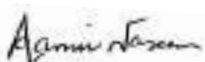
3. The directors have confirmed that none of them is serving as director on more than seven listed companies, including this company.
4. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The majority of Directors have either completed the Director's Certification from authorized institutions or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG;
10. The board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.



12. The Board has formed committees comprising of members given below:
- a) **Audit Committee**
- | | |
|---------------------|------------|
| Mr. Fahad Shafiq | (Chairman) |
| Mian Farrukh Naseem | (Member) |
| Mr. Hamza Naseem | (Member) |
- b) **HR & R Committee**
- | | |
|---------------------|------------|
| Mr. Fahad Shafiq | (Chairman) |
| Mr. Ghazanfer Feroz | (Member) |
| Mr. Saad Naseem | (Member) |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly / annually) were as per followings:
- a) Audit Committee Quarterly
- b) HR and R Committee Annually
15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations and or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 have been complied with.

Note* Number of Directors are seven and one third of ID is 2.33, therefore, as a general principal 0.33 is not rounded off to one.

On behalf of the Board


(Mian Aamir Naseem)
Chief Executive


(Yasir Naseem)
Director

September 27, 2022



**Independent Auditor's Review Report to the Members
of SHADAB TEXTILE MILLS LIMITED**

**Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2019**

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

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

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

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

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

Fazal Mahmood & Co.

FAZAL MAHMOOD & CO.
CHARTERED ACCOUNTANTS
LAHORE

Dated: September 27, 2022
UDIN: CR202210155qu3SRllhQ

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

(RUPEES IN MILLION)

PARTICULARS	2022	2021	2020	2019	2018	2017
ASSETS EMPLOYEED						
Property, plant and equipment	1,478.907	1,502.395	374.019	301.426	314.245	349.784
Right of use assets	40.985	7.551	14.993	18.741	23.426	8.124
Long term deposits	2.434	2.434	2.434	2.434	2.387	2.387
Current assets	1,447.569	930.517	985.012	456.427	423.679	360.368
TOTAL ASSETS EMPLOYEED	2,969.895	2,442.897	1,376.458	779.028	763.737	720.663
FINANCED BY						
Share holders' equity	1,571.200	1,402.545	854.604	489.354	416.259	399.146
Long term financing	322.285	328.677	-	-	-	5.667
Gas Infrastructure Development Cess	-	1.074	-	-	-	-
Lease Liabilities	19.596	-	1.262	6.092	11.729	4.875
Deferred liabilities	114.151	107.177	32.899	10.767	14.557	32.923
Current liabilities	942.663	603.424	487.693	272.815	321.192	278.052
TOTAL FUNDS INVESTED	2,969.895	2,442.897	1,376.458	779.028	763.737	720.663
PROFIT & (LOSS)						
Sales-net	5,297.444	3,305.217	2,290.540	2,813.430	2,271.534	2,042.324
Cost of sales	4,784.455	2,922.424	2,160.400	2,614.441	2,172.226	1,956.368
Gross profit	512.989	382.793	130.140	198.989	99.308	85.956
Administrative & general	124.103	97.966	73.267	68.824	53.852	47.081
Selling & distribution	10.038	7.090	5.470	5.831	4.521	4.194
Operating profit	378.848	277.737	51.403	124.334	40.935	34.681
Finance costs	71.681	32.628	10.644	10.183	7.583	9.785
Other charges	21.678	17.750	4.975	7.988	2.771	1.786
	285.489	227.359	35.784	106.163	30.581	23.110
Other income	7.008	12.131	27.552	2.485	3.852	0.985
PROFIT BEFORE TAXATION	292.497	239.490	63.336	108.648	34.433	24.095
Taxation	97.242	68.849	22.486	30.603	9.730	5.154
PROFIT AFTER TAXATION	195.255	170.641	40.850	78.045	24.703	18.941
EARNING PER SHARE (Rs.)	11.76	10.28	3.27	24.31	8.23	6.31
Dividend paid	16.600	8.300	15.600	4.950	7.590	13.122
Number of spindles installed						
Ring	33600	33600	33600	33600	33600	33600
MVS	576	576	-	-	-	-
Number of spindles worked						
Ring	33120	33120	33120	33120	33120	32640
MVS	576	576	-	-	-	-
Number of shifts per day	3	3	3	3	3	3
Actual production converted into 20/S count (Kgs. in million)	22.998	20.017	16.287	19.082	18.343	17.974



INDEPENDENT AUDITOR'S REPORT
To the members of SHADAB TEXTILE MILLS LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **SHADAB TEXTILE MILLS LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2022 and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit matters

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

S.No.	Key Audit Matters	How the matter was addressed in our audit
(i)	<p>Stock in trade existence and valuation</p> <p>As at reporting date, the company held stock in trade as amounting to Rupees 747.603 million which constitute 25.17% of total assets, as disclosed in note 25 to the financial statements.</p> <p>As described in note 5.4 to the financial statements, stock in trade is measured at lower of cost and net realizable value (NRV). The cost of work in process and finished goods is determined at average manufacturing cost including a proportion of production overheads. Judgments are required to determine the appropriate basis for costing and its valuation.</p> <p>Given the significance of the amount involved and the level of judgments and estimates required to value the stock in trade, we have identified valuation of stock in trade as key audit matter.</p>	<p>Our key audit procedures in this area amongst others included the following:</p> <ul style="list-style-type: none">• Obtained an understanding of Company's valuation process for stock in trade and tested controls relevant to such process.• Tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads.• Tested the NRV of the stock in trade by performing a review of sales close to and subsequent to the year end and comparing with the cost for a sample of products.• Observed physical stock count activities to ascertain the condition and existence of stock in trade, performed testing on a sample of items to assess their NRV and if any adjustment was required at year end.



S.No.	Key Audit Matters	How the matter was addressed in our audit
	<p>For further information on stock in trade, refer to the following:</p> <p>Summary of significant accounting policies, stock in trade note 5.4 to the financial statements.</p> <p>Stock in trade note 25 to the financial statements.</p>	<ul style="list-style-type: none"> Assessed the adequacy of the related disclosures in accordance with the applicable financial reporting standards.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statements of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

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

Fazal Mahmood & Co.

FAZAL MAHMOOD & COMPANY

Chartered Accountants
Lahore

Date: September 27, 2022
UDIN: AR202210155myMLE7riO

**STATEMENT OF FINANCIAL POSITION****(RUPEES IN THOUSAND)**

	NOTE	2022	2021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 40 million (2021: 40 million) Ordinary shares of Rs.10/- each.		400,000	400,000
Issued, subscribed and paid-up share capital	6	166,000	166,000
Capital reserves	7	204,000	204,000
Revenue reserves		825,600	646,945
Equity contributions from sponsors	8	375,600	385,600
		1,571,200	1,402,545
NON - CURRENT LIABILITIES			
Long term loans	9	322,285	328,677
Gas Infrastructure Development Cess (GIDC)	10	-	1,074
Lease liabilities	11	19,596	-
Deferred liabilities	12	114,151	107,177
		456,032	436,928
CURRENT LIABILITIES			
Trade and other payables	13	257,715	251,713
Unclaimed dividend		773	705
Accrued mark-up	14	12,610	5,562
Short term borrowings	15	515,731	218,247
Current portion of long term liabilities	16	79,752	77,347
Provision for taxation	17	76,082	49,850
		942,663	603,424
CONTINGENCIES AND COMMITMENTS	18	-	-
TOTAL EQUITY & LIABILITIES		2,969,895	2,442,897

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

(Mian Aamir Naseem)
Chief Executive

(Yasir Naseem)
Director



AS AT JUNE 30, 2022

		(RUPEES IN THOUSAND)	
	NOTE	2022	2021
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	19	1,478,907	1,502,395
Right of use assets	20	40,985	7,551
Long term deposits	21	2,434	2,434
		<u>1,522,326</u>	<u>1,512,380</u>
CURRENT ASSETS			
Stores, spares and loose tools	22	100,379	71,612
Stock in trade	23	747,603	405,225
Trade debts	24	333,150	226,487
Loans and advances	25	46,852	37,350
Trade deposits and prepayments	26	128,047	33,932
Other receivables	27	75,195	132,889
Cash and bank balances	28	16,343	23,022
		<u>1,447,569</u>	<u>930,517</u>
TOTAL ASSETS		<u><u>2,969,895</u></u>	<u><u>2,442,897</u></u>

(Muhammad Aslam)
Chief Financial Officer

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022**

		(RUPEES IN THOUSAND)	
	NOTE	2022	2021
Sales - net	29	5,297,444	3,305,217
Cost of sales	30	<u>4,784,455</u>	<u>2,922,424</u>
GROSS PROFIT		512,989	382,793
Administrative and general expenses	31	<u>124,103</u>	<u>97,966</u>
Selling and distribution expenses	32	<u>10,038</u>	<u>7,090</u>
		<u>134,141</u>	<u>105,056</u>
OPERATING PROFIT		378,848	277,737
Finance costs	33	71,681	32,628
Other charges	34	<u>21,678</u>	<u>17,750</u>
		<u>285,489</u>	<u>227,359</u>
Other income	35	<u>7,008</u>	<u>12,131</u>
PROFIT BEFORE TAXATION		292,497	239,490
Taxation	36	97,242	68,849
		<u>195,255</u>	<u>170,641</u>
PROFIT AFTER TAXATION		195,255	170,641
BASIC AND DILUTED EARNING PER SHARE- (RUPEES)	39	<u>11.76</u>	<u>10.28</u>

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

(Mian Aamir Naseem)
Chief Executive

(Yasir Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	(RUPEES IN THOUSAND)	
	2022	2021
PROFIT AFTER TAXATION FOR THE YEAR	195,255	170,641
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>195,255</u>	<u>170,641</u>

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

(Mian Aamir Naseem)
Chief Executive

(Yasir Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022**

(RUPEES IN THOUSAND)

Description	Share Capital	Revenue Reserves		Capital Reserves	Equity contribution from Sponsors	Total Equity
	Issued, subscribed and paid up ordinary shares	General reserve	Un-appropriated profit	Share premium		
Balance as at July 01, 2020	166,000	260,000	224,604	204,000	-	854,604
Total comprehensive income						
- Profit after taxation	-	-	170,641	-	-	170,641
Transaction with owners						
Final dividend for the year ended June 30, 2020 @ Rs.0.50 per share	-	-	(8,300)	-	-	(8,300)
Transfer to equity contribution from sponsors	-	-	-	-	385,600	385,600
Balance as at June 30, 2021	166,000	260,000	386,945	204,000	385,600	1,402,545
Total comprehensive income						
- Profit after taxation	-	-	195,255	-	-	195,255
Transaction with owners						
Final dividend for the year ended June 30, 2021 @ Rs 1.00 per share	-	-	(16,600)	-	-	(16,600)
Transfer from equity contribution to sponsors	-	-	-	-	(10,000)	(10,000)
Balance as at June 30, 2022	166,000	260,000	565,600	204,000	375,600	1,571,200

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

(Mian Aamir Naseem)
Chief Executive

(Yasir Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer

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

		(RUPEES IN THOUSAND)	
	NOTE	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	40	12,650	176,443
Finance cost paid		(64,634)	(21,993)
Income tax paid		(55,010)	(37,307)
Paid to workers' profit participation fund	13.2	(12,862)	(3,416)
Profit on deposits with bank	35	1,503	8,194
Net cash (used in) / generated from operating activities		(118,353)	121,921
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(118,667)	(1,195,124)
Proceeds from disposal of property, plant and equipment		7,095	16,900
Net cash (used in) investing activities		(111,572)	(1,178,224)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings - net		(27,543)	444,879
Re-payment of lease - net		(20,163)	(14,872)
Payment / proceeds from equity contributions from sponsors		(10,000)	225,000
Proceeds from short term borrowings - net		297,484	180,769
Dividends paid		(16,532)	(8,249)
Net cash generated from financing activities		223,246	827,527
NET CASH (USED IN) DURING THE YEAR		(6,679)	(228,776)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		23,022	251,798
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	41	16,343	23,022

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

(Mian Aamir Naseem)
Chief Executive

(Yasir Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. THE COMPANY AND ITS OPERATIONS

Shadab Textile Mills Limited (the Company) was incorporated as a public limited company on 19th August 1979 under the Companies Act 1913 which was replaced by Companies Ordinance, 1984 (now the Companies Act, 2017). 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. The manufacturing facilities of the Company are located at Faisalabad Road, Nasimabad, Shahkot, District Nankana Sahib & 1-KM Chunian Road, Habibabad, District Kasur.

1.1 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

Sr.	Particulars of Immovable Property	Location	Total Area
1	Registered Office	6th Floor, A-601/A, City Towers, Main Boulevard, Gulberg-II, Lahore	6847 Sq. Ft
2	Manufacturing Facilities	Faisalabad Road, Nasimabad, Shahkot, District Nankana Sahib	146 Kanal 11 Marla
3	Manufacturing Facilities	1-KM Chunia Road, Habibabad, Pattoki, District Kasur	34 Kanal 9 Marla

2. BASIS OF PREPARATION

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention, except as otherwise stated in relevant notes.

2.2 Statement of compliance

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

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

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

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. The areas involving significant estimates or judgements are:

**Property, plant and equipment and right of use assets**

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 and of right of use assets 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 impairment. Net realizable value is determined with respect to estimated selling price less estimated expenditure to make the sale.

Expected credit loss

The Company reviews the recoverability of its trade debts, advances and other receivables to assess amount of expected credit losses and credit impaired trade debts, advances and other receivables.

Provisions and contingencies

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

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 Standards, amendments to published standards and interpretations that are effective in the current year**

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

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

New standards:	Effective date (annual periods beginning on or after)
IFRS - 17 Insurance Contracts	1 January 2023
Amendments to existing Standards:	
IFRS - 1 First-time Adoption of International Financial Reporting Standards Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter).	1 January 2022



IFRS - 3	Business Combinations Updating a reference to the Conceptual Framework.	1 January 2022
IFRS - 9	Financial Instruments Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities).	1 January 2022
IFRS - 17	Insurance Contracts Amendments to address concerns and implementation challenges that were identified after IFRS 17.	1 January 2023
IAS - 1	Presentation of Financial Statements Amendments regarding the disclosure of accounting policies. Classifications of liabilities	1 January 2023 1 January 2023
IAS - 8	Accounting Policies, Changes in Accounting Estimates and Errors Amendments regarding the definition of accounting estimates.	1 January 2023
IAS - 12	Income Taxes Amendments regarding deferred tax on leases and decommissioning obligations	1 January 2023
IAS - 16	Property Plant and Equipment Prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	1 January 2022
IAS - 37	Provisions, Contingent Liabilities and Contingent Assets Costs to include when assessing whether a contract is onerous.	1 January 2022

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

a) Owned

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. Borrowing costs pertaining to the construction and erection are capitalized up to the date of completion.

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.

Depreciation on property, plant & equipment is charged to income on reducing balance method at the rates specified in note no. 19. 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 months the asset remain in use of the company up to the date of its disposal. The effect of any changes in estimate is accounted for on a prospective basis. Assets residual values, useful life and depreciation rates are reviewed and adjusted, if appropriate at each reporting 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 reporting 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.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefit is expected from its use or disposal. 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 statement of profit or loss.

b) Capital work-in-progress

Capital work-in-progress is stated at cost accumulated up to the statement of financial position date less accumulated impairment losses, if any. These are transferred to specific assets as and when these are made available for use.

5.2 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee:

The Company as a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use asset: The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the reducing balance method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Depreciation on addition and deletion is charged on the basis of number of months the asset remain in use of the company up to the date of its transfer or lease period. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. Where the Company determines that the lease term of identified lease contracts is short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of profit or loss.



Financial charges are calculated at the interest rate implicit in the lease and are charged to profit or loss account. Right of use assets are depreciated on a reducing balance basis at the rates as disclosed in note 20 to these financials statements.

Lease liability: The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liability comprise the following:

- a. fixed payments, including in-substance fixed payments;
- b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c. amounts expected to be payable under a residual value guarantee; and
- d. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero. Variable lease payments are recognised in the profit or loss in the period in which the condition that triggers those payments occurs.

Company as a lessor:

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Assets subject to operating lease are initially stated at cost. Subsequently, these are stated at cost less accumulated depreciation, and less impairment, if any.

5.3 Stores, spares & loose tools

These are valued at cost. The cost is determined on moving average basis less allowance for obsolete and slow moving items. Stores and spares in transit are stated at invoice values plus other charges incurred thereon upto the reporting date.

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

5.4 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.

The Company reviews the carrying amount of inventories on a regular basis and as appropriate, inventory is written down to its net realizable value or provision is made for obsolescence, if there is any change in usage pattern and / or physical form of related stock in trade.

5.5 Trade debts and other receivables

Trade debts and other receivables are recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 5.17 to these financial statements.

5.6 Balances from contract with customers

Contract assets:

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

Contract liabilities:

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

Right of return assets:

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

Refund liabilities:

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

5.7 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 reporting date. Foreign exchange gains and losses on translation are recognized in the statement of profit or loss.

5.8 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 fund, 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 statement of profit or loss when they are due. Prepaid contribution are recognized as an asset to the extent that cash refund or reduction in future payment is available.



5.9 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 and are subsequently measured at amortized cost.

5.10 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company are recognized when the goods are provided, and thereby the performance obligations are satisfied. Revenue from contracts with customers is recognized at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods.

Interest income is recognized on a time proportionate basis using the effective interest method.

5.11 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 statement of profit or loss in the period in which these are incurred.

5.12 Finance cost

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets, if any.

5.13 Provisions

A provision is recognized when the company has a legal or constructive obligation as a result of 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 reporting date and adjusted to reflect the current best estimate.

5.14 Impairment

a) Financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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



The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b) Non financial assets

The carrying amount of the Company's non-financial assets, other than stock in trade, deferred tax asset and stores and spares are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

5.15 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.

5.16 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 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 reporting date. Deferred tax is charged or credited in the statement of profit or loss, 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.

Prior

This includes adjustments, where considered necessary, to existing provision for tax made in previous years arising from assessments framed during the period for such years.



5.17 Financial instruments

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

(i) Financial assets at amortized cost

Instruments that meet the following conditions are measured subsequently at amortized cost:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
 - (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- (ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at fair value through the statement of profit or loss (FVTPL). Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is not a held for trading on initial recognition.
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition. If such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in the statement of profit or loss.

(iii) Financial assets at fair value through OCI (FVTOCI)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI (if any). Equity instruments designated at fair value through OCI are not subject to impairment assessment (if any).

(iv) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or



- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(v) Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(a) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.



For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (a) The financial instrument has a low risk of default,
- (b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations

(b) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(c) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(d) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(e) Measurement and recognition of ECL.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.



For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Financial Liabilities

(i) Financial Liabilities at FVTPL

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Any gains or losses arising on changes in fair value recognized in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the statement of profit or loss incorporates any interest paid on the financial liability. Company's financial liabilities include trade and other payables, borrowings including lease liabilities, unclaimed dividend, and accrued mark up.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in statement of the profit or loss. The remaining amount of change in the fair value of liability is recognized in the statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to the statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit or loss.

(ii) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

(iii) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of profit or loss.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.18 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.



5.19 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, 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.

5.20 Loans, deposits, and interest accrued

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

5.21 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 Companies Act, 2017.

5.22 Share capital

Ordinary shares are classified as equity instruments and recognized at their fair value. Transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

5.23 Proposed dividends and transfer between reserves

Final dividend distributions to the Company's shareholders are recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders at the Annual General Meeting, while interim dividend distributions are recognized in the period in which the dividends are approved by the Board of Directors. Any other movements in reserves are recognized in the year in which the appropriations are approved by the Board of Directors.

5.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief executive officer (CEO) has been identified as the 'chief operating decision-maker', who is responsible for allocating resources and assessing performance of the operating segments. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated. The operations principally comprise of only one segment.

5.25 Deferred grant

State Bank of Pakistan (SBP) has introduced various refinance schemes. One of the key features of the refinance schemes is that borrowers can obtain loan at interest rates that are below normal lending rates and hence include transfer of resources from the Government to the borrowers in the form of below-market interest rate on the loans obtained under the Refinance Schemes. Accordingly, the loans obtained under the various SBP refinance schemes have been recognized at fair value which is the present value of loan proceeds received discounted using prevailing market rates of interest for similar instruments, whereas, the benefit in the form of the below-market interest rate has been determined as 'Deferred Grant' since it involved assistance by the Government in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to the operating activities of the Company. The deferred grants are initially recognized at their fair value and subsequently recognized in statement of profit or loss, in line with the recognition of interest expenses the grant is compensating.



		(RUPEES IN THOUSAND)	
	NOTE	2022	2021
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
13,600,000 ordinary shares of Rs. 10/- each issued as right shares		136,000	136,000
		<u>166,000</u>	<u>166,000</u>
7. CAPITAL RESERVES			
Share premium account		204,000	204,000
		<u>204,000</u>	<u>204,000</u>
7.1	Share premium account represents premium of Rs.15/- per share charged on right issue of 13,600,000 ordinary shares of Rs.10/- each in financial year 2020. It has been accounted for in accordance with the provisions of Section 81 of the Companies Act, 2017. This reserve can be utilized by the Company only for the purposes specified in accordance with the said section.		
8. EQUITY CONTRIBUTIONS FROM SPONSORS			
Equity contributions from sponsors		375,600	385,600
		<u>375,600</u>	<u>385,600</u>
8.1	This represents interest-free and unsecured loan provided by Sponsors. Since, it is repayable at discretion of the Company, therefore, it has been recognized as part of equity.		
9. LONG TERM LOANS			
Bank Al-Habib Ltd - TERF	9.1	277,947	328,677
Bank Al-Habib Ltd - LTF	9.2	44,338	-
		<u>322,285</u>	<u>328,677</u>
9.1 Bank Al-Habib Ltd			
TERF Finance - 1	9.1.1	128,000	160,000
TERF Finance - 2	9.1.2	24,192	30,240
TERF Finance - 3	9.1.3	81,098	90,639
TERF Finance - 4	9.1.4	98,100	109,000
TERF Finance - 5	9.1.5	49,500	55,000
		<u>380,890</u>	444,879
Less:			
- Discounting adjustments for recognition at fair value - deferred government grant		(65,173)	(78,258)
- Unwinding of discount on liability		13,225	13,085
		<u>(51,948)</u>	<u>(65,173)</u>
- Current portion shown under current liabilities:		(50,995)	(51,029)
		<u>277,947</u>	<u>328,677</u>
9.1.1	This represents the financing under Temporary Economic Refinance Facility (TERF) obtained for the retirement of already established LC for import of Gas Generators. Principal is repayable in 10 equal half yearly installments which will be started after completion of grace period of 6 months and mark up payment will be made on quarterly basis. It carries mark up at the rate of 4% per annum. The loan is secured against specific charge on imported machinery, and is registered with SECP. Personal guarantees of two sponsoring directors have been provided for this facility.		
9.1.2	This represents the financing under Temporary Economic Refinance Facility (TERF) obtained for the retirement of already established LC for import of machinery. Principal is repayable in 10 equal half yearly installments which will be started after completion of grace period of 6 months and mark up payment will be made on quarterly basis. It carries mark up at the rate of 4% per annum. The loan is secured against specific charge on imported machinery, and is registered with SECP. Personal guarantees of two sponsoring directors have been provided for this facility.		



- 9.1.3** This represents the financing under Temporary Economic Refinance Facility (TERF) obtained for the retirement of already established 3 sight LCs for import of machinery. Principal is repayable in 19 equal half yearly installments which will be started after completion of grace period of 6 months and mark up payment will be made on quarterly basis. It carries mark up at the rate of 5% per annum. The loan is secured against specific charge on imported machinery, registered with SECP. Personal guarantees of two sponsoring directors have been provided for this facility.
- 9.1.4** This represents the financing under Temporary Economic Refinance Facility (TERF) obtained for the retirement of already established LC Sight for import of machinery. Principal is repayable in 20 equal half yearly installments and mark up payment will be made on quarterly basis. It carries mark up at the rate of 5% per annum. The loan is secured against specific charge on imported machinery, registered with SECP. Personal guarantees of two sponsoring directors have been provided for this facility.
- 9.1.5** This represents the financing under Temporary Economic Refinance Facility (TERF) obtained for the retirement of already established for the import of machinery. Principal is repayable in 20 equal half yearly installments and mark up payment will be made on quarterly basis. It carries mark up at the rate of 5% per annum. The loan is secured against specific charge on imported machinery, registered with SECP. Personal guarantees of two sponsoring directors have been provided for this facility.
- 9.1.6** The fair value of the loans have been determined by discounting the loans proceeds using prevailing market rates of interest for similar instruments ranging from 9.28% to 9.87% (2021: 9.28% to 9.87%). The differential between the loans proceeds and fair value of the loan has been recorded as deferred grant. (note 12.1)

(RUPEES IN THOUSAND)

	2022	2021
9.2 Bank Al-Habib Ltd.		
LTF for Solar	48,992	-
Less: Current Portion of LTF	(4,654)	-
	44,338	-
9.2.1 This represents the financing under SBP Finance Scheme for Renewable Energy for purchase of imported and local manufactured plant and machinery. Principal is repayable in equal half yearly installments. The loan carries markup @ 4% repayable on quarterly basis. This is secured against specific charge on imported machinery, registered with SECP. Personal guarantees of two sponsoring directors have been provided for this facility.		

10. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC)

GIDC payable	11,607	21,066
Less: Gain on remeasurement of GIDC	-	(1,901)
Less: Payment during the year	(10,533)	(8,777)
Add: Unwinding of discount on GIDC	-	1,219
	1,074	11,607
Less: Current portion of GIDC	(1,074)	(10,533)
	-	1,074

- 10.1** The company has paid all the installments ahead of the schedule pertaining to GIDC in the current financial year except two installment which was paid subsequent to the year end.

11. LEASE LIABILITIES

As at 01 July 2021	1,262	6,353
Add: Addition	37,995	7,507
Add: Interest expense relating to lease liability	3,932	801
Less: Payment	(14,035)	(6,986)
Less: Disposal	-	(6,413)
As at 30 June 2022	29,154	1,262
Current	9,558	1,262
Non-Current	19,596	-



11.1 The implicit rate against lease liabilities ranges from 10.90% to 17.58% p.a. (2021: 9.27% to 10.88% p.a.)

11.2 Maturity Analysis of Lease Liability

(RUPEES IN THOUSAND)

	2022			2021		
	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	14,003	23,368	37,371	1,292	-	1,292
Less: Un-amortized finance charge			(8,217)			(30)
Present value of minimum lease payments			<u>29,154</u>			<u>1,262</u>

(RUPEES IN THOUSAND)

	Note	2022	2021
12. DEFERRED LIABILITIES			
Deferred government grants	12.1	41,093	55,279
Deferred income tax liability	12.2	73,058	51,898
		<u>114,151</u>	<u>107,177</u>
12.1 Deferred government grants			
Government grant recognised during the year		69,802	78,258
Less: Amortisation of deferred government grant		(15,238)	(8,456)
		<u>54,564</u>	69,802
Less: Current portion of deferred government grant		(13,471)	(14,523)
		<u>41,093</u>	<u>55,279</u>
12.1.1 This represents deferred government grants in respect of long term loan obtained under "SBP Temporary Economic Refinance Facility" for import of plant and machinery as disclosed in note 9.1 to the financial statements, respectively. There are no unfulfilled conditions or other contingencies attached to these grants.			
12.2 Deferred income tax liability			
Deferred tax liabilities on taxable temporary differences:			
Accelerated tax depreciation		133,582	131,587
Finance lease - net		3,431	1,823
Gas Infrastructure Development Cess (GIDC)		-	197
Deferred tax asset on deductible temporary differences:			
Allowance for expected credit loss		(84)	(75)
Minimum tax available for carry forward		(63,871)	(63,871)
Tax losses carry forward		-	(17,763)
		<u>73,058</u>	<u>51,898</u>
13. TRADE AND OTHER PAYABLES			
Creditors		72,698	66,217
Contractors' retention money		764	2,037
Security deposits - Interest free		11,214	10,214
Provident fund trust	13.1	2,015	1,792
Accrued expenses		139,530	145,433
Contract liabilities (Running account with customers)		2,561	5,903
Workers' profit participation fund		15,709	12,862
Workers' welfare fund	13.2	13,024	7,055
Others		200	200
		<u>257,715</u>	<u>251,713</u>
13.1 No interest is payable on the deposits and it can be used for the business in accordance with requirements of written agreements and have been kept in accordance with section 217 of the Companies Act, 2017.			



		(RUPEES IN THOUSAND)	
13.2 Workers' Profit Participation Fund	Note	2022	2021
Balance as on 01 July		12,862	3,416
Add: Provision for the year		15,709	12,862
Interest for the year		1,312	253
		<u>29,883</u>	<u>16,531</u>
Less: Payment during the year		(14,174)	(3,669)
Balance as on 30 June		<u>15,709</u>	<u>12,862</u>
14. ACCRUED MARK-UP			
Short term borrowings		12,259	5,562
Long term financing		351	-
		<u>12,610</u>	<u>5,562</u>
15. SHORT TERM BORROWINGS			
From banking companies - secured	15.1	515,731	218,247
		<u>515,731</u>	<u>218,247</u>
15.1 These have been obtained from banking companies on mark-up basis and are secured by pledge and hypothecation of stocks & stores, charge on stocks, specific charge over imported machinery, lien over import documents, book debts, first charge over present and future fixed assets (Land, building and machinery) of the company and against personal guarantee of two sponsoring directors. The borrowing form a part of total credit facilities available to the extent of Rs. 1230 million (2021: Rs. 750 million). Unavailed facility as at reporting date is Rs. 714 Million (2021: Rs. 532 million). Mark-up is paid at the rate ranging from 1 months Kibor plus 2% to 3 months Kibor plus 2%.			
16. CURRENT PORTION OF LONG TERM LIABILITIES			
Long term loans	9.1	55,649	51,029
Gas Infrastructure Development Cess (GIDC)	10	1,074	10,533
Lease liabilities	11	9,558	1,262
Deferred government grant	12.1	13,471	14,523
		<u>79,752</u>	<u>77,347</u>
17. PROVISION FOR TAXATION			
Opening balance		49,850	34,358
Less:			
Adjusted during the year against advance tax		(49,850)	(34,358)
		<u>-</u>	<u>-</u>
Current		<u>76,082</u>	<u>49,850</u>
		<u>76,082</u>	<u>49,850</u>
18. CONTINGENCIES AND COMMITMENTS			
18.1 Contingencies			
Counter guarantees of Rs. 36.545 million (2021: Rs.48.028 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited, Lahore Electric Supply Company and State Bank of Pakistan against connections & TUF rebate.			
18.2 Commitments			
Capital expenditure commitments are amounting to Rs. 91.248 million (2021: Rs. 54.730 million) during the year and non capital expenditure commitments are amounting to Rs. 365.905 million (2021: Rs. 203.671 million).			



(RUPEES IN THOUSAND)

19. PROPERTY, PLANT & EQUIPMENT	Note	2022	2021
Operating fixed assets	19.1	1,394,388	1,436,036
Capital work-in-progress	19.4	84,519	66,359
		1,478,907	1,502,395

19.1 Operating fixed assets

Description	Land Freehold	Buildings	Plant and Machinery	Electric Installations	Factory Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Total
At June 30, 2020									
Cost	42,564	177,394	673,511	2,425	150	3,783	28,523	4,157	932,507
Accumulated depreciation	-	98,972	472,418	2,195	144	3,311	13,880	3,088	594,008
Net book Value	42,564	78,422	201,093	230	6	472	14,643	1,069	338,499
Year ended June 30, 2021									
Opening net book value	42,564	78,422	201,093	230	6	472	14,643	1,069	338,499
Additions	3,641	-	199,404	37,062	12,767	-	1,127	676	254,677
Transfer from CWIP	-	34,275	875,333	-	-	-	-	-	909,608
Transfer from right of use assets									
Cost	-	-	-	-	-	-	21,256	-	21,256
Depreciation	-	-	-	-	-	-	(7,080)	-	(7,080)
	-	-	-	-	-	-	14,176	-	14,176
Disposals									
Cost	-	-	21,284	-	-	-	12,748	-	34,032
Depreciation	-	-	(17,220)	-	-	-	(1,352)	-	(18,572)
Net book value	-	-	4,064	-	-	-	11,396	-	15,460
Depreciation	-	(8,940)	(51,271)	(1,192)	(274)	(47)	(3,611)	(129)	(65,464)
Closing net book value	46,205	103,757	1,220,495	36,100	12,499	425	14,939	1,616	1,436,036
At June 30, 2021									
Cost	46,205	211,669	1,726,964	39,487	12,917	3,783	38,158	4,833	2,084,016
Accumulated depreciation	-	107,912	506,469	3,387	418	3,358	23,219	3,217	647,980
Closing net book value	46,205	103,757	1,220,495	36,100	12,499	425	14,939	1,616	1,436,036
Year ended June 30, 2022									
Opening net book value	46,205	103,757	1,220,495	36,100	12,499	425	14,939	1,616	1,436,036
Additions	-	-	29,767	376	2,584	-	7,005	-	39,732
Transfers from CWIP	-	60,775	-	-	-	-	-	-	60,775
Transfers from right of use assets									
Cost	-	-	-	-	-	-	16,087	-	16,087
Depreciation	-	-	-	-	-	-	(9,042)	-	(9,042)
	-	-	-	-	-	-	7,045	-	7,045
Disposals									
Cost	-	-	1,775	-	-	-	4,318	-	6,093
Depreciation	-	-	(1,434)	-	-	-	(2,861)	-	(4,295)
Net book value	-	-	341	-	-	-	1,457	-	1,798
Depreciation for the year	-	(13,811)	(123,738)	(3,647)	(1,383)	(42)	(4,619)	(162)	(147,402)
Closing net book value	46,205	150,721	1,126,183	32,829	13,700	383	22,913	1,454	1,394,388
At June 30, 2022									
Cost	46,205	272,444	1,754,956	39,863	15,501	3,783	56,932	4,833	2,194,517
Accumulated depreciation	-	121,723	628,773	7,034	1,801	3,400	34,019	3,379	800,129
Net book Value	46,205	150,721	1,126,183	32,829	13,700	383	22,913	1,454	1,394,388
Depreciation Rate (%)	-	10	10	10	10	10	20	10	

19.2 Depreciation for the year has been allocated as follows:

	2022	2021
Cost of goods sold	142,579	61,677
Administrative and general expenses	4,823	3,787
	147,402	65,464

**19.3 Statement of disposals of operating fixed assets**

Description	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Gain/(Loss)	Sold to	Basis of Sales
Vehicles							
Honda Civic LED-11-1195	2,002	(1,789)	213	1,680	1,467	Mr. Mohammad Ali Asad	Negotiation
Toyota Corolla - LED- 1136	2,316	(1,072)	1,244	2,915	1,671	Mr. Mahmood Ahmad	Negotiation
Plant and Machinery							
Power Transformer 2500KVA	1,775	(1,434)	341	2,500	2,159	Pakistan Oil Mills (Pvt) Ltd	Negotiation
Grand Total	6,093	(4,295)	1,798	7,095	5,297		

19.4 Following is the movement in capital work in progress

	Opening balance	Additions	Transfers to operating fixed assets	Closing balance
Tangible:				
- Civil works	66,359	11,276	60,775	16,860
- Plant and machinery	-	19,299	-	19,299
- Electric Installation	-	48,360	-	48,360
June 30,2022	66,359	78,935	60,775	84,519
Tangible:				
- Civil works	30,900	69,734	34,275	66,359
- Plant and machinery	4,620	870,713	875,333	-
June 30,2021	35,520	940,447	909,608	66,359

20. RIGHT OF USE ASSETS	Note	(RUPEES IN THOUSAND)	
		2022	2021
Right of use assets	20.1	40,985	7,551
		<u>40,985</u>	<u>7,551</u>

20.1 Right of Use Assets

Description	Vehicles	Total
Opening net book value as on July 01, 2020	14,993	14,993
Additions	9,783	9,783
Less: Transferred to owned assets	(21,256)	(21,256)
Depreciation Transferred	7,080	7,080
Less: Depreciation charge	3,049	3,049
Closing net book value	7,551	7,551
At June 30, 2021		
Cost	16,087	16,087
Accumulated depreciation	8,536	8,536
Net book value	7,551	7,551
Depreciation Rate (%)	20	



Description	Vehicles	Total
Opening net book value as on July 01, 2021	7,551	7,551
Additions	48,055	48,055
Less: Transferred to owned assets	(16,087)	(16,087)
Depreciation Transferred	9,043	9,043
Less: Depreciation charge	7,577	7,577
Closing net book value	40,985	40,985
At June 30, 2022		
Cost	48,055	48,055
Accumulated depreciation	7,070	7,070
Net book value	40,985	40,985
Depreciation Rate (%)	20	

(RUPEES IN THOUSAND)

	NOTE	2022	2021
21. LONG TERM DEPOSITS			
Others		2,434	2,434
		<u>2,434</u>	<u>2,434</u>
22. STORES, SPARES AND LOOSE TOOLS			
Stores		47,563	29,854
Spares		52,816	41,758
		<u>100,379</u>	<u>71,612</u>
23. STOCK IN TRADE			
Raw materials		545,812	309,397
Work in process		49,310	32,576
Finished goods		150,924	62,457
Waste		1,557	795
		<u>747,603</u>	<u>405,225</u>
23.1 Stock in trade is under hypothecation and is pledged as security to commercial banks for facilities in respect of short term borrowings facilities.			
24. TRADE DEBTS - UNSECURED			
Considered good		333,150	226,487
Considered doubtful		289	262
		<u>333,439</u>	<u>226,749</u>
Less: Allowance for expected credit losses	24.1	(289)	(262)
		<u>333,150</u>	<u>226,487</u>
24.1 Movement in allowance for expected credit losses of trade debts is as below:			
Opening balance		262	-
Charge for the year		27	262
Closing balance		<u>289</u>	<u>262</u>



(RUPEES IN THOUSAND)

	2022	2021	
24.2 The ageing of trade debts at the reporting date is:			
Neither past due nor impaired	51,184	201,947	
Past due but not impaired:			
- Past due 1-30 days	254,256	24,796	
- Past due 31-180 days	27,999	-	
- Past due 180-365 days	-	6	
- Total trade debts	<u>333,439</u>	<u>226,749</u>	
Less: Allowance for expected credit losses	<u>(289)</u>	<u>(262)</u>	
	<u><u>333,150</u></u>	<u><u>226,487</u></u>	
24.3 The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, group based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the trade debts. The management believes that none of the balances are credit impaired nor any impairment allowance is necessary in respect of 'neither past due nor impaired' amounts as there are reasonable grounds to believe that the amounts will be recovered in short course of time.			
24.4 Trade receivables are pledged to commercial banks as security for facilities in respect of short term borrowings facilities.			
25. LOANS AND ADVANCES			
(Unsecured but considered good):-			
Advances to :			
Suppliers and contractors	25.1	45,940	36,500
Employees	25.2	<u>912</u>	<u>850</u>
		<u><u>46,852</u></u>	<u><u>37,350</u></u>
25.1 Advances to suppliers are non-adjustable and are refundable after the contract with the supplier is concluded.			
25.2 Advances to employees - Interest free:			
- Executives		550	670
- Other employees		<u>362</u>	<u>180</u>
		<u><u>912</u></u>	<u><u>850</u></u>
25.3 These advances are not carried at amortized cost as the impact was considered immaterial.			
26. TRADE DEPOSITS AND PREPAYMENTS			
Letters of credit		125,157	30,243
Margin on bank guarantee		1,797	2,945
Prepayments		<u>1,093</u>	<u>744</u>
		<u><u>128,047</u></u>	<u><u>33,932</u></u>
27. OTHER RECEIVABLES			
Advance income tax		68,792	63,633
Sales tax		5,879	68,172
Others		<u>524</u>	<u>1,084</u>
		<u><u>75,195</u></u>	<u><u>132,889</u></u>



				(RUPEES IN THOUSAND)	
	Note	2022	2021		
28. CASH AND BANK BALANCES					
Cash in hand		444	774		
Cash with banks:					
- In current accounts		4,000	9,678		
- In saving accounts	28.1	<u>11,899</u>	<u>12,570</u>		
		<u>16,343</u>	<u>23,022</u>		
28.1 These carry markup at the rate of 4.56% to 12.50% (2021: 5.50% to 6.75%) per annum.					
29. SALES - NET					
Local:					
- Yarn		6,069,685	3,825,599		
- Raw material		153,761	69,637		
- Waste		<u>14,429</u>	<u>4,349</u>		
		<u>6,237,875</u>	<u>3,899,585</u>		
Less:					
Sales tax		914,140	576,272		
Commission		<u>26,291</u>	<u>18,096</u>		
		<u>5,297,444</u>	<u>3,305,217</u>		
29.1 Revenue is recognized at point in time as per the terms and conditions of underlying contracts with customers.					
30. COST OF SALES					
Raw materials consumed	30.1	3,665,405	2,065,034		
Salaries, wages and benefits	30.2	358,335	323,747		
Stores and spares		80,723	70,486		
Packing materials		74,825	52,732		
Fuel and power		543,201	361,305		
Repair and maintenance		19,702	17,852		
Insurance		5,383	3,433		
Other factory overheads		265	50		
Depreciation	19.2	<u>142,579</u>	<u>61,677</u>		
		<u>1,225,013</u>	<u>891,282</u>		
		<u>4,890,418</u>	<u>2,956,316</u>		
Opening work in process		32,576	24,514		
Closing work in process	23	<u>(49,310)</u>	<u>(32,576)</u>		
Cost of goods manufactured		<u>4,873,684</u>	<u>2,948,254</u>		
Opening stock of finished goods		63,252	37,422		
Closing stock of finished goods	23	<u>(152,481)</u>	<u>(63,252)</u>		
		<u>4,784,455</u>	<u>2,922,424</u>		
30.1 RAW MATERIAL CONSUMED					
Opening stock		309,397	162,609		
Purchases		<u>3,901,820</u>	<u>2,211,822</u>		
		<u>4,211,217</u>	<u>2,374,431</u>		
Less: Closing stock		<u>(545,812)</u>	<u>(309,397)</u>		
		<u>3,665,405</u>	<u>2,065,034</u>		
30.1.1 Raw materials purchases include cost of raw materials sold of Rs.110.043 million (2021: Rs.61.893 million).					
30.2 Salaries, wages and other benefits include Rs.9.605 million (2021: Rs.7.886 million) in respect of staff retirement benefits.					



		(RUPEES IN THOUSAND)	
	Note	2022	2021
31. ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, allowances and benefits	31.1	81,342	63,903
Traveling and conveyance		952	788
Vehicle running and maintenance		10,099	7,258
Printing and stationery		1,644	1,354
Newspaper and periodicals		27	22
Postage, telegram and telephone		1,265	975
Advertisement		323	195
Rent, rates, and taxes		517	489
Legal and professional		1,549	2,353
Auditors' remuneration	31.2	610	569
Subscription		1,770	2,378
Insurance		3,756	2,543
Entertainment		1,773	1,240
Computerization		671	1,137
General		1,672	2,511
Electricity expense		3,706	3,153
Allowance for expected credit loss	24.1	27	262
Depreciation	19.2	12,400	6,836
		<u>124,103</u>	<u>97,966</u>
31.1	Salaries, allowances and benefits include Rs. 1.735 million (2021: Rs. 1.271 million) in respect of staff retirement benefits.		
31.2 Auditors' remuneration			
Statutory audit fee		500	500
Half yearly review fee		32	30
Provident fund audit & other certification fee		78	39
		<u>610</u>	<u>569</u>
32. SELLING AND DISTRIBUTION EXPENSES			
Freight and expenses on local sales		10,038	7,090
		<u>10,038</u>	<u>7,090</u>
33. FINANCE COSTS			
Mark-up on:			
Long term loans - secured		19,416	10,350
Short term bank borrowings - secured		44,680	17,897
		<u>64,096</u>	<u>28,247</u>
Unwinding of discount on GIDC	10	-	1,219
Bank charges and commission		2,150	2,108
Interest on lease liabilities	11	4,123	801
Interest on workers' profit participation fund	13.2	1,312	253
		<u>71,681</u>	<u>32,628</u>
34. OTHER CHARGES			
Workers' profit participation fund	13.2	15,709	12,862
Workers' welfare fund		5,969	4,888
		<u>21,678</u>	<u>17,750</u>



		(RUPEES IN THOUSAND)	
35. OTHER INCOME	NOTE	2022	2021
Income from financial assets			
Profit on deposits with banks		1,503	8,194
Gain on remeasurement of GIDC	10	-	1,901
		<u>1,503</u>	<u>10,095</u>
Income from non financial assets			
Gain on disposal of property, plant and equipment	19.3	5,297	1,440
Miscellaneous income		208	264
Gain on disposal of stores and spares		-	332
		<u>5,505</u>	<u>2,036</u>
		<u>7,008</u>	<u>12,131</u>
36. TAXATION			
Current	17	76,082	49,850
Deferred tax		21,160	18,999
		<u>97,242</u>	<u>68,849</u>

36.1 The company's income tax assessments have been finalized upto and including tax year 2021.

36.2 Reconciliation of income tax Expense for the year

Profit before tax	292,497	-
Applicable tax rate	29%	-
Tax calculated as the applicable tax rate		-
-Tax on accounting profit under normal tax regime at the applicable tax rate 29% (2021 Nil)	84,824	-
-Tax effect of amounts that are admissible for tax purposes	(49,080)	-
-Tax effect of the amounts that are inadmissible for tax purposes	49,303	-
-The effect of timing differences	21,160	-
-Super tax	8,798	-
-Tax losses	(17,763)	-
	<u>97,242</u>	<u>-</u>

37. 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
	2022	2022	2022
Managerial remuneration	1,800	540	12,509
House rent	810	243	5,629
Medical allowance	180	54	1,251
Utility allowance	210	63	1,459
Provident fund contribution by company	-	-	357
	<u>3,000</u>	<u>900</u>	<u>21,205</u>
Number (s)	<u>1</u>	<u>1</u>	<u>8</u>



(RUPEES IN THOUSAND)

	Chief Executive Officer	Director	Executives
	2021	2021	2021
Managerial remuneration	1,665	450	11,186
House rent	749	203	4,651
Medical allowance	167	45	1,033
Utility allowance	194	53	1,206
Provident fund contribution by company	-	-	303
	<u>2,775</u>	<u>751</u>	<u>18,379</u>
Number (s)	<u>1</u>	<u>1</u>	<u>8</u>

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

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

37.3 No meeting fee was paid to the directors of the company during the year (2021: Rs. Nil).

38. RELATED PARTIES

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

Associated Companies due to common directorship

- Sargodha Spinning Mills Limited

38.1 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. 37) and other than the payments made to the retirement benefit plans are as under:

No transactions with associated undertaking (2021: Nil) were made during the year.

No aggregate amount due from / due to associated undertaking at the end of the year (2021: Nil).

(RUPEES IN THOUSAND)

	NOTE	2022	2021
39 EARNING PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earning per share of the company.			
Profit after taxation		195,255	170,641
Weighted average number of ordinary shares outstanding during the year (No. in '000')		<u>16,600</u>	<u>16,600</u>
Basic earning per share (Rupees)		<u>11.76</u>	<u>10.28</u>



				(RUPEES IN THOUSAND)		
		NOTE	2022	2021		
40. CASH GENERATED FROM OPERATIONS						
Profit before taxation			292,497	239,490		
Adjustments for non cash charges & other items						
Depreciation of property, plant and equipment		19.2	147,402	65,464		
Depreciation of right of use assets		20	7,577	3,049		
Financial costs		33	71,681	32,628		
Workers' profit participation fund		34	15,709	12,862		
Workers' welfare fund		34	5,969	4,888		
Allowance for expected credit loss		24.1	27	262		
Gain on sale of operating fixed assets		19.3	(5,297)	(1,440)		
Gain on remeasurement of GIDC		10	-	(1,901)		
Profit on deposits with banks		35	(1,503)	(8,194)		
Working capital changes		40.1	(521,412)	(170,665)		
			<u>12,650</u>	<u>176,443</u>		
40.1 WORKING CAPITAL CHANGES						
(Increase) / decrease in current assets						
Short term investment			-	236,000		
Stores, spares and loose tools			(28,767)	(7,182)		
Stock in trade			(342,378)	(180,680)		
Trade debts			(106,690)	(110,133)		
Loans and advances			(9,502)	(26,237)		
Trade deposits and prepayments			(94,115)	(22,166)		
Other receivables			62,853	(61,196)		
			<u>(518,599)</u>	<u>(171,594)</u>		
Increase / (decrease) in current liabilities						
Trade and other payable			(2,813)	929		
			<u>(521,412)</u>	<u>(170,665)</u>		
41. CASH AND CASH EQUIVALENTS						
Cash and bank balances		28	<u>16,343</u>	<u>23,022</u>		
42. STAFF RETIREMENT BENEFITS						
42.1 DEFINED CONTRIBUTION PLAN						
The Company has maintained an employee provident fund trust and all investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act 2017, 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 2022:						
Size of the fund			124,886	129,440		
Cost of investment made			74,892	71,389		
Percentage of investment made			59.97%	55.15%		
Fair value of investment		42.2	101,965	111,925		
42.2 BREAKUP OF INVESTMENTS						
Investment in mutual fund		%age		%age		
Meezan Rozana Amdani Fund		83.26%	84,898	86.04%	96,303	
		16.74%	17,067	13.96%	15,622	
			<u>101,965</u>		<u>111,925</u>	
42.3 Balance in scheduled banks						
Saving account			16,768	10,548		



		(RUPEES IN THOUSAND)	
	NOTE	2022	2021
43. PLANT CAPACITY AND ACTUAL PRODUCTION			
Number of spindles installed			
Unit - 01 (Ring)		33,600	33,600
Unit - 02 (MVS)		576	576
Number of spindles worked			
Unit - 01 (Ring)		33,120	33,120
Unit - 02 (MVS)		576	576
Production at normal capacity converted to 20/s (Kgs.)		23,347,354	20,234,786
Actual production converted to 20/s (Kgs.)		22,998,125	20,016,747
No. of shifts worked per day		3	3
43.1 Production loss due to normal maintenance, gas and electric shut down / closures (Kgs.)		349,229	218,039
44. OPERATING SEGMENTS			
Chief Executive considers the business as a single operating segment as the Company's asset allocation decisions are based on a single side, integrated business strategy, and the Company's performances is evaluated on an overall basis. At the year end, all non-current assets of the Company are located within Pakistan.			
45. NUMBER OF EMPLOYEES			
At the year end number of employees of the company			
- Total employees		<u>1,173</u>	<u>1,194</u>
- Factory employees		<u>1,132</u>	<u>1,159</u>
Weighted average number of employees of the company			
- Total employees		<u>1,180</u>	<u>1,142</u>
- Factory employees		<u>1,140</u>	<u>1,107</u>
46. FINANCIAL INSTRUMENTS BY CATEGORY			
FINANCIAL ASSETS			
as per Statement of Financial Position			
Cash and bank balances		16,343	23,022
Trade debts		333,150	226,487
Loans and advances		912	850
Trade deposits and prepayments		1,797	2,945
Other receivables		524	902
Long term deposits		<u>2,434</u>	<u>2,434</u>
		<u>355,160</u>	<u>256,640</u>
FINANCIAL LIABILITIES			
as per Statement of Financial Position			
Lease liabilities		29,154	1,262
Long term loans		377,934	379,706
Gas Infrastructure Development Cess (GIDC)		1,074	11,607
Short term borrowings		515,731	218,247
Trade and other payables		226,421	225,893
Unclaimed dividend		773	705
Accrued mark-up		<u>12,610</u>	<u>5,562</u>
		<u>1,163,697</u>	<u>842,982</u>



46.1 Fair value of financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

47. 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.

47.1 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, deposits, balances with banks and loans to / due from related parties (if any).

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, deposits, and balances with banks, 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 on 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)	
	2022	2021
Bank balances	15,899	22,248
Trade debts	333,150	226,487
Loans and advances	912	850
Margin on bank guarantee	1,797	2,945
Other receivables	524	902
Long term deposits	2,434	2,434
	<u>354,716</u>	<u>255,866</u>

The Company's credit risk is primarily attributable to its trade debts and balances at banks. 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. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

				(RUPEES IN THOUSAND)	
				2022	2021
Bank Name	Agency	Short term rating	Long term rating		
Askari Bank Limited	PACRA	A-1+	AA+	-	9
Bank Al Habib Limited	PACRA	A-1+	AAA	1,860	2,015
Bank Alfalah Limited	PACRA	A-1+	AA+	1,295	1,199
Bank Islami Pakistan Limited	PACRA	A-1	A+	49	48
Habib Bank Limited	VIS	A-1+	AAA	477	2,205
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	686	2,216
MCB Bank Limited	PACRA	A-1+	AAA	-	15
Meezan Bank Limited	VIS	A-1+	AAA	10,842	12,522
National Bank of Pakistan	PACRA	A-1+	AAA	615	1,971
United Bank Limited	VIS	A-1+	AAA	75	48
				<u>15,899</u>	<u>22,248</u>

The other financial assets are neither material to the financial statements nor exposed to any significant credit risk.

47.2 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. 9 and note no. 15. 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:



(RUPEES IN THOUSAND)

2022	Carrying amount	Contractual Cash Flows	Within1 Year	Mor than 1 but less than 5 year	Aftar 5 year
Financial liabilities at amortised cost					
Long term liabilities	407,088	459,036	78,201	257,101	123,734
Gas Infrastructure Development					
Cess (GIDC) payable	1,074	1,074	1,074	-	-
Short term borrowings	515,731	515,731	515,731	-	-
Trade and other payable	226,421	226,421	226,421	-	-
Unclaimed dividend	773	773	773	-	-
Accrued mark-up	12,610	12,610	12,610	-	-
	<u>1,163,697</u>	<u>1,215,645</u>	<u>834,810</u>	<u>257,101</u>	<u>123,734</u>

(RUPEES IN THOUSAND)

2021	Carrying amount	Contractual Cash Flows	Within1 Year	Mor than 1 but less than 5 year	Aftar 5 year
Financial liabilities at amortised cost					
Long term liabilities	380,968	446,171	65,251	255,986	124,934
Gas Infrastructure Development					
Cess (GIDC) payable	11,607	12,288	10,533	1,755	-
Short term borrowings	218,247	218,247	218,247	-	-
Trade and other payable	225,893	225,893	225,893	-	-
Unclaimed dividend	705	705	705	-	-
Accrued mark-up	5,562	5,562	5,562	-	-
	<u>842,982</u>	<u>908,866</u>	<u>526,191</u>	<u>257,741</u>	<u>124,934</u>

47.2.1 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.

47.3 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. Market risk comprises of three types of risk: foreign exchange or currency risk, interest rate risk and price risk.

47.3.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is not significantly exposed to currency risk as the company does not maintain bank accounts in foreign currencies.

47.3.2 Interest Rate 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.

47.3.3 Price Risk

Price risk represents the risk that fair value of financial instrument will fluctuate because of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all or similar financial instruments traded in the market. The company is not exposed to any price risk at the reporting date.



Fair value of financial assets and liabilities

Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating fair value of an asset or liability, the Company takes into the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described 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, The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

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 does not have any financial asset or liability measured at fair value on recurring basis after initial recognition.

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.

(RUPEES IN THOUSAND)

	2022	2021
Financial assets carried at amortized cost:		
Cash and bank balances	16,343	23,022
Trade debts	333,150	226,487
Loans and advances	912	850
Trade deposits and prepayments	1,797	2,945
Other receivables	524	902
Long term deposits	2,434	2,434
	<u>355,160</u>	<u>256,640</u>



(RUPEES IN THOUSAND)

	2022	2021
Financial liabilities carried at amortized cost:		
Lease liabilities	29,154	1,262
Long term loan	377,934	379,706
Gas Infrastructure Development Cess (GIDC) payable	1,074	11,607
Short term borrowings	515,731	218,247
Trade and other payable	226,421	225,893
Unclaimed dividend	773	705
Accrued mark-up	12,610	5,562
	<u>1,163,697</u>	<u>842,982</u>
v) Determination of fair values		

If the policies 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.

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.

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

(RUPEES IN THOUSAND)

	FOR THE YEAR ENDED JUNE 30, 2022			
	Opening balance	Financing cash flows (48.1)	Other changes	Closing balance
Long-term loans (including current portion)	444,879	(27,543)	(36,446)	380,890
Lease Liabilities (including current portion)	1,263	(20,164)	48,055	29,154
Equity contributions from sponsors	385,000	(10,000)	-	375,000
Unclaimed dividend	705	(16,532)	16,600	773
Short term borrowings	218,247	297,484	-	515,731
	<u>1,050,094</u>	<u>223,245</u>	<u>28,209</u>	<u>1,301,548</u>

	FOR THE YEAR ENDED JUNE 30, 2021			
	Opening balance	Financing cash flows (48.1)	Other changes	Closing balance
Long-term loans (including current portion)	-	444,879	-	444,879
Lease Liabilities (including current portion)	6,353	(14,872)	9,782	1,263
Sponsors loan	160,600	-	(160,600)	-
Equity contributions from sponsors	-	225,000	160,000	385,000
Unclaimed dividend	654	(8,249)	8,300	705
Short term borrowings	37,478	180,769	-	218,247
	<u>205,085</u>	<u>827,527</u>	<u>17,482</u>	<u>1,050,094</u>



48.1 This represents net amount of proceeds and repayments.

49. 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 objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations / investing activities through long-term financing and short-term loans in addition to its equity. The Company has a gearing ratio of 0.273 (2021: 0.742) as of the reporting date.

The Company's objectives when managing capital are:

- (i) to safeguard the Company'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 its capital structure and makes adjustments to it in the light of changes in economic conditions.

50. CORRESPONDING FIGURES

Comparative figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison. Rearrangements have been made in these financial statements for better presentation of the financial statements.

51. GENERAL

Figures have been rounded off to the nearest thousand rupee.

52. NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors in their meeting held on September 27, 2022 has recommended a cash dividend at Rs.0.50/- per share (i.e. 5.00 %) (2021: Rs.1.00/- per share) amounting to Rs.8.300 million for the year ended 30 June 2022. The above proposed cash dividend is subject to the approval of the members at the Annual General Meeting to be held on October 28, 2022. 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.

53. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 27, 2022 by the Board of Directors of the Company.

(Mian Aamir Naseem)
Chief Executive

(Yasir Naseem)
Director

(Muhammad Aslam)
Chief Financial Officer



PATTERN OF SHAREHOLDING

FORM 34

1.1 Name of the Company **SHADAB TEXTILE MILLS LIMITED**2.1 Pattern of holding of the shares held by the shareholders as at **30 06 2022**

2.2	No. of Shareholders	Shareholdings			Total shares held
		From		To	
	113	1	-	100	2,413
	100	101	-	500	34,595
	56	501	-	1,000	50,248
	118	1,001	-	5,000	341,103
	47	5,001	-	10,000	365,385
	14	10,001	-	15,000	177,448
	12	15,001	-	20,000	219,855
	1	20,001	-	25,000	22,000
	3	25,001	-	30,000	81,750
	7	30,001	-	35,000	229,116
	3	35,001	-	40,000	110,350
	2	45,001	-	50,000	97,500
	1	50,001	-	55,000	51,000
	3	55,001	-	60,000	171,333
	2	60,001	-	65,000	122,286
	2	70,001	-	75,000	146,566
	1	75,001	-	80,000	80,000
	1	90,001	-	95,000	90,500
	1	95,001	-	100,000	95,089
	1	105,001	-	110,000	109,000
	1	190,001	-	195,000	193,606
	1	230,001	-	235,000	234,000
	1	250,001	-	255,000	250,785
	1	275,001	-	280,000	276,950
	1	305,001	-	310,000	310,000
	1	330,001	-	335,000	331,230
	1	445,001	-	450,000	446,833
	2	475,001	-	480,000	955,215
	1	520,001	-	525,000	521,278
	1	940,001	-	945,000	944,715
	2	955,001	-	960,000	1,910,430
	1	1,050,001	-	1,055,000	1,051,000
	1	1,835,001	-	1,840,000	1,838,348
	1	2,280,001	-	2,285,000	2,283,500
	1	2,450,001	-	2,455,000	2,454,573
	<u>505</u>				<u>16,600,000</u>



2.3	Categories of shareholders	Shares Held	Percentage
2.3.1	Directors, Chief Executive Officers, and their spouse and minor children	7,795,591	46.9614%
2.3.2	Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
2.3.3	NIT and ICP	521,878	3.1438%
2.3.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	53	0.0003%
2.3.5	Insurance Companies	0	0.0000%
2.3.6	Modarabas and Mutual Funds	0	0.0000%
2.3.7	Share holders holding 10% or more	6,576,421	39.6170%
2.3.8	General Public		
	a. Local	8,000,334	48.1948%
	b. Foreign	0	0.0000%
2.3.9	Others (to be specified)		
	1- Joint Stock Companies	273,200	1.6458%
	2- Pension Funds	8,613	0.0519%
	3- Others	331	0.0020%
4.	Signature of Company Secretary		
5.	Name of Signatory	Muhammad Adeel Anwar Khan	
		Company Secretary	
6.	NIC Number	3 1 1 0 1 - 6 1 1 3 3 1 4 - 9	
7.	Date	30-06-2022	



CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2022

<u>S.No.</u>	<u>Name</u>	<u>No. of Shares Held</u>	<u>%age</u>
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)		-	-
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. FAHAD SHAFIQ	2,766	0.0167%
2	MR. FARRUKH NASEEM (CDC)	1,051,000	6.3313%
3	MR. AAMIR NASEEM (CDC)	2,454,573	14.7866%
4	MRS. FATIMA AAMIR (CDC)	1,838,348	11.0744%
5	MR. SAAD NASEEM (CDC)	955,215	5.7543%
6	MR. YASIR NASEEM (CDC)	55,333	0.3333%
7	MRS. HINA FARRUKH W/O MR. FARRUKH NASEEM (CDC)	477,608	2.8772%
8	MR. HAMZA NASEEM (CDC)	955,215	5.7543%
9	MR. GHAZANFER FERAZ (CDC)	5,533	0.0333%
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		8,666	0.0522%
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
1	MR. AAMIR NASEEM (CDC)	2,454,573	14.7866%
2	MST. RUKHSANA ABDUL RASHEED (CDC)	2,283,500	13.7560%
3	MRS. FATIMA AAMIR (CDC)	1,838,348	11.0744%
4	MR. FARRUKH NASEEM (CDC)	1,051,000	6.3313%
5	MR. SAAD NASEEM (CDC)	955,215	5.7543%
6	MR. HAMZA NASEEM (CDC)	955,215	5.7543%
7	MR. AHMED NASEEM (CDC)	944,715	5.6911%
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 :			
<u>Sr. No.</u>	<u>Name</u>	<u>Sale</u>	<u>Purchase</u>
	Nil	Nil	Nil



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

FORM OF PROXY

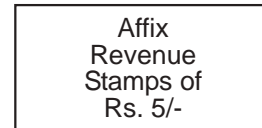
I / We _____
Son / Daughter / Wife of _____
being a member of **SHADAB TEXTILE MILLS LIMITED** and holder of _____
(Number of Shares)
Ordinary Shares as per Registered Folio No./ CDC/ Participant ID No. and Account No. _____
hererby appoint Mr. _____ of _____
of failing him Mr. _____ of _____
who is 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 43rd Annual General Meeting of the
Company to be held on Friday, October 28, 2022 at 11:30 a.m. and at any adjournment thereof.

As witness my / our hand (s) this _____ day of _____ 2022

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 member 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 اسی ڈی سی پارٹسپینٹ (شرکت) ID

اور کھاتا نمبر:

کمپیوٹرائزڈ شناختی کارڈ نمبر:

پراکسی فارم

میں / ہم

بیٹا / بیٹی / زوجہ

شاداب ٹیکسٹائل ملز لمیٹڈ اور حامل

(تعداد و حصص)

سی ڈی سی پارٹسپینٹ (شرکت) آئی ڈی اور اکاؤنٹ (کھاتہ) نمبر:

کا / کے

یا عدم موجودگی کی صورت میں، محترم

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

(شرکت) آئی ڈی اور اکاؤنٹ (کھاتہ) نمبر: کو اپنے / ہمارے ایماہ پر مورخہ 28 اکتوبر 2022 بروز جمعہ المبارک

صبح 11:30 بجے منعقد ہونے والے کمپنی کے ترتالیہواں 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 _____ بتاریخ _____ 2022 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 اہل حق دار 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 چسپاں کریں

ممبر کے دستخط