Annual Report 2013

SHADAB TEXTILE MILLS LIMITED

CONTENTS

COMPANY INFORMATION

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

VISION STATEMENT

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

MISSION STATEMENT

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

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting of the Shareholders of SHADAB TEXTILE MILLS LIMITED will be held on Thursday, October 31, 2013 at 10:30 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:

1. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2013 together with Directors' and Auditors' Reports thereon.

2. To declare and approve the Final Cash Dividend at Rs. 1.50 per share i.e. 15% for the year ended June 30, 2013 as recommended by the Board of Directors.

3. To appoint auditors for the year 2013-2014 and fix their remuneration.

By order of the Board

(Mazhar Hussain)
Company Secretary

LAHORE: October 03, 2013

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 25, 2013 to October 31, 2013 (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 24, 2013 will be treated in time for the purpose of above entitlement to the transferees.

2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not less than 48 hours before the time of holding the meeting. A proxy must be a member.

3. Any Individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her original C.N.I.C or Passport to prove his/her identity and in case of Proxy must enclose an attested copy of his/her C.N.I.C or Passport. Representative of corporate members should bring the usual documents required for such purposes.

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

5. Members who have not yet submitted copy of their valid CNIC to Company are requested to provide the same at the earliest to Company's Registrar M/s. Corplink (Pvt.) Limited to mention the same on the dividend warrants.

DIRECTORS' REPORT

Dear Shareholders,

The Directors of the Company welcome you to the 34th Annual General Meeting and are pleased to present the Annual Report together with Audited Accounts of the Company for the year ended June 30, 2013.

Financial Results

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

	(RUPEES IN THOUSAND)	
	June 30 2013	**June 30 2012**
Sales - Net	**1,785,120**	1,619,546
Cost of sales	**1,571,937**	1,524,589
GROSS PROFIT	**213,183**	94,957
Administrative and general	**34,540**	28,997
Selling and distribution	**943**	453
	35,483	29,450
OPERATING PROFIT	**177,700**	65,507
Finance costs	**32,198**	40,274
Other charges	**10,136**	1,953
	135,366	23,280
Other income	**1,402**	3,058
PROFIT BEFORE TAXATION	**136,768**	26,338
Taxation	**24,586**	5,494
PROFIT AFTER TAXATION	**112,182**	20,844
Basic earning per share (Rupees)	**37.39**	6.95

During the year under review, your company earned profit after tax Rs. 112.182 million as compared to after tax profit Rs. 20.844 million of the previous year. The net sales made in the year are amounting to Rs.1785.120 million as compared to previous year sale of Rs. 1619.546 million showing increase of 10.22 % against previous year sales due to continuous demand of yarn both in domestic and international markets and increase in yarn prices. The gross margin has substantially increased to 11.94% as compared to 5.86% of preceding year. Earning per share is Rs. 37.39 as compared to Rs. 6.95 per share.

During the year under review, the company has achieved better financial results mainly due to good quality of cotton crop, reasonable prices of raw material and reduction in finance cost due to repayment of long term loans and decline in mark-up rate and efficient working capital management. Energy shortages remained continued this year as well and in total. We have been faced around 1080 hours in which no power was available to us.

Future Prospects

The management is optimistic about the growth and profitability of the company in the coming year. Textile industry in Pakistan is facing uphill task to cope with prolong power outages and energy shortfalls especially in the Province of Punjab. Government has increased the tariff of electricity around 56% and gas 18% from the month of August 2013 and further increase in power tariff is expected during the year. Due to these measures, cost of energy shall be significantly high in the coming year. Government has lowered the target of cotton production during the current year season due to which upward movement of cotton prices is expected. The prevailing rate ranging between Rs. 7,200/- to Rs.7,400/- Per maund.

The above stated facts have made it very difficult for the textile mills to compete in the international market. The manufacturing costs have escalated due to rapid devaluation of Pak Currency in the recent month and resulting increase in raw material prices and other input costs.

During the year, the company invested Rs. 74.000 million from its own resources for BMR of the existing facilities to make the project more viable & improved production capacity and to compete with other spinning units equipped with latest machinery to cater both domestic and international markets as on 30th June 2013. Further, machinery for the value of Rs. 55.000 million is under process of shipment. The management cognizant of these facts and strives to take all necessary steps to protect the interest of the company.

Dividend

The Board of Directors has recommended a cash dividend at Rs.1.50 per share i.e. 15% to the shareholders of the company.

Corporate and Financial Reporting Framework

a. The financial statements, prepared by the management of the company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.

b. Proper books of account have been maintained by the Company.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. There are no significant doubts upon the company's ability to continue as a going concern.

g. Key operating and financial data of last six years is annexed to the annual report.

h. There are no outstanding statutory payments on account of taxes, duties, levies and charges except routine payments of various levies.

i. Value of investments of provident fund as on 30-06-2013 was Rs.50.840 million.

j. The pattern of shareholding and the additional information as required by the CCG is annexed to the annual report.

k. Directors, CEO, CFO, Company Secretary and their spouses and minor children have made transaction in the company's shares during the year is as follows:

Sr.No.	Name	Sale	Purchase
1	Mst. Nusrat Shamim	175,756	-
2	Mrs. Fatima Aamir	-	95,003

Board of Directors

During the year, six meetings of the Board of Directors were held and attendance of these meetings is as follows:

Sr. No.	Name of Director	No. of Meetings Attended
1	Mian Aamir Naseem	6
2	Mian Farrukh Naseem	6
3	Mian Shahzad Aslam	6
4	Mst. Nusrat Shamim	6
5	Mr. Ahmed Ali Tariq	6
6	Mr. Mazhar Hussain*	4
7	Mr. Tariq Javaid*	4
8	Mr. Saad Naseem	2
9	Mrs. Fatima Aamir	2

- Election of Directors was held on March 28, 2013 and new Board was elected in accordance with the provisions of Section 178 of the Companies Ordinance, 1984. Mr. Mazhar Hussain*, Director and Mr. Tariq Javaid*, Director were retired on March 28, 2013.

- Mst. Nusrat Shamim has resigned from the Board with effect from 5th September, 2013 and in her place Mr. Yasir Naseem has been appointed as Director for the remainder term.

Audit Committee

The Board of Directors in compliance with the Code of Corporate Governance has established an Audit Committee. Consequent upon the election of directors held on March 28, 2013, the audit committee was constituted as under:-

Mr. Saad Naseem	Chairman
Mian Farrukh Naseem	Member
Mr. Ahmed Ali Tariq	Member

During the year, seven meetings of the Audit Committee were held and attendance of these meetings is as follows:

Name	No. of Meetings Attended	
Mian Farrukh Naseem	7	
Mian Shahzad Aslam	5	outgoing member
Mr. Ahmed Ali Tariq	7	
Mr. Saad Naseem	2	incoming member

Human Resource Committee

In compliance with the Code of Corporate Governance, the Board of Directors has constituted a Human Resource Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.

Mian Farrukh Naseem	Chairman
Mian Aamir Naseem	Member
Mr. Ahmed Ali Tariq	Member

Directors Training Programme

The Board arranged one training program for one of its directors.

Auditors

The present Auditors M/s Fazal Mahmood & Company, Chartered Accountants, retire and being eligible offer themselves for re-appointment. The audit committee of the board has recommended the re-appointment of M/s Fazal Mahmood & Company, Chartered Accountants, as external auditors of the Company for the year 2013-2014.

Corporate Social Responsibility

The company recognizes that the key to a 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 healthy work – life balance we strictly follow a 9:00 a.m tp 5 :30 p.m. working routine. This ensures that our employees have plenty of time after work for extra - curricular activities with their families and friends.

Business Ethics and Anti-corruption Measures:

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

Contribution to the National Exchequer:

To meet our legal and social obligation towards the development of the economy of the country, the company has contributed Rs. 51.044 million in the FY 2012-13 into the Government exchequer on account of taxes, levies, excise duty and sales tax.

Energy Conservation:

The Company has taken many measures all 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

Aamir Naseem

Lahore: October 03, 2013

Mian Aamir Naseem
Chief Executive

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. As at June 30, 2013 the board includes:

Category	Names
Independent Directors	Nil
Executive Directors	Mian Aamir Naseem
	Mian Shahzad Aslam
Non Executive Directors	Mian Farrukh Naseem
	Mr. Saad Naseem
	Mr. Ahmed Ali Tariq
	Mst. Nusrat Shamim
	Mrs. Fatima Aamir

   The election of directors was held on 28th March, 2013 and the new Board was elected consisting of two executive and five non executive directors. The Board is in the process of appointing an independent director to fulfill the requirement of the Code.

2. The directors have confirmed that none of them is serving as director on more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. During the year ended June 30, 2013 no casual vacancy occurred on the Board.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps which have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and executive and non executive director have been taken by the Board.

8. The meetings of the Board were presided over by Chairman of the Board of Directors and in his absence by a director elected for this purpose and the Board met at least once in every quarter. Written notices of the Board meeting, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated in time.

9. The Board arranged one training program for one of its directors.

10. There is no change in the position of CFO, Company Secretary and Head of Internal Audit during the year. The remuneration and terms and conditions of employment have been approved by the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee comprising of three members all of whom are non-executive directors including the chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non executive director.

18. The Board has set up an effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decision, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

for and on behalf of the Board

Aamir Naseem

LAHORE: October 03, 2013

MIAN AAMIR NASEEM
(Chief Executive)

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

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of directors of **SHADAB TEXTILE MILLS LIMITED** (“the Company”), to comply with the listing regulation of the Karachi and Lahore Stock Exchanges respectively where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the code.

As part of our audit of 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’s statement on internal control covers all risks and controls, or to form an openion on the effectiveness of such internal controls, the Company’s governance procedures and risks.

Further, the listing regulations of the Karachi and Lahore Stock Exchanges require the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transaction and transactions which are not executed at arm’s length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately place before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arms length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the company for the year ended June 30, 2013. We draw attention to the following non-compliance with the Code of Corporate Governance reported in the Statement: i. Independent director was not appointed (Refer to Paragraph 1 of the statement).

FAZAL MAHMOOD & COMPANY
Chartered Accountants
Engagement Partner: Fazal Mahmood

LAHORE: October 03, 2013

SIX YEAR'S FINANCIAL DATA AT A GLANCE

(RUPEES IN MILLION)

PARTICULARS	2013	2012	2011	2010	2009	2008
ASSETS EMPLOYED						
Property, plant and equipment	338.069	271.336	258.062	251.650	268.142	287.447
Long term deposits	2.382	2.382	2.382	2.382	1.042	1.037
Current assets	372.401	255.075	238.165	240.487	171.280	172.452
TOTAL ASSETS EMPLOYED	712.852	528.793	498.609	494.519	440.464	460.936
FINANCED BY						
Share holders' equity	309.420	200.238	182.394	131.152	83.620	111.881
Long term liabilities	23.486	46.973	68.290	40.589	74.904	113.470
Deferred taxation	48.857	42.492	49.517	28.334	6.728	20.406
Current liabilities	331.089	239.090	198.408	294.444	275.212	215.179
TOTAL FUNDS INVESTED	712.852	528.793	498.609	494.519	440.464	460.936
PROFIT & (LOSS)						
Sales - net	1,785.120	1,619.546	1,832.307	1,246.000	874.380	862.888
Cost of sales	1,571.937	1,524.589	1,664.082	1,095.568	849.672	811.899
Gross profit	213.183	94.957	168.225	150.432	24.708	50.989
Administrative & general	34.540	28.997	26.474	23.046	22.315	21.944
Selling & distribution	0.943	0.453	2.853	1.103	0.778	0.399
Operating profit	177.700	65.507	138.898	126.283	1.615	28.646
Finance costs	32.198	40.274	55.612	45.315	43.654	32.127
Other charges	10.136	1.953	5.901	5.635	-	-
	135.366	23.280	77.385	75.333	(42.039)	(3.481)
Other income	1.402	3.058	2.238	0.697	0.172	0.334
PROFIT BEFORE TAXATION	136.768	26.338	79.623	76.030	(41.867)	(3.147)
Taxation	24.586	5.494	25.381	28.498	(13.606)	(2.321)
PROFIT AFTER TAXATION	112.182	20.844	54.242	47.532	(28.261)	(0.826)
PREVIOUS YEAR'S BALANCE B/F	110.238	92.394	41.152	(6.380)	21.881	22.707
Profit available for appropriation	222.420	113.238	95.394	41.152	(6.380)	21.881
Dividend	3.000	3.000	3.000	-	-	-
BALANCE CARRIED TO B/S	219.420	110.238	92.394	41.152	(6.380)	21.881
Dividend Proposed (%)	15.000	10.000	10.000	10.000	-	-
EARNING PER SHARES (Rs.)	37.39	6.95	18.08	15.84	(9.42)	(0.28)
Number of spindles installed	32640	32640	32640	32640	32640	32640
Number of spindles worked	32640	32640	32640	32640	27800	30460
Number of shifts per day	3	3	3	3	3	3
Actual production converted into 20's count (kgs. in million)	13.253	13.960	12.771	13.666	12.090	13.753

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **SHADAB TEXTILE MILLS LIMITED** ("The Company") as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2013 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

FAZAL MAHMOOD & COMPANY
Chartered Accountants
Engagement Partner: Fazal Mahmood

LAHORE: October 03, 2013

BALANCE SHEET AS

	NOTE	2013	2012
		(RUPEES IN THOUSAND)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 6,000,000 ordinary shares of Rs. 10/- each.		**60,000**	60,000
Issued, subscribed and paid-up share capital	6	**30,000**	30,000
Revenue reserves	7	**279,420**	170,238
		309,420	200,238
NON CURRENT LIABILITIES			
Long term financing	8	**23,486**	46,973
Deferred liabilities	9	**48,857**	42,492
CURRENT LIABILITIES			
Trade and other payables	10	**135,803**	84,915
Accrued mark-up	11	**7,141**	8,153
Short term borrowings	12	**149,569**	109,393
Current portion of long term loans	13	**23,487**	23,487
Provision for taxation	14	**15,089**	13,142
		331,089	239,090
CONTINGENCIES AND COMMITMENTS	15	**-**	-
Total Equity & Liabilities		**712,852**	528,793

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

(Mian Aamir Naseem)
Chief Executive

AT JUNE 30, 2013

	NOTE	2013	2012
		(RUPEES IN THOUSAND)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	16	**338,069**	271,336
Long term deposits	17	**2,382**	2,382
		340,451	273,718
CURRENT ASSETS			
Stores, spares and loose tools	18	**30,633**	28,984
Stock in trade	19	**211,838**	129,561
Trade debts	20	**91,522**	60,116
Loans and advances	21	**2,451**	5,217
Trade deposits and prepayments	22	**22,617**	22,282
Other receivables	23	**7,829**	2,263
Cash and bank balances	24	**5,511**	6,652
		372,401	255,075
Total Assets		**712,852**	528,793

(Mian Farrukh Naseem)
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	NOTE	2013	2012
		(RUPEES IN THOUSAND)	
Sales - net	25	**1,785,120**	1,619,546
Cost of sales	26	**1,571,937**	1,524,589
GROSS PROFIT		**213,183**	94,957
Administrative and general expenses	27	**34,540**	28,997
Selling and distribution expenses	28	**943**	453
		35,483	29,450
OPERATING PROFIT		**177,700**	65,507
Finance costs	29	**32,198**	40,274
Other charges	30	**10,136**	1,953
		135,366	23,280
Other income	31	**1,402**	3,058
PROFIT BEFORE TAXATION		**136,768**	26,338
Taxation	32	**24,586**	5,494
PROFIT AFTER TAXATION		**112,182**	20,844
BASIC AND DILUTED EARNING PER SHARE - (RUPEES)	35	**37.39**	6.95

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	(RUPEES IN THOUSAND) 2013	2012
PROFIT AFTER TAXATION FOR THE YEAR	**112,182**	20,844
Other Comprehensive Income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**112,182**	20,844

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	NOTE	2013	2012
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	**127,128**	104,925
Finance cost paid		**(33,210)**	(37,754)
Income tax paid		**(10,756)**	(6,161)
Paid to workers' profit participation fund		**(1,415)**	(4,276)
Net cash generated from operating activities		**81,747**	56,734
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital expenditure		**(96,484)**	(41,818)
Capital work in progress		**(1,582)**	-
Proceeds from disposal of operating fixed assets		**1,465**	1,605
Net cash used in investing activities		**(96,601)**	(40,213)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments against long term loans		**(23,487)**	(32,535)
Proceeds from short term borrowings - net		**40,176**	21,285
Dividends paid		**(2,976)**	(2,980)
Net cash generated from / (used in) financing activities		**13,713**	(14,230)
NET CASH (UTILIZED) / GENERATED DURING THE YEAR		**(1,141)**	2,291
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**6,652**	4,361
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**5,511**	6,652

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

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

(RUPEES IN THOUSAND)

Description	Share Capital	Revenue Reserves		Total Equity
	Issued, subscribed and paid up ordinary shares	General reserve	Un-appropriated profit	
Balance as at July 01, 2011	**30,000**	**60,000**	**92,394**	**182,394**
Total comprehensive income				
- Profit after taxation	-	-	20,844	20,844
Transaction with owners				
Final Dividend for the year ended June 30, 2011 @ Rs. 1.00 per share	-	-	(3,000)	(3,000)
Balance as at June 30, 2012	**30,000**	**60,000**	**110,238**	**200,238**
Total comprehensive income				
- Profit after taxation	-	-	112,182	112,182
Transaction with owners				
Final Dividend for the year ended June 30, 2012 @ Rs. 1.00 per share	-	-	(3,000)	(3,000)
Balance as at June 30, 2013	**30,000**	**60,000**	**219,420**	**309,420**

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

Aamir Naseem

(Mian Aamir Naseem)
Chief Executive

(Mian Farrukh Naseem)
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

2.1 Basis of measurement

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

2.2 Statement of compliance

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

2.3 Functional and presentation currency

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

3. USE OF ESTIMATES AND JUDGMENTS

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

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

Property, plant and equipment

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

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

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

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. NEW OR AMENDMENTS TO EXISTING STANDARD / INTERPRETATION AND FORTHCOMING REQUIREMENTS

4.1 New and amended standards and interpretations become effective

The Company has adopted the following amendments to IFRSs which became effective for the current year:

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any effect on the financial statements.

4.2 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

`	Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 7 -	Financial Instruments : Disclosures – (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	1st January 2013
IAS 19 -	Employee Benefits – (Amendment)	1st January 2013
IAS 32 -	Offsetting Financial Assets and Financial liabilities – (Amendment)	1st January 2014

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP, for the purpose of applicability in Pakistan.

	Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 9 -	Financial Instruments: Classification and Measurement	1 January 2015
IFRS 10 -	Consolidated Financial Statements	1 January 2013
IFRS 11 -	Joint Arrangements	1 January 2013
IFRS 12 -	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 -	Fair Value Measurement	1 January 2013

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

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

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

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

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

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

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

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

5.2 Stores, spares & loose tools

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

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

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

5.3 Stock in trade

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

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

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

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

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

5.4 Trade debts and other receivables

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

5.5 Foreign currency translation

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

5.6 Staff Retirement Benefits

Defined contribution plan - Provident fund

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

5.7 Trade and other payables

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

5.8 Revenue Recognition

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

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

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

5.9 Borrowings Cost

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

5.10 Provisions

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

5.11 Impairment

a) Financial Assets

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

b) Non Financial Assets

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

5.12 Contingent Liabilities

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

5.13 Taxation

Current

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

Deferred

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

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

5.14 Financial Instruments

a) Financial assets

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

i Financial assets at fair value through profit or loss

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

ii Held to maturity investments

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

iii Loans and receivables

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

iv Available for sale investments

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

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

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

b) Financial liabilities

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

5.15 Offsetting of financial assets and financial liabilities

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

5.16 Basic and diluted earning per share

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

5.17 Cash and cash equivalent

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

5.18 Related party transactions

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

5.19 Proposed dividends and transfer between reserves

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

		(RUPEES IN THOUSAND)	
		2013	**2012**
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
		30,000	30,000

6.1 Husein Sugar Mills Ltd an associated company holds 375,000 (2012: 375,000) shares as at June 30, 2013.

7. REVENUE RESERVES			
Un-approriated profit		**219,420**	110,238
General reserve		**60,000**	60,000
		279,420	170,238
8. LONG TERM FINANCING			
Loan from banking companies - secured	8.1	**23,486**	46,973
8.1 National Bank of Pakistan			
Term Finance I	8.1.1	**46,973**	70,460
Balance as at 30th June		**46,973**	70,460
Less:			
Current portion shown under current liabilities		**(23,487)**	(23,487)
		23,486	46,973

8.1.1 This is repayable in 9 bi-annually equal installments commencing from March 1, 2011 and ending on March 1, 2015. The loan carries markup @ 6 months KIBOR + 3% p.a. payable on quarterly basis.

8.1.2 The above finances are secured against first equitable / registered mortgage ranking pari passu over fixed assets of the company, demand promissory note and personal guarantees of the directors of the company.

		(RUPEES IN THOUSAND) 2013	2012
9. DEFERRED LIABILITIES			
Deferred taxation	9.1	**48,857**	42,492
9.1 Deferred tax credits / (debits) arising in respect of :			
Taxable Temporary Differences			
Accelerated tax depreciation		**62,549**	53,048
Deductible Temporary Differences			
Minimum tax available for carry forward		**(13,692)**	(10,556)
		48,857	42,492
10. TRADE AND OTHER PAYABLES			
Creditors		**11,544**	8,490
Contractors retention money		**115**	215
Security deposits - Interest free	10.1	**10,193**	10,123
Provident fund trust		**869**	607
Accrued charges		**84,761**	58,519
Unclaimed dividend		**141**	117
Advances from customers		**13,329**	914
Workers' profit participation fund	10.2	**7,345**	1,415
Workers' welfare fund		**6,506**	3,715
Others		**1,000**	800
		135,803	84,915

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

10.2 Workers' Profit Participation Fund

	2013	2012
Balance as on 01 July	**1,415**	4,276
Add: Provision for the year	**7,345**	1,415
Interest for the year	**125**	440
	8,885	6,131
Less: Payment during the year	**(1,540)**	(4,716)
Balance as on 30 June	**7,345**	1,415

11. ACCRUED MARK-UP

	2013	2012
Long term financing	**1,453**	2,702
Short term borrowings	**5,688**	5,451
	7,141	8,153

12. SHORT TERM BORROWINGS

	2013	2012
From Banking Companies - Secured	**149,569**	109,393

12.1 These have been obtained from banking companies on mark-up basis and are secured by pledge and hypothecation of stocks & stores, charge on stocks, book debts, other movable assets and fixed assets of the company and against personal guarantee of directors. The borrowing form a part of total credit facilities available to the extent of Rs. 540 million (2012: Rs. 540 million). Unavailed facility as at balance sheet date is Rs. 390 million (2012: Rs. 431 million). Mark-up is paid at the rate ranging from 3 months Kibor plus 2% to 2.5 %. It includes inland letter of credit for purchase of raw material amounting to Rs. Nil (2012: Rs. 18.614 million).

		(RUPEES IN THOUSAND)	
		2013	**2012**

13. CURRENT PORTION OF LONG TERM LOANS

	Note	2013	2012
National Bank of Pakistan	8	**23,487**	23,487

14. PROVISION FOR TAXATION

	2013	2012
Opening balance	**13,142**	4,147
Less:		
Paid during the year	**-**	(3,524)
Adjusted during the year	**(16,274)**	(740)
	(3,132)	(117)
Current	**15,089**	13,142
Prior	**3,132**	117
	18,221	13,259
	15,089	13,142

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

Counter guarantees of Rs. 14.487 million (2012: Rs. 14.487 million) has been issued by the bank of the company to Sui Northern Gas Pipelines Limited against gas connections.

15.2 Commitments

Commitments for capital expenditure are amounting to Rs. 19.314 million (2012: Rs. 1.505 million) and non capital expenditure are amounting to Rs. 26.109 million (2012: Rs. 8.996 million).

16. PROPERTY, PLANT & EQUIPMENT

	Note	2013	2012
Operating fixed assets	16.1	**336,487**	271,336
Capital work-in-progress		**1,582**	-
		338,069	271,336

16.1 Operating fixed assets

(RUPEES IN THOUSAND)

Description	Land Freehold	Buildings	Plant and Machinery	Electric Installations	Factory Equipments	Furniture & Fixtures	Vehicles	Office Equipments	Total
At June 30, 2011									
Cost	3,351	85,098	457,149	2,425	150	3,783	12,762	3,314	568,032
Accumulated depreciation	-	45,805	250,549	1,830	135	2,565	6,949	2,137	309,970
Net book Value	3,351	39,293	206,600	595	15	1,218	5,813	1,177	258,062
Year ended June 30, 2012									
Opening Net book value	3,351	39,293	206,600	595	15	1,218	5,813	1,177	258,062
Additions	-	6,896	31,324	-	-	-	3,569	29	41,818
Disposals									
Cost	-	-	3,963	-	-	-	1,541	-	5,504
Depreciation	-	-	(3,680)	-	-	-	(1,372)	-	(5,052)
Net book value	-	-	283	-	-	-	169	-	452
Depreciation		(4,217)	(21,844)	(60)	(1)	(122)	(1,729)	(119)	(28,092)
Closing Net book value	3,351	41,972	215,797	535	14	1,096	7,484	1,087	271,336
At June 30, 2012									
Cost	3,351	91,994	484,510	2,425	150	3,783	14,790	3,343	604,346
Accumulated depreciation	-	50,022	268,713	1,890	136	2,687	7,306	2,256	333,010
Net book Value	3,351	41,972	215,797	535	14	1,096	7,484	1,087	271,336
Year ended June 30, 2013									
Opening Net book value	3,351	41,972	215,797	535	14	1,096	7,484	1,087	271,336
Additions	-	22,260	67,798	-	-	-	6,426	-	96,484
Disposals									
Cost	-	-	-	-	-	-	1,940	-	1,940
Depreciation	-	-	-	-	-	-	(1,691)	-	(1,691)
Net book value	-	-	-	-	-	-	249	-	249
Depreciation	-	(5,440)	(23,109)	(54)	(1)	(109)	(2,262)	(109)	(31,084)
Closing Net book value	3,351	58,792	260,486	481	13	987	11,399	978	336,487
At June 30, 2013									
Cost	3,351	114,254	552,308	2,425	150	3,783	19,276	3,343	698,890
Accumulated depreciation	-	55,462	291,822	1,944	137	2,796	7,877	2,365	362,403
Net book Value	3,351	58,792	260,486	481	13	987	11,399	978	336,487
Depreciation Rate (%)	-	10	10	10	10	10	20	10	

16.2 Depreciation for the year has been allocated as follows:

	(RUPEES IN THOUSAND) 2013	2012
Cost of goods sold	28,604	26,122
Administrative and general expenses	2,480	1,970
	31,084	28,092

16.3 Statement of disposals of operating fixed assets

Depreciation	Cost	Accumulated Depreciation	Net Book Value	Sales Proceeds	Gain/Loss	Sold to	Basis of Sales
Vehicles							
Hyundai Shehzore	627	(537)	90	615	525	Mr. Muhammad Tayyab - Sargodha	Negotiation
Honda Civic	1,313	(1,154)	159	850	691	Mr. Adnan Ahmad - Faisalabad	Negotiation
Grand Total	1,940	(1,691)	249	1,465	1,216		

			(RUPEES IN THOUSAND) 2013	2012
17.	**LONG TERM DEPOSITS**			
	Others		**2,382**	2,382
			2,382	2,382
18.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		**10,646**	11,144
	Spares		**19,987**	17,840
			30,633	28,984
19.	**STOCK IN TRADE**			
	Raw material		**144,324**	96,302
	Work in process		**15,478**	17,292
	Finished goods		**50,072**	14,089
	Waste		**1,964**	1,878
			211,838	129,561
20.	**TRADE DEBTS**			
	These are unsecured but considered good.	20.1	**91,522**	60,116
	20.1 The aging of trade debts at the balance sheet date is:			
	Not past due		**63,902**	54,798
	Past due 1-30 days		**25,243**	-
	Past due 30-180 days		**2,369**	2,214
	Past due 180 days		**8**	3,104
			91,522	60,116
21.	**LOANS AND ADVANCES**			
	(Unsecured but considered good):-			
	Advances to :			
	Suppliers and contractors		**2,163**	3,044
	Against expenses		**279**	2,154
	Employees		**9**	19
			2,451	5,217
22.	**TRADE DEPOSITS AND PREPAYMENTS**			
	Income tax		**13,701**	19,219
	Letters of credit		**7,148**	1,295
	Margin on bank guarantee		**1,587**	1,587
	Prepayments		**181**	181
			22,617	22,282
23.	**OTHER RECEIVABLES**			
	Sales tax		**7,805**	2,239
	Others		**24**	24
			7,829	2,263

	Note	2013	2012
		(RUPEES IN THOUSAND)	

24. CASH AND BANK BALANCES

	2013	2012
Cash in hand	**185**	284
Cash with banks:		
In current accounts	**5,326**	6,368
	5,511	6,652

25. SALES - NET

	2013	2012
Local	**1,814,574**	1,617,748
Waste	**8,048**	9,604
	1,822,622	1,627,352
Less:		
Sales tax	**25,362**	-
Commission	**12,140**	7,806
	1,785,120	1,619,546

26. COST OF SALES

	Note	2013	2012
Raw material consumed	26.1	**1,139,046**	1,098,413
Salaries, wages and benefits	26.2	**161,152**	116,828
Stores and spares		**47,534**	34,168
Packing materials		**17,820**	18,332
Fuel and power		**200,868**	196,284
Repair and maintenance		**4,009**	5,394
Insurance		**4,530**	3,868
Other factory overhead		**2,629**	1,907
Depreciation		**28,604**	26,122
		467,146	402,903
		1,606,192	1,501,316
Opening stock in process		**17,292**	16,844
Closing stock in process		**(15,478)**	(17,292)
Cost of goods manufactured		**1,608,006**	1,500,868
Opening stock of finished goods		**15,967**	39,688
Closing stock of finished goods		**(52,036)**	(15,967)
		1,571,937	1,524,589

26.1 RAW MATERIAL CONSUMED

	2013	2012
Opening stock	**96,302**	67,464
Purchases - net	**1,187,068**	1,127,251
	1,283,370	1,194,715
Less: Closing stock	**(144,324)**	(96,302)
	1,139,046	1,098,413

26.2 Salaries, wages and other benefits include Rs. 3.553 million (2012: Rs. 2.776 million) in respect of staff retirement benefits.

		(RUPEES IN THOUSAND) 2013	2012

27. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2013	2012
Salaries, allowances and benefits	27.1	**23,716**	19,867
Traveling and conveyance		**442**	239
Vehicle running and maintenance		**2,481**	2,248
Printing and stationery		**459**	402
Newspaper and periodicals		**14**	18
Postage, telegram and telephone		**490**	479
Advertisement		**108**	39
Rent, rates and taxes		**173**	169
Legal and professional		**1,250**	797
Auditors' remuneration	27.2	**537**	537
Subscription and donations	27.3	**186**	168
Insurance		**1,049**	813
Entertainment		**241**	250
Computerization		**169**	191
General		**225**	269
Lighting charges		**520**	541
Depreciation		**2,480**	1,970
		34,540	28,997

27.1 Salaries, allowances and benefits include Rs.0.526 million (2012: Rs. 0.448 million) in respect of staff retirement benefits.

27.2 Auditors' remuneration

	2013	2012
Statutory audit fee	**500**	500
Half yearly review fee	**25**	25
Provident fund audit & other certification fee	**12**	12
	537	537

27.3 No director or his spouse had any interest in the donee's fund.

28. SELLING AND DISTRIBUTION EXPENSES

	2013	2012
Freight and expenses on local sales	**943**	453
	943	453

29. FINANCE COSTS

	2013	2012
Mark-up on:		
Long term financing - secured	**8,112**	15,904
Short term bank borrowings - secured	**22,214**	21,801
	30,326	37,705
Bank charges and commission	**1,747**	2,129
Interest on workers' profit participation fund	**125**	440
	32,198	40,274

30. OTHER CHARGES

	2013	2012
Workers' profit participation fund	**7,345**	1,415
Workers' welfare fund	**2,791**	538
	10,136	1,953

	(RUPEES IN THOUSAND) 2013	2012
31. OTHER INCOME		
Gain on sale of operating fixed assets	**1,216**	1,153
Profit on sale of stores	**1**	-
Balances written off	**-**	1,905
Sale of scrap	**185**	-
	1,402	3,058
32. TAXATION		
Current	**15,089**	13,142
Prior	**3,132**	(623)
Deferred tax	**6,365**	(7,025)
	24,586	5,494

32.1 The company's income tax assessments have been finalized upto and including tax year 2012.

Reconciliation of tax charge for the year

	2013	2012
Accounting profit for the year before tax	**136,768**	26,338
Tax on accounting profit at applicable rate @ 35%	**47,869**	-
Tax effect of amounts that are inadmissible for tax purposes	**11,247**	-
Tax effect of amounts that are admissible for tax purposes	**(22,643)**	-
Tax credit to a person registered under the sales tax act, 1990	**(912)**	
Minimum turnover tax @ 1%	**-**	16,274
Adjustment of minimum tax	**(20,472)**	(3,132)
Tax effect relating to prior years	**3,132**	(623)
Tax effect of timing differences	**6,365**	(7,025)
	24,586	5,494

33. CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES' REMUNERATION

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

(RUPEES IN THOUSAND)

	Chief Executive Officer 2013	Directors 2013	Executives 2013
Managerial remuneration	**1,260**	**1,047**	**3,071**
House rent	**567**	**471**	**1,382**
Medical allowance	**126**	**105**	**307**
Utility allowance	**147**	**122**	**358**
Provident fund contribution by company	**-**	**-**	**177**
	2,100	**1,745**	**5,295**
Number(s)	**1**	**1**	**6**

	Chief Executive Officer	Directors	Executives
	2012	2012	2012
Managerial remuneration	720	1,566	2,787
House rent	324	705	1,254
Medical allowance	72	157	279
Utility allowance	84	182	325
Provident fund contribution by company	-	27	190
	1,200	2,637	4,835
Number(s)	1	3	5

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

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

33.3 No meeting fee was paid to the directors of the company during the year (2012: Rs. Nil).

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

The company sold to associated undertaking material of aggregate sum of Rs. 0.128 million (2012: Rs. Nil) and purchased from associated undertaking office building / material of aggregate sum of Rs. 21.000 Million (2012: Rs. 3.364 Million) during the year.

The maximum aggregate amount due from associated undertaking at the end of any month during the year was Rs. Nil (2012: Rs. Nil).

(RUPEES IN THOUSAND)

	2013	2012
35. EARNING PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earning per share of the company.		
Profit after taxation	**112,182**	20,844
Weighted average number of ordinary shares outstanding during the year (No in '000)	**3,000**	3,000
Basic earning per share (Rupees)	**37.39**	6.95
36. CASH GENERATED FROM OPERATIONS		
Profit before taxation	**136,768**	26,338
Adjustments for non cash charges & other items:		
Depreciation on operating fixed assets	**31,084**	28,092
Finance costs	**32,198**	38,104
Provision for workers' profit participation fund	**7,345**	1,415
Provision for workers' welfare fund	**2,791**	538
Gain on disposal of operating fixed assets	**(1,216)**	(1,153)
Remeasurement of financial liability at fair value	**-**	2,170
Balances written off	**-**	(1,905)
Working capital changes	**(81,842)**	11,326
	127,128	104,925

36.1 WORKING CAPITAL CHANGES

	Note	2013 (RUPEES IN THOUSAND)	2012 (RUPEES IN THOUSAND)
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(1,649)**	6,734
Stock in trade		**(82,277)**	(5,565)
Trade debts		**(31,406)**	(22,403)
Loans and advances		**2,766**	(683)
Trade deposits and prepayments		**(5,853)**	9,380
Other receivables		**(5,566)**	555
		(123,985)	(11,982)
Increase / (decrease) in current liabilities			
Trade and other payable		**42,143**	23,308
		(81,842)	11,326

37. CASH AND CASH EQUIVALENTS

	Note	2013	2012
Cash and bank balances	24	**5,511**	6,652

38. STAFF RETIREMENT BENEFITS

38.1 DEFINED CONTRIBUTION PLAN

The Company has set up provident fund for its permanent employees and the contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended 30 June 2013 was Rs. 8.327 million (2012: Rs. 6.595 million). The net assets based on audited financial statements of Provident Fund as at 30 June 2012 was Rs. 41.546 million out of which 95% was invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. The fair value of investments of provident fund as at 30 June 2012 was Rs. 38.356 million and the cost of investment was Rs. 35.782 million. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

39. PLANT CAPACITY AND ACTUAL PRODUCTION

	2013	2012
Number of spindles installed	**32640**	32640
Number of spindles worked	**32640**	32640
Production at normal capacity converted to 20/s (Kgs.)	**15084942**	14766607
Actual production converted to 20/s (Kgs.)	**13252914**	13960124
No. of shifts worked per day	**3**	3

39.1 Reason for low production is due to normal maintenance, gas and electric shut down / closures.

40. NUMBER OF EMPLOYEES

	2013	2012
At the year end number of employees of the company	**977**	959
Weighted average number of employees of the company	**980**	944

41. FINANCIAL INSTRUMENTS BY CATEGORY

	(RUPEES IN THOUSAND) 2013	2012
FINANCIAL ASSETS		
as per Balance Sheet		
Cash and bank balances	**5,511**	6,652
Trade debts	**91,522**	60,116
Loans & advances	**9**	19
Deposit & prepayments	**1,587**	1,587
Other receivables	**24**	24
Long term deposits	**2,382**	2,382
	101,035	70,780
FINANCIAL LIABILITIES		
as per Balance Sheet		
Long term loans	**46,973**	70,460
Short term borrowings	**149,569**	109,393
Trade and other payable	**108,623**	78,871
Accrued mark-up on secured loans	**7,141**	8,153
	312,306	266,877

41.1 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.

42. 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.

42.1 CREDIT RISK

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

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

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

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

	(RUPEES IN THOUSAND)	
	2013	**2012**
Bank balances	**5,326**	6,368
Trade debts	**91,522**	60,116
Loans & advances	**9**	19
Deposits & prepayments	**1,587**	1,587
Other receivables	**24**	24
Long term deposits	**2,382**	2,382
	100,850	70,496

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.

42.2 LIQUIDITY RISK

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

Following is the maturity analysis of financial liabilities:

(RUPEES IN THOUSAND)

2013	Upto 1 Year	Between 1 to 5 Years	Total
Non derivative financial liabilities			
Long term loans	**23,487**	**23,486**	**46,973**
Short term borrowings	**149,569**	**-**	**149,569**
Trade and other payable	**108,623**	**-**	**108,623**
Accrued mark-up on secured loans	**7,141**	**-**	**7,141**
	288,820	**23,486**	**312,306**

2012	Upto 1 Year	Between 1 to 5 Years	Total
Non derivative financial liabilities			
Long term loans	23,487	46,973	70,460
Short term borrowings	109,393	-	109,393
Trade and other payable	78,871	-	78,871
Accrued mark-up on secured loans	8,153	-	8,153
	219,904	46,973	266,877

42.2.1 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.

42.3 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.

42.3.1 Interest Risk

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

Cash flow sensitivity analysis

A change of 100 basis points in interest rate of long term loans at the reporting date would have increased / (decreased) equity and profit or (loss) by Rs. 0.584 million (2012: Rs. 0.831 million).

42.3.2 Fair value of financial assets and liabilities

The carrying values of financial assets and financial liabilities reported in balance sheet approximate their fair values.

43. CAPITAL MANAGEMENT

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

The Company's objectives when managing capital are:

(I) "to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

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

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on October 03, 2013 by the Board of Directors of the company.

45. NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on October 03, 2013 has recommended a cash dividend at Rs. 1.50/- per share (i.e 15%) (2012: Rs.1.00/- per share) amounting to Rs. 4.500 million for the year ended 30 June 2013. The Board of Directors also proposed to transfer Rs. 200.000 million (2012: Rs. Nil) from un-appropriated profit to general reserve. The above proposed cash dividend and transfer to general reserves are subject to the approval of the members at the Annual General Meeting to be held on October 31, 2013. These financial statements do not include the effect of the above proposals which will be accounted for in the period in which it is approved by the members.

46. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison, however, no significant reclassifications have been made during the year.

47. GENERAL

Figures have been rounded off to the nearest thousand rupee.

(Mian Aamir Naseem)	(Mian Farrukh Naseem)
Chief Executive	**Director**

THE COMPANIES ORDINANCE 1984

FORM 34

(Section 236(1) and 464)

PATTERN OF SHAREHOLDING

1. Incorporation Number **0007162**
2. Name of the Company **SHADAB TEXTILE MILLS LIMITED**
3. Pattern of holding of the shares held by the shareholders as at 30 06 2013

4.

No. of Shareholders	Shareholdings From		To	Total shares held
81	1	-	100	2,431
66	101	-	500	14,109
14	501	-	1000	10,531
11	1,001	-	5000	20,485
4	5,001	-	10000	33,583
2	15,001	-	20000	32,299
1	25,001	-	30000	30,000
2	30,001	-	35000	62,025
1	35,001	-	40000	40,000
2	40,001	-	45000	85,720
2	45,001	-	50000	95,260
4	60,001	-	65000	248,098
2	65,001	-	70000	130,364
1	70,001	-	75000	75,000
1	75,001	-	80000	79,034
1	80,001	-	85000	80,753
1	85,001	-	90000	88,253
1	90,001	-	95000	94,207
2	100,001	-	105000	208,491
1	105,001	-	110000	108,182
1	145,001	-	150000	147,900
1	190,001	-	195000	193,200
1	200,001	-	205000	203,636
1	265,001	-	270000	268,953
1	270,001	-	275000	272,486
1	370,001	-	375000	375,000
206				3,000,000

5.	Categories of shareholders	Shares Held	Percentage
5.1	Directors, Chief Executive Officer, and their spouse and minor children.	1,484,665	49.4888
5.2	Associated Companies, undertakings and related parties.	375,000	12.5000
5.3	NIT and ICP	94,807	3.1602
5.4	Banks Development Financial Institutions, Non Banking Financial Institutions.	53	0.0018
5.5	Insurance Companies	-	-
5.6	Modarabas and Mutual Funds	-	-
5.7	Shareholders holding 10%	791,853	26.3951
5.8	General public		
	a. Local	961,331	32.0444
	b. Foreign	-	-
5.9	Others (to be specified)		
	1. Joint Stock Companies	75,200	2.5067
	2. Pension Funds	8,613	0.2871
	2. Others	331	0.0110

6.	Signature of Company Secretary	
7.	Name of Signatory	Mr. Mazhar Hussain
8.	Designation	Company Secretary
9.	NIC Number	35202–2725576–3
10.	Date	30-06-2013

CATEGORIES OF SHAREHOLDERS REQIURED UNDER C.C.G .
AS AT JUNE 30, 2013

S.No.	Name	No. of Shares Held	%age
	Associated Companies, Undertakings and Related Parties		
	Husein Sugar Mills Limited	375,000	12.5000
	Mutual Funds	-	-
1.	Trustee National Bank of Pakistan Employees Pension Fund (CDC)	8,613	0.2871
	DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN		
1.	Mian Shahzad Aslam	234,620	7.8207
2.	Mst. Nusrat Shamim	600	0.0200
3.	Mian Farrukh Naseem	203,636	6.7879
4.	Mian Aamir Naseem	272,486	9.0829
5.	Mr. Ahmed Ali Tariq	104,246	3.4749
6.	Mr. Saad Naseem	173,364	5.7788
7.	Mrs. Fatima Aamir	416,853	13.8951
8.	Mrs. Hina Farrukh	78,860	2.6287
	Executives:	-	-
	Public Sector Companies & Corporations:	-	-
	Bank, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	8,666	0.2889
	Sharesholders holding five percent or more voting intrest in the listed company		
1.	Mrs. Fatima Aamir	416,853	13.8951
2.	Husein Sugar Mills Limited	375,000	12.5000
3.	Mian Shahzad Aslam	234,620	7.8207
4.	Mian Aamir Naseem	272,486	9.0829
5.	Mian Farrukh Naseem	203,636	6.7879
6.	Mr. Saad Naseem	173,364	5.7788
7.	Mr. Ahmed Naseem	153,435	5.1145

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

S.No.	Name	Sale	Purchase
1.	Mst. Nusrat Shamim	175,756	-
2.	Mrs. Fatima Aamir	-	95,003

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. ____________________

hererby appoint Mr. ____________________ of ____________________

of failing him Mr. ____________________ of ____________________

who is also a member of SHADAB TEXTILE MILLS LIMITED, Vide Registered Folio No. __________

as my / our proxy to vote for me / us and on my / our behalf at the 34th Annual General Meeting of the Company to be held on Thursday, October 31, 2013 at 10:30 a.m. and at any adjournment thereof.

As witness my / our hand (s) this __________ day of __________ 2013

1. Witness:

Signature __________

Name __________

Address __________

____

____

Affix
Revenue
Stamps of
Rs. 5/-

____
Signature of Member

2. Witness:

Signature __________

Name __________

Address __________

____

____

Shareholder's Folio No. __________

CDC A/c No. __________

NIC No. | | | | | | | | | | | | | | | |

NOTE:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a 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 member of the Company.

2. CDC shareholders are requested to bring with them their Computrised National Identity Cards alongwith the participants' ID numbers and their account numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders.

3. Signature should agree with specimen signature registered with the company.