CONTENTS

NADEEM TEXTILE MILLS LIMITED

Vision Statement

To be a dynamic, profitable and growth oriented Company.

Mission Statement

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

- Offering high class products and services to all our customers.
- Continuously upgrading the latest production facilities to achieve higher levels of operational efficiency.
- Nurturing a work culture that generates creativity, enthusiasm, professionalism and teamwork.
- Maintaining the highest standards of ethics, safety and environment.
- Contributing towards the economic development of the country.

COMPANY INFORMATION

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

NADEEM TEXTILE MILLS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of Nadeem Textile Mills Limited will be held on Monday, October 28, 2019 at 5:15 p.m. at 801-804, 8th Floor, Lakson Square Building No.3, Block-A, Sarwar Shaheed Road, Karachi, to transact the following business:

Ordinary Business:

1. To confirm the Minutes of the Annual General Meeting of the Company held on 27th October, 2018.

2. To receive, consider and adopt the audited financial statements of the company for the year ended 30th June, 2019 together with the Directors' and Auditors' Reports thereon.

3. To approve the cash dividend @21% (Rs.2.10 per share) for the year ended June 30, 2019 as recommended by the Board of Directors.

4. To appoint Auditors and fix their remuneration for the year ending June 30, 2020.

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

Special Business:

6. To ratify the transactions carried out by the Company with related parties as disclosed in the Financial Statements for the year ended June 30, 2019 by passing the following resolutions as ordinary resolutions:

   "RESOLVED that the related parties transactions carried out by the Company with Nadeem Power Generation (Pvt.) Ltd. and Nadeem International (Pvt.) Ltd. related parties during the year ended June 30, 2019 be and are hereby approved."

   FURTHER RESOLVED THAT the Company may carry out transactions including, but not limited to, the sale/purchase of yarn, sale/purchase of cotton/fibre, sale/purchase of electricity, reprocessing of yarns, rent/lease of assets, sale/purchase of machinery and equipment and other necessary goods, including receipt and payment of dividends, with related parties from time to time for the financial year 2019-20.

Karachi: By order of the Board
September 30, 2019 Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from October 21, 2019 to October 28, 2019 (both days inclusive).Transfers received before the closure of shares transfer books (i.e. 20-10-2019) at the office of share Registrar, M/s Hameed Majeed Associates (Pvt) Ltd. Karachi Chamber, Hasrat Mohani Road, Karachi by 20-10-2019 will be treated in time for the entitlement to attend the Annual General Meeting and payment of the dividend.
2. A member entitled to attend and vote at the General Meeting is entitled to appoint another member as his/her proxy to attend and vote instead of him/her. A proxy must be a member of the Company.
3. The instrument appointing a proxy, in order to be valid must be received at the Head Office of the Company at A -801-804, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi, not less than forty-eight (48) hours before the time fixed for the meeting.
4. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his/her participant ID number and account/sub account number along-with original Computerized National Identity Card (CNIC) or passport at the time of attending the meeting to prove his/her identity and in case of Proxy must enclose additionally an attested copy of his/her CNIC or Passport, Representatives of corporate members should bring the usual documents required for such purpose.
5. CDC Account Holders will also have to follow the guidelines laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
6. Members are requested to immediately inform of any change in their addresses to our Share Registrar, M/S Hameed Majeed Associates (Pvt.) Ltd., 4th Floor, Karachi Chambers, Hasrat Mohani Road, Karachi.
7. **Payment of cash Dividend Electronically**
   In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.
   All shareholders are requested to provide the details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) IBAN number: (iv) bank name and (v) branch name, code & address, to the Company's Share Registrar M/S Hameed Majeed Associates (Pvt.) Ltd., Karachi.
8. **Submission of copies of CNIC and NTN Certificate (Mandatory)**
   Pursuant to the directive of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrant shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the

statutory requirements and submit a copy of their CNIC (if not already provided) to the Company's Share Registrar, Hameed Majeed Associates (Pvt.) Ltd., Karachi, without any delay.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the company shall withhold the Dividend in terms of Clause (a) of proviso under Section 243(2) of the Companies Act 2017, which will be released by the Share Registrar, only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

Withholding Tax on Dividend

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

(a) For filers of income tax returns: 15%

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

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

Withholding tax on Dividend in case of Joint Account Holders

In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividend of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, enabling the Company to compute withholding tax of each shareholder accordingly. The required information must reach the Company's Share Registrar by October 20, 2019, otherwise each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

9. **Unclaimed Dividend**

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

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

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

This statement sets out the material facts concerning the Special Business, given as agenda item no. 6 of the Notice to be transacted at the 33rd Annual General Meeting of the Company.

ITEM NO. 6 OF THE AGENDA:

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

S.No.	Name of Associated Undertaking	Nature of Transactions	Rupees
1	Nadeem Power Generation (Pvt) Ltd.	Purchase of Power	218,556,743
2	Nadeem Power Generation (Pvt) Ltd.	Loan Received	10,900,000
3	Nadeem Power Generation (Pvt) Ltd.	Loan Re-Paid	7,000,000
4	Nadeem Power Generation (Pvt) Ltd.	Rental Income	10,000
5	Nadeem International (Pvt) Ltd.	Loan Received	30,215,000
6	Nadeem International (Pvt) Ltd.	Loan Re-Paid	17,890,000
7	Nadeem International (Pvt) Ltd.	Weigh Bridge Expenses	180,000

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

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

All related party transactions, during the year 2019, were reviewed and approved by the Audit Committee and the Board in their respective meetings. The transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method.

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

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

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

NADEEM TEXTILE MILLS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED JUNE 30, 2019

Dear Shareholders,

The Directors of your Company feel pleasure in presenting their report together with the audited financial statements of the Company and Auditor's Report thereon for the year ended June 30, 2019.

FINANCIAL HIGHLIGHTS

The financial results of the Company for the year ended June 30, 2019 are summarized below.

	Rupees in Million	
	2019	**2018**
Sales	7,186.09	6,441.23
Gross Profit	754.68	563.96
Profit / (Loss) before tax	322.69	168.29
Profit / (Loss) after tax	200.16	149.76

The sales turnover has increased by 11.56% in the current year to Rs. 7,186.09 million from Rs. 6,441.23 million of the previous year. The Company has managed to earn a gross profit of Rs. 754.68 million as compared to 563.96 million of the preceding year showing an increase of 33.65%. Net profit after tax also increased to Rs. 200.16 million as compared to a profit of Rs. 149.76 million of the previous year. No changes have occurred during the financial year in the nature of the business of the company.

BREAK-UP VALUE AND EARNING PER SHARE

The break-up value of the shares as on June 30, 2019 is Rs. 63.51 as compared to Rs. 54.73 as at June 30, 2018.
The earning per share for the year ended June 30, 2019 is Rs. 10.42 as compared to 8.07 for the year ended June 30, 2018.

DIVIDEND

The Board of Directors of the company is pleased to recommend a cash dividend of 21% i.e., Rs. 2.10 per share for the year ended June 30, 2019.

OVERVIEW

Pakistan's economy has been in the state of recession for the last couple of years. Increase in exports is the only answer to the depressed economic situation of Pakistan. Some of the major obstacles in promoting the exports of textile products are higher cost of doing business, heavy taxation, inordinate delay in refunds of sales tax, income tax and payment of duty drawback to exporters as well as shortage of raw cotton which has been created by the continuos crop failure in the last five years.
Increase in markup rates is also leading to higher cost of finance to the textile industry and high energy rates are also ultimately resulting in de-industrialization as well as decline in Pakistan's share in the global textile trade. In contrast, the share of our regional competitors like Bangladesh, India and Vietnam is rising by leaps and bounds.

OPERATING PERFORMANCE

The plant remained operative throughout the year and achieved the production of 22.66 million Kgs. of spun yarn after conversion into 20/s count as compared to 22.19 million Kgs. of the previous year.

PRESENT AND FUTURE OUTLOOK

The cotton crop has witnessed a massive decline over the last five years from 14.87 Million bales to 10.80 million bales annually, witnessing a decrease of 36 percent, which has left Pakistan with the only choice to import cotton to meet the domestic demand. To improve the crop yield and quality of cotton, aggressive campaign and awareness program should be launched by the Government.

The Government should also reduce custom duty on import of polyester and remove duty on import of cotton to improve the viability and availability of raw material. This is essential to regain the market share in the global textile market.

The management is making efforts to maintain the momentum of better financial results and also to further improve and diversify the quality of its products and service. The Company is committed to increase sales by focusing on volumetric growth and improve profitability through cost efficiencies and optimum product mix management.

EXPANSION AND MODERNIZATION

The Company is continuing its BMR policy. The management has imported and successfully installed Gas Generator to improve the cost and quality of power generation. Used spinning machinery in good working condition has also been procured to improve production and quality.

The BMR program is to be continued in the future according to the resources available.

HUMAN RESOURCE

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

CODE OF CORPORATE GOVERNANCE

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

- The financial statements, together with the notes thereon have been drawn up in conformity with the Companies Act 2017. These statements present fairly the Company's state of affairs, results of its operations, cash flow, comprehensive income and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of Internal Control is sound in design and has been effectively implemented and monitored. The process of review and monitoring continues with the object to improve it further.
- There is no significant doubt upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The key operating and financial data for the last six years in a summarized form is annexed.
- Information about taxes and levies is given in the notes to the accounts.
- The Company entered in arm length transactions with other members of the group. These transactions are in compliance with the directives issued by the Security & Exchange Commission of Pakistan in this regard.
- All the directors of the company are registered as tax-payer and none of the company's directors is in default of payment of any dues to a banking company, DFI, NBFI or Stock Exchange.
- None of the directors of the company is serving on the Board of 5 or more listed companies.
- The company operates an unfunded gratuity covering all its employees who have completed their qualifying period. Provision is made annually to cover current obligation under the scheme. The company has adopted the revised IAS 19.
- Trading in the shares of Company during the year by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children are mentioned in the annexed pattern of shareholding.

CORPORATE SOCIAL RESPONSIBILITY

The company has a strong commitment towards corporate social responsibility. The Company believes in contributing to the society and environment by promoting a better working environment and contributing regularly to the national exchequer as per law.

i. Health, Safety and Environment:

We work continuously to ensure that our employees work in a safe and healthy working environment. The Company regularly contributes towards the health facility and retirement benefits available for the workers of the Company

ii. Business Ethics:

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

iii. Energy Savings:

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

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

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

(Leave of absence was granted to Mr. Zahid Mazhar and Mrs. Naila Zahid)

COMPOSITION OF BOARD

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

Composition	Numbers
(a) Independent Director	02
(b) Other Non-Executive Directors	04
(c) Executive Directors	03

ASSOCIATED COMPANIES
Following is the list of associated companies:
(a) Nadeem Power Generation (Pvt.) Ltd.
(b) Nadeem International (Pvt.) Ltd.

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

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

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

As suggested by the Audit Committee, The Board recommends their appointment as Auditors of the Company for the year ending June 30, 2020.

PATTERN OF SHAREHOLDING
The pattern of shareholding of the company as at June 30, 2019 is annexed.

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

On Behalf of Board of Directors
ZAHID MAZHAR
Chief Executive

Karachi:
Dated: September 30, 2019

ندیم ٹیکسٹائل ملز لمیٹڈ

ڈائریکٹرز رپورٹ

محترم حصص یافتگان،

آپ کی کمپنی کے ڈائریکٹرز اپنی سالانہ رپورٹ معہ ۳۰ جون ۲۰۱۹ کو ختم ہونے والے مالی سال کے پڑتال شدہ مالیاتی گوشوارے اور اس پر آڈیٹر کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی کارکردگی

۳۰ جون ۲۰۱۹ کو اختتام پذیر ہونے والے مالی سال کے لئے کمپنی کے مالیاتی نتائج کی مختصر جھلکیاں درج ذیل ہیں۔

-----روپے ملین میں-----

	30 جون 2019 کو ختم ہونے والا مالی سال	30 جون 2018 کو ختم ہونے والا مالی سال
فروخت	7,186.09	6,441.23
کل منافع	754.68	563.96
خالص منافع/(نقصان) قبل از ٹیکس	322.69	168.29
خالص منافع/(نقصان) بعد از ٹیکس	200.16	149.76

رواں سال کی فروخت بڑھ کر 7,186.09 ملین روپے ہوگئی ہے جو کہ پچھلے سال کے 6,441.23 ملین روپے کی فروخت سے 11.56 فیصد زیادہ ہے۔ کمپنی نے 754.68 ملین روپے کا مجموعی منافع کمایا جو کہ گزشتہ سال کے 563.96 ملین روپے کے مقابلے میں 33.65 فیصد زیادہ ہے۔ بعد از ٹیکس خالص منافع بھی بڑھ کر 200.16 ملین روپے ہوگیا جو کہ گزشتہ سال 149.76 ملین روپے تھا۔ مالی سال کے دوران کمپنی کے کاروبار کی نوعیت میں کوئی تبدیلی نہیں ہوئی۔

بریک اپ ویلیو اور فی حصص آمدن

۳۰ جون ۲۰۱۹ کو حصص کی بریک اپ ویلیو 63.51 روپے تھی جبکہ اس کے مقابلے میں یہ قدر ۳۰ جون ۲۰۱۸ کو 54.73 روپے تھی۔

۳۰ جون ۲۰۱۹ کو اختتام پذیر ہونے والے سال کے لئے فی حصص آمدنی 10.42 روپے ہے جو کہ ۳۰ جون ۲۰۱۸ کے لئے 8.07 روپے تھی۔

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز بحساب 21% یعنی 2.10 روپے فی شیئر کیش ڈیویڈنڈ برائے اختتام سال ۳۰ جون ۲۰۱۹ کی تجویز پیش کرنے میں خوشی محسوس کرتا ہے۔

جائزہ

پاکستان کی معیشت پچھلے کئی سالوں سے کساد بازاری سے دوچار ہے۔ برآمدات میں اضافہ ہی پاکستانی کی ابتر معاشی صورتحال کا واحد حل ہے۔ کاروباری لاگت میں اضافہ، بھاری ٹیکس، سیلز ٹیکس انکم ٹیکس اور برآمدکنندگان کو ڈیوٹی ڈرابیک کی ادائیگیوں میں تاخیر کے ساتھ ساتھ پچھلے پانچ سالوں سے جاری کپاس کی فصلوں کی ناکامی سے ہونے والی خام کپاس کی قلت ٹیکسٹائل مصنوعات کی برآمدات کی فروغ میں حائل چند بڑی رکاوٹیں ہیں۔

شرح سود میں اضافے سے ٹیکسٹائل کی صنعت کی مالی لاگت میں بھی اضافہ ہو رہا ہے۔ توانائی کی بڑھتی ہوئی شرح بھی صنعتوں کے بند ہونے کے ساتھ ساتھ عالمی ٹیکسٹائل تجارت میں پاکستان کے حصے میں کمی کا بھی سبب ہیں۔ اس کے برعکس بنگلہ دیش، ہندوستان، اور ویتنام جیسے ہمارے علاقائی حریف کے حصوں میں تیزی سے اضافہ ہو رہا ہے۔

پیداواری کارکردگی

پلانٹ سال بھر چلتے رہے جس کے نتیجے میں 20/1 میں تبدیلی کے بعد 22.19 ملین کلوگرام دھاگے کی پیداوار حاصل کی گئی جو کہ گزشتہ سال 20.45 ملین کلوگرام تھی۔

موجودہ اور مستقبل کے نقطہ نظر

کپاس کی فصل میں گزشتہ پانچ سالوں میں سالانہ 14.78 ملین گانٹھوں سے سالانہ 10.80 ملین گانٹھوں کی کمی واقع ہوئی ہے جو کہ 36% کمی کو ظاہر کرتی ہے۔ اس کمی کے باعث پاکستان کے پاس اپنی صنعتی ضروریات پوری کرنے کے لئے کپاس کی درآمد ہی واحد حل رہ گیا ہے۔ فصل کی پیداوار اور کپاس کے معیار کو بہتر بنانے کے لئے حکومت کی جانب سے آگاہی مہم شروع کی جانی چاہئے۔

حکومت کو اپنی ترجیحات میں پولیسٹر کی درآمد پر کسٹم ڈیوٹی کی کمی اور روئی کی درآمدات پر ڈیوٹی کے خاتمے کو شامل کرنا چاہئے تاکہ خام مال کی دستیابی کو بہتر بنایا جاسکے۔ عالمی ٹیکسٹائل مارکیٹ میں اپنا حصہ دوبارہ حاصل کرنے کے لئے یہ اقدامات ناگزیر ہیں۔

انتظامیہ بہتر مالی نتائج کی رفتار کو برقرار رکھنے اور اپنی مصنوعات اور خدمات کے معیار کو مزید بہتر اور متنوع بنانے کے لئے کوششیں کر رہی ہے۔ کمپنی قیمتوں کی افادیت اور زیادہ سے زیادہ پراڈکٹ مکس منیجمنٹ کے ذریعہ اپنی پروڈکشن کے حجم میں اضافہ پر توجہ مرکوز کر کے منافع میں بہتری لانے اور فروخت میں مزید اضافے کا عزم رکھتی ہے۔

توسیع اور جدت

کمپنی اپنی BMR کی پالیسی جاری رکھے ہوئے ہے۔ مینجمنٹ نے بجلی کی پیداوار کو بہتر بنانے کے لئے گیس جنریٹر درآمد کر کے کامیابی سے نصب کیا ہے۔ پیداوار اور معیار کو بہتر بنانے کے لئے اچھی حالت میں استعمال شدہ مشینری بھی خریدی گئی ہیں۔

یہ BMR پروگرام دستیاب وسائل کے مطابق مستقبل میں بھی جاری رکھا جائے گا۔

افرادی وسائل

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

کوڈ آف کارپوریٹ گورننس

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

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

☆ حساب داری کے مناسب کھاتے رکھے جاتے ہیں۔

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

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

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

☆ کمپنی کے قائم نہ رہنے کے حوالے سے کسی بھی قسم کا کوئی خدشہ نہیں پایا جاتا۔

☆ کارپوریٹ گورننس کے درج کردہ اصولوں سے کسی قسم کا انحراف نہیں کیا جا رہا۔

☆ گزشتہ ۶ برس کے مالی اور انتظامی امور سے متعلق اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔

☆ واجب الادا ٹیکسوں اور دیگر دوسری ادائیگیوں کے بارے میں معلومات گوشوارے کے نوٹس میں دی گئی ہیں۔

☆ گروپ کے دوسرے اراکین کے ساتھ لین دین ضابطے کے مطابق ہے۔ تمام سودوں میں سیکیورٹی اینڈ ایکسچینج کمیشن کی ہدایات کو ملحوظ خاطر رکھا گیا ہے۔

☆ کمپنی کے تمام ڈائریکٹرز رجسٹرڈ ٹیکس دہندگان ہیں اور ان میں سے کوئی بھی کسی بینکنگ کمپنی، NBFI, DFI یا اسٹاک ایکسچینج کا نادہندہ نہیں ہے۔

☆ کمپنی کا کوئی بھی ڈائریکٹر 5 سے زیادہ لسٹڈ کمپنیوں کے بورڈ میں اپنی خدمات پیش نہیں کر رہا۔

☆ کمپنی اپنے تمام ملازمین جو کہ اپنی اہلیت کی مدت پوری کر چکے ہوں کے لئے ایک ان فنڈڈ گریجویٹی اسکیم چلاتی ہے جس کی پرویژن سالانہ کی بنیاد پر کی جاتی ہے۔ کمپنی نے اس سلسلے میں نظر ثانی شدہ IAS-19 کو اپنایا ہے۔

☆ سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانسیل آفیسر، کمپنی سیکرٹری اور ان کے شریک حیات اور نابالغ بچوں کی طرف سے کئے گئے کمپنی کے حصص کے تمام تر سودے منسلکہ پیٹرن آف شیئر ہولڈنگ میں درج ہیں۔

کمپنی کی سماجی ذمہ داریاں

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

۱) صحت، حفاظت اور ماحولیات

اپنے ملازمین کو محفوظ اور صحتمند ماحول کی فراہمی کو یقینی بنانے کے لئے ہم مستقل کوشاں ہیں۔ کمپنی باقاعدگی سے کمپنی کے کارکنوں کے لئے صحت کی سہولیات اور ریٹائرمنٹ کے فوائد میں اپنا حصہ ڈالتی ہے۔

۲) کاروباری اخلاقیات

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

۳) توانائی کی بچت

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

بورڈ کے اجلاس

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

ڈائریکٹرز کے نام	اجلاس میں حاضری	ڈائریکٹرز کے نام	اجلاس میں حاضری
جناب زاہد مظہر	4	جناب عمر بن زاہد	5
جناب حسن بن زاہد	5	محترمہ نائلہ زاہد	4
محترمہ انعم عمر	5	محترمہ شافیہ حسن	5
جناب محمود صدیقی	5	جناب فیض الحسن صدیقی	5
جناب ندیم احمد	5		

(جناب زاہد مظہر اور محترمہ نائلہ زاہد کو غیر حاضری کیلئے رخصت دی گئی تھی۔)

بورڈ کے اراکین

ڈائریکٹرز	تعداد
مرد	6
خواتین	3

ترتیب	تعداد
آزاد ڈائریکٹرز	2
دیگر غیر انتظامی ڈائریکٹرز	4
انتظامی ڈائریکٹرز	3

متعلقہ کمپنیاں

متعلقہ کمپنیوں کی فہرست درج ذیل ہے۔

(۱) ندیم پاور جنریشن (پرائیوٹ) لمیٹڈ

(۲) ندیم انٹرنیشنل (پرائیوٹ) لمیٹڈ

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

آڈٹ کمیٹی

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

آڈیٹرز

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

بورڈ آف ڈائریکٹرز نے یہ سفارش کی ہے کہ آڈٹ کمیٹی کی تجویز کے مطابق انہیں اگلے مالی سال ۳۰ جون ۲۰۲۰ء کے لئے بھی کمپنی کا آڈیٹر مقرر کیا جائے۔

حصص یافتگان کی تفصیل

حصص یافتگان کی تفصیل برائے ۳۰ جون ۲۰۱۹ء اس رپورٹ کے ساتھ منسلک ہے۔

اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز

زاہد مظہر
چیف ایگزیکٹو

کراچی :
مورخہ : ۳۰ ستمبر ۲۰۱۹ء

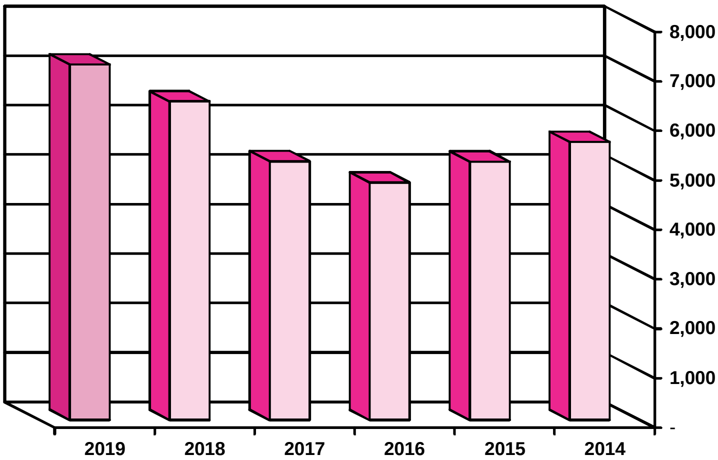
NADEEM TEXTILE MILLS LIMITED

Key Operating & Financial Data
For the period from July 2014 To June 2019

PERIODS	July - June 2018-2019	July - June 2017-2018	July - June 2016-2017	July - June 2015-2016	July - June 2014-2015	July - June 2013-2014
Net Sales Revenue	7,186,097,611	6,441,230,473	5,230,013,369	4,800,851,059	5,224,533,979	5,620,594,591
Cost Of Goods Sold	6,431,415,146	5,877,270,121	4,923,087,905	4,695,875,674	5,021,581,671	5,282,539,289
Gross Profit	754,682,465	563,960,352	306,925,464	104,975,385	202,952,308	338,055,302
Operating Profit	579,109,853	382,570,826	147,077,112	(32,661,510)	61,092,746	193,815,115
Profit/(Loss) Before Tax	322,690,888	168,299,087	24,494,249	(148,482,489)	(66,994,605)	82,515,432
Profit/(Loss) After Tax	200,160,181	149,755,696	7,126,008	(178,224,297)	(88,010,907)	56,533,190
Paid Up Capital	192,119,850	192,119,850	156,195,000	156,195,000	120,150,000	120,150,000
Current Assets	2,576,356,301	2,409,635,450	1,699,417,236	1,419,416,621	1,281,610,172	1,238,828,343
Current Liabilities	2,486,387,751	2,529,508,675	1,956,025,702	1,686,792,467	1,477,332,240	1,402,102,804

TURNOVER

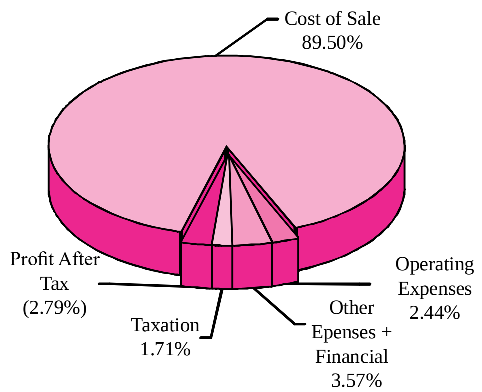
Year	Sales in (M)
2019	7,186
2018	6,441
2017	5,230
2016	4,801
2015	5,225
2014	5,621



APPLICATION OF REVENUE

FOR THE YEAR ENDED JUNE 30, 2019

	RUPEES	PERCENTAGE
Cost of Sale	6,431,415,146	89.50%
Operating Expenses	175,572,612	2.44%
Other Expenses + Financial	256,418,965	3.57%
Taxation	122,530,707	1.71%
Profit / (Loss) After Tax	200,160,181	2.79%
TOTAL	**7,186,097,611**	**100.00%**



NADEEM TEXTILE MILLS LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2019

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

1. The total number of directors are 9 as per the following:
   a. Male 6
   b. Female 3

2. The composition of the Board is as follows:

Category	Names
a) Independent Directors	Mr. Faiz-ul-Hassan Siddiqui Mr. Nadeem Ahmed
b) Executive Directors	Mr. Zahid Mazhar (CEO) Mr. Omer Bin Zahid Mr. Hassan Bin Zahid
c) Non-Executive Directors	Mrs. Naila Zahid (Chairperson) Mrs. Anam Omer Mrs. Shafia Hassan Mr. Mehmood Siddiqui

The independent director meets the criteria of independence under clause 5.19.1.(b) of the CCG

3. The directors have confirmed that none of them is serving as a director on more than five 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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairperson and, in her 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 Regulations.

9. In accordance with Regulation no. 20 of the Code, at least half of the directors of the Company [i.e. five (05) directors] were required to acquire the prescribed certification under any Directors' Training Program offered by approved institutions latest by June 30, 2019. Presently, three directors of the Company are exempt from the Directors' Training Program. However, as of June 30, 2019, the remaining two directors were yet in the process of acquiring such certification.

10. The board has approved appointment of CEO, 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. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

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

	Committee	**Name of members and Chairman**
(a)	Audit Committee	Mr. Faiz ul Hassan Siddiqui (Chairman) Mrs. Anam Omer Mrs. Shafia Hassan
(b)	HR Committee	Mr. Nadeem Ahmed (Chairman) Mrs. Anam Omer Mrs. Shafia Hassan

13. The term of reference of the aforesaid committees have been formed, documented and advised the committee for compliance.

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

	Committee	**Frequency of meetings**
(a)	Audit Committee	Quarterly
(b)	Audit Committee	Annually

15. The Board has setup an effective internal audit function manned by competent personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 the Institute of Chartered Accountants of Pakistan.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act and Regulations or any other regulatory requirements and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other material principles contained in the Code have been complied with.

Karachi:
Date: September 30, 2019

ZAHID MAZHAR
Chief Executive

Russell Bedford

Rahman Sarfaraz Rahim Iqbal Rafiq

CHARTERED ACCOUNTANTS

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Other Offices at Lahore - Islamabad

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of M/s. Nadeem Textile Mills Limited

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Nadeem Textile Mills Limited (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Further, we highlighted below instance of non-compliance with the requirement of the Codes as reflected in the paragraph 9 of the statement of compliance:

S.No.	Reference No	Description
01.	9	In accordance with Regulation no. 20 of the Code, at least half of the directors of the Company [i.e. five (05) directors] were required to acquire the prescribed certification under any Directors' Training Program offered by approved institutions latest by June 30, 2019. Presently, three directors of the Company are exempt from the Directors' Training Program. However, as of June 30, 2019, the remaining two directors were yet in the process of acquiring such certification.

Karachi.
Dated: September 30,2019

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the members of Nadeem Textile Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Nadeem Textile Mills Limited** (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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, 2019 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 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 / Institute of Cost and Management Accountants (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

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

Following is the Key audit matter:

S.No.	Key audit matter(s)	How the matter was addressed in our audit
01.	**<u>First time adoption of IFRS 9 – 'Financial Instruments'</u>** IFRS 9 'Financial Instruments' is effective for the Company for the first time during the current year and replaces the financial instruments standard IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard requires the Company to make provision for financial assets (trade debts) using Expected Credit Loss ('ECL') approach as against the Incurred Loss Model previously applied by the Company. Determination of ECL provision for trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first time adoption of IFRS 9 requirements as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	We reviewed and understood the requirements of the IFRS 9. Our audit procedures included the following: • Considered the management's process to assess the impact of adoption of IFRS 9 on the Company's financial statements. • Reviewed the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Company. Reviewed the working of management for expected credit losses. • We reviewed and assessed the impact and adequacy of disclosures in the financial statements with regard to the effect of adoption of IFRS 9.

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

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report, but does not include the financial statements of the company 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, on other information obtained prior to the date of this auditor's report, we conclude 'that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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; and

The engagement partner on the audit resulting in this independent auditor's report is Mr. Muhammad Rafiq Dosani.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Karachi

Date: September 30, 2019

NADEEM TEXTILE MILLS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	**1,626,405,616**	1,663,043,411
Long term deposits	6	**13,597,274**	13,622,274
Deferred tax		**-**	23,128,977
Current Assets			
Stores, spares and loose tools	7	**89,415,372**	76,884,797
Stock-in-trade	8	**886,459,993**	1,231,609,339
Trade debts	9	**949,581,017**	640,857,885
Investments	10	**114,769,390**	57,273,144
Loans and advances	11	**230,444,123**	38,304,295
Deposits, prepayments and other receivables	12	**86,686,876**	150,186,705
Tax refunds due from government	13	**75,103,048**	115,488,303
Cash and bank balances	14	**143,896,482**	99,030,982
		2,576,356,301	2,409,635,450
		4,216,359,191	4,109,430,112
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized Capital			
25,000,000 ordinary shares of Rs. 10/- each		**250,000,000**	250,000,000
Issued, subscribed and paid up capital	15	**192,119,850**	192,119,850
Share premium		**177,597,289**	177,597,289
Revaluation surplus on property, plant and equipment	16	**312,229,122**	324,611,119
Unappropriated profit		**538,359,167**	357,288,753
		1,220,305,428	1,051,617,011
Non-Current Liabilities			
Long term financing	17	**85,318,528**	148,283,561
Deferred liabilities	18	**91,352,113**	63,250,494
Loan from associates	19	**332,995,371**	316,770,371
		509,666,012	528,304,426
Current Liabilities			
Loan from director	20	**10,000,000**	10,000,000
Trade and other payables	21	**672,837,469**	685,957,623
Accrued mark-up	22	**50,959,971**	39,138,030
Short term borrowings	23	**1,598,768,482**	1,615,969,280
Unclaimed dividend		**1,481,813**	1,478,723
Current portion of long term financing	17	**72,340,016**	96,965,019
Current portion of loan from associate	19	**80,000,000**	80,000,000
		2,486,387,751	2,529,508,675
Contingencies and commitments	24	**-**	-
		4,216,359,191	4,109,430,112

The annexed notes from 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

Karachi Dated: September 30, 2019

NADEEM TEXTILE MILLS LIMITED

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees	
Sales - net	25	**7,186,097,611**	6,441,230,473
Cost of sales	26	**(6,431,415,146)**	(5,877,270,121)
Gross profit		**754,682,465**	563,960,352
Administrative expenses	27	**(102,199,334)**	(94,325,935)
Distribution costs	28	**(73,373,278)**	(87,063,591)
		(175,572,612)	(181,389,526)
		579,109,853	382,570,826
Other operating income	29	**16,146,383**	3,369,609
Other operating expenses	30	**(25,810,996)**	(40,438,037)
Finance cost	31	**(246,754,352)**	(177,203,311)
		(256,418,965)	(214,271,739)
Profit before taxation		**322,690,888**	168,299,087
Taxation	32	**(122,530,707)**	(18,543,391)
Profit after taxation		**200,160,181**	149,755,696
Earnings per share - basic and diluted	33	**10.42**	8.07

The annexed notes from 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

Karachi Dated: September 30, 2019

NADEEM TEXTILE MILLS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees	
Profit after taxation	**200,160,181**	149,755,696
Other comprehensive income / (loss)		
Items that will not be subsequently reclassified in profit or loss:		
Actuarial loss on defined benefit obligation - net of tax	**(723,002)**	(879,442)
Total comprehensive income for the year	**199,437,179**	148,876,254

The annexed notes from 1 to 44 form an integral part of these financial statements.

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

Karachi Dated: September 30, 2019

NADEEM TEXTILE MILLS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash generated from operations	34	**600,017,560**	53,231,192
Long term deposit		**25,000**	(5,345)
Taxes paid		**(66,892,399)**	(55,947,348)
Gratuity paid	18.1.1	**(29,290,523)**	(24,781,713)
Finance cost paid		**(234,932,411)**	(162,222,772)
Workers profit participation fund paid		**(9,038,619)**	(1,287,686)
Dividend paid		**(30,748,762)**	(6,724,195)
Net cash generated / (used in) from operating activities		**229,139,846**	(197,737,867)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(121,951,340)**	(183,712,478)
Proceeds from disposal of property, plant and equipment	5.1.5	**26,242,828**	9,405,298
Net cash used in investing activities		**(95,708,512)**	(174,307,180)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance (repaid) / obtained - net		**(87,590,036)**	50,631,295
Loan from director		**-**	5,200,000
Loan from associate-net		**16,225,000**	(21,927,687)
Net cash (used in) / generated from financing activities		**(71,365,036)**	33,903,608
Net increase / (decrease) in cash and cash equivalents		**62,066,298**	(338,141,439)
Cash and cash equivalents at beginning of the year		**(1,516,938,298)**	(1,178,796,859)
Cash and cash equivalents at end of the year	35	**(1,454,872,000)**	(1,516,938,298)

The annexed notes from 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

Karachi Dated: September 30, 2019

NADEEM TEXTILE MILLS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid up capital	Share premium	Unappropriated profit	Revaluation surplus on property, plant and equipment	Total
			Rupees		
Balance as at July 01, 2017	156,195,000	123,710,000	202,021,367	337,726,446	819,652,813
Profit for the year	-	-	149,755,696	-	149,755,696
Other comprehensive income / (loss)	-	-	(879,442)	-	(879,442)
Total comprehensive income for the year	-	-	148,876,254	-	148,876,254
Transfer to unappropriated profit on account of incremental depreciation-net off deferred tax	-	-	13,115,327	(13,115,327)	-
Transactions with owners					
Issue of Ordinary shares	35,924,850	53,887,289	-	-	89,812,139
Dividend paid	-	-	(6,724,195)	-	(6,724,195)
	35,924,850	53,887,289	(6,724,195)	-	83,087,944
Balance as at June 30, 2018	192,119,850	177,597,289	357,288,753	324,611,119	1,051,617,011
Profit for the year	-	-	**200,160,181**	-	**200,160,181**
Other comprehensive income / (loss)	-	-	**(723,002)**	-	**(723,002)**
Total comprehensive income for the year	-	-	**199,437,179**	-	**199,437,179**
Transfer to unappropriated profit on account of incremental depreciation	-	-	**12,381,997**	**(12,381,997)**	-
Transactions with owners					
Issue of Ordinary shares	-	-	-	-	-
Dividend paid	-	-	**(30,748,762)**	-	**(30,748,762)**
	-	-	**(30,748,762)**	-	**(30,748,762)**
Balance as at June 30, 2019	**192,119,850**	**177,597,289**	**538,359,167**	**312,229,122**	**1,220,305,428**

The annexed notes from 1 to 44 form an integral part of these financial statements.

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

Karachi Dated: September 30, 2019

NADEEM TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. THE COMPANY AND ITS OPERATIONS

Nadeem Textile Mills Limited ("the Company") was incorporated in Pakistan as public limited company on July 15, 1984 and its shares are listed on the Pakistan Stock Exchange Limited. The main business of the Company is manufacture and sale of yarn.

The geographical location and address of the Company's business units, including mills/plant is as under:

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

- The Company's mills is located at;
- Unit-1: A-265, S.I.T.E., Nooriabad, district Jamshoro, Sindh.
- Unit-2: E-11, S.I.T.E., Kotri, Sindh.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except;
- Land and buildings measured at revalued amounts less accumulated depreciation therein;
- Recognition of staff retirement benefits at fair value.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are involved or where judgment was exercised in application of accounting policies are as follows:

		Note
i)	Revaluation of certain items of property, plant and equipment	4.1
ii)	Useful life and residual values of property, plant and equipment	4.1
iii)	Provision for slow moving and obsolete store, spares and loose tools	4.2
iv)	Provision for slow moving and obsolete stock in trade	4.3
v)	Provision for staff retirement benefits	4.6
vi)	Provision for taxation	4.9

2.5 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2019

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2018 other than those disclosed in note 3.1, are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not stated in these financial statements.

2.6 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July, 01 2019:

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management is in the process of analysing the potential impacts on adoption of this standard.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The management is in the process of analysing the potential impacts on adoption of this standard.

- Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendment to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective for annual periods beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively.
The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.1 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are satisfied rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations issued thereunder.

The Company manufactures and contracts with customers for the sale of goods which generally include single performance obligation. The management has concluded that revenue from sale of goods be recognised at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer. Invoices are generated and revenue is recognised at that point in time, as the control has been transferred to the customers. The above is generally consistent with the timing and amounts of revenue the Company recognised in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the financial statements of the Company.

3.2 IFRS 9 'Financial Instruments'

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

a) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); and
- Measured at amortised cost.

The accounting policies that apply to financial instruments are stated in note 4.13 to the financial statements.
The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 30 June 2018:

Financial assets	Original classification as per IAS 39	New classification as per IFRS 9	Carrying Amount as per IAS 39 as on June 30, 2018	Carrying Amount on Initial adoption of IFRS 9 on July 01, 2018
			Amount in 'Rs.'	
Trade debts	Loans and receivable	Amortized cost	640,857,885	640,857,885
Investments	Held to maturity	Amortized cost	57,273,144	57,273,144
Loans and advances	Loans and receivable	Amortized cost	38,304,295	38,304,295
Deposits, prepayments and other receivables	Loans and receivable	Amortized cost	150,186,705	150,186,705
Cash and bank balances	Loans and receivable	Amortized cost	99,030,982	99,030,982

There is no retrospective application of changes in classification of financial assets due to adoption of IFRS 9 on the amounts presented for 30 June 2018:
The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

b) Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.
The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Trade and other receivables are written off when there is no reasonable expectation of recovery. The Company assesses expected credit losses associated with its financial assets on a forward looking basis. The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date. The move from an incurred loss model to an expected loss has not had an impact on the financial position and/or financial performance of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment loss, if any, except lease hold land, factory building and office premises which are stated at revalued amount less accumulated depreciation and impairment loss, if any.
Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.
An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year in which the asset is derecognized.
Depreciation is charged to profit and loss account applying written down value method whereby the cost or revalued amount of an asset is written off over its useful life at the rates specified in note 6 the financial statements. Depreciation on additions is charged from the day in which asset is available for use and on disposals up to the day immediately preceding that of deletion.
The assets' residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment at year end did not require any adjustment as its impact is considered insignificant.
Any revaluation increase arising on the revaluation of assets is recognised in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land, buildings and plant & machinery is charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous

revaluation of that asset. The revaluation reserve is not available for distribution to the Company's shareholders. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profit.
Capital work - in - progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work - in - progress. These are transferred to specified assets as and when assets are available for use.

4.2 Stores, spares and loose tools

Stores, spares and loose tools excluding items in transit are valued at lower of average cost and net realizable value. Provision is made for slow moving and obsolete items. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the balance sheet date.
Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

4.3 Stock in trade

Raw materials and finished goods are valued at lower of average cost and net realizable value.
Work-in-process is valued at average cost of raw-materials including a proportionate of manufacturing overheads. By products and waste products are valued at net realisable value.
Cost of finished goods includes cost of direct materials, labour and appropriate portion of manufacturing overheads.
Net realisable value signifies the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to be incurred to make the sale.
Provision is made in the financial statements against slow moving and obsolete stock-in-trade based on management's best estimate regarding their future usability whenever necessary and is recognised in the statement of profit or loss.

4.4 Trade debts and other receivables

These are classified at amortized cost and are initially recognised 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.

4.5 Cash and cash equivalents

Cash and cash equivalents comprises cash and bank balances. Short term running finances that are repayable on demand are integral part of the Company's cash management policy are also included as a component of cash equivalents for the purpose of the statement of cash flows.

4.6 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering all permanent employees. Contribution is made to this scheme on the basis of actuarial recommendations. The actuarial valuation is carried out using the Projected Unit Credit Method.
Staff retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme.
All remeasurement gains and losses are recognised in other comprehensive income.

4.7 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in ordinary course of business from suppliers. Accounts payable are classified as current if payment is due within one year or less (or in normal operating cycle of business, if longer), if not, they are classified as non current liabilities. Liabilities for trade and other amounts payable are carried at amortised cost.

4.8 Provisions

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

4.9 Taxation

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

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rate enacted by or substantively enacted at the balance sheet date, and any adjustment to the tax payable in respect of previous year. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any or minimum tax u/s 113 of Income Tax Ordinance, 2001 after taking into account tax credits or Alternative corporate tax u/s 113C of Income Tax Ordinance, 2001. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.10 Revenue recognition

Revenue from sale of goods

Revenue from sale of goods (yarn) is recegnized when the customer obtains control of the goods, being when the goods are delivered to the

customer, the customer has full discretion over the selling price of the goods and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been dispatched from the company premise, the risk of loss has been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.
A receivable is recognized when the goods are delivered to customer as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
The Company does not expect to have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

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

4.11 Borrowing costs
Borrowings costs are recognised as an expense in the period in which they are incurred except, to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

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

4.13 Financial instruments
4.13.1 Classification and Initial Measurement
The Company classifies its financial assets in to following three categories:
- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); and
- Measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

Financial assets at FVOCI
A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:
- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Financial assets at FVTPL
All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.
A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

4.13.2 Subsequent Measurement
a) Financial assets at FVOCI
These assets are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).
b) Financial assets at FVTPL
These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.
c) Financial assets measured at amortized cost
These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

4.13.3 Financial liabilities
Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL

are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

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

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

4.14 Offsetting

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

4.15 Impairment

The Company recognises loss allowances for ECLs in respect of financial assets measured at amortised cost.

The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts. The Company assesses on a forward looking basis the expected credit losses associated with its financial assets.

Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, company compare 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 and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

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

An entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event of company.

4.16 Dividends and appropriations to reserves

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

	Note	**2019**	2018
		Rupees	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	**1,606,579,792**	1,613,394,656
Capital work in progress	5.2	**19,825,824**	49,648,755
		1,626,405,616	1,663,043,411

5.1 Operating Fixed Assets

	Leasehold land	Factory building	Office premises	Plant and machinery	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Total
	Rupees								
As at June 30, 2017									
Cost / Revalued amount	112,000,000	444,976,582	210,899,760	1,813,433,971	11,807,275	2,341,314	6,972,903	59,348,794	2,661,780,599
Accumulated depreciation	-	(94,271,310)	(55,019,116)	(854,628,247)	(4,937,896)	(1,764,728)	(2,754,589)	(28,403,933)	(1,041,779,819)
	112,000,000	**350,705,272**	**155,880,644**	**958,805,724**	**6,869,379**	**576,586**	**4,218,314**	**30,944,861**	**1,620,000,780**
Year ended June 30, 2018									
Opening net book value	112,000,000	350,705,272	155,880,644	958,805,724	6,869,379	576,586	4,218,314	30,944,861	1,620,000,780
Additions / transfers	-	1,830,684	2,175,721	128,429,758	542,715	144,063	835,298	7,455,045	141,413,284
Disposals									
Cost	-	-	-	(25,813,087)	-	-	-	(4,017,800)	(29,830,887)
Accumulated depreciation	-	-	-	12,330,486	-	-	-	2,485,953	14,816,439
	-	-	-	(13,482,601)	-	-	-	(1,531,847)	(15,014,448)
Depreciation for the year	-	(17,568,301)	(7,839,552)	(99,762,744)	(718,237)	(196,243)	(452,549)	(6,467,334)	(133,004,960)
Closing net book value	**112,000,000**	**334,967,655**	**150,216,813**	**973,990,137**	**6,693,857**	**524,406**	**4,601,063**	**30,400,725**	**1,613,394,656**
As at June 30, 2018									
Cost / Revalued amount	112,000,000	446,807,266	213,075,481	1,916,050,642	12,349,990	2,485,377	7,808,201	62,786,039	2,773,362,996
Accumulated depreciation	-	(111,839,611)	(62,858,668)	(942,060,505)	(5,656,133)	(1,960,971)	(3,207,138)	(32,385,314)	(1,159,968,340)
	112,000,000	**334,967,655**	**150,216,813**	**973,990,137**	**6,693,857**	**524,406**	**4,601,063**	**30,400,725**	**1,613,394,656**
Year ended June 30, 2019									
Opening net book value	**112,000,000**	**334,967,655**	**150,216,813**	**973,990,137**	**6,693,857**	**524,406**	**4,601,063**	**30,400,725**	**1,613,394,656**
Additions / transfers	**-**	**3,254,440**	**1,885,872**	**123,818,253**	**289,000**	**450,880**	**630,409**	**21,445,417**	**151,774,271**
Revaluation surplus	-	-	-	-	-	-	-	-	-
Disposals									
Cost	**-**	**-**	**(4,500,000)**	**(45,782,533)**	**-**	**-**	**-**	**(14,691,500)**	**(64,974,033)**
Accumulated depreciation	**-**	**-**	**614,552**	**36,076,227**	**-**	**-**	**-**	**7,888,089**	**44,578,868**
	-	**-**	**(3,885,448)**	**(9,706,306)**	**-**	**-**	**-**	**(6,803,411)**	**(20,395,165)**
Depreciation for the year	**-**	**(16,858,147)**	**(7,342,444)**	**(105,513,967)**	**(691,727)**	**(229,762)**	**(476,487)**	**(7,081,436)**	**(138,193,970)**
Closing net book value	**112,000,000**	**321,363,948**	**140,874,793**	**982,588,117**	**6,291,130**	**745,524**	**4,754,985**	**37,961,295**	**1,606,579,792**
As at June 30, 2019									
Cost / Revalued amount	**112,000,000**	**450,061,706**	**210,461,353**	**1,994,086,362**	**12,638,990**	**2,936,257**	**8,438,610**	**69,539,956**	**2,860,163,234**
Accumulated depreciation	**-**	**(128,697,758)**	**(69,586,560)**	**(1,011,498,245)**	**(6,347,860)**	**(2,190,733)**	**(3,683,625)**	**(31,578,661)**	**(1,253,583,442)**
	112,000,000	**321,363,948**	**140,874,793**	**982,588,117**	**6,291,130**	**745,524**	**4,754,985**	**37,961,295**	**1,606,579,792**
Annual rates of depreciation	**0%**	**5%**	**5%**	**10%**	**10%**	**30%**	**10%**	**20%**	

5.1.1 Leasehold lands of the Company are located at S.I.T.E, Nooriabad, Sindh and S.I.T.E., Kotri Sindh with an area of 160,930 and 48,400 square yards respectively

5.1.2 The Company measure its land, buildings and office premises using revaluation model. The latest revaluation of land, building, and office premises was carried out by an independent valuer M/s. Joseph Lobo as on June 30, 2016 on the basis of present market values for similar sized land in the vicinity and replacement values of similar type of buildings adjusted for depreciation factor for the existing assets in use.

5.1.3 Forced sales value of leasehold land, buildings and office premises based on the valuation conducted in June 2016 by independent valuer was Rs. 646.40 million.

5.1.4 Had there been no revaluation, the book value of land, buildings and office premises would have been as follows:

	2019	2018
	Rupees	
Leasehold land	46,384,040	46,384,040
Factory building	91,141,298	93,699,309
Office premises	94,892,213	101,481,813
	232,417,551	241,565,162

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

Paricular Of Assets	Cost	Accumulated Depreciation	Book Value	Sales Proceeds	(Gain)/Loss On Disposal	Particulars Of Purchaser	Mode Of Disposal
	Rupees						
Commerce Centre Room 201-202	4,500,000	614,552	3,885,448	8,673,000	(4,787,552)	Pervaiz Umer Enterprises	Negotation
Simplex Machine FA-415	11,206,090	6,164,862	5,041,228	3,425,000	1,616,228	K&B Brothers	Negotation
Savio & Auto Cone Murata	14,333,306	12,115,323	2,217,983	1,833,332	384,651	Ali Sher & Sons	Negotation
TFO Twister Machine	18,819,977	16,652,893	2,167,084	1,326,496	840,588	Hassan & Co.	Negotation
Prado BG-8988	6,200,000	1,736,838	4,463,162	8,000,000	(3,536,838)	Car Deals (CD)	Negotation
Prado BF-8788	7,000,000	4,939,368	2,060,632	2,200,000	(139,368)	Gaziani Automobiles	Negotation
2019	**62,059,373**	**42,223,836**	**19,835,537**	**25,457,828**	**(5,622,291)**		
2018	29,830,887	14,816,439	15,014,448	9,405,298	5,609,150		

		Note	**2019**	2018
			Rupees	
5.1.6	**Depreciation is allocated as under**			
	Cost of sales	26	**122,372,114**	117,331,045
	Administrative expenses	27	**15,821,856**	15,673,915
			138,193,970	133,004,960
5.2	**Capital work in progress**			
	Advance to contractors for civil works		**16,135,485**	4,326,178
	Plant and Machinery		**3,690,339**	45,322,577
			19,825,824	49,648,755
6	**LONG TERM ADVANCES AND DEPOSITS**			
	Long term advances		**437,500**	437,500
	Long term security deposits		**13,159,774**	13,184,774
			13,597,274	13,622,274
7	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		**47,845,433**	40,886,011
	Spares		**41,016,526**	35,418,634
	Loose tools		**553,413**	580,152
			89,415,372	76,884,797
8	**STOCK IN TRADE**			
	Raw material		**448,451,613**	903,768,184
	Work - in - process		**45,396,959**	43,926,468
	Finished goods		**366,897,556**	258,587,826
	Waste		**25,713,865**	25,326,861
		8.1	**886,459,993**	1,231,609,339

8.1 This includes stocks amounting to Rs. 728 million (2018: Rs. 1,113 million) pledged with banks as security with banks against finance facilities. In addition to imported raw material (fibre/cotton) worth Rs. 205 million was in transit as on June 30, 2019.(refer note 23).

		Note	2019 Rupees	2018 Rupees
9	**TRADE DEBTS**			
	Considered good			
	Export trade debts - secured		**11,094,825**	38,221,064
	Local trade debts - unsecured		**944,027,482**	606,875,274
			955,122,307	645,096,338
	Less: Provision for impairment	9.1	**(5,541,290)**	(4,238,453)
			949,581,017	640,857,885
9.1	The movement in the allowance for the doubtful debts is as follows:			
	Opening balance		**4,238,453**	5,707,446
	Charge / (reversal) during the year		**1,302,837**	(1,468,993)
	Closing balance		**5,541,290**	4,238,453
10	**INVESTMENTS**			
	Bonds receivable	10.1	**69,300,000**	-
	Term deposits	10.2	**45,469,390**	57,273,144
			114,769,390	57,273,144

10.1 These represents bonds received from government of Pakistan against sales tax refundable for the previous period under section 67A of the Sales Tax Act. These carry interest at the coupon rate of 10 percent per annum receivable at the end of the maturity date.

10.2 These TDRs were deposited as margin against bank guarantees issued by different banks as disclosed in note no. 24. These are term deposit receipts earning a markup at a rate of 4.5% - 10.30% per annum (2018: 4.6% - 5.25%).

		Note	2019 Rupees	2018 Rupees
11	**LOANS AND ADVANCES**			
	Staff and workers	11.1	**796,379**	720,389
	Advance to suppliers		**229,647,744**	37,583,906
			230,444,123	38,304,295

11.1 This represents interest free advances provided to employees in accordance with the Company’s policy. The advances are secured against retirement benefits and are recoverable in equal monthly installments.

		Note	2019 Rupees	2018 Rupees
12	**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Profit on saving account receivable		**4,403,958**	-
	Export rebate receivable		**56,917,617**	120,184,744
	Other receivable		**25,365,301**	30,001,961
			86,686,876	150,186,705
13	**TAX REFUND DUE FROM GOVERNMENT**			
	Income tax refundable		**16,253,765**	24,278,286
	Sales tax refundable		**58,849,283**	91,210,017
			75,103,048	115,488,303
14	**CASH AND BANK BALANCES**			
	Cash in hand		**346,911**	1,981,453
	Cash at bank - current accounts		**18,110,735**	21,618,176
	Cash at bank - deposit accounts	14.1&14.2	**125,438,836**	75,431,353
			143,896,482	99,030,982

14.1 Mark-up rate on PLS accounts ranges from 4.50% to 10.25% per annum on daily product basis (2018: 3.75% to 4.5% per annum).

14.2 The Company has issued post dated cheques to Sindh High Court against GID Cess amounting to Rs. 91,881,560/- (2018: 74,994,161).

15 **ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

2019 Number of shares	2018 Number of shares		2019 Rupees	2018 Rupees
12,711,985	12,711,985	Ordinary shares of Rs.10/- each issued as fully paid in cash	**127,119,850**	127,119,850
6,500,000	6,500,000	Ordinary shares of Rs.10/- each issued as fully paid as bonus shares	**65,000,000**	65,000,000
19,211,985	19,211,985		**192,119,850**	192,119,850

15.1 The Company does not have any agreements with shareholders for voting rights, board selection, rights of first refusal and block voting.

15.2 The associated company Nadeem Power Generation (Private) Limited held 3,604,500 (2018: 3,604,500) ordinary shares at the year end.

		Note	2019	2018
			Rupees	
16	**REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT**			
	Balance as at July 01		**355,619,306**	370,882,640
	Add: surplus on revaluation during the year		**-**	-
	Less: Incremental depreciation transferred to retained earnings		**(14,173,243)**	(15,263,334)
			341,446,063	355,619,306
	Less: Related deferred tax on revaluation		**(29,216,941)**	(31,008,187)
			312,229,122	324,611,119
17	**LONG TERM FINANCING**			
	From banking companies - secured	17.1	**157,658,544**	245,248,580
	Less: current portion		**(72,340,016)**	(96,965,019)
			85,318,528	148,283,561

17.1 The principal details of loan facilities availed by the Company are as follows:

Lender	June 30, 2019	June 30, 2018	Purpose	Facility Amount (Rs. millions)	Security	Pricing	Repayment Terms
Soneri Bank Limited	-	12,500,000	To Purchase Kotri Unit of Shadman Cotton Mills Limited	125	Joint pari pasu charge of Rs. 167 million with Bank Al-Falah over property located at E-11, SITE Kotri.	6 month average KIBOR + 2% p.a.	10 installments Semi annually
JS Bank	-	2,000,000	To meet capital expediture requirements and proceeds shall be utilized for retirement of LC-Sight.	8	First exclusive and specifice charge of 58m over machinery imported (new) i.e Muratac Auto cone winder Machines.	3 month KIBOR+ 2.5%	12 Installments Payable Quarterly
	7,000,000	21,000,000	To meet capital expediture requirements and retirement of LCs for import of machinery	42	First exclusive and specifice charge of 53m over machinery imported (new) i.e Muratac Auto cone winder Machines.	1st day of every quarter KIBOR (3 Month) + 2.5%	12 installments Quarterly .
	31,139,500	40,036,500	To meet capital expediture requirements and retirement of LCs for import of machinery	77	First exclusive and specific hypothecation charge of 44.5m over machinery imported (new) i.e Caterpillar gas generator CG 170-20 of 1953 KW/ 2441KVA	2.5% by Bank and 2.5% by SBP	20 installments quarterly.
	25,760,000	32,200,000	To meet capital expediture requirements and retirement of LCs for import of machinery		First exclusive and specific charge of 32.5m over machinery imported (new) i.e GE Jnebacher Gas genset JGS 420 GS-N.L 'B05' 1500 KW	2.5% by Bank and 2.5% by SBP	20 installments quarterly.
Bank Al-falah	**-**	12,500,000	To Purchase Kotri Unit of Shadman Cotton Mills Limited	125	Joint pari pasu charge of Rs. 167 million with Soneri Bank over property located at E-11, SITE Kotri.	6 month average KIBOR + 2% p.a.	10 installments semi annually
	37,509,044	50,012,080	For import of 5 used Murata 21C Auto winders	70	Exclusive and specific charge of Rs.70 million on 5 murata 21C auto winder.	6 month KIBOR + 2% p.a.	Quarterly markup + Bi-annual principal payment in arrers after grace period of 1 year from 1st draw down
Samba Bank	**56,250,000**	75,000,000	Acquired for permanent working capital facility	75	First pari pasu charge of 367m over all present and future stocks and receivables with 25% margin.	1 month KIBOR + 2% p.a.	8 installments quarterly
Total	**157,658,544**	245,248,580					

		Note	2019 Rupees	2018 Rupees
18	**DEFERRED LIABILITIES**			
	Gratuity	18.1	**67,162,738**	63,250,494
	Deferred taxation - net	18.2	**24,189,375**	-
			91,352,113	63,250,494

18.1 Gratuity

As disclosed in note 4.6, the Company operates an unfunded gratuity scheme for its staff employees. The latest actuarial valuation was carried out as at June 30, 2019, using the Projected Unit Credit Actuarial Cost Method.

		2019	2018
18.1.1	**Movement in defined benefit obligation**		
	Opening defined benefit obligation	**63,250,494**	59,091,849
	Current service cost	**27,809,983**	24,064,685
	Interest Cost	**4,374,471**	3,619,327
	Benefits paid	**(29,290,523)**	(24,781,713)
	Remeasurements	**1,018,313**	1,256,346
	Closing defined benefit obligation	**67,162,738**	63,250,494
18.1.2	**Expenses recognized in the profit or loss account**		
	Current service cost	**27,809,983**	24,064,685
	Interest cost on defined benefit obligation	**4,374,471**	3,619,327
		32,184,454	27,684,012
18.1.3	**Remeasurement losses / (gains) recognised in other comprehensive income**		
	Actuarial losses / (gains) on defined benefit obligation due to		
	-Changes in financial assumptions	**346,510**	81,599
	-Experience adjustments	**671,803**	1,174,747
		1,018,313	1,256,346
18.1.4	**Movement in net liability in the balance sheet**		
	Balance as at July 01	**63,250,494**	59,091,849
	Expense charged to profit or loss	**32,184,454**	27,684,012
	Remeasurements chargeable in other comprehensive income	**1,018,313**	1,256,346
	Benefits paid	**(29,290,523)**	(24,781,713)
	Balance as at June 30	**67,162,738**	63,250,494

18.1.5 Comparison of present value of defined benefit obligation for the current year and pervious four years is as follows:

	2019	2018	2017	2016	2015
	Rupees				
Present value of defined benefit obligation	**67,162,738**	63,250,494	59,091,849	51,290,110	37,760,600
Experience adjustments on obligations	**1,018,313**	1,256,346	1,662,153	8,907,015	-

		Note	2019 Rupees	2018 Rupees
18.1.6	**Year end sensitivity analysis on Defined Benefit Obligation**			
	Discount Rate + 100 bps		**63,815,553**	60,003,933
	Discount Rate - 100 bps		**70,944,315**	66,944,294
	Salary Increase + 100 bps		**70,979,870**	66,980,849
	Salary Increase -100 bps		**63,730,659**	59,917,815
	The average duration of the defined benefit obligation is 5 Years.			
18.1.7	**Principal assumptions used in valuation of gratuity**			
	Discount rate used for interest cost in profit or loss		**9.00%**	7.75%
	Discount rate used for year end obligation		**14.25%**	9.00%
	Expected rate of increase in salary level (per annum)		**12.25%**	7.00%
	Mortality rates		SLIC 2001-2005	SLIC 2001-2005
18.2	**Deferred Taxation**			
	Deferred tax liability in respect of:			
	- Surplus on revaluation of fixed assets		**29,216,941**	31,008,187
	- Accelerated tax depreciation		**76,572,624**	84,399,481
			105,789,565	115,407,668
	Deferred tax asset in respect of:			
	- Provisions for doubtful debt		**(1,606,974)**	(1,271,536)
	- Provisions for gratuity		**(8,488,161)**	(8,901,242)
	- Excess of minimum tax carried forward	18.2.1	**(71,505,055)**	(119,698,289)
	- Carry forward of Tax losses		**-**	(8,665,578)
			(81,600,190)	(138,536,645)
			24,189,375	(23,128,977)

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

		Note	2019	2018
			Rupees	
19	**LOAN FROM ASSOCIATE**			
	Nadeem Power Generation (Private) Limited (NPGL)	19.1	**14,020,371**	10,120,371
	Nadeem International (Private) Limited (NIPL)	19.2	**398,975,000**	386,650,000
			412,995,371	396,770,371
	Less : Current portion shown under current liabilities			
	Nadeem International (Private) Limited		**(80,000,000)**	(80,000,000)
		19.3	**332,995,371**	316,770,371
19.1	**Nadeem Power Generation (Private) Limited (NPGL)**			
	Opening		**10,120,371**	17,698,058
	Loan obtained		**10,900,000**	2,300,000
	Less: repaid		**(7,000,000)**	(9,877,687)
	Closing		**14,020,371**	10,120,371
19.2	**Nadeem International (Private) Limited (NIPL)**			
	Opening		**386,650,000**	401,000,000
	Loan obtained		**30,215,000**	32,000,000
	Less: repaid		**(17,890,000)**	(46,350,000)
	Closing		**398,975,000**	386,650,000

19.3 This represents loan provided by related parties NPGL and NIPL on June 29, 2013 and April 28, 2015 respectively on renewable terms which may be extended for such period as may be mutually agreed by companies after expiry of the repayment period. These loans are interest free and repayable within 13 months from July 01, 2019.

20 **LOAN FROM DIRECTOR**

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

		Note	2019	2018
21	**TRADE AND OTHER PAYABLES**			
	Creditors		**415,058,823**	432,892,928
	Accrued expenses	21.1	**213,538,499**	212,468,618
	Provision against ETO		**10,017,753**	10,017,753
	Advances from customer	21.2 & 21.3	**6,279,560**	18,105,030
	Worker's profit participation fund payable		**17,759,535**	9,038,619
	Worker's welfare fund payable		**10,183,299**	3,434,675
			672,837,469	685,957,623

21.1 This includes Rs. 14.01 million (2018: 21.04 million) due to Associated Undertaking Nadeem Power Generation (Pvt) Limited against electric bill.

21.2 During the year, the performance obligations underlying the opening contract liability of Rs. 18.105 million were satisfied in full. Accordingly, the said liability was recorded as revenue during the year.

21.3 Information regarding the timing of satisfaction of performance obligations underlying the closing contract liability of Rs. 6.279 million is not presented since the expected duration of all the contracts entered into with the customers is less than one year.

		Note	2019	2018
22	**ACCRUED MARK - UP**			
	Long - term financing		**3,583,822**	1,840,262
	Short - term borrowings		**47,376,149**	37,297,768
			50,959,971	39,138,030
23	**SHORT TERM BORROWINGS**			
	Secured			
	Bank Al - Falah Limited		**344,550,956**	390,712,877
	Soneri Bank Limited		**560,525,397**	542,006,064
	J. S. Bank Limited		**525,711,832**	513,796,730
	Samba Bank		**167,980,297**	169,323,235
		23.1	**1,598,768,482**	1,615,838,906
	Soneri bank limited (overdraft)		**-**	130,374
			1,598,768,482	1,615,969,280

23.1 These represent short term working capital finance facilities secured against pledge of stocks (Cotton, Yarn, fibre and Spares), and export bills under collection, local trade debts of the Company and charge over current assets. The rate of mark-up for running finance ranges @ KIBOR + 2.00% to 2.25% per annum (2018: KIBOR + 2.0% per annum), KIBOR ranged from 1 month and 3 months.

23.2 The unavailed facility of total short term borrowings amount to Rs. 348 million (2018: Rs 439 million).

24 CONTINGENCIES AND COMMITMENTS

Contingencies

The Company filed a suit before the High Court of Sindh, challenging the applicability of Gas Infrastructure Cess Act 2011. The Sindh High Court has restrained the Federation and gas companies from recovering GID Cess over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan declared that the levy of GID cess as a tax was not levied in accordance with the Constitution and hence not valid.

In September 2014, the Federal Government promulgated Gas Infrastructure Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the ground that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the said Ordinance was approved in the Parliament and became an Act.

The company has challenged GIDC Act, 2015 challenging the vires and legality of the levy and demand of GIDC including its retrospective application.

Since this issue is being faced by industry at large and in light of aforementioned developments, the management is of the view that there is no need to maintain any provision against this liability and accordingly the Company has deferred the recognition of expense against such billings amounting to Rs. 273.69 million (2018: 226.31 million) based on the advice of its legal counsel.

		Note	2019	2018
			Rupees	
	Commitments			
	Following commitments exists as of reporting date;			
	Against letters of credit		**332,736,018**	68,622,408
	Bank guarantee to Excise and Taxation department		**40,875,753**	26,875,753
	Bank guarantee to HESCO		-	10,290,000
	Revolving Letter of credit to SSGC		**34,983,987**	33,822,955
	FBP outstanding		**375,511,406**	1,109,736,813
	Civil contractor		**3,239,458**	5,157,475
	Post dated cheques		**91,881,560**	74,994,161
25	**SALES - NET**			
	Local sales		**3,056,770,604**	2,910,406,964
	Exports - direct		**2,311,428,074**	2,780,735,359
	Exports - indirect		**1,774,291,430**	612,079,710
			4,085,719,504	3,392,815,069
			7,142,490,108	6,303,222,033
	Duty drawback		-	110,415,893
	Wastage sales		**99,444,061**	87,955,440
			99,444,061	198,371,333
	Less:			
	Commission on export sales		**(15,418,624)**	(19,242,791)
	Commission on local sales		**(27,590,967)**	(23,518,654)
	Premium on discounting of the export bill		**(12,826,967)**	(17,601,448)
			(55,836,558)	(60,362,893)
			7,186,097,611	6,441,230,473
26	**COST OF SALES**			
	Raw material consumed	26.1	**5,178,562,077**	4,455,377,239
	Stores and spares consumed	26.2	**102,883,001**	112,689,857
	Packing material consumed	26.3	**104,849,489**	111,326,169
	Salaries, wages and other benefits	26.4	**499,462,244**	487,360,179
	Repair and maintenance		**8,106,177**	9,355,237
	Insurance		**11,534,579**	17,990,010
	Fuel and power		**492,189,585**	536,392,583
	Other manufacturing expenses		**21,623,105**	25,521,798
	Depreciation	5.1.6	**122,372,114**	117,331,045
			6,541,582,371	5,873,344,117
	Work in process:			
	Opening		**43,926,468**	33,949,875
	Closing		**(45,396,959)**	(43,926,468)
			(1,470,491)	(9,976,593)
	Cost of goods manufactured		**6,540,111,880**	5,863,367,524
	Finished goods and waste:			
	Opening :		**283,914,687**	297,817,284
	Closing		**(392,611,421)**	(283,914,687)
			(108,696,734)	13,902,597
			6,431,415,146	5,877,270,121
26.1	**Raw material consumed**			
	Opening		**903,768,184**	493,840,380
	Add: Purchases		**4,723,245,506**	4,865,305,043
			5,627,013,690	5,359,145,423
	Closing stock		**(448,451,613)**	(903,768,184)
			5,178,562,077	4,455,377,239

		Note	2019	2018
			Rupees	
26.2	**Stores and spares consumed**			
	Opening		**61,686,191**	61,633,320
	Add: Purchases		**120,073,456**	112,742,728
			181,759,647	174,376,048
	Closing stock		**(78,876,646)**	(61,686,191)
			102,883,001	112,689,857
26.3	**Packing material consumed**			
	Opening		**15,198,607**	10,637,752
	Add: Purchases		**100,189,608**	115,887,024
			115,388,215	126,524,776
	Closing stock		**(10,538,726)**	(15,198,607)
			104,849,489	111,326,169

26.4 This includes staff retirement benefits amounting to Rs. 27.28 million (2018: 23.59 million).

		Note	2019	2018
27	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration	38	**6,000,000**	6,000,000
	Salaries and other benefits	27.1	**39,857,187**	34,133,947
	Traveling conveyance		**6,313,278**	5,318,245
	Legal and professional		**3,757,023**	4,543,783
	Fees and subscription		**3,412,965**	1,597,286
	Rent, rates and taxes		**1,231,993**	1,274,322
	Electricity, gas and water		**4,680,280**	4,556,838
	Repair and maintenance		**2,367,600**	2,609,453
	Communication expenses		**2,272,476**	2,165,740
	Printing and stationery		**2,346,526**	2,793,155
	Motor vehicle expenses		**9,560,081**	9,126,354
	Advertisement expenses		**167,789**	113,019
	Entertainment expenses		**2,366,511**	2,328,716
	Audit fee	27.2	**1,242,200**	1,172,000
	Miscellaneous expenses		**801,569**	919,162
	Depreciation	5.1.6	**15,821,856**	15,673,915
			102,199,334	94,325,935

27.1 This includes staff retirement benefits amounting to Rs. 4.90 million (2018: 4.09 million).

		Note	2019	2018
27.2	**Auditors Remuneration**			
	Audit fee		**950,000**	880,000
	Half yearly review		**215,000**	215,000
	Code of Corporate Governance		**50,000**	50,000
	Other certifications		**17,200**	17,000
	Out of pocket Expenses		**10,000**	10,000
			1,242,200	1,172,000
28	**DISTRIBUTION COST**			
	Freight and octroi charges		**21,764,024**	22,905,408
	Export selling expenses		**6,608,944**	8,028,840
	Foreign travelling expense		**5,578,500**	3,957,500
	Trailer charges		**7,413,490**	10,753,230
	Export insurance charges		**2,212,053**	2,918,533
	Stamp duty on export sales		**6,023,330**	8,339,910
	Ocean freight		**7,462,350**	14,469,381
	Export development charges		**5,968,830**	6,801,127
	Others	28.1	**10,341,757**	8,889,662
			73,373,278	87,063,591

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

		Note	2019	2018
29	**OTHER OPERATING INCOME**			
	Profit on savings deposit accounts		**9,268,524**	3,359,609
	Gain on sale of property, plant and equipment		**5,847,663**	-
	Gain on exchange rate difference		**841,155**	-
	Bad debts recovered		**179,041**	-
	Rental Income		**10,000**	10,000
			16,146,383	3,369,609

		Note	2019	2018
			Rupees	
30	**OTHER OPERATING EXPENSES**			
	Loss on sale of property, plant and equipment		-	5,609,150
	Loss on exchange rate difference		-	22,355,593
	Workers profit participation fund		**17,759,535**	9,038,619
	Workers welfare fund		**6,748,624**	3,434,675
	Provision for doubtful debts		**1,302,837**	-
			25,810,996	40,438,037
31	**FINANCE COST**			
	Mark-up on:			
	Short term financing		**207,362,677**	150,095,853
	Long term financing		**16,740,607**	12,507,556
			224,103,284	162,603,409
	Interest on workers profit participation fund		**1,099,240**	48,426
	Bank charges and guarantee commission		**21,551,828**	14,551,476
			246,754,352	177,203,311
32	**TAXATION**			
	Current year		**74,390,229**	59,555,976
	Prior year		**526,815**	1,831,367
	Deferred		**47,613,663**	(42,843,952)
			122,530,707	18,543,391

32.3 Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2018. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities.

32.4 To comply with the requirements of Section 5A of the Income Tax Ordinance 2001, the Board of Directors of the Company in their meeting has disclosed sufficient cash dividend for the year ended June 30, 2019. Accordingly, no provision for tax on undistributed profits has been recognised in these financial statements.

33 EARNINGS PER SHARE - BASIC AND DILUTED

33.1 Basic earnings per share

	2019	2018
Profit after taxation	**200,160,181**	149,755,696
	Number of Shares	
Weighted average number of ordinary shares outstanding	**19,211,985**	18,548,157
	Rupees	
Earning per share	**10.42**	8.07

33.2 Diluted earnings per share

There is no dilutive effect on the basic earnings per share of the Company as it has not issued any instruments carrying options which could have an impact on earnings per share when exercised.

		Note	2019	2018
34	**CASH FLOWS FROM OPERATIONS**			
	Profit before taxation		**322,690,888**	168,299,087
	Adjustments for non cash and other items:			
	Depreciation expense	5.1.6	**138,193,970**	133,004,960
	Provision for gratuity	18.1.2	**32,184,454**	27,684,012
	(Gain) / loss on sale of property, plant and equipment	5.1.5	**(5,847,663)**	5,609,150
	Provision for workers profit participation fund		**17,759,535**	9,038,619
	Provision for workers welfare fund		**6,748,624**	3,434,675
	Finance cost	31	**246,754,352**	177,203,311
			435,793,272	355,974,727
	Operating profit before working capital changes		**758,484,160**	524,273,814
	(Increase) / decrease in current assets			
	Stores, spares and loose tools		**(12,530,575)**	(4,613,725)
	Stock in trade		**345,149,346**	(406,001,800)
	Trade debts		**(308,723,132)**	(131,176,007)
	Loans and advances		**(192,139,828)**	848,843
	Investments, deposits and other receivables		**38,364,317**	(106,174,256)
			(129,879,872)	(647,116,945)
	Increase / (decrease) in current liabilities			
	Trade and other payables		**(28,586,728)**	176,074,323
	Net cash generated from operations		**600,017,560**	53,231,192

35 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at financial statements date as shown in the cash flow statement comprise of following:

	Note	2019	2018
		Rupees	
Cash and bank balances		**143,896,482**	99,030,982
Short term borrowings		**(1,598,768,482)**	(1,615,969,280)
		(1,454,872,000)	(1,516,938,298)

36. FINANCIAL INSTRUMENTS BY CATEGORY

	2019	2018
Financial assets:		
Amortized cost		
Long term deposits	**13,597,274**	13,622,274
Trade debts	**949,581,017**	640,857,885
Deposits, prepayments and other receivables	**86,686,876**	207,459,849
Cash and bank balances	**143,896,482**	99,030,982
	1,193,761,649	960,970,990
Financial liabilities:		
At amortized cost		
Long term financing	**157,658,544**	245,248,580
Trade and other payables	**672,837,469**	657,943,499
Accrued mark-up	**50,959,971**	39,138,030
Short term borrowings	**1,598,768,482**	1,615,969,280
Unclaimed dividend	**1,481,813**	1,478,723
	2,481,706,279	2,559,778,112

37 FINANCIAL INSTRUMENTS

37.1 Financial risk management

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

- Credit risk

- Liquidity risk

- Market risk

37.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk the Company has developed a policy of obtaining advance payments from its customers. Except for customers relating to the Government and certain small and medium sized enterprises, the management strictly adheres to this policy. For any balances receivable from such small and medium sized enterprises, the management continuously monitors the credit exposure towards them and makes provisions against those balances considered doubtful of recovery. Further, credit risk on liquid funds is low because the counter parties are banks with reasonably high credit ratings.

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

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

	2019	2018
	Rupees	
Long term deposits	**13,597,274**	13,622,274
Trade debts	**949,581,017**	640,857,885
Deposits and other receivables	**70,535,747**	134,035,576
Investments	**114,769,390**	57,273,144
Bank balances	**143,549,571**	97,049,529
	1,292,032,999	942,838,408

(b) Impairment losses:

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

	2019		2018	
	Gross value	**Life time expected credit losses**	Gross value	Life time expected credit losses
	Rupees			
Not past due	**847,908,845**	-	321,841,725	-
Past due 1-60 days	**75,440,879**	-	231,640,745	-
Past due 61 days to 1 year	-	-	19,714,585	-
More than 1 year	**20,677,758**	**5,541,290**	33,678,219	4,238,453
	944,027,456	**5,541,290**	606,875,274	4,238,453

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors considered good and do not require any impairment except as provided above. Rate of the said credit loss is equal to 26% of the amount expose to default. None of the other financial assets are either past due or impaired.

(c) The maximum exposure to credit risk at the balance sheet date segregated by geographic region is as follows:

	2019		2018	
	Balance outstanding	**Sales**	Balance outstanding	Sales
	Rupees			
Domestic	**939,789,029**	**4,831,062,034**	602,636,821	3,522,486,674
China	**11,094,825**	**2,116,286,320**	38,221,064	2,356,727,687
	950,883,854	**6,947,348,354**	640,857,885	5,879,214,361

(d) The credit quality of Company's bank balances as at the balance sheet date can be assessed with reference to external credit ratings as follows:

	2019	2018
	Rupees	
A-1+	**143,164,282**	97,009,723
A-1	**10,500**	39,806
A-2	**374,789**	-
	143,549,571	97,049,529

37.1.2 Liquidity risk

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

	Carrying value	Contractual cashflows		
		Total	Upto one year	More than one year
	Rupees			
Long term financing	**157,658,544**	**(171,683,310)**	**(92,225,457)**	**(79,457,853)**
Gratuity payable	**67,162,738**	**(67,162,738)**	-	**(67,162,738)**
Loan from associates	**412,995,371**	**(412,995,371)**	**(80,000,000)**	**(332,995,371)**
Loan from director	**10,000,000**	**(10,000,000)**	**(10,000,000)**	-
Trade and other payables	**656,540,156**	**(656,540,156)**	**(656,540,156)**	-
Unclaimed Dividend	**1,481,813**	**(1,481,813)**	**(1,481,813)**	-
Accrued mark-up	**50,959,971**	**(50,959,971)**	**(50,959,971)**	-
Short term borrowings	**1,598,768,482**	**(1,598,768,482)**	**(1,598,768,482)**	-
June 30, 2019	**2,955,567,075**	**(2,969,591,841)**	**(2,489,975,879)**	**(479,615,962)**
Long term financing	245,248,580	(264,465,597)	(159,376,566)	(105,089,031)
Gratuity payable	63,250,494	(63,250,494)	-	(63,250,494)
Loan from associates	396,770,371	(396,770,371)	(80,000,000)	(316,770,371)
Loan from director	10,000,000	(10,000,000)	(10,000,000)	-
Trade and other payables	629,820,716	(629,820,716)	(629,820,716)	-
Unclaimed Dividend	1,478,723	(1,478,723)	(1,478,723)	-
Accrued mark-up	39,138,030	(39,138,030)	(39,138,030)	-
Short term borrowings	1,615,969,280	(1,615,969,280)	(1,615,969,280)	-
June 30, 2018	3,001,676,194	(3,020,893,211)	(2,535,783,315)	(485,109,896)

37.1.3 Market risk

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

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The foreign currency risk of the Company is minimal as the export bills are immediately realized via sale to bank. Other than this, Company is not exposed to currency risk as there are no foreign currency balances outstanding as at year end.

(b) Interest rate risk

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

	2019	2018	2019	2018
	Effective interest rate (%)		**Carrrying amount (Rs.)**	
Financial assets				
Bank deposits - Pls accounts	**4.55% - 10.30%**	3.75% - 4.5%	**125,438,836**	437,192
Financial liabilities				
Long tem financing	**8.93% - 14.07%**	8.15% - 8.93%	**157,658,544**	245,248,580
Short tem financing;				
-Kibor based	**8.43% - 13.63%**	8.14% - 8.43%	**1,598,768,482**	1,615,838,906

As at balance sheet date, the Company does not hold any fixed rate interest based financial assets or liabilities carried at fair value.

A change of 100 basis points in interest rates at the reporting date would have increase / decrease profit / loss by 17.56 million (2018: 18.61 million). This analysis assumes that all other variables remain constant. This is mainly attributable to the company's exposure to interest rates on its variable rate borrowings.

37.2 Measurement of fair values

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

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

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

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

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

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

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

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

37.3 Capital management

The management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary share holders.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company is not required to maintain any regulatory capital.

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2019				2018			
	Chief executive	**Directors**	**Executives**	**Total**	Chief executive	Directors	Executives	Total
	Rupees				**Rupees**			
Managerial remuneration and fee	**3,272,727**	**2,181,818**	**4,483,636**	**9,938,181**	3,272,727	2,181,818	-	5,454,545
Other allowances and reimbursable expenses	**327,273**	**218,182**	**448,364**	**993,819**	327,273	218,182	-	545,455
	3,600,000	**2,400,000**	**4,932,000**	**10,932,000**	3,600,000	2,400,000	-	6,000,000
Number of persons	**1**	**2**	**3**	**6**	1	2	-	3

38.1 The Chief Executive and two directors are provided with cars maintained by the Company and Electricity, Gas and Telephone consumption at their residence is also borne by the company.

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

39 TRANSACTIONS WITH RELATED PARTIES

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

Name of the related party	**Relationship and percentage shareholding**	**Transactions during the year and year end balances**	**2019**	2018
			Rupees	
Nadeem Power Generation (Private) Limited	Associated company by virtue of common directorship	*Transactions during the year*		
		Electricity purchased	**218,556,743**	260,833,330
		Loan received	**10,900,000**	2,300,000
		Loan repaid	**7,000,000**	9,877,687
		Rental income	**10,000**	10,000
		Balance outstanding	**14,020,371**	31,156,886
Nadeem International (Private) Limited	Associated company by virtue of common directorship	*Transactions during the year*		
		Loan received	**30,215,000**	32,000,000
		Loan repaid	**17,890,000**	46,350,000
		Weight bridge expenses	**180,000**	180,000
		Balance outstanding	**398,975,000**	386,650,000
Zahid Mazhar	Chief Executive Officer	*Transactions during the year*	-	
		Balance outstanding	**10,000,000**	10,000,000

40	PLANT CAPACITY AND ACTUAL PRODUCTION	2019	2018
	Total number of spindles installed	**70,452**	70,452
	Average numbers of spindle worked	**66,256**	66,109
	Number of shifts worked per day	**3**	3
	Installed capacity after conversion into 20/s count (kgs.)	**23,487,243**	23,211,581
	Actual production after conversion into 20/s count (kgs.)	**22,662,921**	22,190,476
	Capacity utilisation	**96.49%**	95.60%

40.1 This includes 24 spindles held in godown for repair and maintenance. Actual production is less than the installed capacity due to planned maintenance shutdown and gap between market demand and supply.

41 OPERATING SEGMENT

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

The information with respect to operating segment is stated below:

-Revenue from sales of yarn represents 98.63% (2018: 97.59%) of total revenue whereas remaining represent revenue from sale of waste.

-All non current assets of the Company as at June 30, 2019 are located in Pakistan.

-56.42% sales of the company relate to customer outside Pakistan (direct and indirect exports) (2018: 52%)

42 NUMBER OF EMPLOYEES

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

	2019	2018
	(Number)	
Total employees of the Company at the year end	**1,208**	1,313
Average employees of the Company during the year	**1,135**	1,236

43 DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Company has authorized the financial statements for issue in their meeting held on September 30, 2019.

44 GENERAL

44.1 Non Adjusting events after the reporting date

The Board of Directors of the Company in their meeting dated September 30, 2019 has proposed cash dividend at the rate of 21% (2018: 32% amounting to Rs. 61.478 million) per share which amounts to 40.345 million for the financial and tax year 2019.

44.2 Corresponding figures

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. Major reclassification are detailed hereunder:

Reclassification from component	Reclassification to component	Rupees
Deposits, prepayments and other receivables	**Investments**	
Bank guarantee and margin	**Term deposits**	57,273,144

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

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

Karachi Dated: September 30, 2019

NADEEM TEXTILE MILLS LIMITED

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2019

NUMBERS OF SHAREHOLDERS	SHARE HOLDING					TOTAL SHARES HELD
15	Shareholding from	1	to	100	shares	307
12	Shareholding from	101	to	500	shares	5,684
3	Shareholding from	501	to	1000	shares	2,092
2	Sharehhoding from	100001	to	105000	shares	209,338
1	Sharehhoding from	705001	to	710000	shares	707,849
1	Sharehhoding from	710001	to	715000	shares	712,934
1	Sharehhoding from	715001	to	720000	shares	715,704
1	Sharehhoding from	1100001	to	1105000	shares	1,103,399
1	Sharehhoding from	1745001	to	1750000	shares	1,745,565
1	Sharehhoding from	3180001	to	3185000	shares	3,183,388
1	Sharehhoding from	3185001	to	3190000	shares	3,186,158
1	Sharehhoding from	3600001	to	3605000	shares	3,604,500
1	Sharehhoding from	4035001	to	4040000	shares	4,035,067
41						**19,211,985**

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

SR. #	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
1	Directors, Chief Executive Officer their Spouse and minor children	9	13,580,908	70.69%
2	Associated Companies, undertaking and related parties	1	3,604,500	18.76%
3	NIT	-	-	-
4	Bank / Financial Institution	-	-	-
5	Insurance Companies	-	-	-
6	General Public / Individuals	31	2,026,577	10.55%
7	Joint Stock Companies	-	-	-
		41	19,211,985	100%

SR. #	Shareholder Category	Percentage	No.of Shares
1	CEO, DIRECTORS AND THEIR SPOUSES AND MINOR CHILDREN		
	DIRECTORS AND THEIR SPOUSES		
	MR. ZAHID MAZHAR	21.00	4,035,067
	MR. OMER BIN ZAHID	16.57	3,183,388
	MR. HASSAN BIN ZAHID	16.58	3,186,158
	MRS. NAILA ZAHID	9.09	1,745,565
	MRS. ANAM OMER	3.73	715,704
	MRS. SHAFIA HASSAN	3.71	712,934
	MR. MEHMOOD SIDDIQUI	0.00	706
	MR. FAIZ-UL-HASSAN SIDDIQUI	0.00	693
	MR. NADEEM AHMED	0.00	693
2	Associated companies undertakings and related parties	18.76	3,604,500
3	NIT	-	-
4	Banks, development financial institutions, non banking finance institutions and Insurance companies	-	-
5	Individual shareholders	10.55	2,026,577
6	Joint stock companies	-	-
7	Shareholders holding 5% or more		
	MR. ZAHID MAZHAR	21.00	4,035,067
	MR. OMER BIN ZAHID	16.57	3,183,388
	MR. HASSAN BIN ZAHID	16.58	3,186,158
	MST. RAFIA SULTANA	5.74	1,103,399
	Nadeem Power Generation (Pvt.) Ltd.	18.76	3,604,500
8	MR. ZAHID MAZHAR SHARES GIFT TO HIS WIFE AND SONS		
	MRS. NAILA ZAHID	4.00	768,479
	MR. OMER BIN ZAHID	8.39	1,612,000
	MR. HASSAN BIN ZAHID	8.39	1,612,000


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