Annual Report 2019

Maqbool Textile Mills Limited

MAQBOOL TEXTILE MILLS LIMITED

30th Annual Report

&

Financial Statements (Audited)

For the year ended June 30, 2019

CONTENTS

MISSION STATEMENT

The mission of Maqbool Textile Mills Limited is to contribute positively to the Socio-Economic growth of Pakistan through business and industrial pursuits endeavoring to achieve excellence in all spheres of such activity with effective and efficient management.

VISION STATEMENT

Maqbool Textile Mills Limited become a truly Professional Organization, achieve higher quality standards, utilize maximum capacity, capture expansion opportunities and become a least cost operator amongst its competitors.

We will strive to continue as a successful Company, make profit and thus create value for our shareholders without high risk to them, our Customers or employees.

QUALITY AND ENVIRONMENTAL POLICY

Our aim is to achieve the leadership of textile and spinning industry through quality products according to customer satisfaction. We thrive to achieve the above through the following measures:

1) Acquisition of quality raw material.
2) Manufacturing of high quality yarn as per customer satisfaction.
3) Continuous training and guidance to employees regarding quality and environment.
4) Continuous improvement, close watch and control in production process and environment.
5) Follow up of the system, regarding international quality and environmental laws.
6) Control of pollution discharge from industrial process.

COMPANY PROFILE

BOARD OF DIRECTORS	Mian Tanvir Ahmad Sheikh	- Chairman
	Mian Anis Ahmad Sheikh	- Chief Executive Officer
	Mian Idrees Ahmad Sheikh	- Non-Executive Director
	Mian Aziz Ahmad Sheikh	- Non-Executive Director
	Mian Atta Shafi Tanvir Sheikh	- Executive Director
	Maj. (R) Javed Mussarat	- Independent Director
	Syed Raza Abbas Jaffari	- Independent Director
AUDIT COMMITTEE	Maj. (R) Javed Mussarat	- Chairman
	Mian Idrees Ahmad Sheikh	- Member
	Mian Aziz Ahmad Sheikh	- Member
HR & REMUNERATION COMMITTEE	Mian Aziz Ahmad Sheikh	- Chairman
	Mian Idrees Ahmad Sheikh	- Member
	Mian Atta Shafi Tanvir Sheikh	- Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY — M. Ehsanullah Khan

HEAD OF INTERNAL AUDIT — Mahmood ul Hassan

AUDITORS
M/s. Deloitte Yousuf Adil
Chartered Accountants,
Mehar Fatima Tower,
Opposite High Court, Multan.

LEGAL ADVISOR
Mr. Malik Masroor Haider Usman - Advocate
Metro Plaza, Multan.

BANKERS
Habib Bank Limited
Bank Al-Habib Limited
Habib Metropolitan Bank Limited
United Bank Limited
Faysal Bank Limited
The Bank of Punjab
Bank Alfalah Limited (Islamic Banking)
Meezan Bank Limited
National Bank of Pakistan (Islamic Banking)

REGISTERED / HEAD OFFICE
2-Industrial Estate, Multan.

MILLS (Unit I-II & Ginning Unit)
M.M. Road, Chowk Sarwar Shaheed,
Distt. Muzaffargarh.

MILLS (Unit III)
Rajana Road, Pirmahal,
Distt. Toba Tek singh.

SHARES REGISTRARS
M/s Hameed Majeed Associates (Pvt.) Ltd.
H.M House, 7-Bank Square, Lahore.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of the Company will be held on Monday the October 28, 2019 at 11:00 a.m. at its registered office, 2-Industrial Estate, Multan, to transact the following business:

ORDINARY BUSINESS

1. To read and confirm the minutes of the 29th Annual General Meeting of the Company held on October 27, 2018.

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

3. To consider and approve the distribution of cash dividend **@17.50%** (Rs.1.75 per share) as recommended by the board for the year ended June 30, 2019.

4. To appoint auditors of the Company for the year 2019-20, who will hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

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

BY THE ORDER OF THE BOARD

Sd/-
(M. Ehsanullah Khan)
COMPANY SECRETARY

Multan, October 07, 2019

NOTES:

1. The Shares Transfer Books of the Company will remain closed from 21-10-2019 to 28-10-2019 (both days inclusive). Shares transfer received at the Company's Shares Registrar's Office, M/s Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore by the close of business on October 19, 2019 will be treated in time.

2. A member entitled to attend and vote at this meeting is entitled to appoint any other member as a proxy to attend, speak and vote instead of him/her. **A proxy must be a member.** Proxy Forms duly stamped with Rs.5/- revenue stamp, signed and witnessed by two persons, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

3. Any individual beneficial owners of CDC, entitled to attend and vote at this meeting must bring his/her CNIC or passport to prove his/her identity and in case of proxy must enclose an attested copy of his/ her CNIC or passport. In case of corporate members, the Boards' resolution or power of attorney with specimen signatures of the nominee shall require to be produced at the time of meeting.

4. For the convenience of Members, a Standard Request Form with appropriate details has been posted on the Company's website. Those Members who opt to receive the annual audited financial statements through CD/DVD/USB instead in the form of hardcopies may apply to the Company Secretary at his postal or email address ehsan@maqboolgroup.com

5. **Members are requested to submit an attested photocopy of their valid Computerized National Identity Cards (CNICs) as per SECP's direction, if not provided earlier and also communicate to the Company immediately of any change in their addresses.**

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

   I/We, ____ of _________________________________, being a member of MAQBOOL TEXTILE MILLS LIMITED, holder of ________________________ ordinary shares as per Register Folio No./CDC A/C No. _______________ hereby opt for Video conference Facility at _________________.

   ____
   Signature of Member

   If the Company receives consent from members holding an aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through Video Conference at least 10 days prior to the date of meeting, the Company will arrange Video Conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding venue of the Video Conference facility at least five (05) days before the date of general meeting along with complete information necessary to enable them to access such facility.

   If the Company receives consent from members holding an aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through Video Conference at least 10 days prior to the date of meeting, the Company will arrange Video Conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding venue of the Video Conference facility at least five (05) days before the date of general meeting along with complete information necessary to enable them to access such facility.

CHAIRMAN'S REVIEW REPORT U/S 192 OF THE COMPANIES ACT, 2017 ON OVERALL BOARD PERFORMANCE AND BOARD'S ROLE IN ACHIEVING THE COMPANY'S OBJECTIVES FOR YEAR ENDED JUNE 30, 2019

Annual Evaluation of the Board of Directors of the Company, M/s MAQBOOL TEXTILE MILLS LIMITED, is carried out in accordance with the requirements of the Code of Corporate Governance to ensure that its performance and effectiveness is as per the expectations to achieve the goals and objectives of the Company. For the financial year ended June 30, 2019, it is assessed as Satisfactory. There was no violation of the code of conduct.

The Board meetings and Committee meetings were always well attended. The members of the Board of Directors of the Company were sent agendas and supporting material well in time prior to the board and its committee meetings. All the Directors made important contribution and made their best efforts for the achievements of the desired results during the year. The expertise of the Independent and non-executive Directors were also a great help in the decision making process. The operations of the Company's Units were strategically planned and all the resources were optimally utilized. The performance results were found satisfactory.

All the employees of the Company were met with equitable treatment who also contributed to the Company business through their effective and efficient working.

Sd/-
Mian Tanvir Ahmad Sheikh
CHAIRMAN

MULTAN
October 5, 2019

DIRECTORS' REPORT

In the name of Allah the Most Beneficent and the Merciful

Dear Shareholders,

On behalf of the Board of Directors of the Company, it is my privilege to present before you the 30^{th} Annual Report on the affairs of your Company along with the Audited Financial Statements for the year ended June 30, 2019.

PERFORMANCE:

During the year under report, despite various challenges confronting the textile industry including global slowdown and drastic rise in cost of doing business especially the finance cost your Company performed satisfactorily & earned pre-tax profit of **Rs. 160.183 Million** (2018: 109.523 Million) & net profit of **Rs. 72.836 Million** (2018: 54.706 Million) after provision for taxation.

Alhamdolilah, the ongoing process of Expansion/BMR of Unit No.I has been completed successfully during the year with the installation of imported machinery. Total 9,024 Spindles have been added to Unit No. 1 with allied back-process and winding machines thus total numbers of all three spinning Units now stand increased to 81,192 as compared to 70,440 Spindles previously. Construction of additional building at Unit 1 was also completed for the installation of new machinery as was required in this respect. Alhamdollilah, subsequent to the balance sheet date all the machinery installed is fully operational. With the addition of above machinery, the working of the mills has improved and the viability is getting better.

OPERATIONS:

The Mills produced Cotton, CVC, PC,PV & PP yarn throughout the year. The total production of yarn during the year under review at Unit-1 on 20's count basis was **5,596,272 Kg.** (2018: 5,346,767 Kg.), at Unit-2 on 40's count CVC basis was **3,925,366 Kg.** (2018: 4,003,495 Kg.) & at Unit-3 on 30's PV count basis was **6,599,386 Kg.**(2018: 5,510,786 Kg.).

The total sales for the year amounted to Rs. **6,234,762,289** as compared to Rs. 5,598,969,124 last year. The gross profit for the year was **Rs.160,183,199/-** as compared to Rs.109,523,219/- last year. The Net profit after providing for Tax amounted is **Rs. 72,836,506/-** as compared to the Net Profit of Rs.54,706,187/- last year.

The financial results for the year ended June 30, 2019 along with the comparative figures of the last year are summarized under the respective heads of Accounts below:

ACCOUNTS:

	For the year ended June 30, 2019 Rupees	For the year ended June 30, 2018 Rupees
Sales- net	6,234,762,289	5,598,969,124
Cost of goods sold	(5,717,727,994)	(5,200,444,719)
Gross Profit	517,034,295	398,524,405
Other income/ (expenses)	53,237,198	36,924,724
	570,271,493	435,449,129
Distribution and marketing expenses	(76,740,817)	(87,111,264)
Administrative Expenses	(131,526,070)	(109,003,726)
Operating Expenses	(30,136,501)	(2,473,479)
Finance Cost	(171,684,906)	(127,337,441)
Profit before Taxation	**160,183,199**	**109,523,219**
Taxation	(87,346,693)	(54,817,031)
P**rofit for the year**	**72,836,506**	**54,706,187**
Earning per share - basic and diluted	**4.34**	**3.26**

REVALUATION OF FIXED ASSETS

Valuation of the fixed assets(Land, building & Machinery) of the Company has been carried out on June 30, 2016 by the independent valuer M/s MYK Associates (Pvt.) Limited, Karachi on the basis of market value to reflect the current fair value of the assets of the Company. The net effect after deletion/ addition in assets has been accounted for in the financial statements of the Company.

FUTURE OUTLOOK

The Textile Industry continuously operates in a challenging environment. The international market conditions, change in domestic laws, volatility in cotton prices, unpredictable prices of fuel and power, higher markup rates, custom duty structure, increased manpower cost and implementation of sales tax on zero-rated sector are amongst the major challenges.

The Directors of the Company are very much optimistic for future growth, however, the above issues must be addressed, so that textile sector can perform efficiently. Special package announced by the government for Textile Industry must be implemented in true spirit, gradual change in dollar rates rather than its sudden devaluation, sales tax rates imposed on textile sector must be zero or at reduced rate, mechanism for reimbursement of refunds on account of Income Tax and Sales Tax be settled through immediate payments rather than future bonds to overcome the liquidity crunch.

To meet these challenges, the Company plans to adopt dynamic policies for increase in production quantitatively as well as qualitatively through continuous BMR Process combined with full scale automation. The Marketing Strategies are also being well planned to achieve more returns for the Company adding value to shareholders worth. As a whole the future of the Company looks promising and encouraging. The Company is well placed to achieve further success and build shareholders value in the years ahead.

DIVIDEND

The Board of Directors of the Company in its meeting held on 5th October 2019, to share the profit earned by the Company with shareholders have proposed distribution of a final cash dividend @ 000% (Rs. 0.0per share) to the shareholders of the Company.

ISO 9001:2015 QMS AND ISO 14001:2015 EMS CERTIFICATION

Your Directors are pleased to report that your Company is quite successfully maintaining its ISO 9001:2015 Certification for Quality Management System and the ISO 14001:2015 Certification for Environmental Management System.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Your Directors are pleased to report that the Company is complying with the requirements of the Code of Corporate Governance as introduced by the Securities and Exchange Commission of Pakistan. The various statements, as required by the code, are given below:

PRESENTATION OF FINANCIAL STATEMENTS:

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

BOOKS OF ACCOUNTS:

The Company has maintained proper books of accounts.

ACCOUNTING POLICIES:

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

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS (IAS):

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

INTERNAL CONTROL SYSTEM:

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

ON GOING CONCERN:

The Company's financial position is sound enough to ensure its continuity as an ongoing concern.

NO OUTSTANDING STATUTORY DUES:

There are no outstanding statutory dues on account of taxes, levies and charges except of normal and routine nature;

FINANCIAL HIGHLIGHTS:

Key operating and financial data of the last six years is given in Annex 1.

BOARD MEETINGS:

During the year ended June 30, 2019 four (4) meetings of the Board of Directors were held. Attendance of each Director is given below:

Director's Name	Meeting Attended
Mian Tanvir Ahmad Sheikh	4
Mian Anis Ahmad Sheikh	4
Mian Idrees Ahmad Sheikh	4
Mian Aziz Ahmad Sheikh	4
Mian Atta Shafi Tanvir Sheikh	3
Maj. (Retd.) Javed Musarrat	4
Syed Raza Abbas Jaffery	3

The Audit Committee held four (4) meetings during the year. Attendance by each member was as follows:

Members Name	Attendance
Maj (Retd.) Javed Musarrat	4
Mian Aziz Ahmad Sheikh	4
Mian Idrees Ahmad Sheikh	4

The HR&R Committee held one (1) meeting during the year. Attendance by each member was as follows:

Members Name	Attendance
Mian Aziz Ahmad Sheikh	1
Mian Idrees Ahmad Sheikh	1
Mian Atta Shafi Tanvir Sheikh	1

COMPOSITION OF BOARD

The Board consists of 7 male directors with following composition:

Independent Directors	2
Other Non-executive Directors	3
Executive Directors	2

AUDITORS

Your Company's present Auditors M/s Deloitte Yousuf Adil, Chartered Accountants, Multan retire and being eligible offer themselves for re-appointment for the next year.

PATTERN OF SHAREHOLDING

A statement showing pattern of shareholdings of the Company and additional information as at June 30, 2019 is annexed to this report.

RELATIONS WITH LABOUR AND STAFF

Your Directors are happy to report that relations with labour and staff of the Company remained cordial throughout the year.

ACKNOWLEDGEMENT

Your Directors acknowledge the best cooperation as usual enjoyed by your Company from M/s Habib Bank Limited, M/s Bank AL Habib Limited, M/s Bank of Punjab, M/s Bank Al-Falah Ltd., M/s Meezan Bank Ltd., M/s NBP (Islamic Banking), M/s Habib Metropolitan Bank Limited and M/s United Bank Limited and wish to record their appreciation for the same and hope the Bankers will continue their support to the Company in future as well.

The dedicated hard work of all employees of the Company is also acknowledged.

On behalf of the Board of Directors

Sd/-
Mian Tanvir Ahmad Sheikh
CHAIRMAN

Multan,
October 5, 2019

ڈائریکٹران کی رپورٹ

شروع کرتا ہوں اللہ کے نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔

پیارے حصص داران!

کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے، میں 30 جون، 2019 تک ختم ہونے والے سال کے لئے کمپنی کے آڈٹ کردہ مالی بیانات کے ساتھ ساتھ آپ کی کمپنی کے معاملات پر 30 ویں سالانہ رپورٹ پیش کر رہا ہوں۔

کارکردگی :

باوجود کہ ٹیکسٹائل کی صنعت کو مختلف چیلنجز کا سامنا تھا جیسے کہ عالمی سست روی اور فنانس کی لاگت میں زبردست اضافے کے باوجود آپکی کمپنی نے قبل از ٹیکس **160.183** ملین روپے کا منافع حاصل کیا جبکہ بعد از ٹیکس منافع **72.836** ملین روپے رہا۔

الحمدللہ کمپنی کی جاری توسیع کا منصوبہ امپورٹڈ مشینری کی تنصیب کے ساتھ کامیابی سے مکمل ہو گیا ہے۔ کمپنی کے یونٹ نمبر 1 میں 9024 اسپنڈل کا اضافہ بیک پروسیس کے ساتھ ہوا ہے۔ اس طرح کمپنی کے تینوں یونٹوں کے کل اسپنڈل کی تعداد 81,192 ہو گئی ہے جو کہ پہلے 70,440 اسپنڈل پر مشتمل تھی۔ یونٹ نمبر 1 میں اضافی عمارت جو کہ نئی مشینوں کی تنصیب کیلئے چاہیے تھی بھی مکمل ہو گئی ہے۔ الحمدللہ اس بیلنس شیٹ کی تاریخ تک ساری تنصیب شدہ مشینری کام کر رہی ہے مذکورہ مشینری کے اضافے کے ساتھ ملوں کے کام میں بہتری آئی ہے اور عملداری بھی بہتر ہو رہی ہے۔

آپریشن :

ملز نے سارا سال کاٹن، PC، CVC اور PP سوت پیدا کیا ہے۔ 20 کے سٹینڈرڈ کاؤنٹ میں گزشتہ سال کی یونٹ 1 کی پیداوار 5,596,272 کلوگرام رہی، یونٹ 2 کی 40 کے سٹینڈرڈ کاؤنٹ میں 3,925,366 کلوگرام اور یونٹ 3 کی 30 کے سٹینڈرڈ کاؤنٹ میں 6,599,386 کلوگرام رہی۔

اس سال کل فروخت 6,234,762,289 روپے رہی جبکہ گزشتہ سال کل فروخت 5,598,969,124 روپے تھی۔ اس سال کے لئے مجموعی منافع **160,183,199** روپے ہے جبکہ گزشتہ سال مجموعی منافع 109,523,219 روپے تھا۔ اس سال خالص منافع **72,836,506** روپے رہا جبکہ گزشتہ سال یہ 54,706,187 روپے تھا۔

اس سال 30 جون 2019 کو ختم ہونے والے سال کے مالیاتی نتائج کے ساتھ گزشتہ سال کے موازنہ اعداد و شمار درج ذیل ہیں۔

ACCOUNTS:

	2019 Rupees	2018 Rupees
Sales- net	6,234,762,289	5,598,969,124
Cost of goods sold	(5,717,727,994)	(5,200,444,719)
Gross Profit	517,034,295	398,524,405
Other Income	53,237,198	36,924,724
	570,271,493	435,449,129
Distribution and marketing expenses	(76,740,817)	(87,111,264)
Administrative Expenses	(131,526,070)	(109,003,726)
Operating Expenses	**(30,136,501)**	(2,473,479)
Finance Cost	(171,684,906)	(127,337,441)
Profit/Loss before Taxation	**160,183,199**	109,523,219
Provision for Taxation	(87,346,693)	(54,817,031)
Profit/Loss for the year	**72,836,506**	54,706,187
Earnings/ (Loss) per share- basic and diluted	**4.34**	3.26

مستقل اثاثوں کی قیمتوں کا ازسر نوتعین:

مستقل اثاثوں کی قیمتوں کا تعین M/s. MYK Associates (pvt) Limited Karachi نے 30 جون 2016ء میں کیا تھا اور حاضر اثاثوں کی قیمتوں کا تعین مارکیٹ ریٹ کی بنیاد پر دوبارہ 30 جون 2019ء کو کیا گیا ہے جو کہ کمپنی کے اثاثوں کی موجودہ مناسب قیمت کو ظاہر کرتی ہیں۔ اثاثوں کی منہائی اور اضافے کے مجموعی اثر کو اکاؤنٹس میں ظاہر کر دیا گیا ہے۔

مستقبل کے رُجحانات:

ٹیکسٹائل انڈسٹری روز ایک نئے چیلنج کے ساتھ کام کر رہی ہے۔ بین الاقوامی مارکیٹ کے حالات، ملکی قوانین کی تبدیلی، کپاس کے نرخوں میں اتار چڑھاؤ، ایندھن و توانائی کی غیر متوقع قیمتیں، مارک اپ کی بڑھتی ہوئی شرح، کسٹم ڈیوٹی کا ڈھانچہ، افرادی قوت کی بڑھتی ہوئی لاگت اور سیلز ٹیکس کا نفاذ، بنیادی چیلنجز ہیں۔

کمپنی کے ڈائریکٹران مستقبل میں ترقی کے لیے پرامید ہیں۔ تاہم درج بالا بیان کردہ مسائل کا حل ضروری ہے تاکہ ٹیکسٹائل شعبہ موثر طریقے سے کام کر سکے۔ حکومت کی طرف سے اعلان کردہ ٹیکسٹائل شعبہ کے پیکج کو صحیح معنوں میں لاگو کیا جائے، ڈالر کی شرح میں اچانک کمی کے بجائے بتدریج تبدیلی کو ممکن بنانا، ٹیکسٹائل شعبہ پر لاگو کیا گیا سیلز ٹیکس کی شرح صفر ہونی چاہیے یا اس کو کم سے کم سطح پر کیا جائے، انکم ٹیکس اور سیلز ٹیکس کے ریفنڈز کی ادائیگی بذریعہ فیوچر بانڈز کی بجائے فوری نقد ادائیگی کے ذریعے کی جائے تاکہ اس شعبے میں پیسے کے بحران پر قابو پایا جا سکے۔

ان چیلنجز کا مقابلہ کرنے کے لیے کمپنی نے ایسی پالیسیاں مرتب کر رہی ہے کہ جن سے نہ صرف پیداوار میں بلکہ کوالٹی کے لحاظ سے بھی اضافہ ممکن ہو اور یہ سب کچھ مسلسل بی ایم آر (توازن، جدت و ترمیم) بمع مکمل آٹومیشن کا استعمال ہے۔ مارکیٹ کی حکمت عملی کے بارے میں ایسی منصوبہ بندی وضع کی گئی ہے کہ کمپنی کو زیادہ سے زیادہ فائدہ ہو اور اس کے حصص داران کی حیثیت میں اضافہ ممکن ہو۔ مجموعی طور پر کمپنی کا مستقبل اچھا اور حوصلہ افزا ہے۔ کمپنی مزید کامیابیاں سمیٹنے کے لیے کام کر رہی ہے اور حصص داران کی قدر میں آئندہ سالوں میں بھی اضافہ کرتی رہے گی۔

ڈیویڈنڈ:

کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2019ء کو ختم ہونے والے سال کے لیے 17.50 فیصد (1.75 روپے فی شیئر) نقد ڈیویڈنڈ دینے کا اعلان کیا ہے۔

آئی ایس او 9001:2015 کیو ایم ایس سند اور آئی ایس او 14001:2015 ای ایم ایس سند

آپ کے ڈائریکٹران اس بات کا اظہار کرتے ہوئے خوشی محسوس کرتے ہیں کہ کمپنی نے کامیابی کے ساتھ آئی ایس او 9001:2015 کوالٹی منیجمنٹ سسٹم اور آئی ایس او 14001:2015 ماحولیاتی منیجمنٹ سسٹم کی اسناد کو جاری رکھا ہوا ہے۔

کوڈ آف کارپوریٹ گورننس کی پیروی

آپ کے ڈائریکٹران یہ رپورٹ کر کے خوشی کا اظہار کرتے ہیں کہ کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی متعارف کردہ کوڈ آف کارپوریٹ گورننس کی پیروی کر رہی ہے۔ کوڈ آف کارپوریٹ گورننس کے مطابق اہم بیانات درج ذیل ہیں۔

مالیاتی نتائج کی پیشکش :

کمپنی کے تیار کردہ مالیاتی نتائج واضح طور پر کمپنی کے معاملات، پیداوار کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو ظاہر کرتے ہیں۔

اکائونٹس کے کھاتے :

کمپنی نے صحیح اکاؤنٹس کی کُتب مرتب کی ہوئی ہیں۔

اکائونٹنگ پالیساں:

مالیاتی نتائج کی تیاری میں اکاؤنٹنگ پالیسیوں کو تسلسل سے لاگو کیا جاتا ہے۔

بن الاقوامی اکائونٹنگ معیار کے ساتھ مطابقت :

مالیاتی نتائج کی تیاری میں پاکستان میں رائج بین الاقوامی اکاؤنٹنگ معیار کو لاگو کیا جاتا ہے۔

اندرونی نگرانی کا نظام:

کمپنی کا اندرونی نگرانی کا نظام اچھا بنایا گیا ہے اور اسے مؤثر طور پر لاگو و جانچا جاتا ہے۔

ہمیشہ جاری رہنے والا کاروبار:

کمپنی کی مالی حالت نہ صرف اچھی ہے بلکہ اس بات کو یقینی بناتی ہے کہ اس کا کاروبار پروان چڑھتا رہے گا۔

کوئی پرانے بقایاجات نہیں ہیں:

عمومی اور روزمرہ بقایاجات کے علاوہ ٹیکس، محصول اور وصولیوں کی مد میں کوئی پرانے بقایاجات نہیں ہیں۔

فنانشل ہائی لائٹس:

سابقہ چھ سالوں کا بنیادی پیداواری اور مالیاتی مواد ضمیمہ ایک میں دیا گیا ہے۔

بورڈ کے اجلاس:

سال مختتمہ 30 جون 2019ء کے دوران بورڈ آف ڈائریکٹرز کے پانچ (4) اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری نیچے دی گئی ہے۔

ڈائریکٹر کا نام	تعداد حاضری اجلاس
میاں تنویر احمد شیخ	4
میاں انیس احمد شیخ	4
میاں ادریس احمد شیخ	4
میاں عزیز احمد شیخ	4
میاں عطاء شفیع تنویر شیخ	3
میجر ریٹائیرڈ جاوید مسرت	4
سید رضا عباس جعفری	3

سال مختتمہ 30 جون 2019ء کے دوران آڈٹ کمیٹی کی چار (4) اجلاس منعقد ہوئے ہر ایک ممبر کی حاضری درج ذیل ہے:

ممبر کا نام	حاضری
میجر ریٹائیرڈ جاوید مسرت	4
میاں عزیز احمد شیخ	4
میاں ادریس احمد شیخ	4

ایچ آر اینڈ آر کمیٹی کی سال کے دوران ایک (1) اجلاس منعقد ہوا۔ ہر ایک ممبر کی حاضری درج ذیل ہے۔

ممبر کا نام	حاضری
میاں عزیز احمد شیخ	1
میاں ادریس احمد شیخ	1
میاں عطاء شفیع تنویر شیخ	1

بورڈ کی ترکیب

کمپنی کے بورڈ آف ڈائریکٹرز سات (7) مرد حضرات پر مشتمل ہے۔ جن کی تفصیل درج ذیل ہے۔

خود مختار ڈائریکٹرز	2
دیگر غیر انتظامی ڈائریکٹرز	3
انتظامی ڈائریکٹر	2

آڈیٹرز:

ڈی لائیٹ یوسف عادل چارٹرڈ اکاؤنٹینٹس ، ملتان ریٹائر ہو گئے ہیں اور انہوں نے اپنی فرم کو دوبارہ تعیناتی کے لیے پیش کیا ہے۔

حصص داری کا اسلوب:

کمپنی کا 30 جون 2019ء کا حصص داری کا اسلوب لف کر دیا گیا ہے۔

سٹاف اور لیبر کے ساتھ تعلقات:

آپ کے ڈائریکٹران اس بات کی اطلاع دیتے ہوئے خوشی محسوس کرتے ہیں کہ پورے سال لیبر اور سٹاف کے درمیان خوش گوار تعلقات استوار رہے۔

اکنالجمنٹ (سراہنا):

آپ کے ڈائریکٹران میسرز حبیب بنک لمیٹڈ، میسرز بنک الحبیب لمیٹڈ، میسرز حبیب میٹرو پولیٹن بنک لمیٹڈ، نیشنل بنک آف پاکستان، بنک آف پنجاب، میزان بنک لمیٹڈ، بنک الفلاح لمیٹڈ اور یونائیٹڈ بنک لمیٹڈ کے تعاون کو سراہتے ہیں اور اس امید و خواہش کا اظہار کرتے ہیں کہ تمام بنک مستقبل میں بھی اس تعاون کو جاری رکھیں گے۔

آپ کے ڈائریکٹران کمپنی کے تمام ملازمین کی انتھک محنت کو بھی سراہتے ہیں۔

بورڈ آف ڈائریکٹرز

دستخط

میاں تنویر احمد شیخ۔ چیئرمین

ملتان ۔05 اکتوبر 2019ء

SIX YEARS KEY OPERATING AND FINANCIAL DATA

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
BALANCE SHEET						
Authorized Capital	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Issued, subscribed						
& Paid Up Capital	168,000,000	168,000,000	168,000,000	168,000,000	168,000,000	168,000,000
Reserves	168,000,000	168000,000	168,000,000	42,000,000	42,000,000	42,000,000
Un-appropriated Profit/(Loss)	370,168,634	275,898,263	194,868,151	126,787,632	157,539,979	187,943,654
Total Equity	1,893,893,561	1,292,335,394	1,235,843,256	1,186,094,076	493,539,979	523,943,654
Surplus on revaluation of						
Property, plant and equipment	1,187,724,930	680,437,132	704,975,105	723,306,444	750,185,937	779,340,652
Liabilities						
Deferred/Long term liabilities	600,118,117	341,109,438	411,869,561	470,763,962	411,316,971	499,943,800
Short Term Liabilities	2,292,102,546	1,798,651,804	1,459,117,649	1,504,117,787	1,268,927,127	772,681,545
Total Liabilities	2,892,220,663	2,139,761,242	1,870,987,210	1,974,881,749	1,680,244,098	1,272,625,345
Total Equity & Liabilities	4,786,114,227	3,432,096,636	3,106,830,466	3,160,975,825	2,923,970,014	2,575,909,651
Fixed Assets						
Owned	2,736,661,344	1,799,940,622	1,840,019,477	1,850,281,415	1,773,697,267	1,790,826,163
Long Term Deposits	5,770,489	5,668,939	5,668,939	5,668,939	5,668,939	5,668,939
Current Assets	2,043,682,394	1,626,487,075	1,261,142,050	1,305,025,471	1,144,603,808	779,414,549
Total Assets	4,786,114,227	3,432,096,636	3,106,830,466	3,160,975,825	2,923,970,014	2,575,909,651
,						
PROFIT & LOSS ACCOUNT						
Turnover (net)	6,234,762,289	5,598,969,124	4,863,138,768	4,280,589,829	4,014,689,127	4,928,43,523
Gross Profit/(Loss)	517,034,295	398,524,405	331,881,000	227,277,237	235,832,483	335,124,201
Operating Profit/(Loss)					38,489,046	217,062,351
Profit/(Loss) before taxation	160,183,199	109,523,219	63,295,584	(38,905,401)	(60,609,236)	73,074,117
Taxation	(87,346,693)	(54,817,031)	(37,048,566)	(29,024,496)	(12,732,765)	(37,082,522)
Profit/(Loss) for the Year	72,836,506	54,706,187	26,247,018	(60,367,736)	(66,697,813)	35,991,595
DISTRIBUTION						
Cash Dividend %	1.75%	NIL	NIL	NIL	NIL	NIL
RATIOS						
Break up value (Rs)	113	76.92	73.56	70.60	29.38	31.19
Earning per share (Rs.)	4.34	3.26	1.56	(3.59)	(3.97)	2.14
Return on Equity (Rs)	0.10	0.09	0.05	(0.13)	(0.14)	0.07
Current Ratio	0.89:1	0.90:1	0.86:1	0.87:1	0.90:1	1.01:1
Debt / Equity Ratio without surplus	0.42	0.24	0.40	0.54	0.39	0.49
Debt / Equity Ratio with surplus	0.15	0.11	0.17	0.21	0.16	0.20
PLANT CAPACITY AND ACTUAL PRODUCTION						
Spinning Unit-I						
Spindles Installed and worked	24,672	18,672	18,672	18,672	18,336	18,336
Standard Production after conversion into 20/S Count (Kgs)	7,945,152	6,398,891	6,398,891	6,398,891	6,389,193	6,389,193
Actual production of yarn after conversion into 20/S Count (Kgs)	5,596,272	5,346,767	5,186,155	5,180,435	4,870,926	4,388,751
Spinning Unit # 2						
Spindles installed and worked	27,864	27,864	27,864	27,864	27,864	27,864
Standard production after conversion into 40's PC count (Kgs)	4,784,702	4,784,702	4,784,702	4,784,702	4,784,702	4,784,702
Actual production of Yarn after conversion into 40's PC count (Kgs)	3,925,366	4,003,495	4,185,296	4,166,657	3,636,009	3,723,721
Spinning Unit # 3						
Spindles installed and worked	25,632	23,904	23,904	23,904	23,904	23,904
Standard production after conversion into 20/S Count (Kgs)	7,526,120	7,018,741	7,018,741	7,018,741	7,018,741	7,018,741
Actual production of Yarn after conversion into 20/S Count (Kgs)	6,599,386	5,689,190	5,510,786	5,050,455	5,050,455	4,929,765

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017
FOR THE YEAR ENDED JUNE 30, 2019

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the listing regulations of Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

Maqbool Textile Mills Limited (the company) has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The total number of Directors are 7 as per the following:
    i. Mian Tanvir Ahmad Sheikh
    ii. Mian Anis Ahmad Sheikh
    iii. Mian Idrees Ahmad Sheikh
    iv. Mian Aziz Ahmad Sheikh
    v. Mian Atta Shafi Tanvir Sheikh
    vi. Syed Raza Abbas Jaffery (Rep. NIT)
    vii. Maj. Retd. Javed Mussarat

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

S. No	Category	Name Of Directors
1	Independent Director*	1. Mr. Maj (R) Javed Mussarat 2. Mr. Syed Raza Abbas Jaffery
2	Executive Director	1. Mr. Mian Tanvir Ahmad Sheikh 2. Mr. Mian Anis Ahmad Sheikh 3. Mr. Mian Atta Shafi Tanvir Sheikh
3	Non-Executive Director	1. Mr. Mian Idrees Ahmad Sheikh 2. Mr. Mian Aziz Ahmad Sheikh

*The Independent Director meets the requirements as prescribed in PSX Rules Book.

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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 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 Chairman and, in his absence, by a director elected 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 has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Director's Training Program for the following:
Not applicable

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, Including their remuneration and terms of employment and complied relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statement before approval of the board.

12. The board has formed committees comprising of members given below:

i. The board has constituted an Audit Committee. It comprises of three members, of whom two are non-executive directors and one independent director. The Chairman of the Committee is also a Independent Director.

Name of Member of Committee		Designation
i.	Maj (R) Javed Mussarat	Chairman
ii.	Mian Idrees Ahmad Sheikh	Member
iii.	Mian Aziz Ahmad Sheikh	Member

ii. The board has constituted a Human Resource (HR) & Remuneration Committee comprises of three members, of whom majority are non-executive directors including the Chairman of the committee.

Name of Member of Committee		Designation
i.	Mian Aziz Ahmad Sheikh	Chairman
ii.	Mian Idrees Ahmad Sheikh	Member
iii.	Mian Atta Shafi Tanvir Sheikh	Member

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

14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:

i.	Audit Committee	4 Meetings
ii.	H.R. Committee	1 Meeting

13. The board has setup an effective internal audit function.

14. 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 ICAP.

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

16. We confirm that all other requirements of the Regulations have been complied with.

M. Ehsanullah Khan
Company Secretary

Dated: 05.10.2019

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF MAQBOOL 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 best practices contained in the Code of Corporate Governance Regulations 2017 (the Code) prepared by the Board of Directors of Maqbool 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 company for the year ended June 30, 2019.

Chartered Accountants

Engagement Partner:
Rana M. Usman Khan

Dated: 05.10.2019
Multan

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

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

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

Key Audit Matters

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

Following are the Key audit matter(s):

Key audit matter	How the matter was addressed in our audit
1. Revenue Recognition	
The Company's sales comprise of revenue from the sale of yarn as disclosed in note 22 to the financial statements. Revenue from the sale is recognized, when control related to the sale of goods is transferred and the performance obligation is satisfied i.e. on dispatch of goods in case of local sales and on bill of lading in case of exports sales (note 4.4.10). We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on transfer of control to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.	Our audit procedures to address the Key Audit Matter included the following: ● Obtaining an understanding of and assessing the design and implementation and operating effectiveness of controls around recognition of revenue; ● Assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; ● Checked on a sample basis whether the recorded sales transactions are based on dispatch of goods and after issue of gate passes; and Reviewing the adequacy of disclosure as required under applicable financial reporting framework.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on 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 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 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, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.

Chartered Accountants

Date: 05.10.2019

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STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019 Rupees	2018 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	**2,736,661,344**	1,799,940,622
Long term deposits		**5,770,489**	5,668,939
		2,742,431,833	1,805,609,561
Current assets			
Stores and spares	6	**54,147,768**	40,610,129
Stock in trade	7	**994,564,051**	606,947,043
Trade debts	8	**641,645,181**	610,983,240
Loans and advances	9	**52,473,293**	26,580,398
Prepayments		**221,803**	221,803
Sale tax refundable		**105,992,408**	77,855,684
Advance tax		**127,172,323**	97,636,020
Export rebate refundable		**46,755,973**	92,662,944
Cash and bank balances	10	**20,709,594**	72,989,814
		2,043,682,394	1,626,487,075
Total assets		**4,786,114,227**	**3,432,096,636**
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	11	**168,000,000**	168,000,000
General reserve		**168,000,000**	168,000,000
Surplus on revaluation of property, plant and equipment - net of deferred tax	12	**1,187,724,930**	680,437,132
Unappropriated profit		**370,168,634**	275,898,262
		1,893,893,564	1,292,335,394
Non-current liabilities			
Long term financing	13	**194,699,513**	72,362,164
Long term loans from related parties	14	**64,092,383**	51,459,916
Liabilities against assets subject to finance lease	15	**3,830,930**	-
Deferred taxation	16	**306,595,062**	193,956,066
Staff retirement benefits - gratuity	17	**30,900,229**	23,331,292
		600,118,117	341,109,438
Current liabilities			
Trade and other payables	18	**619,229,640**	208,235,409
Accrued mark up	19	**40,128,194**	27,883,138
Short term borrowings	20	**1,491,226,230**	1,429,273,212
Unclaimed dividend		**3,052,032**	3,052,032
Unpaid dividend		**3,218,372**	2,032,694
Current portion of long term financing	13	**74,338,672**	72,824,836
Current portion of liabilities subject to finance lease	15	**712,973**	-
Provision for tax		**60,196,433**	55,350,484
		2,292,102,546	1,798,651,804
Contingencies and commitments	21	**-**	-
Total equity and liabilities		**4,786,114,227**	**3,432,096,636**

The annexed notes from 1 to 41 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

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

	Note	2019 Rupees	2018 Rupees
Sales - net	22	**6,234,762,289**	5,598,969,124
Cost of goods sold	23	**(5,717,727,994)**	(5,200,444,719)
Gross profit		**517,034,295**	398,524,405
Other income	24	**53,237,198**	36,924,724
		570,271,493	435,449,129
Selling and distribution expenses	25	**76,740,817**	87,111,264
Administrative expenses	26	**131,526,070**	109,003,726
Other operating expenses	27	**30,136,501**	2,473,479
		(238,403,388)	(198,588,469)
Finance cost	28	**(171,684,906)**	(127,337,441)
Profit before taxation		**160,183,199**	109,523,219
Taxation	29	**(87,346,693)**	(54,817,031)
Profit after taxation		**72,836,506**	**54,706,187**
Earnings per share - basic and diluted	30	**4.34**	**3.26**

The annexed notes from 1 to 41 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

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

	Note	2019 Rupees	2018 Rupees
Profit for the year		**72,836,506**	54,706,187
Other comprehensive income:			
Items that will not be reclassified to statement of profit or loss			
Remeasurement on defined benefit obligation	17	**(946,453)**	(404,683)
Deferred tax		**175,499**	71,255
		(770,954)	(333,428)
Transfer from deferred tax due to change rate on opening revaluation surplus		**5,468,796**	2,119,380
Surplus on revaluation of land, buildings and plant & machinary	5.5	**633,796,831**	-
Related deferred tax threreon	16.2	**(80,195,439)**	-
		553,601,392	**-**
Total comprehensive Income for the year		**631,135,740**	**56,492,139**

The annexed notes from 1 to 41 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

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

	Note	Share capital	Capital Reserves: Surplus on revaluation of property, plant and equipment	Revenue Reserve: Unappropriated profit	Revenue Reserve: General reserve	Total
		Rupees				
Balance as at June 30, 2017		**168,000,000**	**704,975,105**	**194,868,150**	**168,000,000**	**1,235,843,255**
Profit for the year		-	-	54,706,187	-	54,706,187
Other comprehensive loss for the year		-	2,119,380	(333,428)	-	1,785,952
Total comprehensive income for the year		-	2,119,380	54,372,759	-	56,492,139
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	12	-	(26,657,353)	26,657,353	-	-
Balance as at June 30, 2018		**168,000,000**	**680,437,132**	**275,898,262**	**168,000,000**	**1,292,335,394**
Profit for the year		**-**	**-**	**72,836,506**	**-**	**72,836,506**
Other comprehensive loss for the year		**-**	**(5,468,796)**	**(770,954)**	**-**	**(6,239,750)**
Total comprehensive income for the year		**-**	**(5,468,796)**	**72,065,552**	**-**	**66,596,756**
Dividend for the year ended June 30,2018 @ 1.25 per Share		**-**	**-**	**(21,000,000)**	**-**	**(21,000,000)**
Addition in revaluation surplus as on June 30,2019		**-**	**633,796,831**	**-**	**-**	**633,796,831**
Transfer to deferred tax on account of revaluation surplus			**(80,195,439)**	**-**	**-**	**(80,195,439)**
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax		**-**	**(40,844,797)**	**40,844,797**	**-**	**-**
Transfer of present value adjustment on long term loans from related parties		**-**	**-**	**2,360,023**	**-**	**2,360,023**
Balance as at June 30, 2019		**168,000,000**	**1,187,724,931**	**370,168,634**	**168,000,000**	**1,893,893,564**

* This includes unamortized portion of interest free loan obtain from related parties amounting to Rs. 5,502,490 (2018: Rs. 4,903,721) which is not available for distribution.

The annexed notes from 1 to 41 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

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

	Note	2019 Rupees	2018 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**160,183,199**	109,523,219
Adjustments for:			
Depreciation on property, plant and equipment		**88,854,592**	88,775,847
Loss on disposal of fixed assets		**18,517,853**	(786,280)
Provision for staff retirement benefits - gratuity		**23,355,734**	16,876,420
Finance cost		**171,684,906**	127,337,441
		302,413,085	232,203,428
Operating cash flows before working capital changes		**462,596,283**	341,726,647
(Increase) / decrease in current assets			
Stores and spares		**(13,537,639)**	242,161
Stock in trade		**(387,617,008)**	67,292,125
Trade debts		**(30,661,941)**	(342,390,826)
Loans and advances		**(25,892,895)**	9,714,581
Sales tax refundable		**(28,136,724)**	15,575,949
Export rebate refundable		**45,906,971**	(59,027,247)
		(439,939,236)	(308,593,257)
Increase / (decrease) in current liabilities			
Trade and other payables (excluding unclaimed dividend)		**410,994,232**	17,870,538
Cash generated from operations		**433,651,279**	51,003,928
Income tax paid		**(84,886,787)**	(59,760,602)
Gratuity paid		**(16,733,250)**	(17,904,333)
Finance cost paid		**(157,079,828)**	(117,352,390)
		(258,699,865)	(195,017,325)
Net cash generated from/ (used in) operating activities		**174,951,414**	(144,013,397)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(416,546,335)**	(48,910,712)
Proceeds from disposal of Fixed Assets		**6,250,000**	1,000,000
Net cash used in investing activities		**(410,296,335)**	(47,910,712)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing from commercial banks		**197,388,993**	-
Proceeds from long term loans obtained from related parties		**12,632,467**	
Repayment of long term financing		**(72,824,836)**	(68,531,926)
Short term borrowings - net		**65,783,948**	301,269,742
Long term deposits		**(101,550)**	-
Dividend paid		**(19,814,322)**	-
Net cash generated from financing activities		**183,064,700**	232,737,816
Net (decrease)/ increase in cash and cash equivalents (A+B+C)		**(52,280,221)**	40,813,707
Cash and cash equivalents at beginning of the year		**72,989,814**	32,176,107
Cash and cash equivalents at end of the year		**20,709,594**	**72,989,814**

The annexed notes from 1 to 41 form an integral part of these financial statements.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

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

1. GENERAL INFORMATION

1.1 Maqbool Textile Mills Limited (the "Company") was incorporated in Pakistan on December 03, 1989 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 2-Insudtrial Estate Multan, Pakistan. The Company is principally engaged in manufacturing and sale of yarn, cotton seed and cotton lint. The Company's area of the mill at unit 1 and unit 2 is 63.77 acres located at M.M. Road, Chowk Sarwar Shaheed, Distt.Muzaffargarh and area of unit 3 is 29.14 acres located at Rajana Road, Pirmahal, Distt.Toba Tek singh.

2. STATEMENT OF COMPLIANCE

2.1 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:
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where 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.

3. STANDADRS, INTERPRETATION AND AMENDMENT ADOPTED DURING THE YEAR

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.1 *New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019*

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	Effective from accounting period beginning on or after January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	Effective from accounting period beginning on or after January 01, 2018
IFRS 9 'Financial Instruments' - This standard superseded IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	Effective from accounting period beginning on or after July 01, 2018
IFRS 15 'Revenue' - This standard superseded IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	Effective from accounting period beginning on or after July 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from	Effective from accounting period beginning on or after January 01,
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.

3.2 *New accounting standards, amendments to published standards and interpretations that are not yet effective.*

Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	Effective from accounting period beginning on or after July 01, 2020
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	Effective from accounting period beginning on or after January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	Effective from accounting period beginning on or after January 01, 2019.
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	Effective from accounting period beginning on or after January 01, 2019
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material	Effective from accounting period beginning on or after January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases,	January 01, 2019. Earlier application is permitted.

Certain annual improvements have also been made to a number of IFRSs.

3.2.1 *Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:*

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 14 Regulatory Deferral Accounts
- IFRS 17 Insurance Contracts

3.3 *Significant estimates*

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

Significant areas requiring the use of management estimates in these financial statements relate to the revaluation of certain item of property, plant and equipment, useful life of depreciable assets, employee retirement benefits, provision for doubtful receivables and taxation. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3.4 IFRS 15 Revenue from contacts with customers

IFRS 15 replaced IAS 18 - Revenue, IAS 11 - Construction contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Trans fers of Assets from Customers and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations in a contract are satisfied. The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. However, the adoption of IFRS 15 does not have any impact on the reported revenue of the Company for the year ended June 30, 2019 or June 30, 2018.

3.5 IFRS 9 Financial instruments

IFRS 9 - Financial Instruments (IFRS 9) replaced the majority of IAS 39 - Financial Instruments: Recognition and Measurement (IAS 39) and covers the classification,measurement and de-recognition of financial assets and financial liabilities and requires all fair value movements on equity investments to be recognised either in the statement of profit or loss or in statement of comprehensive income, on a case-by-case basis, and also introduced a new impairment model for financial assets based on expected losses rather than incurred losses and provides a new hedge accounting model.

The Company has adopted IFRS 9 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. There is no impact of adoption of IFRS 9 on opening equity of the Company.

The impact of the adoption of IFRS 9 has been in the following areas:

(i) 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 replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

There is no significant impact of IFRS 9 on the classification and measurement of financial assets for the year ended June 30, 2019 other than as follows:

- loans and receivables are classified under the category of amortized cost. Under IFRS 9, the classification of financial assets is based on the objective of the entitys business model.

On the date of initial application, the financial instruments of the company were as follows:

Financial liabilities are not recognised unless one party has performed its part of the contract. A significant change introduced by IFRS 9 in classification and measurement of financial liabilities relates to accounting for changes in the fair value of financial liabilities designated at FVTPL attributable to credit risk of issue.

Disclosures in relation to the initial application of IFRS 9

The table below shows impact of change in accounting policies due to adoption of IFRS 9:

Financial assets	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amountd IAS 39**	**New carrying amount under IFRS 9**
			(Rupees)	
Trade Debts	Loans and receivables	At amortized cost	610,983,240	610,983,240

Financial assets	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amountd IAS 39**	**New carrying amount under IFRS 9**
			(Rupees)	
Cash and bank balances	Loans and receivables	At amortized cost	72,989,814	72,989,814

Financial Liabilities	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amountd IAS 39**	**New carrying amount under IFRS 9**
			(Rupees)	
Trade and other payables	At amortized cost	At amortized cost	199,809,474	199,809,474
Finances under mark-up arrangements - secured	At amortized cost	At amortized cost	1,547,793,542	1,547,793,542
Long term loans from related parties	At amortized cost	At amortized cost	51,459,916	51,459,916

(ii) Impairment of financial assets

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 has trade debts, loans and advances, other receivables and bank balances on which the Company had to revise its impairment methodology.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. Impairment losses related to trade receivables, are presented separately in the statement of profit or loss. Trade receivables are written off when there is no reasonable expectation of recovery. Given the Companys experience of collection history and historical loss rates and normal receivable aging, the move from an incurred loss model to an expected loss model has not had a material impact on the financial position and / or financial performance of the Company.

(iii) ***Accounting policies applied until June 30, 2018***

The Company has adopted IFRS 9 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. There is no material impact of adoption of IFRS 9 on the financial statement of the Company, based on the working carried out by the management.

Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade receivables, loans, advances, deposits, other receivables and cash and bank balances in the statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of measurement

These financial statements have been prepared under historical cost convention except indicated in note 4.4.1, 4.4.9 and 4.4.15.

4.2 Functional and presentation currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

4.3 Critical judgments and accounting estimates in applying the accounting policies

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the results of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimate is revised if the revision affects only that period, or in the period of revision and future period if the revision affects both current and future periods.

In preparing these financial statements, the significant judgment made by the management in applying accounting policies include:

- useful lives of property, plant and equipment (notes 4.4.1 and 5.1)
- provision for staff retirement benefits (notes 4.4.9 and 17)
- provision for taxation (notes 4.4.8 and 29)
- revaluation of property, plant and equipment (notes 4.4.1 and 5.5)
- provision for loans and advances to suppliers (note 9)

4.4 Summary of accounting policies

4.4.1 Property, plant and equipment

Property, plant and equipment except freehold land, building on freehold land, plant and machinery and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land, building on freehold land and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Freehold land is stated at revalued amount being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the statement of financial position date. Any revaluation increase arising on the revaluation of such asset is credited in 'Surplus on revaluation of property, plant and equipment' . A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to previously revalued assets.

To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation (net of deferred tax) is transferred directly to retained earnings/unappropriated profit. Depreciation on property, plant and equipment, except freehold land and capital work-in-progress, is charged to statement of profit or loss applying reducing balance method over the estimated useful lives of the assets at the rates shown in note 5.1 to the financial statements. Depreciation on additions is charged from the month the asset is available for use up to month immediately preceding the date of disposal.

Gains and losses on disposal of property, plant and equipment if any, are recognized in statement of profit or loss, as and when incurred. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized.

Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less any recognized impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are ready for their intended use.

4.4.2 Operating lease

Rental paid under operating lease are charged to statement of profit or loss on straight line basis over the period of lease.

4.4.3 Impairment of non-financial assets

The Company assesses at each statement of financial position date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in profit or loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversal of impairment loss is recognized as income.

4.4.4 Financial Instruments

Financial assets and financial liabilities are recognised in the Companys statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.4.4.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

a) Debt instruments measured at amortized cost

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

amortized cost and effective interest method

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

As at reporting date, the Company carries cash and cash equivalents and trade receivables at amortized cost.

b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments that meet specified conditions and are measured subsequently at fair value through other comprehensive income (FVTOCI).

As at reporting date, the Company does not hold any debt instrument classified as at FVTOCI.

c) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI.

As at reporting date, the Company does not hold any equity instrument classified as at FVTOCI.

d) Financial assets measured subsequently at fair value through profit or loss (FVTPL)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As at reporting date, the Company carries investments in shares classified as at FVTPL.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortized cost or at FVTPL, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

Definition of default:

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

· when there is a breach of financial covenants by the debtor; or

· information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Write off policy

The Company writes off financial assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Companys recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognised in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the assets carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

4.4.4.2 Financial liabilities

Subsequent measurement of financial liabilities

Financial liabilities that are not

· contingent consideration of an acquirer in a business combination,
· held-for-trading, or
· designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly

4.4.4.3 Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Companys obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.4.4.4 Off setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the Company has a current legal enforceable right to set off the recognized amount and the Company also intends either to settle on a net basis or to realize the asset and settle the liability

4.4.5 Stores and spares

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

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

4.4.6 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined as :

Raw material	Weighted average cost.
Material in transit	Cost accumulated up to statement of financial position date.
Work in process	Average manufacturing cost.
Finished goods	Average manufacturing cost.
Waste	Net realizable value.

Cost in relation to work in process and finished goods represents the annual average manufacturing cost which consists of prime cost and appropriate production overheads. Cost of raw material consumed is accounted for by applying the annual average cost of both imported and local purchases.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated cost necessary to be incurred to effect such sale.

4.4.7 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

4.4.8 Taxation

Current

Charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or provisions of minimum tax, or provisions of alternative corporate tax. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred taxation is recognized, using the statement of financial position liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of the realization or settlement of the carrying amount of assets and liabilities, using rates of taxation enacted or substantially enacted at the statement of financial position date.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized. Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

4.4.9 Staff retirement benefits - gratuity

The main features of the scheme operated by the Company for its employees are as follows:

Defined benefit plan

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2018 using Projected Unit Credit Method. The following significant assumptions have been used for valuation of defined benefit obligation of the company:

	_2019_	**_2018_**
- Discount rate	12.5%	8.00%
- Expected increase in eligible salary	11.50%	7.00%
- Average expected remaining working life time	10 years	11 years
- Mortality rate	SLIC (2001-2005)	

4.4.10 Revenue recognition

Revenue from contracts with customers is recognized at the point in time when the performance obligation is satisfied i.e. control of goods is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled to in exchange for those goods.

4.4.11 *Foreign currency transactions and translation*

Transactions in foreign currencies are translated at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, Gains and losses arising on retranslation are included in the statement of profit or loss for the period.

4.4.12 *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment

All other borrowing costs are charged to statement of profit or loss in the period in which they are incurred.

4.4.13 *Dividend*

Dividend distribution to the Companys shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Companys shareholders.

4.4.14 *Trade and other payables*

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

4.4.15 *Provisions*

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed periodically and adjusted to reflect the current best estimate.

4.4.16 *Earning per share*

The Company presents basic and diluted earnings per shares (EPS). Basic EPS is calculated by dividing the profit or loss attributable to share holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to share holders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2019 Rupees	2018 Rupees
Operating fixed assets	5.1	2,704,551,695	1,799,550,560
Capital work-in-progress	5.4	32,109,649	390,062
		2,736,661,344	1,799,940,622

5.1 Operating fixed assets

Particulars	Cost / Revalued amount				Accumulated depreciation				Written Down Value	Rate
	At July 01, 2018	Additions/ (Disposals)	Revaluation Adjustment	At June 30, 2019	At July 01, 2018	Charge	Revaluation Adjustment	At June 30, 2019	as at June 30, 2019	%
	Rupees									
Land - freehold	230,369,000	-	201,308,500	431,677,500	-	-	-	-	431,677,500	-
Buildings on freehold land	424,192,295	42,791,448	100,549,438	567,533,181	78,640,356	17,644,838	(96,285,194)	-	567,533,181	5
Plant and machinery	1,572,747,705	322,887,871	143,079,448	2,009,915,024	424,759,589	59,196,350	(92,574,251)	385,453,024	1,624,462,000	5
		(28,800,000)				(5,928,664)				
Generator	15,100,517	-	-	15,100,517	5,518,072	958,244	-	6,476,316	8,624,201	10
Electric fittings and installations	87,258,172	10,952,667	-	98,210,839	43,014,840	7,150,543	-	50,165,383	48,045,456	15
Tools and equipment	1,568,971	17,500	-	1,586,471	663,540	92,293	-	755,833	830,638	10
Office equipment	9,251,372	377,732	-	9,629,104	4,846,683	457,512	-	5,304,195	4,324,909	10
Telephone installations	3,404,021	-	-	3,404,021	1,724,450	167,957	-	1,892,407	1,511,614	10
Furniture & fixtures	10,168,608	52,000	-	10,220,608	5,391,535	480,974	-	5,872,509	4,348,099	10
Arms & ammunitions	878,795	-	-	878,795	314,877	56,392	-	371,269	507,526	10
Weighing scales	2,373,842	-	-	2,373,842	1,414,579	95,926	-	1,510,505	863,337	10
Tube well	1,096,036	90,000	-	1,186,036	752,272	41,877	-	794,149	391,887	10
Fire extinguishing equipment	1,708,142	-	-	1,708,142	1,098,927	60,922	-	1,159,849	548,293	10
Vehicles	34,995,693	-	-	34,995,693	27,422,889	1,514,561	-	28,686,967	6,308,726	20
Vehicles- leased	-	7,657,530	-	5,510,530	-	936,203	-	936,203	4,574,327	20
		(2,147,000)			-	(250,483)			-	
	2,395,113,169	**384,826,748**	**444,937,386**	**3,193,930,303**	**595,562,609**	**88,854,592**	**(188,859,445)**	**489,378,608**	**2,704,551,695**	
		(30,947,000)				**(6,179,147)**				

For comparative period

Particulars	Cost / Revalued amount				Accumulated depreciation				Written Down Value as at June 30, 2018	Rate %
	At July 01, 2017	Additions/ (Disposals)	Revaluation Adjustment	At June 30, 2018	At July 01, 2017	Charge	Revaluation Adjustment	At June 30, 2018		
	-------------------------	-------------------------	-------------------------	-------------------------	Rupees	-------------------------	-------------------------	-------------------------	-------------------------	
Land - freehold	230,369,000	-	-	230,369,000	-	-	-	-	230,369,000	-
Buildings on freehold land	424,192,295	-	-	424,192,295	60,453,412	18,186,944	-	78,640,356	345,551,939	5
Plant and machinery	1,495,939,817	76,807,888	-	1,572,747,705	366,077,009	58,682,580	-	424,759,589	1,147,988,116	5
Generator	15,100,517	-	-	15,100,517	4,453,357	1,064,715	-	5,518,072	9,582,445	10
Electric fittings and installations	82,748,578	4,509,594	-	87,258,172	35,614,712	7,400,128	-	43,014,840	44,243,332	15
Tools and equipment	1,465,621	103,350	-	1,568,971	569,888	93,652	-	663,540	905,431	10
Office equipment	9,251,372	-	-	9,251,372	4,357,274	489,409	-	4,846,683	4,404,689	10
Telephone installations	3,404,021	-	-	3,404,021	1,537,832	186,618	-	1,724,450	1,679,571	10
Furniture & fixtures	8,839,008	1,329,600	-	10,168,608	4,914,426	477,109	-	5,391,535	4,777,073	10
Arms & ammunitions	878,795	-	-	878,795	252,219	62,658	-	314,877	563,918	10
Weighing scales	1,762,439	611,403	-	2,373,842	1,320,148	94,431	-	1,414,579	959,263	10
Tube well	1,096,036	-	-	1,096,036	714,076	38,196	-	752,272	343,764	10
Fire extinguishing equipment	1,692,142	16,000	-	1,708,142	1,032,274	66,653	-	1,098,927	609,215	10
Vehicles	36,931,853	88,000	-	34,995,693	27,300,575	1,932,754	-	27,422,889	7,572,804	20
Vehicles- leased	-	-	-	-	-	-	-	-	-	20
		(2,024,160)			-	(1,810,440)			-	
	2,313,671,494	**83,465,835**	**-**	**2,395,113,169**	**508,597,202**	**88,775,847**	**-**	**595,562,609**	**1,799,550,560**	
		(2,024,160)				**(1,810,440)**				

5.2 The following assets were disposed off during the year;

Particulars	*Cost*	*Carrying value*	*Sale proceeds*	*(Loss)/Gain*	*Mode of Disposal*	*Relationship*	*Particulars of buyers*
Plant & Machinery							
Ring Frame	2,400,000	1,905,945	329,167	(1,576,778)	Negotiation	Third Party	*S.S.Q Textile Mills Limited*
Ring Frame	2,400,000	1,905,945	329,167	(1,576,778)	Negotiation	Third Party	*S.S.Q Textile Mills Limited*
Ring Frame	2,400,000	1,905,945	329,167	(1,576,778)	Negotiation	Third Party	*S.S.Q Textile Mills Limited*
Ring Frame	2,400,000	1,905,945	329,167	(1,576,778)	Negotiation	Third Party	*S.S.Q Textile Mills Limited*
Ring Frame	2,400,000	1,905,945	329,167	(1,576,778)	Negotiation	Third Party	*S.S.Q Textile Mills Limited*
Ring Frame	2,400,000	1,905,945	329,167	(1,576,778)	Negotiation	Third Party	*S.S.Q Textile Mills Limited*
Ring Frame	2,400,000	1,905,945	329,167	(1,576,778)	Negotiation	Third Party	*S.S.Q Textile Mills Limited*
Ring Frame	2,400,000	1,905,945	329,167	(1,576,778)	Negotiation	Third Party	*S.S.Q Textile Mills Limited*
Ring Frame	2,400,000	1,905,944	329,167	(1,576,777)	Negotiation	Third Party	*S.S.Q Textile Mills Limited*
Ring Frame	2,400,000	1,905,944	329,167	(1,576,777)	Negotiation	Third Party	*S.S.Q Textile Mills Limited*
Ring Frame	2,400,000	1,905,944	329,167	(1,576,777)	Negotiation	Third Party	*S.S.Q Textile Mills Limited*
Ring Frame	2,400,000	1,905,944	329,167	(1,576,777)	Negotiation	Third Party	*S.S.Q Textile Mills Limited*
Vehicle							
Vehicle MNC-18-70	2,147,000	1,896,517	2,300,000	403,483	Insurance Claim	Third Party	Habib Insurance Company Limited
2019	**30,947,000**	**24,767,853**	**6,250,000**	**(18,517,853)**			
2018	**2,024,160**	**213,720**	**10,000,000**	**9,786,280**			

		Note	2019 Rupees	2018 Rupees
5.3	***Allocation of depreciation***			
	Cost of goods sold	23	**85,180,071**	85,560,647
	Administrative expenses	26	**3,674,521**	3,215,200
			88,854,592	88,775,847
5.4	***Capital Work in Progress***			
	Machinery	5.4.1	**32,109,649**	390,062
5.4.1	***Movement in capital work in progress***			
	Opening Balance		**390,062**	34,945,185
	Additions during the year		**32,109,649**	390,062
	Transferred to fixed assets		**(390,062)**	(34,945,185)
			32,109,649	390,062

5.5 Revaluation of freehold land, building on free hold land and plant and machinery as per note 12 that was carried out as on June 30, 2019 by independent valuer M/s MYK Associates (Pvt.) Limited on the basis of depreciated replacement value. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment. The basis used for the revaluation of these assets were as follows:

Freehold land and building on free hold land

Fair market value of the land was assessed through inquiries from various estate agents, brokers and builders / developers and keeping in view the location of the property, its size, status, utilization, cost of new construction, construction standard, depreciation cost factor, state of infrastructure and current trends in prices of real estate in the vicinity of the property.

Plant and machinery

Fair market value of the plant and machinery was assessed through inquiries of local authorized dealers who deal in old and new similar type of plant and machineries. Replacement value was then ascertained from competitive rates of the plant and machinery and thereafter, an average depreciation factor was applied on the replacement value of the plant and machinery.

5.6 Forced sale value of the above revalued items of property, plant and equipment is as follows

	Rupees
Land - freehold	345,342,000
Buildings on freehold land	454,026,548
Plant and machinery	1,137,123,400
	1,936,491,948

5.7 Had there been no revaluation, the related carrying amounts of freehold land, building and machinery would have been as follows:

	2019 Rupees	2018 Rupees
Land - freehold	31,787,994	31,787,994
Buildings on freehold land	144,084,049	107,010,360
Plant and machinery	1,094,204,156	817,230,551
Generator	3,805,655	4,228,504
Electric fittings and installations	39,393,849	34,064,971
	1,313,275,703	**994,322,380**

6.	***STORES AND SPARES***		
	Stores and spares	41,843,551	26,913,866
	Packing material	12,304,217	13,696,263
		54,147,768	**40,610,129**

		Note	2019 Rupees	2018 Rupees
7.	***STOCK IN TRADE***			
	Raw materials		878,873,716	468,106,891
	Work in process		56,959,742	40,096,000
	Finished goods:			
	-Yarn		54,391,754	93,416,838
	-Waste		4,338,839	5,327,314
			58,730,593	98,744,152
			994,564,051	**606,947,043**
8.	***TRADE DEBTS***			
	Considered good			
	Export - secured	8.1	301,490,560	349,989,981
	Local - unsecured	8.2 & 8.3	340,154,621	260,993,259
			641,645,181	610,983,240
			641,645,181	**610,983,240**

8.1 Export trade debts are realized on early discounting or retirement of letter of credits (LCs) upon 90-120 days. All outstanding LCs are through irrevocable and confirmed LCs.

8.2 Local trade debts are non-interest bearing and are generally on 61 to 89 day terms.

8.3 Local trade debts include debtors with a carrying amount of Rs. 0.058 million (2018: Rs. 0.58 million) which are past due at the reporting date but not impaired as there has not been any significant change in credit quality and the amounts are still considered recoverable.

8.3.1 Aging of amounts past due but not impaired

		Note	2019 Rupees	2018 Rupees
	90 - 120 days		46,012	31,412
	120 days and above		11,980	548,377
			57,992	**579,789**
9.	***LOANS AND ADVANCES***			
	Advance to suppliers - considered good		33,011,213	20,446,151
	Advance to suppliers - considered doubtful		1,794,628	1,794,628
	Loans to employees - considered good		4,938,234	5,286,226
			39,744,075	22,486,957
	Provision for doubtful suppliers		(1,794,628)	(1,794,628)
			37,949,447	20,692,329
	L/Cs in transit		13,675,825	-
	Minimum tax deposited under protest	29.2	848,021	848,021
			52,473,293	**26,580,398**
10.	***CASH AND BANK BALANCES***			
	Cash in hand		4,255,294	2,548,264
	Cash at banks - current accounts		16,454,300	70,441,550
			20,709,594	**72,989,814**

11. SHARE CAPITAL

2019	2018			2019	2018
Number of shares			Note	Rupees	Rupees
		Authorized			
20,000,000	**20,000,000**	Ordinary shares of Rs. 10 each		**200,000,000**	200,000,000
		Issued, subscribed and paid up			
16,800,000	**16,800,000**	Ordinary shares of Rs. 10 each fully paid in cash		**168,000,000**	168,000,000

11.1 The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

12. SURPLUS ON REVALUTAION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2019 Rupees	2018 Rupees
Opening balance		**783,412,449**	815,766,626
Increse arising on revaluation surplus	**12.1**	**633,796,831**	-
On account of incremental depreciation charged during the year - net of tax		**(24,333,917)**	(26,657,353)
On account of disposal in plant & machinary		**(16,510,880)**	-
Related deferred tax liability on incremental depreciation		**(9,297,850)**	(5,696,824)
		(50,142,647)	(32,354,177)
Closing balance		**1,367,066,633**	783,412,449
Less: related deferred tax liability			
Opening balance		**102,975,317**	110,791,521
Addition during the year	**12.1**	**80,195,439**	
Related deferred tax liability on incremental depreciation		**(9,297,850)**	(5,696,824)
Deferred tax due to rate change		**5,468,796**	(2,119,380)
		179,341,702	102,975,317
Closing balance		**1,187,724,930**	680,437,132

12.1. The Company has revalued its Freehold Land, Building on Free-hold Land and Plant and Machinery as on June 30, 2019 as disclosed in note 5.4 of the financial statements.

13. LONG TERM FINANCING

From banking companies - secured

	Note	2019 Rupees	2018 Rupees
Habib Bank Limited			
- Demand Finance - II	**13.1**	**-**	26,666,670
- LTFF	**13.2**	**47,014,701**	76,027,460
- Demand Finance	**13.5**	**25,347,464**	33,796,620
- LTFF II	**13.6**	**196,676,020**	-
		269,038,185	136,490,750
Bank AL Habib Limited			
- Term Finance	**13.3**	**-**	4,156,250
- Term Finance - II	**13.4**	**-**	4,540,000
		-	8,696,250
		269,038,185	145,187,000
Less: Current portion		**74,338,672**	72,824,836
		194,699,513	72,362,164

13.1 Habib Bank Limited - Demand Finance II

This finance has been obtained from Habib Bank Limited (HBL) to acquire the fixed assets (Land, Building and Machinery) of Accord Textiles Limited (ATL) under the arrangements of settlement of entire liability of ATL. The loan is repayable in 12 equal half yearly installments commenced from July 31, 2013. This finance is interest free and is secured against equitable mortgage charge of Rs. 160 million over the fixed assets of newly acquired spinning unit from ATL and personal guarantees of directors of the Company. This loan has been fully repaid in current year through payment of last installment on January 31,2019.

13.2 Habib Bank Limited - LTFF

This finance has been obtained from Habib Bank Limited (HBL) for BMR / expansion. The loan is repayable in 8 equal half yearly installments commenced from May 9, 2017. It carries markup at flat rate 5%. This finance is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company and personal guarantees of directors of the Company.

13.3 Bank AL Habib Limited - Term Finance

This finance has been obtained for repayment of shipping documents under LCs limits. The loan was obtained on June 12, 2014 with 1 year grace period. It is repayable in 8 half yearly installments commencing from June 12, 2015 and is secured against 1st exclusive charge over specific imported machinery. It carries markup at the rate of 6 month KIBOR + 1.50%. During the year, markup was charged at 8.53% (2018: 7.65% to 7.71%).This loan has been fully repaid in current year through last installment on December 31,2018.

13.4 Bank AL Habib Limited - Term Finance II

This finance has obtained for repayment of shipping documents under LCs limits. The loan was obtained on July 06, 2014 with 1 year grace period. It is repayable in 8 half yearly installments commenced from July 06, 2015 and is secured against first exclusive charge over specific imported machinery. It carries markup at the rate of 6 month KIBOR + 1.50%. During the year, markup was charged at 8.53% (2018: 7.65% to 7.71%).This loan has been fully repaid in current year through last installment on January 9,2019.

13.5 Habib Bank Limited - DF

This finance has been created by Habib Bank Limited (HBL) against retirement of import bills of machinery imported against sanctioned DF/LTF finance facility of Rs. 245 Million. This loan amount will be transferred to LTF/EOP finance after approval from SBP. It carries markup @ 3MK+100bps. This finance is secured against first pari passu charge amounting to Rs.600 million over the fixed assets of the Company and personal guarantees of directors of the Company.

13.6 Habib Bank Limited - LTFF- II

This finance has been obtained from Habib Bank Limited (HBL) for Extension/BMR of Unit No.1. This loan is repayable in 16 equal quarterly installments with one year grace period, commencing from 22 August 2018. It carries markup at flat rate of 4%. This finance is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company and personal guarantees of directors of the Company.

	Note	2019 Rupees	2018 Rupees
14. LONG TERM LOANS FROM RELATED PARTIES			
Interest free loans from Directors and Chief Executive	14.1	60,949,916	46,581,518
Less: present value adjustment		(2,360,023)	-
		58,589,893	**46,581,518**
Add: unwinding of discount	28	5,502,490	4,878,398
		64,092,383	**51,459,916**

14.1 The Company entered into agreements of subordinated loan with HBL from various related parties (directors / chief executive) in their capacity as sponsors, whereby the repayment of loans was deferred for a period of three years. The loans are interest free, unsecured and are repayable in full at the end of three-year period unless further extended by mutual agreement. In current year, loan was extended for further three years upto 2022 using the discount rate of 10% per annum. The fair value of the loans was estimated at Rs. 40.95 million. The difference of Rs. 15.42 million, between the gross proceeds and the fair value of loans was recognized in equity through a transfer to unappropriated profit (the unamortized portions is not available for distribution). During the year, the unwinding of discount (i.e., unwinding of the difference between present value on initial recognition and the amount received) amounting to Rs. 5.5 million (2018: 4.88 million) is recognized in statement of profit or loss using the effective interest rate method.

	2019	***2018***
	Rupees	***Rupees***
15. **Liabilities against assets subject to finance lease**		
Present value of minimum lease payments	4,543,903	-
Current portion shown under current liabilities	(712,973)	-
	3,830,930	-

Minimum lease payments have been discounted at an implicit interest rate ranging from 6.48% to 9.55% per annum to arrive at their present values. The lessee has the option to purchase the assets after expiry of the lease term.

Taxes, repairs, replacements and insurance costs are borne by the lessee.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

2019	**Minimum lease payment**	**Future finance charge**	**Present value of lease liability**
		(Rupees)	
Not later than one year	1,130,991	418,018	712,973
Later than one year and not later than five years	4,569,290	738,360	3,830,930
	5,700,281	1,156,378	4,543,903

16. *DEFERRED TAXATION*

16.1 The liability for deferred taxation comprises timing differences relating to:

Taxable temporary differences on:	***Note***	***2019*** ***Rupees***	***2018*** ***Rupees***
-Surplus on revaluation of property, plant and equipment		179,341,703	102,975,319
-Accelerated tax depreciation on property, plant and equipment		133,315,900	95,404,842
		312,657,603	198,380,161
Deductible temporary differences on:*			
-Provision for staff retirement benefits - gratuity		(5,729,767)	(4,108,102)
-Minimum tax u/s 113		-	-
-Provision for doubtful suppliers	**9**	(332,774)	(315,993)
		306,595,062	**193,956,066**

***** the Company has not recognized deferred tax asset against difference of minimum tax chargeable u/s 113 and tax payable under Part I, Division II of the First Schedule of Income Tax Ordinance, 2001. The Company does not expect that there will be sufficient taxable profit in foreseeable future against which difference of minimum tax and normal tax liability will be adjusted.

16.2 *Movement for the year ended June 30, 2019*

	Balance as at July 01, 2018	Recognized in statement of profit or loss	Recognized in SOCI	Balance as at June 30, 2019
	---------- Rupees ----------			
Deferred tax credits				
Surplus on revaluation of property, plant and equipment	**102,975,319**	**(9,297,851)**	**85,664,235**	**179,341,703**
Accelerated tax depreciation	**95,404,842**	**37,911,058**	**-**	**133,315,900**
Deferred tax debits				
Provision for gratuity	**(4,108,102)**	**(1,446,166)**	**(175,499)**	**(5,729,767)**
Provision against doubtful advances	**(315,993)**	**(16,781)**	**-**	**(332,774)**
June 30, 2019	**193,956,066**	**27,150,260**	**85,488,736**	**306,595,062**

Movement for the year ended June 30, 2018

	Balance as at July 01, 2017	Recognized in statement of profit or loss	Recognized in SOCI	Balance as at June 30, 2018
	---------- Rupees ----------			
Deferred tax credits				
Surplus on revaluation of property, plant and equipment	110,791,522	(5,696,823)	(2,119,380)	102,975,319
Accelerated tax depreciation	89,977,251	5,427,591	-	95,404,842
Deferred tax debits				
Provision for gratuity	(4,300,097)	263,250	(71,255)	(4,108,102)
Provision against doubtful advances	(322,155)	6,162	-	(315,993)
June 30, 2018	**196,146,521**	**180**	**(2,190,635)**	**193,956,066**

17. STAFF RETIREMENT BENEFITS - GRATUITY

The Company has a defined benefit plan comprising an un-funded gratuity scheme for its permanent employees. Latest actuarial valuation has been conducted as at June 30, 2019.

	Note	2019 Rupees	2018 Rupees
Liability recognized in the statement of financial position			
Present value of defined benefit obligation		**30,900,229**	**23,331,292**
Movement in liability for defined benefit obligation			
Opening balance		23,331,292	23,954,522
Charge for the year		23,355,734	16,876,420
Actuarial loss		946,453	404,683
Benefits paid during the year		(16,733,250)	(17,904,333)
Provision for gratuity		**30,900,229**	**23,331,292**
Change in present value of defined benefit obligation			
Opening defined benefit obligation		23,331,292	23,954,522
Current service cost for the year		22,158,561	15,713,737
Interest cost for the year		1,197,173	1,162,683
Benefits paid during the year		(16,733,250)	(17,904,333)
Remeasurement of plan obligation		946,453	404,683
		30,900,229	**23,331,292**
Charge for the year			
Current service cost		22,158,561	15,713,737
Interest cost		1,197,173	1,162,683
		23,355,734	**16,876,420**
Charge for the year has been allocated as follows:			
Cost of goods sold	23.2	21,301,898	15,106,392
Administrative expenses	26.1	2,053,836	1,770,028
		23,355,734	**16,876,420**
Total remeasurements chargeable to other comprehensive income			
Remeasurement of plan obligation:			
Experience adjustments		**946,453**	**404,683**
Maturity Profile			
Average duration of liability		**10 Years**	**11 Years**

Expected contribution for the next year

The expected contribution to the gratuity scheme for the next year works out to Rs. 28.1 million.

Sensitivity analysis as at June 30, 2019

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions

- If the discount rate is 100 basis points higher / (lower), the defined benefit obligation would decrease by Rs. 3,404, 601/ (increase by Rs. 3,901,119).

- If the expected rate of salary increases / (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 3,901,119 / (decrease by Rs. 3,257,368).

Furthermore in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statement of financial position.

		Note	2019 Rupees	2018 Rupees
18.	***TRADE AND OTHER PAYABLES***			
	Creditors		**482,326,246**	122,374,668
	Advance payments		**1,943,806**	3,740,888
	Accrued liabilities		**106,040,054**	71,474,909
	Withholding tax payable		**11,727,450**	2,403,824
	Workers' profit participation fund	18.1	**8,381,494**	3,746,153
	Workers' welfare fund		**6,823,691**	3,619,795
	Others		**1,986,899**	875,171
			619,229,640	208,235,408
18.1	***Workers' profit participation fund***			
	Opening balance		**3,746,153**	2,358,496
	Interest on funds utilized		**359,225**	220,246
			4,105,378	2,578,742
	Paid during the year		**(3,735,153)**	(700,000)
			370,225	1,878,742
	Allocation for the year	27	**8,011,269**	1,867,411
			8,381,494	3,746,153
19.	***ACCRUED MARKUP***			
	Accrued mark-up on:			
	- Long term financing		**2,918,253**	1,597,276
	- Short term borrowings		**37,209,941**	26,285,862
			40,128,194	27,883,138
20.	***SHORT TERM BORROWINGS***			
	From banking companies - secured			
	Running finance	20.1	**1,015,785,526**	674,236,677
	Cash finance	20.2	**226,214,704**	555,536,535
	Murabaha finance	20.3	**249,226,000**	199,500,000
			1,491,226,230	1,429,273,212

20.1 These running finance facilities have been obtained from various Banks for working capital requirements, and are secured against personal guarantee of directors and joint pari passu charge over current assets of the Company.

Running finance facilities carry mark up at the rates ranging from 7.49% to 14.22% per annum (2018: 6.90% to 8.17% per annum).

20.2 These facilities have been obtained from various Banks for working capital requirements, and are secured against pledge of cotton bales, MM fiber, and yarn in lock and key under bank's muccaddum.

Cash finance facilities carry mark up at the rates ranging from 7.78 to 13.79% per annum (2018: 6.92% to 7.92% per annum).

20.3 These facilities have been obtained from two banks for working capital requirements, and are secured against joint pari passu charge PKR 267 million over present and future current assets of the Company or all present, future current assets of the company and personal guarantee of directors of the Company. These facilities carries profit at the rate ranging from 7.41 to 11.72% (2018: KIBOR+1.15%) per annum .

20.4 Short term borrowings are available from various commercial banks under mark-up arrangements aggregating to Rs. 4,190 million (2018: Rs. 3,020 million) of which facilities remained un-utilized at the year end amounted to Rs. 1,591 million (2018: 1,591 million). Facilities available for opening letters of credit and guarantee aggregate to Rs. 336.29 million (2018: Rs. 315 million) of which facilities remained un-utilized at the year end were Rs. 336.29 million (2018: Rs. 315 million). All these facilities are expiring on various dates by March 31, 2019.

21. CONTINGENCIES AND COMMITMENTS

Contingencies

21.1 The Company during the year ended September 30, 1999, filed a writ petition with the Lahore High Court Multan Bench against the Chairman, Administrator Town Committee Muzaffargarh praying that the respondent be ordered to implement the orders of the Lahore High Court regarding the refund of the Zila Tax collected from the petitioner to the tune of Rs. 0.886 million. In this respect an amount of Rs. 0.161 million has been received against Zila Tax. The refund of the balance amount of Rs. 0.725 million is still pending.

21.2 The Company has imported textile machinery availing exemption from custom duty and sales tax on importation thereof under S.R.Os 554(1)/98, 987(1)/99 and 369(1)/2000. The Company has submitted indemnity bonds to the Customs Authorities in this regard. In case the conditions of aforementioned S.R.Os are violated, the amount of customs duty and sales tax exempted aggregating Rs. 65.283 million shall be recoverable by the Customs Authorities along with such penalties imposed in this regard under Section 202 of the Customs Act, 1969.

Commitments

21.3 Commitments outstanding at the end of the year in respect of irrevocable letter of guarantees issued to Faisalabad Electric Supply Company on behalf of the Company is Rs. 7.40 million (2018: Rs. 7.43 million).

	Note	2019 Rupees	2018 Rupees
22. SALES - NET			
Local			
-Yarn		**4,773,916,443**	3,007,440,856
-Waste		**62,830,276**	60,413,646
		4,836,746,719	3,067,854,502
Export			
-Yarn		**1,314,018,322**	2,318,613,885
-Export Rebate	**22.1**	**-**	92,744,556
		6,150,765,041	5,479,212,943
Sale of Viscose		**74,670,675**	119,756,181
Sale of Cotton		**9,326,573**	-
		6,234,762,289	5,598,969,124

22.1 Export rebate is not recognized in the year ended June 30,2019 as per Duty Draw back ordinance 2018-21 issued on August 3 ,2018.

	Note	2019 Rupees	2018 Rupees
23. COST OF GOODS SOLD			
Raw materials consumed	23.1	**4,394,902,774**	3,761,841,703
Salaries, wages and benefits	23.2	**418,117,651**	368,522,959
Stores consumed		**58,352,535**	45,398,649
Packing materials consumed		**82,834,173**	80,270,046
Power and fuel		**618,661,398**	589,781,322
Repair and maintenance		**12,500,632**	8,200,363
Insurance		**14,126,524**	10,598,234
Depreciation	5.3	**85,180,071**	85,560,647
Others		**17,100**	22,300
		5,684,692,858	4,950,196,223
Work-in-process			
-Opening stock		**40,096,000**	40,217,892
-Closing stock		**(56,959,742)**	(40,096,000)
		(16,863,742)	121,892
Cost of goods manufactured		**5,667,829,116**	4,950,318,115
Finished goods			
-Opening stock		**98,744,152**	223,196,156
-Purchases and purchase expenses		**9,885,319**	125,674,600
-Closing stock		**(58,730,593)**	(98,744,152)
		49,898,878	250,126,604
		5,717,727,994	5,200,444,719

		Note	2019 Rupees	2018 Rupees
23.1	***Raw materials consumed***			
	Opening stock		**468,106,891**	410,825,120
	Purchases and purchase expenses		**4,802,350,207**	3,815,427,950
			5,270,457,098	4,226,253,070
	Closing stock		**(878,873,716)**	(468,106,891)
			4,391,583,382	3,758,146,179
	Cotton cess		**3,319,392**	3,695,524
			4,394,902,774	3,761,841,703

23.2 These include Rs.21.3 million (2018: Rs. 15.1 million) in respect of staff retirement benefits.

		Note	2019 Rupees	2018 Rupees
24.	***OTHER INCOME***			
	Income from financial assets			
	Exchange gain		**50,384,184**	33,593,475
	Income from assets other than financial assets			
	Warehouse rental income		**2,449,531**	2,544,969
	Gain on disposal of fixed asset		**403,483**	786,280
			2,853,014	3,331,249
			53,237,198	**36,924,724**
25.	***SELLING AND DISTRIBUTION EXPENSES***			
	Export expenses (including freight on export sales)		**23,097,274**	38,418,646
	Commission		**38,001,931**	32,822,402
	Export development surcharge		**3,587,551**	5,566,954
	Freight, forwarding and others		**12,054,061**	10,303,262
			76,740,817	**87,111,264**
26.	***ADMINISTRATIVE EXPENSES***			
	Directors' meeting fee		**110,000**	120,000
	Salaries and benefits	26.1	**81,690,860**	69,612,236
	Vehicles running and maintenance		**10,858,489**	7,177,822
	Traveling and conveyance		**8,300,574**	8,496,164
	Printing and stationery		**3,193,695**	1,945,745
	Communication		**3,221,026**	2,841,936
	Electricity and gas		**6,092,470**	4,227,032
	Rent, rates and taxes		**430,850**	306,500
	Repairs and maintenance		**3,673,298**	2,092,537
	Entertainment		**1,569,139**	1,414,862
	Fee & subscription		**1,765,099**	1,897,643
	Insurance		**2,837,041**	2,594,234
	Donation	26.2	**590,000**	504,500
	Depreciation	5.3	**3,674,521**	3,215,200
	Auditors' remuneration	26.3	**1,700,000**	1,000,000
	Legal and professional		**975,921**	779,404
	Others		**843,087**	777,911
			131,526,070	**109,003,726**

26.1 These include Rs. 2.05 million (2018: Rs. 1.77 million) in respect of staff retirement benefits.

26.2 None of the directors or their spouses had any interest in the donee's fund.

		Note	2019 Rupees	2018 Rupees
26.3	**Auditors' remuneration**			
	Statutory audit fee		1,200,000	600,000
	Half yearly review		300,000	200,000
	CDC free float shares certification		100,000	100,000
	Review report on Code of Corporate Governance		100,000	100,000
			1,700,000	**1,000,000**
27.	**OTHER OPERATING EXPENSES**			
	Loss on sale of fixed assets		18,921,336	-
	Worker's welfare fund		3,203,896	606,068
	Worker's profit participation fund	18.1	8,011,269	1,867,411
			30,136,501	**2,473,479**
28.	**FINANCE COST**			
	Mark up on:			
	-Long term financing		11,668,310	7,375,890
	-Short term borrowings		145,346,677	104,240,286
	-Finance Lease		363,610	-
	Interest on WPPF		359,225	220,246
			157,737,822	111,836,422
	Unwinding of discount on loans from related parties	14	5,502,490	4,878,398
	Bank charges		8,444,594	10,622,623
			171,684,906	**127,337,443**
29.	**TAXATION**			
	Current		58,505,089	55,350,484
	Prior year adjustment		1,691,344	(533,633)
	Deferred	16.2	27,150,260	180
			87,346,693	**54,817,031**
29.1	**Tax charge reconciliation**			
	Applicable tax rate		**29%**	**30%**
	Profit before tax		**160,183,199**	**109,523,219**
	Tax on accounting profit before tax		46,453,128	32,856,966
	Effect due to income chargeable at different rates		38,050,774	(6,510,509)
	Effect due to income chargeable u/s 154		1,794,359	(26,985,300)
	Effect Due to change in tax rate		5,468,796	(2,119,380)
	Effect due to tax credits		(16,144,394)	(7,680,789)
	Prior year tax adjustment		1,691,344	(533,633)
	Others		10,032,685	65,789,675
	Current year provision		**87,346,693**	**54,817,031**

29.2 The Company, in view of the Supreme Court of Pakistan's Judgment dated June 04, 1997 is not liable to pay minimum tax under section 80-D of the repealed Income Tax Ordinance, 1979. Consequently, Minimum Tax paid under protest and tax deducted at source till September 30, 1999 were accounted for as loans and advances, as disclosed in note 9.

30. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company which is based on:

		2019	2018
Profit for the year	***Rupees***	72,836,506	54,706,187
Weighted average number of shares	***Number***	16,800,000	16,800,000
Earnings per share - basic and diluted	***Rupees***	4.34	3.26

31. ***FINANCIAL RISK MANAGEMENT***

31.1 The Company is exposed to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Companys overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The Companys activities expose it to a variety of financial risks: market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk.

31.2 ***Credit risk and concentration of credit risk***

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial assets of Rs. 658.09 million (2018: Rs. 683.97 million),the Company manages credit risk in trade debts by assigning credit limits to its customers and thereby does not have significant exposure to any individual customer.

Credit risk of the Company arises principally from the trade debts, loans and advances and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

Financial assets as per statement of financial position	***2019 Rupees***	***2018 Rupees***
Trade debts	**641,645,181**	610,983,240
Bank balances	**20,709,594**	72,989,814
	662,354,775	**683,973,054**

31.2.1 ***Credit risk related to Trade debts***

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Companys exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

31.2.2 ***Credit risk with banking companies***

The Company limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have a good credit rating. The names and credit ratings of major banks, where the Company maintains bank balances as at June 30, 2019 are as follows:

Bank Name	***Rating Agency***	***Short Term Loans***	***Long Term Loans***
The Bank of Punjab	PACRA	A1+	AA
Askari Bank Limited	PACRA	A1+	AA+
MCB Islamic Bank Limited	PACRA	AA-	A1+
Bank Islami Pakistan	PACRA	A1	A+
Bank Alfalah Limited	PACRA	A1+	AA+
Bank AL Habib Limited	PACRA	A1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
United Bank Limited	JCR-VIS	A-1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA

31.3 ***Liquidity risk management***

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has established an appropriate liquidity risk management framework for the management of the Companys short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 31.3.3 below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

31.3.1 *Liquidity and interest risk table*

The following tables detail the Companys remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Effective rate of interest (%)	1 month - 1 year	1 - 5 years	More than 5 years	Total
	---------- Rupees ----------				
Financial liabilities					
Interest bearing					
Long term finance	***4 - 13.9***	74,338,672	194,699,513	-	269,038,185
Short term borrowings	***7.18 - 14.22***	1,491,226,230	-	-	1,491,226,230
Non interest bearing					
Long term finance		-	-	-	-
Long term loan from related parties		-	64,092,383	-	64,092,383
Unclaimed dividends		3,052,032	-	-	3,052,032
Unpaid dividend		3,218,372	-	-	3,218,372
Trade and other payables		619,229,640	-	-	619,229,640
Accrued mark up		40,128,194	-	-	40,128,194
June 30, 2019		**2,231,193,140**	**258,791,896**	**-**	**2,489,985,036**
Financial liabilities					
Interest bearing					
Long term finance	***4 - 7.71***	46,158,166	72,362,164	-	118,520,330
Short term borrowings	***6.90 - 8.17***	1,429,273,212	-	-	1,429,273,212
Non interest bearing					
Long term finance		26,666,670	-	-	26,666,670
Long term loan from related parties		-	51,459,916	-	51,459,916
Unclaimed dividends		3,052,032	-	-	3,052,032
Unpaid dividend		2,032,694	-	-	2,032,694
Trade and other payables		194,724,748	-	-	194,724,748
Accrued mark up		27,883,138	-	-	27,883,138
June 30, 2018		**1,729,790,660**	**123,822,080**	**-**	**1,853,612,740**

31.3.2 The following table details the Companys expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Companys liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Less than 1 month	*1 month - 1 year*	*1 - 5 years*	*More than 5 years*	*Total*
	------	------	Rupees	------	------
Financial Assets					
Non interest bearing					
Deposits		-	5,770,489	-	5,770,489
Trade debts		641,645,181	-	-	641,645,181
Loans and advances		4,938,234	-	-	4,938,234
June 30, 2019	**-**	**646,583,415**	**5,770,489**	**-**	**652,353,904**
Financial Assets					
Non interest bearing					
Deposits		-	5,668,939	-	5,668,939
Trade debts		610,983,240	-	-	610,983,240
Loans and advances		5,286,226	-	-	5,286,226
June 30, 2018	**-**	**616,269,466**	**5,668,939**	**-**	**621,938,405**

31.3.3 ***Financing facilities***

Secured bank loan facilities with various maturity dates through to 2019 and which may be extended by mutual

	2019	***2018***
	Rupees	***Rupees***
Amount utilized	1,764,808,318	1,574,460,212
Amount un-utilized	2,425,191,682	1,896,950,188

31.4 ***Market risk management***

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

31.4.1 *Interest rate risk management*

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 1 month, 3 months and 6 months KIBOR.

31.4.2 The exposure of the Companys borrowings to interest rate changes and the contractual repricing dates at the statement of financial position date are as follows:

	2019	***2018***
	Rupees	***Rupees***
Short term borrowings	1,491,226,230	1,429,273,212
Long term loans	269,038,185	118,520,330
	1,760,264,415	**1,547,793,542**

Borrowing that are not exposed to interest rate changes and contractual reprising amount to:

Long term financing	-	26,666,670
Long term loans from related parties	64,092,383	51,459,916
	64,092,383	**78,126,586**

31.4.3 *Interest rate sensitivity*

If interest rates had been 100 basis points lower / higher and all other variables were held constant, the Companys profit for the year would have been lower / higher by Rs. 16.96 million (2018: Rs. 14.58 million). This is mainly attributable to the Companys exposure to interest rates on its variable rate borrowings.

31.5 *Foreign exchange risk management*

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 with foreign undertakings and balances held in foreign currency. However currently, the Company's foreign exchange risk exposure is restricted to amounts receivable from foreign entities. As at June 30, 2019, the total foreign currency risk exposure was Rs. 301.49 million (2018: Rs. 349.99 million) in respect of trade debts only.

31.6 *Foreign currency sensitivity analysis*

At June 30, 2019, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, profit for the year would have been higher / lower by Rs. 30.15 million (2018: Rs. 10.61 million), mainly as a result of foreign exchange losses / gains on translation of foreign currency trade debts.

31.7 *Determination of fair values*

Fair value of financial instruments

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.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value estimation

IFRS 13 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measured fair value of financial instruments.

- Level 1 Quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. drive from prices).
- Level 3 Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Company has no financial assets measured at above mentioned levels.

The Company follows the revaluation model for its free hold land, building on free hold land, plant and machinery. The fair value measurement as at June 30, 2019 was performed by MYK Associates (Private) Limited, independent valuer not related to the Company. MYK Associates (Private) Limited is on panel of Pakistan Banks Association as Any Amount asset valuator. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of theses assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In estimating the fair value of free hold land, building on free hold land, plant and machinery the highest and best use of these assets is their current use.

31.8 Financial instruments by category

The accounting policies for financial instruments have been applied for line items below:

	2019 Rupees	2018 Rupees
Financial assets as per statement of financial position		
Trade debts	641,645,181	610,983,240
Cash and bank balances	20,709,594	72,989,814
	662,354,775	**683,973,054**
Financial liabilities as per statement of financial position		
Other financial liabilities		
Long term financing	269,038,185	145,187,000
Long term loans from related parties	64,092,383	51,459,916
Short term borrowings	1,491,226,230	1,429,273,212
Accrued mark up	40,128,194	27,883,138
Trade and other payables	619,229,640	194,724,748
Unpaid dividend	3,218,372	2,032,694
Unclaimed dividend	3,052,032	3,052,032
	2,489,985,036	**1,853,612,740**

32. CAPITAL RISK MANAGEMENT

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

The Company's objectives when managing capital are:

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

ii) to provide an adequate return to shareholders.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The debt-to-equity ratios as at 30 June were as follows:

	2019 Rupees	2018 Rupees
Total debt	1,824,356,798	1,625,920,128
Less: cash and bank balances	(20,709,594)	(72,989,814)
Net debt	**1,803,647,204**	**1,552,930,314**
Total equity	1,893,893,564	1,292,335,394
Adjusted capital	**3,697,540,768**	**2,845,265,708**
Debt-to-adjusted capital ratio	49%	55%

The decrease in the debt-to-equity ratio in 2019 resulted primarily due to increase in equity of the Company through revaluation surplus on fixed assets as in note 5.4.

Neither there were any changes in the Companys approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

33. REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTOR

Particulars	Chief Executive	Director	Executives	Chief Executive	Director	Executives
	June 30, 2019			June 30, 2018		
Managerial remuneration	4,200,000	2,760,000	7,015,000	3,750,000	2,490,000	4,158,750
Utilities	610,582	550,242	-	530,126	477,595	-
	4,810,582	**3,310,242**	**7,015,000**	**4,280,126**	**2,967,595**	**4,158,750**
Number of persons	1	1	4	1	1	3

33.1. Chief Executive and executive Director are provided with Company maintained cars and utilities at residence.

33.2 Meeting fee amounting to Rs. 110,000 (2018: Rs.120,000) was paid to non-executive directors of the Company during the year.

34. TRANSACTIONS WITH RELATED PARTIES

34.1 Related parties comprise of associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due to associated undertakings are shown under-long term loans from related parties, as disclosed in note 14. Remuneration of key management personnel is disclosed in note 33. There are no other transactions with related parties.

35. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Long term finance	Short term borrowings	Long term loan from related	Total
At June 30,2018	145,187,001	1,429,273,212	51,459,916	1,625,920,129
Cash inflows	196,676,020	13,855,048,711	9,490,000	14,061,214,731
Cash outflows	(72,824,836)	(13,793,095,693)	-	(13,865,920,529)
Other changes	-	-	3,142,467	3,142,467
At June 30,2019	**269,038,185**	**1,491,226,230**	**64,092,383**	**1,824,356,798**

36. PLANT CAPACITY AND ACTUAL PRODUCTION

	Note		2019	2018
Spinning Unit-1				
Spindles installed and worked	36.1	No.	24,672	18,672
Shift worked		No.	1,002	1,022
Standard production after conversion into 20's count		Kgs	7,945,152	6,398,891
Actual production of yarn after conversion into 20's count		Kgs	5,596,272	5,346,767
Spinning Unit-II				
Spindles installed and worked		No.	27,864	27,864
Shift worked		No.	1,007	1,007
Standard production after conversion into 40's PC count		Kgs	4,784,702	4,784,702
Actual production of yarn after conversion into 40's PC count		Kgs	3,925,366	4,003,495
Spinning Unit-III				
Spindles installed and worked		No.	25,632	23,904
Shift worked		No.	995	896
Standard production after conversion into 30's count		Kgs	7,526,120	7,526,120
Actual production of yarn after conversion into 30's count		Kgs	6,599,386	5,510,786

36.1 The company has further installaed 3,024 spindles on August 6,2019 to increase its production capacity.

It is difficult to describe precisely the production capacity in spinning mills since it fluctuates widely depending on various factors, such as count of yarn spun, spindles speed, twist and raw materials used. It also varies according to the pattern of production adopted in a particular year.

37. NUMBER OF EMPLOYEES

The number of employees for the year ended June 30, 2019 and 2018 respectively were as follows:

	2019	2018
	Number	
Total number of employees as at June 30	1,561	1,522
Average number of employees during the year	1,524	1,514

38. SEGMENT REPORTING

The Companys core business is manufacturing and sale of yarn and it generates more than 95% of its revenue and profit from the production and sale of yarn. Decision making process is centralized at head office led by Chief Executive who is continuously involved in day to day operations and regularly reviews operating results and assesses its performance and makes necessary decisions about resources to be allocated to the segments. Currently it has three yarn manufacturing unit. Owing to the similarity in nature of the products and services, nature of the production processes, type or class of customers for the products and services, the methods used to distribute the products, the nature of the regulatory environment all the yarn producing units are aggregated into a single operating segment and the Company's performance is evaluated by the management on an overall basis, therefore these operational segments by location are not separately reportable segments.

39. EVENTS AFTER THE STATEMENT OF FINANCIAL DATE

In respect of current year, the directors have proposed to pay final cash dividend of Rs. 29.4 million (2018: Rs. 21 million) at Rs. 1.75 (2018: Rs. 1.25) per ordinary share of Rs. 10 each for approval of the shareholders at the forthcoming Annual General Meeting. Financial effect of the proposed dividend has not been taken in these financial statements and will be accounted for subsequently in the year when such dividend is approved.

40. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue on 5 October 2019 by the Board of Directors of the Company.

41. GENERAL

Figures have been rounded-off to the nearest rupee except stated otherwise.

Sd/-	Sd/-	Sd/-
Mian Anis Ahmad Sheikh	Mian Atta Shafi Tanvir Sheikh	M. Ehsanullah Khan
Chief Executive Officer	Director	Chief Financial Officer

THE COMPANIES ACT, 2017

PATTERN OF SHAREHOLDING

1. Incorporation Number **0020652**
2. Name of the Company **Maqbool Textile Mills Limited**
3. Pattern of holding the share held by the shareholders as at 30.06.2019

Number of ShareHolders	Shareholdings From		To	Total Number of Share Held	Percentage of Total Capital
74	1	-	100	3,135	0.02
294	101	-	500	136,129	0.81
101	501	-	1000	99,286	0.59
63	1001	-	5000	170,732	1.02
14	5001	-	10000	105,345	0.63
5	10001	-	15000	62,000	0.37
2	15001	-	20000	32,500	0.19
1	20001	-	25000	21,500	0.13
2	25001	-	30000	58,600	0.35
1	40001	-	45000	42,000	0.25
3	45001	-	50000	146,100	0.87
1	55001	-	60000	58,500	0.35
1	75001	-	80000	77,500	0.46
1	80001	-	85000	80,500	0.48
1	85001	-	90000	90,000	0.54
1	110001	-	115000	113,500	0.68
1	130001	-	135000	132,000	0.79
1	145001	-	150000	147,000	0.88
1	150001	-	155000	152,321	0.91
2	165001	-	170000	338,000	2.01
2	175001	-	180000	353,000	2.10
1	180001	-	185000	182,000	1.08
1	195001	-	200000	200,000	1.19
1	205001	-	210000	209,000	1.24
1	315001	-	320000	318,000	1.89
1	345001	-	350000	346,500	2.06
1	375001	-	380000	376,500	2.24
4	700001	-	705000	2,815,743	16.76
3	775001	-	780000	2,328,915	13.86
1	1465001	-	1470000	1,465,121	8.72
1	1475001	-	1480000	1,476,921	8.79
2	1495001	-	1500000	2,995,563	17.83
1	1665001	-	1670000	1,666,089	9.92
590				**16,800,000**	**100.00**

Category wise Pattern of Total Shareholding
As on June 30, 2019

Ser #	Code	Category	No. of Shareholder	Shares Held	Percentage of Total Capital
1	1	Joint Stock Companies	6	903,501	5.3780
2	3	Investment Companies	1	1,500	0.0089
3	5	Individuals	571	13,337,808	79.3917
4	7	Financial Institutions	1	936	0.0056
5	9	Mutual Funds	1	1,666,089	9.9172
6	10	Funds	10	890,166	5.2986
		TOTAL:	**590**	**16,800,000**	**100.0000**

Categories Detail

As on:June 30, 2019.

Sr. #	Folio Number	Name		Shares Held	Per % Total Capital
Joint Stock Companies					
1	CDC-209	TIME SECURITIES (PVT.) LTD.		3,000	0.0179
2	CDC-244	TREET CORPORATION LIMITED		200,000	1.1905
3	CDC-272	FIKREES (PRIVATE) LIMITED		6,000	0.0357
4	CDC-5	TREET CORPORATION LIMITED		318,000	1.8929
5	CDC-143	TREET CORPORATION LIMITED.		376,500	2.2411
6	CDC-158	MAPLE LEAF CAPITAL LIMITED		1	0.0000
		Running Total	**Joint Stock Companies**	**903,501**	**5.3780**
Investment Companies					
1	7170	NATIONAL DEVELOPMENT FINANCE CORPORATION (INVESTER)		1,500	0.0089
		Running Total	**Investment Companies**	**1,500**	**0.0089**
Individuals					
		Running Total	**Individuals**	**13,337,808**	**79.3917**
Financial Institutions					
1	CDC-161	NATIONAL BANK OF PAKISTAN		936	0.0056
		Running Total	**Financial Institutions**	**936**	**0.0056**
Mutual Funds					
1	CDC-275	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		1,666,089	9.9172
		Running Total	**Mutual Funds**	**1,666,089**	**9.9172**
Funds					
1	CDC-152	TRUSTEES TREET CORPORATION LTD GROUP EMPLOYEES SERVICE FUND		80,500	0.4792
2	CDC-144	TRUSTEES TREET CORP LIMITED-GROUP EMPLOYEES PROVIDENT FUND		90,000	0.5357
3	CDC-145	TRUSTEES TREET CORP LIMITED-GROUP EMPLOYEES GRATUITY FUND		50,000	0.2976
4	CDC-146	TRUSTEES TREET CORP LTD-GROUP EMPLOYEES SUPERANNUATION FUND		113,500	0.6756
5	CDC-10	TRUSTEE- TREET CORPORATION LTD.GROUP EMPLOYEES SERVICE FUND		132,000	0.7857
6	CDC-107	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		152,321	0.9067
7	CDC-112	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST		5,345	0.0318
8	CDC-6	TRUSTEES-TREET CORP.LTD. E.SUPERANNVAT FUND		42,000	0.2500
9	CDC-8	TRUSTEE- TREET COR. LTD EMP. PROVIDENT FUND		147,000	0.8750
10	CDC-9	TRUSTEE- TREET CORPORATION LIMITED G.E. GRATUITY		77,500	0.4613
		Running Total	**Funds**	**890,166**	**5.2986**
			Grand Total:	**16,800,000**	**100.0000**

FORM OF PROXY

I, ...

....

of ....

being a member of *MAQBOOL TEXTILE MILLS LIMITED*, hereby appoint.

....

of ....

as my proxy in my absence to attend and vote for me and on my behalf at the (Ordinary or / and Extraordinary as the case may be) General Meeting of the Company to be held on the .... and at any adjournment thereof ....

As witness my hand this ....

day of 2019

Signed by the said

Five Rupees Revenue Stamp

IMPORTANT

This form of proxy, duly completed, must be deposited at the Company's Head Office 2-Industrial Estate, Multan not less than 48 hours before the time for holding the meeting (Article 76).

www.maqboolgroup.com

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2 Industrial Estate Multan - PAKISTAN
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Fax: +92 61 653 9042
E-mail: marketing@maqboolgroup.com

MILLS UNIT I - II, & GINNING UNIT:
MM Road Chowk Sarwar Shaheed
District Muzaffargarh - PAKISTAN

MILLS UNIT III:
Pir Mahal Rajana Raod, Tehsil Kamalia Distt. T.T. Singh.