



# **MAQBOOL TEXTILE MILLS LIMITED**

*33<sup>rd</sup> Annual Report*

**&**

*Financial Statements (Audited)*

*For the year ended June 30, 2022*

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## 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
Mrs. Romana Tanvir Sheikh	-Non-Executive Director
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
Mian Shafi Anis Sheikh	-Executive Director
Maj. (R) Javed Mussarat	-Independent Director
Syed Raza Abbas Jaffari	-Independent Director
Mr. Tariq Rahim Anwar	-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

**ACTING -CHIEF FINANCIAL OFFICER**

Mahmood ul Hassan

**COMPANY SECRETARY**

Muhammad Irfan Siddique

**HEAD OF INTERNAL AUDIT**

Sharjeel Anees

**AUDITORS**

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

**LEGAL ADVISOR**

Mr. Khalil-ur-Rehman - Advocate  
Lahore.

**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)  
Askari Bank Limited  
Bank Islami Pakistan Ltd.

**REGISTERED OFFICE**

2-Industrial Estate, Multan Cantt.

**MILLS (Unit I-II-IV & 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 33<sup>rd</sup> Annual General Meeting of the Company will be held on Friday October 28, 2022 at 11:30 AM at its registered office, 2-Industrial Estate, Multan, to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of the Annual General Meeting of the Company held on October 28, 2021.
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, 2022.
3. To consider and approve the distribution of cash dividend @10% (i.e. Rs.1.00 per share) as recommended by the board for the year ended June 30, 2022.
4. To appoint auditors of the Company for the year 2022-23, who will hold 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.Irfan Siddique)

COMPANY SECRETARY

Multan, October 07, 2022

### **NOTES:**

1. The Shares Transfer Books of the Company will remain closed from 21-10-2022 to 28-10-2022 (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 21, 2022 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 [irfan@maqboolgroup.com](mailto:irfan@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.

**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, 2022**

I am pleased to present before you the Annual Report of "MAQBOOL TEXTILE MILLS LIMITED" (the Company) for the year ended 30th June, 2022. I congratulate all the shareholders and the stakeholders of the company on satisfactory performance during the year under report.

The Board has developed a mechanism for annual evaluation of the Board's performance. The performance evaluation ensures that all the statutory and legal requirements are fulfilled with regard to meeting, procedure and role of the Board. During the financial year 2021-2022 the Board successfully achieved targets and objects set for the growth of the company keeping in view of the following:-

1. Performed effective and robust oversight.
2. Reviewed and approved overall corporate strategy, annual business plan, key financial indicators and other budgetary targets.
3. Ensured the quality and appropriateness of financial reporting and the transparency of disclosures in Annual and Quarterly Financial statements.
4. Carried out risk assessment especially regulatory legal requirements, market trends. Cotton supply and price, energy availability and cost, foreign exchange and fluctuations, interest rate and liquidity risk.
5. Reviewed the effectiveness of internal control system.

Sd/-  
Chairman  
Mian Tanvir Ahmad Sheikh

Multan,  
October 4, 2022

## 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, I am pleased to present before you the 33<sup>rd</sup> Annual Report on the affairs of your Company along with the Audited Financial Statements of the Company for the year ended June 30, 2022.

### PERFORMANCE OVERVIEW:

Despite a challenging economic outlook, by the Grace of Almighty Allah management has efficiently been able to attain remarkable results.

The company's gross margins (GMs) increased to 11% as compared to 10% in the corresponding year which is the cumulative result of different vital measures such as effective capacity utilization, higher sales, effective cost curtailment, and reduction in the operating cycle. This is accredited to significant improvement in spinning and weaving margins.

### 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 **10,063,174 Kg.** (2021: 11,659,952 Kg.), at Unit-2 on 40's Count CVC basis was **4,369,095 Kg.** (2021: 4,429,605 Kg.), at Unit-3 on 30's PV Count basis was **7,148,517 Kg.** (2021: 7,540,536 Kg.) & at Unit-4 on 20's Count PV basis was 3,242,558. (2021:NIL)

The total sales for the year increased to **Rs. 10,381.068 Million** as compared to Rs. 7,351.741 Million last year. The gross profit for the year was **Rs. 1,148.653 Million** as compared to Rs. 720.967 Million last year. The Net profit after providing for Tax amounted to **Rs. 268.512 Million** as compared to the Net Profit of Rs. 156.271 Million last year.

### ACCOUNTS:

The financial results for the year ended June 30, 2022 along with the comparative figures of the last year are summarized under the respective heads of Accounts below:

	<i>For the year Ended June 30, 2022 Rupees</i>	<i>For the year Ended June 30, 2021 Rupees</i>
Sales	10,381,068,277	7,351,740,827
Cost of goods sold	(9,232,415,060)	(6,630,773,450)
<b>Gross profit</b>	<b>1,148,653,217</b>	<b>720,967,377</b>
Other income/ (expenses)	26,749,120	6,972,026



	1,175,402,337	727,939,403
Selling and Distribution expenses	(93,313,463)	(68,678,995)
Administrative expenses	(264,852,606)	(182,384,782)
Operating expenses	(20,210,405)	(18,256,560)
Finance cost	(292,372,997)	(186,091,134)
<b>Profit before taxation</b>	<b>504,652,866</b>	<b>272,527,932</b>
Taxation	(236,140,617)	(116,256,952)
<b>Net Profit for the year</b>	<b>268,512,249</b>	<b>156,270,980</b>
<b>Earnings per share</b>	<b>14.57</b>	<b>9.08</b>

### **ECONOMIC AND INDUSTRIAL OVERVIEW**

The year under review reflects an inconsistent trend because of the abrupt changes that included political unrest, high inflationary pressure, a significant twin deficit, dwindling foreign exchange reserves, a rapidly depreciating currency, and the Russia-Ukraine conflict which dented the global economic recovery. To counter the unpredictability of global financial circumstances, the State bank of Pakistan tightened the monetary policy to combat inflationary pressure and promote sustained economic recovery.

Thus, inflation and external sectors' risks may lead to macroeconomic imbalances. The government is taking multiple policies, administrative, and relief measures to counter the downside risks to the economy.

However, even after facing twin obstacles of rising prices and a widening trade imbalance, Large-Scale Manufacturing (LSM) maintained its growth rate of around 11.7%, with a textile contribution of 3.2%.

### **FUTURE OUTLOOK**

The future outlook of the textile sector is expected to be quite tough in the future. In this scenario, the whole industry is looking towards the Government to support the textile industry of Pakistan and help it to be competitive globally. Good corporate Governance, marketing quality, production efficiency and financial discipline will remain top focus by the management but optimal results from the textile industry are not possible unless the Government addresses all confronted issues positively including drastically increasing energy prices. The future results depend upon the response of local and international markets along with business friendly policies of the Government for the textile sector which must, among others, ensure provision of regionally competitive energy rates.

The company faced with these multifaceted and mounting challenges and has planned to implement major cost cutting measures across the company and is aligning itself to tackle current market threats. Your Company is also committed to maintain optimum quality, product diversification, exploring new markets and achieving higher production efficiencies. However, due to tough competition in the local as well as in the international market margins are continuously under pressure.

### **DIVIDEND**

To share the profit earned by the Company for the year ended June 30, 2022 with the shareholders, your Directors have proposed distribution of a final cash dividend @10% (Rs. 1.00/- Per Share) to the shareholders of the Company in its meeting held on October 4, 2022.

**REVALUATION OF FIXED ASSETS**

Valuation of the fixed assets (Land, building & Machinery) of the Company was carried out as of June 30, 2022 by the independent valuers M/s KG Traders Pvt. Ltd. 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 was accounted for in the financial statements of the Company accordingly.

**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**

The Board of Directors and management are aware of their responsibilities under the Listed Companies (Code of Corporate Governance) Regulations 2019 and Rule Book of the Pakistan Stock Exchange. The Company remains committed to the principles of good corporate management practice with emphasis on transparency and disclosures. Your Company is cognizant to monitor its performance to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

In compliance of corporate law, the Board Members/Directors are pleased to confirm the following:

- a) The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and change in equity.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statement and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standard, as applicable in Pakistan, have been followed in the preparation of financial statements.
- e) The system of internal controls is sound in design and has been effectively implemented and monitored.
- f) The Company's financial position is sound enough to ensure its continuity as an ongoing concern.
- g) 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, 2022 Four (4) meetings of the Board of Directors were held. Attendance of each Director is given below:

Sr. No.	Name of Director	Designation	No. of Meetings Attended
1.	Mian Tanvir Ahmad Sheikh	Chairman	4
2.	Mrs. Romana Tanvir Sheikh	Director	4
3.	Mian Anis Ahmad Sheikh	Chief Executive Officer	4
4.	Mian Idrees Ahmad Sheikh	Director	4
5.	Mian Aziz Ahmad Sheikh	Director	4
6.	Mian Atta Shafi Tanvir Sheikh	Executive Director	4
7.	Mian Shafi Anis Sheikh	Executive Director	3
8.	Mr. Tariq Rahim Anwar	Independent Director	4
9.	Maj. (Retd.) Javed Musarrat	Independent Director	4
10.	Syed Raza Abbas Jaffery	Independent Director	4

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

Sr. No.	Name of Member	Designation	No. of Meetings Attended
1.	Maj (Retd.) Javed Musarrat	Chairman	4
2.	Mian Idrees Ahmad Sheikh	Member	4
3.	Mian Aziz Ahmad Sheikh	Member	4

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

Sr. No.	Name of Member	Designation	No. of Meetings Attended
1.	Mian Aziz Ahmad Sheikh	Chairman	1
2.	Mian Idrees Ahmad Sheikh	Member	1
3.	Mian Atta Shafi Tanvir Sheikh	Member	1

### **COMPOSITION OF BOARD**

The Board of the Company consists of 10 Directors with following composition:

Independent Directors	3
Other Non-Executive Directors	4
Executive Directors	3

### **AUDITORS**

Your Company's Auditors M/s Yousuf Adil, Chartered Accountants, Multan retire and being eligible offer themselves for re-appointment for the next year. The Audit Committee of the Company has recommended and proposed the re-appointment of M/s Yousuf Adil, Chartered Accountants, Multan as Auditors of the Company for the year 2022-2023 with remuneration as per ICAP Standard, in the upcoming Annual General Meeting of the Company.

### **PATTERN OF SHAREHOLDING**

A statement showing pattern of shareholdings of the Company and additional information as at June 30, 2022 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 all relevant Financial Institutions, its bankers as listed below and wish to record their appreciation for the same and hope their support to the Company will continue in future as well.

**Habib Bank Ltd.,  
Bank AL Habib Ltd.,  
Habib Metropolitan Bank Ltd.,  
United Bank Ltd.,  
The Bank of Punjab  
National Bank of Pakistan (Islamic)  
National Bank of Pakistan  
Bank Al-Falah Ltd. (Islamic)  
Faysal Bank Ltd. (Islamic)  
Askari Bank Ltd.,  
Meezan Bank Ltd.  
Bank islami Pakistan Ltd.**

The Directors also acknowledged the sincere efforts of the entire team of MAQBOOL TEXTILE MILLS LIMITED for their role in the successful operations of the Mills during the year. We also thank all our valued customers, suppliers, stakeholders for their commitment to the Company and look forward to sharing further successes with them in the coming years.

The dedicated hard work of all employees of the Company, working in these challenging circumstances, keeping the operations of the Company smooth is also acknowledged.

On behalf of the Board of Directors

Sd/-

**Mian Tanvir Ahmad Sheikh**  
CHAIRMAN

**Multan,  
October 4, 2022**

## ڈائریکٹرز رپورٹ

### معزز حصص داران!

کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے، میں 30 جون، 2022 تک ختم ہونے والے سال کے لئے کمپنی کے آڈٹ کردہ مالی بیانات کے ساتھ ساتھ آپ کی کمپنی کے معاملات پر 33 ویں سالانہ رپورٹ پیش کر رہا ہوں۔

### کارکردگی:

ایک مشکل معاشی صورت حال کے باوجود اللہ تعالیٰ کے کرم سے انتظامیہ قابل قدر نتائج حاصل کرنے میں کامیاب رہی ہے۔ کمپنی کا مجموعی مارجن اس سال میں 10% کے مقابلے میں 11% تک بڑھ گیا جو کہ مختلف اہم اقدامات جیسے موثر صلاحیت کا استعمال، زیادہ فروخت، موثر لاگت میں کمی، اور آپریٹنگ میں کمی کا مجموعی نتیجہ ہے۔ یہ سپننگ اور ویونگ مارجن میں نمایاں بہتری کیلئے تسلیم شدہ ہے۔

### آپرییشن:

ملز نے سارا سال کاٹن، CVC، PC اور PP سوت پیدا کیا ہے۔ 20 کے سٹینڈرڈ کاؤنٹ میں گزشتہ سال کی یونٹ 1 کی پیداوار 10,063,174 (2021: 11,659,952) کلوگرام رہی، یونٹ 2 کی 40 کے سٹینڈرڈ کاؤنٹ میں 4,369,095 (2021: 4,429,605) کلوگرام اور یونٹ 3 کی 30 کے سٹینڈرڈ کاؤنٹ میں 7,148,517 (2021: 7,540,536) کلوگرام رہی اور یونٹ 4 کے 20 کے سٹینڈرڈ کاؤنٹ میں 3,242,558 تھی۔

اس سال کل فروخت 10,381.68 ملین رہی جبکہ گزشتہ سال کل فروخت 7,351.741 ملین تھی۔ اس سال کے لئے مجموعی منافع، 1,148.653 ملین ہے جبکہ گزشتہ سال مجموعی منافع 720.967 ملین تھا۔ اس سال خالص منافع 268.512 ملین رہا جبکہ گزشتہ سال یہ 156.271 ملین تھا۔

اس سال 30 جون 2022 کو ختم ہونے والے سال کے مالیاتی نتائج کے ساتھ گزشتہ سال کے موازنہ اعداد و شمار درج ذیل ہیں۔

### ACCOUNTS:

	<i>For the year Ended June 30, 2022 Rupees</i>	<i>For the year Ended June 30, 2021 Rupees</i>
Sales	10,381,068,277	7,351,740,827
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<b>Earnings per share</b>	<b>14.57</b>	<b>9.08</b>

## اقتصادی اور صنعتی جائزہ:

زیر جائزہ سال ایک متضاد رجحان کی عکاسی کرتا ہے، کیونکہ غیر متضاد تبدیلیوں میں سیاسی بد امنی، مہنگائی کا زیادہ دباؤ ایک اہم جڑواں خسارہ، گرتے ہوئے زرمبادلہ کے ذخائر، تیزی سے گرتی کرنسی اور روس یوکرین تنازعہ، جس نے عالمی اقتصادی بحالی کو نقصان پہنچایا۔ عالمی مالیاتی حالت کی غیر متوقع صورت حال کا مقابلہ کرنے کیلئے اسٹیٹ بینک آف پاکستان نے مہنگائی کے دباؤ کا مقابلہ کرنے کیلئے اور پاسیڈار معاشی بحالی کو فروغ دینے کیلئے مانیٹری پالیسی کو سخت کر دیا ہے۔ اس طرح افراط زر اور بیرونی شعبے کا خطرہ میکرو اکنامک عدم توازن کا باعث بن سکتا ہے۔

حکومت معیشت کو لاحق خطرات سے نمٹنے کیلئے متعدد پالیسیاں انتظامی اور ریلیف اقدامات کر رہی ہے، تاہم بڑھتی ہوئی قیمتوں اور تجارتی عدم توازن کی دوہری رکاوٹوں کا سامنا کرنے کے بعد بھی لارج سکیل مینوفیکچرنگ نے 3.2 فیصد ٹیکسٹائل شراکت کے ساتھ اپنی ترقی کی شرح تقریباً 11.7 فیصد برقرار رکھی۔

## مستقبل آؤٹ لک:

ٹیکسٹائل سیکٹر کے مستقبل کا نقطہ نظر مستقبل میں کافی سخت ہونے کی توقع ہے۔ اس صورت حال میں پوری صنعت حکومت کی طرف دیکھ رہی ہے کہ وہ پاکستان کی ٹیکسٹائل انڈسٹری کو سپورٹ کرے اور اسے عالمی سطح پر مسابقتی بنانے میں مدد کرے۔

انتظامیہ کی طرف سے اچھی کارپوریٹ گورننس، مارکیٹنگ کا معیار، پیداواری کارکردگی اور مالیاتی نظم و ضبط سب سے زیادہ توجہ کا مرکز رہے گا لیکن ٹیکسٹائل انڈسٹری سے بہترین نتائج اس وقت تک ممکن نہیں جب تک حکومت توانائی کی قیمتوں میں زبردست اضافہ سمیت تمام درپیش مسائل کو مثبت انداز میں حل نہ کرے۔

مستقبل کے نتائج کا انحصار ٹیکسٹائل سیکٹر کیلئے حکومت کی کاروباری دوستانہ پالیسیوں کے ساتھ مقامی اور بین الاقوامی منڈیوں کے ردعمل پر ہے جو کہ دوسروں کے ساتھ ساتھ، علاقائی سطح پر مسابقتی توانائی کی شرحوں کی فراہمی کو یقینی بنائے۔

کمپنی کو ان کثیر جہتی اور بڑھتے ہوئے چیلنجز کا سامنا ہے اور اس نے پوری کمپنی میں لاگت میں کمی کے بڑے اقدامات کو لاگو کرنے کا منصوبہ بنایا ہے اور مارکیٹ کے موجودہ خطرات سے نمٹنے کیلئے خود کو کھف بندی کر رہی ہے۔ آپ کی کمپنی بہترین معیار، مصنوعات کی تنوع، نئی منڈیوں کی تلاش اور پیداواری صلاحیتوں کو حاصل کرنے کیلئے بھی پرعزم ہیں۔ تاہم مقامی اور بین الاقوامی مارکیٹ میں سخت مقابلے کی وجہ سے مارجن مسلسل دباؤ میں ہے۔

## مستقل اثاثوں کی قیمتوں کا از سر نو تعین:

موجودہ میلے کی عکاسی کرنے کے لئے آزاد قدر دان ایم اس کے جی ٹریڈرز پرائیویٹ لمیٹڈ نے کمپنی کے مقررہ اثاثوں (زمین، عمارت اور مشینری) کی قیمت 30 جون 2022 کو انجام دی تھی۔ کمپنی کے اثاثوں کی قیمت، اثاثوں میں حذف ہونے/اضافے کے بعد خالص اثر کمپنی کے مالی بیانات میں ہوتا ہے۔

ڈیویڈنڈ:

30 جون 2022 کو ختم ہونے والے سال کیلئے کمپنی کی طرف سے کمائے ہوئے منافع کو شیئر ہولڈرز کے ساتھ بانٹنے کیلئے آپ کے ڈائریکٹرز نے کمپنی کے شیئر ہولڈرز کو حتمی ڈیویڈنڈ @10% RS1.00 فی شیئر تقسیم کرنے کی تجویز 14 اکتوبر 2022 بورڈ مینٹنگ میں پیش کی 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۔

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

2- کمپنی نے صحیح اکاؤنٹس کی کتب مرتب کی ہوئی ہیں۔

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

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

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

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

7- عمومی اور روزمرہ بقایا جات کے علاوہ ٹیکس، محصول اور وصولیوں کی مد میں کوئی پرانے بقایا جات 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 2022ء کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری نیچے دی گئی ہے۔

تعداد حاضری اجلاس	عہدہ	ڈائریکٹر کا نام
4	چیئر مین	میاں تنویر احمد شیخ
4	ڈائریکٹر	مس رومانہ تنویر شیخ
4	چیف ایگزیکٹو آفیسر	میاں انیس احمد شیخ
4	ڈائریکٹر	میاں ادلیس احمد شیخ
4	ڈائریکٹر	میاں عزیز احمد شیخ
4	ایگزیکٹو ڈائریکٹر	میاں عطاء شفیق تنویر شیخ
3	ایگزیکٹو ڈائریکٹر	میاں شفیق انیس شیخ
4	انڈینڈنٹ ڈائریکٹر	میجر ریٹائرڈ جاوید مسرت
4	انڈینڈنٹ ڈائریکٹر	مسٹر طارق رحیم انور
4	انڈینڈنٹ ڈائریکٹر	سید رضا عباس جعفری

سال مختتمہ 30 جون 2022ء کے دوران آڈٹ کمیٹی کی چار (4) اجلاس منعقد ہوئے ہر ایک ممبر کی حاضری درج ذیل ہے:

حاضری	عہدہ	ممبر کا نام
4	چیئر مین	میجر ریٹائرڈ جاوید مسرت
4	رکن	میاں عزیز احمد شیخ
4	رکن	میاں ادلیس احمد شیخ

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

حاضری	عہدہ	ممبر کا نام
1	چیئر مین	میاں عزیز احمد شیخ
1	رکن	میاں ادلیس احمد شیخ
1	رکن	میاں عطاء شفیق تنویر شیخ



## بورڈ کی ترکیب

کمپنی کے بورڈ آف ڈائریکٹرز دس (10) مرد حضرات پر مشتمل ہے۔ جن کی تفصیل درج ذیل ہے۔

3	خود مختار ڈائریکٹرز
4	دیگر غیر انتظامی ڈائریکٹرز
3	انتظامی ڈائریکٹرز

### آڈیٹرز:

کمپنی کی آڈٹ کمیٹی نے آئندہ سالانہ جنرل اجلاس میں آئی سی اے پی اسٹینڈرڈ کے مطابق معاوضے کے ساتھ سال 2022-2023 کے لئے میسرز یوسف عادل چارٹرڈ اکاؤنٹنٹس ملتان کو کمپنی کا آڈیٹر مقرر کرنے کی تجویز کی ہے۔

### حصص داری کا اسلوب:

کمپنی کا 30 جون 2022ء 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 (سراھنا):

آپ کے ڈائریکٹران میسرز حبیب بینک لمیٹڈ، میسرز بینک الحیب لمیٹڈ، میسرز حبیب میٹرو پولیٹن بینک لمیٹڈ، نیشنل بینک آف پاکستان، بینک آف پنجاب، میزان بینک لمیٹڈ، بینک الفلاح لمیٹڈ اور یونائٹڈ بینک لمیٹڈ کے تعاون کو سراہتے ہیں اور اس امید و خواہش کا اظہار کرتے ہیں کہ تمام بینک 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 - چیئر مین

ملتان - 04 اکتوبر 2022ء

# SIX YEAR KEY OPERATING AND FINANCIAL DATA

## BALANCE SHEET

	2022	2021	2020	2019	2018	2017
Authorized Capital	500,000,000	500,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Issued, subscribed and paidup capital	184,320,000	184,320,000	168,000,000	168,000,000	168,000,000	168,000,000
Share premium	65,280,000	65,280,000	-	-	-	-
Reserve	168,000,000	168,000,000	168,000,000	168,000,000	168,000,000	168,000,000
Unappropriated profit/(Loss)	828,283,416	606,821,489	425,179,002	370,168,634	275,898,263	194,868,151
Surplus on revaluation of property, plant and equipment	1,637,396,190	1,086,594,358	1,133,642,519	1,187,724,930	680,437,132	704,975,105
Total Equity	2,883,279,606	2,111,015,847	1,894,821,521	1,893,893,564	1,292,335,394	1,235,843,256
Liabilities						
Deferred/long term liabilities	1,399,666,722	1,181,651,759	739,111,838	600,118,117	341,109,438	411,869,561
Short term liabilities	3,727,375,688	2,184,018,733	2,601,951,471	2,292,102,546	1,798,651,804	1,459,117,649
Total liabilities	5,127,042,410	3,365,670,492	3,341,063,309	2,892,220,663	2,139,761,242	1,870,987,210
Total equity and liabilities	8,010,322,016	5,476,686,339	5,235,884,830	4,786,114,227	3,432,096,636	3,106,830,466
Fixed assets						
owned	4,394,408,320	3,451,763,800	2,787,728,910	2,736,661,344	1,799,940,622	1,840,019,477
Long term deposits	11,926,564	10,266,514	8,181,889	5,770,489	5,668,939	5,668,939
Current assets	3,603,987,132	2,014,656,025	2,439,974,031	2,043,682,394	1,626,487,075	1,261,142,050
Total assets	8,010,322,016	5,476,686,339	5,235,884,830	4,786,114,227	3,432,096,636	3,106,830,466

## PROFIT AND LOSS ACCOUNT

Turnover (net)	10,381,068,277	7,351,740,827	5,841,689,559	6,234,762,289	5,598,969,124	4,863,138,768
Gross profit/(loss)	1,148,653,217	720,967,377	620,022,492	517,034,295	398,524,405	331,881,000
Profit/(loss) before taxation	504,652,866	272,527,932	132,229,230	160,183,199	109,523,219	63,295,584
Taxation	(236,140,617)	(116,256,952)	(105,837,473)	(87,346,693)	(54,817,031)	(37,048,566)
Profit/(loss) for the year	268,512,249	156,270,980	26,391,757	72,836,506	54,706,187	26,247,018

## DISTRIBUTION

Cash dividend (Rs. per share)	1.00	1.75	NIL	1.75	1.25	NIL
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## RATIOS

Breakup value	156	115	113	113	76.92	73.56
EPS	14.57	9.08	1.57	4.34	3.26	1.56
ROE	0	0.15	0.03	0.10	0.09	0.05
Current Ratio	0.97 : 1	0.92 : 1	0.94 : 1	0.89 : 1	0.90 : 1	0.86 : 1
Debt/Equity Ratio without Surplus	0.67	0.94	0.52	0.42	0.24	0.40
Debt/Equity Ratio with Surplus	0.29	0.46	0.21	0.15	0.11	0.17

## PLANT CAPACITY AND ACTUAL PRODUCTION

### Spinning Unit-I

Spindles installed and worked	No.	27,696	27,696	27,696	24,672	18,672	18,672
Shift worked	No.	1,080	1,092	912	1,002	1,022	1,022
Standard production after conversion into 20's count	Kgs	12,106,987	12,106,987	10,370,373	7,945,152	6,398,891	6,398,891
Actual production of yarn after conversion into 20's count	Kgs	10,063,174	11,659,952	7,447,249	5,596,272	5,346,767	5,186,155

### Spinning Unit-II

Spindles installed and worked	No.	27,864	27,864	27,864	27,864	27,864	27,864
Shift worked	No.	1,080	1,092	917	1,007	1,007	1,007
Standard production after conversion into 40's PC count	Kgs	4,558,526	4,558,526	4,784,702	4,784,702	4,784,702	4,784,702
Actual production of yarn after conversion into 40's PC count	Kgs	4,369,095	4,429,605	3,459,402	3,925,366	4,003,495	4,185,296

### Spinning Unit-III

Spindles installed and worked	No.	26,664	26,664	26,664	25,632	23,904	23,904
Shift worked	No.	1,080	1,092	905	995	896	891
Standard production after conversion into 20's count	Kgs	7,939,375	7,939,375	7,669,765	7,526,120	7,018,741	7,018,741
Actual production of yarn after conversion into 20's count	Kgs	7,148,517	7,540,536	6,715,980	6,599,386	5,689,190	5,510,786

### Spinning Unit-IV

Machines installed and worked	No.	576					
Shift worked	No.	525					
Standard production after conversion into 20's count	Kgs	4,006,649					
Actual production of yarn after conversion into 20's count	Kgs	3,242,558					

**STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES  
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017  
Year Ended June 30, 2022**

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 10 as per the following:
  - i. Mian Tanvir Ahmad Sheikh
  - ii. Ms. Romana Tanvir Sheikh
  - iii. Mian Anis Ahmad Sheikh
  - iv. Mian Idrees Ahmad Sheikh
  - v. Mian Aziz Ahmad Sheikh
  - vi. Mian Atta Shafi Tanvir Sheikh
  - vii. Mian Shafi Anis Sheikh
  - viii. Mr. Syed Raza Abbas Jaffery (Rep. NIT)
  - ix. Mr. Maj. Retd. Javed Mussarat
  - X. Mr. Tariq Rahim Anwar
  
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	<u>Category</u>	Name Of Directors
1	<u>Independent Director*</u>	1. Mr. Maj ( R ) Javed Mussarat 2. Mr. Syed Raza Abbas Jaffery 3. Mr. Tariq Rahim Anwar
2	<u>Executive Director</u>	1. Mr. Anis Ahmad Sheikh 2. Mr. Atta Shafi Tanvir Sheikh 3. Mr. Shafi Anis Sheikh
3	<u>Non-Executive Director</u>	1. Mr. Tanvir Ahmad Sheikh 2. Ms. Romana Tanvir Sheikh 3. Mr. Idrees Ahmad Sheikh 4. Mr. 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 seven 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.
  - i. The Board has arranged Director's Training Program for the following:  
Not applicable
9. The Board has approved appointment of Company Secretary and Head of Internal Audit, Including their remuneration and terms of employment and complied relevant requirements of the Regulations.
10. A. CFO and CEO duly endorsed the financial statement before approval of the board.
11. 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.

<b>Name of Member of Committee</b>	<b>Designation</b>
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.

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

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

14. The board has setup an effective internal audit function.
15. 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.
16. 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.
17. We confirm that all other requirements of the Regulations have been complied with.
18. The Company is in process of appointment of Chief Financial Officer which will be completed soon.

Muhammad Irfan Siddique  
Company Secretary

Dated: 04.10.2022

**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, 2019**

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

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

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

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

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

Further, we have highlighted below instance of non-compliance with the requirements of the regulations as reflected in the note reference where these are stated in the Statement of Compliance:

<b>Sr.</b>	<b>Reference</b>	<b>Description</b>
<b>1</b>	<b>Note 19</b>	The office of Company Chief Financial Officer is vacant which is contrary to regulation of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

**Chartered Accountants****Place:** Multan**UDIN #** CR202210088ZP02HT73w**Date:** October 7, 2022

## INDEPENDENT AUDITORS' REPORT

### To the members of Maqbool Textile Mills Limited 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, 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (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 is the key audit matter:**

Key audit matter	How the matter was addressed in our audit
<p><b>Revenue Recognition</b></p> <p>The Company's sales comprise of revenue from the sale of yarn this has been disclosed in note 24 to the financial statements.</p> <p>Revenue from the contract (local and export) is recognized, when control related to the sale of goods is transferred and the performance obligation is satisfied i.e. on dispatch of goods (note 4.4.11).</p> <p>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.</p>	<p>Our audit procedures to address the Key Audit Matter included the following:</p> <p>Considered the appropriateness of revenue recognition policy and compared it with the applicable accounting standards;</p> <p>Obtained an understanding of and assessed the relevant design, implementation and operating effectiveness of controls around recognition of revenue;</p> <p>Checked on sample basis relevant underlying supporting documents for ensuring that management has complied with the revenue recognition criteria as per the requirement of IFRS 15;</p> <p>Tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents and by checking significant credit notes issued after year-end; and</p> <p>Evaluated the adequacy and appropriateness of disclosures made in the financial statements in relation to adoption of the accounting and reporting standard applicable in Pakistan.</p>

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

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

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

**In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.**

**Responsibilities of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of 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.**

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

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

**Multan**

**Date: 07-10-2022**

**UDIN: AR202210088FD9nWwS10**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**

	<i>Note</i>	<b>2022</b> <i>Rupees</i>	<b>2021</b> <i>Rupees</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	4,394,408,320	3,451,763,800
Long term deposits		11,926,564	10,266,514
		<b>4,406,334,884</b>	<b>3,462,030,314</b>
<b>Current assets</b>			
Stores and spares	6	154,376,454	93,021,889
Stock in trade	7	1,464,491,019	627,919,227
Trade debts	8	1,209,849,176	852,009,953
Loans, advances and prepayments	9	271,687,511	111,099,043
Due from Government	10	347,078,051	189,905,617
Advance income tax		126,984,260	134,556,561
Cash and bank balances	11	29,520,661	6,143,735
		<b>3,603,987,132</b>	<b>2,014,656,025</b>
<b>Total assets</b>		<b>8,010,322,016</b>	<b>5,476,686,339</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	12	184,320,000	184,320,000
Share Premium	12	65,280,000	65,280,000
General reserve		168,000,000	168,000,000
Surplus on revaluation of property, plant and equipment - net of deferred tax	13	1,637,396,190	1,086,594,358
Unappropriated profit		828,283,416	606,821,489
		<b>2,883,279,606</b>	<b>2,111,015,847</b>
<b>Non-current liabilities</b>			
Long term financing	14	693,496,712	752,026,135
Long term loans from related parties	16	-	-
Lease Liabilities	17	23,174,149	19,934,401
Deferred taxation	18	630,437,197	359,445,909
Staff retirement benefits - gratuity	19	52,558,664	50,245,314
		<b>1,399,666,722</b>	<b>1,181,651,759</b>
<b>Current liabilities</b>			
Trade and other payables	20	772,924,546	420,748,169
Accrued mark up	21	76,470,912	36,441,771
Short term borrowings	22	2,555,577,395	1,390,694,579
Current portion of long term financing	14	139,253,864	215,553,101
Current portion of deferred grant	15	2,891,532	3,512,540
Current portion of lease liabilities	17	6,733,552	5,013,843
Unclaimed dividend		3,050,565	3,052,032
Unpaid dividend		3,790,584	3,584,762
Provision for tax		166,682,738	105,417,936
		<b>3,727,375,688</b>	<b>2,184,018,733</b>
<b>Contingencies and commitments</b>	23		
<b>Total equity and liabilities</b>		<b>8,010,322,016</b>	<b>5,476,686,339</b>

The annexed notes from 1 to 43 form an integral part of these financial statements.

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
A.Chief Financial Officer

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

	<i>Note</i>	<i>2022</i> <i>Rupees</i>	<i>2021</i> <i>Rupees</i>
Revenue from contracts with customers	24	<b>10,381,068,277</b>	7,351,740,827
Cost of goods sold	25	<b>(9,232,415,060)</b>	(6,630,773,450)
Gross profit		<b>1,148,653,217</b>	<b>720,967,377</b>
Other income	26	<b>26,749,120</b>	6,972,026
		<b>1,175,402,337</b>	<b>727,939,403</b>
Selling and distribution expenses	27	<b>93,313,463</b>	68,678,995
Administrative expenses	28	<b>264,852,606</b>	182,384,782
Other operating expenses	29	<b>20,210,405</b>	18,256,560
		<b>(378,376,474)</b>	<b>(269,320,337)</b>
Finance cost	30	<b>(292,372,997)</b>	(186,091,134)
<b>Profit before taxation</b>		<b>504,652,866</b>	<b>272,527,932</b>
Taxation	31	<b>(236,140,617)</b>	(116,256,952)
<b>Profit after taxation</b>		<b>268,512,249</b>	<b>156,270,980</b>
<b>Earnings per share - basic and diluted</b>	32	<b>14.57</b>	<b>9.08</b>

The annexed notes from 1 to 43 form an integral part of these financial statements.

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
A.Chief Financial Officer

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

	<i>Note</i>	<i>2022</i> <i>Rupees</i>	<i>2021</i> <i>Rupees</i>
<b>Profit for the year</b>		<b>268,512,249</b>	156,270,980
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to statement of profit or loss</b>			
Remeasurement (loss)	19	<b>(962,988)</b>	(15,316,587)
Deferred tax income		<b>245,946</b>	3,239,099
		<b>(717,042)</b>	(12,077,488)
Transfer from deferred tax due to change rate on opening revaluation surplus		<b>(56,967,769)</b>	(9,599,166)
Surplus on revaluation of land, buildings and plant & machinery		<b>737,150,221</b>	-
Related deferred tax thereon		<b>(143,457,900)</b>	-
		<b>593,692,321</b>	-
		<b>536,724,552</b>	<b>(9,599,166)</b>
<b>Total comprehensive income for the year</b>		<b>804,519,759</b>	<b>134,594,326</b>

The annexed notes from 1 to 43 form an integral part of these financial statements.

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
A.Chief Financial Officer

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

Note	Share capital	Capital Reserves		Revenue Reserve		Total
		Share premium	Surplus on revaluation of property, plant and equipment	Unappropriated profit	General reserve	
	----- Rupees -----					
<b>Balance as at June 30, 2020</b>	<b>168,000,000</b>	-	<b>1,133,642,519</b>	<b>425,179,002</b>	<b>168,000,000</b>	<b>1,894,821,521</b>
Profit for the year	-	-	-	156,270,980	-	156,270,980
Other comprehensive income for the year	-	-	(9,599,166)	(12,077,488)	-	(21,676,654)
Total comprehensive income for the year	-	-	(9,599,166)	144,193,492	-	134,594,326
Issue of ordinary shares	12 16,320,000	65,280,000	-	-	-	81,600,000
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	(37,448,995)	37,448,995	-	-
<b>Balance as at June 30, 2021</b>	<b>184,320,000</b>	<b>65,280,000</b>	<b>1,086,594,358</b>	<b>606,821,489</b>	<b>168,000,000</b>	<b>2,111,015,847</b>
Profit for the year	-	-	-	268,512,249	-	268,512,249
Other comprehensive income for the year	-	-	536,724,552	(717,042)	-	536,007,510
Total comprehensive income for the year	-	-	536,724,552	267,795,207	-	804,519,759
Final cash dividend of Rs. 1.75 per share for the year ended June 30, 2021	-	-	-	(32,256,000)	-	(32,256,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	14,077,280	(14,077,280)	-	-
<b>Balance as at June 30, 2022</b>	<b>184,320,000</b>	<b>65,280,000</b>	<b>1,637,396,190</b>	<b>828,283,416</b>	<b>168,000,000</b>	<b>2,883,279,606</b>

The annexed notes from 1 to 43 form an integral part of these financial statements.

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
A.Chief Financial Officer

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

	<b>2022 Rupees</b>	<b>2021 Rupees</b>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	504,652,866	272,527,932
Adjustments for:		
Depreciation on property, plant and equipment	<b>159,037,593</b>	134,134,316
Gain on disposal of fixed assets	-	(6,194,538)
Provision for staff retirement benefits - gratuity	<b>33,948,565</b>	29,038,534
Finance cost	<b>292,372,997</b>	186,091,134
	<b>485,359,155</b>	343,069,447
Operating cash flows before working capital changes	<b>990,012,021</b>	615,597,379
<b>(Increase) / decrease in current assets</b>		
Stores and spares	<b>(61,354,565)</b>	(31,921,025)
Stock in trade	<b>(836,571,792)</b>	753,280,226
Trade debts	<b>(357,839,223)</b>	(252,910,021)
Loans, advances and prepayments	<b>(160,588,468)</b>	(10,778,733)
Sales tax refundable	<b>(203,313,354)</b>	(35,906,287)
Export rebate refundable	<b>46,140,920</b>	-
	<b>(1,573,526,482)</b>	421,764,160
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	<b>352,176,377</b>	57,355,758
Cash generated from / (used in) operations	<b>(231,338,084)</b>	1,094,717,297
Income tax paid	<b>(96,491,950)</b>	(110,549,442)
Gratuity paid	<b>(32,598,203)</b>	(32,063,573)
Finance cost paid	<b>(252,343,856)</b>	(190,714,602)
	<b>(381,434,009)</b>	(333,327,617)
Net cash (used in) / generated from operating activities	<b>(612,772,093)</b>	761,389,680
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment- net	<b>(186,288,679)</b>	(219,121,310)
Additions in capital work in progress	<b>(167,176,212)</b>	(566,455,858)
Proceeds from disposal of property, plant and equipment	-	7,500,000
Net cash used in investing activities	<b>(353,464,891)</b>	(778,077,168)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term financing from commercial banks	<b>80,103,350</b>	727,089,491
Repayment of lease liabilities	<b>(6,107,543)</b>	(3,631,911)
Proceeds from long term loans obtained from related parties	-	18,300,000
Repayment of long term loans obtained from related parties	-	(8,190,000)
Repayment of long term financing	<b>(215,553,018)</b>	(102,674,085)
Short term borrowings - net	<b>1,164,882,816</b>	(635,215,650)
Long term deposits	<b>(1,660,050)</b>	(2,084,625)
Dividend paid	<b>(32,051,645)</b>	(6,266,248)
Net cash generated/(used in) from financing activities	<b>989,613,910</b>	(12,673,028)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	<b>23,376,926</b>	(29,360,516)
Cash and cash equivalents at beginning of the year	<b>6,143,735</b>	35,504,251
Cash and cash equivalents at end of the year	<b>29,520,661</b>	<b>6,143,735</b>
Running finance (overdraft)	<b>(1,347,176,710)</b>	(579,809,034)
Net Cash and cash equivalents at end of the year	<b>(1,317,656,049)</b>	<b>(573,665,299)</b>

The annexed notes from 1 to 43 form an integral part of these financial statements.

Sd/-  
Chief Executive

Sd/-  
Director

Sd/-  
A.Chief Financial Officer

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

### 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. The registered office of the Company is situated at 2-Industrial 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, unit 2 and unit 4 is 65.64 acres located at M.M. Road, Chowk Sarwar Shaheed, District Muzaffargarh and area of unit 3 is 21.81 acres located at Rajana Road, Pirmahal, District 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) 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. STANDARDS, 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, 2022*

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations 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.

	<b>Effective from accounting period beginning on or after</b>
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021.	April 01, 2021

#### 3.2 *New accounting standards, amendments and IFRS interpretations that are not yet effective*

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. 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.

	<b>Effective from accounting period beginning on or after</b>
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework.	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use.	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract.	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to	January 01, 2022



IFRS 9, IFRS 16 and IAS 41).

Amendments to IAS 1 'Presentation of Financial Statements' -  
Classification of liabilities as current or non-current.

January 01, 2023

Amendments to IAS 1 'Presentation of Financial Statements' -  
Disclosure of accounting policies.

January 01, 2023

Amendments to IAS 8 'Accounting Policies, Changes in Accounting  
Estimates and Errors' - Definition of accounting estimates.

January 01, 2023

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets  
and liabilities arising from a single transaction.

January 01, 2023

Amendments to IFRS 10 and 28 - Sale or Contribution of Assets  
between an Investor and its Associate or Joint Venture.

Deferred indefinitely

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

**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 17 – Insurance Contracts

**3.3 Significant estimates**

The preparation of financial statements in conformity with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 the circumstances, the results of which form the basis of making judgements 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.

**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, 4.4.5, 4.4.9, 4.4.10, 4.4.12 and 4.4.17.

**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 judgements 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 judgements, 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 judgement 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 judgement 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 4.4.10 and 19)
- provision for taxation (notes 4.4.9 and 31)
- revaluation of property, plant and equipment (notes 4.4.1 and 5.5)
- provision for trade debts under expected credit loss model (note 4.4.5.1(d))
- 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, generator and electric fittings and installations and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land, building on freehold land, plant and machinery, generator and electric fittings and installations are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses, if any. 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.

##### **4.4.2. Right-of-use assets and lease liabilities**

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the company.

The lease liabilities are initially measured at the present value of the minimum lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. At initial recognition, liabilities were discounted using the Company's incremental borrowing rate. Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortised cost using the effective interest rate.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognised right of use assets equal to the present value of lease payments.

##### **4.4.3. 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.

#### **4.4.4. 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 statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the 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.

#### **4.4.5. Financial Instruments**

Financial assets and financial liabilities are recognised in the Company's 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 statement of profit or loss.

##### **4.4.5.1. 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 amortised cost or fair value, depending on the classification of the financial assets.

##### **Classification of financial assets**

##### **a) Debt instruments measured at amortised cost**

Debt instruments that meet the following conditions are measured subsequently at amortised 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
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### **Amortised cost and effective interest method**

The amortised 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 amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised 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 debts at amortised 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 does not hold any equity instrument classified as at FVTPL.

**Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost, as well as on financial guarantee contracts. The amount of ECL 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 debts. 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 Company's 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 trade debts are unlikely to pay its trade payables, 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 Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognised in statement of 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 amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of profit or loss.

**4.4.5.2. 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 amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

**4.4.5.3. Derecognition of financial liabilities**

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

**4.4.5.4. 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 simultaneously.

**4.4.6. 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.

**4.4.7. Stock in trade**

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

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

*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.*

**4.4.8. 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, balances with banks and running finances.

**4.4.9. 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 recognised, 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 recognised 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 recognised 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.

**4.4.10. 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.

**4.4.11. Revenue recognition**

*Revenue from contracts with customers is recognised 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.*

**4.4.12. Government Grant**

*Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.*

*Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.*

*Government grants relating to the refinance scheme are included in current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the tenure of the loan.*

**4.4.13. Foreign currency 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, in that case, the rates contracted for are used.*

*Gains and losses arising on retranslation are included in profit or loss for the period.*

**4.4.14. 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 of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.*

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

**4.4.15. Dividend**

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

**4.4.16. Trade and other payables**

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

**4.4.17. Provisions**

Provisions are recognised 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.

**4.4.18. Earnings 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	2022 Rupees	2021 Rupees
Operating fixed assets	5.1	4,364,945,395	2,859,872,473
Right of use assets	5.1.1	29,462,925	25,435,469
Capital work-in-progress	5.4	-	566,455,858
		<b>4,394,408,320</b>	<b>3,451,763,800</b>

**5.1 Operating fixed assets**

Particulars	Cost / Revalued amount			Accumulated depreciation			Written Down Value as at June 30, 2022		Rate %	
	At July 01, 2021	Additions/ (Disposals)	Revaluation Adjustment	At June 30, 2022	At July 01, 2021	Charge for the year	Revaluation Adjustment	At June 30, 2022		
Land - freehold	433,371,030	-	175,448,970	608,820,000	-	-	-	-	608,820,000	-
Buildings on freehold land	573,051,432	150,386,661	318,340,908	1,041,779,001	55,639,248	28,777,520	(83,158,673)	1,258,095	1,040,520,906	5
Plant and machinery	2,394,539,978	740,560,045	-	3,135,100,023	564,875,951	110,436,747	(160,201,670)	515,111,028	2,619,988,995	5
Generator	15,650,517	-	-	15,650,517	8,156,164	749,435	-	8,905,599	6,744,918	10
Electric fittings and installations	111,576,298	24,016,403	-	135,592,701	65,503,257	8,741,911	-	74,245,168	61,347,533	15
Tools and equipment	9,590,215	-	-	9,590,215	1,261,165	832,905	-	2,094,070	7,496,145	10
Office equipment	12,752,589	2,424,155	-	15,176,744	6,317,199	759,646	-	7,076,845	8,099,899	10
Telephone installations	3,679,021	51,000	-	3,730,021	2,225,675	148,735	-	2,374,410	1,355,611	10
Furniture & fixtures	10,496,058	1,336,371	-	11,832,429	6,713,475	441,932	-	7,155,407	4,677,022	10
Arms & ammunitions	878,795	-	-	878,795	467,699	41,110	-	508,809	369,986	10
Weighing scales	2,373,842	-	-	2,373,842	1,674,540	69,930	-	1,744,470	629,372	10
Tube well	1,186,036	-	-	1,186,036	868,607	31,743	-	900,350	285,686	10
Fire extinguishing equipment	1,708,142	-	-	1,708,142	1,264,025	44,412	-	1,308,437	399,705	10
Vehicles	27,740,733	1,146,115	-	28,886,848	23,755,208	922,023	-	24,677,231	4,209,617	20
	-	-	-	-	-	-	-	-	-	-
	3,598,594,686	919,920,750	493,789,878	5,012,305,314	738,722,213	151,998,049	(243,360,343)	647,359,919	4,364,945,395	
	31,190,030	11,067,000	-	42,257,030	5,754,561	7,039,544	-	12,794,105	29,462,925	20
<b>5.1.1 Vehicles-right of use asset</b>	<b>3,629,784,716</b>	<b>930,987,750</b>	<b>493,789,878</b>	<b>5,054,562,344</b>	<b>744,476,774</b>	<b>159,037,593</b>	<b>(243,360,343)</b>	<b>660,154,024</b>	<b>4,394,408,320</b>	

*For comparative period*

Particulars	Cost / Revalued amount				Accumulated depreciation				Written Down Value as at June 30, 2021	Rate %
	At July 01, 2020	Additions/ (Disposals)	Revaluation Adjustment	At June 30, 2021	At July 01, 2020	Charge for the year	Revaluation Adjustment	At June 30, 2021		
Land - freehold	431,677,500	1,693,530	-	433,371,030	-	-	-	-	433,371,030	-
Buildings on freehold land	569,433,565	3,617,867	-	573,051,432	28,422,895	27,216,353	-	55,639,248	517,412,184	5
Plant and machinery	2,200,940,110	193,599,868	-	2,394,539,978	472,545,561	92,330,390	-	564,875,951	1,829,664,027	5
Generator	15,100,517	550,000	-	15,650,517	7,338,736	817,428	-	8,156,164	7,494,353	10
Electric fittings and installations	104,437,370	7,138,928	-	111,576,298	57,916,766	7,586,491	-	65,503,257	46,073,041	15
Tools and equipment	1,590,971	7,999,244	-	9,590,215	837,298	423,867	-	1,261,165	8,329,050	10
Office equipment	9,985,804	2,766,785	-	12,752,589	5,757,063	560,136	-	6,317,199	6,435,390	10
Telephone installations	3,679,021	-	-	3,679,021	2,064,193	161,482	-	2,225,675	1,453,346	10
Furniture & fixtures	10,277,108	218,950	-	10,496,058	6,312,127	401,348	-	6,713,475	3,782,583	10
Arms & ammunitions	878,795	-	-	878,795	422,022	45,677	-	467,699	411,096	10
Weighing scales	2,373,842	-	-	2,373,842	1,596,839	77,701	-	1,674,540	699,302	10
Tube well	1,186,036	-	-	1,186,036	833,338	35,269	-	868,607	317,429	10
Fire extinguishing equipment	1,708,142	-	-	1,708,142	1,214,678	49,347	-	1,264,025	444,117	10
Vehicles	34,568,573	2,133,160	-	27,740,733	29,325,945	2,084,801	-	23,755,208	3,985,525	20
	-	(8,961,000)	-	-	-	(7,655,538)	-	-	-	-
	<b>3,387,837,354</b>	<b>219,718,332</b>	-	<b>3,598,594,686</b>	<b>614,587,461</b>	<b>131,790,290</b>	-	<b>738,722,213</b>	<b>2,859,872,473</b>	
5.1.1 Vehicles-right of use asset	17,292,530	13,897,500	-	31,190,030	3,410,535	2,344,026	-	5,754,561	25,435,469	20
	-	(8,961,000)	-	-	-	(7,655,538)	-	-	-	-

Rupees

**5.2 Addition of New Unit**

During the year, company installed a new Morata Vertex System (MVS) spinning unit to enhance its overall production capacity. The said unit was made available for commercial production on January 1, 2022. The uniqueness of the new unit is its machinery which consists of latest technology for textile spinning mills, namely, MVS. MVS is a recently developed spinning technology which utilizes high speed swirling airflow to insert twist in cotton to produce yarn. The unit consists of 6 MVS frame machines and a single MVS frame having 96 spindles each, aggregating a total of 576 spindles. The said machinery is imported from Toyotsu Machinery Corporation, Japan.



	Note	2022 Rupees	2021 Rupees
<b>5.3 Allocation of depreciation</b>			
Cost of goods sold	25	149,640,193	128,468,137
Administrative expenses	28	9,397,405	5,666,179
		<u>159,037,598</u>	<u>134,134,316</u>
<b>5.4 Capital Work in Progress</b>			
Machinery	5.4.1	-	481,770,289
Building	5.4.1	-	84,685,569
		-	<u>566,455,858</u>
<b>5.4.1 Movement in capital work in progress</b>			
Opening Balance		566,455,858	597,022
Additions during the year		167,176,212	566,455,858
Transferred to fixed assets		<u>(733,632,070)</u>	<u>(597,022)</u>
		-	<u>566,455,858</u>

**5.5** Revaluation of freehold land, building on free hold land and plant & machinery was carried out as on June 30, 2022 by independent valuer M/s K.G. Traders (Pvt.) Limited. 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	487,056,000
Buildings on freehold land	826,366,400
Plant and machinery including generator and electric fittings and installations	<u>2,089,269,600</u>
	<u>3,402,692,000</u>

**5.7** Had there been no revaluation, the related carrying amounts of freehold land, buildings on freehold land, plant and machinery, generator and electric fittings and installations would have been as follows:

	Note	2022 Rupees	2021 Rupees
Land - freehold		33,481,524	33,481,524
Buildings on freehold land		256,858,483	135,249,342
Plant and machinery		1,981,229,620	1,351,106,323
Generator		2,841,896	3,591,331
Electric fittings and installations		55,096,747	39,822,255
		<u>2,329,508,271</u>	<u>1,563,250,775</u>



	Note	2022 Rupees	2021 Rupees
<b>11. CASH AND BANK BALANCES</b>			
Cash in hand		3,166,772	1,243,240
Cash at banks - current accounts		26,353,889	4,900,495
		<u>29,520,661</u>	<u>6,143,735</u>
<b>11. SHARE CAPITAL</b>			
		<b>2022</b>	<b>2021</b>
		<b>Number of shares</b>	
		<b>50,000,000</b>	<b>50,000,000</b>
		<b>Authorized</b>	
		Ordinary shares of Rs. 10	
		each	
		<b>500,000,000</b>	<b>500,000,000</b>
		<b>Issued, subscribed and paid up</b>	
		Ordinary shares of Rs. 10 each	
		fully paid in cash	
		<b>18,432,000</b>	<b>-</b>
		<b>184,320,000</b>	<b>184,320,000</b>
<b>12.1 RECONCILIATION FOR NUMBER OF SHARES OUTSTANDING</b>			
At the beginning of the year		18,432,000	16,800,000
Issued for consideration other than cash		-	1,632,000
At the end of the year		<u>18,432,000</u>	<u>18,432,000</u>
<b>12.2 Share Premium</b>			
At the beginning of the year		65,280,000	-
Against shares issued during the year		-	65,280,000
At the end of the year		<u>65,280,000</u>	<u>65,280,000</u>
<b>12.3</b>			
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.			
		<b>2022</b>	<b>2021</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>13. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
Opening balance		1,270,763,858	1,317,601,688
Addition during the year	13.1	737,150,221	
On account of incremental depreciation charged during the year - net of tax		14,077,280	(37,448,995)
Related deferred tax liability on incremental depreciation		(53,340,230)	(9,388,835)
		<u>(39,262,950)</u>	<u>(46,837,830)</u>
Closing balance		1,968,651,129	1,270,763,858
<b>Less: related deferred tax liability</b>			
Opening balance		184,169,500	183,959,169
Addition during the year	13.1	143,457,900	-
Related deferred tax liability on incremental depreciation		(53,340,230)	(9,388,835)
Deferred tax due to rate change		56,967,769	9,599,166
		<u>331,254,939</u>	<u>184,169,500</u>
Closing balance		<u>1,637,396,190</u>	<u>1,086,594,358</u>
<b>13.1</b>			
The Company has revalued its freehold land, building on free-hold land, plant and machinery including generator and electric fittings and installations as on June 30, 2022 as disclosed in note 5.5 of the financial statements.			

	Note	2022 Rupees	2021 Rupees
<b>14. LONG TERM FINANCING</b>			
<b>From banking companies - secured</b>			
Habib Bank Limited			
- LTFF	14.1	-	18,001,941
- LTFF II	14.2	110,630,256	159,799,264
- LTFF III	14.3	8,449,152	16,898,308
- Demand Finance	14.4	24,369,854	35,200,763
		<b>143,449,262</b>	<b>229,900,276</b>
Bank Al Habib Limited			
- Term Finance	14.5	20,000,000	60,000,000
- Salaries and wages loan	14.6	44,550,996	133,653,000
- TERF	14.7	627,641,850	547,538,500
Deferred grant	15	-	(2,891,532)
		<b>835,642,108</b>	<b>968,200,244</b>
Current portion of long term loans		<b>(139,253,864)</b>	<b>(215,553,101)</b>
Current portion of deferred grant	15	<b>(2,891,532)</b>	<b>(3,512,540)</b>
		<b>693,496,712</b>	<b>752,026,135</b>

**14.1 Habib Bank Limited - LTFF**

This finance was obtained from Habib Bank Limited (HBL) for BMR / expansion. The loan was repayable in 8 equal half yearly installments commenced from May 9, 2017. Repayment of principal of this loan was deferred for 1 year from March 27, 2020 to March 26, 2021 as per SBP circular no 14 dated March 26, 2020. It carries markup at flat rate 5%. This finance was 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.

**14.2 Habib Bank Limited - LTFF II**

This finance has been obtained from HBL for Extension/BMR of Unit No.1. The loan is repayable in 16 equal quarterly installments with one year grace period, commenced from December 28, 2019. Repayment of principal of this loan was deferred for 1 year from March 27, 2020 to March 26, 2021 as per SBP circular no 14 dated March 26, 2020. 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.

**14.3 Habib Bank Limited - LTFF III**

This finance has been obtained from HBL against retirement of import bills of machinery imported against sanctioned DF/LTF finance facility of Rs. 245 Million. This loan amount has been transferred to LTF/EOP finance from demand finance on August 8, 2019 after approval from SBP. Repayment of principal of this loan was deferred for 1 year from March 27, 2020 to March 26, 2021 as per SBP circular no 14 dated March 26, 2020. 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.

**14.4 Habib Bank Limited - DF**

This finance has been obtained form HBL for reprofiling/refinancing of capital expenditures (CAPEX) already incurred by the company. This loan was obtained on August 8, 2019. This loan amount will be transferred to LTF finance after approval from SBP. It is repayable in 16 quarterly installments commenced from December 28, 2019 and 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. Repayment of principal of this loan was deferred for 1 year from March 27, 2020 to March 26, 2021 as per SBP circular no 14 dated March 26, 2020. It carries markup at the rate of 6 month KIBOR + 1.50%. During the year, markup was charged at 4.00% to 5.00%.

**14.5 Bank AL Habib Limited - Term Finance**

This finance has been obtained from Bank Al Habib Limited for reprofiling/refinancing of CAPEX already incurred by the company. The loan was obtained on December 31, 2019 without grace period. It is repayable in 10 quarterly installments commencing from March 31, 2020 and is secured against first pari passu charge amounting to Rs. 267 million over fixed assets of the company and personal guarantees of directors of the company. Repayment of principal of this loan was deferred for 1 year from March 27, 2020 to September 20, 2021 as per SBP circular no 14 dated March 26, 2020. It carries markup at the rate of 6 month KIBOR + 1.50%. During the year, markup was charged at 9.17% to 12.97%.

**14.6 Bank AL Habib Limited - Salaries and wages**

This finance has been obtained from Bank Al Habib Limited to pay salaries & wages under SBP's Refinance Scheme for payment of salaries & wages and is repayable in 8 equal quarterly instalments commencing from January 2021 with 6 months grace period. This loan is secured against first pari passu charge amounting to Rs. 267 million over fixed assets of the company and personal guarantees of directors of company. It carries mark up at flat rate of 3%.

**14.7 Bank AL Habib Limited - TERF**

This loan is obtained from Bank Al Habib Limited under SBP's Temporary economic relief finance (TERF) for refinancing of CAPEX. This loan is repayable in 32 equal quarterly installments commencing from November, 2022 with 2 year grace period. It carries mark up at flat rate of 4%. It is secured against first pari passu charge amounting to Rs. 1,355.4 million over fixed assets of the company and personal guarantees of directors of the company.

**15.7 DEFERRED GRANT**

	2022 Rupees	2021 Rupees
As at July 01, 2021	6,404,072	-
Recognised during the period	-	6,997,656
Amortised during the period	<u>(3,512,540)</u>	<u>(593,584)</u>
As at June 30, 2022	<u>2,891,532</u>	<u>6,404,072</u>
Less: Current Portion	<u>2,891,532</u>	<u>3,512,540</u>
Non current portion	<u>-</u>	<u>2,891,532</u>

Deferred government grant relates to the difference between the fair value and actual proceed of salary loan obtained under SBP's Refinance scheme for payment of salaries during the current period. It will be amortised over the period of next two and a half year with an amount equal to the difference between the refinance cost charged to statement of profit or loss and the interest paid at SBP's defined rate as per the scheme. In subsequent periods, the grant will be amortised over the period of loan.

	Note	2022 Rupees	2021 Rupees
<b>16. LONG TERM LOANS FROM RELATED PARTIES</b>			
Interest free loans from Directors and Chief Executive		-	55,083,139
Loans received during the period		-	18,300,000
Present value adjustment		-	10,898,547
		<u>-</u>	<u>84,281,686</u>
Unwinding of discount	30	-	5,508,314
Repayment of loans		-	(8,190,000)
Settlement of loan against issue of shares		-	(81,600,000)
		<u>-</u>	<u>-</u>

	Note	2022 Rupees	2021 Rupees
<b>17. LEASE LIABILITIES</b>			
Present value of minimum lease payments		29,907,701	24,948,244
Current portion shown under current liabilities		<u>(6,733,552)</u>	<u>(5,013,843)</u>
		<u><b>23,174,149</b></u>	<u><b>19,934,401</b></u>

Minimum lease payments have been discounted at an implicit interest rate ranging from 8.13% to 17.37% per annum (2021: 8.85% to 9.37% per annum) to arrive at their present values. The lessee has the option to purchase the assets after expiry of the lease term.

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

	Minimum lease payment	Future finance charge	Present value of lease liability
<b>2022</b>			
	------(Rupees)-----		
Not later than one year	9,667,075	2,933,523	6,733,552
Later than one year and not later than five years	26,358,925	3,184,777	23,174,149
	<u>36,026,000</u>	<u>6,118,299</u>	<u>29,907,701</u>
<b>2021</b>			
	------(Rupees)-----		
Not later than one year	6,670,158	1,656,315	5,013,843
Later than one year and not later than five years	22,010,546	2,076,145	19,934,401
	<u>28,680,704</u>	<u>3,732,460</u>	<u>24,948,244</u>

**18. DEFERRED TAXATION**

**18.1** The liability for deferred taxation comprises timing differences relating to:

	Note	2022 Rupees	2021 Rupees
<b>Taxable temporary differences on</b>			
-Surplus on revaluation of PPE		331,254,940	184,169,501
-Accelerated tax depreciation on PPE		<u>337,936,265</u>	<u>206,876,454</u>
		<u>669,191,205</u>	<u>391,045,955</u>
<b>Deductible temporary differences on:</b>			
-Provision for staff retirement benefits - gratuity		(13,423,427)	(10,625,706)
-Brought forward tax losses	18.2	(24,872,235)	(20,594,818)
-Provision for doubtful receivables		<u>(458,346)</u>	<u>(379,522)</u>
		<u>630,437,197</u>	<u>359,445,909</u>

**18.2** 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.

**19. 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, 2022.

	Note	2022 Rupees	2021 Rupees
<b>Liability recognized in the statement of financial position</b>			
Present value of defined benefit obligation		<u>52,558,664</u>	<u>50,245,314</u>
<b>Movement in liability for defined benefit obligation</b>			
Opening balance		50,245,314	37,953,766
Charge for the year		33,948,565	29,038,534
Actuarial loss		962,988	15,316,587
Benefits paid during the year		<u>(32,598,203)</u>	<u>(32,063,573)</u>
Provision for gratuity		<u>52,558,664</u>	<u>50,245,314</u>
<b>Change in present value of defined benefit obligation</b>			
Opening defined benefit obligation		50,245,314	37,953,766
Current service cost for the year		30,553,944	27,175,166
Interest cost for the year		3,394,621	1,863,368
Benefits paid during the year		<u>(32,598,203)</u>	<u>(32,063,573)</u>
Remeasurement of obligation		<u>962,988</u>	<u>15,316,587</u>
		<u>52,558,664</u>	<u>50,245,314</u>
<b>Charge for the year</b>			
Current service cost		30,553,944	27,175,166
Interest cost		3,394,621	1,863,368
		<u>33,948,565</u>	<u>29,038,534</u>
<b>Charge for the year has been allocated as follows:</b>			
Cost of goods sold	25.2	31,548,758	27,116,742
Administrative expenses	28.1	2,399,807	1,921,792
		<u>33,948,565</u>	<u>29,038,534</u>
<b>Total remeasurements chargeable to other comprehensive income</b>			
Remeasurement of obligation:			
Experience adjustments		<u>962,988</u>	<u>15,316,587</u>

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2022 using Projected Unit Credit Method. The following significant assumptions have been used for valuation of defined benefit obligation of the company:

	2022
- Discount rate	13.25%
- Expected increase in eligible salary	12.25%
- Average expected remaining working life time	10 years
- Mortality rate	SLIC(2001-2005)

**Maturity Profile**

Average duration of liability	10 Years	10 Years
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**Expected contribution for the next year**

The expected contribution to the gratuity scheme for the next year (2023) works out to Rs. 45.03 million.

**Sensitivity analysis as at June 30, 2022**

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 constant:

- If the discount rate is 100 basis points higher / (lower), the defined benefit obligation would decrease by Rs. 4.5 million/ (increase by Rs. 4.9 million).

- If the expected rate of salary increases / (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 4.9 million / (decrease by Rs. 4.5 million).

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	2022 Rupees	2021 Rupees
<b>20. TRADE AND OTHER PAYABLES</b>			
Creditors		424,863,645	149,218,462
Contract liabilities (Advances from customers)		52,610,667	24,113,870
Accrued liabilities		212,969,371	184,726,378
Withholding tax payable		33,740,277	25,188,064
Workers' profit participation fund	20.1	26,275,714	22,289,596
Workers' welfare fund		17,283,585	11,509,184
Others		5,181,287	3,702,615
		<u>772,924,546</u>	<u>420,748,169</u>
<b>20.1 Workers' profit participation fund</b>			
Opening balance		22,289,596	10,893,613
Interest on funds utilized		2,389,614	1,101,164
		<u>24,679,210</u>	<u>11,994,777</u>
Paid during the year		(12,839,500)	-
		<u>11,839,710</u>	<u>11,994,777</u>
Allocation for the year	29	14,436,004	10,294,819
		<u>26,275,714</u>	<u>22,289,596</u>
<b>21. ACCRUED MARKUP</b>			
Accrued mark-up on:			
- Long term financing		10,236,563	8,808,342
- Short term borrowings		66,234,349	27,633,429
		<u>76,470,912</u>	<u>36,441,771</u>
<b>22. SHORT TERM BORROWINGS</b>			
From banking companies - secured			
Running finance	22.1	1,347,176,710	579,809,034
Cash finance	22.2	772,904,443	372,535,415
Murabaha finance	22.3	435,496,242	438,350,130
		<u>2,555,577,395</u>	<u>1,390,694,579</u>

**22.1** 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 8.20% to 16.05% per annum (2021: 7.60% to 13.79% per annum).

**22.2** 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 8.25% to 15.31% per annum (2021: 8.16% to 8.59% per annum).



**22.3** These facilities have been obtained from various banks for working capital requirements, and are secured against joint pari passu charge of Rs. 723 million over present and future current assets of the Company and personal guarantee of directors of the Company. These facilities carries profit at the rate ranging from 8.50% to 16.54% per annum (2021: 7.50% to 9.63% per annum).

**22.4** Short term borrowings are available from various commercial banks under mark-up arrangements aggregating to Rs. 6,320 million (2021: Rs. 5,135 million) of which facilities remained un-utilized at the year end amounted to Rs. 3,764 million (2021: Rs. 3,745 million).

**23. CONTINGENCIES AND COMMITMENTS**

**23.1 Contingencies**

The Company during the year ended September 30, 1999, filed a written 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.

**23.2** 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.

**23.3 Commitments**

Commitments outstanding at the end of the year in respect of irrevocable letter amounted to Rs. 235.31 million (2021: Rs. 204.13 million) and guarantees issued to Faisalabad Electric Supply Company on behalf of the Company is Rs. 6.06 million (2021: Rs. 9.60 million).

	Note	2022 Rupees	2021 Rupees
<b>24. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>			
Local			
-Yarn		10,489,658,148	7,379,192,558
-Waste		101,753,672	45,065,109
		<u>10,591,411,820</u>	<u>7,424,257,667</u>
Export			
-Yarn		1,393,700,341	971,635,287
		<u>11,985,112,161</u>	<u>8,395,892,954</u>
Sale of viscose		28,885,366	26,755,522
Sale of other raw materials		19,491,381	13,710,241
Less: Sales tax		(1,652,420,631)	(1,084,617,890)
		<u>10,381,068,277</u>	<u>7,351,740,827</u>
<b>25. COST OF GOODS SOLD</b>			
Raw materials consumed	25.1	7,605,797,813	4,567,171,237
Power and fuel		1,113,887,630	869,146,007
Salaries, wages and benefits	25.2	650,084,330	544,982,277
Depreciation	5.3	149,640,193	128,468,137
Stores consumed		127,493,949	95,025,473
Packing materials consumed		148,673,903	114,206,766
Repair and maintenance		29,275,849	24,245,443
Insurance		11,494,613	9,344,428
Others		33,980	70,910
		<u>9,836,382,260</u>	<u>6,352,660,678</u>

	Note	2022 Rupees	2021 Rupees
Work-in-process:			
-Opening stock		53,945,001	52,937,052
-Closing stock		(90,806,080)	(53,945,001)
		<u>(36,861,079)</u>	<u>(1,007,949)</u>
Cost of goods manufactured		9,799,521,181	6,351,652,729
Finished goods:			
-Opening stock		158,193,410	406,736,131
-Purchases and purchase expenses		216,801,500	30,578,000
-Closing stock		(942,101,031)	(158,193,410)
		<u>(567,106,121)</u>	<u>279,120,721</u>
		<u>9,232,415,060</u>	<u>6,630,773,450</u>
<b>25.1 Raw materials consumed</b>			
Opening stock		415,780,816	921,526,270
Purchases and purchase expenses		7,619,210,636	4,060,268,499
		<u>8,034,991,452</u>	<u>4,981,794,769</u>
Closing stock		(431,583,908)	(415,780,816)
		<u>7,603,407,544</u>	<u>4,566,013,953</u>
Cotton cess		2,390,269	1,157,284
		<u>7,605,797,813</u>	<u>4,567,171,237</u>
<b>25.2</b>	These include Rs. 31.55 million (2021: Rs. 27.1 million) in respect of staff retirement benefits.		
<b>26. OTHER INCOME</b>			
<b>Income from assets other than financial assets</b>			
Insurance claims		14,750	777,488
Gain on disposal of fixed asset		-	6,194,538
Exchange Gain		26,734,370	-
		<u>26,749,120</u>	<u>6,972,026</u>
<b>27. SELLING AND DISTRIBUTION EXPENSES</b>			
Export expenses (including freight on export sales)		29,685,318	20,097,093
Commission		40,582,031	20,836,985
Export development surcharge		3,604,707	2,076,146
Freight, forwarding and others		19,441,407	25,668,771
		<u>93,313,463</u>	<u>68,678,995</u>
<b>28. ADMINISTRATIVE EXPENSES</b>			
Directors' meeting fee		200,000	310,000
Directors' remuneration		17,637,600	8,970,000
Salaries and benefits		141,795,048	101,969,770
Vehicles running and maintenance		21,959,461	15,160,039
Travelling and conveyance		12,201,625	5,621,400
Repairs and maintenance		19,445,463	13,237,813
Electricity and gas		10,709,341	8,707,048
Depreciation		9,397,405	5,666,179
Communication		8,027,176	5,749,160
Printing and stationery		4,125,298	3,174,085
Insurance		1,682,137	1,613,042
Fee and subscription		5,618,681	4,021,203
Entertainment		4,997,652	2,417,830
Donation		1,280,520	1,035,600
Auditors' remuneration		1,700,000	1,700,000
Legal and professional		1,800,572	902,144
Rent, rates and taxes		356,500	356,500
Others		1,918,127	1,772,969
		<u>264,852,606</u>	<u>182,384,782</u>

**28.1** These include Rs. 2.3 million (2021: Rs. 1.9 million) in respect of staff retirement benefits.

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

	Note	2022 Rupees	2021 Rupees
<b>28.3 Auditors' remuneration</b>			
Statutory audit fee		1,200,000	1,200,000
Half yearly review		300,000	300,000
CDC free float shares certification		100,000	100,000
Review report on Code of Corporate Governance		100,000	100,000
		<u>1,700,000</u>	<u>1,700,000</u>
<b>29. OTHER OPERATING EXPENSES</b>			
Exchange loss		-	3,843,813
Worker's welfare fund		5,774,401	4,117,928
Worker's profit participation fund	20.1	<u>14,436,004</u>	<u>10,294,819</u>
		<u>20,210,405</u>	<u>18,256,560</u>
<b>30. FINANCE COST</b>			
Mark up on:			
-Long term financing		31,289,816	26,155,094
-Short term borrowings		247,256,521	135,201,507
-Lease liabilities		2,627,029	1,657,736
Workers' Profit Participation Fund	20.1	<u>2,389,614</u>	<u>1,101,164</u>
		<u>283,562,980</u>	<u>164,115,501</u>
Unwinding of discount on loans from related parties	16	-	16,406,861
Bank charges		8,810,017	5,568,772
		<u>292,372,997</u>	<u>186,091,134</u>
<b>31. TAXATION</b>			
Current		166,682,738	105,417,936
Deferred		70,811,564	7,866,410
Prior year adjustment		<u>(1,353,685)</u>	<u>2,972,606</u>
		<u>236,140,617</u>	<u>116,256,952</u>
<b>31.1 Tax charge reconciliation</b>			
Applicable tax rate		29%	29%
Profit before tax		<u>504,652,866</u>	<u>272,527,932</u>
Tax on accounting profit before tax		146,349,331	79,033,100
Effect due to income chargeable at different rates		8,680,543	14,552,356
Effect due to income chargeable u/s 154		9,593,656	4,219,546
Effect of deferred tax		70,811,564	7,866,410
Effect of super tax		40,551,228	-
Prior year tax adjustment		<u>(1,353,685)</u>	<u>2,972,606</u>
Effect of permanent differences		61,991,974	1,276,251
Other temporary differences		<u>(100,483,994)</u>	<u>6,336,683</u>
Current year provision		<u>236,140,617</u>	<u>116,256,952</u>

**31.2** 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, advances and prepayments, as disclosed in note 9.

**18.3 Movement for the year ended June 30, 2022**

	Balance as at July 01, 2021	Recognized in statement of profit and loss	Recognized in SOCI	Balance as at June 30, 2022
----- Rupees -----				
<b>Taxable temporary difference:</b>				
Surplus on revaluation of property, plant and equipment	184,169,501	(53,340,230)	200,425,669	331,254,940
Accelerated tax depreciation	206,876,454	131,059,811	-	337,936,265
<b>Deductible temporary difference:</b>				
Brought forward tax losses	(20,594,818)	(4,277,417)	-	(24,872,235)
Provision against doubtful advances	(379,522)	(78,824)	-	(458,346)
Provision for gratuity	(10,625,706)	(2,551,775)	(245,946)	(13,423,427)
<b>June 30, 2022</b>	<b>359,445,909</b>	<b>70,811,565</b>	<b>200,179,723</b>	<b>630,437,197</b>

**Movement for the year ended June 30, 2021**

	Balance as at July 01, 2020	Recognized in statement of profit and loss	Recognized in SOCI	Balance as at June 30, 2021
----- Rupees -----				
<b>Taxable temporary difference:</b>				
Surplus on revaluation of property, plant and equipment	183,959,170	(9,388,835)	9,599,166	184,169,501
Accelerated tax depreciation	188,749,379	18,127,075	-	206,876,454
<b>Deductible temporary difference:</b>				
Brought forward tax losses	(19,521,388)	(1,073,430)	-	(20,594,818)
Provision against doubtful advances	(359,741)	(19,781)	-	(379,522)
Provision for gratuity	(7,607,988)	221,381	(3,239,099)	(10,625,706)
<b>June 30, 2021</b>	<b>345,219,432</b>	<b>7,866,410</b>	<b>6,360,067</b>	<b>359,445,909</b>

**32. EARNINGS PER SHARE - BASIC AND DILUTED**

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

		<b>2022</b>	<b>2021</b>
Profit for the year	Rupees	<b>268,512,249</b>	156,270,980
Weighted average number of shares	Number	<b>18,432,000</b>	17,208,000
Earnings per share - basic and diluted	Rupees	<b>14.57</b>	9.08

**33. FINANCIAL RISK MANAGEMENT**

**33.1** 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 Company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

**33.2 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. 1,232.47 million (2021: Rs. 856.16 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 long term deposits, 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:

	<b>2022</b>	<b>2021</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Financial assets as per statement of financial position</b>		
Long term deposits	<b>11,926,564</b>	10,266,514
Trade debts	<b>1,209,849,176</b>	852,009,953
Loans and advances	<b>9,109,652</b>	7,469,662
Bank balances	<b>26,353,889</b>	4,900,495
	<b>1,257,239,281</b>	<b>874,646,624</b>

**33.2.1 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 Company’s 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's credit risk is concentrated to 6 counterparties which constitute more than 50% of the total receivables. The parties were evaluated by the management before granting them such credit terms.

**33.2.2 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. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations. The names and credit ratings of major banks, where the Company maintains bank balances as at June 30, 2022 are as follows:

<b>Bank Name</b>	<b>Rating Agency</b>	<b>Short Term Loans</b>	<b>Long Term Loans</b>
The Bank of Punjab	PACRA	A1+	AA+
Askari Bank Limited	PACRA	A1+	AA+
Bank Al Habib Limited	PACRA	A1+	AAA
BankIslami Pakistan Limited	PACRA	A1	A+
Bank Alfalah Limited	PACRA	A1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	PACRA	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	PACRA	A1+	AAA
United Bank Limited	PACRA	A1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA

**33.3 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 Company's 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 33.3.3 below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

**33.3.1 Liquidity and interest risk table**

The following tables detail the Company's 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.

	<b>Effective rate of interest (%)</b>	<b>1 - 3 months</b>	<b>3 months - 1 year</b>	<b>1 - 5 years</b>	<b>Total</b>
		<b>----- Rupees -----</b>			
<b>Financial liabilities</b>					
<b>Interest bearing</b>					
Long term finance	3-12.97	49,387,790	89,866,074	693,496,712	832,750,576
Short term borrowings	8.2-16.54	-	2,555,577,395	-	2,555,577,395
<b>Non interest bearing</b>					
Long term loan from related parties		-	-	-	-
Unclaimed dividends		3,050,565	-	-	3,050,565
Unpaid dividend		3,790,584	-	-	3,790,584
Trade and other payables		643,014,303	-	-	643,014,303
Lease liabilities		1,598,335	5,135,217	23,174,149	29,907,701
Accrued mark up		76,470,912	-	-	76,470,912
<b>June 30, 2022</b>		<b>777,312,489</b>	<b>2,650,578,686</b>	<b>716,670,861</b>	<b>4,144,562,036</b>
<b>Financial liabilities</b>					
<b>Interest bearing</b>					
Long term finance	3-8.85	-	215,553,101	752,026,135	967,579,236
Short term borrowings	7.5-13.79	-	1,390,694,579	-	1,390,694,579
<b>Non interest bearing</b>					
Unclaimed dividends		3,052,032	-	-	3,052,032
Unpaid dividend		3,584,762	-	-	3,584,762
Trade and other payables		337,647,455	-	-	337,647,455
Lease liabilities		1,182,873	3,830,970	15,658,876	20,672,719
Accrued mark up		36,441,771	-	-	36,441,771
<b>June 30, 2021</b>		<b>381,908,893</b>	<b>1,610,078,650</b>	<b>767,685,011</b>	<b>2,759,672,554</b>

**33.3.2** The following table details the Company's 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 Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	<b>Less than 1 month</b>	<b>1 - 3 months</b>	<b>3 months - 1 year</b>	<b>1 - 5 years</b>	<b>Total</b>
<b>----- Rupees -----</b>					
<b>Financial Assets</b>					
<b>Non interest bearing</b>					
Long term deposits	-	-	-	<b>11,926,564</b>	<b>11,926,564</b>
Trade debts	-	<b>1,209,849,176</b>	-	-	<b>1,209,849,176</b>
Loans and advances	-	<b>38,630,313</b>	-	-	<b>38,630,313</b>
<b>June 30, 2022</b>	<b>-</b>	<b>1,248,479,489</b>	<b>-</b>	<b>11,926,564</b>	<b>1,260,406,053</b>
<b>Financial Assets</b>					
<b>Non interest bearing</b>					
Long term deposits	-	-	-	10,266,514	10,266,514
Trade debts	-	852,009,953	-	-	852,009,953
Loans and advances	-	7,469,662	-	-	7,469,662
<b>June 30, 2021</b>	<b>-</b>	<b>859,479,615</b>	<b>-</b>	<b>10,266,514</b>	<b>869,746,129</b>

**33.3.3 Financing facilities**

Amount utilized	2022	2021
Amount un-Utilized	3,418,235,672	2,378,208,216
	2,901,764,328	2,756,791,784

**33.4 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.

**33.4.1 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.

**33.4.2** The exposure of the Company’s borrowings to interest rate changes and the contractual repricing dates at the statement of financial position date are as follows:

	<b>2022</b>	<b>2021</b>
	<b>Rupees</b>	<b>Rupees</b>
Short term borrowings	<b>2,555,577,395</b>	1,390,694,579
Long term loans	<b>835,642,108</b>	971,091,776
Lease Liability	<b>29,907,701</b>	24,948,244
	<b><u>3,421,127,204</u></b>	<b><u>2,386,734,599</u></b>

**33.4.3 Interest rate sensitivity**

If interest rates had been 100 basis points lower / higher and all other variables were held constant, the Company’s profit for the year would have been lower / higher by Rs. 28.99 million (2021: Rs. 24.12 million). This is mainly attributable to the Company’s exposure to interest rates on its variable rate borrowings.

**33.5 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, 2022, the total foreign currency risk exposure was Rs. 17.54 million (2021: Rs. 127.03 million) in respect of trade debts only.

**33.6 Foreign currency sensitivity analysis**

At June 30, 2022, 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. 1.76 million (2021: Rs. 12.70 million), mainly as a result of foreign exchange losses / gains on translation of foreign currency trade debts which are US\$, the closing exchange rate of US\$ at year end was Rs. 206.52.

**33.7 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. derive from prices).
- Level 3 Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Company does not have any other financial instruments to be classified other than mention below.

The Company follows the revaluation model for its free hold land, building on free hold land, plant and machinery, generator and electric fittings and installations. The fair value measurement as at June 30, 2022 was performed by K.G. Traders (Private) Limited. K.G. Traders (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 the 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 freehold land, building on free hold land and plant and machinery, generator and electric fittings and installations, the highest and best use of these assets is their current use.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, therefore, management believes that the carrying value of these non financial assets approximate its fair market value.

**June 30, 2022**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
-----Rupees-----				
Freehold land	-	608,820,000	-	608,820,000
Building on freehold	-	1,040,520,906	-	1,040,520,906
Plant and machinery	-	2,619,988,995	-	2,619,988,995
Generator	-	6,744,918	-	6,744,918
Electric fittings and	-	61,347,533	-	61,347,533
and	-	<b>4,337,422,352</b>	-	<b>4,337,422,352</b>

**June 30, 2021**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
-----Rupees-----				
Freehold land	-	433,371,030	-	433,371,030
Building on freehold	-	517,412,184	-	517,412,184
Plant and machinery	-	1,829,664,027	-	1,829,664,027
Generator	-	7,494,353	-	7,494,353
Electric fittings and installations	-	46,073,041	-	46,073,041
	-	<b>2,834,014,635</b>	-	<b>2,834,014,635</b>

**33.8 Financial instruments by category**

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

	<b>2022</b>	<b>2021</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Financial assets as per statement of financial position</b>		
Long term deposits	11,926,564	10,266,514
Trade debts	1,209,849,176	852,009,953
Loans and advances	9,109,652	7,469,662
Cash and bank balances	29,520,661	6,143,735
	<b>1,260,406,053</b>	<b>875,889,864</b>
<b>Financial liabilities as per statement of financial position</b>		
Other financial liabilities		
Long term financing	832,750,576	967,579,236
Short term borrowings	2,555,577,395	1,390,694,579
Lease Liability	29,907,701	24,948,244
Accrued mark up	76,470,912	36,441,771
Trade and other payables	643,014,303	362,835,519
Unpaid dividend	3,790,584	3,584,762
Unclaimed dividend	3,050,565	3,052,032
	<b>4,144,562,036</b>	<b>2,789,136,143</b>

**34. CAPITAL RISK MANAGEMENT**

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

The Company's objectives when managing capital are:

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

The Company 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:

	<b>2022</b>	<b>2021</b>
	<b>Rupees</b>	<b>Rupees</b>
Total debt	<b>3,418,235,672</b>	2,358,273,815
Less: cash and cash equivalents	<b>(29,520,661)</b>	(6,143,735)
Net debt	<b>3,388,715,011</b>	2,352,130,080
Total equity	<b>2,883,279,606</b>	2,111,015,847
Adjusted capital	<b>6,271,994,617</b>	4,463,145,927
Debt-to-adjusted capital ratio	54%	53%

The increase in the debt-to-equity ratio in 2022 resulted primarily due to increase in borrowings of the Company through commercial banks as in note 22.

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



**38. PLANT CAPACITY AND ACTUAL PRODUCTION**

		<b>2022</b>	<b>2021</b>
<b>Spinning Unit-1</b>			
Spindles installed and worked	No.	<b>27,696</b>	27,696
Shift worked	No.	<b>1,080</b>	1,092
Standard production after conversion into 20's count	Kgs	<b>12,106,987</b>	12,106,987
Actual production of yarn after conversion into 20's count	Kgs	<b>10,063,174</b>	11,659,952
<b>Spinning Unit-II</b>			
Spindles installed and worked	No.	<b>27,864</b>	27,864
Shift worked	No.	<b>1,080</b>	1,092
Standard production after conversion into 40's count	Kgs	<b>4,558,526</b>	4,558,526
Actual production of yarn after conversion into 40's count	Kgs	<b>4,369,095</b>	4,429,605
<b>Spinning Unit-III</b>			
Spindles installed and worked	No.	<b>26,664</b>	26,664
Shift worked	No.	<b>1,080</b>	1,092
Standard production after conversion into 30's count	Kgs	<b>7,939,375</b>	7,939,375
Actual production of yarn after conversion into 30's count	Kgs	<b>7,148,517</b>	7,540,536
<b>Spinning Unit-IV</b>			
MVS Spindles installed	No.	<b>576</b>	-
Shift worked	No.	<b>525</b>	-
Standard production after conversion into 20's count	Kgs	<b>4,006,649</b>	-
Actual production of yarn after conversion into 20's count	Kgs	<b>3,242,558</b>	-

**39. NUMBER OF EMPLOYEES**

The number of employees for the year ended June 30 were as follows:

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	
Total number of employees	1,715	1,669
Average number of employees during the year	1,704	1,684

**40. SEGMENT REPORTING**

These financial statements have been prepared on the basis of a single reportable segment.

Unit wise performance is as follows:

	<b>Unit -1</b>	<b>Unit -2</b>	<b>Unit -3</b>	<b>Unit -4</b>	<b>Consolidated</b>
<b>Fiscal Year Ended June 30, 2022</b> ----- Rs. in millions -----					
Revenue from contract customers	4,224.81	2,625.37	2,632.87	898.02	<b>10,381.07</b>
Gross Profit	434.62	368.47	195.54	150.01	<b>1,148.65</b>
Selling, Admin & Other expenses	170.98	90.14	85.15	32.11	<b>378.38</b>
Other Operating income	26.86	-	-	(0.11)	<b>26.75</b>
Finance Cost	134.63	79.92	41.86	35.96	<b>292.38</b>
Taxation	68.44	61.17	42.85	63.67	<b>236.14</b>
Net Profit	87.39	137.24	25.68	18.15	<b>268.47</b>
Property, Plant & Equipment	1,432.11	1,253.14	910.51	798.64	<b>4,394.41</b>
Stocks , Stores & Spares	682.96	444.26	320.30	171.35	<b>1,618.87</b>
Receivables	554.11	356.19	162.83	136.73	<b>1,209.85</b>
Long Term Loans	179.13	97.74	17.14	541.64	<b>835.64</b>
Short Term Borrowings	1,160.31	755.17	409.46	230.63	<b>2,555.58</b>
Staff retirement benefits	13.74	17.35	20.84	0.62	<b>52.56</b>

All non-current assets of the Company as at June 30, 2022 are located in Pakistan.

**41. EVENTS AFTER THE STATEMENT OF FINANCIAL DATE**

In respect of current year, the directors have proposed to pay cash dividend of Rs. **18.432** million (2021: Rs. **32.256**) at Rs. **1.00** (2021: Rs. **1.75**) 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.

**42. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS**

These financial statements were approved and authorized for issue on 04-10-2022 by the Board of Directors of the Company.

**43. GENERAL**

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

Sd/-  
Mian Anis Ahmad Sheikh  
Chief Executive

Sd/-  
Mian Atta Shafi Tanvir Sheikh  
Director

Sd/-  
Mahmood-ul-Hassan  
A.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 30.06.2022

Number of ShareHolders	Shareholdings From	To	Total Number of Share Held	Percentage of Total Capital
75	1	100	3,033	0.02
292	101	500	135,130	0.73
93	501	1000	91,087	0.49
54	1001	5000	145,032	0.79
11	5001	10000	80,845	0.44
4	10001	15000	50,000	0.27
2	15001	20000	35,000	0.19
2	20001	25000	43,100	0.23
2	25001	30000	58,600	0.32
1	35001	40000	38,000	0.21
1	60001	65000	60,500	0.33
1	85001	90000	88,000	0.48
1	125001	130000	128,000	0.69
1	150001	155000	152,321	0.83
1	155001	160000	156,500	0.85
2	165001	170000	338,000	1.83
2	175001	180000	353,000	1.92
1	180001	185000	181,000	0.98
1	205001	210000	209,000	1.13
1	210001	215000	212,000	1.15
1	235001	240000	238,000	1.29
1	360001	365000	361,500	1.96
2	380001	385000	766,000	4.16
2	430001	435000	866,000	4.70
4	700001	705000	2,815,243	15.27
3	775001	780000	2,328,915	12.64
1	890001	895000	894,500	4.85
1	1465001	1470000	1,465,121	7.95
1	1475001	1480000	1,476,921	8.01
2	1495001	1500000	2,995,563	16.25
1	1665001	1670000	1,666,089	9.04
<b>567</b>			<b>18,432,000</b>	<b>100.00</b>

Categories Detail

As on: June 30, 2022.

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S Type: Complete

Sr. #	Folio Number	Name	Shares Held	Per % Total Capital
<b>Category</b>				
<b>Directors, Chief Executive Officer, and their spouse and minor children</b>				
1	7555	MR. TARIQ RAHEEM ANWAR	2,500	0.0136
2	7536	MR. JAVED MUSARRAT	2,500	0.0136
3	CDC-149	ANIS AHMAD SHEIKH	383,000	2.0779
4	CDC-150	TANVIR AHMAD SHEIKH	433,000	2.3492
5	CDC-248	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (RAZA ABBAS JAFFERY)	1,666,089	9.0391
6	15	MR. SHAFI MUJEEB ANIS SHEIKH	209,000	1.1339
7	CDC-147	IDREES AHMED SHEIKH	433,000	2.3492
8	CDC-148	SHEIKH AZIZ AHMAD	383,000	2.0779
9	6	MIAN IDREES AHMAD SHEIKH	1,476,921	8.0128
10	7	MIAN AZIZ AHMAD SHEIKH	1,497,782	8.1260
11	9	MR. ATTA SHAFI TANVIR SHEIKH	177,000	0.9603
12	3	MIAN TANVIR AHMAD SHEIKH	1,465,121	7.9488
13	4	MRS. ROMANA TANVIR SHEIKH	703,086	3.8145
14	5	MIAN ANIS AHMAD SHEIKH	1,497,781	8.1260
<b>Running Total</b>			<b>10,329,780</b>	<b>56.0426</b>
<b>Directors, Chief Executive Officer, and their spouse and minor children</b>				
<b>Banks, Development Financial Institutions, Non Banking Financial Institutions</b>				
1	7170	NATIONAL DEVELOPMENT FINANCE CORPORATION (INVESTER)	1,500	0.0081
2	CDC-151	NATIONAL BANK OF PAKISTAN	936	0.0051
<b>Running Total</b>			<b>2,436</b>	<b>0.0132</b>
<b>Banks, Development Financial Institutions, Non Banking Financial Institutions</b>				
<b>General Public (Local)</b>				
<b>Running Total</b>			<b>6,284,617</b>	<b>34.0962</b>
<b>General Public (Local)</b>				
<b>Others</b>				
1	CDC-186	TIME SECURITIES (PVT.) LTD.	3,000	0.0163
2	CDC-188	TRUSTEE-TREET CORPORATION LTD.-GROUP EMP.SUPERANNUATION FUND	500	0.0027
3	CDC-245	FIKREES (PRIVATE) LIMITED	6,000	0.0326
4	CDC-132	TRUSTEES TREET CORP LTD-GROUP EMPLOYEES SUPERANNUATION FUND	156,500	0.8491
5	CDC-136	TRUSTEES TREET CORPORATION LTD GROUP EMPLOYEES SERVICE FUND	212,000	1.1502
6	CDC-143	MAPLE LEAF CAPITAL LIMITED	1	0.0000
7	CDC-129	TREET CORPORATION LIMITED.	894,500	4.8530
8	CDC-130	TRUSTEES TREET CORP LIMITED-GROUP EMPLOYEES PROVIDENT FUND	238,000	1.2912

Categories Detail

As on: June 30, 2022.

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S Type: Complete

Sr. #		Folio Number	Name	Shares Held	Per % Total Capital
	<b>Category</b>				
9	CDC-131		TRUSTEES TREET CORP LIMITED-GROUP EMPLOYEES GRATUITY FUND	128,000	0.6944
10	CDC-43		MASOOD FABRICS LTD	19,000	0.1031
11	CDC-87		TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	152,321	0.8264
12	CDC-92		TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	5,345	0.0290
		<b>Running Total</b>	<b>Others</b>	<b>1,815,167</b>	<b>9.8479</b>
			<b>Grand Total:</b>	<b>18,432,000</b>	<b>100.0000</b>



## 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 ..... 2022

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).