

# MAQBOOL

## TEXTILE MILLS LIMITED

Half Yearly Report & Financial Statement (Auditor's Reviewed)  
For the half year ended December 31, 2020

## Company Profile

<b>Board of Directors</b>	Mian Tanvir Ahmad Sheikh - Chairman Main Anis Ahmad Sheikh - C.E.O Mian Idrees Ahmad Sheikh Mian Aziz Ahmad Sheikh Main Atta Shafi Tanvir Sheikh Maj. ( R ) Javed Mussarat - Independent Director Syed Raza Abbas Jaffari - Independent Director
<b>Audit Committee</b>	Maj. ( R ) Javed Mussarat - Chairman Mian Idrees Ahmad Sheikh - Member Mian Aziz Ahmad Sheikh - Member
<b>HR &amp; Remuneration Committee</b>	Mian Aziz Ahmad Sheikh - Chairman Mian Idrees Ahmad Sheikh - Member Main Atta Shafi Tanvir Sheikh - Member
<b>Chief Financial Officer &amp; Company Secretary</b>	M. Ehsanullah Khan
<b>Head of Internal Audit</b>	Mahmood Ul Hassan
<b>Auditors</b>	M/s Yousuf Adil Chartered Accountant Mehar Fatima Tower, Opposite High Court, Multan
<b>Legal Advisor</b>	Khalil Ur Rehman Hameed Law Chambers, Lahore
<b>For the half year ended December 31, 2020</b>	
<b>Bankers</b>	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited United Bank Limited Faysal Bank Limited The Bank of Punjab Bank Al-Falah Limited (Islamic Banking) Meezan Bank Limited National Bank of Pakistan (Islamic Banking)
<b>Registered/Head Office</b>	2-Industrial Estate, Multan
<b>Mills (Unit I, II &amp; Ginning)</b>	M.M. Road, Chowk Sarwar Shaheed, Disst. Muzaffargarh.
<b>Mills (Unit III)</b>	Rajana Road, Pir Mahal, Disst. Toba Tek Singh.
<b>Share Registrar</b>	M/s Hameed Majeed Associates H.M. House, 7-Bank Square, Lahore.

## **DIRECTORS' REVIEW**

Dear Shareholders,

Your Directors are pleased to present before you the Auditors' Reviewed Financial Statements of your Company for the Six Months Period ended December 31, 2019 as required under Circular No. 3 of the Companies Act 2017.

The BMR of the Mills and expansion / extension to the plant and machinery stand completed and has started bearing its fruit. This has resulted in reduction of per unit cost of Production and increase in volume of better quality Yarn. By the grace of Almighty Allah, the overall performance of your Company during the period under report was satisfactory.

During the six months period under report the total sales for the period have been Rs.3,274.511 Million as compared to Rs. 2,524.925 Million for the same period last year. The gross profit for the period was Rs.337.115 Million as compared to Rs. 205.714 Million last year. However, the net profit for the six months period ended December 31, 2019 stood reduced to Rs. 25.949 Million after providing for taxation as compared to net profit after providing taxation of Rs.30.930 Million of the same period last year. The reduction in net profit was mainly due to increase in Electricity Charges which were Rs.467.511Million as compared to Rs. 303.917 Million for the same period last year as well as increase in finance cost which were Rs.131.548 Million as compared to Rs. 71.293 Million for the same period last year due to increase in markup rates. The net profit for the period was also affected due to discontinuation of available tax allowances U/s 65B of the Income Tax Ordinance 2001. Had there been no discontinuation of tax allowances U/s 65B of the Income Tax Ordinance 2001, the net profit for the period ended December 31, 2019 would have been Rs. 32.505 Million.

Currently the Textile Industry is under continuous pressure due to the power tariffs and is operating in a most challenging and unpredictable environment. However, it is learnt today that APTMA has convinced the Govt. to take the necessary immediate corrective measures and apply the fix tariff of electricity @ 7.5 Cent per unit, all-inclusive, and adjust the already paid excess amount until now. It is believed that directions for the implementation of Notification of flat rate of 7.5 Cent per unit of electricity shall be issued & implemented immediately. The future performance of your Company in the remaining period of the current financial year to end on June 30, 2020 and subsequently shall depend heavily on the same.

On behalf of the Board  
Sd/-

**Mian Tanvir Ahmad Sheikh**  
Chairman

**Place: Multan**

Dated: 27.02.2020

## مقبول ٹیکسٹائل ملز لمیٹڈ۔ ملتان ڈائریکٹران کا جائزہ

محترم حصص داران،

میں نہایت مسرت کے ساتھ کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کے آڈیٹرز سے محدود پڑتال و جائزہ شدہ مالیاتی نتائج برائے پہلی ششماہی مدت مختتمہ 31 دسمبر 2019ء پیش کرتا ہوں۔

ملز کی انتظامیہ یہ بتاتے ہوئے خوشی محسوس کرتی ہے کہ کمپنی کی بی ایم آر (توازن، جدت و ترمیم) اور پلانٹ و مشینری کی توسیع مکمل ہو چکی ہے اور اس کے فوائد حاصل ہونا شروع ہو گئے ہیں۔ نتیجتاً نہ صرف پیداواری لاگت میں کمی واقع ہوئی ہے بلکہ بہتر کوالٹی یارن کے حجم میں بھی اضافہ ہوا ہے۔ اللہ تعالیٰ کی مہربانی سے آپ کی کمپنی کی کارکردگی موجودہ پہلی ششماہی کے دوران پچھلے سال کی نسبت بہتر رہی۔

کمپنی کی موجودہ ششماہی مدت کے دوران کل فروختگی (سیلز) مبلغ 3,274.511 ملین روپے رہی جو کہ پچھلے سال اسی مدت کے لیے مبلغ 2,524.925 ملین روپے تھی۔ ابتدائی منافع مبلغ 337.115 ملین روپے ہے جو کہ پچھلے سال مبلغ 205.714 ملین روپے تھا۔ حتمی منافع بعد از ٹیکس منہائی مبلغ 25.949 ملین روپے ہے جبکہ پچھلے سال حتمی خسارہ بعد از ٹیکس منہائی مبلغ 30.930 ملین روپے تھا۔

موجودہ دور میں ٹیکسٹائل انڈسٹری توانائی کے محصولات کی وجہ سے شدید دباؤ کا شکار ہے اور یہ ملک کے ایسے مشکل ترین و غیر متوقع حالات میں کام کر رہی ہے۔ تازہ ترین اطلاعات کے مطابق آل پاکستان ٹیکسٹائل ملز ایسوسی ایشن (اپٹا) نے حکومت کو بجلی کے بلوں کی ادائیگی کا فکسڈ میٹریف بشرح 7.50 سنٹس بشمول تمام محصولات مقرر کرنے اور اب تک حتمی اضافی رقم ادا کی ہے اس کو بھی ایڈجسٹ کرنے کے لیے قائل کیا ہے۔ یہ خیال کیا جاتا ہے فلیٹ ریٹ بشرح 7.50 سنٹس کا حکم نامہ فوری طور پر جاری کر دیا جائے گا۔ مزید برآں آپ کی کمپنی کی کارکردگی موجودہ سال 30 جون 2020ء کی بقایا مدت اور اس کے بعد بھی بہت زیادہ حکومتی اقدامات پر منحصر ہوگی۔

دستخط

تویر احمد شیخ۔ چیئر مین

ملتان۔ بتاریخ 27 فروری 2020ء

**MAQBOOL TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

ASSETS	Note	(Unaudited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
<b>Non-current assets</b>			
Property, plant and equipment	3	2,897,105,870	2,787,728,911
Long term deposits		10,266,514	8,181,889
		<b>2,907,372,384</b>	<b>2,795,910,800</b>
<b>Current assets</b>			
Stores and spares		75,451,723	61,100,864
Stock in trade	4	1,260,156,056	1,381,199,453
Trade debts		613,157,422	599,099,932
Loans, advances and prepayments		83,012,585	100,320,310
Due from Government		181,948,328	153,999,330
Advance tax		74,288,627	108,749,891
Cash and bank balances		76,614,825	35,504,251
		<b>2,364,629,566</b>	<b>2,439,974,031</b>
<b>Total assets</b>		<b>5,272,001,950</b>	<b>5,235,884,830</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		168,000,000	168,000,000
Surplus on revaluation of property plant and equipment - net of deferred tax		1,112,352,289	1,133,642,519
General reserve		168,000,000	168,000,000
Unappropriated profit		475,923,541	425,179,002
		<b>1,924,275,830</b>	<b>1,894,821,521</b>
<b>Non-current liabilities</b>			
Long term financing	5	370,087,767	288,553,256
Deferred grant	6	13,411,987	-
Long term loans from related parties	11	57,837,296	55,083,139
Liabilities against right of use assets		8,777,413	12,302,245
Deferred taxation		379,645,851	345,219,432
Staff retirement benefits - gratuity		39,038,837	37,953,766
		<b>868,799,151</b>	<b>739,111,838</b>
<b>Current liabilities</b>			
Trade and other payables		482,054,457	363,392,411
Accrued markup		39,320,158	57,472,099
Short term borrowings	7	1,682,431,914	2,025,910,229
Unclaimed dividend		3,052,032	3,052,032
Unpaid dividend		6,736,459	9,851,010
Current portion of long term financing		205,956,076	58,123,114
Current portion of deferred grant		5,398,530	-
Current portion of liabilities against right of use assets		3,743,446	2,380,410
Provision for taxation		50,233,897	81,770,166
		<b>2,478,926,969</b>	<b>2,601,951,471</b>
<b>Contingencies and commitments</b>	8		
<b>Total equity and liabilities</b>		<b>5,272,001,950</b>	<b>5,235,884,830</b>

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

Chief Executive

Director

Chief Financial Officer

**MAQBOOL TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020**

	Note	.....Six month period ended .....		..... Three month period ended .....	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
----- Rupees -----					
Revenue from contracts - net	9	3,435,950,683	3,274,511,345	1,809,670,588	1,680,002,090
Cost of goods sold	10	(3,110,806,240)	(2,937,396,341)	(1,625,921,522)	(1,478,862,053)
Gross profit		325,144,443	337,115,004	183,749,066	201,140,037
Other income		520,626	23,514	520,626	23,514
		325,665,069	337,138,518	184,269,692	201,163,551
Selling and Distribution Expense		(28,582,690)	(33,738,663)	(13,892,104)	(18,999,961)
Administrative expenses		(82,282,717)	(71,900,474)	(49,457,561)	(42,543,011)
Other operating expenses		(8,990,734)	(18,090,624)	(6,487,583)	(10,598,116)
		(119,856,141)	(123,729,761)	(69,837,248)	(72,141,088)
Finance cost		(88,721,725)	(131,547,994)	(41,119,643)	(78,859,094)
Profit before taxation		117,087,203	81,860,763	73,312,801	50,163,369
Taxation		(84,999,970)	(55,910,799)	(60,906,192)	(36,906,371)
Profit after taxation		32,087,233	25,949,964	12,406,609	13,256,998
Earnings per share - basic and diluted		1.91	1.54	0.74	0.79

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

Chief Executive

Director

Chief Financial Officer

**MAQBOOL TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020**

	.....Six month period ended.....	
	December 31, 2020 Rupees	December 31, 2019 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	117,087,203	81,860,763
Adjustments for :		
Depreciation on property, plant and equipment	64,979,351	62,975,080
Provision for staff retirement benefits - gratuity	14,730,220	14,050,903
Finance cost	88,721,725	131,547,994
	<u>168,431,296</u>	<u>208,573,977</u>
Operating cash flows before working capital changes <b>(Increase) / decrease in current assets</b>	<u>285,518,499</u>	290,434,740
Stores and spares	(14,350,859)	244,353
Stock in trade	121,043,397	(160,051,611)
Trade debts	(14,057,490)	153,835,256
Loans and advances	17,307,725	(54,247,348)
Due from Government	(27,948,998)	3,029,411
	<u>81,993,775</u>	<u>(57,189,939)</u>
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	118,662,046	(180,260,756)
Cash generated from operations	<u>486,174,320</u>	<u>52,984,045</u>
Income tax paid	(50,281,480)	(61,339,226)
Gratuity paid	(13,645,149)	(8,838,005)
Finance cost paid	(104,119,511)	(117,928,490)
	<u>(168,046,140)</u>	<u>(188,105,721)</u>
Net cash generated from / (used in) used in operating activities	<u>318,128,181</u>	<u>(135,121,676)</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment - Net	(137,016,591)	(108,447,806)
Additions to long term deposits	(2,084,625)	(2,029,200)
Additions to capital work in progress	(37,339,719)	(597,552)
Net cash used in investing activities	<u>(176,440,935)</u>	<u>(111,074,558)</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt of long term financing	256,831,000	143,323,980
Repayment of long term financing	(8,653,009)	(33,730,959)
Liabilities against right of use assets	(2,161,796)	8,632,919
Short term borrowings - net	(343,478,315)	169,264,066
Dividend paid	(3,114,551)	(21,908,004)
Net cash (used in) / generated from financing activities	<u>(100,576,671)</u>	<u>265,582,002</u>
Net increase in cash and cash equivalents (A+B+C)	<u>41,110,574</u>	<u>19,385,768</u>
Cash and cash equivalents at beginning of the period	<u>35,504,251</u>	<u>20,709,594</u>
Cash and cash equivalents at end of the period	<u>76,614,825</u>	<u>40,095,362</u>

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

Chief Executive

Director

Chief Financial Officer

**MAQBOOL TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020**

	...Six month period ended ...		...Three month period ended ...	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees -----			
<b>Profit for the period</b>	<b>32,087,233</b>	25,949,964	<b>(5,701,221)</b>	13,256,998
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Transfer from deferred tax due to change rate on opening revaluation surplus	<b>(2,632,924)</b>	(7,649,279)	<b>(2,632,924)</b>	(7,649,279)
Total comprehensive income for the period	<b><u>29,454,309</u></b>	<u>18,300,685</u>	<b><u>(8,334,145)</u></b>	<u>8,233,163</u>

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

**Chief Executive**

**Director**

**Chief Financial Officer**



**MAQBOOL TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020**

	Share capital	Capital Reserve	Revenue Reserves		Total
		Surplus on revaluation of property, plant and equipment	General reserve	Unappropriated profit	
----- Rupees -----					
<b>Balance as at July 01, 2019</b>	<b>168,000,000</b>	<b>1,187,724,930</b>	<b>168,000,000</b>	<b>370,168,634</b>	<b>1,893,893,564</b>
Profit for the six months period ended December 31,2019	-	-	-	25,949,964	25,949,964
Other comprehensive (loss) for the period	-	(7,649,279)	-	-	(7,649,279)
Total comprehensive income for the period	-	(7,649,279)	-	25,949,964	18,300,685
<b>Transactions with shareholders:</b>					
Dividend for the year ended June 30,2019 @ Rs. 1.75 per Share	-	-	-	(29,400,000)	(29,400,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	(27,600,051)	-	27,600,051	-
<b>Balance as at December 31, 2019</b>	<b>168,000,000</b>	<b>1,152,475,600</b>	<b>168,000,000</b>	<b>394,318,649</b>	<b>1,882,794,249</b>
<b>Balance as at July 01, 2020</b>	<b>168,000,000</b>	<b>1,133,642,519</b>	<b>168,000,000</b>	<b>425,179,002</b>	<b>1,894,821,521</b>
Profit for the six months period ended December 31,2019	-	-	-	32,087,233	32,087,233
Other comprehensive (loss) for the period	-	(2,632,924)	-	-	(2,632,924)
Total comprehensive income for the period	-	(2,632,924)	-	32,087,233	29,454,309
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	(18,657,306)	-	18,657,306	-
<b>Balance as at December 31, 2020</b>	<b>168,000,000</b>	<b>1,112,352,289</b>	<b>168,000,000</b>	<b>475,923,541</b>	<b>1,924,275,830</b>

The annexed notes from 1 to 15 form an integral part of these interim financial statements.

**Chief Executive**

**Director**

**Chief Financial Officer**

**MAQBOOL TEXTILE MILLS LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020**

**1. LEGAL STATUS**

**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 (formerly Karachi, Lahore and Islamabad Stock Exchanges). The registered office of the Company is situated at 2-Industrial Estate Multan, Pakistan. The Company is principally engaged in manufacturing, trading and sale of yarn, cotton seed and cotton lint. The Company's area of the mill at unit 1 and unit 2 is 63.77 acres located at M.M. Road, Chowk Sarwar Shaheed, Distt.Muzaffargarh and area of unit 3 is 21.81 acres located at Rajana Road, Pirmahal, Distt, Toba Tek singh.

**1.2** These interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These interim financial statements are unaudited but subject to limited scope review by auditors and is being submitted to the shareholders as required under Section 237 of the Act.

**2.2** These interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with annual audited financial statements for the year ended June 30, 2020. Comparative condensed interim statement of financial position has been extracted from annual audited financial statements for the year ended June 30, 2020 whereas comparative condensed interim statement of profit or loss and condensed interim statement of comprehensive income, comparative condensed interim statement of changes in equity and comparative condensed interim statement of cash flows have been extracted from un-audited interim financial statements for the six months period ended December 31, 2019.

**2.4 Accounting policies and methods of computation**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2020. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2020, which do not have any impact on the Company's financial reporting and therefore, have not been detailed in this interim financial statements.

		(Unaudited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>		
Operating assets	3.1	2,859,766,151	2,787,131,889
Capital work-in-progress	3.2	37,339,719	597,022
		<b>2,897,105,870</b>	<b>2,787,728,911</b>
<b>3.1 Operating assets</b>			
Opening carrying value- operating assets other than right of use assets		2,773,249,894	2,699,977,368
Opening carrying value- right of use assets		13,881,995	4,574,327
		<b>2,787,131,889</b>	<b>2,704,551,695</b>
<b>Additions during the period / year</b>			
Buildings on freehold land		3,617,867	1,900,384
Plant and machinery		128,893,120	191,025,086
Generator		550,000	-
Electric fittings and installations		3,413,076	6,226,531
Tools and equipments		-	4,500
Office equipment's		1,086,050	356,700
Telephone installations		-	275,000
Furniture and fixtures		53,500	56,500
Vehicles- owned		-	267,880
Vehicles- right of use asset		-	11,782,000
		<b>137,613,613</b>	<b>211,894,581</b>
Disposal for the period/year		-	(98,086)
Depreciation charge for the period/year		(63,591,151)	(126,741,969)
Depreciation charge for the period/year- right of use assets		(1,388,200)	(2,474,332)
		<b>2,859,766,151</b>	<b>2,787,131,889</b>
Closing carrying value			
Closing carrying value -operating fixed assets		2,847,272,356	2,773,249,894
Closing carrying value- right of use assets		12,493,795	13,881,995
		<b>2,859,766,151</b>	<b>2,787,131,889</b>
<b>3.2 Capital Work in progress</b>			
Opening carrying value		597,022	32,109,649
Additions during the period/ year		37,339,719	597,022
Capitalized during the period/ year		(597,022)	(32,109,649)
Closing carrying value		<b>37,339,719</b>	<b>597,022</b>
<b>4. STOCK IN TRADE</b>			
Raw materials		1,064,336,684	921,526,270
Work in process		48,447,768	52,937,052
Finished goods			
- Yarn		140,095,056	400,945,867
- Waste		7,276,548	5,790,264
		<b>147,371,604</b>	<b>406,736,131</b>
		<b>1,260,156,056</b>	<b>1,381,199,453</b>

		(Unaudited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
<b>5. LONG TERM FINANCING</b>	<i>Note</i>		
<b><i>From banking companies - secured</i></b>			
Habib Bank Limited			
- LTFF	5.1	29,012,765	29,012,765
- LTFF II	5.2	172,091,516	170,744,525
- LFFF III	5.3	19,010,597	19,010,597
- Demand Finance	5.4	37,908,483	37,908,483
		<b>258,023,361</b>	256,676,370
Bank AL Habib Limited			
- Term Finance	5.5	80,000,000	90,000,000
- Salaries and wages loan	5.6	159,393,482	-
- TERF	5.7	78,627,000	-
		<b>318,020,482</b>	90,000,000
		<b>576,043,843</b>	346,676,370
Less: Current portion		<b>205,956,076</b>	58,123,114
		<b>370,087,767</b>	288,553,256

#### **5.1 *Habib Bank Limited - LTFF***

This finance has been obtained from Habib Bank Limited (HBL) for BMR / expansion. The loan is repayable in 8 equal half yearly installments commenced from May 9, 2017. Repayment of principal of this loan has been deferred for 1 year from March 27, 2020 to March 26, 2021 as per SBP circular ref. BPRD circular letter number 14 dated March 26, 2020. It carries markup at flat rate 5%. This finance is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company and personal guarantees of directors of the Company.

#### **5.2 *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 has been deferred for 1 year from March 27, 2020 to March 26, 2021 as per SBP circular ref. BPRD circular letter number 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.

#### **5.3 *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 LTFF finance from demand finance on August 8, 2019 after approval from SBP. Repayment of principal of this loan has been deferred for 1 year from March 27, 2020 to March 26, 2021 as per SBP circular ref. BPRD circular letter number 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.

#### 5.4 *Habib Bank Limited - DF*

This finance has been obtained from 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 has been deferred for 1 year from March 27, 2020 to March 26, 2021 as per SBP circular ref BPRD circular letter number 14 dated March 26, 2020. It carries markup at the rate of 6 month KIBOR + 1.50%. During the period, markup was charged at rate of 8.26% (June 30, 2020: 12.15% to 14.99%).

#### 5.5 *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. 622 million over current and future fixed assets of the company and personal guarantees of directors of the company. Repayment of principal of this loan has been deferred for 6 months from March 27, 2020 to September 20, 2021 as per SBP circular ref. BPRD circular letter number 14 dated March 26, 2020. It carries markup at the rate of 6 month KIBOR + 1.50%. During the period, markup was charged at rate of **8.45%** (June 30, 2020: 14.99%).

#### 5.6 *Bank Al Habib Limited - Salaries and wages*

This loan is obtained from Bank Al Habib Limited under SBP's Refinance Scheme for payment of salaries & wages. The loan is repayable in 8 equal quarterly installments commencing from Jan, 2021 with 6 month grace period. It carries mark up at flat rate of 3%. The loan repayment has been extended for the period of one year due to relief under SBP BPRD Circular Letter No. 13 of 20 - Para 5(d)) due to COVID-19.

Due to the effects of pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing. The Company has obtained the said finance at subsidized rate on May, 2020 and June, 2020, at a concessional interest rate of 1.5% and is repayable by October 2022 in 8 quarterly installments.

#### 5.7 *Bank Al Habib Limited - TERF*

This loan is obtained from Bank Al Habib Limited under SBP's Temporary economic relief finance 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 present and future fixed assets of the company and personal guarantees of directors of the company.

	(Unaudited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
<b>6. DEFFERED GRANT</b>		
As at July 01, 2020	-	-
Recognized during the period	18,810,518	-
Amortized during the period	(1,250,126)	-
As at December 31, 2020	<u>17,560,391</u>	<u>-</u>
Less: Current Portion	<u>4,148,404</u>	-
Non current portion	<u>13,411,987</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 finance cost charged to condensed statement of profit or loss account 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 and amortisation will be recognised and presented as reduction of related interest expense

	(Unaudited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
<b>7. SHORT TERM BORROWINGS</b>		
<b>From banking companies</b>		
<b>Secured - under markup arrangements</b>		
Running finance	591,401,668	1,290,024,958
Cash finance	542,897,980	289,832,675
Murabaha finance	548,132,266	446,052,596
	<b>1,682,431,914</b>	<b>2,025,910,229</b>

**7.1** Short term borrowings are available from various banks under mark-up arrangements aggregating to Rs. 4,570 million (June 30, 2020: Rs. 4,988 million) of which facilities remained un-utilized at the period end amounted to Rs. 2,888 million (June 30, 2020: 2,962 million). These facilities are subject to markup ranging from 7.66% to 9.21% (June 30, 2020: 8.6 % to 15.1 %) per annum. These facilities are secured against pledge of raw materials and finished goods, hypothecation charge and joint pari passu charge over present and future current assets of the Company, lien on documents of title to goods and personal guarantees of certain directors of the Company.

## 8. CONTINGENCIES AND COMMITMENTS

**8.1** There is no significant change in status of contingent liabilities since the annual financial statements as at June 30, 2020.

**8.2** Commitments outstanding at the end of the period in respect of irrevocable letter of credit is Rs. **646.7 million** (June 30, 2020: 125.16 million) and letter of guarantee is Rs. **7.40 million** (June 2020: Rs. 7.40 million).

----- (Unaudited) -----

	...Six month period ended ...		...Three month period ended ...	
	December 31, 2020 Rupees	December 31, 2019 Rupees	December 31, 2020 Rupees	December 31, 2019 Rupees
<b>9. REVENUE FROM</b>				
<b>- CONTRACTS</b>				
Local	3,174,877,918	2,423,354,699	1,608,682,538	1,280,441,344
Export	261,072,765	851,156,646	200,988,050	399,560,746
	<b>3,435,950,683</b>	3,274,511,345	<b>1,809,670,588</b>	1,680,002,090

----- (Unaudited) -----

10. COST OF GOODS	...Six month period ended ...		...Three month period ended ...	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
SOLD	Rupees	Rupees	Rupees	Rupees
Raw materials consumed	1,897,173,624	2,364,778,677	1,148,367,944	1,140,029,771
Salaries, wages and benefits	247,863,868	221,357,064	122,941,580	112,478,518
Stores consumed	42,445,340	35,565,882	23,450,818	20,777,966
Packing materials consumed	54,072,081	45,342,492	31,476,293	24,755,239
Power and fuel	422,525,785	467,511,439	218,129,387	256,296,109
Repair and maintenance	9,446,137	6,405,044	4,629,913	4,371,087
Insurance	4,559,483	7,227,519	1,859,483	3,627,519
Depreciation	62,504,111	60,898,071	31,004,111	32,898,071
	<b>2,740,590,429</b>	<b>3,209,086,188</b>	<b>1,581,859,529</b>	<b>1,595,234,280</b>
Work-in-process				
Opening stock	52,937,052	56,959,742	40,561,770	50,298,600
Closing stock	(48,447,768)	(59,497,633)	(48,447,768)	(59,497,633)
	<b>4,489,284</b>	<b>(2,537,891)</b>	<b>(7,885,998)</b>	<b>(9,199,033)</b>
Cost of goods manufactured	<b>2,745,079,713</b>	<b>3,206,548,297</b>	<b>1,573,973,531</b>	<b>1,586,035,247</b>
Finished goods				
Opening stock	406,736,131	58,730,593	142,482,195	221,837,080
Purchases	106,362,000	84,887,425	56,837,400	83,759,700
Closing stock	(147,371,604)	(412,769,974)	(147,371,604)	(412,769,974)
	<b>365,726,527</b>	<b>(269,151,956)</b>	<b>51,947,991</b>	<b>(107,173,194)</b>
	<b>3,110,806,240</b>	<b>2,937,396,341</b>	<b>1,625,921,522</b>	<b>1,478,862,053</b>

## 11. RELATED PARTY TRANSACTIONS

The related parties comprise associated undertakings and key management personnel. The company in the normal course of business carries out transactions with related parties. Significant transactions with related parties are as follows:

----- (Unaudited) -----

Nature of transactions	Six month period ended		Three month period ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Rupees	Rupees	Rupees	Rupees
<b><u>Key management personnel</u></b>				
Remuneration to:				
Chief Executive	2,455,328	2,425,620	1,227,664	1,212,810
Directors	1,698,127	1,671,237	849,064	835,619
Executives	4,300,000	3,900,000	2,150,000	1,950,000
			(Unaudited)	(Audited)
			December 31,	June 30,
			2020	2020
<b><u>Associated undertakings</u></b>		Note	Rupees	Rupees
Loan from Related Parties		11.1	57,837,296	55,083,139

**11.1** The Company entered into agreements of subordinated loan with HBL from various related parties (directors / chief executive) in their capacity as sponsors, whereby the repayment of loans was deferred for a period of three years. This loan was disbursed in two parts, first in June 2017 amounting to Rs. 62 million and second in January 2019 amounting to 9.5 million. These loans are interest free, unsecured and are repayable in full at the end of three-year period unless further extended by mutual agreement. The fair value of the loans was estimated at Rs. 46 million. The difference of Rs. 15.42 million, between the gross proceeds and the fair value of loans is recognized in equity through a transfer to unappropriated profit (the unamortized portions is not available for distribution). During the year, the unwinding of discount (i.e., unwinding of the difference between present value on initial recognition and the amount received) amounting to Rs. 2.75 million (June 30, 2020: 6.41 million) is recognized in condensed statement of profit or loss using the effective interest rate method.

**11.2** All transactions with related parties have been carried out on agreed terms and conditions.

## **12. FAIR VALUE MEASUREMENTS**

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

Information about fair value hierarchy and asset classified under the hierarchy are as follows.

- 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).

### **12.1. Fair value of property, plant and equipment**

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

	------(Unaudited)-----		
	<b>December 31, 2020</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	-----Rupees-----		
<b>Property, plant and equipment</b>			
- Freehold lands	-	31,787,994	-
- Buildings on freehold lands	-	138,808,139	-
- Plant and machinery	-	1,321,409,143	-
- Generators	-	3,790,084	-
- Electric fittings and installations	-	39,450,120	-
	-	<b>1,535,245,482</b>	-



	------(Audited)-----		
	June 30, 2020		
	Level 1	Level 2	Level 3
	-----Rupees-----		
<b>Property, plant and equipment</b>			
- Freehold lands	-	31,787,994	-
- Buildings on freehold lands	-	138,733,994	-
- Plant and machinery	-	1,224,649,597	-
- Generators	-	3,425,089	-
- Electric fittings and installations	-	39,166,738	-
	-	<b>1,437,763,413</b>	-

Other than this the fair value of all financial assets and financial liabilities are approximate to their carrying value. There were no transfers between levels during the period

### 13. FINANCIAL RISK MANAGEMENT

The Company's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the annual audited financial statements of the Company as at and for the year ended June 30, 2020.

### 14. DATE OF AUTHORIZATION OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were authorized for issue on \_\_\_\_\_, 2021 by the Board of Directors of the Company.

### 15. FIGURES

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

Chief Executive

Director

Chief Financial Officer

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