MAQBOOL

Annual Report 2018
Maqbool Textile Mills Limited

MAQBOOL TEXTILE MILLS LIMITED

29th Annual Report

&

Financial Statements (Audited)

For the year ended June 30, 2018

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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
	Mian Anis Ahmad Sheikh	- Chief Executive Officer
	Mian Idrees Ahmad Sheikh	- Non-Executive Director
	Mian Aziz Ahmad Sheikh	- Non-Executive Director
	Mian Atta Shafi Tanvir Sheikh	- Executive Director
	Maj. (R) Javed Mussarat	- Independent Director
	Syed Raza Abbas Jaffari	- (Rep. NIT)
AUDIT COMMITTEE	Maj. (R) Javed Mussarat	- Chairman
	Mian Idrees Ahmad Sheikh	- Member
	Mian Aziz Ahmad Sheikh	- Member
HR & REMUNERATION COMMITTEE	Mian Aziz Ahmad Sheikh	- Chairman
	Mian Idrees Ahmad Sheikh	- Member
	Mian Atta Shafi Tanvir Sheikh	- Member
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	M. Ehsanullah Khan	
HEAD OF INTERNAL AUDIT	Mahmood ul Hassan	
AUDITORS	M/s. Deloitte Yousuf Adil Chartered Accountants, Mehar Fatima Tower, Opposite High Court, Multan.	
LEGAL ADVISOR	M. Masroor ul Zaman - Advocate Rajwana Road, Ameer Abad, Multan.	
BANKERS	Habib Bank Limited Bank Al-Habib Limited Habib Metropolitan Bank Limited United Bank Limited Faysal Bank Limited The Bank of Punjab Bank Alfalah Limited (Islamic Banking) Meezan Bank Limited National Bank of Pakistan (Islamic Banking)	
REGISTERED / HEAD OFFICE	2-Industrial Estate, Multan.	
MILLS (Unit I-II & Ginning Unit)	M.M. Road, Chowk Sarwar Shaheed, Distt. Muzaffargarh.	
MILLS (Unit III)	Rajana Road, Pirmahal, Distt. Toba Tek singh.	
SHARES REGISTRARS	M/s Hameed Majeed Associates (Pvt.) Ltd. H.M House, 7-Bank Square, Lahore.	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of the Company will be held on Saturday October 27, 2018 at 11:00 a.m. at its Registered office, 2-Industrial Estate, Multan, to transact the following business:

ORDINARY BUSINESS

1. To read and confirm the minutes of the 28th Annual General Meeting of the Company held on October 28, 2017.
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, 2018.
3. To consider and approve the distribution of cash dividend @12.50% (i.e. Rs.1.25 per share) as recommended by the board for the year ended June 30, 2018.
4. To appoint auditors of the Company for the year 2018-19, 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. Ehsanullah Khan)
COMPANY SECRETARY

Multan, October 04, 2018

NOTES:

1. The Shares Transfer Books of the Company will remain closed from 20-10-2018 to 27-10-2018 (both days inclusive).
2. Shares transfer received at the Company's Shares Registrar's Office, M/s Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore by the close of business on October 19, 2018 will be treated in time.
3. 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.
4. 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.
5. 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 hard copies may apply to the Company Secretary at his postal or email address ehsan@maqboolgroup.com
6. **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.**
7. 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, 2018

Annual Evaluation of the Board of Directors of the Company, M/s Maqbool Textile Mills Ltd., is carried out in accordance with the requirements of the Code of Corporate Governance to ensure that its performance and effectiveness is as per the expectations to achieve the goals and objectives of the Company. For the financial year ended June 30, 2018, it is assessed as Satisfactory. There was no violation of the code of conduct.

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

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

Sd/-
Mian Tanvir Ahmad Sheikh
CHAIRMAN

MULTAN
October 4, 2018

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 29th Annual Report on the affairs of your Company along with the Audited Financial Statements of the Company for the year ended June 30, 2018.

PERFORMANCE:

The performance of the Company has been satisfactory during the year under report despite the facts that Textile Sector faced competition from regional players including Bangladesh, India and Vietnam which not only hampered the International as well as the local market. Moreover, import of yarn from India has also affected the margins of local spinning industry. The rising cost of production especially cost of raw material, energy crisis, fuel and consistent increase in minimum wage rate has also affected the competitiveness of production lines of the Company. However, despite the above challenges your Company earned a pre-tax profit of **Rs. 109.523 Million** (2017: Rs. 63.296 Million) which netted at **Rs. 54.706 Million** after provision for taxation (2017: Rs. 26.247 Million).

Total production of yarn during the year under review for all three Spinning Units at 20's count cotton yarn, 40s for CVC yarn basis was **15,039,452 Kgs** as compared to **14,882,237 Kgs** last year. Total sales for the year amounted to **Rs. 5,598,969,124/-** as compared to **Rs. 4,863,138,768/-** last year. The gross profit for the year was **Rs. 398,524,405/-** as compared to **Rs. 331,881,000/-** last year.

The financial results for the year ended June 30, 2018 along with the comparative figures of the last year are summarized under the respective heads of Accounts below:

ACCOUNTS:

	2018 Rupees	2017 Rupees
Sales- net	5,598,969,124	4,863,138,768
Cost of goods sold	(5,200,444,719)	(4,531,257,768)
Gross Profit	398,524,405	331,881,000
Other Income	36,924,724	19,246,943
	435,449,129	351,127,943
Distribution and marketing expenses	(87,111,264)	(77,122,029)
Administrative Expenses	(109,003,726)	(107,482,067)
Finance Cost	(127,337,441)	(103,228,263)
Profit before Taxation	**109,523,219**	**63,295,584**
Provision for Taxation	(54,817,031)	37,048,566)
Profit for the year	**54,706,187**	**26,247,018**
Earnings per share- basic and diluted	**3.26**	**1.56**

FUTURE OUTLOOK

The future outlook of the textile sector is expected to remain tough in the future as well. In the current scenario, the whole of the textile industry is looking toward the support from newly elected Government to resume the rebate on exports to the textile spinning industry of Pakistan & announce the uniform tariff of electricity to make it competitive. 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. Hence the future results depend upon the response of local and international markets along with business friendly policies of the Government for the textile sector.

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 planned & has started major expansion in capacity of production of spinning units especially for Unit 1. Following the continued policy of BMR of spinning units, LCs were established for import of following textile machinery, the erecting of which will be completed by November this year.

5 Sets of Toyota High-speed Ring Spinning Frames (6,000 Spindles)
2 Sets of Reiter Carding Machines
3 Sets of Reiter Draw Frames
3 Sets of TJFA Roving Frames
5 Sets of 21-C Murata Winding Machines
1 Complete Set of AC plant Jiangsu Jingya

5 Sets of Toyota High-speed Ring Spinning Frames (6,000 Spindles) has reached at mills. Expansion work of building of Unit-1 is in progress which will Insha Allah be completed by the end of October 2018.

M/s Habib Bank Ltd. has sanctioned LTF/EOP Finance Facility of Rs. 240 Million for import of above machinery repayable in 5 years with one year grace period at markup rate of 4%.

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 well as in the international market margins are continuously under pressure.

OPERATIONS OF GINNING UNIT

During the year operations of Ginning Unit of the Company remained suspended due non competitive prices of raw material & poor quality of phutty in the surrounding areas.

EXPORTS

The Company made total exports of yarn valuing **Rs. 2,318,613,885** during the year under report as compared to the Exports valuing **Rs. 1,804,975,415** in the previous year. The Increase of 28.55 % in export sales during the year was due to availability of better yarn prices in the International market & availability of export rebate.

DIVIDEND

In its meeting held on October 4, 2018, the Board of Directors of the Company, to share the profit earned by the Company for the year ended June 30,2018 with the shareholders, have proposed distribution of a final cash dividend @12.50% (Rs.1.25 per share) to the shareholders of the Company.

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

The company has successfully maintained its ISO 9001:2015 Certification for Quality Management System and the ISO 14001:2015 Certification for Environmental Management System.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Your Directors are pleased to report that the Company is complying with the requirements of CCG as introduced by the Securities and Exchange Commission of Pakistan 2017. The board is committed to maintain a high standard of good Corporate Governance.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business as are set by Chief Executive and reviewed in total by the Board in the light of Company's overall objectives. The Board is committed to maintain the high standards of good corporate governance.

The Company has been in compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and accordingly listing regulations of Stock Exchanges.

Following are the statements on Corporate and Financial Reporting Framework:

1. The financial statements, prepared by the management of Maqbool Textile Mills Ltd. present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgments.
3. Proper books of accounts of Maqbool Textile Mills Ltd. have been maintained.
4. International accounting standards, as applied in Pakistan, have been followed in preparation of these financial statements and departures there from have been adequately disclosed.
5. The Board has set-up an effective internal audit function that are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
6. The system of internal controls is sound in design and has been effectively implemented and monitored.
7. There are no significant doubts upon the Company's ability to continue as a going concern.

8. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.

9. There are no statutory payments on account of taxes, duties levies and charges which are outstanding as at 30 June, 2018, except for those disclosed in the financial statements.

10. Summary of key operating and financial data of the past six years is annexed.

11. Pattern of share holdings of the Company as at June 30, 2018 is annexed.

12. No trades in shares of the Company were carried out by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children during the year in the closed period.

13. The Board in compliance with the Code of Corporate Governance had established audit committee and Human Resource & Remuneration Committee comprising of three and four members respectively.

AUDIT COMMITTEE

Audit Committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance, Financial Reporting Framework and Corporate Control. The Committee consists of three persons. Majority of members including Chairman of the Committee are non-executive directors.

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

The Audit committee has reviewed the quarterly, half-yearly and annual financial statements, besides the internal audit plan, material audit findings and recommendation of internal auditor.

During the year, four (4) Audit Committee meetings were held and attendance was as follows:

Sr. No.	Name of Exec. Director	No. of meetings Attended
1.	Maj. (R) Javed Musarrat - Chairman	4
2.	Mian Aziz Ahmad Sheikh Member	4
3.	Mian Idrees Ahmad Sheikh - Member	4

In addition to above meetings, Audit Committee also met with external auditors without Chief Financial Officer and Head of Internal Audit.

NO OUTSTANDING STATUTORY DUES:

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

BOARD MEETINGS:

During the year ended June 30, 2018 four (4) meetings of the Board of Directors were held. Attendance of each Director is given below:

Director's Name	Meeting Attended
Mian Tanvir Ahmad Sheikh	3
Mian Anis Ahmad Sheikh	4
Mian Idrees Ahmad Sheikh	4
Mian Aziz Ahmad Sheikh	3
Mian Atta Shafi Tanvir Sheikh	4
Maj (R) Javed Musarrat	4
Syed Raza Abbas Jaffery	2

AUDITORS

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

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.

ACKNOWLEDGMENT

Your Directors acknowledge the best cooperation as usual enjoyed by your Company from its banks namely as

M/s Habib Bank Limited
M/s Bank AL Habib Limited
M/s United Bank Limited
M/s Faysal Bank Limited
M/s The Bank of Punjab
M/s Habib Metropolitan Bank Limited
M/s Bank Al-Falah Limited

We wish to record their appreciation for the same and hope the Bankers will continue their support the Company in future as well.

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

On behalf of the Board of Directors

Sd/-
MIAN TANVIR AHMAD SHEIKH
CHAIRMAN

MULTAN
October 04, 2018

ڈائریکٹران کی رپورٹ

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

پیارے حصص داران،

کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے، میں 30 جون، 2018 تک ختم ہونے والے سال کے لئے کمپنی کے آڈٹ کردہ مالی بیانات کے ساتھ ساتھ آپ کی کمپنی کے معاملات پر 29 ویں سالانہ رپورٹ پیش کرر ہا ہوں۔

کارکردگی :

کمپنی کی کارکردگی اطمینان بخش رہی اس حقیقت کے باوجود کے ٹیکسٹائل سیکٹر کو علاقائی کھلاڑیوں بشمول بنگلہ دیش، بھارت اور ویت نام سے مسابقت کا سامنا تھا جس کی وجہ سے مقامی اور بین الاقوامی بازار متاثر ہوئے۔اس کے علاوہ بھارت سے سوت کی درآمد نے مقامی سپننگ صنعت کے مارجن کو بھی متاثر کیا ہے۔ پیداوار کی بڑھتی ہوئی لاگت خاص طور پر خام مال، توانائی کے بحران، ایندھن اور کم از کم تنخواہ کی شرح میں مسلسل اضافہ کی وجہ سے کمپنی کی پیداوار کی لائنوں کی مسابقت پر بھی اثر ڈالا ہے۔تاہم، مندرجہ بالا، چیلنجوں کے باوجود آپ کی کمپنی نے قبل از ٹیکس 109.523 ملین منافع حاصل کیا ہے۔جبکہ بعد از ٹیکس منافع 54.706 ملین رہا۔

تینوں سپننگ اکائیوں کی مجموعی پیداوار 15,039,452 کلوگرام رہی جبکہ گزشتہ سال 14,882,237 کلوگرام رہی تھی ۔ اس سال کل فروخت 5,598,969,124 روپے رہی جبکہ گزشتہ سال کل فروخت 4,863,138,768 روپے تھی۔اس سال کے لئے مجموعی منافع 398,524,405 روپے ہے جبکہ گزشتہ سال مجموعی منافع 331,881,000 روپے تھا۔

اس سال 30 جون 2018 کو ختم ہونے والے سال کے مالیاتی نتائج کے ساتھ گزشتہ سال کے موازنہ اعداد و شمار درج ذیل ہیں۔

ACCOUNTS:

	2018 Rupees	2017 Rupees
Sales- net	5,598,969,124	4,863,138,768
Cost of goods sold	(5,200,444,719)	(4,531,257,768)
Gross Profit	398,524,405	331,881,000
Other Income	36,924,724	19,246,943
	435,449,129	351,127,943
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Finance Cost	(127,337,441)	(103,228,263)
Profit before Taxation	109,523,219	63,295,584
Provision for Taxation	(54,817,031)	(37,048,566)
Profit for the year	54,706,187	26,247,018
Earnings per share - basic and diluted	3.26	1.56

مستقبل کا نقطہ نظر :

یہ پیش گوئی کی جا رہی ہے کہ ٹیکسٹائل سیکٹر کا مستقبل بھی مشکل رہے گے۔ اس منظر میں، پاکستان کی پوری ٹیکسٹائل انڈسٹری نئی حکومت کی طرف دیکھ رہی ہے کو وہ ایکسپورٹ پر ریبیٹ دے اور بجلی کے ٹیرف کو بہتر کرتے ہوئے مسابقتی بننے میں مدد کرے۔ کمپنی کی مینجمنٹ کی اچھی کارپوریٹ گورننس، مارکیٹنگ کے معیار، پیداوار کی کارکردگی اور مالی نظم ونسق کی طرف سب سے زیادہ توجہ مرکوز رہے گی لیکن جب تک کہ ٹیکسٹائل انڈسٹری کے اچھے نتائج کے لئے حکومت کا تمام مسائل پر مثبت ردعمل نہ آئے۔ لہٰذا مستقبل کے نتائج ٹیکسٹائل سیکٹر کے لئے حکومت کے کاروباری دوستانہ پالیسیوں کے ساتھ ساتھ مقامی اور بین الاقوامی مارکیٹوں کے جواب پر منحصر ہے۔

کمپنی کو ان بڑھتے ہوئے چیلنجوں کا سامنا کرنا پڑا اور کمپنی اخراجات میں کمی لانے کے لیے منصوبہ بندی کی ہے اور موجودہ بازار کے خطرات سے نمٹنے کے لئے خود کو تیار کیا ہے۔ کمپنی نے یونٹ۔1 کی استعداد کار بڑھانے کیلئے کام شروع کر دیا ہے اور اس مقصد کیلئے ایل سی، ز کھولی ہیں۔ یہ منصوبہ اس سال نومبر تک مکمل ہو جائے گا۔

کمپنی نے مندرجہ ذیل مشینری امپورٹ کی ہے۔

5 Sets of Toyota High-speed Ring Spinning Frames (6,000 Spindles)

2 Sets of Reiter Carding Machines

3 Sets of Reiter Draw Frames

3 Sets of TJFA Roving Frames

5 Sets of 21-C Murata Winding Machines

1 Complete Set of AC plant Jiangsu Jingya

جننگ یونٹ کے آپریشنز :

گزشتہ سال پھٹی کے ناقص معیار اور غیر مسابقتی قیمتوں کی وجہ سے یونٹ بند رہا۔

برآمدات

کمپنی نے اس سال مجموعی برآمدات 2,318.614 ملین روپے کیں جبکہ گزشتہ سال یہ 1,840.043 ملین روپے تھی۔ برآمدات میں 28.55 فیصد کا یہ اضافہ بین الاقوامی مارکیٹ میں سوت کی اچھی قیمتوں کی وجہ سے ہوا۔

ڈیوڈینڈ

بورڈ آف ڈائریکٹر نے 30-06-2018 کو ختم ہونے والے سال کیلئے 12.50% (1.25 روپے فی شیئر) نقد ڈیوڈینڈ دینے کا اعلان کیا ہے۔

QMS اور EMS سرٹیفکیشن :

کمپنی نے کامیابی سے کوالٹی مینجمنٹ سسٹم ISO 9001:2008 اور انوائرمینٹل مینجمنٹ سسٹم ISO 14001:2004 کی سند حاصل کی ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل :

آپ کی کمپنی سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سی سی جی ہدایات 2017 پر عمل کر رہی ہے۔ بورڈ اچھے کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لئے پرعزم ہے۔

ڈائریکٹرز کی ذمہ داریاں

بورڈ باقاعدگی سے کمپنی کی اسٹریٹیجک سمت کا جائزہ لیتا ہے۔ کاروبار کے لئے سالانہ منصوبہ بندی اور کارکردگی کا اہداف جس طرح چیف ایگزیکٹو کی طرف سے مقرر کیا جاتا اور کمپنی کے مجموعی مقاصد کی روشنی میں بورڈ کی طرف سے مجموعی جائزہ لیا جاتا ہے۔ بورڈ اچھے کارپوریٹ گورنمنٹ کے اعلیٰ معیار کو برقرار رکھنے کے لئے پرعزم ہے۔

کمپنی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور سٹاک ایکسچینج کے طے کردہ قواعد وضوابط کی تعمیل کرتی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر درج ذیل بیانات ہیں :

1۔ مقبول ٹیکسٹائل ملز لمیٹڈ کی انتظامیہ نے جو فنانشل اسٹیٹمنٹس تیار کی ہیں وہ کمپنی کی اسٹیٹ آف افیئرز، آپریشن کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کو صحیح طریقے سے پیش کرتے ہیں۔

2۔ مناسب اکاؤنٹنگ کی پالیسیوں کو ان مالی بیانات کی تیاری میں مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ مناسب اور پرجوش فیصلوں پر مبنی ہے

3۔ مقبول ٹیکسٹائل ملز لمیٹڈ اکاؤنٹس کو مناسب طریقے سے کتابوں میں درج کررہا ہے۔

4۔ بین الاقوامی اکاؤنٹنگ معیار جو کہ پاکستان میں لاگو ہوتے ہیں ان کو مالی بیانات پیش کرنے کیلئے استعمال کیا گیا ہے۔

5۔ بورڈ نے ایک موثر داخلی آڈٹ فنکشن قائم کیا ہے جو اس مقصد کے لئے موزوں طور پر قابل بھروسہ اور تجربہ کار سمجھا جاتا ہے اور کمپنی کی پالیسیوں اور طریقہ کار کے مطابق ہے اور وہ مکمل طور پر اندرونی آڈٹ فنکشن میں ملوث ہیں۔

6۔ اندرونی کنٹرول کا نظام مضبوط ڈیزائن کا حامل ہے اور موثر طور پر لاگو ہے اور اس کی نگرانی کی جاتی ہے۔

7۔ کمپنی کو جاری رکھے جانے کی صلاحیت کے بارے میں کسی قسم کی بھی تشویش یا شک کی بات نہیں ہے۔

8۔ لسٹنگ کے قواعد وضوابط میں تفصیل کے طور پر، کارپوریٹ گورنمنٹ کے بہترین طریقوں سے کوئی مواد نہیں نکلتی ہے۔

9۔ مالی سال 30 جون 2018 کے اختتام پر کوئی بھی ٹیکس کی ادائیگی، ڈیوٹیز اور اخراجات قابل ادا نہیں ہیں سوائے ان کے جو کہ مالی نتائج میں بتائی گئی ہیں۔

10۔ گزشتہ چھ سالوں کی کلیدی آپریٹنگ اور مالیاتی اعدادوشمار کا خلاصہ ملحق ہے۔

11۔ 30 جون 2018 کا پیٹرن آف شیئر ہولڈنگ ملحق ہے۔

12۔ گزشتہ ختم ہونے والے سال کے دوران کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر، کمپنی کے سیکرٹری اور ان کے شوہر اور چھوٹے بچوں نے کمپنی کے حصص میں کوئی خرید وفروخت نہیں کی۔

13۔ بورڈ نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں تین ممبرز کی آڈٹ کمیٹی اور چار ممبرز کی ریمنریشن کمیٹی قائم کی ہے۔

آڈٹ کمیٹی :

بورڈ نے کارپوریٹ گورننس، فنانشل رپورٹنگ اور کارپوریٹ کنٹرول سے نمٹنے کیلئے آڈٹ کمیٹی کو بنایا ہے آڈٹ کمیٹی کے معاملات کو چلانے کا طریقہ کار بنایا گیا ہے اور کمیٹی ممبران کو تعمیل کیلئے بتایا گیا ہے۔

آڈٹ کمیٹی نے اندرونی آڈٹ منصوبہ کے علاوہ، آدھی، نصف اور سالانہ مالی بیانات کا جائزہ لیا ہے، مواد کے آڈٹ کے نتائج اور اندرونی آڈیٹر کی سفارش

سال کے دوران چار آڈٹ کمیشن کی میٹنگ منعقد ہوئی اور حاضری مندرجہ ذیل تھی :۔

اگیزیکٹوڈائریکٹرکانام	عہدہ	نمبرآف میٹنگ اٹینڈڈ
میجر(ر)جاوید مسرت	چیئرمین	4
میاں ادریس احمد شیخ	رکن	4
میاں عزیز احمد شیخ	رکن	4

مندرجہ بالا اجلاسوں کے علاوہ، آڈٹ کمیٹی نے بھی بیرونی فائنڈر کے ساتھ چیف فنانس آفیسر اور اندرونی آڈٹ کے سربراہ کے ساتھ ملاقات کی۔

کوئی قانونی بقایا ادائیگی نہ ھے :

عام اور معمول فطرت کے علاوہ ٹیکس، لیویز اور چارجز کے حساب سے کوئی قابل قانونی مجازات موجود نہیں ہیں۔

بورڈ کی میٹنگ

30 جون 2018 کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس منعقد ہوئے ہر ڈائریکٹر کی حاضری ذیل میں دی گئی ہے۔

ڈائریکٹر کانام	اجلاس میں شرکت
میاں تنویر احمد شیخ	3
میاں انیس احمد شیخ	4
میاں ادریس احمد شیخ	4
میاں عزیز احمد شیخ	3
میاں عطا شفیع تنویر شیخ	4
میجر(ر)جاوید مسٹر	4
سید رضا عباس جعفری	2

آڈیٹر :

آپ کی کمپنی کے موجودہ آڈیٹر میسرز ڈیلائٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس، کراچی ریٹائرڈ ہوگئے ہیں اور دوبارہ اپنے آپ کو آڈیٹرز کے طور پر پیش کرتے ہیں۔

مزدوروں اور اسٹاف کے ساتھ تعلقات :

آپ کے ڈائریکٹروں کو خوشی ہے کہ اس سال کے مزدوروں اور اسٹاف کے ساتھ تعلقات پورے سال اچھے رہے۔

اعتراف :

آپ کے ڈائریکٹرز اعتراف کرتے ہیں کہ کمپنی نے ہمیشہ کی طرح اس سال بھی بینکوں کی طرف سے بہترین تعاون سے لطف اندوز ہوئے۔ بینکوں کے نام مندرجہ ذیل ہیں۔

حبیب بینک لمیٹڈ

بینک الحبیب لمیٹڈ

یونائیٹڈ بینک لمیٹڈ

فیصل بینک لمیٹڈ

بینک آف پنجاب

حبیب میٹروپولیٹن بینک لمیٹڈ

بینک الفلاح لمیٹڈ

میزان بینک لمیٹڈ

کمپنی کے تمام ملازمتوں کی سرشار محنت کا بھی اعتراف کیا جاتا ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے

Sd/-

میاں تنویر احمد شیخ (چیئرمین)

ملتان

04 اکتوبر 2018ء

SIX YEARS KEY OPERATING AND FINANCIAL DATA

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
BALANCE SHEET						
Authorized Capital	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Issued, subscribed & Paid Up Capital	168,000,000	168,000,000	168,000,000	168,000,000	168,000,000	168,000,000
Reserves	168,000,000	168000,000	168,000,000	42,000,000	42,000,000	42,000,000
Un-appropriated Profit/(Loss)	275,898,263	194,868,151	126,787,632	157,539,979	187,943,654	327,712,860
Total Equity	1,292,335,394	1,235,843,256	1,186,094,076	493,539,979	523,943,654	537,712,860
Surplus on revaluation of Property, plant and equipment	680,437,132	704,975,105	723,306,444	750,185,937	779,340,652	150,268,385
Liabilities						
Deferred/Long term	341,109,438	411,869,561	470,763,962	411,316,971	499,943,800	368,728,999
Short Term Liabilities	1,798,651,804	1,459,117,649	1,504,117,787	1,268,927,127	772,681,545	1,098,724,635
Total Liabilities	2,139,761,242	1,870,987,210	1,974,881,749	1,680,244,098	1,272,625,345	1,467,453,634
Total Equity & Liabilities	3,432,096,636	3,106,830,466	3,160,975,825	2,923,970,014	2,575,909,651	2,155,434,879
Fixed Assets						
Owned	1,799,940,622	1,840,019,477	1,850,281,415	1,773,697,267	1,790,826,163	951,646,443
Long Term Deposits	5,668,939	5,668,939	5,668,939	5,668,939	5,668,939	5,654,639
Current Assets	1,626,487,075	1,261,142,050	1,305,025,471	1,144,603,808	779,414,549	1,198,122,497
Total Assets	3,432,096,636	3,106,830,466	3,160,975,825	2,923,970,014	2,575,909,651	2,155,434,879
,						
PROFIT & LOSS ACCOUNT						
Turnover (net)	5,598,969,124	4,863,138,768	4,280,589,829	4,014,689,127	4,928,43,523	4,554,284,139
Gross Profit/(Loss)	398,524,405	331,881,000	227,277,237	235,832,483	335,124,201	493,376,536
Operating Profit/(Loss)				38,489,046	217,062,351	150,083,240
Profit/(Loss) before taxation	109,523,219	63,295,584	(38,905,401)	(60,609,236)	73,074,117	236,370,101
Taxation	(54,817,031)	(37,048,566)	(29,024,496)	(12,732,765)	(37,082,522)	(62,813,512)
Profit/(Loss) for the Year	54,706,187	26,247,018	(60,367,736)	(66,697,813)	35,991,595	173,556,589
DISTRIBUTION						
Cash Dividend %	NIL	NIL	NIL	NIL	NIL	27.50%
RATIOS						
Break up value (Rs)	76.92	73.56	70.60	29.38	31.19	32.01
Earning per share (Rs.)	3.26	1.56	(3.59)	(3.97)	2.14	10.33
Return on Equity (Rs)	0.09	0.05	(0.13)	(0.14)	0.07	0.32
Current Ratio	0.90:1	0.86:1	0.87:1	0.90:1	1.01:1	1.09:1
Debt / Equity Ratio without surplus	0.24	0.40	0.54	0.39	0.49	0.54
Debt / Equity Ratio with surplus	0.11	0.17	0.21	0.16	0.20	0.69
PLANT CAPACITY AND ACTUAL PRODUCTION						
Spinning Unit-I						
Spindles Installed and worked	18,672	18,672	18,672	18,336	18,336	18,336
Standard Production after conversion into 20/S Count (Kgs)	6,398,891	6,398,891	6,398,891	6,389,193	6,389,193	6,389,193
Actual production of yarn after conversion into 20/S Count (Kgs)	5,346,767	5,186,155	5,180,435	4,870,926	4,388,751	4,443,856
Spinning Unit # 2						
Spindles installed and worked	27,864	27,864	27,864	27,864	27,864	27,864
Standard production after conversion into 40's PC count (Kgs)	4,784,702	4,784,702	4,784,702	4,784,702	4,784,702	4,784,702
Actual production of Yarn after conversion into 40's PC count (Kgs)	4,003,495	4,185,296	4,166,657	3,636,009	3,723,721	3,706,671
Spinning Unit # 3						
Spindles installed and worked	23,904	23,904	23,904	23,904	23,904	23,904
Standard production after conversion into 20/S Count (Kgs)	7,018,741	7,018,741	7,018,741	7,018,741	7,018,741	5,290,445
Actual production of Yarn after conversion into 20/S Count (Kgs)	5,689,190	5,510,786	5,050,455	5,050,455	4,929,765	4,316,860

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017
FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

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

S. No	Category	Name Of Directors
1	**Independent Director***	1. Mr. Maj (R) Javed Mussarat 2. Mr. Syed Raza Abbas Jaffery (Rep. NIT)
2	**Executive Director**	1. Mr. Mian Tanvir Ahmad Sheikh 2. Mr. Mian Anis Ahmad Sheikh 3. Mr. Mian Atta Shafi Tanvir Sheikh
3	**Non-Executive Director**	3. Mr. Mian Idrees Ahmad Sheikh 4. Mr. Mian Aziz Ahmad Sheikh

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

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

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

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

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

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected for this purpose. The board has complied with the requirements of act and the regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Director's Training Program for the following:

i.	Mian Atta Shafi Tanvir Sheikh	Executive Director
ii.	Maj. Retd. Javed Mussarat	Independent Director

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

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

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

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

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

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

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

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

14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:
    i. Audit Committee 4 Meetings
    ii. H.R. Committee 1 Meeting

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

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. 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.

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

M. Ehsanullah Khan
Company Secretary

Dated: 04.10.2018

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF MAQBOOL TEXTILE MILLS LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance Regulations 2017 (the Code) prepared by the Board of Directors of Maqbool Textile Mills Limited for the year ended June 30, 2018, in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to company for the year ended June 30, 2018.

Deleitte Yousaf Adil
Chartered Accountants

Engagement Partner:
Rana M. Usman Khan

Dated: 04.10.2018
Multan

AUDITORS' REPORT TO THE MEMBERS

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, 2018, 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, statement of profit or loss, the statement of comprehensive loss, 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, 2018 and of the profit,itscomprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the Key audit matter(s):

Key audit matter	How the matter was addressed in our audit
Change in accounting policy as a result of changes in the Companies Act 2017 The Companies act 2017 (the act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018 due to which the Company has changed its accounting policy to account for surplus on revaluation of fixed assets (note 12.1) with retrospective effect. Previously, surplus on revaluation was presented in the financial statements below the equity and changes in surplus was taken directly to equity. Due to change in accounting policy, surplus on revaluation will be part of the equity and revaluation changes will be taken through other comprehensive income. We have considered the above as a Key Audit Matter due to the significant amount of surplus on revaluation of fixed assets, the complexity involved in the calculations for retrospective application and compliance with the disclosure requirements of IAS 8 Accounting Policies and Changes in Accounting Estimates and Errors.	Our audit procedures included the following: btained workings for retrospective accounting of surplus on revaluation of fixed assets; Re-performed the calculations based on the working and valuation reports of the respective years. Reviewed that values of fixed assets, surplus on revaluation of fixed assets and gain / loss on assets disposed-off have been properly restated in the financial statements; and Assessed if the change in accounting policy has been properly disclosed by the management in the financial statements of the Company in accordance with IAS-8. Compared the disclosure requirements of Companies Act with the draft financials shared by management.
Revenue Recognition The Company's sales comprise of revenue from the sale of yarn and viscoseas disclosed in note 21 to the financial statements. Revenue from the sale is recognized, when significant risks and rewards of ownership are transferred to the customer i.e. on dispatch of goods. (note 4.1.11). 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 risk and rewards to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.	Our audit procedures to address the Key Audit Matter included the following: - obtaining an understanding of and assessing the design and implementation and operating effectiveness of controls around recognition of revenue; - assessing the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; - checked on sample basis whether the recorded sales transactions are based on transfer of risks and rewards; and - testing 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.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit or loss,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) No zakat is deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

DELOITTE YOUSUF ADIL
Chartered Accountants

Date: 04.10.2018
Multan.

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees (Restated)	2016 Rupees (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	5	1,799,940,622	1,840,019,477	1,850,281,415
Long term deposits		5,668,939	5,668,939	5,668,939
		1,805,609,561	1,845,688,416	1,855,950,354
Current assets				
Stores and spares	6	40,610,129	40,852,290	39,862,479
Stock in trade	7	606,947,043	674,239,168	787,451,069
Trade debts	8	610,983,240	268,592,414	320,373,785
Loans and advances	9	26,580,398	36,294,979	20,083,521
Prepayments		221,803	221,803	221,803
Sale tax refundable		77,855,684	93,431,633	62,309,427
Advance tax		97,636,020	81,697,959	56,877,611
Export rebate refundable		92,662,944	33,635,697	-
Cash and bank balances	10	72,989,814	32,176,107	17,845,776
		1,626,487,075	1,261,142,050	1,305,025,471
Total assets		**3,432,096,636**	**3,106,830,466**	**3,160,975,825**
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	11	168,000,000	168,000,000	168,000,000
General reserve		168,000,000	168,000,000	168,000,000
Surplus on revaluation of property, plant and equipment - net of deferred tax	12	680,437,132	704,975,105	723,306,444
Unappropriated profit		275,898,263	194,868,151	126,787,632
		1,292,335,394	1,235,843,256	1,186,094,076
Non-current liabilities				
Long term financing	13	72,362,164	145,187,000	179,922,306
Long term loans from related parties	14	51,459,916	46,581,518	56,363,637
Deferred taxation	15	193,956,066	196,146,521	213,690,769
Staff retirement benefits - gratuity	16	23,331,292	23,954,522	20,787,250
		341,109,438	411,869,561	470,763,962
Current liabilities				
Trade and other payables	17	208,235,408	190,364,869	193,302,634
Accrued mark up	18	27,883,138	22,776,483	25,606,195
Short term borrowings	19	1,429,273,212	1,128,003,470	1,182,593,348
Unclaimed dividend		3,052,032	3,052,032	3,052,032
Unpaid dividend		2,032,694	2,032,694	2,032,694
Current portion of long term financing	13	72,824,836	68,531,926	70,530,090
Provision for tax		55,350,484	44,356,175	27,000,794
		1,798,651,804	1,459,117,649	1,504,117,787
Contingencies and commitments	20	-	-	-
Total equity and liabilities		**3,432,096,636**	**3,106,830,466**	**3,160,975,825**

The annexed notes from 1 to 39 form an integral part of these financial statements.

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

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	21	5,598,969,124	4,863,138,768
Cost of goods sold	22	(5,200,444,719)	(4,531,257,768)
Gross profit		398,524,405	331,881,000
Other income	23	36,924,724	19,246,943
		435,449,129	351,127,943
Selling and distribution expenses	24	(87,111,264)	(77,122,029)
Administrative expenses	25	(109,003,726)	(104,228,427)
Other operating expenses	26	(2,473,479)	(3,253,640)
		(198,588,469)	(184,604,096)
Finance cost	27	(127,337,441)	(103,228,263)
Profit before taxation		109,523,219	63,295,584
Taxation	28	(54,817,031)	(37,048,566)
Profit after taxation		**54,706,187**	**26,247,018**
Earnings per share - basic and diluted	29	**3.26**	**1.56**

The annexed notes from 1 to 39 form an integral part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees (Restated)
Profit for the year		54,706,187	26,247,018
Other comprehensive income:			
Items that will not be reclassified subsequently to statement of profit or loss			
Remeasurement on defined benefit obligation	16	(404,683)	(2,120,022)
Deferred tax	15.2	71,255	380,567
		(333,428)	(1,739,455)
Transfer from deferred tax due to change rate on opening revaluation surplus	15.2	2,119,380	9,823,134
Total comprehensive Income for the year		**56,492,139**	**34,330,697**

The annexed notes from 1 to 39 form an integral part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Note	Share capital	Capital Reserves	Revenue Reserve		Total
			Surplus on revaluation of property,plant and equipment	Unappropriated profit	General reserve	
		------	------	Rupees	------	------
Balance as at July 01, 2016 - as reported earlier		168,000,000	-	126,787,632	168,000,000	462,787,632
Impact of changes in accounting policies	12.1	-	723,306,444	-	-	723,306,444
Balance as at July 01, 2016 - restated		168,000,000	723,306,444	126,787,632	168,000,000	1,186,094,076
Profit for the year		-	-	26,247,018	-	26,247,018
Other comprehensive income / (loss) for the year		-	9,823,134	(1,739,455)	-	8,083,679
Total comprehensive income for the year		-	9,823,134	24,507,563	-	34,330,697
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	12	-	(28,154,473)	28,154,473	-	-
Transfer of present value adjustment on long term loans from related parties		-	-	15,418,482	-	15,418,482
Balance as at June 30, 2017 - restated		**168,000,000**	**704,975,105**	**194,868,150**	**168,000,000**	**1,235,843,255**
Profit for the year		-	-	54,706,187	-	54,706,187
Other comprehensive income / (loss) for the year		-	2,119,380	(333,428)	-	1,785,952
Total comprehensive income for the year		-	2,119,380	54,372,759	-	56,492,139
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	12	-	(26,657,353)	26,657,353	-	-
Balance as at June 30, 2018		**168,000,000**	**680,437,132**	**275,898,263**	**168,000,000**	**1,292,335,394**

* This includes unamortised portion of interest free loan obtain from related parties amounting to Rs. 4,903,721 (2017: Rs. 9,782,119) which is not available for distribution.

The annexed notes from 1 to 39 form an integral part of these financial statements.

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		109,523,219	63,295,584
Adjustments for:			
Depreciation on property, plant and equipment		88,775,847	90,473,675
Gain on disposal of fixed assets		(786,280)	-
Provision for staff retirement benefits - gratuity		16,876,420	15,925,508
Finance cost		127,337,441	103,228,263
		232,203,428	209,627,446
Operating cash flows before working capital changes		341,726,647	272,923,030
(Increase) / decrease in current assets			
Stores and spares		242,161	(989,811)
Stock in trade		67,292,125	113,211,901
Trade debts		(342,390,826)	51,781,371
Loans and advances		9,714,581	(16,211,458)
Sales tax refundable		15,575,949	(31,122,206)
Export rebate refundable		(59,027,247)	(33,635,697)
		(308,593,257)	83,034,100
Increase / (decrease) in current liabilities			
Trade and other payables (excluding unclaimed dividend)		17,870,536	(2,933,818)
Cash generated from operations		51,003,926	353,023,312
Income tax paid		(59,760,602)	(51,854,079)
Gratuity paid		(17,904,333)	(14,878,258)
Finance cost paid		(117,352,388)	(100,421,612)
		(195,017,323)	(167,153,949)
Net cash (used in)/ generated from operating activities		(144,013,397)	185,869,363
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to operating fixed assets - net of transfer from capital work in progress		(48,520,650)	(45,266,552)
Additions in capital work in progress		(390,062)	(34,945,185)
Proceeds from disposal of property, plant and equipment		1,000,000	-
Net cash (used in) investing activities		(47,910,712)	(80,211,737)
C. CASH FLOWS FROM FINANCING ACTIVITIES	34		
Proceeds from long term financing		-	33,796,620
Repayment of long term financing		(68,531,926)	(70,530,090)
Short term borrowings - net		301,269,742	(54,589,878)
Dividend paid		-	(3,947)
Net cash generated from/ (used in) financing activities		232,737,816	(91,327,295)
Net increase in cash and cash equivalents (A+B+C)		40,813,707	14,330,331
Cash and cash equivalents at beginning of the year		32,176,107	17,845,776
Cash and cash equivalents at end of the year		**72,989,814**	**32,176,107**

The annexed notes from 1 to 39 form an integral part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 (formerly Karachi, Lahore and Islamabad Stock Exchanges). The registered office of the Company is situated at 2-Insudtrial Estate Multan, Pakistan. The Company is principally engaged in manufacturing and sale of yarn, cotton seed and cotton lint. The Company's area of the mill at unit 1 and unit 2 is 63.77 acres located at M.M. Road, Chowk Sarwar Shaheed, Distt.Muzaffargarh and area of unit 3 is 29.14 acres located at Rajana Road, Pirmahal, Distt.Toba Tek singh.

2. STATEMENT OF COMPLIANCE

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. STANDADRS, INTERPRETATION AND AMENDMENT ADOPTED DURING THE YEAR

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

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	Effective from accounting period beginning on or after January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	Effective from accounting period beginning on or after January 01, 2017

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

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	Effective from accounting period beginning on or after January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	Effective from accounting period beginning on or after July 01, 2018

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	Effective from accounting period beginning on or after January 01, 2019
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	Effective from accounting period beginning on or after July 01, 2018
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	Effective from accounting period beginning on or after January 01, 2019.
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	Effective from accounting period beginning on or after January 01, 2019.
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	Effective from accounting period beginning on or after January 01, 2019
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018. Earlier application is permitted.
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused	January 01, 2019. Earlier application is permitted.

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

Impact Assessment of applicability of IFRS 09 and IFRS 15 in next year financial statements;

The Company is currently evaluating the impact of application of IFRS 9 and IFRS 15 in its financial statements. Other than these standards, the above 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

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

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

3.3 Summary of significant event and transactions in the current reporting year

During the year, the Company reported net profit of Rs. 55.64 million with earnings per share of Rs. 3.31 per share. The Company has also incurred capital expenditure of Rs. 83.47 million during the year as reflected in note 5.1. For the detailed discussion about these significant transactions and events please refer to the Directors's report.

3.4 Significant estimates

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

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

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, 4.4.10 and 4.4.16.

4.2 Functional and presentation currency

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

4.3 Critical judgments and accounting estimates in applying the accounting policies

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

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

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

- useful lives of property, plant and equipment (notes 4.4.1 and 5.1)
- provision for staff retirement benefits (notes 4.4.10 and 16)
- provision for taxation (notes 4.4.9 and 28)
- revaluation of property, plant and equipment (notes 4.4.1 and 5.4)
- provision for loans and advances to suppliers (note 9)

4.4 *Summary of accounting policies*

4.4.1 *Property, plant and equipment*

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

Freehold land, building on freehold land, plant and machinery ,generator, 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. Freehold land is stated at revalued amount being the fair value at the date of revaluation. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the balance sheet 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.

Change in accounting policy

During the year, the Company changed its accounting policy in respect of the accounting and presentation of revaluation surplus on property and equipment. Previously, the Companys accounting policy was in accordance with the provisions of section 235 of repealed Companies Ordinance, 1984. Previously, the revaluation surplus on property and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance, 1984.

The Companies Act, 2017 has not retained the above mentioned specific accounting and presentation requirements of revaluation surplus on property and equipment.

Those provisions and resultant previous policy of the Company was not in alignment with the accounting treatment and presentation of revaluation surplus as prescribed in International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) and notified under the Companies Act, 2017. Accordingly, the accounting policy of revaluation surplus on property and equipment has been changed and applied retrospectively, in accordance with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, in these financial statements to comply with the accounting and reporting standards applicable to the Company.

The change in accounting policy had no impact on accumulated surplus and net assets, as at June 30, 2018. The presentation of surplus on revaluation on property and equipment has been changed. Any revaluation increase arising on the revaluation of leasehold land and buildings is recognised in other comprehensive income and presented as a separate component of equity as Revaluation surplus on property and equipment in the statement of financial position and statement of changes in equity as a capital reserve as part of net assets.

In these financial statements the above explained change in accounting policy has been accounted for retrospectively, with the restatement of the comparative information. The impact of new accounting policy is explained under note 12.1.

Capital work-in-progress

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

4.4.2 Operating lease

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

4.4.3 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and liabilities is taken to statement of profit or loss directly.

Loans and receivables

For amounts due from loans and advances to customers carried at amortized cost, the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

Trade debts and other receivables

Trade debts and other receivables are carried on previous amortized cost less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

Held to maturity financial investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

4.4.4 Off setting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

4.4.5 *Impairment*

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Non - financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except stores and spares and stock in trade 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 amounts 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 asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized in statement of profit or loss.

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 :

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

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

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

4.4.8 Cash and cash equivalents

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

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

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

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

	2018	***2017***
- Discount rate	8.00%	7.75%
- Expected increase in eligible salary	7.00%	6.75%
- Average expected remaining working life time	11 years	10 years
- Mortality rate	SLIC (2001-2005)	SLIC (2001-2005)

4.4.11 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. "Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts and government levies.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer i.e on dispatch of goods to the customer".

4.4.12 *Foreign currency translation*

Transactions in foreign currencies are translated at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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.

4.4.13 *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

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

4.4.14 *Dividend*

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

4.4.15 *Trade and other payables*

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

4.4.16 *Provisions*

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

4.4.17 *Earning per share*

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

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2018 Rupees	2017 Rupees
Operating fixed assets	5.1	1,799,550,560	1,805,074,292
Capital work-in-progress	5.4	390,062	34,945,185
		1,799,940,622	**1,840,019,477**

5.1 Operating fixed assets

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

For comparative period

Particulars	Cost / Revalued amount			Accumulated depreciation			Net book value	Rate
	At July 01, 2016	Additions	At June 30, 2017	At July 01, 2016	For the year	At June 30, 2017	At June 30, 2017	%
	---------- Rupees ----------							
Land - freehold	230,369,000	-	230,369,000	-	-	-	230,369,000	-
Buildings on freehold land	424,192,295	-	424,192,295	41,309,261	19,144,151	60,453,412	363,738,882	5
Plant and machinery	1,456,365,165	39,574,652	1,495,939,817	307,661,420	58,415,589	366,077,009	1,129,862,808	5
Generator	15,074,303	26,214	15,100,517	3,272,564	1,180,793	4,453,357	10,647,160	10
Electric fittings and installations	77,767,841	4,980,737	82,748,578	27,736,292	7,878,420	35,614,712	47,133,866	15
Tools and equipment	1,398,736	66,885	1,465,621	473,964	95,924	569,888	895,733	10
Office equipment	8,919,726	331,646	9,251,372	3,818,994	538,280	4,357,274	4,894,098	10
Telephone installations	3,131,721	272,300	3,404,021	1,344,056	193,776	1,537,832	1,866,189	10
Furniture & fixtures	8,339,008	500,000	8,839,008	4,520,028	394,398	4,914,426	3,924,582	10
Arms & ammunitions	877,795	1,000	878,795	182,609	69,610	252,219	626,576	10
Weighing scales	1,762,439	-	1,762,439	1,271,005	49,143	1,320,148	442,291	10
Tube well	1,094,476	1,560	1,096,036	671,780	42,296	714,076	381,960	10
Fire extinguishing equipment	1,692,142	-	1,692,142	958,955	73,319	1,032,274	659,868	10
Vehicles	36,864,853	67,000	36,931,853	24,902,599	2,397,976	27,300,575	9,631,278	20
	2,267,849,500	**45,821,994**	**2,313,671,494**	**418,123,527**	**90,473,675**	**508,597,202**	**1,805,074,292**	

5.2 The following assets were disposed off during the year;

Particulars	Cost	Accumulated Depreciation	Carrying value	Sale proceeds	Gain	Mode of Disposal	Particulars of buyers
	---------- Rupees ----------						
Vehicle							
Honda Civic MLM 70	2,024,160	1,810,440	213,720	1,000,000	786,280	Insurance Claim	Habib Insurance Company Limited
2018	**2,024,160**	**1,810,440**	**213,720**	**1,000,000**	**786,280**		
2017	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**		

		Note	2018 Rupees	2017 Rupees
5.3	***Allocation of depreciation***			
	Cost of goods sold	22	85,560,647	86,806,317
	Administrative expenses	25	3,215,200	3,667,358
			88,775,847	**90,473,675**
5.4	***Capital Work in Progress***			
	Advance payments		-	34,945,185
	Machinery	5.4.1	390,062	-
			390,062	**34,945,185**
5.4.1	***Movement in capital work in progress***			
	Opening Balance		34,945,185	555,442
	Additions during the year		390,062	34,945,185
	Transferred to fixed assets		(34,945,185)	(555,442)
			390,062	**34,945,185**

5.5 Revaluation of freehold land, building on free hold land and machinery including generator & electric fittings that was carried out as on June 30, 2014 by independent valuer M/s K. G. Traders (Pvt.) Limited on the basis of depreciated replacement value. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment. The basis used for the revaluation of these assets were as follows:

Freehold land and building on free hold land

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

Plant and machinery, generators and electric fittings

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, generators and electric fittings. 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, generators and electric fittings.

5.6 Forced sale value of the above revalued items of property, plant and equipment is Rs. 1,356,105,550. Had there been no revaluation, the related carrying amounts of freehold land, building and machinery would have been as

		Note	2018 Rupees	2017 Rupees
	Land - freehold		31,787,994	31,787,994
	Buildings on freehold land		107,010,360	112,642,483
	Plant and machinery		817,230,551	781,696,950
	Generator		4,228,504	4,698,337
	Electric fittings and installations		34,064,971	35,159,322
			994,322,380	**965,985,086**
6.	***STORES AND SPARES***			
	Stores and spares		26,913,866	30,798,280
	Packing material		13,696,263	10,054,010
			40,610,129	**40,852,290**
7.	***STOCK IN TRADE***			
	Raw materials		468,106,891	410,825,120
	Work in process		40,096,000	40,217,892
	Finished goods:			
	-Yarn		93,416,838	219,688,331
	-Waste		5,327,314	3,507,825
			98,744,152	223,196,156
			606,947,043	**674,239,168**

			2018	2017
8.	***TRADE DEBTS***	***Note***	***Rupees***	***Rupees***
	Considered good			
	Export - secured	8.1 & 8.2	349,989,981	106,156,165
	Local - unsecured	8.3 & 8.4	260,993,259	162,436,249
			610,983,240	268,592,414
			610,983,240	**268,592,414**

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

8.2 Export trade debts as at June 30, 2018 consist of a large number of customers, spread across jurisdictions as follows.

Name of Jurisdiction	***Export Sales Rupees***	***Outstanding Amount Rupees***
Asia	2,287,641,588	343,282,815
Europe	30,972,297	6,707,166
	2,318,613,885	**349,989,981**

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

8.4 Local trade debts include debtors with a carrying amount of Rs. 0.58 million (2017: Rs. 2.161 million) which are past due at the reporting date but not impaired as there has not been any significant change in credit quality and the amounts are still considered recoverable.

8.4.1 Aging of amounts past due but not impaired

	Note	***2018 Rupees***	***2017 Rupees***
90 - 120 days		31,412	-
120 days and above		548,377	2,161,104
		579,789	**2,161,104**

9.	***LOANS AND ADVANCES***			
	Advance to suppliers - considered good		15,406,103	25,543,422
	Advance to suppliers - considered doubtful		1,794,628	1,794,628
	Loans to employees - considered good		5,286,226	4,863,488
			22,486,957	32,201,538
	Provision for doubtful suppliers		(1,794,628)	(1,794,628)
			20,692,329	30,406,910
	Advance for spinning unit on operating lease		5,040,048	5,040,048
	Minimum tax deposited under protest	28.3	848,021	848,021
			26,580,398	**36,294,979**
10.	***CASH AND BANK BALANCES***			
	Cash in hand		2,548,264	1,374,055
	Cash at banks - current accounts		70,441,550	30,802,052
			72,989,814	**32,176,107**

11. SHARE CAPITAL

2018	2017			2018	2017
Number of shares			Note	Rupees	Rupees
		Authorized			
20,000,000	**20,000,000**	Ordinary shares of Rs. 10 each		**200,000,000**	200,000,000
		Issued, subscribed and paid up			
16,800,000	**16,800,000**	Ordinary shares of Rs. 10 each fully paid in cash		**168,000,000**	168,000,000

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

12. SURPLUS ON REVALUTAION OF PROPERTY, PLANT AND EQUIPMENT

	Note	2018 Rupees	2017 Rupees
Opening balance		815,766,626	850,080,882
On account of incremental depreciation charged during the year - net of tax		(26,657,353)	(28,154,473)
Related deferred tax liability on incremental depreciation		(5,696,823)	(6,159,782)
		(32,354,176)	(34,314,255)
Closing balance		783,412,451	815,766,627
Less: related deferred tax liability			
Opening balance		110,791,522	126,774,438
Related deferred tax liability on incremental depreciation		(5,696,823)	(6,159,782)
Deferred tax due to rate change		(2,119,380)	(9,823,134)
		102,975,319	110,791,522
Closing balance		**680,437,132**	**704,975,105**

12.1 The effect of change in accounting policy is summarised below

	2017		
	As previously reported	*Restatement*	*As restated*
	-----------------------Rupees------------------------		
Effect on statement of changes in financial position			
Surplus on revaluation of fixed assets (within equity)	**704,975,105**	**(704,975,105)**	**-**
Share capital and reserves	**-**	**704,975,105**	**704,975,105**
Effect on statement of comprehensive income:			
Transfer from deferred tax due to change rate on opening revaluation surplus	**-**	**9,823,134**	**9,823,134**

	2016		
	As previously reported	*Restatement*	*As restated*
	-----------------------Rupees------------------------		
Effect on statement of changes in financial position:			
Surplus on revaluation of fixed assets (below equity)	**723,306,444**	**(723,306,444)**	**-**
Share capital and reserves	**-**	**723,306,444**	**723,306,444**

13. LONG TERM FINANCING

From banking companies - secured	Note	2018 Rupees	2017 Rupees
Habib Bank Limited			
- Demand Finance - II	13.1	26,666,670	53,333,336
- LTFF	13.2	76,027,460	105,040,220
- Demand Finance	13.5	33,796,620	33,796,620
		136,490,750	192,170,176
Bank AL Habib Limited			
- Term Finance	13.3	4,156,250	12,468,750
- Term Finance - II	13.4	4,540,000	9,080,000
		8,696,250	21,548,750
		145,187,000	213,718,926
Less: Current portion		72,824,836	68,531,926
		72,362,164	**145,187,000**

13.1 Habib Bank Limited - Demand Finance II

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

13.2 Habib Bank Limited - LTFF

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

13.3 Bank AL Habib Limited - Term Finance

This finance has been obtained for repayment of shipping documents under LCs limits. The loan was obtained on June 12, 2014 with 1 year grace period. It is repayable in 8 half yearly installments commencing from June 12, 2015 and is secured against 1st exclusive charge over specific imported machinery. It carries markup at the rate of 6 month KIBOR + 1.50%. During the year, markup was charged ranging from 7.65 % to 7.71 %. (2017: 7.59% to 7.65%).

13.4 Bank AL Habib Limited - Term Finance II

This finance has obtained for repayment of shipping documents under LCs limits. The loan was obtained on July 06, 2014 with 1 year grace period. It is repayable in 8 half yearly installments commenced from July 06, 2015 and is secured against first exclusive charge over specific imported machinery. It carries markup at the rate of 6 month KIBOR + 1.50%. During the year, markup was charged ranging from 7.65 % to 7.71 %. (2017: 7.59% to 7.65%).

13.5 Habib Bank Limited - DF

This finance has been obtained for purchase of machinery from Habib Bank Limited (HBL). The loan is repayable in 16 equal quarterly installments with one year grace period, commencing from 22 August 2018. It carries markup at flat rate of 4%. This finance is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company and personal guarantees of directors of the Company.

14. LONG TERM LOANS FROM RELATED PARTIES	Note	2018 Rupees	2017 Rupees
Interest free loans - unsecured	14.1	46,581,518	56,363,637
Less: present value adjustment		-	15,418,482
		46,581,518	**40,945,155**
Add: unwinding of discount	27	4,878,398	5,636,363
		51,459,916	**46,581,518**

14.1 The Company entered into agreements with various related parties (directors / chief executive) in their capacity as sponsors, whereby the repayment of loans was deferred for a period of three years. The loans are interest free, unsecured and are repayable in full at the end of three-year period unless further extended by mutual agreement. In 2017, loan was extended for further three years upto 2020 using the discount rate of 10% per annum. The fair value of the loans was estimated at Rs. 40.95 million. The difference of Rs. 15.42 million, between the gross proceeds and the fair value of loans was recognized in equity through a transfer to unappropriated profit (the unamortized portions is not available for distribution). During the year, the unwinding of discount (i.e., unwinding of the difference between present value on initial recognition and the amount received) amounting to Rs. 4.88 million (2017: 5.64 million) is recognized in statement of profit or loss using the effective interest rate method.

15. DEFERRED TAXATION

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

		2018	2017
Taxable temporary differences on:	***Note***	***Rupees***	***Rupees***
-Surplus on revaluation of property, plant and equipment		102,975,319	110,791,522
-Accelerated tax depreciation on property, plant and equipment		95,404,842	89,977,251
		198,380,161	200,768,773
Deductible temporary differences on:*			
-Provision for staff retirement benefits - gratuity		(4,108,102)	(4,300,097)
-Minimum tax		-	-
-Provision for doubtful receivables		(315,993)	(322,155)
		193,956,066	**196,146,521**

* the Company has not regonized 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 forseable future against which difference of minimum tax and normal tax liability will be adjusted.

15.2 Movement for June 30, 2018

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

Movement for June 30, 2017

	Balance as at July 01, 2016	Recognized in SOCI	Recognized in profit and loss	Balance as at June 30, 2017
	---------- Rupees ----------			
Deferred tax credits				
Surplus on revaluation of property, plant and equipment	126,774,438	(9,823,134)	(6,159,782)	110,791,522
Accelerated tax depreciation	91,310,507		(1,333,256)	89,977,251
Deferred tax debits				-
Provision for gratuity	(4,044,962)	(380,567)	125,432	(4,300,097)
Provision against doubtful advance	(349,214)		27,059	(322,155)
	213,690,769	**(10,203,701)**	**(7,340,547)**	**196,146,521**

16. *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, 2018.

	Note	2018 Rupees	2017 Rupees
Liability recognized in the balance sheet			
Present value of defined benefit obligation		**23,331,292**	**23,954,522**
Movement in liability for defined benefit obligation			
Opening balance		23,954,522	20,787,250
Charge for the year		16,876,420	15,925,508
Actuarial loss		404,683	2,120,022
Benefits paid during the year		(17,904,333)	(14,878,258)
Provision for gratuity		**23,331,292**	**23,954,522**
Change in present value of defined benefit obligation			
Opening defined benefit obligation		23,954,522	20,787,250
Current service cost for the year		15,713,737	14,957,769
Interest cost for the year		1,162,683	967,739
Benefits paid during the year		(17,904,333)	(14,878,258)
Remeasurement of plan obligation		404,683	2,120,022
		23,331,292	**23,954,522**
Charge for the year			
Current service cost		15,713,737	14,957,769
Interest cost		1,162,683	967,739
		16,876,420	**15,925,508**
Charge for the year has been allocated as follows:			
Cost of goods sold	22.2	15,106,392	14,894,231
Administrative expenses	25.1	1,770,028	1,031,277
		16,876,420	**15,925,508**
Total remeasurements chargeable to other comprehensive income			
Remeasurement of plan obligation:			
Experience adjustments		**404,683**	**2,120,022**
Maturity Profile			
Average duration of liability		**11 Years**	**10 Years**

Expected contribution for the next year

The expected contribution to the gratuity scheme for the next year works out to Rs. 20.42 million.

Sensitivity analysis as at June 30, 2018

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

- If the discount rate is 100 basis points higher / (lower), the defined benefit obligation would decrease by Rs. 2,590,927 / (increase by Rs. 3,189,280).

- If the expected rate of salary increases / (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 3,189,280 / (decrease by Rs. 2,634,979).

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 balance sheet.

		Note	2018 Rupees	2017 Rupees
17.	***TRADE AND OTHER PAYABLES***			
	Creditors		122,374,668	85,638,419
	Advance payments		3,740,888	3,647,459
	Accrued liabilities		71,474,909	89,879,754
	Withholding tax payable		2,403,824	2,213,421
	Workers' profit participation fund	17.1	3,746,153	2,358,496
	Workers' welfare fund		3,619,795	6,002,600
	Others		875,171	624,720
			208,235,408	**190,364,869**
17.1	***Workers' profit participation fund***			
	Opening balance		2,358,496	3,032
	Interest on funds utilized		220,246	-
			2,578,742	3,032
	Paid during the year		(700,000)	-
			1,878,742	3,032
	Allocation for the year	26	1,867,411	2,355,464
			3,746,153	**2,358,496**
18.	***ACCRUED MARKUP***			
	Accrued mark-up on:			
	- Long term financing		1,597,276	2,118,624
	- Short term borrowings		26,285,862	20,657,859
			27,883,138	**22,776,483**
19.	***SHORT TERM BORROWINGS***			
	From banking companies - secured			
	Running finance	19.1	674,236,677	629,046,690
	Cash finance	19.2	555,536,535	390,933,712
	Murabaha finance	19.3	199,500,000	108,023,068
			1,429,273,212	**1,128,003,470**

19.1 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 6.90% to 8.17% per annum (2017: 6.79% to 7.77% per annum).

19.2 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 6.92% to 7.92% per annum (2017: 6.92% to 7.29% per annum).

19.3 This facility has been obtained from Bank for working capital requirements, and are secured against joint pari passu charge over present and future current assets of the Company and personal guarantee of directors of the Company. This facility carries profit at the rate of respective KIBOR + 1.15% per annum (2017: KIBOR+1.15%).

19.4 Short term borrowings are available from various commercial banks under mark-up arrangements aggregating to Rs. 3,020 million (2017: Rs. 2,900 million) of which facilities remained un-utilized at the year end amounted to Rs. 1,591 million (2017: 1,742). Facilities available for opening letters of credit and guarantee aggregate to Rs. 315 million (2017: Rs. 130 million) of which facilities remained un-utilized at the year end were Rs. 315 million (2017: Rs. 122.57 million). All these facilities are expiring on various dates by March 31, 2018.

20. CONTINGENCIES AND COMMITMENTS

Contingencies

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

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

Commitments

20.3 Commitments outstanding at the end of the year in respect of irrevocable letter of guarantees issued to FESCO on behalf of the Company is Rs. 7.43 million (2017: Rs. 7.43 million).

21. SALES - NET	**Note**	**2018 Rupees**	**2017 Rupees**
Local			
-Yarn		3,007,440,856	2,975,520,532
-Waste		60,413,646	37,201,663
-Doubling process income		-	80,750
		3,067,854,502	3,012,802,945
Export			
-Yarn	8.2	2,318,613,885	1,804,975,415
-Export Rebate		92,744,556	35,068,574
		5,479,212,943	4,852,846,934
Sale of Viscose		119,756,181	10,291,834
		5,598,969,124	**4,863,138,768**

21.1 The company has decided to recognize export rebate under the "Duty Drawback of Taxes Order 2016-17" issued on January 23, 2017 on accrual basis.

22. COST OF GOODS SOLD	**Note**	**2018 Rupees**	**2017 Rupees**
Raw materials consumed	22.1	3,761,841,703	3,261,468,830
Salaries, wages and benefits	22.2	368,522,959	337,938,004
Stores consumed		45,630,030	42,461,353
Packing materials consumed		80,270,046	77,803,948
Power and fuel		589,549,941	588,415,307
Repair and maintenance		8,200,363	8,394,233
Insurance		10,598,234	10,488,695
Depreciation	5.3	85,560,647	86,806,317
Others		22,300	22,150
		4,950,196,223	4,413,798,837
Work-in-process			
-Opening stock		40,217,892	49,062,672
-Closing stock		(40,096,000)	(40,217,892)
		121,892	8,844,780
Cost of goods manufactured		4,950,318,115	4,422,643,617

	Note	2018 Rupees	2017 Rupees
Finished goods			
-Opening stock		223,196,156	289,384,807
-Purchases and purchase expenses		125,674,600	42,425,500
-Closing stock		(98,744,152)	(223,196,156)
		250,126,604	108,614,151
		5,200,444,719	**4,531,257,768**

22.1 Raw materials consumed

	2018 Rupees	2017 Rupees
Opening stock	410,825,120	449,003,590
Purchases and purchase expenses	3,815,427,950	3,219,808,176
	4,226,253,070	3,668,811,766
Closing stock	(468,106,891)	(410,825,120)
	3,758,146,179	3,257,986,646
Cotton cess	3,695,524	3,482,184
	3,761,841,703	**3,261,468,830**

22.2 These include Rs.15.11 million (2017: Rs. 14.89 million) in respect of staff retirement benefits.

23. OTHER INCOME

	Note	2018 Rupees	2017 Rupees
Income from financial assets			
Exchange gain		33,593,475	6,263,519
Income from assets other than financial assets			
Warehouse rental income		2,544,969	1,335,189
Insurance claim		-	644,656
Gain on disposal of fixed asset		786,280	-
Bad debt recovery		-	331,988
Reversal of WWF	23.1	-	10,671,591
		3,331,249	12,983,424
		36,924,724	**19,246,943**

23.1 In 2017, through Finance Act, 2008 an amendment was made in section 4(5) of the Workers Welfare Fund Ordinance 1971 (WWF Ordinance), whereby WWF liability was made applicable at 2% of the higher of the profit before taxation as per the accounts or declared income as per the return. In the year 2011, the Lahore High Court struck down the aforementioned amendments to the WWF Ordinance. However Sindh High Court through its order dated March 1, 2013 held that amendments made in WWF Ordinance through Finance Act, 2008 were constitutional. During the year ended 2017, the Supreme Court has upheld the decision of Lahore High Court and declared the changes made in WWF Ordinance through Finance Act 2008 as ultra vires and void ab initio. The amount includes provision for 2017 on the basis of tax profit and reversal of excess provisioning made on the basis of accounting profit from year 2011 till 2015.

24. SELLING AND DISTRIBUTION EXPENSES

	2018 Rupees	2017 Rupees
Export expenses (including freight on export sales)	38,418,646	32,859,007
Commission	32,822,402	31,539,061
Export development surcharge	5,566,954	4,552,564
Freight, forwarding and others	10,303,262	8,171,397
	87,111,264	**77,122,029**

		Note	2018 Rupees	2017 Rupees
25.	***ADMINISTRATIVE EXPENSES***			
	Directors' meeting fee		120,000	60,000
	Salaries and benefits	25.1	69,612,236	67,849,168
	Vehicles running and maintenance		7,177,822	7,608,145
	Traveling and conveyance		8,496,164	8,596,315
	Printing and stationery		1,945,745	715,439
	Communication		2,841,936	3,070,611
	Electricity and gas		4,227,032	3,948,108
	Rent, rates and taxes		306,500	306,500
	Repairs and maintenance		2,092,537	2,977,356
	Entertainment		1,414,862	905,137
	Fee & subscription		1,897,643	931,564
	Insurance		2,594,234	1,347,937
	Donation	25.2	504,500	491,400
	Depreciation	5.3	3,215,200	3,667,358
	Auditors' remuneration	25.3	1,000,000	650,000
	Legal and professional		779,404	522,040
	Others		777,911	581,349
			109,003,726	**104,228,427**

25.1 These include Rs. 1.77 million (2017: Rs. 1.03 million) in respect of staff retirement benefits.

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

25.3 ***Auditors' remuneration***

	Note	2018 Rupees	2017 Rupees
Statutory audit fee		600,000	500,000
Half yearly review		200,000	150,000
CDC / free float shares certification		100,000	-
Review report on Code of Corporate Governance		100,000	-
		1,000,000	**650,000**

		Note	2018 Rupees	2017 Rupees
26.	***OTHER OPERATING EXPENSES***			
	Worker's welfare fund		606,068	898,176
	Worker's profit participation fund	17.1	1,867,411	2,355,464
			2,473,479	**3,253,640**
27.	***FINANCE COST***			
	Mark up on:			
	-Long term financing		7,375,890	9,343,572
	-Short term borrowings		104,240,286	82,408,849
	Interest on WPPF		220,246	-
			111,836,422	91,752,421
	Unwinding of discount on loans from related parties	14	4,878,398	5,636,363
	Bank charges		10,622,621	5,839,479
			127,337,441	**103,228,263**
28.	***TAXATION***			
	Current		55,350,484	44,356,175
	Deferred		180	(7,340,547)
	Prior year adjustment		(533,633)	32,938
			54,817,031	**37,048,566**

28.1 Management is of view that the provision for current tax is sufficient to discharge the tax liability. Comparison of provision for current tax as per accounts viz a viz tax assessment for last three years is as follows:

Tax year	As per income tax return Rupees	As per Accounts Rupees
2015	39,030,486	40,628,639
2016	26,325,757	27,000,794
2017	43,822,542	44,356,175

28.2 ***Tax charge reconciliation***

	Note	2018 Rupees	2017 Rupees
Applicable tax rate		**30%**	**31%**
Profit before tax		**109,523,219**	**63,295,584**
Tax on accounting profit before tax		32,856,966	19,621,631
Effect due to income chargeable at different rates		(6,510,509)	(26,179,324)
Effect due to income chargeable u/s 154		(26,985,300)	(13,158,072)
Effect Due to change in tax rate		(2,119,380)	(9,823,134)
Effect due to tax credits		(7,680,789)	(3,957,465)
Prior year tax adjustment		(533,633)	32,938
Others		65,789,675	70,511,992
Current year provision		**54,817,031**	**37,048,566**

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

29. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2018	2017
Profit for the year	*Rupees*	54,706,187	26,247,018
Weighted average number of shares	*Number*	16,800,000	16,800,000
Earnings per share - basic and diluted	*Rupees*	3.26	1.56

30. FINANCIAL RISK MANAGEMENT

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

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

30.2 ***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. 692.38 million (2017: Rs. 309.93 million),the Company manages credit risk in trade debts by assigning credit limits to its customers and thereby does not have significant exposure to any individual customer.

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

Financial assets as per balance sheet	***2018 Rupees***	***2017 Rupees***
Deposits	5,668,939	5,668,939
Trade debts	610,983,240	268,592,414
Loans and advances	5,286,226	4,863,488
Bank balances- with banking companies	70,441,550	30,802,052
	692,379,955	**309,926,893**

30.2.1 ***Credit risk related to trade debts***

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

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

30.2.2 ***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, 2018 are as follows:

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

30.3 ***Liquidity risk management***

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has established an appropriate liquidity risk management framework for the management of the Companys short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 30.3.3 below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

30.3.1 *Liquidity and interest risk table*

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

	Effective rate of interest (%)	*1 - 3 months*	*3 months - 1 year*	*1 - 5 years*	*More than 5 years*	*Total*
		---------- Rupees ----------				
Financial liabilities						
Interest bearing						
Long term finance	***4 - 7,71***	-	45,695,494	72,824,836	-	118,520,330
Short term borrowings	***6.90 - 8.17***	-	1,429,273,212	-	-	1,429,273,212
Non interest bearing						
Long term finance		-	26,666,670	-	-	26,666,670
Long term loan from related parties		-	-	51,459,916	-	51,459,916
Trade and other payables		194,724,748		-	-	194,724,748
Unclaimed dividends		3,052,032	-	-	-	3,052,032
Unpaid dividend		2,032,694	-	-	-	2,032,694
Accrued mark up		27,883,138	-	-	-	27,883,138
June 30, 2018		**227,692,612**	**1,501,635,376**	**124,284,752**	**-**	**1,853,612,740**
Financial liabilities						
Interest bearing						
Long term finance	***5 - 14.41***	-	91,853,664	68,531,926	-	160,385,590
Short term borrowings	***3.85 - 14.3***	-	1,128,003,470	-	-	1,128,003,470
Non interest bearing						
Long term finance		-	53,333,336	-	-	53,333,336
Long term loan from related parties		-	-	46,581,518	-	46,581,518
Trade and other payables		176,142,893	-	-	-	176,142,893
Unclaimed dividends		3,052,032	-	-	-	3,052,032
Unpaid dividend		2,032,694	-	-	-	2,032,694
Accrued mark up		22,776,483	-	-	-	22,776,483
June 30, 2017		**204,004,102**	**1,273,190,470**	**115,113,444**	**-**	**1,592,308,016**

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

	Less than 1 month	*1 - 3 months*	*3 months - 1 year*	*1 - 5 years*	*More than 5 years*	*Total*
	---------- Rupees ----------					
Financial Assets						
Non interest bearing						
Deposits		-	-	5,668,939	-	5,668,939
Trade debts		610,983,240	-	-	-	610,983,240
Loans and advances		5,286,226	-	-	-	5,286,226
June 30, 2018	**-**	**616,269,466**	**-**	**5,668,939**	**-**	**621,938,405**
Financial Assets						
Non interest bearing						
Deposits	-	-	-	5,668,939	-	5,668,939
Trade debts	-	268,592,414	-	-	-	268,592,414
Loans and advances	-	4,863,488	-	-	-	4,863,488
June 30, 2017	**-**	**273,455,902**	**-**	**5,668,939**	**-**	**279,124,841**

30.3.3 *Financing facilities*

Secured bank loan facilities with various maturity dates through to 2018 and which may be extended by mutual agreement:

	2018	***2017***
	Rupees	***Rupees***
Amount utilized	1,574,460,212	1,341,722,396
Amount un-utilized	1,896,950,188	1,741,996,530

30.4 *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.

30.4.1 *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.

30.4.2 The exposure of the Companys borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	2018	***2017***
	Rupees	***Rupees***
Short term borrowings	1,429,273,212	1,128,003,470
Long term loans	118,520,330	160,385,590
	1,547,793,542	**1,288,389,060**

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

Long term financing	26,666,670	53,333,336
Long term loans from related parties	51,459,916	46,581,518
	78,126,586	**99,914,854**

30.4.3 *Interest rate sensitivity*

If interest rates had been 100 basis points lower / higher and all other variables were held constant, the Companys profit for the year would have been lower / higher by Rs. 14.58 million (2017: Rs. 13.87 million). This is mainly attributable to the Companys exposure to interest rates on its variable rate borrowings.

30.5 *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, 2018, the total foreign currency risk exposure was Rs. 349.99 million (2017: Rs. 106.16 million) in respect of trade debts

30.6 *Foreign currency sensitivity analysis*

At June 30, 2018, 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. 34.98 million (2017: Rs. 10.61 million), mainly as a result of foreign exchange losses / gains on translation of foreign currency trade debts.

30.7 *Determination of fair values*

Fair value of financial instruments

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

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

Fair value estimation

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

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

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

30.8 ***Financial instruments by category***

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

	2018 Rupees	2017 Rupees
Financial assets as per balance sheet		
Deposits	5,668,939	5,668,939
Trade debts	610,983,240	268,592,414
Loans and advances	5,286,226	4,863,488
Cash and bank balances	72,989,814	32,176,107
	694,928,219	**311,300,948**
Financial liabilities as per balance sheet		
Other financial liabilites		
Long term financing	145,187,000	213,718,926
Long term loans from related parties	51,459,916	46,581,518
Short term borrowings	1,429,273,212	1,128,003,470
Accrued mark up	27,883,138	22,776,483
Trade and other payables	194,724,748	176,142,893
Unpaid dividend	2,032,694	2,032,694
Unclaimed dividend	3,052,032	3,052,032
	1,853,612,740	**1,592,308,016**

31. ***CAPITAL RISK MANAGEMENT***

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

The Company's objectives when managing capital are:

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

ii) to provide an adequate return to shareholders.

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

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

	2018 Rupees	2017 Rupees
Total debt	1,625,920,128	1,388,303,914
Less: cash and bank balance	(72,989,814)	(32,176,107)
Net debt	**1,552,930,314**	**1,356,127,807**
Total equity	1,292,335,394	1,235,843,256
Adjusted capital	**2,845,265,708**	**2,591,971,063**
Debt-to-adjusted capital ratio	55%	52%

The increase in the debt-to-equity ratio in 2018 resulted primarily due to increase in short term debts of the Company.

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

32. REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTOR

Particulars	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	June 30, 2018			June 30, 2017		
Managerial remuneration	3,750,000	2,490,000	4,158,750	3,600,000	2,400,000	3,805,000
Utilities	530,126	477,595	-	507,970	453,810	-
Gratuity	-	-	-	-	-	-
Other allowances	-	-	-	-	-	-
	4,280,126	**2,967,595**	**4,158,750**	**4,107,970**	**2,853,810**	**3,805,000**
Number of persons	1	1	3	1	1	3

32.1. Chief Executive Officer and executive Directors are provided with Company maintained cars and utilities at residence.

32.2 Meeting fee amounting to Rs. 120,000 (2017: Rs.60,000) was paid to non-executive directors of the Company during the year.

33. TRANSACTIONS WITH RELATED PARTIES

33.1 Related parties comprise of associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due to associated undertakings are shown under-long term loans from related parties, as disclosed in note 14. Remuneration of key management personnel is disclosed in note 32. There are no other transactions with related parties.

34. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	At June 30,2017	Cash inflows	Cash outflows	Other changes	At June 30,2018
		----------Rupees----------			
Long term finance	213,718,926	-	(68,531,926)	-	145,187,000
Short term borrowings	1,128,003,470	11,548,216,801	(11,246,947,059)	-	1,429,273,212
Long term loan from related parties	46,581,518	-	-	4,878,398	51,459,916
	1,388,303,914	**11,548,216,801**	**(11,315,478,985)**	**4,878,398**	**1,625,920,128**

35. PLANT CAPACITY AND ACTUAL PRODUCTION

		2018	2017
Spinning Unit-1			
Spindles installed and worked	No.	18,672	18,672
Shift worked	No.	1,022	1,022
Standard production after conversion into 20's count	Kgs	6,398,891	6,398,891
Actual production of yarn after conversion into 20's count	Kgs	5,346,767	5,186,155
Spinning Unit-II			
Spindles installed and worked	No.	27,864	27,864
Shift worked	No.	1,007	1,007
Standard production after conversion into 40's PC count	Kgs	4,784,702	4,784,702
Actual production of yarn after conversion into 40's PC count	Kgs	4,003,495	4,185,296
Spinning Unit-III			
Spindles installed and worked	No.	23,904	23,904
Shift worked	No.	896	891
Standard production after conversion into 20's count	Kgs	7,018,741	7,018,741
Actual production of yarn after conversion into 20's count	Kgs	5,689,190	5,510,786

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

36. NUMBER OF EMPLOYEES

The number of employees for the year ended June 30, 2018 and 2017 respectively were as follows:

	2018	2017
	Number	
Total number of employees as at June 30,	1,522	1,514
Average number of employees at head office during the year	29	33
Average number of employees at site during the year	1,514	1,539

37. CORRESPONDING FIGURES

The preparation and presentation of these financial statements for the year ended June 30, 2018 is in accordance with requirements in Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications due to Companies Act, 2017 together with other changes have been made during the year:

Reclassified from	Reclassified to	Reason	Rupees
Trade and other payables	Unclaimed dividend (Presented on face of statement of financial position)	Companies Act, 2017	3,052,032
Trade and other payables	Unpaid dividend (Presented on face of statement of financial position)	Companies Act, 2017	2,032,694

38. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue on 04.10 2018 by the Board of Directors of the Company.

39. GENERAL

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

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

THE COMPANIES ACT, 2017

PATTERN OF SHAREHOLDING

1. Incorporation Number **0020652**
2. Name of the Company **Maqbool Textile Mills Limited**
3. Pattern of holding the share held by the shareholders as at 30.06.2018

Number of ShareHolders	Shareholdings From	To	Total Number of Share Held	Percentage of Total Capital
76	1 -	100	3,090	0.02
297	101 -	500	137,595	0.82
105	501 -	1000	102,865	0.61
64	1001 -	5000	174,232	1.04
15	5001 -	10000	115,845	0.69
6	10001 -	15000	75,000	0.45
3	15001 -	20000	50,000	0.30
2	20001 -	25000	41,500	0.25
2	25001 -	30000	58,600	0.35
3	45001 -	50000	146,100	0.87
2	55001 -	60000	116,500	0.69
1	80001 -	85000	80,500	0.48
1	85001 -	90000	90,000	0.54
1	110001 -	115000	113,500	0.68
1	120001 -	125000	125,000	0.74
1	145001 -	150000	146,000	0.87
1	150001 -	155000	152,321	0.91
2	165001 -	170000	338,000	2.01
2	175001 -	180000	353,000	2.10
1	180001 -	185000	182,000	1.08
1	195001 -	200000	200,000	1.19
1	205001 -	210000	209,000	1.24
1	315001 -	320000	318,000	1.89
1	345001 -	350000	346,500	2.06
1	375001 -	380000	376,500	2.24
4	700001 -	705000	2,815,743	16.76
3	775001 -	780000	2,328,915	13.86
1	1465001 -	1470000	1,465,121	8.72
1	1475001 -	1480000	1,476,921	8.79
2	1495001 -	1500000	2,995,563	17.83
1	1665001 -	1670000	1,666,089	9.92
603			**16,800,000**	**100.00**

Category wise Pattern of Total Shareholding
As on June 30, 2018

Ser #	Code	Category	No. of Shareholder	Shares Held	Percentage of Total Capital
1	1	Joint Stock Companies	7	906,001	5.3929
2	3	Investment Companies	1	1,500	0.0089
3	5	Individuals	583	13,384,808	79.6715
4	7	Financial Institutions	1	936	0.0056
5	9	Mutual Funds	1	1,666,089	9.9172
6	10	Funds	10	840,666	5.0040
		TOTAL:	**603**	**16,800,000**	**100.0000**

PATREN OF SHAREHOLDING

AS ON JUNE 30, 2018

ADDITIONAL INFORMATION

Shareholder's Category	Number of Shareholders	Number of Share held
Associated Companies, undertakings and related parties		Nill
NIT		
National Bank of Pakistan- Trustee Department	1	1,666,089
Directors		
Mian Tanvir Ahamad Sheikh	1	1,465,121
Mian Anis Ahamad Sheikh	1	1,497,781
Mian Idrees Ahamad Sheikh	1	1,476,981
Mian Aziz Ahamad Sheikh	1	1,497,782
Mian Atta Shafi Tanvir Sheikh	1	177,000
Maj. (R) Javed Mussarat	1	2,500
Mr. Raza Abbas Jaffery (Rep NIT)	1	16,666,089
Chief Executive Officers		
Mian Anis Ahamad Sheikh	1	1,497,781
Directors'/ CEO's Spouses	19	9,901,948
Executives		Nill
Shareholders Holding 5% or more voting interest		
Mian Tanvir Ahamad Sheikh - Chairman	1	1,465,121
Mian Anis Ahamad Sheikh - Chief Executive Officer	1	1,497,781
Mian Idrees Ahamad Sheikh - Director	1	1,476,981
Mian Aziz Ahamad Sheikh - Director	1	1,497,782
Syed Raza Abbas Jafari (Rep NIT)	1	1,666,089
General Public	**679**	**14,247,808**

Category wise Detail of Shareholding
As on June 30, 2018

Sr. #	Folio Number	Name		Shares Held	Per % Total Capital
Joint Stock Companies					
1	CDC-281	FIKREES (PRIVATE) LIMITED		5,500	0.0327
2	CDC-164	MAPLE LEAF CAPITAL LIMITED		1	0.0000
3	CDC-215	TIME SECURITIES (PVT.) LTD.		3,000	0.0179
4	CDC-252	TREET CORPORATION LIMITED		200,000	1.1905
5	CDC-5	TREET CORPORATION LIMITED		318,000	1.8929
6	CDC-144	PROVIDUS CAPITAL (PVT.) LIMITED		3,000	0.0179
7	CDC-149	TREET CORPORATION LIMITED.		376,500	2.2411
		Running Total	**Joint Stock Companies**	**906,001**	**5.3929**
Investment Companies					
1	7170	NATIONAL DEVELOPMENT FINANCE CORPORATION (INVESTER)		1,500	0.0089
		Running Total	**Investment Companies**	**1,500**	**0.0089**
Individuals					
		Running Total	**Individuals**	**13,384,808**	**79.6715**
Financial Institutions					
1	CDC-167	NATIONAL BANK OF PAKISTAN		936	0.0056
		Running Total	**Financial Institutions**	**936**	**0.0056**
Mutual Funds					
1	CDC-284	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		1,666,089	9.9172
		Running Total	**Mutual Funds**	**1,666,089**	**9.9172**
Funds					
1	CDC-158	TRUSTEES TREET CORPORATION LTD GROUP EMPLOYEES SERVICE FUND		80,500	0.4792
2	CDC-150	TRUSTEES TREET CORP LTD EMP PROVIDENT FD		90,000	0.5357
3	CDC-151	TRUSTEES TREET CORP LTD EMP GRATUTY FUND		50,000	0.2976
4	CDC-152	TRUSTEES TREET CORP LTD SUPERANNUATION FD		113,500	0.6756
5	CDC-10	TRUSTEE- TREET CORPORATION LTD.GROUP EMPLOYEES SERVICE FUND		125,000	0.7440
6	CDC-116	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		152,321	0.9067
7	CDC-122	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST		5,345	0.0318

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 2018

Signed by the said

Five Rupees Revenue Stamp

IMPORTANT

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

www.maqboolgroup.com

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

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

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