



# **MAQBOOL TEXTILE MILLS LIMITED**

*32<sup>nd</sup> Annual Report*

**&**

*Financial Statements (Audited)*

*For the year ended June 30, 2021*

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

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

## QUALITY AND ENVIRONMENTAL POLICY

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

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

**COMPANY PROFILE**

**BOARD OF DIRECTORS**

Mian Tanvir Ahmad Sheikh	- Chairman
Mrs Romana Tanvir Sheikh	- Director
Mian Anis Ahmad Sheikh	- Chief Executive Officer
Mian Idrees Ahmad Sheikh	- Non-Executive Director
Mian Aziz Ahmad Sheikh	- Non-Executive Director
Mian Atta Shafi Tanvir Sheikh	- Executive Director
Mian Shafi Anis Sheikh	- Executive Director
Maj. (R) Javed Mussarat	- Independent Director
Syed Raza Abbas Jaffari	- Independent Director
Mr. Tariq Rahim Anwar	- Independent Director

**AUDIT COMMITTEE**

Maj. (R) Javed Mussarat	- Chairman
Mian Idrees Ahmad Sheikh	- Member
Mian Aziz Ahmad Sheikh	- Member

**HR & REMUNERATION COMMITTEE**

Mian Aziz Ahmad Sheikh	- Chairman
Mian Idrees Ahmad Sheikh	- Member
Mian Atta Shafi Tanvir Sheikh	- Member

**CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**

M. Ehsanullah Khan

**HEAD OF INTERNAL AUDIT**

Mahmood ul Hassan

**AUDITORS**

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

**LEGAL ADVISOR**

Mr. Khalil-ur-Rehman - Advocate  
Lahore.

**BANKERS**

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

**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 32<sup>nd</sup> Annual General Meeting of the Company will be held on Thursday October 28, 2021 at 3:30 PM at its registered office, 2-Industrial Estate, Multan, to transact the following business:

### **ORDINARY BUSINESS**

1. To read and confirm the minutes of the Extra Ordinary General Meeting of the Company held on March 31, 2021.
2. To receive, consider and adopt the Annual audited financial statements of the Company together with the Directors', Auditors' Reports and Chairman Review thereon for the year ended June 30, 2021.
3. To consider and approve the distribution of cash dividend @**17.50%** (i.e. Rs.1.75 per share) as recommended by the board for the year ended June 30, 2021.
4. To appoint auditors of the Company for the year 2021-22, 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 07, 2021

### **NOTES:**

1. The Shares Transfer Books of the Company will remain closed from 21-10-2021 to 28-10-2021 (both days inclusive). Shares transfer received at the Company's Shares Registrar's Office, M/s Hameed Majeed Associates (Pvt.) Limited, H.M. House, 7-Bank Square, Lahore by the close of business on October 21, 2021 will be treated in time.
2. A member entitled to attend and vote at this meeting is entitled to appoint any other member as a proxy to attend, speak and vote instead of him/her. **A proxy must be a member.** Proxy Forms duly stamped with Rs.5/- revenue stamp, signed and witnessed by two persons, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
3. Any individual beneficial owners of CDC, entitled to attend and vote at this meeting must bring his/her CNIC or passport to prove his/her identity and in case of proxy must enclose an attested copy of his/ her CNIC or passport. In case of corporate members, the Boards' resolution or power of attorney with specimen signatures of the nominee shall require to be produced at the time of meeting.
4. For the convenience of Members, a Standard Request Form with appropriate details has been posted on the Company's website. Those Members who opt to receive the annual audited financial statements through CD/DVD/USB instead in the form of hardcopies may apply to the Company Secretary at his postal or email address [ehsan@maqboolgroup.com](mailto:ehsan@maqboolgroup.com)
5. **Members are requested to submit an attested photocopy of their valid Computerized National Identity Cards (CNICs) as per SECP's direction, if not provided earlier and also communicate to the Company immediately of any change in their addresses.**

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

I / W e , \_\_\_\_\_ o f \_\_\_\_\_, 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.

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**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, 2021**

Annual Evaluation of the Board of Directors of the Company, M/s MAQBOOL TEXTILE MILLS LIMITED, is carried out in accordance with the requirements of the Code of Corporate Governance to ensure that its performance and effectiveness is as per the expectations to achieve the goals and objectives of the Company. For the financial year ended June 30, 2021, it is assessed as Satisfactory. There was no violation of the code of conduct.

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

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

Sd/-  
MIAN TANVIR AHMAD SHEIKH  
CHAIRMAN

Multan,  
October 6, 2021

## 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 32<sup>nd</sup> Annual Report on the affairs of your Company along with the Audited Financial Statements of the Company for the year ended June 30, 2021.

#### **PERFORMANCE:**

By the grace of Almighty Allah, your Company performed quite well during the year under report. The current year witnessed a significant increase in demand of textile products from the international market despite the challenges of Covid-19 pandemic which appeared as a major event forcing the various regions of world into lock-down and limiting the economic activities. During this period, though the effects of Covid-19 pandemic dominated, productions of textile items in Pakistan witnessed increase at large in consequence of major shift of demand to Pakistan from international markets. The Government's handling of the Covid situation as well as the support to the manufacturing sector in general by the State Bank of Pakistan instilled a lot of confidence in the manufacturing sector.

The collective impact of devaluation of PKR & higher rate of sales tax has adversely effected the financial results of our Company & other industry in Pakistan. Despite this and various other challenges including global slowdown and drastic rise in cost of doing business, especially the imported raw material, your company was able to procure raw material at better prices during the period which resulted in better profitability. The Company performed well & earned a pre-tax profit of **Rs. 272.528 Million** (2020: 132.229 Million) & net profit of **Rs. 156.271 Million** (2020: 26.390 Million) after provision for taxation.

#### **OPERATIONS:**

The Mills produced Cotton, CVC, PC, PV & PP yarn throughout the year. The total production of yarn during the year under review at Unit-1 on 20's Count basis was **11,659,952 Kg.** (2020: 7,447,249 Kg.), at Unit-2 on 40's Count CVC basis was **4,429,605 Kg.** (2020: 3,459,402 Kg.) & at Unit-3 on 30's PV Count basis was **7,540,536 Kg.** (2020: 6,515,980 Kg.)

The total sales for the year increased to **Rs. 7,351.741 Million** as compared to Rs. 5,841.689 Million last year. The gross profit for the year was **Rs. 721.096 Million** as compared to Rs. 620.022 Million last year. The Net profit after providing for Tax amounted to **Rs. 156.271 Million** as compared to the Net Profit of Rs. 26.392 Million last year.

#### **ACCOUNTS:**

The financial results for the year ended June 30, 2021 along with the comparative figures of the last year are summarized under the respective heads of Accounts below:



	<b>For the year ended June 30, 2021 Rupees</b>	<b>For the year ended June 30, 2020 Rupees</b>
Sales- net	7,351,740,827	5,841,689,559
Cost of goods sold	(6,630,773,450)	(5,221,667,067)
<b>Gross Profit</b>	<b>720,967,377</b>	<b>620,022,492</b>
Other income/ (expenses)	6,972,026	975,322
	727,939,403	620,997,814
Distribution and marketing expenses	(68,678,995)	(65,306,232)
Administrative Expenses	(182,384,782)	(146,152,148)
Operating Expenses	(18,256,560)	(15,369,000)
Finance Cost	(186,091,134)	(261,941,203)
<b>Profit before Taxation</b>	<b>272,527,932</b>	<b>132,229,230</b>
Taxation	(116,256,952)	(105,837,473)
<b>Profit for the year</b>	<b>156,270,980</b>	<b>26,391,757</b>
Earnings per share - basic and diluted	<b>9.08</b>	<b>1.52</b>

#### **INCREASE IN AUTHORIZED & PAID UP CAPITAL OF COMPANY**

Keeping in view the future expansion plans & to enhance the capital base of the Company, during the year under report, authorized capital of the Company has been increased from Rs.200 Million divided into 20 Million shares of Rs. 10 each to Rs. 500 Million divided into 50 Million Shares of Rs. 10 each. Accordingly paid capital of the Company was also increased from 16.800 Million shares of Rs. 10 each to 18.432 Million shares of Rs. 10 each through issuance of shares other than right issue under section 83(I)(b) of Companies Act 2017. The increased numbers of shares were issued to directors of the Company @ Rs. 50 per share inclusive of premium of Rs. 40 per share against their long outstanding balances of loans to the Company. The necessary corporate formalities for issuance of above shares other than right issue were completed & approvals from SECP obtained.

#### **BMR**

Further new machinery in back process and winding sections was added to Units the Company. For this purpose, a finance facility of Rs.86 Million under the TERF Scheme of SBP from Bank Al-Habib was utilized. The detail of additional machinery is as bellow :

- 30 Sets of Carding Machines MK-6
- 2 Sets of Draw Frames FA-316A
- 5 Sets of Murata 21-C Auto Cone Winders
- 2 Sets of Simplex Machines TJFA
- 2 Sets of Draw Frames RSBD-35
- 1 set of Tomsic Laboratory Testing Equipment's

Alhamdulillah, all the above machines has been installed at Units of the Company resulting into higher production efficiency, qualitatively and quantitatively fetching more profitability for the Company.

**SETTING UP NEW MVS UNIT**

In the line with Company's future expansion plan, setting up of a new MVS Spinning Unit at its Chow Sarwar Shaheed premises was planned. It was finalized through availing SBP TERF Facility. Letters of Credit were accordingly established and machinery started arriving during in the current year. Major portion of machinery of MVS Unit has reached at mills before the year ended on 30.06.2021 and its installation is in progress. Remaining portion of machinery of MVS Unit has also reached at mills site & its installation will InshaAllah be completed by 15.11.2021 where after the commercial production will commence.

SBP TERF Facility of Rs. 550 Million from Bank Al-Habib Ltd. has been availed which is repayable in 10 years with grace period of 2 years.

**FUTURE OUTLOOK**

The Govt. of Pakistan has taken several measure to defeat the effects Covid-19. These measures have given relief to the industries & has kept it going. Textile Industry in Pakistan is continuously operating in a challenging environment. The international market conditions, volatility in prices of raw material, increased manpower cost and implementation of higher rate of sales tax on the sector are amongst the major challenges.

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

**DIVIDEND**

To share the profit earned by the Company for the year ended June 30, 2021 with the shareholders, your Directors have proposed distribution of a final cash dividend @17.50 % (Rs.1.75 Per Share) to the shareholders of the Company in its meeting held on October 6, 2021.

**REVALUATION OF FIXED ASSETS**

Valuation of the fixed assets (Land, building & Machinery) of the Company was carried out as of June 30, 2019 by the independent valuers M/s MYK Associates (Pvt.) Limited, Karachi on the basis of market value to reflect the current fair value of the assets of the Company. The net effect after deletion/ addition in assets was accounted for in the financial statements of the Company accordingly.

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

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

**COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE**

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

**PRESENTATION OF FINANCIAL STATEMENTS:**

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

**BOOKS OF ACCOUNTS:**

The Company has maintained proper books of accounts.

**ACCOUNTING POLICIES:**

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

**COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS (IAS):**

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

**INTERNAL CONTROL SYSTEM:**

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

**ON GOING CONCERN:**

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

**NO OUTSTANDING STATUTORY DUES:**

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

**FINANCIAL HIGHLIGHTS:**

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

**BOARD MEETINGS:**

During the year ended June 30, 2021 Seven (7) meetings of the Board of Directors were held. Attendance of each Director is given below:

<b><u>Director's Name</u></b>	<b><u>Meeting Attended</u></b>
1. Mian Tanvir Ahmad Sheikh	7
2. Mrs. Romana Tanvir Sheikh	2
3. Mian Anis Ahmad Sheikh	7
4. Mian Idrees Ahmad Sheikh	7
5. Mian Aziz Ahmad Sheikh	7
6. Mian Atta Shafi Tanvir Sheikh	6
7. Mr. Tariq Rahim Anwar	2
8. Maj. (Retd.) Javed Musarrat	7
9. Syed Raza Abbas Jaffery	7
10. Mian Shafi Anis Sheikh	2

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

<b><u>Members Name</u></b>	<b><u>Attendance</u></b>
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1. Maj (Retd.) Javed Musarrat	4
2. Mian Aziz Ahmad Sheikh	4
3. Mian Idrees Ahmad Sheikh	4

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

<b><u>Members Name</u></b>	<b><u>Attendance</u></b>
1. Mian Idrees Ahmad Sheikh	1
2. Mian Aziz Ahmad Sheikh	1
3. Mian Atta Shafi Tanvir Sheikh	1

### **COMPOSITION OF BOARD**

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

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

### **AUDITORS**

Your Company's Auditors M/s Yousuf Adil, Chartered Accountants, Multan retire and being eligible offer themselves for re-appointment for the next year. The Audit Committee of the Company has recommended and proposed the re-appointment of M/s Yousuf Adil, Chartered Accountants, Multan as Auditors of the Company for the year 2021-2022 with remuneration as per ICAP Standard, in the upcoming Annual General Meeting of the Company.

### **PATTERN OF SHAREHOLDING**

A statement showing pattern of shareholdings of the Company and additional information as at June 30, 2021 is annexed to this report.

### **RELATIONS WITH LABOUR AND STAFF**

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

### **ACKNOWLEDGEMENT**

Your Directors acknowledge the best cooperation as usual enjoyed by your Company from all relevant Financial Institutions, its bankers as listed below and wish to record their appreciation for the same and hope their support to the Company will continue in future as well.

**Habib Bank Ltd.,  
Bank AL Habib Ltd.,  
Habib Metropolitan Bank Ltd.,  
United Bank Ltd.,  
The Bank of Punjab  
National Bank (Islamic)**

**Bank Al-Falah Ltd. (Islamic)**  
**Faysal Bank Ltd. (Islamic)**  
**Askari Bank Ltd.,**  
**Meezan Bank Ltd.**

The Directors also acknowledged sincere efforts of healthcare workers, essential service providers and the entire team of MAQBOOL TEXTILE MILLS LTD. for managing and controlling the spread of Covid-19 during the year. Finally, we thank all our valued customers, suppliers, stakeholders for their commitment to the Company and look forward to sharing further successes with them in the coming years.

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

On behalf of the Board of Directors

Sd/-

**Mian Tanvir Ahmad Sheikh**  
CHAIRMAN

**Multan,**  
**October 6, 2021**

## ڈائریکٹرز رپورٹ

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

کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے، میں 30 جون، 2021 تک ختم ہونے والے سال کے لئے کمپنی کے آڈٹ کردہ مالی بیانات کے ساتھ ساتھ آپ کی کمپنی کے معاملات پر 32 ویں سالانہ رپورٹ پیش کر رہا ہوں۔

### کارکردگی:

اللہ تعالیٰ کے فضل سے، آپ کی کمپنی نے رپورٹ کے تحت سال کے دوران بہت اچھی کارکردگی کا مظاہرہ کیا۔ رواں سال کوویڈ 19 وبائی بیماری کے چیلنجوں کے باوجود بین الاقوامی مارکیٹ سے ٹیکسٹائل مصنوعات کی مانگ میں نمایاں اضافہ دیکھنے میں آیا جو کہ دنیا کے مختلف علاقوں کو لاک ڈاؤن اور معاشی سرگرمیوں کو محدود کرنے کے لیے ایک اہم واقعہ کے طور پر نمودار ہوا۔ اس عرصے کے دوران، اگرچہ کوویڈ 19 وبائی امراض کے اثرات غالب رہے، پاکستان میں ٹیکسٹائل اشیاء کی پیداوار میں بڑے پیمانے پر اضافہ دیکھنے میں آیا جس کے نتیجے میں بین الاقوامی منڈیوں سے پاکستان کی مانگ میں بڑی تبدیلی آئی۔ حکومت کی جانب سے کوویڈ کی صورتحال کو سنبھالنے کے ساتھ ساتھ اسٹیٹ بینک آف پاکستان کی طرف سے عام طور پر مینوفیکچرنگ سیکٹر کی مدد نے مینوفیکچرنگ سیکٹر میں بہت اعتماد پیدا کیا۔

PKR کی قدر میں کمی اور سیلز ٹیکس کی بلند شرح کے اجتماعی اثرات نے ہماری کمپنی اور پاکستان کی دیگر صنعتوں کے مالی نتائج پر منفی اثر ڈالا ہے۔ اس کے باوجود اور دیگر مختلف چیلنجز بشمول عالمی سست روی اور کاروبار کی لاگت میں زبردست اضافہ، خاص طور پر درآمد شدہ خام مال، آپ کی کمپنی اس عرصے کے دوران بہتر قیمتوں پر خام مال خریدنے میں کامیاب رہی جس کے نتیجے میں بہتر نتائج ہوا۔ کمپنی نے اچھی کارکردگی کا مظاہرہ کیا اور ٹیکس سے پہلے کا منافع کمایا۔ 272.528 ملین (132.229:2020) اور روپے کا خالص منافع ٹیکس کی فراہمی کے بعد 156.271 ملین (26.390:2020) ملین۔

### آپریشنز:

ملنے سال بھر میں کاٹن، سی وی سی، پی سی، پی وی اور پی پی یارن کی پیداوار کی 20 کی گنتی کی بنیاد پر یونٹ-1 میں زیر جائزہ سال کے دوران سوت کی کل پیداوار 11، 952،659، 11 کلوگرام تھی۔ (7:2020) 249،447، 7 کلوگرام)، یونٹ 2 میں 40 کی گنتی سی وی سی کی بنیاد پر 4، 605،429، 4 کلوگرام تھا۔ (3:2020) 402،459، 3 کلوگرام) اور یونٹ 3 میں 30 کی پی وی کاؤنٹ کی بنیاد پر 7، 536،540، 7 کلوگرام تھا۔ (6:2020) 980،515، 6 کلوگرام۔

سال کے لیے کل فروخت بڑھ کر ایک لاکھ روپے ہو گئی۔ روپے کے مقابلے میں 7351.741 ملین پچھلے سال 841.689، 5 ملین سال کا مجموعی منافع روپے تھا۔ روپے کے مقابلے میں 721.096 ملین گزشتہ سال 620.022 ملین ٹیکس کی فراہمی کے بعد خالص منافع Rs روپے ہے۔ 156.271 ملین روپے کے خالص منافع کے مقابلے میں پچھلے سال 26.392 ملین کمپنی کے مجاز اور ادائیگی شدہ کپٹل میں اضافہ

مستقبل کے توسیعی منصوبوں کو مد نظر رکھتے ہوئے اور کمپنی کے کپٹل بیس کو بڑھانے کے لیے، رپورٹ کے تحت سال کے دوران، کمپنی کے مجاز سرمائے کو 200 ملین روپے سے بڑھا کر 20 ملین حصص میں تقسیم کیا گیا ہے۔ ہر ایک سے 10 روپے 500 ملین روپے کے 50 ملین حصص میں تقسیم 10 ہر ایک اس کے مطابق کمپنی کے ادا شدہ سرمائے کو بھی 16.800 ملین حصص سے بڑھا دیا گیا۔ 10 روپے سے 18.432 ملین شیئرز 10 ہر ایک کمپنیز ایکٹ 2017 کے سیکشن 83 (b)(i) کے تحت رائٹ ایشو کے علاوہ حصص جاری کرنے کے ذریعے۔ حصص کی بڑھتی ہوئی تعداد کمپنی کے ڈائریکٹرز کو جاری کی گئی تھی۔ 50 روپے فی پریمیم بشمول روپے کمپنی کو قرضوں کے ان کے طویل بقایا بیلنس کے خلاف 40 فی شیئرز۔ رائٹ ایشو کے علاوہ مذکورہ بالا حصص کے اجراء کے لیے ضروری کارپوریٹ فارمیڈیزر مکمل کر لی گئیں اور ایس ای سی پی سے منظوری حاصل کی گئی۔

اس سال 30 جون 2020 کو ختم ہونے والے سال کے مالیاتی نتائج کے ساتھ گزشتہ سال کے موازنہ اعداد و شمار درج ذیل ہیں۔

ACCOUNTS:

	2021	2020
	Rupees	Rupees
Sales- net	7,351,740,827	5,841,689,559
Cost of goods sold	(6,630,644,543)	(5,221,667,067)
Gross Profit	720,967,827	620,022,492
Other Income	6,972,026	975,322
	727,939,377	620,997,814
Distribution and marketing expenses	(68,678,995)	(65,306,232)
Administrative Expenses	(182,384,782)	(146,152,148)
Operating Expenses	(18,256,560)	(15,369,000)
Finance Cost	(186,091,134)	(261,941,203)
Profit/Loss before Taxation	272,527,932	132,229,230
Provision for Taxation	(116,256,952)	(105,837,473)
Profit/Loss for the year	156,270,980	26,391,757
Earnings/ (Loss) per share- basic and diluted	9.08	1.52

کمپنی کے مجاز اور ادائیگی شدہ کیپیٹل میں اضافہ:

مستقبل کے توسیعی منصوبوں کو مد نظر رکھتے ہوئے اور کمپنی کے کیپیٹل بیس کو بڑھانے کے لیے، رپورٹ کے تحت سال کے دوران، کمپنی کے مجاز سرمائے کو 200 ملین روپے سے بڑھا کر جو کہ 10 روپے کے 20 ملین حصص بنتے ہیں سے 500 ملین روپے کر دیا گیا ہے جو کہ 10 روپے کے 50 ملین شیئرز بنتے ہیں۔ اس کے مطابق کمپنی کے ادا شدہ سرمائے کو بھی فی حصص 10 روپے کے 16.8 ملین حصص سے بڑھا کر فی حصص 10 روپے کے 18.432 ملین شیئرز کر دیا گیا ہے۔ ہر ایک کمپنیز ایکٹ 2017 کے سیکشن 83(b)(i) کے تحت رائٹ ایٹو کے علاوہ حصص جاری کرنے کے ذریعے حصص کی بڑھتی ہوئی تعداد کمپنی کے ڈائریکٹرز کو جاری کی گئی تھی۔ 50 روپے فی پریمیئم بشمول 40 روپے فی حصص پریمیئم کمپنی کو قرضوں کے ان کے طویل بقایا بیلنس کے خلاف رائٹ ایٹو کے علاوہ مذکورہ بالا حصص کے اجراء کے لیے ضروری کارپوریٹ فارمیٹیز مکمل کر لی گئیں اور ایس ای سی پی سے منظوری حاصل کی گئی۔

**BMR (توازن، تنظیم نو، جدت کاری):**

کمپنی کے یونٹس میں بیک پروسیس اور آٹو وائٹنگ سیکشنز میں مزید نئی مشینری شامل کی گئی۔ اس مقصد کے لیے بینک الجیب کی طرف سے SBP کی TERF سکیم کے تحت 86 ملین روپے کی فنانس سہولت استعمال کی گئی۔ اضافی مشینری کی تفصیل درج ذیل ہے:

MK-6 کارڈنگ مشینوں کے 30 سیٹ۔

316A-FA ڈرافٹ فریم کے 2 سیٹ۔

5 سیٹس مراٹا C-21 آٹوکون وائٹرز۔

TJFA سٹپلکس مشینوں کے 2 سیٹ۔

RSBD-35 ڈرافٹیم کے 2 سیٹ۔

ٹامسک لیبارٹری ٹیسٹنگ آلات کا 1 سیٹ۔

الحمد للہ، مذکورہ بالا تمام مشینیں کمپنی کے یونٹس میں نصب کی گئی ہیں جس کے نتیجے میں پیداواری کارکردگی زیادہ ہوتی ہے، گنا تمک اور مقدار میں کمپنی کے لیے زیادہ منافع حاصل ہوتا ہے۔

## نیا ایم وی ایس یونٹ قائم کرنا

کمپنی کے مستقبل کے توسیعی منصوبے کے مطابق، اس کے چار و سرور شہید احاطے میں ایک نئے ایم وی ایس اسپننگ یونٹ کے قیام کی منصوبہ بندی کی گئی تھی۔ اسے TERFSBP سہولت حاصل کرنے کے ذریعے حتمی شکل دی گئی۔ اس کے مطابق لیٹر آف کریڈٹ قائم کیا گیا اور مشینری کی آمد رواں سال کے دوران شروع ہوئی۔ ایم وی ایس یونٹ کی مشینری کا بڑا حصہ 30.06.2021 کو ختم ہونے سے پہلے ملوں میں پہنچ چکا ہے اور اس کی تنصیب جاری ہے۔ MVS یونٹ کی مشینری کا باقی حصہ بھی ملز سائٹ پر پہنچ گیا ہے اور اس کی تنصیب انشاء اللہ 15.11.2021 تک مکمل ہو جائے گی جہاں تجارتی پیداوار شروع ہو جائے گی۔

روپے کی TERFSBP سہولت بینک الحبیب لمیٹڈ سے 550 ملین کا فائدہ اٹھایا گیا ہے جو 2 سال کی رعایتی مدت کے ساتھ 10 سالوں میں قابل واپسی ہے۔

## مستقبل کا نقطہ نظر:

حکومت کوویڈ 19 کے اثرات کو شکست دینے کے لیے پاکستان نے کئی اقدامات کیے ہیں۔ ان اقدامات نے صنعتوں کو راحت دی ہے اور اسے جاری رکھا ہے۔ پاکستان میں ٹیکسٹائل انڈسٹری مسلسل ایک مشکل ماحول میں کام کر رہی ہے۔ بین الاقوامی مارکیٹ کے حالات، خام مال کی قیمتوں میں اتار چڑھاؤ، افرادی قوت کی لاگت میں اضافہ اور اس شعبے پر سبزی ٹیکس کی زیادہ شرح کا نفاذ بڑے چیلنجوں میں شامل ہیں۔

ان چیلنجوں سے نمٹنے کے لیے، کمپنی نے مسلسل بی ایم آر پروسیس کے ذریعے پیداواری مقدار کے ساتھ ساتھ گنا تمک اضافہ کے لیے متحرک پالیسیاں اپنانے کا بھی منصوبہ بنایا ہے۔ مارکیٹنگ کی حکمت عملی بھی اچھی طرح سے منصوبہ بندی کی جا رہی ہے تاکہ کمپنی کو زیادہ سے زیادہ منافع حاصل کیا جا سکے تاکہ شیئر ہولڈر کی قیمت میں اضافہ ہو۔ مجموعی طور پر کمپنی کا مستقبل امید افزا اور حوصلہ افزا لگتا ہے۔ کمپنی مزید کامیابی حاصل کرنے اور آنے والے سالوں میں شیئر ہولڈر کی قدر میں اضافے کے لیے اچھی طرح سے رکھی گئی ہے۔

## ڈیویڈنڈ:

30 جون 2021 کو ختم ہونے والے سال کے لیے کمپنی کے حاصل کردہ منافع کو شیئر ہولڈرز کے ساتھ بانٹنے کے لیے، آپ کے ڈائریکٹرز نے حتمی نقد منافع 17.50 @ (1.75 روپے فی شیئر) تقسیم کرنے کی تجویز 16 اکتوبر، 2021 کو بورڈ میٹنگ میں پیش کی ہے۔

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

موجودہ میلے کی عکاسی کرنے کے لئے آزاد قدر دان میسرز ایم وائی ایسوس ایٹس (پرائیویٹ) لمیٹڈ، کراچی نے کمپنی کے مقررہ اثاثوں (زمین، عمارت اور مشینری) کی قیمت 30 جون 2019 کو انجام دی تھی۔ کمپنی کے اثاثوں کی قیمت، اثاثوں میں حذف ہونے والے اضافے کے بعد خالص اثر کمپنی کے مالی بیانات میں ہوتا ہے۔



## مستقبل کے رجحانات:

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

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

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

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

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

## کوڈ آف کارپوریٹ گورننس کی پیروی

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

## مالیاتی نتائج کی پیشکش:

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

## اکاؤنٹس:

کمپنی نے صحیح اکاؤنٹس کی کتب مرتب کی ہوئی ہیں۔

## اکاؤنٹنگ پالیسیاں:

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

## بین الاقوامی اکاؤنٹنگ معیار کے ساتھ مطابقت:

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

## اندرونی نگرانی کا نظام:

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

## ہمیشہ جاری رہنے والا کاروبار:

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

## کوئی پرانے بقایا جات نہیں ہیں:

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

## فنانشل ہائی لائنس:

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

## بورڈ کے اجلاس:

سال تختہ 30 جون 2021ء کے دوران بورڈ آف ڈائریکٹرز کے سات (7) اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری نیچے دی گئی ہے۔

تعداد حاضری اجلاس	ڈائریکٹر کا نام
7	میاں تنویر احمد شیخ
2	میڈم رومانہ تنویر شیخ
7	میاں انیس احمد شیخ
7	میاں ادلیس احمد شیخ
7	میاں عزیز احمد شیخ
6	میاں عطاء شفیق تنویر شیخ
2	میاں شفیق انیس شیخ
7	میجر ریٹائرڈ جاوید مسرت
7	سید رضا عباس جعفری
2	طارق رحیم انور

سال تختہ 30 جون 2021ء کے دوران آڈٹ کمیٹی کی چار (4) اجلاس منعقد ہوئے ہر ایک ممبر کی حاضری درج ذیل ہے:

حاضری	ممبر کا نام
4	میجر ریٹائرڈ جاوید مسرت
4	میاں عزیز احمد شیخ
4	میاں ادلیس احمد شیخ

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

حاضری	ممبر کا نام
1	میاں عزیز احمد شیخ
1	میاں ادلیس احمد شیخ
1	میاں عطاء شفیق تنویر شیخ

## بورڈ کی ترکیب

کمپنی کا بورڈ آف ڈائریکٹرز نو (9) مرد حضرات اور ایک (1) خاتون پر مشتمل ہے۔ جن کی تفصیل درج ذیل ہے۔

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

## آڈیٹرز:

کمپنی کی آڈٹ کمیٹی نے آئندہ سالانہ جنرل اجلاس میں آئی سی اے پی اسٹینڈرڈ کے مطابق معاوضے کے ساتھ سال 2021-2022 کے لئے میسرز یوسف عادل چارٹرڈ اکاؤنٹنٹس ملتان کو کمپنی کا آڈیٹر مقرر کرنے کی تجویز کی ہے۔

## حصص داری کا اسلوب:

کمپنی 30 جون 2021ء کا حصص داری کا اسلوب لف کر دیا گیا ہے۔

## سٹاف اور لیبر کے ساتھ تعلقات:

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

## اکنالجمنٹ (سراہنا):

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

ڈائریکٹرز نے COVID-19 بحران کے دوران کارپوریٹ سیکٹر کو ہولیات اور رہنمائی کی سمت وفاقی اور صوبائی حکومتوں کی فعال کوشش کا بھی اعتراف کیا۔ اسٹیٹ بینک آف پاکستان کی جانب سے اس سلسلے میں اٹھائے گئے مختلف اقدامات بھی ہیں۔ شکر یہ تسلیم کیا۔ ہم نے اپنے تمام قابل قدر گراہکوں، سپلائرز، اسٹیک ہولڈرز اور ان سب کے اعتماد اور سرپرستی کے لئے بھی ان کا شکر یہ ادا کرتے ہیں اور ان کی بہترین خدمت کے لئے انجام دینے کے عزم کا اعادہ کرتے ہیں۔

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

بورڈ آف ڈائریکٹرز

دستخط

میاں تنویر احمد شیخ - چیئر مین

ملتان - 06 اکتوبر 2021ء

## SIX YEARS KEY OPERATING AND FINANCIAL DATA

### BALANCE SHEET

	2021	2020	2019	2018	2017	2016
Authorized Capital	500,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Issued, subscribed and paidup capital	184,320,000	168,000,000	168,000,000	168,000,000	168,000,000	168,000,000
Share premium	65,280,000	-	-	-	-	-
Reserve	168,000,000	168,000,000	168,000,000	168,000,000	168,000,000	168,000,000
Unappropriated profit/(Loss)	606,821,489	425,179,002	370,168,634	275,898,263	194,868,151	126,787,632
Surplus on revaluation of property, plant and equipment	1,086,594,358	1,133,642,519	1,187,724,930	680,437,132	704,975,105	723,306,444
<b>Total Equity</b>	<b>2,111,015,847</b>	<b>1,894,821,521</b>	<b>1,893,893,564</b>	<b>1,292,335,394</b>	<b>1,235,843,256</b>	<b>1,186,094,076</b>
<b>Liabilities</b>						
Deferred/long term liabilities	1,181,651,759	739,111,838	600,118,117	341,109,438	411,869,561	470,763,962
Short term liabilities	2,184,018,733	2,601,951,471	2,292,102,546	1,798,651,804	1,459,117,649	1,504,117,787
<b>Total liabilities</b>	<b>3,365,670,492</b>	<b>3,341,063,309</b>	<b>2,892,220,663</b>	<b>2,139,761,242</b>	<b>1,870,987,210</b>	<b>1,974,881,749</b>
<b>Total equity and liabilities</b>	<b>5,476,686,339</b>	<b>5,235,884,830</b>	<b>4,786,114,227</b>	<b>3,432,096,636</b>	<b>3,106,830,466</b>	<b>3,160,975,825</b>
<b>Fixed assets</b>						
owned	3,451,763,800	2,787,728,910	2,736,661,344	1,799,940,622	1,840,019,477	1,850,281,415
Long term deposits	10,266,514	8,181,889	5,770,489	5,668,939	5,668,939	5,668,939
Current assets	2,014,656,025	2,439,974,031	2,043,682,394	1,626,487,075	1,261,142,050	1,305,025,471
<b>Total assets</b>	<b>5,476,686,339</b>	<b>5,235,884,830</b>	<b>4,786,114,227</b>	<b>3,432,096,636</b>	<b>3,106,830,466</b>	<b>3,160,975,825</b>

### PROFIT AND LOSS ACCOUNT

Turnover (net)	7,351,740,827	5,841,689,559	6,234,762,289	5,598,969,124	4,863,138,768	4,280,589,829
Gross profit/(loss)	720,967,377	620,022,492	517,034,295	398,524,405	331,881,000	227,277,237
Profit/(loss) before taxation	272,527,932	132,229,230	160,183,199	109,523,219	63,295,584	(38,905,401)
Taxation	(116,256,952)	(105,837,473)	(87,346,693)	(54,817,031)	(37,048,566)	(29,024,496)
<b>Profit/(loss) for the year</b>	<b>156,270,980</b>	<b>26,391,757</b>	<b>72,836,506</b>	<b>54,706,187</b>	<b>26,247,018</b>	<b>(60,367,736)</b>

### DISTRIBUTION

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

Breakup value	115	113	113	76.92	73.56	70.60
EPS	9.08	1.57	4.34	3.26	1.56	(3.59)
ROE	0.15	0.03	0.10	0.09	0.05	(0.13)
Current Ratio	0.92 : 1	0.94 : 1	0.89 : 1	0.90 : 1	0.86 : 1	0.87 : 1
Debt/Equity Ratio without Surplus	0.94	0.52	0.42	0.24	0.40	0.54
Debt/Equity Ratio with Surplus	0.46	0.21	0.15	0.11	0.17	0.21

### PLANT CAPACITY AND ACTUAL PRODUCTION

#### Spinning Unit-I

Spindles installed and worked	No.	27,696	27,696	24,672	18,672	18,672	18,672
Shift worked	No.	1,092	912	1,002	1,022	1,022	1,021
Standard production after conversion into 20's count	Kgs	12,106,987	10,370,373	7,945,152	6,398,891	6,398,891	6,398,891
Actual production of yarn after conversion into 20's count	Kgs	11,659,952	7,447,249	5,596,272	5,346,767	5,186,155	5,180,435

#### Spinning Unit-II

Spindles installed and worked	No.	27,864	27,864	27,864	27,864	27,864	27,864
Shift worked	No.	1,092	917	1,007	1,007	1,007	1,002
Standard production after conversion into 40's PC count	Kgs	4,558,526	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	4,429,605	3,459,402	3,925,366	4,003,495	4,185,296	4,166,657

#### Spinning Unit-III

Spindles installed and worked	No.	26,664	26,664	25,632	23,904	23,904	23,904
Shift worked	No.	1,092	905	995	896	891	899
Standard production after conversion into 20's count	Kgs	7,939,375	7,669,765	7,526,120	7,018,741	7,018,741	7,018,741
Actual production of yarn after conversion into 20's count	Kgs	7,540,536	6,715,980	6,599,386	5,689,190	5,510,786	5,050,455

**STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES  
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017  
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

1. The total number of Directors are 10 as per the following:
  - i. Mian Tanvir Ahmad Sheikh
  - ii. Mrs Romana Tanvir Sheikh
  - iii. Mian Anis Ahmad Sheikh
  - iv. Mian Idrees Ahmad Sheikh
  - v. Mian Aziz Ahmad Sheikh
  - vi. Mian Atta Shafi Tanvir Sheikh
  - vii. Mian Shafi Anis Sheikh
  - viii. Mr. Syed Raza Abbas Jaffery (Rep. NIT)
  - ix. Mr. Maj. Retd. Javed Mussarat
  - x. Mr. Tariq Rahim Anwar
  
2. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

S. No	Category	Name Of Directors
1	<u>Independent Director*</u>	1. Mr. Maj ( R ) Javed Mussarat 2. Mr. Syed Raza Abbas Jaffery 3. Mr. Tariq Rahim Anwar
2	<u>Executive Director</u>	1. Mr. Mian Tanvir Ahmad Sheikh 2. Mr. Mian Anis Ahmad Sheikh 3. Mr. Mian Atta Shafi Tanvir Sheikh 4. Mr. Mian Shafi Anis Sheikh
3	<u>Non -Executive Director</u>	1. Ms. Romana Tanvir Sheikh 2. Mr. Mian Idrees Ahmad Sheikh 3. 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 seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
  
4. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been

taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the act and these regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected for this purpose. The board has complied with the requirements of act and the regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has arranged Director's Training Program for the following:  
Not applicable
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, Including their remuneration and terms of employment and complied relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statement before approval of the board.
12. The board has formed committees comprising of members given below:
  - i. The board has constituted an Audit Committee. It comprises of three members, of whom two are non-executive directors and one independent director. The Chairman of the Committee is also a Independent Director.

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

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

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

iii. Mian Atta Shafi Tanvir Sheikh Member

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.
19. The Company is in process of appointment of Company Secretary which will be completed soon.

M. Ehsanullah Khan  
Company Secretary

Dated: 06.10.2021

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF MAQBOOL TEXTILE MILLS LIMITED  
REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES  
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Maqbool Textile Mills Limited** (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention that causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021. Further, we highlight below instance of non-compliance with the requirement of the regulations as reflected in the note reference where these are stated in the Statement of Compliance:

**Sr. Reference Description**

- |          |                |   |
|----------|----------------|---|
| <b>1</b> | <b>Note 19</b> | The Company has same person simultaneously holding the office of chief financial officer and company secretary contrary to regulation 24 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 |
|----------|----------------|---|

Yousuf Adil  
**Chartered Accountants**

**Place:** Multan  
**Date:** October 6, 2021



## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of Maqbool Textile Mills Limited (the Company) which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

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

Following are the Key audit matter(s):

Key audit matter	How the matter was addressed in our audit
<p><b>Revenue Recognition</b></p> <p>The Company's sales comprise of revenue from the sale of yarn this has been disclosed in note 24 to the financial statements.</p> <p>Revenue from the contract (local and export) is recognized, when control related to the sale of goods is transferred and the performance obligation is satisfied i.e. on dispatch of goods (note 4.4.11).</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on transfer of control to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.</p>	<p>Our audit procedures to address the Key Audit Matter included the following:</p> <p>Considered the appropriateness of revenue recognition policy and compared it with the applicable accounting standards;</p> <p>Obtained an understanding of and assessed the relevant design, implementation and operating effectiveness of controls around recognition of revenue;</p> <p>Checked on sample basis relevant underlying supporting documents for ensuring that management has complied with the revenue recognition criteria as per the requirement of IFRS 15;</p> <p>Tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents and by checking significant credit notes issued after year-end; and</p> <p>Evaluated the adequacy and appropriateness of disclosures made in the financial statements in relation to adoption of the accounting and reporting standard applicable in Pakistan.</p>

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

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

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

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

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## **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 the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Company's financial reporting process

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deducted 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.

**Yousuf Adil**  
**Chartered Accountants**  
**Multan**  
**Date 06.10.2021**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	3,451,763,800	2,787,728,910
Long term deposits		10,266,514	8,181,889
		<b>3,462,030,314</b>	<b>2,795,910,799</b>
<b>Current assets</b>			
Stores and spares	6	93,021,889	61,100,864
Stock in trade	7	627,919,227	1,381,199,453
Trade debts	8	852,009,953	599,099,932
Loans, advances and prepayments	9	111,099,043	100,320,310
Due from Government	10	189,905,617	153,999,330
Advance income tax		134,556,561	108,749,891
Cash and bank balances	11	6,143,735	35,504,251
		<b>2,014,656,025</b>	<b>2,439,974,031</b>
<b>Total assets</b>		<b>5,476,686,339</b>	<b>5,235,884,830</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	12	184,320,000	168,000,000
Share Premium	12	65,280,000	-
General reserve		168,000,000	168,000,000
Surplus on revaluation of property, plant and equipment - net of deferred tax	13	1,086,594,358	1,133,642,519
Unappropriated profit		606,821,489	425,179,002
		<b>2,111,015,847</b>	<b>1,894,821,521</b>
<b>Non-current liabilities</b>			
Long term financing	14	752,026,135	288,553,256
Long term loans from related parties	16	-	55,083,139
Lease Liabilities	17	19,934,401	12,302,245
Deferred taxation	18	359,445,909	345,219,432
Staff retirement benefits - gratuity	19	50,245,314	37,953,766
		<b>1,181,651,759</b>	<b>739,111,838</b>
<b>Current liabilities</b>			
Trade and other payables	20	420,748,169	363,392,411
Accrued mark up	21	36,441,771	57,472,099
Short term borrowings	22	1,390,694,579	2,025,910,229
Unclaimed dividend		3,052,032	3,052,032
Unpaid dividend		3,584,762	9,851,010
Current portion of long term financing	14	215,553,101	58,123,114
Current portion of deferred grant	15	3,512,540	-
Current portion of lease liabilities	17	5,013,843	2,380,410
Provision for tax		105,417,936	81,770,166
		<b>2,184,018,733</b>	<b>2,601,951,471</b>
<b>Contingencies and commitments</b>	23		
<b>Total equity and liabilities</b>		<b>5,476,686,339</b>	<b>5,235,884,830</b>

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

Sd/-  
Mian Anis Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Atta Shafi Tanvir Sheikh  
Director

Sd/-  
M. Ehsanullah Khan  
Chief Financial Officer

**STATEMENT OF PROFIT OR LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2021**

	<i>Note</i>	<b>2021 Rupees</b>	<b>2020 Rupees</b>
Revenue from contracts	24	<b>7,351,740,827</b>	5,841,689,559
Cost of goods sold	25	<b>(6,630,773,450)</b>	(5,221,667,067)
Gross profit		<b>720,967,377</b>	<b>620,022,492</b>
Other income	26	<b>6,972,026</b>	975,322
		<b>727,939,403</b>	<b>620,997,814</b>
Selling and distribution expenses	27	<b>68,678,995</b>	65,306,232
Administrative expenses	28	<b>182,384,782</b>	146,152,148
Other operating expenses	29	<b>18,256,560</b>	15,369,000
		<b>(269,320,337)</b>	<b>(226,827,380)</b>
Finance cost	30	<b>(186,091,134)</b>	(261,941,204)
<b>Profit before taxation</b>		<b>272,527,932</b>	<b>132,229,230</b>
Taxation	31	<b>(116,256,952)</b>	(105,837,473)
<b>Profit after taxation</b>		<b>156,270,980</b>	<b>26,391,757</b>
<b>Earnings per share - basic and diluted</b>	32	<b>9.08</b>	<b>1.57</b>

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

Sd/-  
Mian Anis Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Atta Shafi Tanvir Sheikh  
Director

Sd/-  
M. Ehsanullah Khan  
Chief Financial Officer

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2020**

	<i>Note</i>	<i>2021 Rupees</i>	<i>2020 Rupees</i>
<b>Profit for the year</b>		<b>156,270,980</b>	<b>26,391,757</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to statement of profit or loss</b>			
Remeasurement (loss)/gain on defined benefit obligation	19	<b>(15,316,587)</b>	3,862,682
Deferred tax income/(expense)		<b>3,239,099</b>	(774,290)
		<b>(12,077,488)</b>	3,088,392
Transfer from deferred tax due to change rate on opening revaluation surplus		<b>(9,599,166)</b>	(14,570,675)
<b>Total comprehensive income for the year</b>		<b>134,594,326</b>	<b>14,909,474</b>

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

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

Sd/-  
Mian Anis Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Atta Shafi Tanvir Sheikh  
Director

Sd/-  
M. Ehsanullah Khan  
Chief Financial Officer

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2021**

Share capital	Capital Reserves		Revenue Reserve		Total	
	Share premium	Surplus on revaluation of property, plant and equipment	Unappropriated profit	General reserve		
----- Rupees -----						
<b>Balance as at June 30, 2019</b>	168,000,000	-	1,187,724,930	370,168,634	168,000,000	1,893,893,564
Profit for the year	-	-	-	26,391,757	-	26,391,757
Other comprehensive income/(loss) for the year	-	-	(14,570,675)	3,088,392	-	(11,482,283)
Total comprehensive income/(loss) for the year	-	-	(14,570,675)	29,480,149	-	14,909,474
Dividend for the year ended June 30, 2019 @ 1.75 per Share	-	-	-	(29,400,000)	-	(29,400,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	(39,511,737)	39,511,737	-	-
Transfer of present value adjustment on long term loans from related parties	-	-	-	15,418,482	-	15,418,482
<b>Balance as at June 30, 2020</b>	168,000,000	-	1,133,642,519	425,179,002	168,000,000	1,894,821,521
Profit for the year	-	-	-	156,270,980	-	156,270,980
Other comprehensive loss for the year	-	-	(9,599,166)	(12,077,488)	-	(21,676,654)
Total comprehensive income/(loss) for the year	-	-	(9,599,166)	144,193,492	-	134,594,326
Issue of ordinary shares	12	16,320,000	65,280,000	-	-	81,600,000
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	(37,448,995)	37,448,995	-	-
Transfer of present value adjustment on long term loans from related parties	-	-	-	-	-	-
<b>Balance as at June 30, 2021</b>	184,320,000	65,280,000	1,086,594,358	606,821,489	168,000,000	2,111,015,847

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

Sd/-  
Mian Anis Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Atta Shafi Tanvir Sheikh  
Director

Sd/-  
M. Ehsanullah Khan  
Chief Financial Officer



**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		272,527,932	132,229,230
Adjustments for:			
Depreciation on property, plant and equipment		134,134,316	129,216,301
Gain on disposal of fixed assets		(6,194,538)	(201,914)
Provision for staff retirement benefits - gratuity		29,038,534	25,587,334
Finance cost		186,091,134	261,941,204
		343,069,447	416,542,925
Operating cash flows before working capital changes		615,597,379	548,772,155
<b>(Increase) / decrease in current assets</b>			
Stores and spares		(31,921,025)	(6,953,096)
Stock in trade		753,280,226	(386,635,402)
Trade debts		(252,910,021)	42,545,249
Loans, advances and prepayments		(10,778,733)	(47,625,214)
Sales tax refundable		(35,906,287)	48,557,928
Export rebate refundable		-	615,053
		421,764,160	(349,495,482)
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		57,355,758	(255,837,229)
Cash generated from / (used in) operations		1,094,717,297	(56,560,556)
Income tax paid		(110,549,442)	(92,985,833)
Gratuity paid		(32,063,573)	(14,671,115)
Finance cost paid		(190,714,602)	(238,188,059)
		(333,327,617)	(345,845,007)
Net cash generated from / (used in) operating activities		761,389,680	(402,405,563)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment- net		(219,121,310)	(168,002,932)
Additions in capital work in progress		(566,455,858)	(597,022)
Proceeds from disposal of property, plant and equipment		7,500,000	300,000
Net cash used in investing activities		(778,077,168)	(168,299,954)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing from commercial banks		727,089,491	127,908,483
Repayment of lease liabilities		(3,631,911)	(1,643,248)
Proceeds from long term loans obtained from related parties		18,300,000	-
Repayment of long term loans obtained from related parties		(8,190,000)	-
Repayment of long term financing		(102,674,085)	(50,270,298)
Short term borrowings - net		(635,215,650)	534,683,999
Long term deposits		(2,084,625)	(2,411,400)
Dividend paid		(6,266,248)	(22,767,362)
Net cash (used in)/generated from financing activities		(12,673,028)	585,500,174
Net (decrease)/increase in cash and cash equivalents (A+B+C)		(29,360,516)	14,794,657
Cash and cash equivalents at beginning of the year		35,504,251	20,709,594
Cash and cash equivalents at end of the year		6,143,735	35,504,251

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

Sd/-  
Mian Anis Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Atta Shafi Tanvir Sheikh  
Director

Sd/-  
M. Ehsanullah Khan  
Chief Financial Officer

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**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-Industrial Estate Multan, Pakistan. The Company is principally engaged in manufacturing and sale of yarn, cotton seed and cotton lint. The Company's area of the mill at unit 1 and unit 2 is 65.27 acres located at M.M. Road, Chowk Sarwar Shaheed, District Muzaffargarh and area of unit 3 is 29.14 acres located at Rajana Road, Pirmahal, District Toba Tek Singh.

**2. STATEMENT OF COMPLIANCE**

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

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

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

**3. STANDARDS, INTERPRETATION AND AMENDMENT ADOPTED DURING THE YEAR**

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

**3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021**

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	<i>Effective from accounting period beginning on or after</i>
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 1, 2020
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 1, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 1, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 1, 2020

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

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 1, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 1, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 1, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts cost of fulfilling a contract	January 1, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 1, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 1, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 1, 2023
Amendments to 'IAS 12 on Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 1, 2023

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

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

- IFRS 1 First Time Adoption of International Financial Reporting Standards
- IFRS 17 Insurance Contracts

**3.3 Significant estimates**

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

Significant areas requiring the use of management estimates in these financial statements relate to the revaluation of certain item of property, plant and equipment, useful life of depreciable assets, employee retirement benefits, provision for doubtful receivables and taxation.

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Basis of measurement**

These financial statements have been prepared under historical cost convention except indicated in note 4.4.1, 4.4.9 and 4.4.17.

##### **4.2 Functional and presentation currency**

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

##### **4.3 Critical judgements and accounting estimates in applying the accounting policies**

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

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

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

- useful lives of property, plant and equipment (notes 4.4.1 and 5.1)
- provision for staff retirement benefits (notes 4.4.10 and 19)
- provision for taxation (notes 4.4.9 and 31)
- revaluation of property, plant and equipment (notes 4.4.1 and 5.5)
- provision for trade debts under expected credit loss model (note 4.4.5.1(d))
- provision for loans and advances to suppliers (note 9)

##### **4.4 Summary of accounting policies**

###### **4.4.1 Property, plant and equipment**

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

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

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

Depreciation on additions is charged from the month the asset is available for use up to month immediately preceding the date of disposal. Gains and losses on disposal of property, plant and equipment if any, are recognized in statement of profit or loss, as and when incurred. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

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

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

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

The lease liabilities are initially measured at the present value of the minimum lease payments at the

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

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

#### **4.4.3 Capital work-in-progress**

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

#### **4.4.4 Impairment of non-financial assets**

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

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

#### **4.4.5 Financial Instruments**

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

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

##### **4.4.5.1 Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

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

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

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

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

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

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any

difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

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

As at reporting date, the Company carries cash and cash equivalents and trade debts at amortised cost.

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

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

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

**c) Equity instruments designated as at FVTOCI**

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

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

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

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

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

**Impairment of financial assets**

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

The Company always recognises lifetime ECL for trade debts. For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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

**Definition of default:**

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

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the trade debts are unlikely to pay its trade payables, including the Company, in full (without taking into account any collateral held by the

Company).

**Write-off policy**

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

**Derecognition of financial assets**

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

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

**4.4.5.2 Financial liabilities**

**Subsequent measurement of financial liabilities**

Financial liabilities that are not

- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL.

are measured subsequently at amortised cost using the effective interest method.

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

**4.4.5.3 Derecognition of financial liabilities**

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

**4.4.5.4 Offsetting of financial assets and financial liabilities**

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

**4.4.6 Stores and spares**

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

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

**4.4.7 Stock in trade**

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

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

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

**4.4.8 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand 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 recognised, using the statement of financial position liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognised is based on the expected manner of the realization or settlement of the carrying amount of assets and liabilities, using rates of taxation enacted or substantially enacted at the statement of financial position date.

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

**4.4.10 Staff retirement benefits - gratuity**

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

**Defined benefit plan**

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

**4.4.11 Revenue recognition**

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

**4.4.12 Government Grant**

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

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

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

**4.4.13 Foreign currency translation**

Transactions in foreign currencies are translated at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

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

**4.4.14 Borrowing costs**

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



pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are charged to statement of profit or loss in the period in which they are incurred.

**4.4.15 Dividend**

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

**4.4.16 Trade and other payables**

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

**4.4.17 Provisions**

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

**4.4.18 Earnings per share**

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

**5 PROPERTY, PLANT AND EQUIPMENT**

	Note	2021 Rupees	2020 Rupees
Operating fixed assets	5.1	2,859,872,473	2,773,249,893
Right of use assets	5.1.1	25,435,469	13,881,995
Capital work-in-progress	5.4	566,455,858	597,022
		<b>3,451,763,800</b>	<b>2,787,728,910</b>

**5.1 Operating fixed assets**

Particulars	Cost / Revalued amount			Accumulated depreciation		Written Down Value as at June 30, 2021	Rate %
	At July 01, 2020	Additions/ (Disposals)	At June 30, 2021	At July 01, 2020	Charge for the year		
Land - freehold	431,677,500	1,693,530	433,371,030	-	-	433,371,030	-
Buildings on freehold land	569,433,565	3,617,867	573,051,432	28,422,895	27,216,353	55,639,248	5
Plant and machinery	2,200,940,110	193,599,868	2,394,539,978	472,545,561	92,330,390	564,875,951	5
Generator	15,100,517	550,000	15,650,517	7,338,736	817,428	8,156,164	10
Electric fittings and installations	104,437,370	7,138,928	111,576,298	57,916,766	7,586,491	65,503,257	15
Tools and equipment	1,590,971	7,999,244	9,590,215	837,298	423,867	1,261,165	10
Office equipment	9,985,804	2,766,785	12,752,589	5,757,063	560,136	6,317,199	10
Telephone installations	3,679,021	-	3,679,021	2,064,193	161,482	2,225,675	10
Furniture & fixtures	10,277,108	218,950	10,496,058	6,312,127	401,348	6,713,475	10
Arms & ammunitions	878,795	-	878,795	422,022	45,677	467,699	10
Weighing scales	2,373,842	-	2,373,842	1,596,839	77,701	1,674,540	10
Tube well	1,186,036	-	1,186,036	833,338	35,269	868,607	10
Fire extinguishing equipment	1,708,142	-	1,708,142	1,214,678	49,347	1,264,025	10
Vehicles	34,568,573	2,133,160	27,740,733	29,325,945	2,084,801	23,755,208	20
	-	(8,961,000)	-	-	(7,655,538)	-	-
	3,387,837,354	219,718,332	3,598,594,686	614,587,461	131,790,290	738,722,213	2,859,872,473
	17,292,530	13,897,500	31,190,030	3,410,535	2,344,026	5,754,561	25,435,469
<b>5.1.1 Vehicles-right of use asset</b>	<b>3,405,129,884</b>	<b>233,615,832</b>	<b>3,629,784,716</b>	<b>617,997,996</b>	<b>134,134,316</b>	<b>744,476,774</b>	<b>2,885,307,942</b>
		<b>(8,961,000)</b>			<b>(7,655,538)</b>		

For comparative period

Particulars	Cost / Revalued amount			Accumulated depreciation			Written Down Value as at June 30, 2020	Rate %
	At July 01, 2019	Additions/ (Disposals)	At June 30, 2020	At July 01, 2019	Charge for the year	At June 30, 2020		
Land - freehold	431,677,500	-	431,677,500	-	-	-	431,677,500	-
Buildings on freehold land	567,533,181	1,900,384	569,433,565	-	28,422,895	28,422,895	541,010,670	5
Plant and machinery	2,009,915,024	191,025,086	2,200,940,110	385,453,024	87,092,537	472,545,561	1,728,394,549	5
Generator	15,100,517	-	15,100,517	6,476,316	862,420	7,338,736	7,761,781	10
Electric fittings and installations	98,210,839	6,226,531	104,437,370	50,165,383	7,751,383	57,916,766	46,520,604	15
Tools and equipment	1,586,471	4,500	1,590,971	755,833	81,465	837,298	753,673	10
Office equipment	9,629,104	356,700	9,985,804	5,304,195	452,868	5,757,063	4,228,741	10
Telephone installations	3,404,021	275,000	3,679,021	1,892,407	171,786	2,064,193	1,614,828	10
Furniture & fixtures	10,220,608	56,500	10,277,108	5,872,509	439,618	6,312,127	3,964,981	10
Arms & ammunitions	878,795	-	878,795	371,269	50,753	422,022	456,773	10
Weighing scales	2,373,842	-	2,373,842	1,510,505	86,334	1,596,839	777,003	10
Tube well	1,186,036	-	1,186,036	794,149	39,189	833,338	352,698	10
Fire extinguishing equipment	1,708,142	-	1,708,142	1,159,849	54,829	1,214,678	493,464	10
Vehicles	34,995,693	267,880	34,568,573	28,686,967	1,235,892	29,325,945	5,242,628	20
	-	(695,000)	-	-	(666,414)	-	-	-
	<b>3,188,419,773</b>	<b>200,112,581</b>	<b>3,387,837,354</b>	<b>488,442,406</b>	<b>129,216,301</b>	<b>614,587,461</b>	<b>2,773,249,893</b>	
5.1.1 Vehicles-right of use asset	5,510,530	11,782,000	17,292,530	936,203	2,474,332	3,410,535	13,881,995	20
	-	(695,000)	-	-	(666,414)	-	-	-

Rupees

5.2 The following assets were disposed off during the year:

Particulars	Cost	Carrying value	Sale proceeds	(Loss)/Gain	Mode of Disposal	Relationship	Particulars of buyers
<b>Vehicle</b>							
Vehicle BD-7576 (PRADO)	4,739,000	742,730	5,000,000	4,257,270	Negotiation	Third Party	Ejaz Ahmed
Vehicle MT-300 (BMW)	4,222,000	562,732	2,500,000	1,937,268	Negotiation	Third Party	Muhammad Suleman
<b>2021</b>	<b>8,961,000</b>	<b>1,305,462</b>	<b>7,500,000</b>	<b>6,194,538</b>			
<b>2020</b>	<b>695,000</b>	<b>98,086</b>	<b>300,000</b>	<b>201,914</b>			

		2021	2020
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b>5.3</b>	<b><i>Allocation of depreciation</i></b>		
	Cost of goods sold	128,468,137	124,336,222
	Administrative expenses	5,666,179	4,880,077
		<b>134,134,316</b>	<b>129,216,299</b>
<b>5.4</b>	<b><i>Capital Work in Progress</i></b>		
	Machinery	481,770,289	597,022
	Building	84,685,569	-
		<b>566,455,858</b>	<b>597,022</b>
<b>5.4.1</b>	<b><i>Movement in capital work in progress</i></b>		
	Opening Balance	597,022	32,109,649
	Additions during the year	566,455,858	597,022
	Transferred to fixed assets	(597,022)	(32,109,649)
		<b>566,455,858</b>	<b>597,022</b>
<b>5.5</b>	Revaluation of freehold land, building on free hold land and plant & machinery, generator and electric fittings and installations was carried out as on June 30, 2019 by independent valuer M/s MYK Associate (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: <b><u>Freehold land and building on free hold land</u></b> 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. <b><u>Plant and machinery including generator and electric fittings and installations</u></b> Fair market value of the plant and machinery including generator and electric fittings and installations was assessed through inquiries of local authorized dealers who deal in old and new similar type of plant and machineries. Replacement value was then ascertained from competitive rates of the plant and machinery and thereafter, an average depreciation factor was applied on the replacement value of the plant and machinery.		
<b>5.6</b>	Forced sale value of the above revalued items of property, plant and equipment is as follows:		<b><i>Rupees</i></b>
	Land - freehold		345,342,000
	Buildings on freehold land		454,026,548
	Plant and machinery including generator and electric fittings and installations		1,137,123,400
			<b>1,936,491,948</b>
<b>5.7</b>	Had there been no revaluation, the related carrying amounts of freehold land, buildings on freehold land, plant and machinery, generator and electric fittings and installations would have been as follows:		
		<b>2021</b>	<b>2020</b>
		<b><i>Rupees</i></b>	<b><i>Rupees</i></b>
	Land - freehold	33,481,524	31,787,994
	Buildings on freehold land	135,249,342	138,733,994
	Plant and machinery	1,351,106,323	1,224,649,597
	Generator	3,591,331	3,425,089
	Electric fittings and installations	39,822,255	39,166,738
		<b>1,563,250,774</b>	<b>1,437,763,413</b>

	<i>Note</i>	<b>2021</b> <i>Rupees</i>	<b>2020</b> <i>Rupees</i>
<b>6. STORES AND SPARES</b>			
Stores and spares		78,234,059	45,550,359
Packing material		14,787,830	15,550,505
		<b>93,021,889</b>	<b>61,100,864</b>
<b>7. STOCK IN TRADE</b>			
Raw materials		415,780,816	921,526,270
Work in process		53,945,001	52,937,052
Finished goods:			
-Yarn		149,037,769	400,945,867
-Waste		9,155,641	5,790,264
		<b>158,193,410</b>	<b>406,736,131</b>
		<b>627,919,227</b>	<b>1,381,199,453</b>
<b>8. TRADE DEBTS</b>			
<b>Considered good</b>			
Export - secured	8.1	127,034,106	-
Local - unsecured	8.2 & 8.3	724,975,847	599,099,932
		<b>852,009,953</b>	<b>599,099,932</b>
		<b>852,009,953</b>	<b>599,099,932</b>
<b>8.1</b>	Export trade debts are realized on early discounting or retirement of letter of credits (LCs) upon 90-120 days. All outstanding LCs are through irrevocable and confirmed LCs.		
<b>8.2</b>	Local trade debts are non-interest bearing and are generally on 61 to 89 day terms.		
<b>8.3</b>	Local trade debts include debtors with a carrying amount of Rs. 2.9 million (2020: Rs. 1.8 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.		
		<b>2021</b> <i>Rupees</i>	<b>2020</b> <i>Rupees</i>
<b>8.3.1 Aging of amounts past due but not impaired</b>	<i>Note</i>		
90 - 120 days		-	1,652
120 days and above		2,862,416	1,815,008
		<b>2,862,416</b>	<b>1,816,660</b>
<b>9. LOANS, ADVANCES AND PREPAYMENTS</b>			
Advance to suppliers - considered good		66,719,439	73,936,737
Advance to suppliers - considered doubtful		1,794,628	1,794,628
Loans to employees - considered good		7,469,662	5,465,078
		<b>75,983,729</b>	<b>81,196,443</b>
Provision for expected credit losses		(1,794,628)	(1,794,628)
		<b>74,189,101</b>	<b>79,401,815</b>
L/Cs in transit		35,083,041	19,848,671
Minimum tax deposited under protest	31.2	848,021	848,021
Prepayments		978,880	221,803
		<b>111,099,043</b>	<b>100,320,310</b>
<b>10. DUE FROM GOVERNMENT</b>			
Sales Tax Refundable		69,333,648	40,121,842
Income Tax Refundable		74,431,049	67,736,568
Export Rebate Refundable		46,140,920	46,140,920
		<b>189,905,617</b>	<b>153,999,330</b>

	<i>Note</i>	<i>2021</i> <i>Rupees</i>	<i>2020</i> <i>Rupees</i>
<b>11. CASH AND BANK BALANCES</b>			
Cash in hand		1,243,240	997,283
Cash at banks - current accounts		4,900,495	34,506,968
		<u>6,143,735</u>	<u>35,504,251</u>
<b>12. SHARE CAPITAL</b>			
<b>2021</b>	<b>2020</b>		
<b>Number of shares</b>			
	<b>Authorized</b>		
	Ordinary shares of Rs. 10		
<u>50,000,000</u>	<u>20,000,000</u>	<u>500,000,000</u>	<u>200,000,000</u>
	<b>Issued, subscribed and paid up</b>		
	Ordinary shares of Rs. 10 each		
<u>18,432,000</u>	<u>16,800,000</u>	<u>184,320,000</u>	<u>168,000,000</u>
<b>12.1 RECONCILIATION FOR NUMBER OF SHARES OUTSTANDING</b>			
<i>At the beginning of the year</i>		16,800,000	16,800,000
<i>Issued for consideration other than cash</i>	12.4	1,632,000	-
<i>At the end of the year</i>		<u>18,432,000</u>	<u>16,800,000</u>
<b>12.2 Share Premium</b>			
<i>At the beginning of the year</i>		-	-
<i>Against shares issued during the year</i>	12.4	65,280,000	-
<i>At the end of the year</i>		<u>65,280,000</u>	-
<b>12.3</b>	The Company has one class of ordinary shares which carry no right to fixed income. The shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.		
<b>12.4</b>	In February 2021, the board of directors decided to convert total amount of director's loan of Rs. 81.6 million into paid up capital of the Company by way of issue of shares other than right issue at Rs. 50 per share (i.e. par value of Rs. 10 plus premium amount of Rs. 40 per share). In March 2021, the extraordinary general meeting of shareholders approved the increase in authorized share capital of the Company from Rs. 200,000,000 divided into 20,000,000 shares of Rs. 10 each to Rs. 500,000,000 divided into 50,000,000 shares of Rs. 10 each. After approval of SECP (Securities and Exchange Commission of Pakistan) in March 2021, the director loan was converted into the share capital of the Company and constitute permanent equity in the Company.		
<b>13. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>	<b>2021</b> <b>Rupees</b>	<b>2020</b> <b>Rupees</b>
Opening balance		1,317,601,688	1,367,066,633
Addition during the year	13.1	-	-
On account of incremental depreciation charged during the year - net of tax		(37,448,995)	(39,511,737)
On account of disposal in plant & machinery		-	-
Related deferred tax liability on incremental depreciation		(9,388,835)	(9,953,208)
		<u>(46,837,830)</u>	<u>(49,464,945)</u>
Closing balance		1,270,763,858	1,317,601,688

	Note	2021 Rupees	2020 Rupees
<b>13. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT (continued..)</b>			
<b>Less: related deferred tax liability</b>			
Opening balance		183,959,169	179,341,702
Addition during the year	13.1		-
Related deferred tax liability on incremental depreciation		(9,388,835)	(9,953,208)
Deferred tax due to rate change		9,599,166	14,570,675
		<b>184,169,500</b>	<b>183,959,169</b>
Closing balance		<b>1,086,594,358</b>	<b>1,133,642,519</b>

**13.1** The Company has revalued its freehold land, building on free-hold land, plant and machinery including generator and electric fittings and installations as on June 30, 2019 as disclosed in note 5.5 of the financial statements.

**14. LONG TERM FINANCING**

**From banking companies - secured**

	Note	2021 Rupees	2020 Rupees
Habib Bank Limited			
- LTFF	14.1	18,001,941	29,012,765
- LTFF II	14.2	159,799,264	170,744,525
- LTFF III	14.3	16,898,308	19,010,597
- Demand Finance	14.4	35,200,763	37,908,483
		<b>229,900,276</b>	<b>256,676,370</b>
Bank Al Habib Limited			
- Term Finance	14.5	60,000,000	90,000,000
- Salaries and wages loan	14.6	133,653,000	-
- TERF	14.7	547,538,500	-
Deferred grant	15.0	(2,891,532)	-
		<b>968,200,244</b>	<b>346,676,370</b>
Current portion of long term loans		(215,553,101)	(58,123,114)
Current portion of deferred grant	15.0	(3,512,540)	-
		<b>752,026,135</b>	<b>288,553,256</b>

**14.1 Habib Bank Limited - LTFF**

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

**14.2 Habib Bank Limited - LTFF II**

This finance has been obtained from HBL for Extension/BMR of Unit No.1. The loan is repayable in 16 equal quarterly installments with one year grace period, commenced from December 28, 2019. Repayment of principal of this loan was deferred for 1 year from March 27, 2020 to March 26, 2021 as per SBP circular no 14 dated March 26, 2020. It carries markup at flat rate of 4%. This finance is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company and personal guarantees of directors of the Company.

**14.3 Habib Bank Limited - LTFF III**

This finance has been obtained from HBL against retirement of import bills of machinery imported

against sanctioned DF/LTF finance facility of Rs. 245 Million. This loan amount has been transferred to LTF/EOP finance from demand finance on August 8, 2019 after approval from SBP. Repayment of principal of this loan was deferred for 1 year from March 27, 2020 to March 26, 2021 as per SBP circular no 14 dated March 26, 2020. It carries markup at flat rate of 4%. This finance is secured against first pari passu charge amounting to Rs.600 million over the fixed assets of the Company and personal guarantees of directors of the Company.

**14.4 Habib Bank Limited - DF**

This finance has been obtained from HBL for reprofiling/refinancing of capital expenditures (CAPEX) already incurred by the company. This loan was obtained on August 8, 2019. This loan amount will be transferred to LTF finance after approval from SBP. It is repayable in 16 quarterly installments commenced from December 28, 2019 and is secured against first pari passu charge amounting to Rs. 600 million over the fixed assets of the Company and personal guarantees of directors of the Company. Repayment of principal of this loan was deferred for 1 year from March 27, 2020 to March 26, 2021 as per SBP circular no 14 dated March 26, 2020. It carries markup at the rate of 6 month KIBOR + 1.50%. During the year, markup was charged at 7.74% to 7.85%.

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

This finance has been obtained from Bank Al Habib Limited for reprofiling/refinancing of CAPEX already incurred by the company. The loan was obtained on December 31, 2019 without grace period. It is repayable in 10 quarterly installments commencing from March 31, 2020 and is secured against first pari passu charge amounting to Rs. 267 million over fixed assets of the company and personal guarantees of directors of the company. Repayment of principal of this loan was deferred for 1 year from March 27, 2020 to September 20, 2021 as per SBP circular no 14 dated March 26, 2020. It carries markup at the rate of 6 month KIBOR + 1.50%. During the year, markup was charged at 8.45% to 8.85%.

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

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

**14.7 Bank Al Habib Limited - TERF**

This loan is obtained from Bank Al Habib Limited under SBP's Temporary economic relief finance for refinancing of CAPEX. This loan is repayable in 32 equal quarterly installments commencing from November, 2022 with 2 year grace period. It carries mark up at flat rate of 4%. It is secured against first pari passu charge amounting to Rs. 1355.4 million over fixed assets of the company and personal guarantees of directors of the company.

**15. DEFERRED GRANT**

	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	<b>Rupees</b>
As at July 01, 2020	-	-
Recognised during the period	<b>6,997,656</b>	-
Amortised during the period	<b>(593,584)</b>	-
As at June 30, 2021	<b>6,404,072</b>	-
Less: Current Portion	<b>3,512,540</b>	-
Non current portion	<b>2,891,532</b>	-

Deferred government grant relates to the difference between the fair value and actual proceed of salary loan obtained under SBP's Renance scheme for payment of salaries during the current period. It will be amortised over the period of next two and a half year with an amount equal to the



difference between the nance cost charged to statement of prot or loss account and the interest paid at SBP's dened rate as per the scheme. In subsequent periods, the grant will be amortised over the period of loan.

	<i>Note</i>	<b>2021</b> <i>Rupees</i>	<b>2020</b> <i>Rupees</i>
<b>16. LONG TERM LOANS FROM RELATED PARTIES</b>			
Interest free loans from Directors and Chief Executive	16.1	55,083,139	64,092,383
Loans received during the period		18,300,000	-
Present value adjustment		10,898,547	(15,418,482)
		<u>84,281,686</u>	48,673,901
Unwinding of discount	30.0	5,508,314	6,409,238
Repayment of loans		(8,190,000)	-
Settlement of loan against issue of shares	12.4	(81,600,000)	-
		<u>-</u>	<u>55,083,139</u>

**16.1** The Company entered into agreements of subordinated loan with HBL from various related parties (directors / chief executive) in their capacity as sponsors, whereby the repayment of loans was deferred for a period of three years. This loan was disbursed in two parts, first in June 2017 amounting to Rs. 62 million and second in January 2019 amounting to 9.5 million. These loans are interest free, unsecured and are repayable in full at the end of three-year period unless further extended by mutual agreement. In previous year, loan amounting to Rs. 62 million was extended for further three years upto June 2023 using the discount rate of 10% per annum. The fair value of the loans was estimated at Rs. 46 million. The difference of Rs. 15.42 million, between the gross proceeds and the fair value of loans is recognized in equity through a transfer to unappropriated profit (the unamortized portions is not available for distribution). During the year, the unwinding of discount (i.e. unwinding of the difference between present value on initial recognition and the amount received) amounting to Rs. 5.51 million (2020: 6.41 million) is recognized in statement of profit or loss using the effective interest rate method. In March 2021, these loans were partially repaid and the balance adjusted by the issue of ordinary shares to the respective directors.

	<i>Note</i>	<b>2021</b> <i>Rupees</i>	<b>2020</b> <i>Rupees</i>
<b>17. LEASE LIABILITIES</b>			
Present value of minimum lease payments		24,948,244	14,682,655
Current portion shown under current liabilities		(5,013,843)	(2,380,410)
		<u>19,934,401</u>	<u>12,302,245</u>

Minimum lease payments have been discounted at an implicit interest rate ranging from 8.85% to 9.37% per annum (2020: 7.9% to 12.13% per annum) to arrive at their present values. The lessee has the option to purchase the assets after expiry of the lease term.

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

<b>2021</b>	<b>Minimum lease payment</b>	<b>Future finance charge</b>	<b>Present value of lease liability</b>
	----- <b>(Rupees)</b> -----		
Not later than one year	6,670,158	1,656,315	5,013,843
Later than one year and not later than five years	21,639,053	2,076,145	19,562,908
	<u>28,309,211</u>	<u>3,732,460</u>	<u>24,576,751</u>

<u>2020</u>	<u>Minimum lease payment</u>	<u>Future finance charge</u>	<u>Present value of lease liability</u>
	----- <b>(Rupees)</b> -----		
Not later than one year	3,975,422	1,595,012	2,380,410
Later than one year and not later than five years	15,459,184	3,156,939	12,302,245
	<u>19,434,606</u>	<u>4,751,951</u>	<u>14,682,655</u>

## 18. DEFERRED TAXATION

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

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
<b>Taxable temporary differences on:</b>			
-Surplus on revaluation of PPE		<b>184,169,501</b>	183,959,170
-Accelerated tax depreciation on PPE		<b>206,876,454</b>	188,749,379
		<u><b>391,045,955</b></u>	<u>372,708,549</u>
<b>Deductible temporary differences on:</b>			
-Provision for staff retirement benefits - gratuity		<b>(10,625,706)</b>	(7,607,988)
-Brought forward tax losses	18.2	<b>(20,594,818)</b>	(19,521,388)
-Provision for doubtful receivables		<b>(379,522)</b>	(359,741)
		<u><b>359,445,909</b></u>	<u><b>345,219,432</b></u>

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

## 19. STAFF RETIREMENT BENEFITS - GRATUITY

The Company has a defined benefit plan comprising an un-funded gratuity scheme for its permanent employees. Latest actuarial valuation has been conducted as at June 30, 2021.

	Note	2021 Rupees	2020 Rupees
<b>Liability recognized in the statement of financial position</b>			
Present value of defined benefit obligation		<b>50,245,314</b>	<b>37,953,766</b>
<b>Movement in liability for defined benefit obligation</b>			
Opening balance		<b>37,953,766</b>	30,900,229
Charge for the year		<b>29,038,534</b>	25,587,334
Actuarial loss / (gain)		<b>15,316,587</b>	(3,862,682)
Benefits paid during the year		<b>(32,063,573)</b>	(14,671,115)
Provision for gratuity		<b>50,245,314</b>	<b>37,953,766</b>
<b>Change in present value of defined benefit obligation</b>			
Opening defined benefit obligation		<b>37,953,766</b>	30,900,229
Current service cost for the year		<b>27,175,166</b>	22,641,750
Interest cost for the year		<b>1,863,368</b>	2,945,584
Benefits paid during the year		<b>(32,063,573)</b>	(14,671,115)
Remeasurement of obligation		<b>15,316,587</b>	(3,862,682)
		<b>50,245,314</b>	<b>37,953,766</b>
<b>Charge for the year</b>			
Current service cost		<b>27,175,166</b>	22,641,750
Interest cost		<b>1,863,368</b>	2,945,584
		<b>29,038,534</b>	<b>25,587,334</b>
<b>Charge for the year has been allocated as follows:</b>			
Cost of goods sold	25.2	<b>27,116,742</b>	23,883,638
Administrative expenses	28.1	<b>1,921,792</b>	1,703,696
		<b>29,038,534</b>	<b>25,587,334</b>

**Total remeasurements chargeable to other comprehensive income**

Remeasurement of obligation:			
Experience adjustments		<b>15,316,587</b>	<b>(3,862,682)</b>

The latest actuarial valuation for gratuity scheme was carried out as at June 30, 2021 using Projected Unit Credit Method. The following significant assumptions have been used for valuation of defined benefit obligation of the company:

	2021
- Discount rate	<b>10.0%</b>
- Expected increase in eligible salary	<b>9.00%</b>
- Average expected remaining working life time	<b>10 years</b>
- Mortality rate	<b>SLIC (2001-2005)</b>

**Maturity Profile**

Average duration of liability	<b>10 Years</b>	10 Years
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**Expected contribution for the next year**

The expected contribution to the gratuity scheme for the next year works out to Rs. 37.45 million.

**Sensitivity analysis as at June 30, 2021**

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

- If the discount rate is 100 basis points higher / (lower), the defined benefit obligation would decrease by Rs. 4.3 million/ (increase by Rs. 4.7 million).

- If the expected rate of salary increases / (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 4.7 million / (decrease by Rs. 4.3 million).

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

	<i>Note</i>	<b>2021</b> <i>Rupees</i>	<b>2020</b> <i>Rupees</i>
<b>20. TRADE AND OTHER PAYABLES</b>			
Creditors		<b>149,218,462</b>	168,685,990
Contract liabilities (Advances from customers)		<b>24,113,870</b>	3,940,330
Accrued liabilities		<b>184,726,378</b>	147,092,029
Withholding tax payable		<b>25,188,064</b>	22,337,864
Workers' profit participation fund	20.1	<b>22,289,596</b>	10,893,613
Workers' welfare fund		<b>11,509,184</b>	7,391,256
Others		<b>3,702,615</b>	3,051,329
		<b>420,748,169</b>	<b>363,392,411</b>
<b>20.1 Workers' profit participation fund</b>			
Opening balance		<b>10,893,613</b>	8,381,494
Interest on funds utilized		<b>1,101,164</b>	1,093,207
		<b>11,994,777</b>	9,474,701
Paid during the year		-	-
		<b>11,994,777</b>	9,474,701
Allocation for the year	29	<b>10,294,819</b>	1,418,912
		<b>22,289,596</b>	<b>10,893,613</b>
<b>21. ACCRUED MARKUP</b>			
Accrued mark-up on:			
- Long term financing		<b>8,808,342</b>	6,878,939
- Short term borrowings		<b>27,633,429</b>	50,593,160
		<b>36,441,771</b>	<b>57,472,099</b>
<b>22. SHORT TERM BORROWINGS</b>			
<b>From banking companies - secured</b>			
Running finance	22.1	<b>579,809,034</b>	1,290,024,958
Cash finance	22.2	<b>372,535,415</b>	289,832,675
Murabaha finance	22.3	<b>438,350,130</b>	446,052,596
		<b>1,390,694,579</b>	<b>2,025,910,229</b>
<b>22.1</b>	These running finance facilities have been obtained from various Banks for working capital requirements, and are secured against personal guarantee of directors and joint pari passu charge over current assets of the Company. Running finance facilities carry mark up at the rates ranging from 7.60% to 13.79% per annum (2020: 9.11% to 14.85% per annum).		
<b>22.2</b>	These facilities have been obtained from various Banks for working capital requirements, and are secured against pledge of cotton bales, MM fiber, and yarn in lock and key under bank's muccaddum. Cash finance facilities carry mark up at the rates ranging from 8.16% to 8.59% per annum (2020: 9.21 to 15.1% per annum).		
<b>22.3</b>	These facilities have been obtained from various banks for working capital requirements, and are secured against joint pari passu charge of Rs. 723 million over present and future current assets of the Company and personal guarantee of directors of the Company. These facilities carries profit at the rate ranging from 7.50% to 9.63% per annum (2020: 8.6% to 14.82% per annum).		
<b>22.4</b>	Short term borrowings are available from various commercial banks under mark-up arrangements aggregating to Rs. 5,135 million (2020: Rs. 4,990 million) of which facilities remained un-utilized at the year end amounted to Rs. 3,745 million (2020: 2,962 million).		

**23. CONTINGENCIES AND COMMITMENTS**

**23.1 Contingencies**

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

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

**23.3 Commitments**

Commitments outstanding at the end of the year in respect of irrevocable letter amounted to Rs. 204.13million (2020:125.16million) and guarantees issued to Faisalabad Electric Supply Company on behalf of the Company is Rs. 9.60 million (2020: Rs. 7.40 million).

	<i>Note</i>	<b>2021</b> <i>Rupees</i>	<b>2020</b> <i>Rupees</i>
<b>24. REVENUE FROM CONTRACTS</b>			
Local			
-Yarn		<b>7,379,192,558</b>	5,373,430,992
-Waste		<b>45,065,109</b>	49,720,401
		<b>7,424,257,667</b>	5,423,151,393
Export			
-Yarn		<b>971,635,287</b>	1,171,035,430
		<b>8,395,892,954</b>	6,594,186,823
Sale of viscose		<b>26,755,522</b>	52,386,652
Sale of cotton		-	28,349,815
Sale of other raw materials		<b>13,710,241</b>	19,451,298
Less: Sales tax		<b>(1,084,617,890)</b>	(852,685,029)
		<b>7,351,740,827</b>	<b>5,841,689,559</b>
<b>25. COST OF GOODS SOLD</b>			
Raw materials consumed	25.1	<b>4,567,171,237</b>	3,960,499,905
Power and fuel		<b>869,146,007</b>	668,778,021
Salaries, wages and benefits	25.2	<b>544,982,277</b>	427,750,934
Depreciation	5.3	<b>128,468,137</b>	124,336,222
Stores consumed		<b>95,025,473</b>	50,987,944
Packing materials consumed		<b>114,206,766</b>	80,140,579
Repair and maintenance		<b>24,245,443</b>	11,506,379
Insurance		<b>9,344,428</b>	13,419,266
Others		<b>70,910</b>	19,990
		<b>6,352,660,678</b>	<b>5,337,439,240</b>
Work-in-process:			
-Opening stock		<b>52,937,052</b>	56,959,742
-Closing stock		<b>(53,945,001)</b>	(52,937,052)
		<b>(1,007,949)</b>	4,022,690
Cost of goods manufactured		<b>6,351,652,729</b>	<b>5,341,461,930</b>

	Note	2021 Rupees	2020 Rupees
Finished goods:			
-Opening stock		406,736,131	58,730,593
-Purchases and purchase expenses		30,578,000	228,210,675
-Closing stock		(158,193,410)	(406,736,131)
		<u>279,120,721</u>	<u>(119,794,863)</u>
		<u>6,630,773,450</u>	<u>5,221,667,067</u>
<b>25.1 Raw materials consumed</b>			
Opening stock		921,526,270	878,873,716
Purchases and purchase expenses		4,060,268,499	4,001,663,614
		<u>4,981,794,769</u>	<u>4,880,537,330</u>
Closing stock		(415,780,816)	(921,526,270)
		<u>4,566,013,953</u>	<u>3,959,011,060</u>
Cotton cess		1,157,284	1,488,845
		<u>4,567,171,237</u>	<u>3,960,499,905</u>
<b>25.2</b>	These include Rs.27.1 million (2020: Rs. 23.8 million) in respect of staff retirement benefits.		
	Note	2021 Rupees	2020 Rupees
<b>26. OTHER INCOME</b>			
<b>Income from assets other than financial assets</b>			
Insurance claims		777,488	773,408
Gain on disposal of fixed asset		6,194,538	201,914
		<u>6,972,026</u>	<u>975,322</u>
<b>27. SELLING AND DISTRIBUTION EXPENSES</b>			
Export expenses (including freight on export sales)		20,097,093	22,304,522
Commission		20,836,985	29,177,196
Export development surcharge		2,076,146	3,618,913
Freight, forwarding and others		25,668,771	10,205,601
		<u>68,678,995</u>	<u>65,306,232</u>
<b>28. ADMINISTRATIVE EXPENSES</b>			
Directors' meeting fee		310,000	150,000
Directors' remuneration		8,970,000	6,960,000
Salaries and benefits	28.1	101,969,770	80,464,649
Vehicles running and maintenance		15,160,039	12,446,646
Travelling and conveyance		5,621,400	7,053,090
Repairs and maintenance		13,237,813	6,749,449
Electricity and gas		8,707,048	6,661,220
Depreciation	5.3	5,666,179	4,880,077
Communication		5,749,160	4,612,889
Printing and stationery		3,174,085	3,243,643
Insurance		1,613,042	3,137,182
Fee and subscription		4,021,203	1,855,604
Entertainment		2,417,830	1,622,003
Donation	28.2	1,035,600	1,401,280
Auditors' remuneration	28.3	1,700,000	1,700,000
Legal and professional		902,144	1,203,691
Rent, rates and taxes		356,500	356,500
Others		1,772,969	1,654,225
		<u>182,384,782</u>	<u>146,152,148</u>

**28.1** These include Rs. 1.9 million (2020: Rs. 1.7 million) in respect of staff retirement benefits.

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

	<i>Note</i>	<b>2021 Rupees</b>	<b>2020 Rupees</b>
<b>28.3</b>	<b><i>Auditors' remuneration</i></b>		
	Statutory audit fee	1,200,000	1,200,000
	Half yearly review	300,000	300,000
	CDC free float shares certification	100,000	100,000
	Review report on Code of Corporate Governance	100,000	100,000
		<b>1,700,000</b>	<b>1,700,000</b>
<b>29.</b>	<b><i>OTHER OPERATING EXPENSES</i></b>		
	Exchange loss	3,843,813	13,382,523
	Worker's welfare fund	4,117,928	567,565
	Worker's profit participation fund	10,294,819	1,418,912
		<b>18,256,560</b>	<b>15,369,000</b>
<b>30.</b>	<b><i>FINANCE COST</i></b>		
	Mark up on:		
	-Long term financing	26,155,094	23,508,843
	-Short term borrowings	135,201,507	220,507,523
	-Lease liabilities	1,657,736	1,417,628
	Interest on workers profit participation fund	1,101,164	1,093,207
		<b>164,115,501</b>	<b>246,527,201</b>
	Unwinding of discount on loans from related parties	16,406,861	6,409,238
	Bank charges	5,568,772	9,004,765
		<b>186,091,134</b>	<b>261,941,204</b>
<b>31.</b>	<b><i>TAXATION</i></b>		
	Current	105,417,936	81,770,166
	Deferred	7,866,410	24,827,985
	Prior year adjustment	2,972,606	(760,678)
		<b>116,256,952</b>	<b>105,837,473</b>
<b>31.1</b>	<b><i>Tax charge reconciliation</i></b>		
	Applicable tax rate	29%	29%
	Profit before tax	272,527,932	132,229,230
	Tax on accounting profit before tax	79,033,100	38,346,477
	Effect due to income chargeable at different rates	14,552,356	17,955,568
	Effect due to income chargeable u/s 154	4,219,546	7,338,667
	Effect of deferred tax	7,866,410	24,827,985
	Prior year tax adjustment	2,972,606	(760,678)
	Effect of permanent differences	1,276,251	(4,441,230)
	Other temporary differences	6,336,684	22,570,684
	Current year provision	<b>116,256,952</b>	<b>105,837,473</b>
<b>31.2</b>	The Company, in view of the Supreme Court of Pakistan's Judgment dated June 04, 1997 is not liable to pay minimum tax under section 80-D of the repealed Income Tax Ordinance, 1979. Consequently, Minimum Tax paid under protest and tax deducted at source till September 30, 1999 were accounted for as loans, advances and prepayments, as disclosed in note 9.		

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

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

**Movement for the year ended June 30, 2020**

	Balance as at July 01, 2019	Recognized in statement of profit and loss	Recognized in SOCI	Balance as at June 30, 2020
----- Rupees -----				
<b>Deferred tax credits</b>				
Surplus on revaluation of property, plant and equipment	179,341,703	(9,953,208)	14,570,675	183,959,170
Accelerated tax depreciation	133,315,900	55,433,479	-	188,749,379
<b>Deferred tax debits</b>				
Brought forward tax losses	-	(19,521,388)	-	(19,521,388)
Provision against doubtful advances	(5,729,767)	6,144,316	(774,290)	(359,741)
Provision for gratuity	(332,774)	(7,275,214)	-	(7,607,988)
<b>June 30, 2020</b>	<b>306,595,062</b>	<b>24,827,985</b>	<b>13,796,385</b>	<b>345,219,432</b>



**EARNINGS PER SHARE - BASIC AND DILUTED**

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

		<b>2021</b>	<b>2020</b>
Profit for the year	<b>Rupees</b>	<b>156,270,980</b>	26,391,757
Weighted average number of shares	<b>Number</b>	<b>17,208,000</b>	16,800,000
Earnings per share - basic and diluted	<b>Rupees</b>	<b>9.08</b>	1.57

**FINANCIAL RISK MANAGEMENT**

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

**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. 856.16 million (2020: Rs. 633.61 million), the Company manages credit risk in trade debts by assigning credit limits to its customers and thereby does not have significant exposure to any individual customer.

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

	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Financial assets as per statement of financial position</b>		
Long term deposits	<b>10,266,514</b>	8,181,889
Trade debts	<b>852,009,953</b>	599,099,932
Loans and advances	<b>7,469,662</b>	5,465,078
Bank balances	<b>4,900,495</b>	34,506,968
	<b>856,910,448</b>	<b>633,606,900</b>

**Credit risk related to Trade debts**

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

Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company's credit risk is concentrated to 2 counterparties which constitute more than 50% of the total receivables. The parties were evaluated by the management before granting them such credit

**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, 2021 are as follows:

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

**33.3 Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 33.3.3 below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

**33.3.1 Liquidity and interest risk table**

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

	<i>Effective rate of interest (%)</i>	<i>1 - 3 months</i>	<i>3 months - 1 year</i>	<i>1 - 5 years</i>	<i>Total</i>
----- Rupees -----					
<b>Financial liabilities</b>					
<b>Interest bearing</b>					
Long term finance	3-8.85	-	215,553,101	752,026,135	967,579,236
Short term borrowings	7.5-13.79	-	1,390,694,579	-	1,390,694,579
<b>Non interest bearing</b>					
Long term loan from related parties		-	-	-	-
Unclaimed dividends		3,052,032	-	-	3,052,032
Unpaid dividend		3,584,762	-	-	3,584,762
Trade and other payables		337,647,455	-	-	337,647,455
Lease liabilities		1,182,873	3,830,970	15,658,876	20,672,719
Accrued mark up		36,441,771	-	-	36,441,771
<b>June 30, 2021</b>		<b>381,908,893</b>	<b>1,610,078,650</b>	<b>767,685,011</b>	<b>2,759,672,554</b>
<b>Financial liabilities</b>					
<b>Interest bearing</b>					
Long term finance	4-14.99	-	58,123,114	288,553,256	346,676,370
Short term borrowings	8.6-15.1	-	2,025,910,229	-	2,025,910,229
<b>Non interest bearing</b>					
Long term loan from related parties		-	-	55,083,139	55,083,139
Unclaimed dividends		3,052,032	-	-	3,052,032
Unpaid dividend		9,851,010	-	-	9,851,010
Trade and other payables		341,167,212	-	-	341,167,212
Accrued mark up		57,472,099	-	-	57,472,099
<b>June 30, 2020</b>		<b>411,542,353</b>	<b>2,084,033,343</b>	<b>343,636,395</b>	<b>2,839,212,091</b>

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

	<i>Less than 1 month</i>	<i>1 - 3 months</i>	<i>3 months - 1 year</i>	<i>1 - 5 years</i>	<i>Total</i>
----- Rupees -----					
<b>Financial Assets</b>					
<b>Non interest bearing</b>					
Long term deposits	-	-	-	10,266,514	10,266,514
Trade debts	-	852,009,953	-	-	852,009,953
Loans and advances	-	7,469,662	-	-	7,469,662
<b>June 30, 2021</b>	-	859,479,615	-	10,266,514	869,746,129
<b>Financial Assets</b>					
<b>Non interest bearing</b>					
Long term deposits	-	-	-	8,181,889	8,181,889
Trade debts	-	599,099,932	-	-	599,099,932
Loans and advances	-	5,465,078	-	-	5,465,078
<b>June 30, 2020</b>	-	604,565,010	-	8,181,889	612,746,899

**33.3.3 Financing facilities**

	<b>2021</b>	<b>2020</b>
Amount utilized	2,378,208,216	2,387,269,254
Amount un-utilized	2,756,791,784	2,602,730,746

**33.4 Market risk management**

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

**33.4.1 Interest rate risk management**

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

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

	<b>2021</b> <b>Rupees</b>	<b>2020</b> <b>Rupees</b>
Short term borrowings	<b>1,390,694,579</b>	2,025,910,229
Long term loans	<b>967,579,236</b>	346,676,370
	<b><u>2,358,273,815</u></b>	<b><u>2,372,586,599</u></b>
Borrowing that are not exposed to interest rate changes and contractual repricing		
Long term loans from related parties	-	55,083,139
	-	<b><u>55,083,139</u></b>

**33.4.3 Interest rate sensitivity**

If interest rates had been 100 basis points lower / higher and all other variables were held constant, the Companys profit for the year would have been lower / higher by Rs. 24.12 million (2020: Rs. 23.74 million). This is mainly attributable to the Companys exposure to interest rates on its variable rate borrowings.

**33.5 Foreign exchange risk management**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However currently, the Company's foreign exchange risk exposure is restricted to amounts receivable from foreign entities. As at June 30, 2021, the total foreign currency risk exposure was Rs. 127.03 million (2020: nil) in respect of trade debts only.

**33.6 Foreign currency sensitivity analysis**

At June 30, 2021, 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. 12.7 million (2020: nil), mainly as a result of foreign exchange losses / gains on translation of foreign currency trade debts which are US\$, the closing exchange rate of US\$ at year end was Rs. 158.30.

**33.7 Determination of fair values**

**Fair value of financial instruments**

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

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

**Fair value estimation**

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

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

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

The Company follows the revaluation model for its free hold land, building on free hold land, plant and machinery, generator and electric fittings and installations. The fair value measurement as at June 30, 2019 was performed by MYK Associates (Private) Limited. MYK Associates (Private) Limited is on panel of Pakistan Banks Association as Any Amount asset valuator. It is also on the panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations.

The fair value of the assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In estimating the fair value of free hold land, building on free hold land and plant and machinery, generator and electric fittings and installations, the highest and best use of these assets is their current use.

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

**June 30, 2021**

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

**June 30, 2020**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
-----Rupees-----				
Freehold land	-	431,677,500	-	431,677,500
Building on freehold	-	541,010,670	-	541,010,670
Plant and machinery	-	1,728,394,549	-	1,728,394,549
Generator	-	7,761,781	-	7,761,781
Electric fittings and	-	46,520,604	-	46,520,604
	-	<b>2,755,365,104</b>	-	<b>2,755,365,104</b>

**33.8 Financial instruments by category**

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

	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Financial assets as per statement of financial position</b>		
Long term deposits	10,266,514	8,181,889
Trade debts	852,009,953	599,099,932
Loans and advances	7,469,662	5,465,078
Cash and bank balances	6,143,735	35,504,251
	<b>875,889,864</b>	<b>648,251,150</b>
<b>Financial liabilities as per statement of financial position</b>		
<i>Other financial liabilities</i>		
Long term financing	967,579,236	346,676,370
Long term loans from related parties	-	55,083,139
Short term borrowings	1,390,694,579	2,025,910,229
Accrued mark up	36,441,771	57,472,099
Trade and other payables	362,835,519	341,167,212
Unpaid dividend	3,584,762	9,851,010
Unclaimed dividend	3,052,032	3,052,032
	<b>2,764,187,899</b>	<b>2,839,212,091</b>

### 34. CAPITAL RISK MANAGEMENT

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

The Company's objectives when managing capital are:

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

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

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

	<b>2021</b>	<b>2020</b>
	<b>Rupees</b>	<b>Rupees</b>
Total debt	<b>2,358,273,815</b>	2,427,669,738
Less: cash and cash equivalents	<b>(6,143,735)</b>	(35,504,251)
Net debt	<b>2,352,130,080</b>	<b>2,392,165,487</b>
Total equity	<b>2,111,015,847</b>	1,894,821,521
Adjusted capital	<b>4,463,145,927</b>	<b>4,286,987,008</b>
Debt-to-adjusted capital ratio	<b>53%</b>	56%

The decrease in the debt-to-equity ratio in 2021 resulted primarily due to decrease in borrowings of the Company through commercial banks as in note 22.

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

**35. REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTOR**

Particulars	June 30, 2021		June 30, 2020			
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Managerial remuneration	4,800,000	4,170,000	9,541,773	4,200,000	2,760,000	7,920,000
Utilities	833,592	759,587	-	683,338	614,384	-
	<b>5,633,592</b>	<b>4,929,587</b>	<b>9,541,773</b>	<b>4,883,338</b>	<b>3,374,384</b>	<b>7,920,000</b>
Number of persons	1	2	4	1	1	4

**35.1** Chief executive and executive directors are provided with Company maintained cars and utilities at residence.

**35.2** Meeting fee amounting to Rs. 310,000(2020: Rs.150,000) was paid to non-executive directors of the Company during the year.

**36. TRANSACTIONS WITH RELATED PARTIES**

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 16. Remuneration of key management personnel is disclosed in note 35. There are no other transactions with related parties.

**37. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	Lease Liabilities	Long term finance	Short term borrowings	Long term loan from related parties	Total
At June 30,2020	14,682,655	346,676,370	2,025,910,229	55,083,139	2,442,352,393
Cash inflows	-	727,089,491	14,274,164,199	18,300,000	15,019,553,690
Cash outflows	(5,716,536)	(102,674,085)	(14,910,058,098)	(8,190,000)	(15,026,638,719)
Non cash adjustment	18,173,025	-	-	(65,193,139)	(47,020,114)
At June 30,2021	<b>27,139,144</b>	<b>971,091,776</b>	<b>1,390,016,330</b>	<b>-</b>	<b>2,388,247,250</b>

**38. PLANT CAPACITY AND ACTUAL PRODUCTION**

		<b>2021</b>	<b>2020</b>
<b>Spinning Unit-I</b>			
Spindles installed and worked	No.	<b>27,696</b>	27,696
Shift worked	No.	<b>1,092</b>	912
Standard production after conversion into 20's count	Kgs	<b>12,106,987</b>	10,370,373
Actual production of yarn after conversion into 20's count	Kgs	<b>11,659,952</b>	7,447,249
<b>Spinning Unit-II</b>			
Spindles installed and worked	No.	<b>27,864</b>	27,864
Shift worked	No.	<b>1,092</b>	917
Standard production after conversion into 40's PC count	Kgs	<b>4,558,526</b>	4,784,702
Actual production of yarn after conversion into 40's PC count	Kgs	<b>4,429,605</b>	3,459,402
<b>Spinning Unit-III</b>			
Spindles installed and worked	No.	<b>26,664</b>	26,664
Shift worked	No.	<b>1,092</b>	905
Standard production after conversion into 30's count	Kgs	<b>7,939,375</b>	7,669,765
Actual production of yarn after conversion into 30's count	Kgs	<b>7,540,536</b>	6,715,980

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.

**39. NUMBER OF EMPLOYEES**

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

	<b>2021</b>	<b>2020</b>
	<b>Number</b>	
Total number of employees	<b>1,669</b>	1,519
Average number of employees during the year	<b>1,684</b>	1,540

**40. SEGMENT REPORTING**

These financial statements have been prepared on the basis of a single reportable segment. Sales percentage on unit basis is as follows:

	<b>2021</b>	<b>2020</b>
	<b>In Percent</b>	
Unit 1	<b>43.15</b>	44.24
Unit 2	<b>26.59</b>	26.65
Unit 3	<b>30.26</b>	29.11

All non-current assets of the Company as at June 30, 2021 are located in Pakistan.

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

In respect of current year, the directors have proposed to pay cash dividend of Rs. 32.256 million (2020: nil) at Rs. 1.75 (2020: nil) per ordinary share of Rs. 10 each for approval of the shareholders at the forthcoming Annual General Meeting. Financial effect of the proposed dividend has not been taken in these financial statements and will be accounted for subsequently in the year when such dividend is approved.

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

These financial statements were approved and authorized for issue on 06-10-2021 by the Board of Directors of the Company.

**43. GENERAL**

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

Sd/-  
Mian Anis Ahmad Sheikh  
Chief Executive Officer

Sd/-  
Mian Atta Shafi Tanvir Sheikh  
Director

Sd/-  
M. Ehsanullah Khan  
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 30.06.2021

Number of ShareHolders	Shareholdings From	To	Total Number of Share Held	Percentage of Total Capital
68	1 -	100	2,998	0.02
297	101 -	500	137,465	0.75
109	501 -	1000	106,787	0.58
64	1001 -	5000	175,032	0.95
12	5001 -	10000	88,345	0.48
4	10001 -	15000	48,500	0.26
2	15001 -	20000	32,500	0.18
1	20001 -	25000	21,500	0.12
2	25001 -	30000	58,600	0.32
2	45001 -	50000	96,100	0.52
1	60001 -	65000	60,500	0.33
1	125001 -	130000	128,000	0.69
1	150001 -	155000	152,321	0.83
1	155001 -	160000	156,500	0.85
2	165001 -	170000	338,000	1.83
2	175001 -	180000	353,000	1.92
1	180001 -	185000	181,000	0.98
1	205001 -	210000	209,000	1.13
1	210001 -	215000	212,000	1.15
1	235001 -	240000	238,000	1.29
1	360001 -	365000	361,500	1.96
2	380001 -	385000	766,000	4.16
2	430001 -	435000	866,000	4.70
4	700001 -	705000	2,815,243	15.27
3	775001 -	780000	2,328,915	12.64
1	890001 -	895000	894,500	4.85
1	1465001 -	1470000	1,465,121	7.95
1	1475001 -	1480000	1,476,921	8.01
2	1495001 -	1500000	2,995,563	16.25
1	1665001 -	1670000	1,666,089	9.04
<b>591</b>			<b>18,432,000</b>	<b>100.00</b>

**Categories of Share Holders**

P Date:28-Sep-2021

As on: June 30, 2021

S Type:Complete

Ser #	Code	Category	No. of Shareholder	Shares Held	Percentage of Total Capital
1	1	Joint Stock Companies	4	903,501	4.9018
2	3	Investment Companies	1	1,500	0.0081
3	5	Individuals	577	14,967,308	81.2028
4	7	Financial Institutions	1	936	0.0051
5	9	Mutual Funds	1	1,666,089	9.0391
6	10	Funds	7	892,666	4.8430
<b>TOTAL:</b>			<b>591</b>	<b>18,432,000</b>	<b>100.0000</b>

Categories Detail

P Date:28/09/2021

As on:June 30, 2021.

S Type:Complete

Sr. #	Folio Number	Name	Shares Held	Per % Total Capital
<b>Category</b>				
<b>Joint Stock Companies</b>				
1	CDC-268	FIKREES (PRIVATE) LIMITED	6,000	0.0326
2	CDC-194	TIME SECURITIES (PVT.) LTD.	3,000	0.0163
3	CDC-141	MAPLE LEAF CAPITAL LIMITED	1	0.0000
4	CDC-127	TREET CORPORATION LIMITED.	894,500	4.8530
<b>Running Total</b>			<b>903,501</b>	<b>4.9018</b>
<b>Investment Companies</b>				
1	7170	NATIONAL DEVELOPMENT FINANCE CORPORATION (INVESTER)	1,500	0.0081
<b>Running Total</b>			<b>1,500</b>	<b>0.0081</b>
<b>Individuals</b>				
<b>Running Total</b>			<b>14,967,308</b>	<b>81.2028</b>
<b>Financial Institutions</b>				
1	CDC-150	NATIONAL BANK OF PAKISTAN	936	0.0051
<b>Running Total</b>			<b>936</b>	<b>0.0051</b>
<b>Mutual Funds</b>				
1	CDC-271	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,666,089	9.0391
<b>Running Total</b>			<b>1,666,089</b>	<b>9.0391</b>
<b>Funds</b>				
1	CDC-130	TRUSTEES TREET CORP LTD-GROUP EMPLOYEES SUPERANNUATION FUND	156,500	0.8491
2	CDC-196	TRUSTEE-TREET CORPORATION LTD.-GROUP EMP.SUPERANNUATION FUND	500	0.0027
3	CDC-129	TRUSTEES TREET CORP LIMITED-GROUP EMPLOYEES GRATUITY FUND	128,000	0.6944
4	CDC-92	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	5,345	0.0290
5	CDC-88	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	152,321	0.8264
6	CDC-135	TRUSTEES TREET CORPORATION LTD GROUP EMPLOYEES SERVICE FUND	212,000	1.1502
7	CDC-128	TRUSTEES TREET CORP LIMITED-GROUP EMPLOYEES PROVIDENT FUND	238,000	1.2912
<b>Running Total</b>			<b>892,666</b>	<b>4.8430</b>
<b>Grand Total:</b>			<b>18,432,000</b>	<b>100.0000</b>

## FORM OF PROXY

I, .....

.....

of .....

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

.....

of .....

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

As witness my hand this .....

day of ..... 2021

Signed by the said



### 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).