

# MAQBOOL

## TEXTILE MILLS LIMITED

Half Yearly Report & Financial Statement (Auditor's Reviewed)  
For the half year ended December 31, 2021

## Company Profile

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

## **DIRECTORS' REVIEW**

Dear Shareholders,

On behalf of the Board of Directors of your Company, I am pleased to present Financial Statements of the Company for the half year ended December 31, 2021 duly reviewed by the statutory auditors.

I am pleased to report that the overall performance of your Company during the period under report was satisfactory and better than its performance for the same period last year.

### **Financial Highlights**

During the six-month period under report the total sales for the period were **Rs. 4,931 Million** as compared to **Rs. 3,436 Million** for the same period last year. The gross profit for the period was **Rs.217.984 Million** as compared to **Rs.117.087 Million** last year. The net Profit after providing for tax amounted to **Rs.152.290 Million** for the Six Month period ended December 31, 2021 as compared to net Profit after Tax of **Rs.32.087 Million** of the same period last year.

As the textile industry in the country is operating at its maximum capacity, the management is striving for growth and is hopeful to achieve ever better financial results during the remaining period of the current financial year to end on June 30, 2022.

### **Acknowledgement**

The directors would like to express their confidence and record appreciation for the cooperation of all the stakeholders and for the services and loyalty extended by employees of the company

Board

On behalf of the

**Mian Tanvir Ahmad Sheikh**  
Chairman

**Place: Multan**

Dated: 26.02.2022

## مقبول ٹیکسٹائل ملز لمیٹڈ - ملتان ڈائریکٹران کا جائزہ

محترم ممبران،

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے مجھے 31 دسمبر 2021ء کو ختم ہونے والی ششماہی کے لیے کمپنی کے مالیاتی گوشواروں کو پیش کرتے ہوئے خوشی ہو رہی ہے جن کا قانونی آڈیٹرز کے ذریعے جائزہ لیا گیا ہے۔

مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ زیر رپورٹ مدت کے دوران آپ کی کمپنی کی مجموعی کارکردگی گزشتہ سال کی اسی مدت کی کارکردگی سے تسلی بخش اور بہتر تھی۔

مالیاتی جھلکیاں

رپورٹ کے تحت چھ ماہ کی مدت کے دوران، اس مدت کے لیے کل فروخت 4,931 ملین روپے تھی جبکہ گزشتہ سال اسی مدت کے لیے کل فروخت 3,436 ملین روپے تھی۔ اس مدت کے لیے مجموعی منافع 217.984 ملین روپے ہے جبکہ گزشتہ سال 117.087 ملین روپے تھا۔ ٹیکس کی فراہمی کے بعد خالص منافع 31 دسمبر 2021ء کو ختم ہونے والی چھ ماہ کی مدت کے لیے 152.290 ملین روپے رہا جبکہ پچھلے سال کی اسی مدت کے لیے 32.087 ملین روپے تھا۔

چونکہ ملک میں ٹیکسٹائل کی صنعت اپنی زیادہ سے زیادہ صلاحیت کے ساتھ کام کر رہی ہے۔ انتظامیہ ترقی کے لیے کوشاں ہے اور 30 جون 2022ء کو ختم ہونے والے موجودہ مالی سال کی باقی ماندہ مدت کے دوران مزید بہتر مالیاتی نتائج حاصل کرنے کے لیے پرامید ہے۔

اعتراف

ڈائریکٹرز اپنے اعتماد کا اظہار کرنا چاہیں گے اور تمام اسٹیک ہولڈرز کے تعاون اور کمپنی کے ملازمین کی خدمات اور وفاداری کی تعریف کریں گے

دستخط

تنویر احمد شیخ - چیئر مین

ملتان - بتاریخ 26 فروری 2022ء

## INDEPENDENT AUDITORS' REVIEW REPORT

To the members **Maqbool Textile Mills Limited**

### Report on the Review of Interim Financial Statements

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Maqbool Textile Mills Limited** (the Company) as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the financial statements for the six month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income and the related notes for the three-month period ended December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2021.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

#### Chartered Accountants

Multan

Date: 28.02.2022

UDIN: RR202110088mB6Zf31UT

**MAQBOOL TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

<b>ASSETS</b>	<b>Note</b>	<b>(Unaudited) December 31, 2021 Rupees</b>	<b>(Audited) June 30, 2021 Rupees</b>
<b>Non-current assets</b>			
Property, plant and equipment	3	3,686,085,723	3,451,763,800
Long term deposits		11,926,564	10,266,514
		<b>3,698,012,287</b>	<b>3,462,030,314</b>
<b>Current assets</b>			
Stores and spares		115,213,436	93,021,889
Stock in trade	4	2,111,998,439	627,919,227
Trade debts		1,161,378,679	852,009,953
Loans, advances and prepayments		111,516,164	111,099,043
Due from government		373,805,198	189,905,617
Advance tax		75,353,523	134,556,561
Cash and bank balances		24,093,497	6,143,735
		<b>3,973,358,936</b>	<b>2,014,656,025</b>
<b>Total assets</b>		<b>7,671,371,223</b>	<b>5,476,686,339</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		184,320,000	184,320,000
Share premium		65,280,000	65,280,000
Surplus on revaluation of property plant and equipment - net of deferred tax		1,045,974,562	1,086,594,358
General reserve		168,000,000	168,000,000
Unappropriated profit		761,516,722	606,821,489
		<b>2,225,091,284</b>	<b>2,111,015,847</b>
<b>Non-current liabilities</b>			
Long term financing	5	716,148,696	752,026,135
Liabilities against right of use assets		26,423,544	19,934,401
Deferred taxation		371,592,280	359,445,909
Staff retirement benefits - gratuity		55,216,420	50,245,314
		<b>1,169,380,940</b>	<b>1,181,651,759</b>
<b>Current liabilities</b>			
Trade and other payables		780,391,854	420,748,169
Accrued markup		58,951,504	36,441,771
Short term borrowings	6	3,142,882,475	1,390,694,579
Unclaimed dividend		3,052,032	3,052,032
Unpaid dividend		18,748,907	3,584,762
Current portion of long term financing		202,232,562	215,553,101
Current portion of deferred grant		4,474,186	3,512,540
Current portion of liabilities against right of use assets		6,659,090	5,013,843
Provision for taxation		59,506,389	105,417,936
		<b>4,276,898,999</b>	<b>2,184,018,733</b>
<b>Contingencies and commitments</b>	7		
<b>Total equity and liabilities</b>		<b>7,671,371,223</b>	<b>5,476,686,339</b>

The annexed notes from 1 to 14 form an integral part of these interim financial statements.

Chief Executive

Director

Chief Financial Officer

**MAQBOOL TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021**

	Note	.....Six month period ended .....		..... Three month period ended .....	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- Rupees -----					
Revenue from contracts - net	8	<b>4,930,963,487</b>	3,435,950,683	<b>2,816,872,854</b>	1,809,670,588
Cost of goods sold	9	<b>(4,447,517,411)</b>	(3,110,806,240)	<b>(2,549,515,692)</b>	(1,625,921,522)
Gross profit		<b>483,446,076</b>	325,144,443	<b>267,357,162</b>	183,749,066
Other income		<b>14,210,536</b>	520,626	<b>6,340,933</b>	520,626
		<b>497,656,612</b>	325,665,069	<b>273,698,095</b>	184,269,692
Selling and distribution expense		<b>(33,497,375)</b>	(28,582,690)	<b>(19,572,845)</b>	(13,892,104)
Administrative expenses		<b>(114,261,161)</b>	(82,282,717)	<b>(66,008,418)</b>	(49,457,561)
Other operating expenses		<b>(16,155,649)</b>	(8,990,734)	<b>(7,454,265)</b>	(6,487,583)
		<b>(163,914,185)</b>	(119,856,141)	<b>(93,035,528)</b>	(69,837,248)
Finance cost		<b>(115,758,230)</b>	(88,721,725)	<b>(61,620,008)</b>	(41,119,643)
Profit before taxation		<b>217,984,197</b>	117,087,203	<b>119,042,559</b>	73,312,801
Taxation		<b>(65,694,193)</b>	(84,999,970)	<b>(40,209,297)</b>	(60,906,192)
Profit after taxation		<b>152,290,004</b>	32,087,233	<b>78,833,262</b>	12,406,609
Earnings per share - basic and diluted		<b>8.26</b>	1.91	<b>4.28</b>	0.74

The annexed notes from 1 to 14 form an integral part of these interim financial statements.

Chief Executive

Director

Chief Financial Officer

**MAQBOOL TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021**

	<u>...Six month period ended ...</u>	<u>...Three month period ended ...</u>	<u>December 31,</u>	<u>December 31,</u>
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	----- Rupees -----			
<b>Profit for the period</b>	<b>152,290,004</b>	32,087,233	<b>78,833,262</b>	12,406,609
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Transfer from deferred tax due to change rate on opening revaluation surplus	<b>(5,958,567)</b>	(2,632,924)	<b>(5,958,567)</b>	(2,632,924)
Total comprehensive income for the period	<u><b>146,331,437</b></u>	<u>29,454,309</u>	<u><b>72,874,695</b></u>	<u>9,773,685</u>

The annexed notes from 1 to 14 form an integral part of these interim financial statements.

**Chief Executive**

**Director**

**Chief Financial Officer**



**MAQBOOL TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021**

	.....Six month period ended.....	
	December 31, 2021 Rupees	December 31, 2020 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	217,984,197	117,087,203
Adjustments for :		
Depreciation on property, plant and equipment	67,543,633	64,979,351
Provision for staff retirement benefits - gratuity	18,729,046	14,730,220
Finance cost	115,758,230	88,721,725
	202,030,909	168,431,296
Operating cash flows before working capital changes	420,015,106	285,518,499
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(22,191,547)	(14,350,859)
Stock in trade	(1,484,079,212)	121,043,397
Trade debts	(309,368,726)	(14,057,490)
Loans and advances	(417,121)	17,307,725
Due from government	(183,899,581)	(27,948,998)
	(1,999,956,187)	81,993,775
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	359,643,685	118,662,046
Cash (used in) / generated from operations	(1,220,297,396)	486,174,320
Income tax paid	(46,214,895)	(50,281,480)
Gratuity paid	(13,757,940)	(13,645,149)
Finance cost paid	(93,248,499)	(104,119,511)
	(153,221,334)	(168,046,140)
Net cash (used in) / generated from operating activities	(1,373,518,730)	318,128,181
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment - Net	(26,560,892)	(137,016,591)
Additions to long term deposits	(1,660,050)	(2,084,625)
Additions to capital work in progress	(275,304,665)	(37,339,719)
Net cash used in investing activities	(303,525,607)	(176,440,935)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipt of long term financing	65,045,600	256,831,000
Repayment of long term financing	(113,281,932)	(8,653,009)
Liabilities against right of use assets	8,134,390	(2,161,796)
Short term borrowings - net	1,752,187,896	(343,478,315)
Dividend paid	(17,091,855)	(3,114,551)
Net cash generated from / (used in) financing activities	1,694,994,099	(100,576,671)
Net increase in cash and cash equivalents (A+B+C)	17,949,762	41,110,574
Cash and cash equivalents at beginning of the period	6,143,735	35,504,251
Cash and cash equivalents at end of the period	24,093,497	76,614,825

The annexed notes from 1 to 14 form an integral part of these interim financial statements.

**Chief Executive**

**Director**

**Chief Financial Officer**

**MAQBOOL TEXTILE MILLS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021**

	Share capital	Share premium	Capital Reserve	Revenue Reserves		Total
			Surplus on revaluation of property, plant and equipment	General reserve	Unappropriated profit	
----- Rupees -----						
<b>Balance as at July 01, 2020</b>	<b>168,000,000</b>	-	<b>1,133,642,519</b>	<b>168,000,000</b>	<b>425,179,002</b>	<b>1,894,821,521</b>
Profit for the six months period ended December 31,2020	-	-	-	-	32,087,233	32,087,233
Other comprehensive (loss) for the period	-	-	(2,632,924)	-	-	(2,632,924)
Total comprehensive income for the period	-	-	(2,632,924)	-	32,087,233	29,454,309
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	<b>(18,657,306)</b>	-	<b>18,657,306</b>	-
<b>Balance as at December 31, 2020</b>	<b>168,000,000</b>	-	<b>1,112,352,289</b>	<b>168,000,000</b>	<b>475,923,541</b>	<b>1,924,275,830</b>
<b>Balance as at July 01, 2021</b>	<b>184,320,000</b>	<b>65,280,000</b>	<b>1,086,594,358</b>	<b>168,000,000</b>	<b>606,821,489</b>	<b>2,111,015,847</b>
Profit for the six months period ended December 31,2021	-	-	-	-	152,290,004	152,290,004
Other comprehensive (loss) for the period	-	-	(5,958,567)	-	-	(5,958,567)
Total comprehensive income for the period	-	-	(5,958,567)	-	152,290,004	146,331,437
<b>Transactions with shareholders:</b>						
Dividend for the year ended June 30,2021 @ Rs. 1.75 per Share	-	-	-	-	(32,256,000)	(32,256,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	(34,661,229)	-	34,661,229	-
<b>Balance as at December 31, 2021</b>	<b>184,320,000</b>	<b>65,280,000</b>	<b>1,045,974,562</b>	<b>168,000,000</b>	<b>761,516,722</b>	<b>2,225,091,284</b>

The annexed notes from 1 to 14 form an integral part of these interim financial statements.

**Chief Executive**

**Director**

**Chief Financial Officer**

**MAQBOOL TEXTILE MILLS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2021**

**1. LEGAL STATUS**

**1.1** Maqbool Textile Mills Limited (the "Company") was incorporated in Pakistan on December 03, 1989 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange (formerly Karachi, Lahore and Islamabad Stock Exchanges). The registered office of the Company is situated at 2-Industrial Estate Multan, Pakistan. The Company is principally engaged in manufacturing, trading and sale of yarn, cotton seed and cotton lint. The Company's area of the mill at unit 1 and unit 2 is 65.27 acres located at M.M. Road, Chowk Sarwar Shaheed, Distt.Muzaffargarh and area of unit 3 is 29.14 acres located at Rajana Road, Pirmahal, Distt, Toba Tek Singh.

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Statement of compliance**

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

- International Accounting Standard (IAS) 34, "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These interim financial statements are unaudited but subject to limited scope review by auditors and is being submitted to the shareholders as required under Section 237 of the Act.

**2.2** These condensed interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with annual audited financial statements for the year ended June 30, 2021. Comparative condensed interim statement of financial position has been extracted from annual audited financial statements for the year ended June 30, 2021 whereas comparative condensed interim statement of profit or loss and condensed interim statement of comprehensive income, comparative condensed interim statement of changes in equity and comparative condensed interim statement of cash flows have been extracted from unaudited condensed interim financial statements for the six months period ended December 31, 2020.

**2.3 Accounting policies and methods of computation**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2021. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2021, which do not have any impact on the Company's financial reporting and therefore, have not been detailed in this interim financial statements.

<b>3. PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>December 31, 2021</b>	<b>June 30, 2021</b>
		<b>Rupees</b>	<b>Rupees</b>
Operating assets	3.1	<b>2,844,325,200</b>	2,885,307,942
Capital work-in-progress	3.2	<b>841,760,523</b>	566,455,858
		<b><u>3,686,085,723</u></b>	<b><u>3,451,763,800</u></b>

	December 31, 2021 Rupees	June 30, 2021 Rupees
<b>3.1 Operating assets</b>		
Opening carrying value- operating assets	2,859,872,473	2,773,249,893
Opening carrying value- right of use assets	25,435,469	13,881,995
	<b>2,885,307,942</b>	<b>2,787,131,888</b>
<b>Additions during the period / year</b>		
Land - freehold	-	1,693,530
Buildings on freehold land	-	3,617,867
Plant and machinery	14,069,557	193,599,868
Generator	-	550,000
Electric fittings and installations	208,000	7,138,928
Tools and equipments	-	7,999,244
Office equipment's	445,200	2,766,785
Telephone installations	51,000	-
Furniture and fixtures	186,500	218,950
Vehicles- owned	-	2,133,160
Vehicles- right of use asset	11,600,635	13,897,500
	<b>26,560,892</b>	<b>233,615,832</b>
Disposal for the period/year	-	(8,961,000)
Depreciation charge for the period/year	(63,753,527)	(124,134,752)
Depreciation charge for the period/year- right of use assets	(3,790,106)	(2,344,026)
Closing carrying value	<b>2,844,325,200</b>	<b>2,885,307,942</b>
Closing carrying value -operating fixed assets	<b>2,807,093,673</b>	<b>2,859,872,473</b>
Closing carrying value- right of use assets	<b>37,231,527</b>	<b>25,435,469</b>
	<b>2,844,325,200</b>	<b>2,885,307,942</b>
<b>3.2 Capital Work in progress</b>		
Opening carrying value	566,455,858	597,022
Additions during the period/ year	275,304,665	566,455,858
Capitalized during the period/ year	-	(597,022)
Closing carrying value	<b>841,760,523</b>	<b>566,455,858</b>
<b>4. STOCK IN TRADE</b>		
Raw materials	1,468,663,689	415,780,816
Raw materials in transit	57,484,063	-
Work in process	88,983,801	53,945,001
Finished goods		
- Yarn	486,008,859	149,037,769
- Waste	10,858,027	9,155,641
	<b>496,866,886</b>	<b>158,193,410</b>
	<b>2,111,998,439</b>	<b>627,919,227</b>

		(Unaudited) December 31, 2021 Rupees	(Audited) June 30, 2021 Rupees
<b>5. LONG TERM FINANCING</b>	<b>Note</b>		
<b>From banking companies - secured</b>			
Habib Bank Limited			
- LTFF	5.1	3,495,560	18,001,941
- LTFF II	5.2	135,214,760	159,799,264
- LTFF III	5.3	12,673,730	16,898,308
- LTFF IV	5.4	29,785,294	35,200,763
		<b>181,169,344</b>	<b>229,900,276</b>
Bank AL Habib Limited			
- Term Finance	5.5	40,000,000	60,000,000
- Salaries and wages loan	5.6	89,102,000	133,653,000
- TERF	5.7	612,584,100	547,538,500
Deferred grant		-	(2,891,532)
		<b>741,686,100</b>	<b>968,200,244</b>
Current portion of long term loans		<b>(202,232,562)</b>	<b>(215,553,101)</b>
Current portion of deferred grant		<b>(4,474,186)</b>	<b>(3,512,540)</b>
		<b>716,148,696</b>	<b>752,026,135</b>

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

This finance has been obtained from Habib Bank Limited (HBL) for BMR / expansion. The loan is repayable in 8 equal half yearly installments commenced from May 9, 2017. Repayment of principal of this loan 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.

#### 5.2 **Habib Bank Limited - LTFF-II**

This finance has been obtained from HBL for expansion / 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.

#### 5.3 **Habib Bank Limited - LTFF- III**

This finance has been obtained from HBL against retirement of import bills of machinery imported against sanctioned DF/LTF finance facility of Rs. 245 Million. This loan amount has been transferred to LTF/EOP finance from demand finance on August 8, 2019 after approval from SBP. It carries markup at flat rate of 4%. This finance is secured against first pari passu charge amounting to Rs.600 million over the fixed assets of the Company and personal guarantees of directors of the Company.

#### 5.4 **Habib Bank Limited - LTFF -IV**

This finance has been obtained form HBL for reprofiling/refinancing of capital expenditures (CAPEX) already incurred by the company. This loan was obtained on August 8, 2019. However, the demand finance facility has been transferred to LTFF during the year. 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. It carries markup at flat rate of 4%.

### 5.5 **Bank Al Habib Limited - Term Finance**

This finance has been obtained from Bank Al Habib Limited for reprofiling/refinancing of CAPEX already incurred by the company. The loan was obtained on December 31, 2019 without grace period. It is repayable in 10 quarterly installments commencing from March 31, 2020 and is secured against first pari passu charge amounting to Rs. 622 million over current and future fixed assets of the company and personal guarantees of directors of the company. Repayment of principal of this loan has been deferred for 6 months from March 27, 2020 to September 20, 2021 as per SBP circular ref. BPRD circular letter number 14 dated March 26, 2020. It carries markup at the rate of 6 month KIBOR + 1.50%. During the period, markup was charged at rate of **8.45%** (June 30, 2020: 14.99%).

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

This 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% and at a concessional interest rate of 1.5% and is repayable by October 2022 in 8 quarterly installments.

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

This loan is obtained from Bank Al Habib Limited under SBP's Temporary economic relief finance for refinancing of CAPEX. This loan is repayable in 32 equal quarterly installments commencing from November, 2022 with 2 year grace period. It carries mark up at flat rate of 4%. It is secured against first pari passu charge amounting to Rs. 1355.4 million over fixed assets of the company and personal guarantees of directors of the company. The company has obtained further two loans that is payable in 16 half yearly installments commencing from February 2024 with 2 years grace period. It carries mark up at flat rate of 4%.

	<b>(Unaudited)</b> <b>December 31,</b> <b>2021</b> <b>Rupees</b>	<b>(Audited)</b> <b>June 30,</b> <b>2021</b> <b>Rupees</b>
<b>6. SHORT TERM BORROWINGS</b>		
<b>From banking companies</b>		
<b>Secured - under markup arrangements</b>		
Running finance	<b>930,278,325</b>	579,809,034
Cash finance	<b>1,692,819,595</b>	372,535,415
Murabaha finance	<b>519,784,555</b>	438,350,130
	<b><u>3,142,882,475</u></b>	<b><u>1,390,694,579</u></b>

6.1 Short term borrowings are available from various banks under mark-up arrangements aggregating to Rs. 4,570 million (June 30, 2021: Rs. 5,135 million) of which facilities remained un-utilized at the period end amounted to Rs. 1,517 million (June 30, 2021: 3,745 million). These facilities are subject to markup ranging from 2.50% to 12.20% (June 30, 2021: 7.50 % to 9.63 %) per annum. These facilities are secured against pledge of raw materials and finished goods, hypothecation charge and joint pari passu charge over present and future current assets of the Company, lien on documents of title to goods and personal guarantees of certain directors of the Company.

### 7. **CONTINGENCIES AND COMMITMENTS**

7.1 There is no significant change in status of contingent liabilities since the annual financial statements as at June 30, 2021.

7.2 Commitments outstanding at the end of the period in respect of irrevocable letter of credit is Rs. **84.71 million** (June 30, 2021: 204.13 million) and letter of guarantee is Rs. **7.40 million** (June 2021: Rs. 9.60 million).

----- (Unaudited) -----					
		...Six month period ended ...		...Three month period ended ...	
8. REVENUE FROM	December 31,	December 31,	December 31,	December 31,	
- CONTRACTS	2021	2020	2021	2020	
	Rupees	Rupees	Rupees	Rupees	
Local	4,078,701,714	3,174,877,918	2,341,105,852	1,608,682,538	
Export	852,261,773	261,072,765	475,767,002	200,988,050	
	<b>4,930,963,487</b>	<b>3,435,950,683</b>	<b>2,816,872,854</b>	<b>1,809,670,588</b>	
<b>9. COST OF GOODS SOLD</b>					
Raw materials consumed	3,451,365,302	1,897,173,624	2,014,256,736	1,148,367,944	
Salaries, wages and benefits	302,812,419	247,863,868	159,626,437	122,941,580	
Stores consumed	63,482,347	42,445,340	35,368,549	23,450,818	
Packing materials consumed	68,548,130	54,072,081	36,991,753	31,476,293	
Power and fuel	509,244,390	422,525,785	278,410,407	218,129,387	
Repair and maintenance	18,701,818	9,446,137	13,325,047	4,629,913	
Insurance	8,320,362	4,559,483	3,520,362	1,859,483	
Depreciation	63,109,919	62,504,111	33,059,919	31,004,111	
	<b>4,485,584,687</b>	<b>2,740,590,429</b>	<b>2,574,559,210</b>	<b>1,581,859,529</b>	
Work-in-process					
Opening stock	53,945,001	52,937,052	41,411,260	40,561,770	
Closing stock	(88,983,801)	(48,447,768)	(88,983,801)	(48,447,768)	
	<b>(35,038,800)</b>	<b>4,489,284</b>	<b>(47,572,541)</b>	<b>(7,885,998)</b>	
Cost of goods manufactured	<b>4,450,545,887</b>	<b>2,745,079,713</b>	<b>2,526,986,669</b>	<b>1,573,973,531</b>	
Finished goods					
Opening stock	158,193,410	406,736,131	271,937,689	142,482,195	
Purchases	335,645,000	106,362,000	247,458,220	56,837,400	
Closing stock	(496,866,886)	(147,371,604)	(496,866,886)	(147,371,604)	
	<b>(3,028,476)</b>	<b>365,726,527</b>	<b>22,529,023</b>	<b>51,947,991</b>	
	<b>4,447,517,411</b>	<b>3,110,806,240</b>	<b>2,549,515,692</b>	<b>1,625,921,522</b>	

#### 10. RELATED PARTY TRANSACTIONS

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

----- (Unaudited) -----					
		Six month period ended		Three month period ended	
		December 31,	December 31,	December 31,	December 31,
		2021	2020	2021	2020
Nature of transactions	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Key management personnel</b>					
Remuneration to:					
Chief Executive	2,960,000	2,455,328	1,980,000	1,227,664	
Directors	4,858,800	1,698,127	2,429,400	849,064	
Executives	5,460,000	4,300,000	2,760,000	2,150,000	

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

#### 11. FAIR VALUE MEASUREMENTS

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

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

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

## 11.1 Fair value of property, plant and equipment

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

	------(Unaudited)-----		
	December 31, 2021		
	Level 1	Level 2	Level 3
	-----Rupees-----		
<b>Property, plant and equipment</b>			
- Freehold lands	-	433,371,030	-
- Buildings on freehold lands	-	504,476,877	-
- Plant and machinery	-	1,797,872,053	-
- Generators	-	7,119,636	-
- Electric fittings and installations	-	42,809,963	-
	-	<b>2,785,649,559</b>	-
	------(Audited)-----		
	June 30, 2021		
	Level 1	Level 2	Level 3
	-----Rupees-----		
<b>Property, plant and equipment</b>			
- Freehold lands	-	433,371,030	-
- Buildings on freehold lands	-	517,412,184	-
- Plant and machinery	-	1,829,664,027	-
- Generators	-	7,494,353	-
- Electric fittings and installations	-	46,073,041	-
	-	<b>2,834,014,635</b>	-

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

## 12. FINANCIAL RISK MANAGEMENT

The Company's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the annual audited financial statements of the Company as at and for the year ended June 30, 2021.

## 13. DATE OF AUTHORIZATION OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were authorized for issue on February 26, 2022 by the Board of Directors of the Company.

## 14. FIGURES

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

Chief Executive

Director

Chief Financial Officer