ANNUAL REPORT

2018-19

Mahmood Textile Mills Limited

Since 1970

CONTENTS

Business Review

Corporate Governance

Financials Statements

Legal Forms

Vision & Mission

Vision

To be a dynamic business group with expanding and diversifying businesses that excel at creating value for all stakeholders through exceptional products and services while fulfilling obligations to community, country, and environment.

Mission

Mahmood Group is committed to:

- Be a part of country's economic development and social prosperity.
- Achieve Excellence in the quality of our product.
- Retain our position as leaders and innovators in the Textile Industry.
- Excel through continuous improvement by adopting most modernized technology in production.
- Be ethical in its practices.
- Operate through professional team work.

Corporate Information

Board of Directors:

Khawaja Muhammad Ilyas	Chairman
Khawaja Muhammad Iqbal	Chief Executive Officer
Khawaja Muhammad Younus	Director
Khawaja Jalal ud Din	Director
Khawaja Muhammad Muzaffar Iqbal	Director
Khawaja Muhammad Anees	Director
Abdul Rehman Qureshi	Independent Director

Chief Financial Officer

Muhammad Amin Pal
FCA

Company Secretary

Yasir Ghaffar
ACA

Auditors

ShineWing Hameed Chaudhri & Co
Chartered Accountants
2526/F Shadman Colony, Opposite High Court,
Bahawalpur Road, Multan.

Stock Exchange Listing

Mahmood Textile Mills Limited is a listed Company and its shares are traded on Pakistan Stock Exchange in Pakistan.

Share Registrar

Hameed Majeed Associates (Pvt.) Ltd.
H M House, 7-Bank Square, Lahore.

Bankers

MCB Bank Limited
United Bank Limited
Habib Bank Limited
Allied Bank Limited
Bank Al-Habib Limited
Meezan Bank Limited
National Bank of Pakistan Limited
Bank Alfalah Limited
Faysal Bank Limited
Bank Islami Limited
Habib Metropolitan Bank Limited
The Bank of Punjab

Mills

Mahmoodabad, Multan Road,
Muzaffargarh.
Masoodabad, D.G. Khan Road,
Muzaffargarh.
Chowk Sarwar Shaheed, District
Muzaffargarh.
Industrail Estate, Multan.

Registered Office

Mehr Manzil, Lohari Gate, Multan.
Tel.: 061-111-181-181 Fax: 061-4511262
E-mail: info@mahmoodgroup.com

Regional Office

2nd Floor, Cotton Exchange Building, I.I.
Chundrigarh Road, Karachi.

www.mahmoodgroup.com

Honours and Achievements

Notice of Annual General Meeting

Notice is hereby given that 49th Annual General Meeting of the Company will be held on Wednesday, 30th October, 2019 at 11.00 A.M., at its Registered Office, Mehr Manzil, Lohari Gate, Multan to transact the following business:-

1- To confirm the Minutes of the Annual General Meeting held on 27th October, 2018.

2- To receive, consider and adopt the Audited Accounts for the year ended 30th June, 2019 together with Director's and Auditor's Reports thereon.

3- To approve the matter regarding issuance of 25% Bonus Shares to the existing shareholders of the Company, for the year ended 30th June, 2019, as recommended by the Board.

4- To appoint Auditors for the year 2019-20 and to fix their remuneration. The present Auditors M/s .ShineWing Hameed Chaudhri & Company, Chartered Accountants, Multan being eligible have offered themselves for re-appointment.

5- To transact any other ordinary business as may be placed before the Meeting with the permission of the Chair.

By order of The Board of Directors

Sd/-
YASIR GHAFFAR
Company Secretary

Multan.
Date: 8th October, 2019.

NOTE:-

i) The Share Transfer Books of the Company will remain closed from 19th October to 30th October, 2019 (Both days inclusive).

ii) A Member entitled to attend and vote at the meeting may appoint another member of the Company as a proxy to attend and vote instead of him/her. Proxy Form duly completed should reach the Registered Office of the Company at least 48 hours before the time of Meeting.

iii) Any individual beneficial owner 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. Representative of Corporate Member should bring the usual documents required for such purpose.

iv) In pursuance of the directions given by SECP, annual accounts for the year 30-06-2019 has been given on the Website of the Company. However, any shareholder, who desires to receive annual financial statement through email, he must provide his email address for this purpose.

v) Pursuant to provisions of SECP's Circular No. 10 of 2014 dated May 21, 2014, if the company receives consent from members holding aggregate 10 % or more shareholding, residing in geographical location to participate in the meeting through video conference at least ten 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.

In this regard, please fill the following and submit to the company at its registered office, at least ten days prior to the date of meeting.

"I/We , ………………of…………… being a member of the Mahmood Textile Mills Limited, holder of……,,, ordinary shares as per Registered Folio No./CDC A/C….hereby opt for video conference facility at …………" Signature of Member.

vi) Members are requested to notify immediately any change in their addresses.

Directors' Report To The Members

Directors of Mahmood Textile Mills Limited are pleased to present Annual report of the company along with Financial Statements for the year ended 30th June, 2019 and Auditors' report thereon.

The Board informs with deep sorrow and grief the sad demise of founder Chairman Khawaja Muhammad Masood Sahib during the holy month of Ramazan (إِنَّا لِلّٰهِ وَإِنَّا إِلَيْهِ رَاجِعُونَ). He drove the company to the path of success and prosperity. His mentorship was not only a guiding light for us but for Industry as well. The company achieved many milestones under his able leadership and is placed as one of the leading textile industry in the country. Board requests all the members for remembering him in their prayers that may Almighty Allah rest His soul in eternal peace and give us strength to recoup with irreparable loss. (Aameen)

ECONOMIC OVERVIEW:

The country's economic progress was weakened by challenges around maintaining a stable exchange reserves position and containing the twin deficits. GDP growth projection has been revised downwards to 3.3%. CPI inflation has risen considerably to 8.0% due to increase in energy prices and unfolding impact of depreciation of Pak Rupee. On the external front, fiscal measures have started to reflect improvement. The current account deficit narrowed substantially by 32 percent during the year supported by a significant decline in goods and services import bill, down by 29% from same period of last year. This contraction mainly attributable to a steep fall in overall import bills while exports posted a mixed trend.

TEXTILE INDUSTRY OVERVIEW

The textile industry in Pakistan is the largest manufacturing industry in the country and no doubt it is an explicit example of resistance economy. For years, the textile sector has been the country's backbone as it provides employment and export revenues. The textile sector in Pakistan contributes 57% to the country's exports. The textile industry is the second largest employment sector. Pakistan is the 8th largest exporter of textile commodities in Asia and textile sector contributes about 10% to the GDP of Pakistan.

Textile industry overall performed well during the current year as well as last year on the back of government support. Last year 4% DLTL and current year government supported textile industry by giving incentive in gas and electricity prices. Moreover, in current year abnormal depreciation in Rupee also provided temporary support to the exporters but despite of all these, export did not grow to the targeted level. This implies that currency adjustment alone is not sufficient to boost exports and these short term reliefs are not sufficient and will not help textile sector at gross route level till core issues are addressed properly.

One major impediment is the falling cotton production in the country. Cotton production has seen a nose dive since last many years ranging between 10-11 million bales against present demand of approximately 16 million bales creating a heavy shortfall of 40%. To cater this shortfall industry has to rely on imported cotton. Increasing reliance on imported cotton does not only strain current account deficit but also renders the exports uncompetitive to other competing countries.

The major problem for the decrease in cotton production is quality of cotton seed due to poor research mechanism. It is high time to build-up a Government-Private working relationship to move towards Genetically Modified Organism (GMOs) seed which copes with prevailing climate conditions and per hectare high yield to encourage farmer for sowing cotton.

Textile industry is facing liquidity issue because of long outstanding of sales tax and income tax refunds, TUFF and DLTL claims as well from the Government. To add on to this, the Government has removed Zero Rated regime and imposed 17% sales tax on textile sector which will impose further liquidity problems to textile sectors. Although, the Government is issuing promissory notes against outstanding refunds but this does not have sovereign cover and banks are not ready to lend against these. We are hopeful that this will sort out in near future and Government will fulfill its commitment to disburse long outstanding refunds very soon.

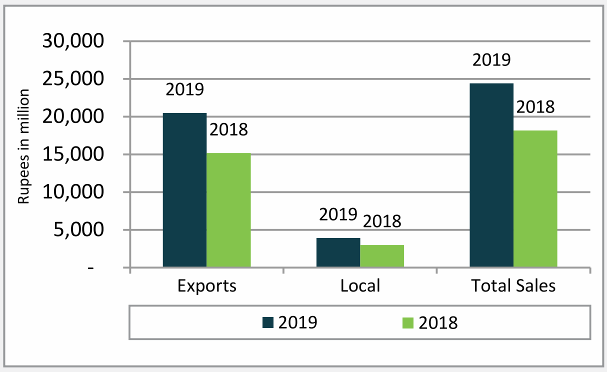
Hike in interest rate has not only short term but also long term implications. The continuity of tight monetary policy causes an intensive increase in cost of production and severe effect on cost of doing business.

The trade war between economic giants has suppressed the overall world's economy and has created volatile and uncertain environment. Because of this the world cotton trade has crashed to the lowest value and for the ongoing period we are still under pressure.

COMPANY'S PERFORMANCE

Notwithstanding tough headwinds, the Company can look back on an overall positive business performance in the year ended June 30, 2019. The Company's results of operations, financial position and net assets are indicative of a solid financial condition. The Company achieved net sales of Rs. 24.4 billion as compared to Rs. 18.1 billion in last year, tremendously up by 34%. Our export covers major portion of total sales which is Rs. 20.5 billion as compare to preceding year Rs. 15.1 billion. The increase was mainly due to volume growth and new addition in production capacity.

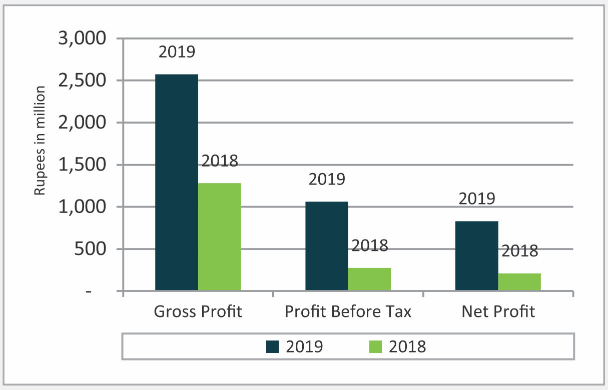
Gross profit improved from Rs. 1.3 Billion to Rs. 2.6 Billion, which is a significant increase as compare to prior period. Other income reduced mainly because of withdrawal of DLTL by the Government, other expenses increased due to collapse of PSX 100 Index and increase of SBP policies rate has doubled the finance cost as compared to last year. However, these losses have been mitigated against income on investment of associated companies and bottom line achieved encourageable results. This turned into Earnings per Share (EPS) of Rs. 55.41 as against Rs. 14.15 of previous year.



OPERATING RESULTS AND PERFORMANCE

Operating results are summarized as under;

Summary of Operating Results	2019	2018
	--------- Rupees	---------
Local	3,912,344,627	2,998,746,583
Export	20,474,395,069	15,155,397,415
Sales - Net	24,386,739,696	18,154,143,998
Gross Profit	2,573,885,868	1,280,241,180
Profit Before Tax	1,062,335,602	274,783,316
Profit after tax	831,116,504	212,210,270
Un-appropriated Profit	8,564,507,879	4,854,171,122
EPS	55.41	14.15



THE CORPORATE GOVERNANCE PRACTICES

The Board of Directors of Mahmood Textile Mills Limited is committed to the principles of good Corporate Governance. The stakeholders expect that the Company is managed and supervised responsibly and proper internal controls and risk management policy and procedures are in place for efficient and effective operations of the Company, safeguarding of assets, compliance with laws and regulations and proper financial reporting in accordance with International Financial Reporting Standards.

CORPORATE SOCIAL RESPONSIBILITY

The Company maintains working conditions which are safe and without risk to the health of all employees and public at large. Our focus remains on improving all aspects of safety especially with regards to the safe production, delivery, storage and handling of the materials.

The Company believes in returning back to the community and actively participates in the business practices that produce an overall positive impact on society. Your company always ensures environment preservation and adopts all possible means for environment protection. The Green Pakistan Project has been started by planting large quantity of plants in the surrounding of our premises. The available open area has been converted into parks with flowering, landscaping and other horticultural setups for clean and pollution free environment.

We feel responsible for the health and safety of not only our employees but also the people near our factory premises. A dedicated dispensary is established on every unit under the supervision of qualified doctors. We are taking active part in developing Education and health facilities.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in the rule book of Pakistan Stock Exchange relevant for the year ended June 30, 2019 have been adopted by the Company and have been duly complied with. A statement to this effect is included in this Annual report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors periodically reviews the Company's strategic direction. Business plans and targets are set by the Chief Executive and reviewed by the Board. The Board is committed to maintain a high standard of corporate governance. The Board has reviewed the Code of Corporate Governance and confirms that:

1.The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017. These present fairly its state of affairs, the result of its operations, its cash flows and its changes in equity.

2.Proper books of account of the Company have been maintained.

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

4.International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

5.The system of internal control, which was in place, is sound in design and has been effectively implemented and monitored. Continuous monitoring leads towards to improvement.

6.There are no significant doubts upon the Company's ability to continue as a going concern.

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

8.The key operating and financial data of six years is annexed.

DIVIDEND PAYOUT

The management always consider to pay reward to shareholder against their investment, therefore company is paying handsome dividend every year. Now the Board has recommended 25% bonus stock dividend during this year.

SHAREHOLDING PATTERN

A statement of the pattern of shareholding as at June 30, 2019, which is required to be disclosed under the reporting framework, is annexed to this report.

STATUTORY AUDITORS

Financial Statement of the Company for the year ended 30 June 2019 have been audited by M/s Shinewing Hameed Chaudhri & Co. Chartered Accountants who have given an unqualified report. Current auditors will retire on the conclusion of Annual General Meeting of the Company. Being eligible, M/s Shinewing Hameed Chaudhri & Co. Chartered Accountants have offered themselves for reappointment for the year ending 30 June 2020.

ADEQUACY OF INTERNAL FINANCIAL CONTROL

The effective system of internal financial control has been established by the Board of directors of the Company. The controls have been put in place to ensure the efficient and smooth running of the business, prevention and detection of fraud and errors, safeguarding of Company's assets, compliance with laws and regulations, accuracy and completeness of books of accounts and timely preparation of reliable financial information. Internal Financial Controls are periodically reviewed to ensure these remain effective and are updated with amendments in any laws and regulations.

FUTURE OUTLOOK

As aforementioned, until the much needed solution of limitations related to cotton crop production are addressed and further prevailing high finance cost is brought at reasonable level thus it is difficult to predict any future about textile industry in this scenario. It is also worth mentioning to note that the current cotton season do not show good picture as crop has been effected by climatic conditions.

We remain focused on serving its customers, strengthening and building stakeholder relationships, and exploring opportunities for growth, in line with its brand promise of Cultivating Growth.

ACKNOWLEDGEMENT

The results of the Company are a reflection of the unrelenting commitment and contribution of its people, and the trust placed in the Company by its customers, suppliers, service providers and shareholders. The Company acknowledges and thanks all stakeholders for the confidence reposed in it.

For and on behalf of the Board

Sd/-	Sd/-
Khawaja Muhammad Iqbal	Khawaja Muhammad Younus
Chief Executive Officer	Director

Multan

Dated: 8th October 2019

۴۔ پاکستان میں رائج بین الاقوامی مالیاتی رپورٹنگ کے معیارات کا اطلاق کیا گیا ہے اور بیانیہ کی تیاری اور مالی گوشواروں کی تیاری کے لئے اس کا خاص خیال رکھا گیا ہے

۵۔ اندرونی کنٹرول کا نظام جو اپنی جگہ پر تھا، ڈیزائن میں مستند ہے اور موثر انداز میں نافذ کیا گیا ہے۔ مسلسل نگرانی بہتری کی طرف گامزن ہے۔

۶۔ جاری حالات میں کمپنی کی استعداد کار کے متعلق کسی قسم کا کوئی ابہام نہ پایا جاتا ہے۔

۷۔ ضوابط کی تفصیل کے مطابق کارپوریٹ گورننس کے طریقہ کار میں کسی قسم کی خلاف ورزی نہ پائی گئی ہے۔

منافع کی ادائیگی

کمپنی انتظامیہ حسب روایت معقول منافع ادا کرتے ہوئے امسال بھی 25% منافع ادا کر رہی ہے۔

شیئر ہولڈنگ کا طریقہ کار

30 جون 2019ء کو حصص یافتگی کے انداز کا ایک بیان جسے رپورٹ فریم ورک کے تحت ظاہر کرنا ضروری ہے۔ اس رپورٹ کے ساتھ لف ہے۔

شماریاتی آڈیٹرز

کمپنی کے مالیاتی بیانیہ کے مطابق 30 جون 2019ء کو ختم ہونے والی مالی سال کا میسرز شائن ونگ حمید چوہدری اینڈ کمپنی، چارٹرڈ اکاونٹنٹ نے آڈٹ کیا ہے جنہوں نے ایک بہترین رپورٹ دی ہے۔ موجودہ آڈیٹر کمپنی کی سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔ اہل ہونے کے ناطے میسرز شائن وینگ حمید چوہدری اینڈ کمپنی نے 30 جون 2020ء کو ختم ہونے والے مالی سال کے لئے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔

داخلی مالیاتی کنٹرول کی اہلیت:

داخلی مالیاتی کنٹرول کا موثر نظام کمپنی کے بورڈ آف ڈائریکٹرز نے قائم کیا ہے۔ کاروبار کو موثر اور ہموار انداز میں چلانے کے لئے غلطیوں کے تدارک اور ان کے متعلق معلومات، کمپنی کے اثاثوں کی حفاظت، قواعد وضوابط کی تکمیل وتعمیل، بہی کھاتوں کی درستگی اور معتبر مالیاتی گوشوارہ جات کی تیاری کے لئے بروقت اقدامات کو مدنظر رکھا گیا ہے تمام داخلی مالیاتی امور کا وقتاً فوقتاً جائزہ لیا جاتا ہے تاکہ ان کو موثر بنانے کے لئے مناسب طریقہ کار قواعد وضوابط کو مدنظر رکھ کر مرتب کیا جا سکے۔

مستقبل پر ایک نظر:

جیسا کہ آپ کو معلوم ہے کہ کپاس کی فصل کی پیداوار کے مطلوبہ اہداف حاصل کرنے کے لئے خاص توجہ نہیں دی جاتی اور مزید ماخذ مالیہ کی لاگت کو مناسب سطح پر نہیں لایا جاتا ہے اس منظر نامے میں ٹیکسٹائل کی صنعت کے بارے میں کوئی پیشنگوئی کرنا انتہائی مشکل ہے۔ یہ امر بھی قابل ذکر ہے کہ کپاس کے موجودہ موسم میں کوئی اچھی منظر کشی نہیں کی جا سکتی کیونکہ موسی حالات کی وجہ سے کپاس کی فصل بہت متاثر ہوئی ہے۔ ہم کمپنی کے صارفین کی خدمات، شراکت داروں کے تعلقات کو مضبوط بنانے، استوار کرنے اور ترقی کے حصول کے مواقع تلاش کرنے پر اپنی توجہ مرکوز کرنا چاہتے ہیں۔

اظہار تشکر:

کمپنی نے جو نتائج حاصل کئے ہیں وہ اس کے ملازم کی بے تکان عزم اور شراکت کی عکاس ہیں اور کمپنی اپنے صارفین، سپلائرز، ملازمین اور حصص یافتگان کے اعتماد کو تسلیم کرتی ہے اور تمام اسٹیک ہولڈرز کے کمپنی پر اعتماد کے لئے شکر گزار ہے۔

خواجہ محمد اقبال
(چیف ایگزیکٹو آفیسر)

خواجہ محمد یونس
(ڈائریکٹر)

ملتان
تاریخ: 8 اکتوبر 2019ء

کی مالی حالت میں بہتری آئی ہے۔ کمپنی نے 24.4 ارب روپے کے مقابلے میں پچھلے سال میں 18.1 ارب یعنی 34 فیصد تک کا اضافہ ہوا۔ اس سال ہماری برآمد کا حجم 20.5 ارب روپے رہا (15.1 ارب روپے: 2018) منیجمنٹ کی اعلیٰ کاوشوں اور نئے رجحانات کے باعث کمپنی کا پیداواری صلاحیت میں اضافہ اور مجموعی منافع 1.3 ارب روپے سے بڑھ کر 2.6 ارب روپے ہوا جو کہ پہلے کی مدت کے مقابلے میں ایک قابل ذکر اضافہ ہے۔ دیگر ذریعے سے آمدنی بنیادی طور پر حکومت کی جانب سے ڈی ایل ٹی ایل کی واپسی کی وجہ سے کم ہوئی ہے۔ پی ایس ایکس 100 انڈیکس میں واضح کمی کی وجہ سے دوسرے اخراجات میں اضافہ ہوا ہے اور سود کی شرح میں گذشتہ سال کے مقابلہ میں مالیت کی لاگت میں دوگنا اضافہ ہوا ہے۔ تاہم ان نقصانات کو شریک کمپنیوں کی سرمایہ کاری پر ہونے والی آمدنی کے مقابلے سے کم کیا ہے اور مجموعی طور پر حوصلہ افزا نتائج برآمد ہوئے ہیں۔ فی حصص آمدنی (ای پی ایس) 14.15 روپے کے مقابلے میں 55.41 روپے رہی ہے۔

آپریٹنگ نتائج اور کارکردگی

آپریٹ نتائج کا جدول حسب ذیل ہے

آپریٹنگ نتائج کی تفصیل	30 جون 2019	30 جون 2018
لوکل	3,912,344,627	2,998,746,583
ایکسپورٹ	20,474,395,069	15,155,397,415
سیلز کل	24,386,739,696	18,154,143,998
مجموعی منافع	2,573,885,868	1,280,241,180
ٹیکس سے پہلے کا منافع	1,062,335,602	274,783,316
ٹیکس کے بعد کا منافع	831,116,504	212,210,270
غیر خالص منافع	8,564,507,879	4,854,171,122
ای پی ایس	55.41	14.15

کارپوریٹ گورننس حکمت عملی

محمود ٹیکسٹائل ملز لمیٹڈ کا بورڈ آف ڈائریکٹرز بہترین کارپوریٹ گورننس کے اصولوں پر کاربند ہے۔ حصہ داران یہ توقع کرتے ہیں کہ کمپنی نے انتہائی منظم اور ذمہ دار نگرانی کی ہے اور کمپنی کے موثر اور عملی اقدامات کی وجہ سے اثاثوں کی حفاظت، قوانین اور ضوابط کی تعمیل اور مالی رپورٹنگ کے لئے بین الاقوامی معیار کا مناسب داخلی کنٹرول اور رسک منیجمنٹ کی پالیسی اور طریقہ کار موجود ہے جو کہ مالیاتی رپورٹنگ کے معیار کو مدنظر رکھتا ہے۔

منظم معاشرتی ذمہ داری

کمپنی استعداد کار کے مجموعی حالات کو بہترین رکھتی ہے جو کہ عوام الناس اور تمام ملازمین کی صحت کو مدنظر رکھ کر کیا گیا ہے۔ ہماری توجہ حفاظت کے تمام پہلوؤں خصوصاً محفوظ پیداوار، ترسیل، ذخیرہ کرنے اور مواد کو ہینڈل کرنے کے حوالے سے بہتری پر مبنی ہے۔

کمپنی معاشرے میں بہتری پر یقین رکھتی ہے اور کاروباری طریقوں سے فعال طور پر اپنا حصہ ادا کرتی ہے جو معاشرے پر مجموعی طور پر مثبت اثرات مرتب کرے۔ آپ کی کمپنی ہمیشہ ماحولیات کے تحفظ کو یقینی بناتی ہے اور ماحول کے تحفظ کے لئے ہر ممکن وسائل کو بروئے کار لاتی ہے۔ گرین پاکستان پراجیکٹ کیلئے ہم نے بڑی مقدار میں پودے لگا کر اس کا آغاز کیا۔ آلودگی سے پاک ماحول بنانے کے لئے کھلے ایریا کی پھولوں سے تزئین و آرائش کی اور کھلے ایریا کو باغات اور پارکوں میں تبدیل کیا گیا۔

ہم نہ صرف اپنے ملازمین بلکہ آس پاس رہنے والے لوگوں کی صحت اور حفاظت کے لئے بھی اپنی ذمہ داری کو محسوس کرتے ہیں۔ قابل ڈاکٹروں کی نگرانی میں ہر یونٹ پر ایک ڈسپنسری قائم کی جاتی ہے۔ ہم تعلیم اور صحت کی سہولیات کی ترقی میں بھی بڑھ چڑھ کر حصہ لے رہے ہیں۔

مستند انتظام و انصرام کے ساتھ تکمیل کا بیانیہ

30 جون 2019 کو ختم ہونے والے مالی سال پر مستند انتظام کے لائحہ عمل پر عمل کرتے ہوئے اس کی تعمیل کی گئی۔ اس سالانہ رپورٹ میں اس کے متعلق ایک بیان شامل کیا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک

بورڈ آف ڈائریکٹرز وقتاً فوقتاً کمپنی کی حکمت عملی کا جائزہ لیتے ہیں۔ کاروباری منصوبے اور اہداف چیف ایگزیکٹو کے ذریعے مرتب کئے جاتے ہیں اور بورڈ کے ذریعہ اس کا جائزہ لیا جاتا ہے۔ بورڈ کارپوریٹ گورنس کے اعلیٰ معیار کو برقرار رکھنے کے لئے پرعزم ہے۔ بورڈ نے کارپوریٹ گورننس کے کوڈ کا جائزہ لیا ہے اور اس کی تصدیق کی ہے کہ:

۱۔ مالیاتی گوشوارے کمپنی کے ایکٹ 2017ء کے مطابق تیار کئے گئے ہیں۔ اس میں کاموں کی تفصیل، عوامل اور نتائج، کیش کے بہاؤ اور تبدیلی کے متعلق بتایا گیا ہے۔

۲۔ کمپنی کے بہی کھاتے باقاعدہ طور پر مرتب کئے گئے۔

۳۔ مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مدنظر رکھا گیا ہے جس کے مطابق کاروباری اخراجات کا تخمینہ، معقول اور محتاط فیصلے کئے گئے ہیں۔

ممبران کے لئے ڈائریکٹران کی رپورٹ

محمود ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹران مسرت کے ساتھ کمپنی کی سالانہ رپورٹ اور مالیاتی گوشوارہ برائے سال 2019ء اور آڈیٹرز کی رپورٹ پیش کرتے ہیں۔

بورڈ نے انتہائی دُکھ سے مطلع کیا کہ بانی چیئرمین خواجہ محمد مسعود صاحب ماہ رمضان کے دوران بقضائے الٰہی وفات پا گئے تھے (اِنَّا لِلّٰہِ وَاِنَّا اِلَیْہِ رَاجِعُوْن)۔ انہوں نے کمپنی کو کامیابی اور خوشحالی کے راستے پر گامزن کیا۔ ان کی قیادت نہ صرف ہمارے لئے بلکہ ٹیکسٹائل انڈسٹری کے لئے بھی ایک رہنمائی کرنے والی روشنی تھی۔ کمپنی نے ان کی قیادت میں بے شمار سنگِ میل عبور کیے اور جن کی کوششوں کے سبب اب ہماری کمپنی ملک کی ٹیکسٹائل انڈسٹری میں بڑا اہم مقام رکھتی ہے۔ بورڈ نے تمام ممبران سے گذارش کی کہ وہ اللہ تعالیٰ سے ان کے بلند درجات کے لئے دعا کریں اور ہمارے لئے بھی دعا کریں کہ ہم اس عظیم صدمے اور ناقابل تلافی نقصان کو برداشت کر سکیں۔

معاشی صورتحال پر ایک نظر

زرمبادلہ کے استحکام اور جاری خسارے پر مشتمل چیلنجز کی وجہ سے ملک کی معاشی ترقی کی رفتار بہت سست رہی۔ جی ڈی پی کی ترقی 3.3% تک محدود ہو گئی ہے۔ افراط زر کی شرح 8.0% تک بڑھ گئی ہے جس کی وجہ سے بجلی کی قیمت اور پاکستانی روپے کی قدر میں کمی ہوئی ہے۔ بیرونی فرنٹ پر، مالی اقدامات میں بہتری پیدا ہونی شروع ہو گئی ہے۔ رواں سال کے دوران کرنٹ اکاؤنٹ کے خسارے میں 32 فیصد کمی واقع ہوئی ہے۔ سامان اور خدمات کے درآمدی بل میں نمایاں کمی کی وجہ سے پچھلے سال کی اسی مدت سے 29 فیصد کم ہوئی ہے۔ یہ رجحان بنیادی طور پر درآمدگی بلوں میں زبردست کمی کی وجہ ہوا ہے جبکہ برآمدات میں ملاجلا رجحان رہا ہے۔

ٹیکسٹائل انڈسٹری کا جائزہ

پاکستان میں ٹیکسٹائل انڈسٹری ملک کی سب سے بڑی پیداواری انڈسٹری ہے اور اس میں کوئی شک نہیں کہ اس نے ملکی معیشت کو بہت بڑا سہارا دیا ہوا ہے۔ ٹیکسٹائل کا شعبہ ملک کی معیشت میں ریڑھ کی ہڈی کی حیثیت رکھتا ہے کیونکہ اس سے روزگار اور برآمدت سے کافی زرمبادلہ کمایا جاتا ہے۔ ٹیکسٹائل کا شعبہ پاکستان کی برآمدات میں 57 فیصد حصہ ہے۔ ٹیکسٹائل انڈسٹری روزگار کا دوسرا سب سے بڑا شعبہ ہے۔ پاکستان ایشیاء میں ٹیکسٹائل اشیاء کا آٹھواں سب سے بڑا برآمدکنندہ ہے اور ٹیکسٹائل کا شعبہ پاکستان کی جی ڈی پی میں 10 فیصد حصہ ڈالتا ہے۔

ٹیکسٹائل انڈسٹری نے مجموعی طور پر رواں سال کے دوران اور گذشتہ سال بھی سرکاری تعاون کی وجہ سے عمدہ کارکردگی کا مظاہرہ کیا۔ پچھلے سال گورنمنٹ نے برآمد پر ڈی ایل ٹی ایل 4% سہولت دی اور موجودہ سال حکومت نے گیس اور بجلی کی قیمتوں میں رعایت دے کر ٹیکسٹائل کی صنعت کو سنبھالا دیا ہے۔ مزید یہ کہ موجودہ سال میں روپے کی قدر میں غیر معمولی کمی نے بھی برآمدکنندگان کو عارضی مدد فراہم کی لیکن ان سب کے باوجود برآمدات ہدف کی سطح تک نہیں بڑھ سکیں۔ اس سے یہ ظاہر ہوتا ہے کہ صرف روپے کی قدر میں ردوبدل ہی برآمدات کو فروغ دینے کے لئے کافی نہیں ہے اور یہ قلیل مدتی ریلیف کافی نہیں ہے اور اس وقت تک ٹیکسٹائل کے شعبے کو مدد نہیں ملے گی جب تک بنیادی معاملات کو صحیح طریقے سے حل نہیں کیا جاتا۔

ملک میں کپاس کی گرتی ہوئی پیداوار ہماری ترقی کی راہ میں ایک بڑی رکاوٹ ہے۔ کپاس کی پیداوار گذشتہ کئی سالوں سے 10/11 ملین گانٹھوں کے درمیان ہے جس کی موجودہ مانگ کے مقابلے میں تقریباً 16 ملین گانٹھوں کے مابین 40 فیصد کی بھاری کمی ہے۔ اس کمی کو پورا کرنے کے لئے درآمدشدہ کاٹن پر انحصار کرنا ہوگا۔ درآمدشدہ کاٹن پر بڑھتا ہوا انحصار نہ صرف کرنٹ اکاؤنٹ خسارے پر دباؤ ڈالتا ہے بلکہ دوسرے ایکسپورٹر ممالک کے مقابلہ میں ہماری مصنوعات کو غیر مساوی بنا دیتا ہے۔ کاٹن کی پیداوار میں کمی کا سب سے بڑا مسئلہ ناقص تحقیقی طریقہ کار کی وجہ سے کاٹن کے بیج کا معیار ہے۔

یہ بہترین وقت ہے کہ جنیاتی طور پر تبدیل شدہ حیاتیات (GMOs) کے بیج کی طرف بڑھنے کے لئے سرکاری اور نجی ادارے مل کر کام کا رشتہ استوار کریں جو موسم کی موجودہ صورتحال اور فی ایکڑ پیداوار سے نمٹنے کے لئے کاشتکاروں کو کپاس کی بوائی کے لئے حوصلہ افزائی کر سکتے ہیں۔

ٹیکسٹائل کی صنعت کو سرمائے کی کمی کا سامنا کرنا پڑ رہا ہے کیونکہ سیلز ٹیکس اور انکم ٹیکس کی واپسی اور TUFF اور DLTL کے دعوؤں کی بھی حکومت کی طرف سے طویل مدتی ادائیگی ہے۔ اس میں مزید اضافہ کرنے کے لئے حکومت نے زیرو ریٹنگ ختم کر دی ہے اور ٹیکسٹائل کے شعبے پر 17% سیلز ٹیکس عائد کیا ہے جس سے ٹیکسٹائل کے شعبے میں مزید سرمائے کی قلت کے مسائل پیدا ہوں گے۔ اگرچہ حکومت بقایا رقوم کی واپسی کے خلاف بانڈز جاری کر رہی ہے لیکن اس میں خودمختار احاطہ نہیں ہے اور بینک ان کے خلاف قرض دینے کو تیار نہیں ہیں۔ ہمیں امید ہے کہ مستقبل قریب میں اس کا حل نکل آئے گا اور حکومت جلد ہی طویل بقایا رقوم کی واپسی کے لئے اپنے عہد کو پورا کرے گی۔

شرح سود میں اضافہ نہ صرف قلیل مدتی ہے بلکہ اس کا طویل مدتی اثر بھی ہوگا۔ سخت مالیاتی پالیسی کا تسلسل پیداوار کی لاگت میں گہرے اضافے اور کاروبار کرنے کی لاگت پر بہت اثر ڈالتا ہے۔

معیشت کی بڑی طاقتوں کے مابین تجارتی جنگ نے پوری دنیا کی معیشت کو دبا دیا ہے اور غیر مستحکم اور غیر یقینی ماحول پیدا کیا ہے۔ اس کی وجہ سے دنیا میں ٹیکسٹائل کی تجارت میں غیر یقینی صورت حال ہے۔ اور جاری مدت کے لئے ہم اس کے حل ہونے تک دباؤ میں ہیں۔

کمپنی کی کارکردگی

اگر کمپنی کی مجموعی کارکردگی پر نظر ڈالیں تو تمام سختیوں کے باوجود 30 جون 2019ء کو ختم ہونے والے مالی سال تک کمپنی کی کارکردگی، مالی پوزیشن اور خالص اثاثوں

Financial Summary

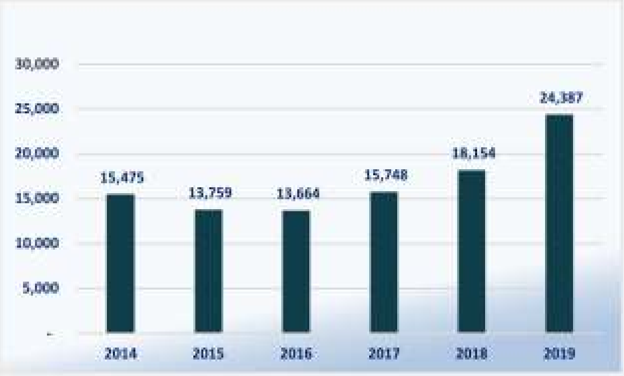
SIX YEARS REVIEW AT A GLANCE

Rupees in Million

	2019	2018	2017	2016	2015	2014
ASSETS :						
FIXED ASSETS	8,941	5,594	3,197	2,925	3,042	3,035
LONG TERM INVESTMENTS	3,889	1,383	1,493	1,233	1,353	1,212
LONG TERM DEPOSITS	10	9	9	9	9	9
CURRENT ASSETS	12,426	11,219	9,670	6,529	7,086	4,866
TOTAL ASSETS	25,266	18,205	14,369	10,696	11,490	9,122
FINANCED BY:						
EQUITY	8,564	4,704	4,783	4,466	4,671	4,449
LONG TERM LIABILITIES	3,350	2,052	861	705	919	1,040
DEFFERED LIABILITIES	0	0	0	0	115	115
CURRENT LIABILITIES	13,352	11,449	8,725	5,525	5,785	3,518
TOTAL FUNDS INVESTED	25,266	18,205	14,369	10,696	11,490	9,122
PROFIT AND LOSS:						
SALES - NET	24,387	18,154	15,748	13,664	13,759	15,475
OPERATING PROFIT	1,348	973	786	529	855	888
PROFIT BEFORE TAXATION	1,062	287	467	3	535	475
PROFIT AFTER TAXATION	831	225	317	(56)	373	472
DIVIDENDS	25%	25%	90%	0%	100%	100%
PROFIT C/F	5,491	4,703	4,626	4,308	4,515	4,291

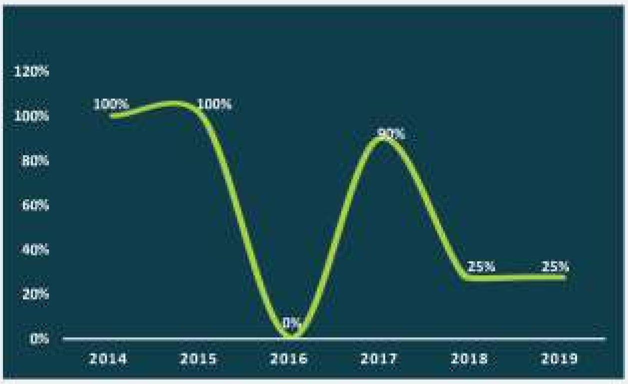
Graphical Presentation

Sales (Rs. in million)

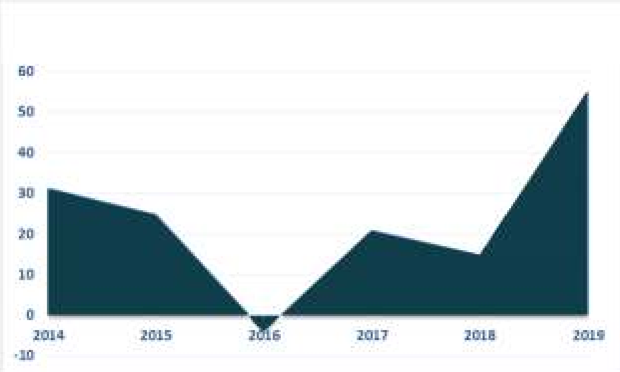


Profit after Taxation (Rs. in million)

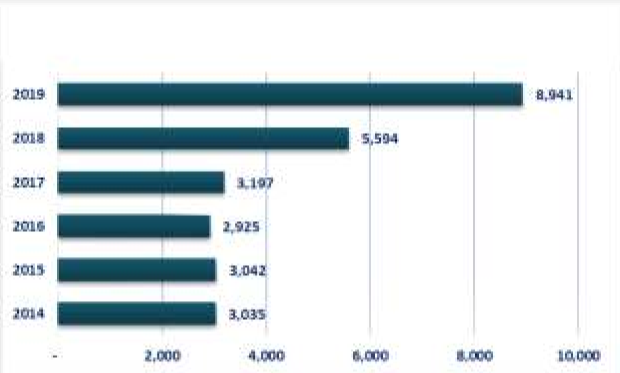
Dividends



Earning per Share (Rupees)



Fixed Assets (Rs. in million)



Equity (Rs. in million)

Board Human Resource Committee

Composition:

Abdul Rehman Qureshi	**Chairman**
Khawaja Muhammad Ilyas	**Member**
Khawaja Muhammad Anees	**Member**

Terms of Reference

The committee believes in investing in the well-being, engagement and empowerment of human capital to foster an organizational culture where the professionalism and transparency is critical in employing and developing human resource that is considered as the most valuable asset towards achieving excellence.

The Terms of Reference of the Board Human Resource Committee include review and recommendations for the Board's approval related to:

i. Organizational structure, reporting hierarchy and job analysis
ii. HR strategy, policies and procedures
iii. Integrated Human Resource Information System
iv. Recruitment and Selection
v. Performance Management System
vi. Workforce and Succession Planning
vii. Training and Development

Board Audit Committee

Composition:

The Board Audit Committee is composed of the following Directors:

Abdul Rehman Qureshi	**Chairman**
Khawaja Muhammad Ilyas	**Member**
Khawaja Muhammad Younus	**Member**

Terms of Reference

The Committee reviews the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal Audit Department and compliance status of audit observations.

The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and considers any question of resignation or removal of external auditors, audit fees and provision of any service to the Company by its external auditors in addition to the audit of its financial statements.

The Terms of Reference of the Audit Committee are consistent with those stated in the Code of Corporate Governance and broadly include the following:

(i) Review of the interim and annual financial statements of the Company prior to approval by the Board of Directors.

(ii) Discussions with the external auditors of major observations arising from interim and final audits; review of management letter issued by the external auditors and management's response thereto.

(iii) Review of scope and extent of internal audit ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.

(iv) Ascertain adequacy and effectiveness of the internal control system including financial and operational controls, accounting system and reporting structure.

(v) Determination of compliance with relevant statutory requirements and monitoring compliance with the best practices of corporate governance.

(vi) Institute special projects or other investigations on any matters specified by the Board of Directors.

The Board Audit Committee met four (4) times during the year with an average participation of all members.

Statement of Compliance with Listed Companies

(Code of Corporate Governance) Regulations, 2017

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations 2017 (Regulations) 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.

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per the following:

a. Male: 7

b. Female: 0

2. The composition of board of directors (the board) is as follows:

Category	Name
Independent Director	Mr. Abdul Rehman Qureshi
Non-executive Director	Mr. Khawaja Muhammad Ilyas Mr. Khawaja Jalal-ud-Din Roomi Mr. Khawaja Muhammad Anees
Executive Directors	Mr. Khawaja Muhammad Iqbal Mr. Khawaja Muhammad Younus Mr. Khawaja Muhammad Muzaffar Iqbal

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

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

5. The board has developed a vision and 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 Companies Act, 2017 (Act) and the Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board 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 have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board applied exemption for its six Directors as they qualify for exemption of Director Training Program and exemption is in process while Director Training Program for one newly appointed Director has been arranged during the year.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

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

a) Audit Committee

Mr. Abdul Rehman Qureshi (Chairman)
Mr. Khawaja Muhammad Ilyas (Member)
Mr. Khawaja Younus (Member)

b) HR and Remuneration Committee

Mr. Abdul Rehman Qureshi (Chairman)
Mr. Khawaja Muhammad Ilyas (Member)
Mr. Khawaja Muhammad Anees (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 of the committee were as per following:

a) Audit Committee

1st Meeting: within two months of end of quarter
2nd Meeting: within two months of end of quarter
3rd Meeting: within two months of end of half year
4th Meeting: within one month of end of quarter

b) HR and Remuneration Committee

1 meeting during the year.

15. The board has set up 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 and registered with Audit Oversight Board of Pakistan, 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 Act, these regulations or any other regulatory requirement 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.

For and on behalf of the Board of Directors.

Multan: Sd/
Dated: 8th October, 2019 Chairman

Pattern of Shareholding

AS AT JUNE 30, 2019

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM	TO		TOTAL SHARES HELD
24	1	100	Shares	1,206
55	101	500	Shares	12,973
18	501	1,000	Shares	12,088
19	1,001	5,000	Shares	39,814
2	5,001	10,000	Shares	14,922
3	10,001	15,000	Shares	37,354
1	30,001	35,000	Shares	30,269
1	95,001	100,000	Shares	98,935
4	110,001	115,000	Shares	446,408
1	175,001	180,000	Shares	178,704
1	190,001	195,000	Shares	190,035
4	215,001	220,000	Shares	865,411
1	245,001	250,000	Shares	246,144
3	280,001	285,000	Shares	851,865
1	295,001	300,000	Shares	299,058
2	320,001	325,000	Shares	645,788
1	415,001	420,000	Shares	415,633
2	430,001	435,000	Shares	863,396
1	745,001	750,000	Shares	746,508
1	865,001	870,000	Shares	868,675
1	900,001	905,000	Shares	902,310
1	1,005,001	1,010,000	Shares	1,008,385
1	1,160,001	1,165,000	Shares	1,161,416
1	1,185,001	1,190,000	Shares	1,187,214
1	1,190,001	1,195,000	Shares	1,193,137
1	1,195,968	1,200,000	Shares	1,195,968
1	1,485,001	1,490,000	Shares	1,486,384
152				15,000,000

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARE HELD	PERCENTAGE %
Directors, Chief Executive Officer & their spouse & minor childern	10	6,389,383	42.6
Associated Companies Under takings & related parties:	2	918,802	6.13
NIT & ICP	2	30,469	0.20
Banks, Development Financial institutions, Non-Banking Financial Institutions:	2	10,680	0.07
Joint stock companies:	2	129,984	0.86
Insurance companies:		-	-
Modarabas & Mutual Funds:	-	-	-
Shareholders Holding 10%	-	-	-
General Public:			
i) Local	134	7,520,682	50.14
ii) Foreign	-		-
Others	-	-	-
	152	15,000,000	100

The above two statements include (106) Shareholders holding 1,195,968 Shares through Central Depository Company of Pakistan Limited (CDC)

Information Required As Per Code of Corporate Governance

As At June 30, 2019

	SHARE HOLDER'S CATEGORY	Number of Shares Held	Percentage of Shareholding
i)	**Associated Companies, undertaking & related parties(name wise details):**		
	-Masood Spinning Mills Limited	449,940	
	-Roomi Fabrics Limited	468,862	
		918,802	**6.13%**
ii)	**Mutual Funds(Name wise details):**		
	- NIT & ICP	**30,469**	**0.20%**
iii)	**Directors,Chief Executive and their spouse(s) and minor children(name wise details):**		
	1. Khawaja Muhammad Iqbal, Director & Chief Executive	1,008,385	
	Mst.Khadija Qureshi (Wife) Director	98,935	
	2. Khawaja Muhammad Ilyas,Director	868,675	
	Mst. Farrah Ilyas (Wife)	746,508	
	3. Khawaja Muhammad Younus,Director	1,161,416	
	Mst.Robina Younus(Wife)	111,854	
	4 Khawaja Jalaluddin,Director	1,486,384	
	Mrs.Humera Jalaluddin(Wife)	190,035	
	5. Khawaja Muhammad Muzaffar Iqbal, Director	415,633	
	6. Khawaja Muhammad Anees	299,058	
	5. Mr. Abdul Rehman Qureshi, Independent Director	2,500	
		6,389,383	**42.60%**
iv)	**Banks, Development Financial Institutions,** Non-Banking Financial Institutions:		
	- National Bank of Pakistan	**10,680**	**0..07%**
	- IDBL		
v)	**Joint Stock Companies:**		
	- CDC-Trustee National Investment(Unit)Trust	**128,063**	
	- Crescent Group Service(Pvt) Limited	**1,921**	
		129,984	**0.86%**
vi)	**General Public:**		
	i) Local:	**7,520,682**	**50.14%**
	ii) Foreign:	-	
	Total:	**15,000,000**	**100%**

Directors Attendance At Board Meetings

From July 1st 2018 to June 30, 2019

Sr. No.	Name	Designation	Meeting Held	Meeting Attended
1.	Khawaja Muhammad Masood	Ex-Chairman	5	4
2.	Khawaja Muhammad Ilyas	Chairman	5	5
3.	Khawaja Muhammad Iqbal	CEO	5	5
4.	Khawaja Muhammad Younus	Director	5	5
5.	Khawaja Jalal-ud-din Roomi	Director	5	3
6.	Khawaja Muhammad Muzaffar Iqbal	Director	5	5
7.	Khawaja Hussam-ud-din Roomi	Director	5	2
8.	Mr. Abdul Rehman Qureshi	Independent Director	5	5

Financial Statements

Mahmood Textile Mills Limited

For the year ended 30 June 2019

Independent Auditors' Review Report to the Members of Mahmood Textile Mills Limited Review Report on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Mahmood Textile Mills Limited** (the Company) for the year ended June 30, 2019, in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

ShineWing Hameed Chaudhri & Co.
Chartered Accountants.

Date: 8th October, 2019

Multan:

Independent Auditors' Report To The Members

of Mahmood Textile Mills Limited

Opinion

We have audited the annexed financial statements of **Mahmood Textile Mills Limited** (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of other 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, the statement of other 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, 2019 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' 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 Matters:

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
1.	**Long term investments** As disclosed in note 8 to the financial statements; During the year the Company has acquired further 87,335,969 shares of Orient Power Company (Private) Limited (OPCL) resulting in the total holding to 20.97%. OPCL has become the associate of the Company and has been accounted for using equity method of accounting. This has resulted in a fair value adjustment of Rs. 323.50 million, an excess income over cost of investment of Rs. 831.13 million and share of profit from OPCL of Rs. 374.67 million accounted for in these financial statements.	Our audit procedures included the following: - Obtained an understanding of Company's process of approvals for acquiring long term investment and tested relevant controls; - Performed the physical verification of share certificates of OPCL transferred in the name of the Company; - Performed substantive audit procedures through inspection of related documents and supporting in relation to the further investment acquired during the year; - Obtained the financial statements of OPCL and re-calculated the working of equity accounting and gain to ensure that these are in accordance with IAS-28 and are accounted for

We identified this as a key audit matter being significant transaction for the Company during the year.

in the financial statements accurately;

- Obtained confirmation from the OPCL regarding the status of investment as at June 30, 2019; and,
- Further assessed that the related disclosures provided in financial statements are adequate in accordance with applicable financial reporting standards and Companies Act, 2017.

2. Stock in trade

Refer note 10 to the financial statements;

The Company has stock in trade aggregating to Rs. 7,593.50 million comprising raw materials, finished goods and work in progress.

Stock in trade constitutes 30.05% of the total assets of the Company as at June 30, 2019 and has significantly increased compared to last year.

We identified stock in trade as a key audit matter because determining an appropriate write down as a result of net realizable value (NRV) involves management judgement and estimation.

Our audit procedures included the following:

- Performed observation of physical inventory count procedures and compared on a sample basis, physical count with valuations sheets;
- Compared on a sample basis specific purchases and directly attributable cost with underlying supporting documents;
- Checked that the valuation basis used by the Company is appropriate and consistent by testing the costing of various items on sample basis;
- Checked that the valuation of inventory is in accordance with applicable accounting and reporting standards by comparing the net realizable value of selected items on a sample basis, to the cost of finished goods; and
- Further assessed that the related disclosures provided in financial statements are adequate in accordance with applicable financial reporting standards and Companies Act, 2017.

3. Revenue

Refer note 24 to the financial statements;

The company is engaged in production and sale of yarn and cloth and has recognized revenue of Rs. 24,386.74 million for the year ended June 30, 2019.

IFRS 15 "Revenue from contracts with customers" became applicable which requires the Company to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when the control is transferred to the purchaser.

We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet

Our audit procedures included the following:

- Obtained understanding of the process relating to recognition of revenue and assessing the design, implementation and operating effectiveness of key internal controls over recording of revenue;
- Compared samples of revenue transactions recorded during the year with sales orders, sales invoices, delivery orders and other relevant underlying documents;
- Compared samples of revenue transactions recorded around the year end with the sales orders, sales invoices, delivery orders and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period;

expectations or targets.

- Compared the details of sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underliyng documentation;
- Assessed the impact of IFRS 15 Revenue from Contracts with customers on the Company in respect of revenue recognition; and,
- Further assessed that the related disclosures provided in financial statements are adequate in accordance with applicable financial reporting standards and Companies Act, 2017.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Directors' Report to the Members, but does not include the financial statements and our auditors' 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. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' 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 auditors' 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 the 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 the 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 auditors' 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 the date of our auditors' 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 the 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Talat Javed.

ShineWing Hameed Chaudhri & Co.
Chartered Accountants

Date: 8th October, 2019

Multan

Statement of Financial Position

AS AT JUNE 30, 2019

	Note	2019 Rupees	Re-stated 2018 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	7	8,941,221,425	5,594,077,998
Long term investments	8	3,888,694,040	1,538,568,601
Long term deposits		9,980,881	9,237,521
		12,839,896,346	7,141,884,120
Current assets			
Stores, spares and loose tools	9	299,902,296	379,165,709
Stock in trade	10	7,593,497,763	4,247,087,929
Trade debts	11	1,685,878,358	2,195,470,166
Loans and advances	12	598,860,571	1,258,403,720
Other receivables	13	274,891,275	486,902,523
Short term investments	14	1,370,406,290	2,233,763,119
Sales tax refund bonds	15	35,300,000	-
Tax refunds due from the Government	15	543,014,606	380,224,084
Cash and bank balances	16	24,598,057	32,362,744
		12,426,349,216	11,213,379,994
TOTAL ASSETS		**25,266,245,562**	18,355,264,114
EQUITY AND LIABILITIES			
Equity			
Authorized share capital			
30,000,000 ordinary shares of Rs.10 each		300,000,000	300,000,000
Issued, subscribed and paid-up share capital	17	150,000,000	150,000,000
Capital reserves:			
Capital reserve		7,120,600	7,120,600
Surplus on revaluation of property, plant and equipment		2,916,720,253	-
Revenue reserve - Unappropriated profit		5,490,667,026	4,697,050,522
		8,564,507,879	4,854,171,122
Liabilities			
Non-current liabilities			
Long term financing	18	3,349,875,623	2,052,348,569
Current liabilities			
Trade and other payables	19	1,441,643,503	1,295,289,833
Unclaimed dividends		2,472,353	2,346,862
Accrued mark-up	20	379,719,310	206,104,028
Short term borrowings	21	10,863,086,159	9,639,162,832
Current maturity of long term financing	18	433,940,735	243,340,868
Taxation	22	231,000,000	62,500,000
		13,351,862,060	11,448,744,423
Total liabilities		16,701,737,683	13,501,092,992
TOTAL EQUITY AND LIABILITIES		**25,266,245,562**	18,355,264,114
Contingencies and commitments	23		

The annexed notes form an integral part of these financial statements.

sd/-	sd/-	sd/-	sd/-
Kh. Muhammad Ilyas	**Kh. Muhammad Iqbal**	**Kh. Muhammad Younus**	**Muhammad Amin Pal**
Chairman	Chief Executive Officer	Director	Chief financial Officer

Statement of Profit or Loss

FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 Rupees	Re-stated 2018 Rupees
Sales - net	24	24,386,739,696	18,154,143,998
Cost of sales	25	(21,812,853,828)	(16,873,902,818)
Gross Profit		2,573,885,868	1,280,241,180
Distribution cost	26	(498,863,722)	(473,311,216)
Administrative expenses	27	(407,556,096)	(320,276,930)
Other income	28	456,932,782	800,670,995
Other expenses	29	(776,126,381)	(314,735,415)
Profit from operations		1,348,272,451	972,588,614
Finance cost	30	(1,525,678,163)	(742,765,764)
		(177,405,712)	229,822,850
Share of profit of associates	8	1,239,741,314	44,960,466
Profit before taxation		1,062,335,602	274,783,316
Taxation	31	(231,219,098)	(62,573,046)
Profit after Taxation	32	**831,116,504**	**212,210,270**
Earnings per Share	32	**55.41**	**14.15**

The annexed notes form an integral part of these financial statements.

sd/-	sd/-	sd/-	sd/-
Kh. Muhammad Ilyas	**Kh. Muhammad Iqbal**	**Kh. Muhammad Younus**	**Muhammad Amin Pal**
Chairman	Chief Executive Officer	Director	Chief financial Officer

Statement of Other Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	Re-stated 2018 Rupees
Profit after taxation	831,116,504	212,210,270
Other comprehensive income		
Items that will not be reclassified subsequently to statement of profit or loss		
Surplus on revaluation of property, plant and equipment	2,886,623,781	-
Surplus on revaluation of property, plant and equipment - associate	30,096,472	-
Total comprehensive income for the year	**3,747,836,757**	**212,210,270**

sd/-	sd/-	sd/-	sd/-
Kh. Muhammad Ilyas	**Kh. Muhammad Iqbal**	**Kh. Muhammad Younus**	**Muhammad Amin Pal**
Chairman	Chief Executive Officer	Director	Chief financial Officer

Statement of Changes In Equity

FOR THE YEAR ENDED JUNE 30, 2019

	Capital reserves			Revenue reserve	
	Share capital	Capital reserve	Surplus on revaluation of property, plant and equipment	Unappropriated profit	Total
	---------------------------- Rupees ---------------------------				
Balance as at June 30, 2017	150,000,000	7,120,600	-	4,625,757,772	4,782,878,372
Transactions with owners					
Final cash dividend for the year ended June 30, 2017 @ Rs. 9 per share	-	-	-	(135,000,000)	(135,000,000)
Total Comprehensive income for the year					
Profit for the year *(re-stated)*	-	-	-	212,210,270	212,210,270
Other comprehensive income for the year *(re-stated)*	-	-	-	-	-
	-	-	-	212,210,270	212,210,270
Balance as at June 30, 2018 (re-stated)	150,000,000	7,120,600	-	4,702,968,042	4,860,088,642
Impact of re-statement due to applicability of IFRS 15	-	-	-	(5,917,520)	(5,917,520)
	150,000,000	7,120,600	-	4,697,050,522	4,854,171,122
Transactions with owners					
Final cash dividend for the year ended June 30, 2018 @ Rs. 2.5 per share	-	-	-	(37,500,000)	(37,500,000)
Total Comprehensive income for the year					
Profit for the year	-	-	-	831,116,504	831,116,504
Other comprehensive income for the year	-	-	2,916,720,253	-	2,916,720,253
	-	-	2,916,720,253	831,116,504	3,747,836,757
Balance as at June 30, 2019	**150,000,000**	**7,120,600**	**2,916,720,253**	**5,490,667,026**	**8,564,507,879**

The annexed notes form an integral part of these financial statements.

sd/-	sd/-	sd/-	sd/-
Kh. Muhammad Ilyas	**Kh. Muhammad Iqbal**	**Kh. Muhammad Younus**	**Muhammad Amin Pal**
Chairman	Chief Executive Officer	Director	Chief financial Officer

Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2019

	2019 Rupees	2018 Rupees
Cash flows from operating activities		
(Loss) / profit for the year - before taxation and share of profit of associates	(177,405,712)	229,822,850
Adjustments for non-cash charges and other items:		
Depreciation	597,822,270	376,369,545
Loss on disposal of operating fixed assets - net	2,397,930	3,541,002
Fair value loss on re-measurement of short term investments	669,646,937	285,104,925
Loss / (gain) on sale of short term investments	92,127,250	(126,779,704)
Fair value adjustment due to applicability of equity accounting	(323,498,250)	-
Duty drawback on export sales	-	(383,221,437)
Dividend income	(103,281,501)	(236,620,775)
Finance cost	1,525,678,163	742,765,764
Profit before working capital changes	2,283,487,087	890,982,170
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	79,263,413	(174,502,647)
Stock in trade	(3,346,409,834)	(886,873,140)
Trade debts	509,591,808	(12,926,087)
Loans and advances	659,543,149	(533,863,736)
Other receivables	212,011,248	120,624,965
Sales tax refunds	(31,793,449)	3,334,558
Increase in trade and other payables	146,353,670	159,303,500
	(1,771,439,995)	(1,324,902,587)
Cash generated from / (used in) operations	512,047,092	(433,920,417)
Income tax paid	(229,016,171)	(196,747,963)
Net cash generated from / (used in) operating activities	283,030,921	(630,668,380)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,114,988,270)	(2,792,399,960)
Sale proceeds of operating fixed assets	54,248,424	15,180,840
Short term investments - net	101,582,642	218,212,252
Long term investments made	(887,793,358)	-
Long term deposits	(743,360)	(505,000)
Dividends received	234,285,456	236,620,775
Net cash used in investing activities	(1,613,408,466)	(2,322,891,093)
Cash flows from financing activities		
Long term financing - net	1,488,126,921	1,151,308,939
Dividend paid	(37,374,509)	(134,424,635)
Short term borrowings - net	1,223,923,327	2,609,300,373
Finance cost paid	(1,352,062,881)	(653,623,093)
Net cash generated from financing activities	1,322,612,858	2,972,561,584
Net (decrease) / increase in cash and cash equivalents	**(7,764,687)**	19,002,111
Cash and cash equivalents - at beginning of the year	**32,362,744**	13,360,633
Cash and cash equivalents - at end of the year	**24,598,057**	32,362,744

The annexed notes form an integral part of these financial statements.

sd/-	sd/-	sd/-	sd/-
Kh. Muhammad Ilyas	**Kh. Muhammad Iqbal**	**Kh. Muhammad Younus**	**Muhammad Amin Pal**
Chairman	Chief Executive Officer	Director	Chief financial Officer

1. LEGAL STATUS AND OPERATIONS

Mahmood Textile Mills Limited (the Company) was incorporated in Pakistan on February 25, 1970 as a Public Company under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in manufacture and sale of yarn, grey cloth and generation of electricity.

Geographical location and addresses of business unit / mills:

Registered office / Head office

Mehr Manzil, Lohari Gate, Multan

Regional Office

2nd floor, Cotton Exchange Building, I.I. Chundrigarh Road, Karachi

Mills

- Mahmoodabad, Multan Road, Muzaffargarh
- Masoodabad, D.G. Khan Road, Muzaffargarh
- Chowk Sarwar Shaheed, District Muzaffargarh
- Industrial Estate, Multan

2. BASIS OF PREPARATION

2.1 Statement of compliance

The 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:

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except disclosed otherwise in the accounting policy notes.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest Rupee unless otherwise stated.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed as follows:

(a) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

(b) Stores & spares and stock-in-trade

The Company estimates the net realizable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to make sale.

(c) Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

2.5 No critical judgment has been used in applying the accounting policies.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 New accounting standards / amendments to approved accounting standards for current year

New and amended standards mandatory for the first time for the financial year beginning from July 1, 2018:

a) IFRS 15 — Revenue from contracts with customers

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

b) IFRS 9 — Financial Instruments

IFRS 9 replaces the guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

c) IFRIC 22 — Foreign currency transactions and advance consideration

This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment / receipt is made as well as for situations where multiple payments / receipts are made. The guidance aims to reduce diversity in practice. The Company's accounting treatment is already in line with this interpretation.

3.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 1, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

3.3 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2018 and have not been early adopted by the Company:

a) IRFS 16 Leases — Effective date: January 01, 2019

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the reporting date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.

b) IAS 23 Borrowing costs — Effective date: January 01, 2019

The amendment is part of the annual improvement 2015-2017 cycle. The amendment clarifies that the general borrowings pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non-qualifying assets - are included in that general pool. The amendments are not likely to have material impact on the Company's financial statements.

c) IAS 19 Employee Benefits — Effective date: January 01, 2019

These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The Company is yet to assess the full impact of this amendment on its financial statements.

d) IFRIC 23 Uncertainty over Income Tax Treatments — Effective date: January 01, 2019

This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation on its financial statements.

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

4. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, plant and equipment

Property, plant and equipment except leasehold land, freehold land, buildings on freehold land, buildings on leasehold land, and capital work in progress are stated at cost less accumulated depreciation and impairment loss, if any.

Leasehold land and freehold land are stated at revalued amount being the fair value at the date of revaluation.

Buildings on freehold land and buildings on leasehold lands are stated at revalued amount being the fair value at the date of revaluation, less 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 reporting date. Any revaluation increase arising on the revaluation of such asset is recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation is transferred directly to unappropriated profit.

Depreciation is taken to statement of profit or loss applying reducing balance method so as to write-off the depreciable amount of an asset over its remaining useful life at the rates stated in note 7.1. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed-off.

Normal repairs and replacements are taken to statement of profit or loss. Major improvements and modifications are capitalized and assets replaced, if any, other than those kept as stand-by, are retired.

Gain / loss on disposal of property, plant and equipment, if any, is taken to statement of profit or loss.

Capital work in progress is stated at cost less any recognized impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when these assets are available for use.

4.2 Investments in Associated Companies

Investments in Associated Companies are accounted for by using equity basis of accounting, under which the investments in Associated Companies are initially recognized at cost and the carrying amounts are increased or decreased to recognize the Company's share of profit or loss of the Associated Companies after the date of acquisition. The Company's share of profit or loss and other comprehensive income of the Associated Companies is recognized in the Company's statement of profit or loss and other comprehensive income respectively. Distributions received from Associated Companies reduce the carrying amount of investments.

The carrying amount of investments is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognized in statement of profit or loss.

4.3 Stores, spares and loose tools

Stores, spares and loose tools are stated at the lower of cost and net realizable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the reporting date. The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

4.4 Stock-in-trade

Basis of valuation are as follows:

Particulars	***Mode of valuation***
Raw materials:	
- At mills	- At lower of annual average cost of both local and imported stocks and net realizable value.
- In transit	- At cost accumulated upto the reporting date.
Work-in-process	- At manufacturing cost.
Finished goods	- At lower of cost and net realizable value.
Waste	- At net realizable value.

- Cost in relation to work-in-process and finished goods consists of prime cost and appropriate production overheads. Prime cost is allocated on the basis of annual average cost.
- Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.
- Net realizable value signifies the selling price in the ordinary course of business less cost of completion and cost necessary to be incurred to effect such sale.

4.5 Trade debts and other receivables

Trade debts are initially recognized at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade debts and other receivables considered irrecoverable are written off.

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and balances with banks.

4.7 Borrowings and borrowing cost

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized cost using the effective interest method.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

4.8 Staff retirement benefits

The Company operates an un-funded gratuity scheme for all its eligible employees. Provision is made annually to cover obligation under the scheme. The payable balance of gratuity is fully paid to the employees on annual basis.

4.9 *Trade and other payables*

Trade and other payables are initially measured at cost, which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Company.

4.10 *Provisions*

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

4.11 *Taxation*

(a) *Current*

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalized during the year.

(b) *Deferred*

The Company accounts for deferred taxation using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is recognized for taxable temporary differences and deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is charged or credited to the statement of profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

4.12 *Dividend and appropriation to reserves*

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized in the period in which these are approved.

4.13 *Financial assets*

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

a) *Initial recognition and measurement of financial assets*

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

i) *Equity instruments*

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1).

For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

- ***Fair value through other comprehensive income (FVTOCI)***

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

- ***Fair value through profit or loss (FVTPL)***

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

ii) Debt instruments

Subsequent measurement of debt instrument depends on the Company's business model for managing the assets and the cash flows characteristics of the assets. Three categories in which the Company classifies its debt instruments are:

- ***Amortized cost***

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method.

- ***Fair value through other comprehensive income (FVTOCI)***

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI.

- ***Fair value through profit or loss (FVTPL)***

Financial assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL.

Gains and losses arising on debt instrument measured at amortized cost and as FVTPL are recognized in profit or loss. Interest calculated under effective interest method, dividend, impairment and foreign exchange gains and losses on these debt instrument are also recognized in profit or loss. Gains and losses from changes in fair value of debt instruments measured as FVTOCI are recognized in other comprehensive income and are reclassified to profit or loss on derecognition or reclassification.

b) Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

4.14 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit or loss.

4.15 Impairment of financial assets

The Company recognizes a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognizes lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognizes 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. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL 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.

i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

a) The financial instrument has a low risk of default,
b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily; reduce the ability of the borrower to fulfil its contractual cash flow obligations.

ii) Definition of default

The Company employs statistical models to analyze the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event (see (ii) above);
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial re-organization; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

v) Measurement and recognition of ECL

The measurement of ECL 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.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

4.16 Off-setting

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.17 Foreign currency translations

Foreign currency transactions are recorded in Pak Rupees using the exchange rates prevailing at the dates of transactions. Monetary assets and liabilities in foreign currencies are translated in Pak Rupees at the rates of exchange prevailing at the reporting date. Exchange gains and losses are taken to statement of profit or loss.

4.18 Revenue recognition

The Company policy for revenue recognition under different contracts with customers stands amended as follows:

Sale of Goods

The Company sold its products in separately identifiable contacts. The contracts entered into with the customers generally includes one performance obligation i.e. the provision of goods to the customer.

Revenue from local sale of goods is recognized when the Company satisfies a performance obligation under a contract by transferring promised goods to the customer. Goods are considered to be transferred at the point in time when the customer obtains control over the goods (i.e. on dispatch of goods from the mills to the customer). Revenue from the export sale of goods is recognized at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port.

Rendering of Services

Revenue from contracts for provision of the services is recognized at the point in time when the processed goods are dispatched from the mills to the customer.

Export rebate

Export rebate income is recognized on accrual basis as and when the right to receive the income establishes.

Return on Bank deposits

Return on bank deposits / interest income is recognized using applicable effective interest rate method. Income is accrued as and when the right to receive the income is established.

4.19 Impairment of non-financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

4.20 Segment reporting

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Chief Operating Decision Maker of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure and products being produced and sold, the Company has been organized into two operating segments i.e. spinning and weaving.

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and for assessing performance. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Finance cost, other income and expenses and taxation are managed at the Company level. Unallocated assets mainly include long term investments, long term deposits, tax refunds due from the Government and cash & bank balances.

5. CHANGES IN ACCOUNTING POLICIES

The following changes in accounting policies have been adopted during the year:

5.1 IFRS 15 'Revenue from Contracts with Customers'

Following the application of IFRS 15, the Company policy for revenue recognition under different contracts with customers stands amended as follows:

Sale of Goods

The Company sold its products in separately identifiable contacts. The contracts entered into with the customers generally includes one performance obligation i.e. the provision of goods to the customer.

Revenue from local sale of goods is recognized when the Company satisfies a performance obligation under a contract by transferring promised goods to the customer. Goods are considered to be transferred at the point in time when the customer obtains control over the goods (i.e. on dispatch of goods from the mills to the customer). Revenue from the export sale of goods is recognized at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port.

Rendering of Services

Revenue from contracts for provision of these services is recognized at the point in time when the processed goods are dispatched from the mills to the customer.

Export rebate

Export rebate income is recognized on accrual basis as and when the right to receive the income establishes.

Return on Bank deposits

Return on bank deposits / interest income is recognized using applicable effective interest rate method. Income is accrued as and when the right to receive the income is established.

5.1.1 Effect of change in accounting policy

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entity to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. The impact of revised policy is detailed in note 6.

Amount of adjustment due to first time applicability of IFRS 15 to the relevant line items of financial statements on current and prior period is as follows:

	2019 Rupees	2018 Rupees
Sales	(72,058,776)	(29,827,190)
Cost of sales	(59,210,659)	(23,909,670)
Stock in trade	83,120,329	23,909,670
Trade debts	(101,885,966)	(29,827,190)
Earnings per share	(0.86)	(0.39)

5.2 IFRS 9 'Financial Instruments'

During the year IFRS 9 supersedes and replaces the related guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with irrevocable option at the inception to present changes in fair value in other comprehensive income, not recycling. There is now a new expected credit loss model that replaces the incurred loss impairment model of IAS 39. For financial liabilities, there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. Following the application of IFRS 9, the Company policy for financial instrument stands amended as detailed in notes 4.13, 4.14 and 4.15 above.

There is no change in the carrying amounts of financial assets and financial liabilities at the initial application date of IFRS-9

5.3 Property, plant and equipment

During the year, the Company has changed its policy of measuring leasehold land, freehold land, buildings on freehold land and buildings on leasehold land from cost model to revaluation model as permitted under IAS 16.

As per revised the accounting policy:

Property, plant and equipment except leasehold land, freehold land, buildings on freehold land, buildings on leasehold land, and capital work in progress are stated at cost less accumulated depreciation and impairment loss, if any.

Leasehold land and freehold land are stated at revalued amount being the fair value at the date of revaluation.

Buildings on freehold land and buildings on leasehold lands are stated at revalued amount being the fair value at the date of revaluation, less 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 reporting date. Any revaluation increase arising on the revaluation of such asset is recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation is transferred directly to unappropriated profit.

The impact of change in accounting policy as at June 30, 2019 is as under:

	Book value at cost model	*Revaluation surplus*	*Revalued amount*
	---------- *Rupees* ----------		
Leasehold land	20,755,743	349,020,257	369,776,000
Freehold land	55,962,349	1,014,487,651	1,070,450,000
Buildings on freehold land	315,020,713	1,269,322,287	1,584,343,000
Buildings on leasehold land	560,563,414	253,793,586	814,357,000

6. ***IMPACT OF RE-STATEMENTS***

The impact of re-statements due to applicability of IFRS - 15 and long term investments (note 8.7) on previously reported balances is as follows:

	As previously reported	*Restatement due to*		*As restated*
		IFRS - 15	*Long term investments*	
	---------- *Rupees* ----------			
Long term investments	1,382,874,839	-	155,693,762	1,538,568,601
Stock in trade	4,223,178,259	23,909,670	-	4,247,087,929
Trade debts	2,225,297,356	(29,827,190)	-	2,195,470,166
Revenue reserve - Unappropriated profit	4,547,274,280	(5,917,520)	155,693,762	4,697,050,522
Share of profit of associate	57,371,227	-	(12,410,761)	44,960,466
Share of other comprehensive loss of associate	(168,104,523)	-	168,104,523	-

	Note	*2019 Rupees*	*2018 Rupees*
7. ***PROPERTY, PLANT AND EQUIPMENT***			
Operating fixed assets	7.1	8,887,835,682	5,307,504,451
Capital work-in-progress:			
- Buildings		4,504,044	55,231,748
- Plant and machinery		48,881,699	218,225,799
- Advance for purchase of vehicles		-	13,116,000
		53,385,743	286,573,547
		8,941,221,425	**5,594,077,998**

7.1 Operating Fixed Assets - Tangible

Particulars	Leasehold land	Owned														Total
		Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Stand-by equipment / Generators	Furniture and fittings	Vehicles	Office equipment	Protective dam	Electric installations	Gas installations	Tools and equipment	Computer and accessories	Weighing bridge	
	Rupees															
Cost																
Balance as at June 30, 2017	20,755,743	14,487,499	619,141,035	26,435,670	4,818,102,282	655,616,303	11,930,756	193,575,263	3,401,248	10,715,778	262,739,653	4,322,517	10,422,719	31,367,635	5,444,129	6,688,458,230
Additions during the year	-	41,474,850	36,944,253	537,867,835	1,521,790,612	201,526,679	10,802,811	71,874,806	-	-	122,401,305	1,261,149	11,297,851	491,115	-	2,557,733,266
Disposals during the year	-	-	-	-	(38,642,029)	-	-	(16,069,195)	-	-	-	-	-	-	-	(54,711,224)
Balance as at June 30, 2018	20,755,743	55,962,349	656,085,288	564,303,505	6,301,250,865	857,142,982	22,733,567	249,380,874	3,401,248	10,715,778	385,140,958	5,583,666	21,720,570	31,858,750	5,444,129	9,191,480,272
Balance as at June 30, 2018	20,755,743	55,962,349	656,085,288	564,303,505	6,301,250,865	857,142,982	22,733,567	249,380,874	3,401,248	10,715,778	385,140,958	5,583,666	21,720,570	31,858,750	5,444,129	9,191,480,272
Additions during the year	-	-	99,989,984	92,907,752	979,127,414	19,913,790	2,060,229	70,727,883	-	-	81,428,129	264,980	143,833	1,612,080	-	1,348,176,074
Disposals during the year	-	-	-	(9,734,053)	(114,048,669)	-	-	(51,402,755)	-	-	(1,630,184)	-	(170,600)	-	(744,257)	(177,730,518)
Revaluation surplus	349,020,257	1,014,487,651	1,269,322,287	253,793,586	-	-	-	-	-	-	-	-	-	-	-	2,886,623,781
Balance as at June 30, 2019	369,776,000	1,070,450,000	2,025,397,559	901,270,790	7,166,329,610	877,056,772	24,793,796	268,706,002	3,401,248	10,715,778	464,938,903	5,848,646	21,693,803	33,470,830	4,699,872	13,248,549,609
Depreciation																
Balance as at June 30, 2017	-	-	387,811,461	17,308,357	2,434,557,346	421,419,842	7,512,401	95,884,093	2,897,661	3,685,707	132,821,744	2,222,248	6,640,763	27,383,743	3,450,292	3,543,595,658
Charge for the year	-	-	24,418,323	12,852,021	266,296,398	30,404,188	569,593	24,050,614	50,359	351,504	15,198,283	231,046	472,344	1,275,488	199,384	376,369,545
Charge on disposals	-	-	-	-	(27,444,847)	-	-	(8,544,535)	-	-	-	-	-	-	-	(35,989,382)
Balance as at June 30, 2018	-	-	412,229,784	30,160,378	2,673,408,897	451,824,030	8,081,994	111,390,172	2,948,020	4,037,211	148,020,027	2,453,294	7,113,107	28,659,231	3,649,676	3,883,975,821
Balance as at June 30, 2018	-	-	412,229,784	30,160,378	2,673,408,897	451,824,030	8,081,994	111,390,172	2,948,020	4,037,211	148,020,027	2,453,294	7,113,107	28,659,231	3,649,676	3,883,975,821
Charge for the year	-	-	28,824,775	61,176,501	398,064,638	41,540,802	1,586,778	33,945,554	45,323	333,928	29,173,802	332,911	1,464,874	1,180,528	151,856	597,822,270
Charge on disposals	-	-	-	(4,423,089)	(84,520,620)	-	-	(30,929,497)	-	-	(792,715)	-	(74,032)	-	(344,211)	(121,084,164)
Balance as at June 30, 2019	-	-	441,054,559	86,913,790	2,986,952,915	493,364,832	9,668,772	114,406,229	2,993,343	4,371,139	176,401,114	2,786,205	8,503,949	29,839,759	3,457,321	4,360,713,927
Book value as at June 30, 2018	**20,755,743**	**55,962,349**	**243,855,504**	**534,143,127**	**3,627,841,968**	**405,318,952**	**14,651,573**	**137,990,702**	**453,228**	**6,678,567**	**237,120,931**	**3,130,372**	**14,607,463**	**3,199,519**	**1,794,453**	**5,307,504,451**
Book value as at June 30, 2019	**369,776,000**	**1,070,450,000**	**1,584,343,000**	**814,357,000**	**4,179,376,695**	**383,691,940**	**15,125,024**	**154,299,773**	**407,905**	**6,344,639**	**288,537,789**	**3,062,441**	**13,189,854**	**3,631,071**	**1,242,551**	**8,887,835,682**
Annual depreciation rate (%)	-	-	10	10	10	10	10	20	10	5	10	10	10	30	10	

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2019

7.2 Leasehold land and buildings on leasehold land represent the leased assets allotted by the Board of Management, Industrial Estate, Multan for a period of 99 years.

7.3 Freehold lands of the Company are located at District Muzaffargarh with area of 469 Kanal 12 Marlas and leasehold lands of the Company are located at Industrial Estate, Multan with area of 131 Kanal and 5 Marlas.

7.4 The revaluation of leasehold land, freehold land, buildings on freehold land and buildings on leasehold land has been carried out by M/S K. G. Traders (Private) Limited as at June 30, 2019 on the basis of market value, which resulted in revaluation surplus of Rs. 2,886.62 millions.

7.5 Had there been no revaluation the related figures of leasehold land, freehold land, buildings on freehold land and buildings on leasehold land as at June 30, 2019 would have been as follows:

	Cost	Accumulated depreciation	Net book value
	--------------------	Rupees	--------------------
Leasehold land	20,755,743	-	20,755,743
Freehold land	55,962,349	-	55,962,349
Buildings on freehold land	756,075,272	441,054,559	315,020,713
Buildings on leasehold land	647,477,204	86,913,790	560,563,414
	1,480,270,568	**527,968,349**	**952,302,219**

7.6 Forced sale values of leasehold land, freehold land, buildings on freehold land and buildings on leasehold land as at June 30, 2019 are Rs. 295.820 million, Rs. 856.360 million, Rs. 1,267.474 million and Rs. 651.485 million respectively.

7.7 Disposal of operating fixed assets

Particulars of assets	Cost	Accumulated depreciation	Book value	Sale proceeds / insurance claim	Gain / (loss)	Sold through negotiation to / insurance claim received from
	----------------------------	----------	Rupees	----------		
Items with individual net book value exceeding Rs. 500,000 each						
Buildings on leasehold land						
Tyre Reactor Building	9,734,053	4,423,089	5,310,964	-	(5,310,964)	Demolished
Plant and machinery						
Auto Cone Winder Sehla Fhrost	22,068,252	17,397,026	4,671,226	5,456,000	784,774	PT Pum Utama Indonesia
Simplex FA-415A & Loptex System	27,288,087	22,731,269	4,556,818	3,145,835	(1,410,983)	Chaudhry Brothers, Faisalabad
Cards MK-4	4,490,798	3,271,236	1,219,562	1,000,000	(219,562)	Malik Hafeez, Faisalabad
Drawing Rieter RSBD 30	3,688,418	3,133,653	554,765	500,000	(54,765)	Malik Hafeez, Faisalabad
Tyre Reactor	15,381,967	7,359,135	8,022,832	5,159,777	(2,863,055)	Muhammad Ibrahim, Multan
Air Compressor ZR-5	2,402,231	1,453,676	948,555	645,833	(302,722)	M. Sarwar Chaudhry, Lahore
Auto Cone Winder 21-C	12,000,000	7,307,907	4,692,093	4,800,000	107,907	Ideal Trading Company, Faisalabad
	87,319,753	62,653,902	24,665,851	20,707,445	(3,958,406)	
Vehicles						
Toyota Corolla GLI	1,823,280	1,286,203	537,077	600,000	62,923	Mr. Murtaza, Multan
Toyota Land Cruiser	5,800,544	4,832,457	968,087	1,000,000	31,913	Mrs. Aiza Akram, Multan
Toyota Land Cruiser	7,370,000	4,792,321	2,577,679	3,000,000	422,321	Auto Mall, Multan
Mercedeze Benz	7,427,360	4,351,311	3,076,049	6,000,000	2,923,951	Premiere Insurance Company Limited, Multan
Honda Civic - Turbo	3,123,034	947,321	2,175,713	2,500,000	324,287	Mrs. Aiza Akram, Multan
Toyota Prado Jeep	4,850,000	3,329,178	1,520,822	4,250,000	2,729,178	UBL Insurance Limited, Multan
Toyota Altis Grande	2,858,610	712,270	2,146,340	2,200,000	53,660	Syed Salman Mashhadi, Multan
Toyota Fortuner	6,225,500	1,383,444	4,842,056	5,000,000	157,944	Mrs. Sadaf, Multan
Honda Civic - Turbo	3,210,000	1,497,287	1,712,713	2,400,000	687,287	AK Motors, Lahore
	42,688,328	23,131,792	19,556,536	26,950,000	7,393,464	
Electric Installations						
Tyre Reactor	1,630,184	792,715	837,469	-	(837,469)	Demolished
Aggregate value of assets having individual book value not exceeding Rs. 500,000 each	36,358,200	30,082,666	6,275,534	6,590,979	315,445	
2019	**177,730,518**	**121,084,164**	**56,646,354**	**54,248,424**	**(2,397,930)**	
2018	54,711,224	35,989,382	18,721,842	15,180,840	(3,541,002)	

	Note	2019 Rupees	2018 Rupees
7.8 *Depreciation for the year has been apportioned as under:*			
Cost of sales	25	561,064,088	350,423,491
Administrative expenses	27	36,758,182	25,946,054
		597,822,270	**376,369,545**

7.9 During the year, the Company has capitalized the borrowing cost amounting Rs. 0.304 million (2018: Rs. 6.099 million) at the rate of 13.40% (2018: 6.96% and 7.50% per annum).

	Note	2019 Rupees	Re-stated 2018 Rupees
8. *LONG TERM INVESTMENTS*			
Associated Companies - Un-quoted			
Masood Spinning Mills Limited (MSML)	8.2	337,850,111	298,297,043
Roomi Fabrics Limited (RFL)	8.3	721,830,302	697,346,558
Orient Power Company (Pvt.) Limited (OPCL)	8.4	2,729,013,627	-
		3,788,694,040	995,643,601
Others - amortized cost			
Orient Power Company (Pvt.) Limited (OPCL)	8.5	-	542,925,000
Habib Bank Limited - TFCs	8.6	100,000,000	-
		100,000,000	542,925,000
		3,888,694,040	**1,538,568,601**

8.1 The investments in associated companies have been made in accordance with the requirements under the Companies Act, 2017.

	Note	2019 Rupees	Re-stated 2018 Rupees
8.2 *Masood Spinning Mills Limited (MSML)*			
4,000,000 (2018: 4,000,000) ordinary shares of Rs.10 each - cost		40,000,000	40,000,000
Equity held: **13.32%** (2018: 13.32%)			
Post acquisition profits brought forward		258,297,043	246,796,167
		298,297,043	286,796,167
Share of profit for the year		9,456,596	7,595,055
Share of other comprehensive income for the year		30,096,472	-
Adjustment based on last year's audited financial statements	8.7	-	3,905,821
		337,850,111	298,297,043

8.2.1 MSML was incorporated in Pakistan on July 20, 2000 as a public limited company. It is principally engaged in manufacture and sale of cotton yarn.

8.2.2 The summary of financial information of MSML based on its financial statements for the year ended June 30, is as follows:

	2019 Rupees Un-audited	2018 Rupees Audited
Summarized Statement of Financial Position		
Non-current assets	4,072,206,992	3,786,187,579
Current assets	7,296,176,860	7,636,529,833
	11,368,383,852	11,422,717,412
Non-current liabilities	1,387,743,970	1,613,370,910
Current liabilities	7,445,470,503	7,571,122,081
	8,833,214,473	9,184,492,991
Net assets	2,535,169,379	2,238,224,421
Reconciliation to carrying amount		
Opening net assets	2,238,224,421	2,181,204,485
Profit for the year	70,995,468	57,019,936
Other Comprehensive income for the year	225,949,490	-
Closing net assets	2,535,169,379	2,238,224,421
Company's share percentage **13.32%** (2018: 13.32%)		
Company's share	337,684,561	298,131,493
Miscellaneous adjustments	165,550	165,550
Carrying amount of investment	337,850,111	298,297,043
Summarized Statement of Profit or Loss		
Sales	15,068,335,414	11,866,962,530
Profit before taxation	235,102,248	107,901,931
Profit after taxation	70,995,468	57,019,936

	Note	2019 Rupees	*Re-stated* 2018 Rupees
8.3 ***Roomi Fabrics Limited (RFL)***			
4,000,000 (2018: 4,000,000) ordinary shares of of Rs.10 each - **cost**		40,000,000	40,000,000
Equity held: **18.18%** (2018: 18.18%)			
Post acquisition profits brought forward		657,346,558	623,886,968
		697,346,558	663,886,968
Share of profit for the year		24,483,744	39,229,616
Adjustment based on last year's audited financial statements	8.7	-	(5,770,026)
		721,830,302	697,346,558

8.3.1 RFL was incorporated in Pakistan on May 20, 2002 as a public company limited by shares. It is principally engaged in manufacture and sale of yarn and grey cloth.

8.3.2 The summary of financial information of RFL based on its financial statements for the year ended June 30, is as follows:

	2019 Rupees Un-audited	2018 Rupees Audited
Summarized Statement of Financial Position		
Non-current assets	5,205,422,208	4,423,805,553
Current assets	9,569,268,177	9,899,638,859
	14,774,690,385	14,323,444,412
Non-current liabilities	2,739,039,494	1,520,676,887
Current liabilities	8,065,187,182	8,966,977,880
	10,804,226,676	10,487,654,767
Net assets	3,970,463,709	3,835,789,645
Reconciliation to carrying amount		
Opening net assets	3,835,789,645	3,620,005,180
Profit for the year	134,674,064	215,784,465
Closing net assets	3,970,463,709	3,835,789,645
Company's share percentage **18.18%** (2018:18.18%)		
Company's share	721,830,302	697,346,558
Summarized Statement of Profit or Loss		
Sales	13,506,452,423	9,376,622,726
Profit before taxation	266,800,354	195,428,803
Profit after taxation	134,674,064	215,784,465

	Note	*2019 Rupees*	*2018 Rupees*
8.4 Orient Power Company (Pvt.) Limited (OPCL)			
Cost / fair value			
Fair value of shares already held at acquisition date 45,842,500 (2018: nil) ordinary shares of Rs.10 each	8.5	866,423,250	-
Acquired during the year 41,493,469 (2018: nil) ordinary shares of Rs.10 each - **cost**		787,793,358	-
Balance as at June 30, 87,335,969 (2018: nil) ordinary shares of Rs.10 each		1,654,216,608	-
Equity held: 20.967% (2018: nil)			
Excess income over cost of investment	8.4.4	831,126,812	-
Share of profit for the year		374,674,162	-
Dividend received		(131,003,955)	-
		2,729,013,627	-

8.4.1 OPCL was incorporated in Pakistan on June 16, 2003 as a private limited company and started its operations on May 24, 2010. It has been established to set up and operate a 212.7 megawatt power generation plant for generation of electricity and onward sale to the power purchaser.

8.4.2 The summary of financial information of OPCL based on its financial statements for the year ended June 30, is as follows:

	2019 Rupees Un-audited	2018 Rupees Audited
Summarized Statement of Financial Position		
Non-current assets	10,445,583,000	11,106,575,842
Current assets	13,776,948,000	11,397,960,198
	24,222,531,000	22,504,536,040
Non-current liabilities	-	1,710,299,536
Current liabilities	11,477,256,000	9,544,883,927
	11,477,256,000	11,255,183,463
Net assets	12,745,275,000	11,249,352,577
Reconciliation to carrying amount		
Opening net assets	11,249,352,577	10,364,281,964
Profit for the year	2,391,211,994	1,718,148,287
Dividend	(624,808,255)	(833,077,674)
Closing net assets	**13,015,756,316**	**11,249,352,577**
Company's share percentage **20.967%** (2018: 11.01%)		
	2,729,013,627	-
Summarized Statement of Profit or Loss		
Sales	14,813,079,010	12,810,621,344
Profit before taxation	2,391,211,994	1,718,148,288
Profit after taxation	2,391,211,994	1,718,148,288

8.4.3 The Company had acquired 39,842,500 and 6,000,000 ordinary shares during the years ended June 30, 2011, and 2017. During the current year, the Company has further acquired 41,493,469 ordinary shares resulting in total 87,335,969 ordinary shares (20.967% holding).

8.4.4 Excess income over cost of investment includes Rs. 704.435 million based on audited financial statements of OCPL for the year ended June 30, 2018 and the remaining Rs. 126.692 million is based on management accounts for the period ended October 31, 2018.

	Note	2019 Rupees	2018 Rupees
8.5 ***Orient Power Company (Pvt.) Limited (OPCL)***			
- Amortized cost			
Opening balance		542,925,000	542,925,000
Fair value adjustment due to the applicability of equity accounting	28	323,498,250	-
Transferred to equity accounting	8.4	(866,423,250)	-
		-	**542,925,000**

8.5.1 Fair value of previously held investment has been calculated using latest purchase price of further investment acquired during the year.

8.6 During the current year, the Company has entered into an agreement with Habib Bank Limited (HBL) for purchase of 1,000 Term Finance Certificates (TFCs) having face value of Rs. 100,000 each. These TFCs carry markup at the rate of 3 month KIBOR plus 1.60% payable on quarterly basis from the date of investment subject to the compliance of certain requirements by HBL.

8.7 Comparative figures of MSM and RFL have been re-stated based on last year's audited financial statements. The impact of re-statement has been disclosed in note 6.

			2019 Rupees	2018 Rupees
9.	***STORES, SPARES AND LOOSE TOOLS***			
	Stores including in-transit inventory valuing Rs. 56.867 million (2018: Rs. 127.419 million)		288,660,452	374,239,887
	Spares		9,980,082	4,469,332
	Loose tools		1,261,762	456,490
			299,902,296	**379,165,709**

9.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

		Note	2019 Rupees	*Re-stated* 2018 Rupees
10.	***STOCK IN TRADE***			
	Raw materials including in-transit inventory valuing Rs. 657.148 million (2018: Rs. 184.312 million)		6,625,648,828	3,610,903,781
	Work-in-process		179,399,733	145,020,952
	Finished goods		788,449,202	491,163,196
			7,593,497,763	**4,247,087,929**
11.	***TRADE DEBTS***			
	Unsecured - considered good			
	- local		1,173,638,115	461,635,947
	Secured			
	- local	11.1	59,926,172	34,350,933
	- export	11.3	452,314,071	1,699,483,286
			512,240,243	1,733,834,219
			1,685,878,358	**2,195,470,166**

11.1 These trade debts are secured against letters of credit issued by customers in favour of the Company.

11.2 No loss allowance for trade debts has been recognized since there are no lifetime expected credit losses (ECL).

11.3 Jurisdiction wise breakup of export debtors is provided in note 35.3.2.

		Note	2019 Rupees	2018 Rupees
12.	***LOANS AND ADVANCES***			
	Advances to:			
	- executives		4,285,877	678,824
	- employees		12,404,566	10,358,073
	- suppliers and contractors		147,073,009	113,249,265
	Advances for purchase of shares	12.1	-	784,226,583
	Advance for purchase of investment		85,467,501	-
	Advance for purchase of property	12.2	274,096,460	274,096,460
	Deposit with Sui Northern Gas Pipelines Ltd.	23.2	75,221,140	75,221,140
	Letters of credit		312,018	573,375
			598,860,571	**1,258,403,720**

12.1 During the preceding year, the Company had entered into a share purchase agreement with DEG - Deutcshe, a company incorporated in Germany, for purchase of 41,493,469 shares of Orient Power Company (Private) Limited at Rs. 18.90 per share (equivalent USD 6,781,034). During the current year, these shares have been transferred in the name of Company. Please refer note 8.4.

12.2 During the preceding year, the Company settled a disputed receivable of Rs. 38,398,889 from Three Star Hosiery Mills (Private) Limited (TSHM) by purchasing 7 plots located at Gardezi Colony, Quaid-e-Azam Road, Multan Cantt and paid an additional amount of Rs. 235,697,571. The Company had power to direct TSHM to transfer title of these plots to any buyer nominated by the Company. During the current year, the Company entered into a sale agreement dated February 22, 2019 with a buyer and advance of Rs. 118.668 million has been received from the buyer (Note 19).

		Note	2019 Rupees	2018 Rupees
13.	***OTHER RECEIVABLES***			
	Cotton claims receivable		43,860,288	10,253,720
	Insurance claims receivable		31,109,240	61,464,884
	Containers' deposits		691,847	710,378
	Duty drawbacks receivable on export sales		192,559,256	407,859,606
	Others		6,670,644	6,613,935
			274,891,275	**486,902,523**
14.	***SHORT TERM INVESTMENTS - Quoted***			
	(at fair value through profit or loss)			
	Soneri Bank Limited (SNBL)			
	11,886,000 (2018: 47,628,000) shares of Rs.10 each		153,884,060	692,270,077
	Lalpir Power Limited (LPL)			
	38,485,500 (2018: 29,929,500) shares of Rs.10 each		755,709,806	615,936,700
	Arif Habib Corporation Limited (AHCL)			
	13,705,000 (2018: 13,634,500) shares of Rs.10 each		474,449,857	556,813,467
	Jahangir Siddiqui & Company Limited (JSCL)			
	37,857,000 (2018: 24,602,500) shares of Rs. 10 each		656,009,504	514,208,573
	TPL Properties Limited (TPLP)			
	Nil (2018: 200,000) shares of Rs. 10 each		-	2,106,990
	Hira Textile Mills Limited (HIRAT)			
	Nil (2018: 1,120,500) shares of Rs. 10 each		-	7,860,607
	Pakgen Power Limited (PKGP)			
	Nil (2018: 5,827,000) shares of Rs. 10 each		-	129,671,630
			2,040,053,227	2,518,868,044
	Adjustment on re-measurement to fair value	29	(669,646,937)	(285,104,925)
			1,370,406,290	**2,233,763,119**

14.1 11.500 million (2018: 47.401 million) shares of SNBL, 38.300 million (2018: 29.100 million) shares of LPL, 13.630 million (2018: 13.630 million) shares of AHCL, 37.819 million (2018: 23.935 million) shares of JSCL and nil (2018: 5.500 million) shares of PKGP are pledged with various commercial banks as security for short term finance facilities utilized.

		Note	2019 Rupees	2018 Rupees
15.	***TAX REFUNDS DUE FROM THE GOVERNMENT***			
	Income tax refundable, advance tax and tax deducted at source		354,364,832	188,067,759
	Sales tax refundable	15.1	188,649,774	192,156,325
			543,014,606	380,224,084

15.1 During the year sales tax refund bonds have been issued by the Federal Board of Revenue (FBR) against sales tax refundable of Rs.35.3 million. The bonds so issued bear profit @ 10% per annum.

		Note	2019 Rupees	2018 Rupees
16.	***CASH AND BANK BALANCES***			
	Cash-in-hand		5,646,337	4,584,939
	Cash-in-transit		-	4,571,956
	Cash at banks:			
	- current accounts		18,832,497	23,087,394
	- saving accounts	16.1	119,223	118,455
			18,951,720	23,205,849
			24,598,057	**32,362,744**

16.1 These carry profit at the rates ranging from 3% to 7% (2018: 2.5% to 3%) per annum.

17. *ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL*

2019	2018		2019	2018
Number of shares			Rupees	Rupees
6,288,800	6,288,800	Ordinary shares of Rs.10 each fully paid in cash	62,888,000	62,888,000
11,000	11,000	Ordinary shares of Rs.10 each issued as fully paid against shares of Mahmood Power Generation Limited upon merger	110,000	110,000
8,700,200	8,700,200	Ordinary shares of Rs.10 each issued as fully paid bonus shares	87,002,000	87,002,000
15,000,000	**15,000,000**		**150,000,000**	**150,000,000**

17.1 Ordinary shares held by the related parties at the reporting date are as follows:

	2019	2018
	-- Number of shares --	
Masood Spinning Mills Limited	449,940	447,540
Roomi Fabrics Limited	468,662	464,462
	918,602	**912,002**

17.2 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All the shares rank equally with regard to the Company's residual assets.

17.3 The Company has one class of ordinary shares, which carries no right to fixed income.

17.4 The Company has no reserved shares for issuance under options and sale contracts.

	Note	2019 Rupees	2018 Rupees
18. *LONG TERM FINANCING - Secured*			
From banking companies			
Habib Bank Limited (HBL)	18.1	1,578,924,336	100,852,423
MCB Bank Limited (MCB)	18.2	419,632,702	512,494,504
Meezan Bank Limited (MBL)	18.3	159,090,834	231,320,611
United Bank Limited (UBL)	18.4	441,308,302	482,186,372
Allied Bank Limited (ABL)	18.5	584,860,184	458,835,527
Bank Al Habib Limited (BAH)	18.6	510,000,000	510,000,000
The Bank of Punjab (BOP)	18.7	90,000,000	-
Balance as at June 30,		3,783,816,358	2,295,689,437
Less: current portion grouped under current liabilities:			
- HBL		169,054,373	18,913,210
- MCB		82,713,605	92,589,390
- MBL		65,204,284	72,229,862
- UBL		58,420,872	55,354,870
- ABL		38,547,601	4,253,536
- BOP		20,000,000	-
		433,940,735	243,340,868
		3,349,875,623	**2,052,348,569**

18.1 HBL

	No. of instalments and repayment commencement date	*Rate of mark-up per annum*	*2019 Rupees*	*2018 Rupees*
Demand Finance - VI	24 quarterly October, 2012	1% over 3 months KIBOR	-	1,958,784
Demand Finance - VII	24 quarterly May, 2013	- do -	-	1,295,136
Demand Finance - VIII	24 quarterly August, 2014	- do -	2,958,950	5,917,900
Demand Finance - IX	24 quarterly February, 2017	- do -	5,848,441	7,519,425
Demand Finance - X	28 quarterly March, 2019	0.75% over 3 months KIBOR	928,571,428	-
Demand Finance - XI	32 quarterly December, 2019	0.50% over 3 months KIBOR	54,040,210	-
Demand Finance - XII	32 quarterly July, 2021	- do -	459,945,186	-
State Bank of Pakistan - Export Oriented Projects				
- Finance No.5	24 quarterly October, 2012	1% over 3 months KIBOR	-	1,542,125
- Finance No.6	24 quarterly May, 2013	- do -	-	1,295,130
- Finance No.7	24 quarterly March, 2017	5% flat	5,388,748	6,928,392
- Finance No.8	24 quarterly April, 2017	5% flat	5,973,183	7,566,035
- Finance No.9	24 quarterly September, 2017	3% flat	20,238,400	25,298,000
- Finance No.10	32 quarterly December, 2019	2.50% flat	95,959,790	41,531,496
			1,578,924,336	**100,852,423**

18.2 MCB

	No. of instalments and repayment commencement date	*Rate of mark-up per annum*	*2019 Rupees*	*2018 Rupees*
Demand Finance - I	12 half-yearly April, 2014	1.25 % over 6 months KIBOR	37,500,000	112,500,000
Demand Finance - II	16 half-yearly April, 2019	1.00 % over 6 months KIBOR	-	42,479,310
State Bank of Pakistan - Export Oriented Projects				
Finance No.1	16 half-yearly April, 2019	2.75% flat	382,132,702	357,515,194
			419,632,702	**512,494,504**

18.3 MBL

	No. of instalments and repayment commencement date	Rate of mark-up per annum	2019 Rupees	2018 Rupees
Diminishing Musharakah - I	10 half-yearly May, 2015	1 % over 6 months KIBOR	4,854,560	14,563,688
Diminishing Musharakah - II	12 half-yearly June, 2015	- do -	6,513,029	13,026,059
Diminishing Musharakah - III	12 half-yearly July, 2015	- do -	13,731,816	20,597,722
Diminishing Musharakah - IV	12 half-yearly August, 2015	- do -	7,309,382	10,964,072
Diminishing Musharakah - V	12 half-yearly August, 2015	- do -	1,838,765	2,758,020
Diminishing Musharakah - VI	12 half-yearly September, 2015	- do -	9,275,130	13,912,694
Diminishing Musharakah - VII	12 half-yearly October, 2015	- do -	10,448,906	15,673,360
Diminishing Musharakah - VIII	12 half-yearly July, 2016	- do -	7,266,960	9,689,280
Diminishing Musharakah - IX	12 half-yearly July, 2016	- do -	35,751,300	47,668,400
Diminishing Musharakah - X	12 half-yearly August, 2016	- do -	23,419,200	31,225,600
Diminishing Musharakah - XI	12 half-yearly October, 2016	- do -	9,491,644	12,655,526
Diminishing Musharakah - XII	12 half-yearly November, 2016	- do -	17,157,173	22,876,231
Diminishing Musharakah - XIII	12 half-yearly December, 2016	- do -	5,018,969	6,691,959
Diminishing Musharakah - XIV	12 half-yearly January, 2017	- do -	7,014,000	9,018,000
			159,090,834	**231,320,611**

18.4 UBL

	No. of instalments and repayment commencement date	Rate of mark-up per annum	2019 Rupees	2018 Rupees
Demand Finance -NIDF-XI	10 half-yearly April, 2014	1.75% over 6 months KIBOR	-	16,023,124
Demand Finance - NIDF-XII	16 half-yearly June, 2020	0.75% over 6 months KIBOR	115,720,800	101,244,000
State Bank of Pakistan - Export Oriented Projects				
- Finance No.15	16 half-yearly May, 2012	10.5% flat	4,353,375	13,060,125
- Finance No.16	16 half-yearly July, 2012	11.2% flat	5,625,000	11,250,000
- Finance No.17	16 quarterly November, 2017	5% flat	56,250,007	81,250,003
- Finance No.18	16 half-yearly June, 2020	2.5% flat	259,359,120	259,359,120
			441,308,302	**482,186,372**

18.5 ABL

	No. of instalments and repayment commencement date	Rate of mark-up per annum	2019 Rupees	2018 Rupees
Demand Finance	16 half-yearly May, 2020	0.5% over 6 months KIBOR	-	153,911,930
State Bank of Pakistan - Export Oriented Projects				
Finance 1	16 half-yearly May, 2020	2.5% flat	548,705,104	264,514,981
Finance 2	39 quarterly May, 2018	2.5% flat	36,155,080	40,408,616
			584,860,184	**458,835,527**

18.6 BAH

Finance 1	16 equal quarterly September, 2020	2.45% flat	510,000,000	510,000,000
			510,000,000	**510,000,000**

18.7 BOP

Demand Finance	10 half-yearly February, 2019	1.00% over 6 months KIBOR	90,000,000	-
			90,000,000	-

18.8 The finance facilities available from HBL are secured against first charge of Rs. 2,509 million on entire fixed assets on land (consisting total area of 366 kanals and 13 marlas), building and plant & machinery on unit located at Multan Road, Muzaffargarh, D.G Khan Road, Muzaffargarh and Chowk Sarwar Shaheed.

18.9 The demand finance facility available from MCB is secured against first exclusive charge of Rs.450 million over specific plant and machinery imported through MCB.

Demand Finance II and Finance No.1 are secured against first registered exclusive hypothecation charge of Rs.534 million over specific plant and machinery imported through MCB and installed at the Company's premises.

18.10 Diminishing Musharakah finance facilities available from MBL are secured against exclusive registered charge over underlying plant & machinery and ranking charge over fixed assets of the Company with 25% safety margin.

18.11 The finance facilities available from UBL are secured against first charge of Rs. 895.345 million over all present and future fixed assets including land and buildings (inclusive of 25% margin) of Units 4 and 5 of the Company, first charge by the way of hypothecation over plant & machinery of unit 7 located at Industrial Estate, Multan.

18.12 The finance facilities available from ABL are secured against first exclusive charge over specific machinery imported through ABL to cover the principal amount of Rs. 600 million and ranking charge over all present and future fixed assets of the Company for Rs. 200 million to cover 25% margin.

18.13 The finance facility available from BAH is secured against first charge of Rs. 680 million over all present and future fixed assets including land, building and machinery of the newly constructed unit of the Company located at Phase-I, Industrial Estate, Multan.

18.14 The finance facility available from BOP is secured against ranking charge of Rs. 134 million over all present and future fixed assets the Company.

18.15 The effective mark-up rates that prevailed during the year on these finance facilities ranged from 2.45% to 14.11% (2018: 2.45% to 11.20%) per annum.

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2019

		Note	2019 Rupees	2018 Rupees
19.	***TRADE AND OTHER PAYABLES***			
	Creditors		222,251,690	219,438,069
	Bills payable - secured	19.1	195,302,894	133,910,013
	Due to an associated undertaking	19.2	48,736,920	5,031,480
	Accrued expenses		729,859,338	819,842,215
	Contract liabilities - advances from customers		71,811,670	48,557,924
	Advance against sale of property	12.2	118,668,000	-
	Tax deducted at source		4,004,615	8,700,266
	Workers' (profit) participation fund - allocation for the year		-	12,095,939
	Workers' welfare fund		39,155,252	39,155,252
	Others		11,853,124	8,558,675
			1,441,643,503	**1,295,289,833**

19.1 These are secured against the securities as detailed in note 21.2.

19.2 This represents amount payable to M/s Khawaja Muzaffar Mahmood Muhammad Masood on account of normal trading transactions.

		Note	2019 Rupees	2018 Rupees
20.	***ACCRUED MARK-UP***			
	Mark-up accrued on:			
	- long term financing		57,789,768	21,807,731
	- short term borrowings		321,929,542	184,296,297
			379,719,310	**206,104,028**
21.	***SHORT TERM BORROWINGS***			
	Short term borrowings - secured	21.1	2,412,844,787	2,332,320,690
	Short term running finances - secured	21.1	8,435,848,156	7,305,932,038
			10,848,692,943	9,638,252,728
	Temporary bank overdrafts - unsecured		14,393,216	910,104
			10,863,086,159	**9,639,162,832**

21.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs. 22,100 million (2018: Rs. 17,100 million) including facilities aggregating Rs. 1,400 million (2018: Rs. 1,400 million) available on Group basis. These finance facilities, during the year, carried mark-up at the rates ranging from 7.01% to 13.80% (2018: 6.55% to 7.76%) per annum. The aggregate finance facilities are secured against charge over the Company's current assets, pledge of quoted shares, lien over export bills and banks' lien over letters of credit. These facilities are expiring on various dates by August 31, 2021.

21.2 Facilities available for opening letters of credit and guarantee from various commercial banks aggregate Rs. 6,389.2 million (2018: Rs. 6,297 million) including facilities aggregating Rs. 2,350 million (2018: Rs. 2,350 million) available on Group basis. Out of the available facilities, facilities aggregating Rs. 6,213 million (2018: Rs. 6,024 million) remained unutilized at the year-end. These facilities are secured against lien over import documents and charge over current assets of the Company. These facilities are expiring on various dates by August 31, 2021.

	Note	2019 Rupees	2018 Rupees
22. *TAXATION* - *Net*			
Opening balance		62,500,000	157,000,000
Add: provision made during the year:			
- current		231,000,000	62,500,000
- prior years - net		219,098	73,046
Tax expense for the year - net		231,219,098	62,573,046
		293,719,098	219,573,046
Less: payments / adjustments made during the year against completed assessments		62,719,098	157,073,046
Closing balance		**231,000,000**	**62,500,000**

23. *CONTINGENCIES AND COMMITMENTS*

23.1 Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs. 673.592 million as at June 30, 2019 (2018: Rs. 570.452 million).

23.2 Sui Northern Gas Pipelines Limited (SNGPL) had raised arrears demand aggregating Rs.75.221 million from the Company against the charge that sui gas meter of the Company was not working properly. The Company challenged the said demand by filing a petition before the General Manager SNGPL, Lahore (the GM). Now the case has been referred to Gas Utility Court ("the Court") as per the requirement of Gas (Theft control and Recovery) Act, 2016 and as per direction of the Court, the Company has deposited Rs. 75.221 million under protest and grouped it under loans and advances (note 12). If the case is decided in the Company's favour, the Company will receive back the demand paid under protest.

23.3 The Company has filed a petition before the Civil Court, Multan against SNGPL, which has alleged that the Company's gas meter was not functioning properly during the period from May, 2012 to September, 2013. SNGPL has raised demand amounting Rs.1.101 million. The Company's petition is pending adjudication.

23.4 The Company had challenged the imposition of infrastructure cess by the Directorate of Excise & Taxation, Karachi (the Directorate) at the rate of 0.85% of the value of imported goods by filing a suit before the High Court of Sindh at Karachi (the Court). The Court had directed the Company to furnish a bank guarantee covering the disputed amount of cess. The Company, during the period from December 28, 2006 to May 30, 2011, had utilized bank guarantees to the tune of Rs.32.489 million. The Directorate, vide its letter dated July 13, 2011, had requested the Company to furnish a bank guarantee of 50% of the aforementioned amount along with a demand draft for the balance 50% of the aforementioned amount in order to return of the previous bank guarantees.

The Company had submitted a bank draft amounting Rs.16.245 million to the Directorate during September, 2011, which was grouped under loans and advances. Habib Bank Limited, on behalf of the Company in consideration of allowing the release of consignments imported from time to time for the purpose of carriage of goods by road within the province of Sindh, has undertaken and guaranteed to pay an amount of Rs.16.245 million to the Directorate in case if the Court decides that the cess imposed under the Sindh Finance Act, 1994 is lawful and validly imposed. The bank guarantee is valid upto August 15, 2019. The management, during year ended June 30, 2013, had expensed the advance of Rs.16.245 million.

23.5 Foreign and local bills discounted outstanding as at June 30, 2019 aggregated Rs. 2,964.208 million (2018: Rs. 929.535 million) and Rs. 17.340 million (2018: nil).

	2019	2018
	(Rupees in million)	
23.6 Commitments for irrevocable letters of credit:		
- capital expenditure	120.093	81.280
- others	68.484	192.146
	188.577	273.426

	Note	2019 Rupees	2018 Rupees
24. SALES - Net			
Local			
- yarn		1,404,552,842	2,034,662,967
- cloth		990,606,085	215,060,083
- waste		699,671,020	566,618,601
- doubling / sizing income		4,363,600	9,970,772
- cotton		815,634,048	173,982,832
	24.1	3,914,827,595	3,000,295,255
Export			
- yarn		14,636,564,239	12,013,405,230
- cloth		5,750,712,685	2,974,013,642
- waste		87,118,145	167,978,543
	24.2	20,474,395,069	15,155,397,415
		24,389,222,664	18,155,692,670
Sales tax		(2,482,968)	(1,548,672)
		24,386,739,696	**18,154,143,998**

24.1 As per S.R.O. Notification 491(I) / 2016 dated June 30, 2016, sales made by the Company are being charged sales tax at zero percent with effect from July 01, 2016.

24.2 Gain aggregating Rs. 294.565 million - net (2018: gain aggregating Rs. 123.751 million - net) arisen upon realization of foreign currency export debtors has been grouped under export sales.

	Note	2019 Rupees	2018 Rupees
25. COST OF SALES			
Raw materials consumed	25.1	18,231,713,066	13,371,900,233
Stores and spares consumed		348,084,930	279,643,712
Packing materials consumed		216,315,999	227,353,567
Salaries, wages and benefits	25.3	1,167,637,918	1,049,319,840
Power and fuel		1,507,898,823	1,459,278,853
Repair and maintenance		27,569,311	16,967,053
Depreciation	7.8	561,064,088	350,423,491
Insurance		64,683,237	56,506,751
Doubling charges		19,551,243	30,370,344
		22,144,518,615	16,841,763,844
Adjustment of work-in-process			
Opening stock		145,020,952	99,058,146
Closing stock	10	(179,399,733)	(145,020,952)
		(34,378,781)	(45,962,806)
Cost of goods manufactured		22,110,139,834	16,795,801,038
Adjustment of finished goods			
Opening stock		467,253,526	545,355,306
Impact of restatement due to IFRS 15		23,909,670	-
Closing stock	10	(788,449,202)	(467,253,526)
		(297,286,006)	78,101,780
		21,812,853,828	**16,873,902,818**

	Note	2019 Rupees	2018 Rupees
25.1 Raw materials consumed			
Opening stock		3,610,903,781	2,691,891,667
Purchases and purchase expenses	25.2	17,826,872,159	12,034,272,651
Transfer from Ginning Section - net	25.4	3,406,323,042	2,243,110,331
		21,233,195,201	14,277,382,982
		24,844,098,982	16,969,274,649
Closing stock	10	(6,625,648,828)	(3,610,903,781)
		18,218,450,154	13,358,370,868
Cotton cess		13,262,912	13,529,365
		18,231,713,066	**13,371,900,233**

25.2 Insurance claims aggregating nil (2018: Rs. 5.591 million), against loss of raw materials due to fire and quality claims lodged with suppliers, have been adjusted against raw materials consumption for the year.

25.3 Expense for the year includes staff retirement benefits - gratuity amounting Rs. 45.361 million (2018: Rs. 45.699 million).

	2019 Rupees	2018 Rupees
25.4 Production Cost of Ginning Section - Net		
Raw materials consumed including local taxes aggregating Rs. 5.612 million (2018: Rs. 6.202 million)	4,191,599,792	2,834,170,712
Lease charges	2,000,000	1,900,000
Salaries, wages and benefits	58,679,977	51,301,356
Travelling and conveyance	1,190,927	1,171,903
Repair and maintenance	9,443,702	12,860,727
Stores consumption	13,342,752	8,700,882
Utilities	43,776,128	32,835,126
Entertainment	1,064,695	1,138,826
Stationery	202,981	176,092
Communication	4,727,631	238,934
Insurance	4,389,375	5,099,439
Bank charges	2,557,001	6,673,871
Others	180,679	2,517,568
	4,333,155,640	2,958,785,436
Less: adjustment of cotton seed	926,832,598	715,675,105
Transferred to Spinning Section	**3,406,323,042**	**2,243,110,331**

25.5 The Company has acquired three Cotton Ginning Factories on operating lease; their total cost of production, after adjustment of cotton seed has been transferred to Spinning Section as raw materials cost.

	2019 Rupees	2018 Rupees
26. DISTRIBUTION COST		
Advertisement	214,810	1,545,246
Export expenses	181,976,008	160,571,246
Commission	212,099,761	213,882,587
Export development surcharge	28,663,197	25,219,950
Freight and other expenses	75,909,946	72,092,187
	498,863,722	**473,311,216**

	Note	2019 Rupees	2018 Rupees
27. *ADMINISTRATIVE EXPENSES*			
Salaries and benefits	27.1	146,200,500	120,872,208
Travelling and conveyance	27.2	75,351,480	58,194,606
Rent, rates and taxes		2,349,199	1,129,828
Entertainment		25,546,377	23,647,400
Utilities		3,189,105	3,440,033
Communication		21,012,489	17,597,323
Printing and stationery		6,772,556	6,547,797
Insurance		4,194,368	3,615,430
Repair and maintenance		38,048,522	17,594,152
Vehicles' running and maintenance		15,375,756	13,291,740
Subscription and licensing fees		13,838,764	12,386,037
Auditors' remuneration:			
- statutory audit		1,000,000	1,000,000
- half yearly review		138,000	125,000
- certification charges		51,500	11,500
		1,189,500	1,136,500
Legal and professional charges (other than Auditors)		1,089,077	2,139,625
Depreciation	7.8	36,758,182	25,946,054
General		16,640,221	12,738,197
		407,556,096	**320,276,930**

27.1 Expense for the year includes staff retirement benefits - gratuity amounting Rs. 8.531 million (2018: Rs. 7.872 million).

27.2 These include directors' travelling expenses aggregating Rs. 54.155 million (2018: Rs. 39.348 million).

	Note	2019 Rupees	2018 Rupees
28. *OTHER INCOME*			
Income from financial assets			
Dividends		103,281,501	236,620,775
Realized gain on sale of short term investments at fair value through profit or loss - net		-	126,779,704
Exchange fluctuation gain - net		30,153,031	54,049,079
Fair value adjustment due to applicability of equity accounting	8.5	323,498,250	-
Income from non-financial assets			
Duty drawback on export sales		-	383,221,437
		456,932,782	**800,670,995**
29. *OTHER EXPENSES*			
Donations (without directors' interest)	29.1	10,203,270	13,993,549
Loss on disposal of operating fixed assets - net	7.7	2,397,930	3,541,002
Workers' (profit) participation fund	19	-	12,095,939
Realized loss on sale of short term investments at fair value through profit or loss - net		92,127,250	-
Unrealized loss on re-measurement of short term investments at fair value through profit or loss	14	669,646,937	285,104,925
Bad debts - write off		1,750,994	-
		776,126,381	**314,735,415**

29.1 During the year, the Company has made donations exceeding higher of 10% of total donations or Rs. 1,000,000/- to following:

	2019 Rupees	2018 Rupees
Punjab Social Security Health Management Company (PSSHMC)	1,973,609	4,037,947
Agha Khan University Hospital	-	2,000,000
Friends of MIC (Mediquips)	-	2,000,000
Minar Welfare Society	2,176,956	1,230,031
Care High School Foundation	2,100,000	1,930,657
Ch. Pervaiz Elahi Institute of Cardiology	2,267,204	-
	8,517,769	**11,198,635**

30. ***FINANCE COST*** *- Net*

	2019 Rupees	2018 Rupees
Mark-up on:		
- long term financing	185,255,581	71,875,813
- short term borrowings	1,176,002,313	588,523,470
Bank charges and commission	164,420,269	82,366,481
	1,525,678,163	**742,765,764**

31. ***TAXATION***

	2019 Rupees	2018 Rupees
Current	280,952,060	234,831,729
Tax credits u/s 65B	(49,952,060)	(172,331,729)
	231,000,000	62,500,000
Prior year adjustment	219,098	73,046
	231,219,098	**62,573,046**

31.1 Income tax assessments of the Company have been finalized by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) upto the financial year ended June 30, 2018 (tax year 2018).

31.2 No numeric tax rate reconciliation is presented in these financial statements as the Company is only liable to pay tax due under sections 5 (Tax on dividends), 37 A (Tax on capital gain on disposal of securities), 113 (Minimum tax on the income of certain persons) and 154 (Tax on export proceeds) of the Ordinance.

32. ***EARNINGS PER SHARE***

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

		2019	Re-stated 2018
Profit after taxation attributable to ordinary shareholders	*Rupees*	**831,116,504**	212,210,270
Weighted average number of ordinary shares in issue during the year	*Number*	**15,000,000**	15,000,000
Earnings per share - basic	*Rupees*	**55.41**	14.15

32.1 During the year the Company has incurred net loss after tax of Rs.408.62 million (2018: net gain after tax of Rs. 167.25 million) from its operations. After adding the share of profit of associate amounting to Rs. 1,239.74 million (2018: Rs.44.96 million) as per the requirement of IAS-28, the consolidated net profit after tax works out to Rs. 831.12 million (2018: 212.21 million).

33. ***RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES***

	Opening	Non-cash changes	Cash flows	Closing
	----------	---------- Rupees	----------	----------
2019				
Long term financing	2,295,689,437	-	1,488,126,921	3,783,816,358
Unclaimed dividend	2,346,862	37,500,000	(37,374,509)	2,472,353
Short term borrowings	9,639,162,832	-	1,223,923,327	10,863,086,159
2018				
Long term financing	1,144,380,498	-	1,151,308,939	2,295,689,437
Unclaimed dividend	1,771,497	135,000,000	(134,424,635)	2,346,862
Short term borrowings	7,029,862,459	-	2,609,300,373	9,639,162,832

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2019

34. *SEGMENT INFORMATION*

Based on internal management reporting structure and products being produced and sold, the Company has been organized into two operating segments i.e. spinning and weaving. Assets and liabilities of Power segment are merged in Spinning segment because it does not meet the criteria of operating segment any more as defined under IFRS-8 Operating Segments. The electricity generated by the Power segment is self consumed by the Company and no external sales were made to MEPCO.

Information regarding the Company's reportable segments is presented below:

Segment analysis

	Spinning	*Weaving*	*Total*
	------------------- *Rupees* -------------------		
Year ended June 30, 2019			
Revenue	17,547,248,842	6,839,490,854	**24,386,739,696**
Segment results	1,590,442,326	77,023,724	**1,667,466,050**
Year ended June 30, 2018			
Revenue	14,918,012,454	3,236,131,544	**18,154,143,998**
Segment results	442,074,369	44,578,665	**486,653,034**

Reconciliation of segment results with profit from operations:

	2019 Rupees	*2018 Rupees*
Total results for reportable segments	1,667,466,050	486,653,034
Other income	456,932,782	800,670,995
Other expenses	(776,126,381)	(314,735,415)
Finance cost	(1,525,678,163)	(742,765,764)
Profit from Associates	1,239,741,314	44,960,466
Profit before taxation	**1,062,335,602**	**274,783,316**

Information on assets and liabilities by segment is as follows:

	Spinning and power	*Weaving*	*Total*
	------------------- *Rupees* -------------------		
As at June 30, 2019			
Segment assets	14,710,685,070	4,711,689,739	**19,422,374,809**
Segment liabilities	14,627,226,968	1,251,730,027	**15,878,956,995**
As at June 30, 2018			
Segment assets	10,068,576,752	3,323,459,751	13,392,036,503
Segment liabilities	11,520,865,488	1,466,991,503	12,987,856,991

Reconciliation of segment assets and liabilities with totals in the Statement of financial position is as follows:

	As at June 30, 2019		*As at June 30, 2018*	
	Assets	*Liabilities*	*Assets*	*Liabilities*
	------------------- *Rupees* -------------------			
Total for reportable segments	19,422,374,809	15,878,956,995	13,392,036,503	12,987,856,991
Unallocated assets / liabilities	5,843,870,753	822,780,688	4,963,227,611	513,236,001
Total as per statement of financial position	**25,266,245,562**	**16,701,737,683**	**18,355,264,114**	**13,501,092,992**

Sales to domestic customers in Pakistan are 16.05% (2018: 19.68%) and to customers outside Pakistan are 83.95% (2018: 80.32%%) of the revenues during the year.

The Company's customer base is diverse with no single customer accounting for more than 10% of net revenues.

Geographical Segments

All segments of the Company are managed on nation-wide basis and operate manufacturing facilities and sale offices in Pakistan.

35. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES*

35.1 *Financial Risk Factors*

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

Risk management is carried-out by the Company's finance department under policies approved by the board of directors. The Company's finance department evaluates financial risks based on principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the board of directors.

35.2 *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

(a) *Currency risk*

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of raw materials, plant & machinery, stores & spares and export of goods mainly denominated in U.S. $, Euro, Japanese Yen (JPY), Swiss Franc (CHF) and Chines Yuan (CNY). The Company's exposure to foreign currency risk for U.S. $, Euro, JPY, CHF and CNY is as follows:

2019	*Rupees*	*U.S.$*	*Euro*	*JPY*	*CHF*	*CNY*
Trade debts	(452,314,071)	(2,842,955)	-	-	-	-
Bills payable	195,302,894	1,201,864	-	-	-	-
Gross statement of financial position exposure	(257,011,177)	(1,641,091)	-	-	-	-
Outstanding letters of credit	188,577,000	3,587,902	566,887	5,437,993	-	660,520
Net exposure	**(68,434,177)**	**1,946,811**	**566,887**	**5,437,993**	**-**	**660,520**
2018						
Trade debts	(1,699,483,286)	(14,249,427)	-	-	-	-
Bills payable	133,910,013	1,024,971	7,086	6,751,251	8,605	-
Gross statement of financial position exposure	(1,565,573,273)	(13,224,456)	7,086	6,751,251	8,605	-
Outstanding letters of credit	273,426,000	1,861,368	335,775	-	-	-
Net exposure	**(1,292,147,273)**	**(11,363,088)**	**342,861**	**6,751,251**	**8,605**	**-**

The following significant exchange rates have been applied:

	Average rate		*Reporting date rate*	
	2019	*2018*	*2019*	*2018*
U.S. $ to Rupee	136.11	109.97	159.10 / 159.60	121.36 / 121.40
Euro to Rupee	155.16	131.32	184.53	141.33
JPY to Rupee	1.23	0.998	1.51	1.10
CHF to Rupee	136.74	113.32	-	122.11
CNY to Rupee	19.96	-	23.76	-

Sensitivity analysis

At June 30, 2019, if Rupee had strengthened by 10% against U.S.$, Euro, JPY, CHF and CNY with all other variables held constant, profit before taxation for the year would have been lower by the amount shown below mainly as a result of foreign exchange losses on translation of foreign currency financial assets, whereas profit before taxation for the year would have been higher by the amount shown below mainly as a result of foreign exchange gain on translation of foreign currency financial liabilities.

Effect on profit for the year:

	2019 Rupees	2018 Rupees
U.S.$ to Rupee	(26,109,758)	(160,491,998)
Euro to Rupee	-	100,146
JPY to Rupee	-	742,638
CHF to Rupee	-	105,076
CNY to Rupee	-	-

The weakening of Rupee against U.S. $, Euro, JPY, CHF and CNY would have had an equal but opposite impact on profit before taxation.

The sensitivity analysis prepared is not necessarily indicative of the effects on before tax profit for the year and assets / liabilities of the Company.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2019	2018	2019	2018
	Effective mark-up rate		Carrying amount -------- (Rupees) --------	
	%	%		
Fixed rate instruments				
Financial assets				
Bank balances at saving accounts	3% to 7%	2.5% to 3%	**119,223**	118,455
Variable rate instruments				
Financial liabilities				
Long term financing	2.45% to 14.11%	2.45% to 11.20%	**3,783,816,358**	2,295,689,437
Short term borrowings	7.01% to 13.80%	6.55% to 7.76%	**10,848,692,943**	9,638,252,728

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2019, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs.146.325 million (2018: Rs. 119.339 million) lower / higher, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. Company's short term investments may be subject to price risk.

35.3 *Credit risk exposure and concentration of credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single country or single customer.

The trade debts are due from foreign and local customers for export and local sales respectively. Trade debts from foreign customers are secured against letters of credit. Management assesses the credit quality of local and foreign customers, taking into account their financial position, past experience and other factors. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings.

35.3.1 *Exposure to credit risk*

The maximum exposure to credit risk as at June 30, 2019 along with comparative is tabulated below:

	2019 Rupees	*2018 Rupees*
Long term investments	100,000,000	542,925,000
Long term deposits	9,980,881	9,237,521
Trade debts	1,685,878,358	2,195,470,166
Loans and advances	16,690,443	11,036,897
Other receivables	274,891,275	486,902,523
Short term investments	1,370,406,290	2,233,763,119
Bank balances	18,951,720	23,205,849
	3,476,798,967	**5,502,541,075**

35.3.2 *Trade debts exposure by geographic region*

	2019 Rupees	*2018 Rupees*
Domestic	1,233,564,287	495,986,880
Export	452,314,071	1,699,483,286
	1,685,878,358	**2,195,470,166**

The majority of export debts of the Company are situated in Asia and Europe.

	2019 Rupees	*2018 Rupees*
The ageing of trade debts at the year-end was as follows:		
Not past due	1,424,168,537	1,826,183,642
Past due less than 3 months	249,542,287	181,133,136
Past due less than 6 months	8,073,631	184,622,180
Past due more than 6 months	4,093,903	3,531,208
	1,685,878,358	**2,195,470,166**

The Company always measures the loss allowance for trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Credit rating

The credit rating of the banks in which the Company has maintained its deposits is as follows:

	Rating Agency	Credit Rating		Date of Rating
		Short Term	Long Term	
Bank Alfalah Limited	PACRA	A1+	AA+	June-19
Bank Al-Habib Limited	PACRA	A1+	AA+	June-19
Bank Islami Pakistan Limited	PACRA	A1	A+	June-19
Habib Bank Limited	JCR-VIS	A-1+	AAA	June-19
MCB Bank Limited	PACRA	A1+	AAA	June-19
National Bank of Pakistan	PACRA	A-1+	AAA	June-19
Soneri Bank Limited	PACRA	A1+	AA-	June-19
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	June-19
The Bank of Punjab	PACRA	A1+	AA	June-19
United Bank Limited	JCR-VIS	A-1+	AAA	June-19

35.4 *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure, as far as possible, to always have sufficient liquidity to meet its liabilities when due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and ensuring the availability of adequate credit facilities. The Company's treasury department aims at maintaining flexibility in funding by keeping committed credit lines available.

Financial liabilities in accordance with their contractual maturities are presented below:

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	Rupees				
2019					
Long term financing	3,783,816,358	4,063,500,759	473,287,118	3,222,493,571	367,720,070
Short term borrowings	10,863,086,159	10,863,086,159	10,863,086,159	-	-
Trade and other payables	1,208,003,966	1,208,003,966	1,208,003,966	-	-
Unclaimed dividend	2,472,353	2,472,353	2,472,353	-	-
Accrued mark-up	379,719,310	379,719,310	379,719,310	-	-
	16,237,098,146	**16,516,782,547**	**12,926,568,906**	**3,222,493,571**	**367,720,070**
2018					
Long term financing	2,295,689,437	2,388,997,816	260,106,395	1,291,508,004	837,383,417
Short term borrowings	9,639,162,832	9,639,162,832	9,639,162,832	-	-
Trade and other payables	1,186,780,452	1,186,780,452	1,186,780,452	-	-
Unclaimed dividend	2,346,862	2,346,862	2,346,862	-	-
Accrued mark-up	206,104,028	206,104,028	206,104,028	-	-
	13,330,083,611	**13,423,391,990**	**11,294,500,569**	**1,291,508,004**	**837,383,417**

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest / mark-up rates effective at the respective year-ends. The rates of interest / mark-up have been disclosed in the respective notes to these financial statements.

35.5 *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.

At June 30, 2019, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

36. *FAIR VALUE MEASUREMENTS*

The Company measures fair value using valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

	June 30, 2019			June 30, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Rupees					
Property, plant and equipment	-	3,838,926,000	-	-	-	-
Short term investments	1,370,406,290	-	-	2,233,763,119	-	-

37. *CAPITAL RISK MANAGEMENT*

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and / or issue new shares.

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

	2019 Rupees	2018 Rupees
Total debt	14,646,902,517	11,934,852,269
Total equity and debt	8,564,507,879	4,854,171,122
Debt-to-equity ratio	1.71	2.46

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity and current ratios under the financing agreements.

38. *REMUNERATION OF DIRECTOR AND EXECUTIVES*

	Director		Executives	
	2019 Rupees	2018 Rupees	2019 Rupees	2018 Rupees
Managerial remuneration	9,600,000	9,600,000	32,699,952	22,899,872
Bonus	-	-	923,750	923,750
Retirement benefits - gratuity	-	-	2,724,997	1,448,727
Other perquisites and benefits	-	-	2,586,253	1,545,307
	9,600,000	**9,600,000**	**38,934,952**	**26,817,656**
Number of persons	**1**	1	**17**	11

38.1 The chief executive, all directors and some of the executives have been provided with the Company's maintained cars, residential and cell phones.

39. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated companies and an undertaking, its directors and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties and remuneration of key management personnel are disclosed in the relevant notes. There were no transactions with key management personnel other than under the terms of employment. The transactions with related parties are made at normal market prices.

Material transactions with associated companies and an undertaking during the year were as follows:

	2019 Rupees	2018 Rupees
- Sale of goods	1,233,852,004	1,355,948,338
- Purchase of goods	1,590,313,292	1,107,720,695
- Doubling charges	4,189,231	6,762,953
- Doubling revenue	4,363,600	9,710,775
- Dividend income	131,003,955	-

Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

Sr. No.	Name	Basis of relationship
1	Masood Spinning Mills Limited	Common directorship / 13.32% shareholding
2	Masood Fabrics Limited	Common directorship
3	Roomi Fabrics Limited	Common directorship / 18.18% shareholding
4	Multan Fabrics (Private) Limited	Common directorship
5	Roomi Enterprises (Private) Limited	Common directorship
6	M/S Khawaja Muzaffar Mahmood Muhammad Masood	Common directorship
7	Orient Power Company (Private) Limited	Common directorship / 20.967% shareholding

40. CAPACITY AND PRODUCTION

		2019	2018
Yarn			
Number of spindles installed		115,824	109,008
Number of spindles-shifts worked		118,145,628	118,223,424
Production capacity at 20's count 1,095 shifts (2018: 1,095 shifts)	*Kgs.*	44,943,745	44,374,137
Actual production converted into 20's count	*Kgs.*	38,622,781	39,195,689
Cloth			
Number of looms installed		196	196
Number of looms-shifts worked		214,620	134,638
Installed capacity at 60 picks 1,095 shifts (2018: 1,095 shifts)	*Mtrs.*	50,690,061	51,246,654
Actual production converted into 60 picks	*Mtrs.*	46,814,592	28,413,042
Power House			
Number of generators installed		10	10
Number of shifts worked		1,095	1,095
Generation capacity in Mega Watts		20.45	22
Actual generation in Mega Watts		11.25	19

It is difficult to describe precisely the production capacity in spinning / weaving mills since it fluctuates widely depending on various factors such as count of yarn spun, spindles' speed, twist, the width and construction of fabric woven, etc. It also varies according to the pattern of production adopted in a particular year.

The increase in difference between the actual production and capacity of cloth is due to the fact that 96 new looms have been installed in the month of May, 2018.

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2019

		2019	2018
		------ Numbers ------	
41.	***NUMBER OF EMPLOYEES***		
	Number of persons employed as at June 30,		
	- permanent	2,934	2,675
	- contractual	143	379
	Average number of employees during the year		
	- permanent	2,932	2,640
	- contractual	143	366

42. EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on October 08, 2019 has proposed 25% bonus shares (2018: cash dividend of Rs.2.5 per share) for the year ended June 30, 2019.

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 08, 2019 by the board of directors of the Company.

44. FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary.

sd/-	sd/-	sd/-	sd/-
Kh. Muhammad Ilyas	**Kh. Muhammad Iqbal**	**Kh. Muhammad Younus**	**Muhammad Amin Pal**
Chairman	Chief Executive Officer	Director	Chief financial Officer

Form of Proxy

I/We ____

of ____

being a member(s) of Mahmood Textile Mills Limited hold ______________________

Ordinary Shares hereby appoint Mr. / Mrs. / Miss ______________________

of ______________ or falling him / her ______________________

of ______________ as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 49th Annual General Meeting of the Company to be held on Wednesday, October 30, 2019 at Company's Registered Office, Mehr Manzil Lohari Gate, Multan. and / or any adjournment thereof.

As witness my/our hand/seal this ______________ day of ______________ 2019.

Signature of Member ______________

in the presence of

Signatures ______________ Signatures ______________

Name ______________ Name ______________

Adress ______________ Address ______________

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

Signature on Revenue Stamp

The Signature should agree with the specimen registered with the Company

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office Mehr Manzil, Lohari Gate, Multan not later than 48 hours before the time for the meeting and must be duly stamped, signed and witnessed.

2. Any individual beneficial owner 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 NIC or Passport, Representatives of corporate members should bring the usual documents required for such purpose.

In addition to the above the following requirements have to be met.

(i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.

(ii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

(iii) In case of a corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

پراکسی فارم

میں / ہم --

ساکن --- بطور ممبر(ز) محمود ٹیکسٹائل ملز لمیٹڈ

حامل --- عام حصص، محترم / محترمہ --

ساکن --- یا ان کے حاضر نہ ہو سکنے کی صورت میں ---

ساکن --- کو اپنے / ہمارے ایما، پر کمپنی کے مورخہ 30 اکتوبر 2019ء بروز

بدھ 11.00 بجے کمپنی کے رجسٹرڈ آفس مہر منزل، لوہاری گیٹ، ملتان میں ہونے والے 49 واں سالانہ عمومی اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کیلئے اپنا / ہمارا بطور نمائندہ (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

ممبر کے دستخط

گواہ کے دستخط	گواہ کے دستخط
نام	نام ....
CNIC / پاسپورٹ نمبر	CNIC / پاسپورٹ نمبر ....
ایڈریس	ایڈریس ....

فولیو نمبر	سی ڈی سی اکاؤنٹ نمبر	
	شرکت دار کی شناخت	اکاؤنٹ نمبر

رسیدی ٹکٹ پر دستخط

اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت ہونا لازمی ہے

اہم نکات:

1۔ ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم میٹنگ سے کم از کم 48 گھنٹے قبل کمپنی کے شیئرز رجسٹرار کے دفتر میں موصول ہو جانا چاہیے۔

2۔ اگر کوئی ممبر ایک سے زائد پراکسی نامزد کرتا ہے اور ایک سے زیادہ انسٹرومنٹس آف پراکسی جمع کراتا ہے تو اس صورت میں تمام انسٹرومنٹ آف پراکسی کالعدم قرار دیئے جائیں گے۔

3۔ **سی ڈی سی اکاؤنٹ رکھنے والے / کارپوریٹ ادارے مزید برآں درج ذیل شرائط کو پورا کریں گے۔**

(i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں۔

(ii) پراکسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ میٹنگ کے وقت دکھانا ہوگا۔

(iii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔

E-Voting as per the Companies (E-Voting) Regulations, 2016

I/We, ______________________ of __________________, being a member of Mahmod Textile Mills Ltd, holder of ______________________ Ordinary Share(s) as per Register Folio No./CDC Account No.______________ hereby opt for e-voting through intermediary and hereby consent the appointment of execution officer ______________________ as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is ______________________________, please send login details, password and other requirements through email.

Signed under my/our hand this _______ day of _____________ 20___.

Signature of Member

Signed in the presence of:

Signature of Witness

Name: ______________________

CNIC/Passport No: ______________________

Address: ______________________

Signature of Witness

Name: ______________________

CNIC/Passport No: ______________________

Address: ______________________

E-voting بمطابق E-voting ریگولیشنز

میں/ہم .... آف .... بحیثیت ممبر محمود ٹیکسٹائل ملز لمیٹڈ حامل ....

عام شیئرز رجسٹرڈ فولیو نمبر/ CDC اکاؤنٹ نمبر .... دوسرے شخص کے ذریعے E-voting کی آپشن اختیار کرتا ہوں اور اس پر عمل کے لئے .... کو بحیثیت پراکسی Execution آفیسر مقرر کرنے پر رضا مندی ظاہر کرتا ہوں کہ وہ کمپنی۔ 2016ء کے قواعد کے تحت E-voting میں حصہ لے گا اور میں/ہم قرارداد کیلئے انتخاب کا مطالبہ کرتا ہوں/کرتے ہیں۔

میرا محفوظ کردہ E-mail ایڈریس .... ہے۔

برائے مہربانی مجھے/ہمیں Login تفصیلات، Password اور دیگر مطلوبہ معلومات بذریعہ E-mail ارسال کریں۔

میرے/ہمارے دستخط .... مورخہ .... سال ....

ممبر کے دستخط

گواہ کے دستخط

نام ....

CNIC / پاسپورٹ نمبر ....

ایڈریس ....

گواہ کے دستخط

نام ....

CNIC / پاسپورٹ نمبر ....

ایڈریس ....

Dividend Mandate Form

Dear members

It is to inform you that U/s 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, direct the company to pay dividend through his/ her/ its bank Account.

In pursuance of directions given by the SECP Vide circular No. SMD/CIW/Misc/19/2009 dated June 05, 2012 we request Mr./Mrs./Ms. ____

S/o/D/o W/o ____(where applicable) being the registered shareholder of Mahmood Textile Mills Ltd holding _____________ shares having F.No./CDC A/c No. ___________________________________ hereby given the opportunity to authorize the company to directly credit in your bank account cash dividend (if any declared by the company in future.

Note:-(Please note that Dividend Mandate is optional & not compulsory, in case you don't wish your dividend to be directly credited into your bank A/c then the same shall be paid to you through Dividend Warrant.)

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of Dividend warrants. Please tick any one of the following.

YES ☐ **NO** ☐

If yes then please provide the following information.

Transfer Detail

1) IBAN number	
2) Title of Bank Account;	
3) Bank Account number;	
4) Bank Code and Branch; Code	
5) Bank Name, Branch Name and Address;	
6) Cell/Landline Number;	
7) CNIC number; and	
8) Email Address.	

Income Tax Return Filing Status

Confirmation for filing status of Income Tax return for application of revised rates pursuant to the provisions of Finance Act, 2018

The Company Secretary
Mahmood Textile Mills Limited
Mehr Manzil, Lohari Gate,
Multan.

Dear Sir

I, Mr./Mrs./Ms ________________________ S/O, D/O, W/O ________________________ hereby confirm that I am registered as National Tax Payer and my relevant detail is given below:-

Folio No./CDC A/c No.	Name	NTN No.	CNIC # in case of Individual & CUIN in case of Company	Income Tax return for the year _____ filed

It is stated that the above mentioned information is correct.

____

Signatures of Shareholder

Note:

- Shareholders are also requested to communicate aforesaid information to relevant members of Stock Exchange & CDC (in case of CDC Account holders).
- Please attach attested copy of CNIC and receipt of Income Tax return filed

Investors' Education

In compliance with the Securities and Exchange Commission of Pakistan's SRO 924(1)/2015 dated September 9, 2015, Investors' attention is invited to the following information message:

Mahmood Textile Mills Limited
Head Office: Mehr Manzil, O/s Lohari Gate,
P.O. Box 28, Multan - Pakistan.
(92 61) 111 181 181
(92 61) 4511262, 4549711
mtm@mahmoodgroup.com
www.mahmoodgroup.com