

# Annual Report 2018



**Mahmood Textile Mills Ltd.**







## Content

### Business Review

- 02** Corporate Information
- 03** Vision & Mission Statement
- 04** Notice of Annual General Meeting
- 06** Review Report of the Chariman
- 07** Directors' Report
- 12** Financial Summary

### Corporate Governance

- 16** Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017
- 17** Pattern of Shareholding

### Financials Statements

- 23** Independent Auditors' Review Report to the Members on The Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017
- 24** Independent Auditors' Report to the Members
- 28** Statement of Financial Position
- 29** Statement of Profit or Loss
- 30** Statement of Other Comprehensive Income
- 31** Statement of Changes in Equity
- 32** Statement of Cash Flows
- 33** Notes to the Financial Statements

### Form of Proxy

- 71** Form of Proxy

## Corporate Information

### Board of Directors:

Khawaja Muhammad Masood	Chairman
Khawaja Muhammad Iqbal	Chief Executive Officer
Khawaja Muhammad Ilyas	Director
Khawaja Muhammad Yunus	Director
Khawaja Muhammad Muzaffar Iqbal	Director
Khawaja Hussam-ud-din Roomi	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

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

### 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

### 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.

### Share Registrar

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





## Vision

To be recognized internationally and locally as dynamic, quality conscious and ever progressive Textile Product manufacturer in the Textile Industry of Pakistan

## Mission

Mahmood Group is committed to:

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

# Notice of Annual General Meeting

Notice is hereby given that 48th Annual General Meeting of the Company will be held on Saturday, 27th October, 2018 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 28th October, 2017.
2. To receive, consider and adopt the Audited Accounts for the year ended 30th June, 2018 together with Director's and Auditor's Reports thereon.
3. To approve payment of Cash Dividend @ 25% (Rs.2.50 per ordinary share of Rs.10/- each) for the year 30th June,2018 as recommended by the Board of Directors.
4. To appoint Auditors for the year 2018-19 and to fix their remuneration. The present Auditors M/s.Shinewing Hameed Chaudhri & Company, Chartered Accountants, Multan being eligible have considered and 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

Multan.  
Date: 6<sup>th</sup> October, 2018.

Sd/-  
YASIR GHAFAR  
Company Secretary

## NOTE:-

- i) The Share Transfer Books of the Company will remain closed from 18th October to 27th October,2018 (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.
- ii) 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.
- iii) All Shareholders are requested to send us copy of their NTN Number/ Certificate immediately for the payment of Dividend, otherwise Income tax will be deducted @ 20%(Non Filer) and 15%(Filer) from the dividend amount, as per requirement of Finance Act,2017.
- iv) All Shareholders are again requested to send immediately their Bank A/c No. & IBAN No & Name of Bank/Branch/City along with copy their CNIC to enable the Company to send the amount of dividend to them through Bank A/c on-line system, as per directions of the SECP.
- v) In pursuance of the directions issued by SECP, annual accounts for the year 30-06-2018 has been placed on the Website of the Company (www.mahmoodgroup.com) However, any shareholder, who desires to receive annual financial statement through email, he must provide his email address for this purpose.
- vi) 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 MAHMOOD TEXTILE MILLS LIMITED, holder of \_\_\_\_\_ Ordinary Shares as per Register Folio No./ CDC A/C No..\_\_\_\_\_ hereby opt for Video Conference Facility at \_\_\_\_\_ Signature of member.

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

# Honours and Achievements



# Review Report of The Chairman

As the Chairman of the Board, I hereby present my review on the overall performance of the Board as required under section 192 of companies Act, 2017

The Director as a body are under duty to act in best interest of the company. Therefore, the Directors must ensure that the company's affairs are being managed in a professional manner, so as to achieve its objectives and also to safeguard the interests of its stakeholders. I am satisfied that the Board has been working within the given organizational structure The Board committees have also to work within the policy framework as determined by the Board. Individual Board members appear to be hard-working and demonstrate a strong commitment towards overall performance of the Company. Their behavior in the board meetings remained constructive. The Board has been focused and committed to company's values and mission. Time was suitable apportioned to both strategic and operational level discussions and suggesting appropriate way forward.

Attendance of Board members of Board meetings and committee meetings has been to the requisite level. There was no violation of the code of conduct.

Beside the Board has developed short, medium and long-term plans to achieve its strategic objectives. The board regularly reviews the principal risks and mitigating factors against them. The relationship between the Board, its committees and amongst the members has been constructive and productive. Independents and Non-Executive Directors provide depth of expertise and support for effective decision making.

Further, the processes adopted in developing and reviewing the overall corporate strategy and achievement of organization's objectives are commendable which are truly reflected by the current financial results and performance of the company.

I shall remain firmly committed to ensuring that your company complies with all the relevant codes and regulations and ensuring that our management team continues to make decisions that will create great value in future.

Lastly, I would also like to express my gratitude for the efforts of all our workers for their dedication to improve performance of their company.

Dated: 6th October, 2018

Sd/-  
**Khawaja Muhammad Masood**  
Chairman



# Directors' Report To The Members



On behalf of the Board of Directors, we are pleased to present the Annual Report of your Company together with Audited Financial Statements and Auditors' Report thereon for the year ended June 30, 2018 along with last year comparison.

## COMPANY PERFORMANCE

The year 2018 witnessed a notable operational performance after a continual depression in prior years; company succeeded to increase its Export Sales by 15%. The Company has earned profits from its operations Rs. 972.588 million as compared to operational profit Rs. 786.188 million earned in the preceding corresponding year and Profit after tax of the Company in financial year 2017-18 is Rs.224.621 million as compared to profit after tax of Rs.317.205 million in year 2016-17.

The main reasons of this slight decrease in profitability is upward trend of financial cost because of high mark up rates charged during the year as compared to preceding year and depressed Stock market due to which Rs. 285.105 million loss has been accounted for on revaluation of shares in current year as compared to Loss of Rs. 105.698 million in last year.

An addition of production in cloth and yarn will be witnessed in the next year as new state of the art complete Weaving Unit comprising 96 looms has started commercial production during May-2018. And recently, BMR of amounting to Rs. 459.668 million in spinning units has also been made against LTFF loans.

## OPERATING RESULTS AND PERFORMANCE

Operating results along with appropriations are summarized as under

Description	For the year ended June 30,	
	2018	2017
Sales - Net	----- Rupees -----	
Local	2,998,746,583	2,669,261,802
Export	15,155,397,415	13,078,684,974
	18,154,143,998	15,747,946,776
Gross Profit	1,280,241,180	1,005,912,683
Profit Before Tax	287,194,077	467,152,860
Profit/(Loss) after tax	224,621,031	317,205,694
Earnings/(Loss) per share	14.97	21.15
Unappropriated Profit	4,547,274,280	4,625,757,772

## TEXTILE INDUSTRY OUTLOOK

As being the largest manufacturing industry in Pakistan that contributes 9.5% to the GDP but unfortunately because of the other priorities of Government textile industry always remained the most deprived sector of Pakistan. To save the industry it is strongly recommended that level playing field should be provided to textile sector with equal opportunities in order to make products of our Industry compatible with the other exporters of the region. Our main competitors in the surroundings are India, Bangladesh, Sri Lanka and China.

The Governments of such counties are allowing tremendous relief to their exporters by providing cheap utilities, exports rebates, research work and raw material at economical prices. Whereas such peculiar facilities are lacking in our Industry. Similarly, monetary assistance should be given to tackle manufacturing inefficiencies for the production of better value-added products. Further all policies should be prepared under the suggestion and guidance of relevant stakeholders.

Cotton is cash crop and plays a vital role in the national economy of the Country. Cotton being raw material is basic & pivotal pillar of textile industry. Pakistan is third major Asian country in consuming cotton after China and India for its Industry. Demand of cotton for our industry is more than 15 million bales whereas unfortunately our production

since last many years is ranging to the extent of 11.5 million Bales.

Growers are also worried on the returns of cotton due to low yields and attacks of various diseases on the cotton crop due to substandard seeds provided for sowing and water shortage for which sowing is delayed every year. Hence, growers are switching over to crops other than cotton.

It is worth mentioning that textile sector is contributing millions of rupees on account of cotton cess levied for development and research of good quality cotton in the country. But so far it is great dilemma that this important issue of high potency seeds & water availability are not properly addressed by the Government.

So it is the high time to take notice by the Government and establish exclusive Research & Development Department to evaluate and bring such seed for the cotton which is as per International Standards and beneficial to grower as well. Otherwise we fear that if not done, it will be very difficult for textile industry to survive and mills may become more uncompetitive that will ultimately bring negative effect on our economy.

## 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

Charity is one of the most important constituents of a healthy society. Keeping this and the Islamic principles in mind, Company recognizes its responsibility as a conscientious corporate citizen and keeps Corporate Social Responsibility as an integral element of its value system. As a socially responsible organization, the Company recognizes that it is part of the community at large and that there is a strong need to contribute to the society and support those in need, be it on financial or non-financial basis. We remain committed to its objective of paying back to the society - both directly and indirectly, and in this regard has contributed through various ways and means.

## 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, 2018 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 Company has been in compliance with Corporate Governance and Financial Reporting Frame Work and the Directors confirm that:

The financial statements for the year ended June 30, 2018 prepared by the management of the Company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.

Proper books of accounts have been maintained by the Company.

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

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

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

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

There has been no trading of shares by CEO, Directors, CFO, Company Secretary, their spouses and minor children, during the year other than that disclosed in pattern of shareholding.

There has been no material departure from the best practices of Corporate Governance, as detailed in the regulations rule book of Pakistan Stock Exchange.

Key operating and financial data of the Company for the last six years is annexed.

The attendance of the Directors in Board and its committees meetings held during the year is annexed.

## DIVIDEND PAYOUT

According to Dividend payout strategy the management wish to pay good return to the shareholders of the

Company keeping in view profitability for the year and to comply with regulatory requirements of FBR. Therefore, Board has recommended to pay 25% cash dividend @ Rs.2.5 per share this year which will be put up in the Annual General Meeting for approval by the shareholders of the Company.

## SHAREHOLDING PATTERN

The shareholding pattern as at June 30, 2018 including the information under the Code of Corporate Governance, for ordinary shares is annexed.

## STATUTORY AUDITORS

The present auditors, M/s Shinewing Hameed Chaudhry & Co. Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Audit Committee has recommended their re-appointment as Auditors of the Company for the year ending June 30, 2018.

## FUTURE OUTLOOK

Pakistan's economy received multiple jolts during fiscal year 2018 and almost all economic indicators worsened particularly the unfavorable Balance of Payments position due to a widening Current Account Deficit along with less than expected foreign inflows are major risks and challenges for the country. Thus, trade balance is still under pressure.

As new Government has took charge and promises to boost up the economic growth on war footing basis, Industrialists are quite confident that the energy cost will be resolved and Government will announce a financial package to Textile Industry for making cost issue effective and competitive in International market.

## ACKNOWLEDGEMENT

The Directors wish to express their appreciation to the staff & workers of the Company for their dedication & devotion displayed in the growth of the Company. The Directors feel pleasure in expressing appreciation for the continued interest and support of all the shareholders, bankers, various government bodies of the Company while performing their duties during the period and hope that the same spirit will prevail in the future as well.

For and on behalf of the Board

Sd/-  
Khawaja Muhammad Iqbal  
Chief Executive Officer

Sd/-  
Khawaja Muhammad Younus  
Director

Multan  
Dated: 6th October 2018

### ڈیویڈنڈ کی ادائیگی

ڈیویڈنڈ کی ادائیگی کے طریقہ کار کے مطابق انتظامیہ کی خواہش ہوتی ہے کہ سال کے منافع میں وہ اپنے حصہ داروں کو بہترین ادائیگی کریں اور اس بابت ایف۔ بی۔ آر۔ کی ریگولیٹری ضروریات کو مدنظر رکھا جائے۔ تاہم بورڈ کو تجویز دی گئی ہے کہ وہ 25% نقد منافع بحساب Rs. 2.5 فی حصص اس سال ادا کرے جسے سالانہ جنرل میٹنگ میں منظوری کے لئے کمپنی کے کھاتہ داروں کے سامنے رکھا گیا ہے۔

### حصص یافتگی کا خاکہ

30 جون 2018ء کو کاروباری انتظام کے مطابق عام حصص کے لئے حصہ داری کا نمونہ لف ہذا ہے۔

### آڈیٹ کی تقرری

موجودہ آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی اکاؤنٹنٹ، ریٹائر ہو گئے ہیں، نیز قابلیت کی بناء پر انہوں نے دوبارہ تعیناتی کی پیشکش کی گئی۔ آڈٹ کمیٹی نے ان کی دوبارہ بطور کمپنی آڈیٹر برائے اختتام مالی سال 30 جون 2018 کے لئے سفارش کی ہے۔

### مستقبل پر ایک نظر

مالی سال 2018ء میں پاکستان کی معیشت کو یکے بعد دیگرے مشکلوں کا سامنا کرنا پڑا اور تقریباً تمام شعبوں کو موجودہ مالی خساروں کی صورتحال کا سامنا کرنا پڑ رہا ہے جس کی وجہ سے محاصل کے حصول اور ادائیگیوں میں توازن بری طرح سے بگڑ گیا ہے جس ملک ایک سنگین مالیاتی خسارہ کے خطرے سے دوچار ہے۔ جیسا کہ نئی حکومت نے اقدامات اٹھانے کا وعدہ کیا ہے اور جنگی بنیادوں پر معیشت کو بڑھانے کا وعدہ کیا ہے۔ صنعت کار اس بابت بہت پُر امید ہے کہ کم لاگتی توانائی کی فراہمی کا بحران حکومت کے وعدوں کے مطابق جلد حل ہو جائے گا اور حکومت انڈسٹری کے لئے مالیاتی چیلنج کا اعلان کرے گی تاکہ بین الاقوامی مارکیٹ کے ساتھ مقابلہ کیا جا سکے۔

### اظہار تشکر

ڈائریکٹرز کی خواہش ہے کہ وہ سٹاف اور کمپنی کے ملازمین کی عقیدت، انتھک محنت جو کہ انہوں نے کمپنی کے لئے کی ہے ان کی حوصلہ افزائی کی جائے۔ ڈائریکٹرز یہ بیان کرتے ہوئے مسرت محسوس کر رہے ہیں کہ حصہ داروں، بینکرز، حکومتی ملازمین برائے کمپنی جنہوں نے کمپنی کی بہتری اور بہبودی میں حصہ لیا ان کے نہایت شکر گزار ہیں اور امید کرتے ہیں کہ مستقبل میں بھی اسی طرح ہمارے ساتھ تعاون کو برقرار رکھتے ہوئے امور کی انجام دہی کو جاری رکھیں گے۔

خواجہ محمد یونس

ڈائریکٹر

خواجہ محمد اقبال

چیف ایگزیکٹو آفیسر

تاریخ

6 جون 2018ء

### کارپوریٹ سماجی ذمہ داری

صحت مند معاشرے کے لئے صدقہ ایک اہم جزو ہے۔ اسلامی نقطہ نظر کو سامنے رکھتے ہوئے کمپنی اپنی اس ذمہ داری کو لازمی تصور کرتے ہوئے معاشرے کی ایک لازمی ذمہ داری جانتے ہوئے اس کو بطریق احسن نبھانے کی کوشش کرتی ہے۔ ایک معاشرتی ذمہ دار آرگنائزیشن کے طور پر کمپنی سمجھتی ہے کہ یہ ایک معاشرہ کا لازمی حصہ ہے اور ہمیں معاشرے میں اپنے حصہ کو ضرور شامل کرنا چاہئے تاکہ معاشرے کی ضرورتوں میں ہمارا حصہ شامل ہو سکے جو کہ مالیاتی اور غیر مالیاتی طور پر بھی ہو سکتا ہے۔ ہم اس بات پر یقین رکھتے ہیں کہ ہمیں معاشرے کو اس کا حصہ براہ راست یا بلا واسطہ دینا چاہئے اور اس سلسلے میں مختلف طریقوں سے ہم نے اپنا حصہ دیا ہے۔

### کارپوریٹ گورننس کے کوڈ کے ساتھ مطابقت

پاکستان سٹاک ایکسچینج نے، پاکستان سٹاک ایکسچینج کے آئین میں جون 30 سال 2018ء کا رو بازنظم و نسق کا ضابطے کے لئے نظام مرتب کیا ہے جس کو کمپنی نے نافذ کیا ہے اور اس پر عمل پیرا ہے۔ اس بارے میں سالانہ رپورٹ کے ساتھ بیان بھی شامل ہے۔

### کارپوریٹ اور مالیاتی رپورٹنگ کی بنیادی ساخت

کمپنی کا رو بازنظم کے طریقہ کار پر عمل پیرا ہوتے ہوئے فنانشل رپورٹ فریم ورک مرتب کیا ہے جس کی توثیق ڈائریکٹر حضرات نے اس طور پر کی ہے کہ:

مالی سال کے اختتام پر 30 جون 2018ء کو کمپنی کی انتظامیہ نے مالیاتی گوشوارہ مرتب کیا ہے جو کہ شفافیت کے ساتھ پیش کر دیا گیا ہے، اس کے نتیجے میں رقوم کی آمد و اخراج کو صحیح طور پر پیش کیا گیا ہے۔

کمپنی نے مناسب بھی کھاتے/گوشوارے مرتب کئے ہیں۔

مالیاتی گوشوارے مرتب کرتے ہوئے مناسب اکاؤنٹنگ پالیسی کو ملحوظ خاطر رکھا گیا ہے نیز مالیاتی گوشوارے اور حسابی تخمینہ جات مناسب اور محتاط نتائج پر مشتمل ہیں۔ مالیاتی گوشوارے کو مرتب کرتے ہوئے پاکستان میں رائج انٹرنیشنل اکاؤنٹنگ سٹینڈرڈ کو مدنظر رکھا گیا ہے۔

بین الاقوامی کنٹرولز کا طریقہ کار اپنے ڈیزائن کے اعتبار سے بہترین ہے جس کو لاگو کیا گیا ہے۔

اگلے کئی سالوں میں کمپنی کا کام جاری رکھنے کی صلاحیت پر کوئی شک نہیں ہے۔ رواں سال کے دوران سی ای او، ڈائریکٹرز، سی ایف او، کمپنی سیکرٹری، ان کی ازواج، نابالغ بچے کی جانب سے حصص کی تجارت نہیں کی گئی۔

جیسا کہ پاکستان سٹاک ایکسچینج کے مرتب کردہ آئین میں قواعد و ضوابط تحریر کئے گئے ہیں کو مدنظر رکھتے ہوئے کمپنی کے تمام امور سرانجام دیئے جا رہے ہیں۔ کمپنی کا گذشتہ چھ سالوں کا مالیاتی ڈیٹا ہمارا لف ہے۔

سال رواں میں منعقدہ کمیٹیوں کی میٹنگ، بورڈ میں ڈائریکٹرز کی حاضری کی تفصیل لف ہے۔



## ممبران کے لئے ڈائریکٹروں کی رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے، ہم آپ کی کمپنی کی سالانہ رپورٹ ہمراہ آڈٹ کردہ مالیاتی گوشوارہ اور آڈیٹرز کی رپورٹ برائے اختتام مالی سال جون 30 سال 2018ء معہ سابقہ تجزیہ پیش کر رہے ہیں۔

### کمپنی کی کارکردگی

پچھلے سالوں کی مسلسل پریشانیوں کے بعد سال 2018ء میں نمایاں عملی کارکردگی کے بعد کمپنی نے اپنی سیلز خصوصاً ایکسپورٹ کو 15% تک کامیابی سے بڑھایا، پاکستان میں کاروبار کی بگڑتی ہوئی صورتحال کے باوجود کمپنی نے کامیاب مالیاتی نتائج حاصل کئے اور پچھلے سالوں کے منافع کو قائم رکھا۔ کمپنی نے اپنی عملی کارکردگی سے 972,588 ملین روپے کا منافع حاصل کیا جو کہ اس سال سے پہلے آپریشنل منافع 786,188 ملین روپے رہا نیز ٹیکس کے بعد کمپنی کا منافع سال 2017-18ء میں 224,621 ملین روپے رہا جو کہ سال 2016-17ء میں ٹیکس کی ادائیگی کے بعد منافع 317,205 ملین روپے تھا۔

منافع میں معمولی کمی کی اصل وجہ، فنانشل ادائیگی میں مارک اپ کی شرح میں اضافہ ہے جو کہ پچھلے سالوں کے مقابلہ میں اس سال زیادہ وصول کیا گیا اور شاٹ مارکیٹ میں مندی کی وجہ سے اس سال شیئر کی ری ویلیویشن پر 285,105 ملین روپے کا خسارہ ہوا جو کہ پچھلے سال 106,628 ملین روپے تھا۔

اگلے سالوں میں کپڑے اور سوت کی پیداوار میں بھی اضافہ محسوس کیا جاسکے گا کیونکہ ہم نے کمرشل پیداوار کے لئے مئی 2018ء میں 96 لوموں کا اضافہ کیا ہے۔ حال ہی میں سیٹنگ پوائنٹس کے لئے LTFF قرضوں کے مقابلے میں 495,668 ملین روپے کا BMR ہوا۔

### عملی نتیجہ اور کارکردگی

اختصاصات کے ساتھ عملی نتائج کی تفصیل درج ذیل ہے۔

30 جون تک اختتام سال

تفصیل	2017	2018
سیلز کل	..... روپے	..... روپے
لوکل	2,669,261,802	2,998,746,583
ایکسپورٹ	13,078,684,974	15,155,397,415
	15,747,946,776	18,154,143,998
مجموعی منافع	1,005,912,683	1,280,241,180
ٹیکس سے پہلے کا منافع	467,152,860	287,194,077
ٹیکس کے بعد منافع/نقصان	317,205,694	224,621,031
فی شیئر آمدن	21.15	14.97
غیر شخص شدہ منافع	4,625,757,772	4,547,274,280

### ٹیکسٹائل انڈسٹری کا جائزہ

پاکستان کی سب سے بڑی مصنوعاتی انڈسٹری ہونے کے ناطے سے جی ڈی پی میں ہمارا حصہ 9.5% ہے لیکن بدقسمتی سے کیونکہ حکومت کی دیگر ترجیحات کے باعث

انڈسٹری ہمیشہ سے پاکستان کا محروم شعبہ رہا ہے۔ انڈسٹری کو بچانے کے لئے ہماری تجویز ہے کہ انڈسٹری کو کھل کھیلنے کا موقع دیا جائے اور ٹیکسٹائل سیکٹر کو متناسب مواقع دیئے جائیں۔ تاکہ وہ ریجن میں دوسرے ممالک کے مقابلے میں بہتر پیداوار دے سکیں۔ ہمارے اطراف میں سب سے بڑا مقابلہ انڈیا، بنگلہ دیش، سری لنکا اور چین ہیں۔

ان ممالک کی حکومتیں اپنے ایکسپورٹرز کو شاندار رعایتیں دیتی ہیں جن میں سے سستا خال مال اور بجلی گیس، ایکسپورٹس کی رعایتیں، تحقیق کے کاموں میں معاونت اور خام مال خریدنے کے لئے بھی خاص رعایتیں ہیں۔ جبکہ ہماری صنعتوں کو انہیں سہولتوں کا فقدان رہا ہے۔ اس کے علاوہ ہمیں مسائل سے نبرد آزما ہونے کے لئے مالی معاونت بھی درکار ہے تاکہ ہم بہتر پیداوار دے سکیں۔ مزید برآں تمام پالیسیوں کو مرتب کرتے وقت سٹیک ہولڈرز کے مشوروں اور تجویز سے بھی استفادہ کیا جانا چاہئے۔

کپاس ایک نقد آور فصل ہے جس کا قومی معیشت میں بہت بڑا کردار ہے۔ کپاس خام مال کی صورت میں ہماری صنعت کے لئے ریڑھ کی ہڈی کی حیثیت رکھتا ہے۔ ایشیائی ملکوں میں صنعتوں کے لئے چین اور انڈیا کی صنعت کے بعد پاکستان کپاس استعمال کرنے والا سب سے بڑا ملک ہے۔ ہمارے ملک کے لئے کپاس کی ضرورت 15 ملین گانٹھوں کی ہے جبکہ بدقسمتی سے ہماری پیداوار پچھلے کئی سالوں میں 11.5 ملین گانٹھوں تک رہی ہے۔

کپاس اگانے والے کسان کپاس سے حاصل ہونے والی آمدن میں کمی اور کپاس پر مختلف بیماریوں اور کیڑوں کے حملوں، غیر معیاری بیجوں کی فراہمی، پانی کی کمی سے انتہائی پریشان ہے۔ اس کے باعث کسان کپاس کی فصل کی بجائے دیگر فصلوں کی کاشت پر منتقل ہو رہے ہیں۔

یہ امر قابل ذکر ہے کہ ٹیکسٹائل سیکٹر کپاس کی پیداوار، تحقیق اور اچھی کوالٹی حاصل کرنے کے لئے لاکھوں روپے صرف کر رہی ہے لیکن اب تک حکومت کی جانب سے اعلیٰ معیار کے بیج اور پانی کی عدم فراہمی کی وجہ سے اپنے اہداف حاصل نہ کر پارہی ہے۔

لہذا اب اس امر کی ضرورت ہے کہ حکومت تحقیق و ترقی کے لئے اس سیکٹر پر اپنی خاص توجہ مرکوز کرے اور اس قسم کے بیج مہیا کرے جو کہ اعلیٰ معیار کے ہوں جو کسانوں کے لئے فائدہ مند ہو سکیں۔ بصورت دیگر ہمیں خدشہ ہے کہ اگر ایسے اقدامات نہ اٹھائے گئے تو ٹیکسٹائل کی صنعت اور ملوں کے لئے بقاء کو قائم رکھنا ممکن نہیں رہے گا اور ہماری معیشت کو اس کے دور رس منفی نتائج بھگتنے پڑیں گے۔

### کارپوریٹ گورننس پریکٹس

بورڈ آف ڈائریکٹرز محمود ٹیکسٹائل لمیٹڈ اچھے کاروباری نظم و نسق کے مطابق امور کی انجام دہی کے لئے پرعزم ہے۔ سٹیک ہولڈرز کی یہ توقع ہے کہ کمپنی کے امور بہتر طور پر انجام پائیں، دیکھ بھال ذمہ داری سے ہو اور اندرونی طور پر کنٹرول اور رسک منیجمنٹ پالیسی اور طریقہ کار کے ساتھ ساتھ کمپنی کے امور بہتر طور پر ہوں تاکہ اثاثوں کی حفاظت کی بابت، قوانین اور قواعد و ضوابط پر عمل کرنے کے ساتھ بین الاقوامی مالیاتی رپورٹنگ کے معیار کے مطابق مناسب مالی رپورٹنگ بھی ہو سکے۔

# Financial Summary

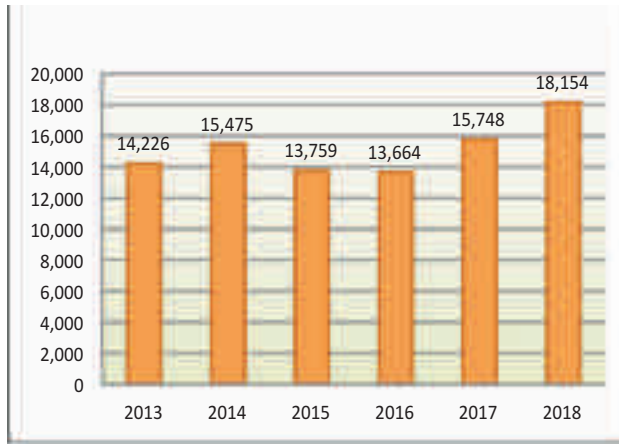
SIX YEARS REVIEW AT A GLANCE

Rupees in Million

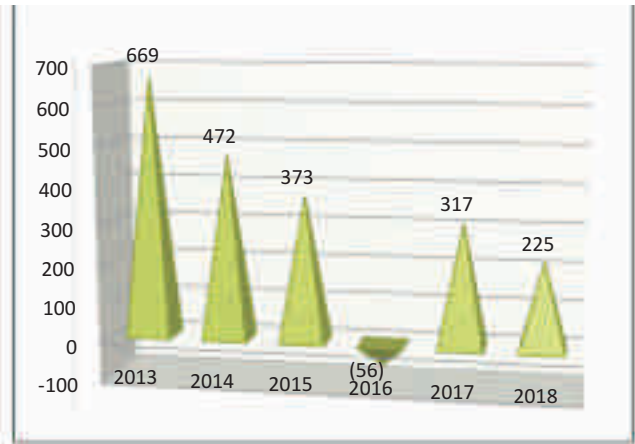
	2018	2017	2016	2015	2014	2013
<b>ASSETS :</b>						
FIXED ASSETS	5,594	3,197	2,925	3,042	3,035	3,057
LONG TERM INVESTMENTS	1,383	1,493	1,233	1,353	1,212	1,074
LONG TERM DEPOSITS	9	9	9	9	9	8
CURRENT ASSETS	11,219	9,670	6,529	7,086	4,866	5,046
<b>TOTAL ASSETS</b>	<b>18,205</b>	<b>14,369</b>	<b>10,696</b>	<b>11,490</b>	<b>9,122</b>	<b>9,185</b>
<b>FINANCED BY:</b>						
EQUITY	4,704	4,783	4,466	4,671	4,449	4,127
LONG TERM LIABILITIES	2,052	861	705	919	1,040	1,144
DEFERRED LIABILITIES	0	0	0	115	115	115
CURRENT LIABILITIES	11,449	8,725	5,525	5,785	3,518	3,799
<b>TOTAL FUNDS INVESTED</b>	<b>18,205</b>	<b>14,369</b>	<b>10,696</b>	<b>11,490</b>	<b>9,122</b>	<b>9,185</b>
<b>PROFIT AND LOSS:</b>						
SALES - NET	18,154	15,748	13,664	13,759	15,475	14,226
OPERATING PROFIT	973	786	529	855	888	1,127
PROFIT BEFORE TAXATION	287	467	3	535	475	818
PROFIT AFTER TAXATION	225	317	(56)	373	472	669
CASH DIVIDENDS	25%	90%	0%	100%	100%	100%
PROFIT C/F	4,547	4,626	4,308	4,515	4,291	3,970

# Graphical Presentation

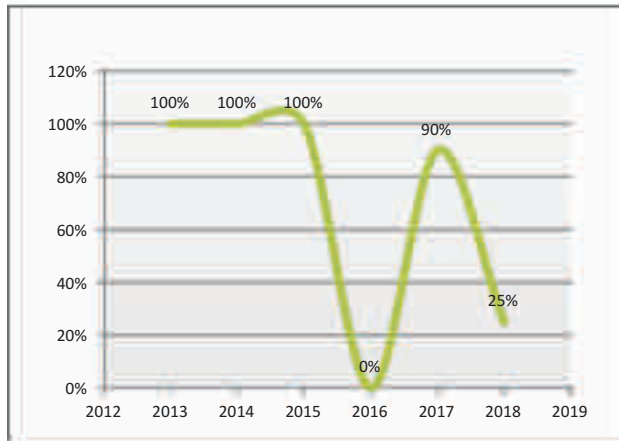
**Sales (Rs. in million)**



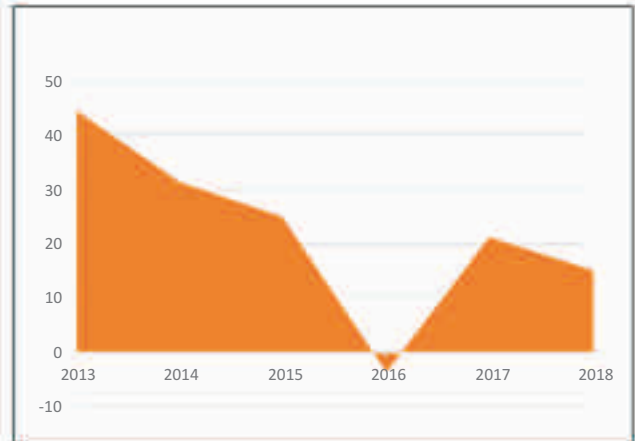
**Profit after Taxation (Rs. in million)**



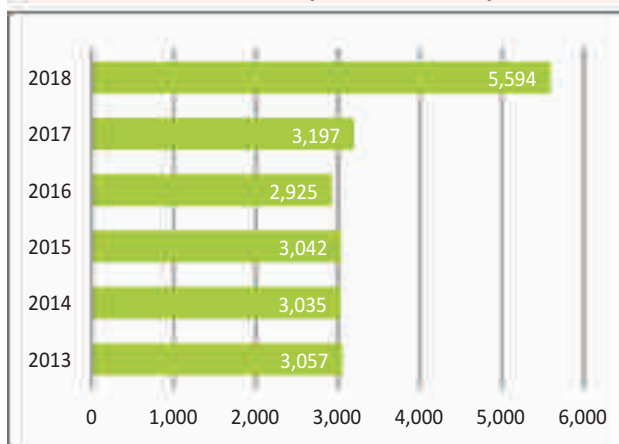
**Cash Dividends (Rs. in Percentage)**



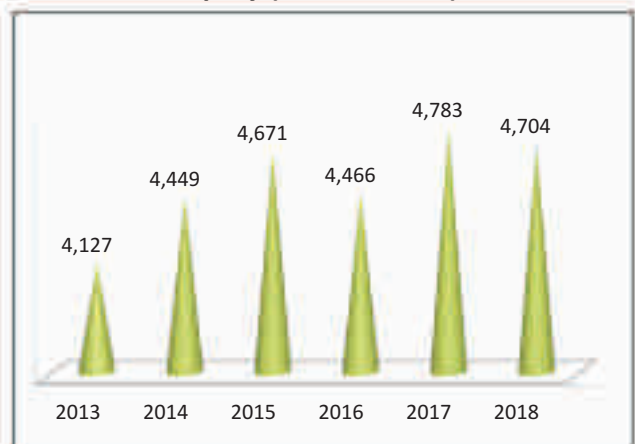
**Earning per Share (Rupees)**



**Fixed Assets (Rs. in million)**



**Equity (Rs. in million)**



# Board Human Resource Committee

## Composition:

Abdul Rehman Qureshi	Chairman
Khawaja Muhammad Ilyas	Member
Khawaja Hussam ud din Roomi	Member

## Terms of Reference

The Committee makes recommendations to the Board for maintaining (i) a sound organizational plan of the Company, (ii) an effective employee development programme and (iii) sound compensation and benefit plans, policies and practices designed to attract and retain high caliber personnel for effective management of business with a view to achieve said objectives.

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

- (i) Changes in organization, functions and relationships affecting management positions.
- (ii) Establishment of Human Resource plans and procedures.
- (iii) Determination of appropriate limits of authority and approval procedures for personnel matters.
- (iv) Review of employee development system and procedures, early identification and development of key personnel and specific succession plans for senior management positions.
- (v) Review and evaluation of compensation policies, practices and procedures.



# Board Audit Committee

## Composition:

The Board Audit Committee is composed of the following Directors:

Abdul Rehman Qureshi	Chairman
Khawaja Muhammad Masood	Member
Khawaja Muhammad Ilyas	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 Masood Mr. Khawaja Muhammad Ilyas Mr. Khawaja Hussam-ud-din Roomi
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 arranged NIL training programs for its directors 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 Masood (Member)

Mr. Khawaja Ilyas (Member)

**b) HR and Remuneration Committee**

Mr. Abdul Rehman Qureshi (Chairman)

Mr. Khawaja Muhammad Ilyas (Member)

Mr. Khawaja Hussam-ud-din Roomi

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: 6th October, 2018

Chairman

# Pattern of Shareholding

AS AT JUNE 30, 2018

NUMBER OF SHAREHOLDERS	SHAREHOLDING			TOTAL SHARES HELD
	FROM	TO		
25	1	100	Shares	1,207
55	101	500	Shares	12,973
18	501	1,000	Shares	12,088
21	1,001	5,000	Shares	44,618
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	685,001	690,000	Shares	685,204
1	745,001	750,000	Shares	746,508
1	810,001	815,000	Shares	810,575
1	820,001	825,000	Shares	824,914
1	975,001	980,000	Shares	977,945
1	1,005,001	1,010,000	Shares	1,009,088
1	1,095,001	1,100,000	Shares	1,095,479
1	1,100,001	1,105,000	Shares	1,101,403
1	1,190,001	1,195,000	Shares	1,191,163
1	1,305,001	1,310,000	Shares	1,302,913
<b>156</b>				<b>15,000,000</b>

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARE HELD	PERCENTAGE %
Directors, Chief Executive Officer & their spouse & minor children	10	4,984,254	33.24
Associated Companies	2	912,002	6.08
Under takings & related parties:			
NIT & ICP	2	30,469	0.20
Banks, Development Financial institutions, Non-Banking Financial Institutions:	2	10,844	0.07
Joint stock companies:	2	129,984	0.86
Insurance companies:	-	-	-
Modarabas & Mutual Funds:	-	-	-
Shareholders Holding 10% General Public:	-	-	-
i) Local	138	8,932,447	59.55
ii) Foreign	-	-	-
Others	-	-	-
<b>156</b>		<b>15,000,000</b>	<b>100</b>

The above two statements include (107) Shareholders holding 1,191,163 Shares through Central Depository Company of Pakistan Limited (CDC)

# Information Required As Per Code of Corporate Governance

As At June 30, 2018

SHARE HOLDER'S CATEGORY	Number of Share Held	Percentage of Shareholding %
<b>i) Associated Companies, undertaking &amp; related parties(name wise details):</b>		
-Masood Spinning Mills Limited	447,540	
-Roomi Fabrics Limited	464,462	
	<b>912,002</b>	<b>6.08</b>
<b>ii) Mutual Funds(Name wise details):</b>		
- NIT & ICP	<b>30,469</b>	<b>0.20</b>
<b>iii) Directors,Chief Executive and their spouse(s) and minor children(name wise details):</b>		
1. Khawaja Muhammad Masood, Director (Chairman)	1,009,088	
2. Khawaja Muhammad Iqbal, Director & Chief Executive	824,914	
Mst.Khadija Qureshi (Wife) Director	98,935	
3. Khawaja Muhammad Ilyas,Director	685,204	
Mst. Farrah Ilyas (Wife)	746,508	
4. Khawaja Muhammad Younus,Director	977,945	
Mst.Robina Younus(Wife)	111,854	
5. Khawaja Muhammad Muzaffar Iqbal, Director	415,633	
6. Mr. Abdul Rehman Qureshi, Independent Director	2,500	
7. Khawaja Hussamuddin Roomi	111,673	
	<b>4,984,254</b>	<b>33.24</b>
<b>iv) Banks, Development Financial Institutions, Non-Banking Financial Institutions:</b>		
- National Bank of Pakistan	10,744	
- IDBL	100	
	<b>10,844</b>	<b>0.07</b>
<b>v) Joint Stock Companies:</b>		
- CDC-Trustee National Investment(Unit)Trust	128,063	
- Crescent Group Service(Pvt) Limited	1,921	
	<b>129,984</b>	<b>0.86</b>
<b>vi) General Public:</b>		
i) Local:	<b>8,932,447</b>	<b>59.55</b>
ii) Foreign:	-	
<b>Total:</b>	<b>15,000,000</b>	<b>100</b>



# Directors Attendance At Board Meetings

From July 1st 2017 to June 30, 2018

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



# Financial Statements

**Mahmood Textile Mills Ltd**

For the year ended 30 June 2018



## 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, 2018, in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and 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, 2018.

CHARTERED ACCOUNTANTS.

Multan:  
Dated: 6th October, 2018



# Independent Auditors' Report To The Members

## of Mahmood Textile Mills Limited

### Report on the Audit of the Financial Statements

#### 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, 2018, 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, 2018 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 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 Audited Matters	How the matter was addressed in our audit
1.	<p><b>Capital expenditure on Installation of new Weaving Unit</b></p> <p>As disclosed in note 6 to the financial statements, the Company has incurred significant amount for the installation of new weaving unit during the year for the enhancement of its production capacity.</p> <p>We focused on capital expenditure incurred during the year as this represents significant transaction for the year and involves certain judgmental areas, such as capitalization of eligible components of cost as per applicable financial reporting standards, therefore, we have identified this area as key audit matter.</p>	<p>Our audit procedures included the following:</p> <p>We obtained an understanding of Company's process with respect to capital expenditure and tested controls relevant to such process.</p> <p>We performed physical inspection of property, plant and equipment at site on June 30, 2018.</p> <p>We performed substantive audit procedures through inspection of related documents and supporting in relation to the capitalized cost. We obtained the inspection reports of plant and machinery, contracts with building contractors and certificate of completion to ascertain that the expenditure and related borrowing cost capitalized meet the eligibility criteria for capitalization as per the requirements of applicable financial reporting standards.</p>

Sr. No.	Key Audited Matters	How the matter was addressed in our audit
		<p>We further assessed that the related disclosures provided in financial statements are adequate in accordance with applicable financial reporting standards and Companies Act, 2017.</p>
2.	<b>Long term financing for installation of new business unit</b>	
	<p>As disclosed in note 17 to the financial statements, the Company has obtained additional net long term financing of Rs. 1,151 million to finance the capital expenditure.</p>	<p>Our audit procedures included the following:</p> <p>We have obtained the minutes of the Board of Directors meeting to check the management's process regarding the approval for seeking further long term financing.</p>
	<p>The Company's key operating / performance indicators are significantly influenced by the additions to the long term financing. Further, financing arrangements include covenants that the Company is subject to compliance.</p>	<p>We obtained the financing agreements executed during the year, related repayments schedules and reviewed the terms, conditions and covenants to test related controls.</p>
	<p>The significant additions to the long term financing portfolio during the year along with the sensitivity of the compliance requirements are considered as a key audit matter.</p>	<p>We circularized confirmations to the financing banks with outstanding balance at the year end and received direct confirmations.</p> <p>We checked that the repayment of finance and markup is appropriately accrued and timely payment is made. We also reviewed the maturity analysis of financing to ascertain the classification of finance based on remaining maturities.</p>
		<p>We further assessed that the related disclosures provided in financial statements are adequate in accordance with applicable financial reporting standards and Companies Act, 2017.</p>
3.	<b>Compliance with Laws and Regulations - Changes in 4th Schedule</b>	
	<p>The Companies Act, 2017 promulgated on May 30, 2017.</p>	<p>Our audit procedures included the following:</p>
	<p>The Companies Act, 2017 revised and replaced the Fourth Schedule of the Companies Ordinance, 1984 and brought changes in the presentation and disclosures of the financial statements by elimination of duplicative disclosures with IFRS disclosure requirements and incorporation of significant additional disclosures.</p>	<p>We obtained an understanding of the related provisions and schedules of the Companies Act, 2017 applicable to the Company and prepared documents to assess the Company's compliance with the disclosure requirements of the said Act.</p> <p>We discussed the applicable changes with the Company's management and those charged with governance as to whether the Company is in compliance with such changes.</p>
	<p>These changes are applicable first time to the Company's financial statements for the year ended June 30, 2018.</p>	<p>We also maintained a high level of vigilance when carrying out our other audit procedures for indication of non-compliance.</p>
	<p>The changes are considered as a key audit matter because failure to comply with the requirements of the Companies Act, 2017 could have financial and reputational impact on the Company.</p>	<p>We ensured that the financial statements have been prepared in accordance with the approved accounting standards and the Companies Act, 2017.</p>

### **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 Review Report of the Chairman and 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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.

Multan.  
Dated: 6th October, 2018

CHARTERED ACCOUNTANTS.

# Statement of Financial Position

AS AT JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	5,594,077,998	3,196,769,425
Long term investments	7	1,382,874,839	1,493,608,135
Long term deposits		9,237,521	8,732,521
		6,986,190,358	4,699,110,081
<b>Current assets</b>			
Stores, spares and loose tools	8	379,165,709	204,663,062
Stock-in-trade	9	4,223,178,259	3,336,305,119
Trade debts	10	2,225,297,356	2,212,371,269
Loans and advances	11	1,258,403,720	724,539,984
Other receivables	12	486,902,523	224,306,051
Short term investments	13	2,233,763,119	2,610,300,592
Tax refunds due from the Government	14	380,224,084	343,883,725
Cash and bank balances	15	32,362,744	13,360,633
		11,219,297,514	9,669,730,435
<b>TOTAL ASSETS</b>		<b>18,205,487,872</b>	<b>14,368,840,516</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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	16	150,000,000	150,000,000
Capital reserve		7,120,600	7,120,600
Revenue reserve - Unappropriated profit		4,547,274,280	4,625,757,772
		4,704,394,880	4,782,878,372
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long term financing	17	2,052,348,569	861,483,915
<b>Current liabilities</b>			
Trade and other payables	18	1,295,289,833	1,135,986,333
Unclaimed dividends		2,346,862	1,771,497
Accrued mark-up	19	206,104,028	116,961,357
Short term borrowings	20	9,639,162,832	7,029,862,459
Current maturity of long term financing	17	243,340,868	282,896,583
Taxation	21	62,500,000	157,000,000
		11,448,744,423	8,724,478,229
<b>Total liabilities</b>		<b>13,501,092,992</b>	<b>9,585,962,144</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,205,487,872</b>	<b>14,368,840,516</b>
Contingencies and commitments	22		

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

sd/-  
(KH. MUHAMMAD MASOOD)  
CHAIRMAN

sd/-  
(KH. MUHAMMAD IQBAL)  
CHIEF EXECUTIVE OFFICER

sd/-  
(KH. MUHAMMAD YUNUS)  
DIRECTOR

sd/-  
(MUHAMMAD AMIN PAL)  
CHIEF FINANCIAL OFFICER

# Statement of Profit or Loss

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales - Net	23	18,154,143,998	15,747,946,776
Cost of Sales	24	(16,873,902,818)	(14,742,034,093)
Gross Profit		1,280,241,180	1,005,912,683
Distribution Cost	25	(473,311,216)	(370,209,505)
Administrative Expenses	26	(320,276,930)	(286,607,021)
Other Income	27	800,670,995	560,694,971
Other Expenses	28	(314,735,415)	(123,602,733)
Profit from Operations		972,588,614	786,188,395
Finance Cost	29	(742,765,764)	(471,377,372)
		229,822,850	314,811,023
Share of Profit of Associates	7	57,371,227	152,341,837
Profit before Taxation		287,194,077	467,152,860
Taxation	21.1	(62,573,046)	(149,947,166)
Profit after Taxation		224,621,031	317,205,694
Earnings per Share	30	14.97	21.15

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

sd/-  
(KH. MUHAMMAD MASOOD)  
CHAIRMAN

sd/-  
(KH. MUHAMMAD IQBAL)  
CHIEF EXECUTIVE OFFICER

sd/-  
(KH. MUHAMMAD YUNUS)  
DIRECTOR

sd/-  
(MUHAMMAD AMIN PAL)  
CHIEF FINANCIAL OFFICER



## Statement of Other Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
Profit after taxation		224,621,031	317,205,694
<b>Other comprehensive loss</b>			
Items that may be reclassified subsequently to statement of profit or loss			
Share of other comprehensive loss of associates		(168,104,523)	-
<b>Total comprehensive income for the year</b>		<b>56,516,508</b>	<b>317,205,694</b>

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CHAIRMAN

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(KH. MUHAMMAD YUNUS)  
DIRECTOR

sd/-  
(MUHAMMAD AMIN PAL)  
CHIEF FINANCIAL OFFICER

# Statement of Changes In Equity

FOR THE YEAR ENDED JUNE 30, 2018

	Share capital	Capital reserve	Revenue reserve - Unappropriated profit	Total
	----- Rupees -----			
Balance as at June 30, 2016	150,000,000	7,120,600	4,308,552,078	4,465,672,678
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	317,205,694	317,205,694
Other comprehensive income for the year	-	-	-	-
	-	-	317,205,694	317,205,694
Balance as at June 30, 2017	150,000,000	7,120,600	4,625,757,772	4,782,878,372
<b>Transactions with owners</b>				
Final cash dividend for the year ended June 30, 2017 @ Rs. 9 per share	-	-	(135,000,000)	(135,000,000)
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	224,621,031	224,621,031
Other comprehensive loss for the year	-	-	(168,104,523)	(168,104,523)
	-	-	56,516,508	56,516,508
<b>Balance as at June 30, 2018</b>	<b>150,000,000</b>	<b>7,120,600</b>	<b>4,547,274,280</b>	<b>4,704,394,880</b>

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

sd/-  
(KH. MUHAMMAD MASOOD)  
CHAIRMAN

sd/-  
(KH. MUHAMMAD IQBAL)  
CHIEF EXECUTIVE OFFICER

sd/-  
(KH. MUHAMMAD YOUNUS)  
DIRECTOR

sd/-  
(MUHAMMAD AMIN PAL)  
CHIEF FINANCIAL OFFICER

# Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
<b>Cash flows from operating activities</b>		
Profit for the year - before taxation and share of profit of Associates	229,822,850	314,811,023
Adjustments for non-cash charges and other items:		
Depreciation	376,369,545	320,862,242
Loss on disposal of operating fixed assets - net	3,541,002	1,784,835
Fair value loss on re-measurement of short term investments	285,104,925	105,698,492
Gain on sale of short term investments	(126,779,704)	(165,675,663)
Duty drawback on export sales	(383,221,437)	(153,887,504)
Dividend income	(236,620,775)	(229,320,180)
Finance cost	742,765,764	471,384,214
<b>Profit before working capital changes</b>	<b>890,982,170</b>	<b>665,657,459</b>
<b>Effect on cash flows due to working capital changes</b>		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(174,502,647)	(31,482,333)
Stock-in-trade	(886,873,140)	(793,348,583)
Trade debts	(12,926,087)	(893,455,869)
Loans and advances	(533,863,736)	(91,596,837)
Other receivables	120,624,965	10,739,036
Sales Tax refunds	3,334,558	(109,174,897)
Increase in trade and other payables	159,303,500	241,815,392
	(1,324,902,587)	(1,666,504,091)
<b>Cash used in operations</b>	<b>(433,920,417)</b>	<b>(1,000,846,632)</b>
Income tax paid	(196,747,963)	(161,577,624)
<b>Net cash used in operating activities</b>	<b>(630,668,380)</b>	<b>(1,162,424,256)</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(2,792,399,960)	(604,621,965)
Sale proceeds of operating fixed assets	15,180,840	10,026,062
Short term investments - net	218,212,252	(1,035,263,720)
Long term investments made	-	(108,000,000)
Long term deposits	(505,000)	-
Dividends received	236,620,775	229,320,180
<b>Net cash generated from investing activities</b>	<b>(2,322,891,093)</b>	<b>(1,508,539,443)</b>
<b>Cash flow from financing activities</b>		
Long term financing - net	1,151,308,939	154,285,933
Dividend paid	(134,424,635)	(13,142)
Short term borrowings - net	2,609,300,373	2,940,235,237
Finance cost paid	(653,623,093)	(435,160,961)
<b>Net cash generated from financing activities</b>	<b>2,972,561,584</b>	<b>2,659,347,067</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>19,002,111</b>	<b>(11,616,632)</b>
<b>Cash and cash equivalents - at beginning of the year</b>	<b>13,360,633</b>	<b>24,977,265</b>
<b>Cash and cash equivalents - at end of the year</b>	<b>32,362,744</b>	<b>13,360,633</b>

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

sd/-  
(KH. MUHAMMAD MASOOD)  
CHAIRMAN

sd/-  
(KH. MUHAMMAD IQBAL)  
CHIEF EXECUTIVE OFFICER

sd/-  
(KH. MUHAMMAD YOUNUS)  
DIRECTOR

sd/-  
(MUHAMMAD AMIN PAL)  
CHIEF FINANCIAL OFFICER

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

## 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, Il Chundrigarh Road, Karachi.

### Mills

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

## 2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

- 2.1 During the year, the Company has installed its new weaving unit at Industrial Estate, Multan. The Company has incurred total cost of Rs. 1,865 million on new unit.
- 2.2 The exchange rate of USD to PKR has increased from Rs. 104.80 as at June 30, 2017 to Rs. 121.36 as at June 30, 2018.
- 2.3 Due to applicability of the Companies Act, 2017 to the financial statements of the Company, certain amounts reported in previous period have been re-classified and certain disclosures have been presented in accordance with the revised fourth schedule of the Companies Act, 2017.
- 2.4 All other significant matters have been disclosed in their respective notes to financial statements.
- 2.5 For detail discussion about the Company's performance please refer to the Directors' report.

## 3. BASIS OF PREPARATION

### 3.1 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;
- 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.

### 3.2 Basis of measurement

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

### 3.3 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.

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

## 3.4 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 below:

### (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) Provision for impairment of trade debts

The Company assesses the recoverability of its trade debts if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

### (d) 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.

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

## 4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

### 4.1 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, 2017:

#### a) IAS 7 Statement of cash flows

This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers statement of financial position items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. The amendments

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

have only resulted in some additional disclosures in the Company's financial statements.

**b) IAS 12 Income taxes (Amendment)**

These amendments on the recognition of deferred tax assets for unrealized losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. Further, there are no debt instruments measured at fair value. The amendment does not have any impact on the Company's financial statements.

**c) Companies Act, 2017**

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the incorporation of significant additional disclosures and elimination of duplicative disclosures with the IFRS disclosure requirements.

**4.2 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, 2017 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.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2017 and have not been early adopted by the Company:

**a) IFRS 9 Financial instruments** **Effective date: January 01, 2018**

IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The standard not likely to have material impact on the Company's financial statements.

**b) IFRS 15 Revenue from contracts with customers** **Effective date: January 01, 2018**

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognize transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The standard not likely to have material impact on the Company's financial statements.

**c) IFRS 16 Leases** **Effective date: January 01, 2019**

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition



# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

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.

- d) **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.
- e) **IFRIC 23 Uncertainty over income tax treatment** **Effective date: January 01, 2019**  
The interpretation clarifies the accounting for income tax when there is uncertainty over income tax treatment under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The amendments are not expected to have material impact on the Company's 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.

## 5. 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.

### 5.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment in value, if any, except freehold and leasehold land and capital work-in-progress, which are stated at cost.

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 6.1. 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.

### 5.2 Long term investments

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

## (a) 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.

## (b) Other investments

Other investments where the Company does not have significant influence that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available-for-sale. These investments are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserve in the period in which these arise.

## (c) Bonus shares are accounted for by increase in number of shares without any change in value.

## 5.3 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.

## 5.4 Stock-in-trade

Basis of valuation are as follows:

<u>Particulars</u>	<u>Mode of valuation</u>
Raw materials:	
- At mills	- At lower of annual average cost of both local and imported stocks and net realisable value.
- In transit	- At cost accumulated upto the reporting date.
Work-in-process	- At manufacturing cost.
Finished goods	- At lower of cost and net realisable value.
Waste	- At net realisable value.
<ul style="list-style-type: none"> <li>- 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.</li> <li>- Provision for obsolete and slow moving stock-in-trade is determined based on the management's assessment regarding their future usability.</li> <li>- Net realisable 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.</li> </ul>	

## 5.5 Trade debts and other receivables

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

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 provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

## 5.6 Short term investments (at fair value through profit or loss)

Investments at fair value through profit or loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognized at cost, being fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognized in statement of profit or loss.

## 5.7 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.

## 5.8 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.

## 5.9 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.

## 5.10 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.

## 5.11 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.

## 5.12 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

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

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.

## 5.13 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.

## 5.14 Financial instruments

Financial instruments include long term investments, loan to an executive, long term deposits, trade debts, short term investments, loans & advances, other receivables, bank balances, long term financing, trade & other payables, unclaimed dividend, accrued mark-up and short term borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

## 5.15 Offsetting

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.

## 5.16 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.

## 5.17 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Local sales through agents are booked on intimation from agents.
- Direct local sales are accounted for when goods are delivered to customers and invoices raised.
- Export sales are booked on despatch of goods.
- Dividend income is recognised when the right to receive dividend is established.
- Interest / mark-up is accounted for on accrual basis.

## 5.18 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.

### 5.19 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 organised into two operating segments i.e. spinning, weaving and power.

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.

6. PROPERTY, PLANT AND EQUIPMENT	Note	2018	2017
		Rupees	Rupees
Operating fixed assets	6.1	5,307,504,451	3,144,862,572
Capital work-in-progress			
- Buildings		55,231,748	20,864,696
- Plant and machinery		218,225,799	31,042,157
- Advance for purchase of vehicles		13,116,000	-
		286,573,547	51,906,853
		5,594,077,998	3,196,769,425

# Notes To The Financial Statements

## FOR THE YEAR ENDED JUNE 30, 2018

### 6.1 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 -----																
<b>Cost</b>																
<b>Balance as at June 30, 2016</b>																
	20,755,743	14,487,499	591,667,692	24,714,302	4,367,662,412	655,616,303	11,930,756	156,481,250	3,401,248	10,715,778	256,436,438	4,322,517	10,128,107	31,045,214	5,444,129	6,164,809,388
Additions during the year	-	-	27,473,343	1,721,368	500,365,880	-	-	49,068,049	-	-	6,303,215	-	294,612	322,421	-	585,548,888
Disposals during the year	-	-	-	-	(49,926,010)	-	-	(11,974,036)	-	-	-	-	-	-	-	(61,900,046)
<b>Balance as at June 30, 2017</b>																
	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
<b>Balance as at June 30, 2017</b>																
	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)
<b>Balance as at June 30, 2018</b>																
	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
<b>Depreciation</b>																
<b>Balance as at June 30, 2016</b>																
	-	-	363,483,330	16,357,965	2,244,309,961	395,398,013	7,021,473	83,898,501	2,841,707	3,315,703	118,965,134	1,988,885	6,234,185	25,778,954	3,228,754	3,272,822,565
Charge for the year	-	-	24,328,131	950,392	234,471,643	26,021,829	490,928	17,850,483	55,954	370,004	13,856,610	233,363	406,578	1,604,789	221,538	320,862,242
Charge on disposals	-	-	-	-	(44,224,258)	-	-	(5,864,891)	-	-	-	-	-	-	-	(50,089,149)
<b>Balance as at June 30, 2017</b>																
	-	-	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
<b>Balance as at June 30, 2017</b>																
	-	-	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)
<b>Balance as at June 30, 2018</b>																
	-	-	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
<b>Book value as at June 30, 2017</b>																
	20,755,743	14,487,499	231,329,574	9,127,313	2,383,544,936	234,196,461	4,418,355	97,691,170	503,587	7,030,071	129,917,909	2,100,269	3,781,956	3,983,892	1,993,837	3,144,862,572
<b>Book value as at June 30, 2018</b>																
	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
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, 2018

- 6.2 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.
- 6.3 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.
- 6.4 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

## Plant and machinery

Auto Cone Winder 7-li Murata	9,847,905	8,173,998	1,673,907	672,269	(1,001,638)	Malik Hafeez, Faisalabad
Drawing Rsbld - 30C	2,250,000	1,236,608	1,013,392	427,350	(586,042)	A.N Textile, Jaranwala
Auto Cone Winder 21-C Toyota	12,000,000	6,595,245	5,404,755	2,718,487	(2,686,268)	Malik Hafeez, Faisalabad
Rieter R sbld-30	3,688,418	3,108,891	579,527	126,050	(453,477)	Malik Hafeez, Faisalabad
Ring Frames EJM-168	8,744,621	6,377,668	2,366,953	2,415,966	49,013	Malik Hafeez, Faisalabad
	36,530,944	25,492,410	11,038,534	6,360,122	(4,678,412)	

## Vehicles

Suzuki Mehran	764,295	63,691	700,604	750,000	49,396	Premier Insurance Company Limited, Multan
Toyota Hybrid Jeep	4,796,750	787,467	4,009,283	4,350,000	340,717	Ijaz Ahmad Choudhary, Gujrat
Honda Civic	2,580,100	1,249,915	1,330,185	1,740,000	409,815	AK Motors, Lahore
	8,141,145	2,101,073	6,040,072	6,840,000	799,928	

Aggregate value of assets having individual book value not exceeding Rs. 500,000 each

	10,039,135	8,395,899	1,643,236	1,980,718	337,482
2018	54,711,224	35,989,382	18,721,842	15,180,840	(3,541,002)
2017	61,900,046	50,089,149	11,810,897	10,026,062	(1,784,835)

	Note	2018 Rupees	2017 Rupees
6.5 Depreciation for the year has been apportioned as under:			
Cost of sales	24	350,423,491	300,860,088
Administrative expenses	26	25,946,054	20,002,154
		376,369,545	320,862,242

- 6.6 During the year, the Company has capitalized the borrowing cost amounting Rs. 6.099 million (2017: nil) at the rate of 6.96% and 7.50%.

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

		2018	2017
		Rupees	Rupees
<b>7. LONG TERM INVESTMENTS</b>			
<b>Associated Companies - Un-quoted</b>			
Masood Spinning Mills Limited (MSML)	7.2	279,827,163	286,796,167
Roomi Fabrics Limited (RFL)	7.3	560,122,676	663,886,968
		839,949,839	950,683,135
<b>Other - Un-quoted</b>			
Orient Power Company (Private) Limited (OPCL)		542,925,000	542,925,000
		1,382,874,839	1,493,608,135

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

**7.2 Masood Spinning Mills Limited (MSML)**

4,000,000 (2017:4,000,000) ordinary shares of Rs.10 each - cost	40,000,000	40,000,000
Equity held: <b>13.32%</b> (2017: 13.32%)		
Post acquisition profits brought forward	246,796,167	210,675,420
	286,796,167	250,675,420
Share of profit for the year	8,496,970	7,235,549
Share of other comprehensive loss for the year	(19,371,795)	-
Adjustment based on last year's audited financial statements	3,905,821	28,885,198
	279,827,163	286,796,167

**7.2.1** 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.

**7.2.2** The summary of financial information of MSML based on its financial statements for the year ended June 30, 2018 is as follows: million (2017: nil) at the rate of 6.96% and 7.50%.

		2018	2017
		Rupees	Rupees
		Un-audited	Audited
<b>Summarised Statement of Financial Position</b>			
Non-current assets		3,776,767,524	3,165,701,420
Current assets		7,730,097,815	7,173,238,849
		11,506,865,339	10,338,940,269
Non-current liabilities		1,613,370,910	1,112,336,377
Current liabilities		7,793,932,770	7,045,399,407
		9,407,303,680	8,157,735,784
<b>Net assets</b>		2,099,561,659	2,181,204,485
<b>Reconciliation to carrying amount</b>			
Opening net assets		2,181,204,485	2,097,560,567
Profit for the year		63,791,067	83,643,918
Other comprehensive loss for the year		(145,433,893)	-
Closing net assets		2,099,561,659	2,181,204,485

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees Un-audited	2017 Rupees Audited
<b>Summarised Balance Sheet</b>		
Company's share percentage <b>13.32%</b> (2017: 13.32%)		
Company's share	279,661,613	290,536,437
Miscellaneous adjustments	165,550	165,551
Adjustment based on last year audited financial statements	-	(3,905,821)
Carrying amount of investment	279,827,163	286,796,167
<b>Summarised Statement Profit or Loss</b>		
Sales	11,871,560,710	9,195,694,096
Profit before taxation	105,161,016	169,483,555
Profit after taxation	63,791,067	83,643,918
<b>7.3 Roomi Fabrics Limited (RFL)</b>	<b>2018 Rupees</b>	<b>2017 Rupee</b>
4,000,000 (2017: 4,000,000) ordinary shares of of Rs.10 each - cost	40,000,000	40,000,000
Equity held: 18.18% (2017: 18.18%)		
Post acquisition profit brought forward	623,886,968	507,665,878
	663,886,968	547,665,878
Share of profit for the year	50,738,462	122,766,604
Share of Other comprehensive loss for the year	(148,732,728)	-
Adjustment based on last year's audited financial statements	(5,770,026)	(6,545,514)
	560,122,676	663,886,968

**7.3.1** 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.

**7.3.2** The summary of financial information of RFL based on its financial statements for the year ended June 30, 2018 is as follows:

	2018 Rupees Un-audited	2017 Rupee Audited
<b>Summarized Statement of Financial Position</b>		
Non-current assets	3,560,393,922	3,372,577,587
Current assets	8,850,507,297	7,390,721,696
	12,410,901,219	10,763,299,283
Non-current liabilities	1,479,956,876	1,132,347,326
Current liabilities	7,849,961,529	6,010,946,777
	9,329,918,405	7,143,294,103
<b>Net assets</b>	<b>3,080,982,814</b>	<b>3,620,005,180</b>

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees Un-audited	2017 Rupee Audited
<b>Reconciliation to carrying amount</b>		
Opening net assets	3,620,005,180	2,976,459,648
Profit for the year	279,089,450	643,545,532
Other Comprehensive loss for the year	(818,111,816)	-
Closing net assets	3,080,982,814	3,620,005,180

	Note	2018 Rupees	2017 Rupees
Company's share percentage <b>18.18%</b> (2017:18.18%)			
Company's share		560,122,676	658,116,942
Adjustment for last year profit based on audited financial statements		-	5,770,026
Carrying amount of investment		560,122,676	663,886,968
<b>Summarized Statement Profit or Loss</b>			
Sales		9,787,846,721	7,197,880,075
Profit before taxation		433,055,171	832,284,220
Profit after taxation		279,089,450	643,545,532

## 7.4 Orient Power Company (Pvt.) Limited (OPCL)

45,842,500 (2017:45,842,500) ordinary shares of Rs.10 each - cost		
Equity held: 11.01% (2017: 11.01%)	542,925,000	542,925,000

**7.4.1** The Company, on June 22, 2010, had entered into a shares subscription agreement with OPCL, which is engaged in generation of electric power. The project is located near Balloki, District Kasur, Punjab. As per the agreement terms, the Company had agreed to purchase 27,500,000 shares of OPCL at a price of Rs.11 per share.

**7.4.2** The Company, during the financial year ended June 30, 2011, had acquired 36,500,000 shares at a price of Rs.11 per share as per the shares subscription agreement entered into with OPCL and 3,342,500 right shares at a price of Rs.10 per share.

**7.4.3** The Company, during the preceding year, has acquired further 6,000,000 shares of OPCL at a price of Rs.18 per shares from the chief executive of OPCL.

## 8. STORES, SPARES AND LOOSE TOOLS

Stores including in-transit inventory valuing Rs.127.419 (2017: Rs. 37.710) million	374,239,887	196,008,835
Spares	4,469,332	8,255,079
Loose tools	456,490	399,148
	379,165,709	204,663,062

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

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

9. STOCK IN TRADE	Note	2018 Rupees	2017 Rupees
Raw materials including in-transit inventory valuing Rs. 184.312 million (2017: Rs.516.144 million)		3,610,903,781	2,691,891,667
Work-in-process		145,020,952	99,058,146
Finished goods		467,253,526	545,355,306
		4,223,178,259	3,336,305,119

## 10. TRADE DEBTS

Unsecured - considered good			
- local		461,635,947	452,154,757
Secured			
- local	10.1	34,350,933	71,494,399
- export	10.2	1,729,310,476	1,688,722,113
		1,763,661,409	1,760,216,512
		2,225,297,356	2,212,371,269

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

**10.2** Jurisdiction wise breakup of export debtors is provided in note 33.3.2.

## 11. LOANS AND ADVANCES

Advances to:			
- executives		678,824	1,290,693
- employees		10,358,073	9,187,195
- suppliers and contractors		113,249,265	206,162,720
Advances for purchase of shares	11.1 & 11.2	784,226,583	490,000,000
Advance for purchase of property	12.1	274,096,460	-
Deposit with Sui Northern Gas Pipelines Ltd.	22.2	75,221,140	16,508,070
Letters of credit		573,375	1,391,306
		1,258,403,720	724,539,984

**11.1** During the year ended June 30, 2016, the Company had entered into an agreement with PNO Waste Management (Pvt.) Ltd., Karachi and Al-Arz (Pvt.) Ltd. (a wholly owned subsidiary of PNO). Al-Arz had entered into an agreement with Siemens (Pakistan) Engineering Co. Ltd. for acquisition of real estate and in this regard, required finances. The Company had made available the investment amounts for the said purpose, which were convertible into equity of Al-Arz at the option of the Company.

During the current year, PNO failed to fulfill its terms and conditions as per the agreement and returned the amount of advance.

**11.2** During the current year, the Company has entered into share purchase agreement with DEG - Deutsche, a company incorporated in Germany, for further purchase of 41,493,470 shares of Orient Power Company (Private) Limited (Note 7.4) at Rs. 18.90 per share (equivalent USD 6,781,034). The Company, after issue of shares has option to dispose off these shares to any of its Associates or to retain them as deem appropriate on the basis of approval of Board of Directors.

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

12. OTHER RECEIVABLES	Note	2018 Rupees	2017 Rupees
Cotton claims receivable		10,253,720	10,615,290
Receivable against sale of shares	12.1	-	38,398,889
Insurance claims receivable		61,464,884	24,616,020
Containers' deposits		710,378	632,534
Duty drawback receivable on export sales		407,859,606	148,223,492
Others		6,613,935	1,819,826
		486,902,523	224,306,051

- 12.1** During the year the Company adjusted the amount receivable from Three Star Hosiery Mills (Pvt.) Limited [TSHM] against purchase of plots. This receivable was recognized against sale of 4,284,457 shares of Dandot Cement Company Limited (DCCL) sold at the rate of Rs.19.50 per share vide agreement dated September 11, 2008. These shares were sold against post dated cheques of Rs.83.546 million, which could not be en-cashed on their due dates.

Initially, the Company had transferred one million shares to a director of TSHM on May 29, 2008 whereas another transfer of one million shares to the same director of TSHM was made on June 02, 2008. Against both the transfers, the Company had received two post dated cheques, which were due on August 18, 2008 and September 16, 2008 respectively. Later on, at the request of TSHM, the Company had entered into an agreement for sale of all the shares of DCCL including the balance left with it and its Associated Companies. The Company had handed-over to TSHM CDC transfer orders and against them TSHM issued post dated cheques; the aforementioned two cheques were also included in that agreement with new payment dates.

The Company, through its legal counsel, had issued legal notices to TSHM for recovery of outstanding amounts and mark-up thereon on March 31, 2009 and May 20, 2009; TSHM failed to make payments even in response to the legal notices issued by the Company. Consequently, the Company had filed a suit in the Court of District Judge, Multan for recovery of the outstanding amounts along with mark-up at the rate of 3-months KIBOR + 2% per annum to be calculated on daily product basis from date of the cheques till the final realization of the amount due. Mark-up on the balance receivable from TSHM was Rs. 76.580 million approximately till June 30, 2017, which has not been accrued in these financial statements. The suit has been decreed along with costs vide order dated May 02, 2015 by the Additional District Judge, Multan.

The management, during the year ended June 30, 2015, had transferred the remaining 678,000 shares having carrying value of Rs.13.221 million to short term investments as it had no intention to sell these shares to TSHM. These shares were part of the total holding of 4,284,457 shares sold to TSHM; however, TSHM had not accepted ownership of these shares and these shares were in the CDC account of the Company. Receivable from TSHM was reduced with Rs.13.221 million. Further, the Company during September, 2014 had received an amount of Rs. 601,111 from TSHM.

During the year, TSHM has offered to settle the outstanding amount by transferring 7 plots located at Gardezi Colony, Quaid-e-Azam Road, Multan Cantt with a condition that the Company will not claim any markup to TSHM. The Company with the approval of Board of Directors, has accepted this offer and paid an additional amount of Rs. 235,697,571 for purchase of these plots as disclosed in note 11. The management has intention to sell these plots in near future and will hold these plots as available for sale.

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>13. SHORT TERM INVESTMENTS - Quoted</b> (at fair value through profit or loss)			
Soneri Bank Limited (SBL) 47,628,000 (2017: 42,427,344) shares of Rs. 10 each		692,270,077	614,035,634
Lalpir Power Limited (LPL) 29,929,500 (2017: 36,897,000) shares of Rs.10 each		615,936,700	816,752,878
Arif Habib Corporation Limited (AHC) 13,634,500 (2017: 12,709,500) shares of Rs.10 each		556,813,467	501,389,775
Jahangir Siddiqui & Company Limited (JSCL) 24,602,500 (2017: 13,158,500) shares of Rs.10 each		514,208,573	336,746,981
Bank Alfalah Limited (BAL) Nil (2017: 10,097,500) shares of Rs.10 each		-	447,073,816
TPL Properties Limited (TPLP) 200,000 (2017: Nil) shares of Rs.10 each		2,106,990	-
Hira Textile Mills Limited (HIRAT) 1,120,500 (2017: Nil) shares of Rs.10 each		7,860,607	-
Pakgen Power Limited (PKGP) 5,827,000 (2017: Nil) shares of Rs.10 each		129,671,630	-
		2,518,868,044	2,715,999,084
Adjustment on re-measurement to fair value	28	(285,104,925)	(105,698,492)
		2,233,763,119	2,610,300,592
<b>13.1</b> 47.401 million (2017: 34 million) shares of SBL, 29.100 million (2017: 28.500 million) shares of LPL, 13.630 million (2017: 12.700 million) shares of AHC, 23.935 million (2017: nil) shares of JSCL and 5.500 million (2017: nil) shares of PKGP, nil (2017: 3.500 million) shares of BAL are pledged with various commercial banks as security for short term finance facilities utilized.			
<b>14. TAX REFUNDS DUE FROM THE GOVERNMENT</b>			
Income tax refundable, advance tax and tax deducted at source		188,067,759	148,392,842
Sales tax refundable		192,156,325	195,490,883
		380,224,084	343,883,725
<b>15. CASH AND BANK BALANCES</b>			
Cash-in-hand		4,584,939	2,708,545
Cash-in-transit		4,571,956	4,450,030
Cash at banks on:			
- current accounts		23,087,394	6,155,927
- saving accounts	14.1	118,455	46,131
		23,205,849	6,202,058
		32,362,744	13,360,633

**15.1** These carry profit at the rates ranging from 2.5% to 3% (2017: 2.5% to 3%) per annum.



# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

## 16. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2018	2017		2018	2017
(No. 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 Ltd. 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

16.1 Ordinary shares held by the related parties at the reporting date are as follows:	2018	2017
	-- Number of shares --	
Masood Spinning Mills Limited	447,540	442,140
Roomi Fabrics Limited	464,462	440,054
	912,002	882,194

**16.2** 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.

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

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

17. LONG TERM FINANCING - Secured	Note	2018	2017
		Rupees	Rupees
<b>From banking companies</b>			
Habib Bank Limited (HBL)	17.1	100,852,423	112,326,234
MCB Bank Limited (MCB)	17.2	512,494,504	526,430,134
Meezan Bank Limited (MBL)	17.3	231,320,611	299,208,453
United Bank Limited (UBL)	17.4	482,186,372	206,415,677
Allied Bank Limited (ABL)	17.5	458,835,527	-
Bank Al Habib Limited (BAH)	17.6	510,000,000	-
Balance as at June 30,		2,295,689,437	1,144,380,498
Less: current portion grouped under current liabilities:			
- HBL		18,913,210	53,005,302
- MCB		92,589,390	75,000,000
- MBL		72,229,862	70,058,852
- UBL		55,354,870	84,832,429
- ABL		4,253,536	-
		243,340,868	282,896,583
		2,052,348,569	861,483,915

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

		No. of instalments and repayment commencement date	Rate of mark-up per annum	2018 Rupees	2017 Rupees
17.1	<b>HBL</b>				
	Demand Finance - II	24 quarterly April, 2012	1% over 3 months KIBOR	-	1,104,894
	Demand Finance - III	24 quarterly April, 2012	-do-	-	2,204,195
	Demand Finance - IV	24 quarterly May, 2012	-do-	-	10,849,575
	Demand Finance - V	24 quarterly June, 2012	-do-	-	7,462,350
	Demand Finance - VI	24 quarterly October, 2012	-do-	1,958,784	9,793,952
	Demand Finance - VII	24 quarterly May, 2013	-do-	1,295,136	3,021,984
	Demand Finance - VIII	24 quarterly August, 2014	-do-	5,917,900	8,876,850
	Demand Finance - IX	24 equal quarterly February, 2017	-do-	7,519,425	9,190,408
	- Finance No. 4	24 equal quarterly April, 2012	-do-	-	1,104,894
	- Finance No. 5	24 equal quarterly October, 2012	-do-	1,542,125	7,710,625
	- Finance No. 6	24 equal quarterly May, 2013	-do-	1,295,130	3,021,984
	- Finance No. 7	24 quarterly March, 2017	5% flat	6,928,392	8,468,036
	- Finance No. 8	24 quarterly April, 2017	5% flat	7,566,035	9,158,887
	- Finance No. 9	24 quarterly September, 2017	3% flat	25,298,000	30,357,600
	- Finance No. 10	32 quarterly December, 2019	2.50% flat	19,173,700	-
	- Finance No. 11	32 quarterly January, 2020	2.50% flat	20,502,796	-
	- Finance No. 12	32 quarterly December, 2019	2.50% flat	1,855,000	-
				100,852,423	112,326,234

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

17.2	MCB	No. of instalments and repayment commencement date	Rate of mark-up per annum	2018	2017
				Rupees	Rupees
	Demand Finance - I	12 half-yearly April, 2014	1.25% over 6 months KIBOR	112,500,000	187,500,000
	Demand Finance-II	16 half-yearly April, 2019	1.00 % over 6 months KIBOR	42,479,310	57,499,686
	<b>State Bank of Pakistan Export Oriented Projects Finance No.1</b>	16 half-yearly April, 2019	2.75 % flat	357,515,194	281,430,448
				512,494,504	526,430,134
17.3	<b>MBL</b>				
	Diminishing Musharakah - I	10 half-yearly May, 2015	1% over 6 months KIBOR	14,563,688	24,272,816
	Diminishing Musharakah - II	12 half-yearly June, 2015	-do-	13,026,059	15,197,069
	Diminishing Musharakah - III	12 half-yearly July, 2015	-do-	20,597,722	27,463,628
	Diminishing Musharakah - IV	12 half-yearly August, 2015	-do-	10,964,072	14,618,762
	Diminishing Musharakah - V	12 half-yearly August, 2015	-do-	2,758,020	3,677,360
	Diminishing Musharakah - VI	12 half-yearly September, 2015	-do-	13,912,694	18,550,258
	Diminishing Musharakah - VII	12 half-yearly October, 2015	-do-	15,673,360	20,897,814
	Diminishing Musharakah - VIII	12 half-yearly July, 2016	-do-	9,689,280	12,111,600
	Diminishing Musharakah - IX	12 half-yearly July, 2016	-do-	47,668,400	59,585,500
	Diminishing Musharakah - X	12 half-yearly August, 2016	-do-	31,225,600	39,032,000
	Diminishing Musharakah - XI	12 half-yearly October, 2016	-do-	12,655,526	15,819,408
	Diminishing Musharakah - XII	12 half-yearly November, 2016	-do-	22,876,231	28,595,289
	Diminishing Musharakah - XIII	12 half-yearly December, 2016	-do-	6,691,959	8,364,949
	Diminishing Musharakah - XIV	12 half-yearly January, 2017	-do-	9,018,000	11,022,000
				231,320,611	299,208,453

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

17.4	UBL	No. of instalments and repayment commencement date	Rate of mark-up per annum	2018 Rupees	2017 Rupees
	Demand Finance-NIDF-VIII	10 half-yearly July, 2013	1.75% over 6 months KIBOR	-	9,753,380
	Demand Finance-NIDF-X	10 Half-yearly August, 2012	-do-	-	9,951,058
	Demand Finance-NIDF-XI	10 Half-yearly April, 2014	-do-	16,023,124	48,069,364
	Demand Finance - NIDF-XII	16 half-yearly June, 2020	0.75% over 6 months KIBOR	101,244,000	-
	<b>State Bank of Pakistan - Export Oriented Projects</b>				
	- Finance No. 15	16 Half-yearly May, 2012	10.5% flat	13,060,125	21,766,875
	- Finance No. 16	16 Half-yearly July, 2012	11.2% flat	11,250,000	16,875,000
	- Finance No. 17	16 Half yearly November, 2017	5% flat	81,250,003	100,000,000
	- Finance No.18	16 half-yearly June, 2020	2.5% flat	259,359,120	-
				482,186,372	206,415,677
17.5	ABL				
	Demand Finance	16 half-yearly May, 2020	0.5% over 6 months KIBOR	153,911,930	-
	Finance 1	16 half-yearly May, 2020	2.5% flat	264,514,981	-
	Finance 2	39 quarterly May, 2018	2.5% flat	40,408,616	-
				458,835,527	-
17.6	BAH				
	Finance 1	16 equal quarterly September, 2020	2.45% flat	510,000,000	-
				510,000,000	-

**17.7** The finance facilities available from HBL are secured against first charge of Rs. 560 million on entire fixed assets on land (consisting total area of 219 kanals and 6 marlas), building and plant & machinery on unit located at Multan Road, Muzaffargarh.

**17.8** 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.

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

- 17.9** 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.
- 17.10** 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.
- 17.11** 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.
- 17.12** 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.
- 17.13** The effective mark-up rates that prevailed during the year on these finance facilities ranged from 2.45% to 11.20% (2017: 2.75% to 11.20%) per annum.

18. TRADE AND OTHER PAYABLES	Note	2018	2017
		Rupees	Rupees
Creditors		219,438,069	112,984,957
Bills payable - secured	18.1	133,910,013	293,146,915
Due to an associated undertaking	18.2	5,031,480	30,088,913
Accrued expenses		819,842,215	589,376,701
Advances from customers		48,557,924	40,045,172
Tax deducted at source		8,700,266	9,543,787
Workers' (profit) participation fund - allocation for the year		12,095,939	13,412,308
Workers' welfare fund		39,155,252	39,155,252
Others		8,558,675	8,232,328
		1,295,289,833	1,135,986,333

**18.1** These are secured against the securities as detailed in note 20.2.

**18.2** This represents amounts payable to M/s Khawaja Muzaffar Mahmood Muhammad Masood on account of normal trading transactions.

## 19. ACCRUED MARK-UP

Mark-up accrued on:			
- long term financing		21,807,731	15,036,566
- short term borrowings		184,296,297	101,924,791
		206,104,028	116,961,357

## 20. SHORT TERM BORROWINGS - Secured

- Short term borrowings - secured	20.1	2,332,320,690	1,856,881,680
- Short term running finances - secured	20.1	7,305,932,038	5,104,551,275
		9,638,252,728	6,961,432,955
Temporary bank overdraft - unsecured		910,104	68,429,504
		9,639,162,832	7,029,862,459

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

**20.1** Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs. 17,100 million (2017: Rs. 12,050 million) including facilities aggregating Rs. 1,400 million (2017: Rs. 950 million) available on Group basis. These finance facilities, during the year, carried mark-up at the rates ranging from 6.55% to 7.76% (2017: 6.79% to 7.28%) 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 April 30, 2019.

**20.2** Facilities available for opening letters of credit and guarantee from various commercial banks aggregate Rs. 6,297 million (2017: Rs. 6,693 million) including facilities aggregating Rs. 2,350 million (2017: Rs. 1,100 million) available on Group basis. Out of the available facilities, facilities aggregating Rs. 6,024 million (2017: Rs. 4,957 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 April 30, 2019.

21. TAXATION - Net	Note	2018	2017
		Rupees	Rupees
Opening balance		157,000,000	174,000,000
Add: provision made during the year:			
- current [net of tax credit under section 65B of the Ordinance amounting Rs.172.332 million (2017: Rs.50.037 million)]	21.3	62,500,000	157,000,000
- prior years - net		73,046	(7,052,834)
Tax expense for the year - net	21.1	62,573,046	149,947,166
		219,573,046	323,947,166
Less: payments / adjustments made during the year against completed assessments		157,073,046	166,947,166
Closing balance		62,500,000	157,000,000
<b>21.1 Tax expense for the year - net</b>			
current - provision made		62,573,046	149,947,166
		62,573,046	149,947,166

**21.2** 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, 2017 (tax year 2017).

**21.3** 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.

**21.4** According to management, the tax provision made in the financial statements is sufficient. A comparison of last three years of income tax provision with tax assessed is presented below:

	2017	2016	2015
	Rupees		
Income tax provision as per financial statements	157,000,000	174,000,000	160,500,000
Income tax as per tax assessment	156,573,047	166,947,166	160,536,925

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

## 22. CONTINGENCIES AND COMMITMENTS

**22.1** Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs. 570.452 million as at June 30, 2018 (2017: Rs. 403.683 million).

**22.2** 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 11). If the case is decided in the Company's favour, the Company will receive back the demand paid under protest.

**22.3** 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.

**22.4** 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, 2018. The management, during year ended June 30, 2013, had expensed the advance of Rs.16.245 million.

**22.5** Foreign bills discounted outstanding as at June 30, 2018 aggregated Rs.929.535 million (2017: Rs. 966.383 million).

	2018	2017
	(Rupees in million)	
<b>22.6</b> Commitments for irrevocable letters of credit:		
- capital expenditure	81.280	908.102
- others	192.146	131.033
	273.426	1,039.135



# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

23. SALES - Net	Note	2018 Rupees	2017 Rupees
<b>LOCAL</b>			
- yarn		2,034,662,967	2,078,330,471
- cloth		215,060,083	71,427,921
- waste		566,618,601	424,688,159
- doubling / sizing income		9,970,772	13,223,697
- cotton		173,982,832	82,351,795
	23.1	3,000,295,255	2,669,261,802
<b>EXPORT</b>			
- yarn		12,013,405,230	10,354,274,244
- cloth		2,974,013,642	2,636,570,782
- waste		167,978,543	87,839,948
	23.2	15,155,397,415	13,078,684,974
		18,155,692,670	15,748,707,017
Sales tax		(1,548,672)	(760,241)
		18,154,143,998	15,747,946,776

**23.1** 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.

**23.2** Gain aggregating Rs.123.751 million - net (2017: gain aggregating Rs.93.460 million - net) arisen upon realization of foreign currency export debtors has been grouped under export sales.

## 24. COST OF SALES

Raw materials consumed	24.1	13,371,900,233	11,625,906,840
Stores and spares		279,643,712	312,819,058
Packing materials consumed		227,353,567	193,749,160
Salaries, wages and benefits	24.3	1,049,319,840	968,982,641
Power and fuel		1,459,278,853	1,227,634,182
Repair and maintenance		16,967,053	19,927,441
Depreciation	6.5	350,423,491	300,860,088
Insurance		56,506,751	74,298,903
Doubling charges		30,370,344	13,979,491
		16,841,763,844	14,738,157,804
Adjustment of work-in-process			
Opening		99,058,146	82,575,952
Closing	9	(145,020,952)	(99,058,146)
		(45,962,806)	(16,482,194)
<b>Cost of goods manufactured</b>		16,795,801,038	14,721,675,610
Adjustment of finished goods			
Opening stock		545,355,306	565,713,789
Closing stock	9	(467,253,526)	(545,355,306)
		78,101,780	20,358,483
		16,873,902,818	14,742,034,093

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

		2018	2017
		Rupees	Rupees
<b>24.1 Raw materials consumed</b>			
Opening stock		2,691,891,667	1,894,666,795
Purchases and purchase expenses		12,034,172,651	10,261,850,647
Transfer from Ginning Section - net	24.4	2,243,210,331	2,148,778,148
		14,277,382,982	12,410,628,795
Less: closing stock	9	16,969,274,649 (3,610,903,781)	14,305,295,590 (2,691,891,667)
Cotton cess		13,358,370,868 13,529,365	11,613,403,923 12,502,917
		13,371,900,233	11,625,906,840

**24.2** Insurance claims aggregating Rs. 5.591 million (2017: Rs. 20.822 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.

**24.3** Expense for the year includes staff retirement benefits - gratuity amounting Rs. 45.699 million (2017: Rs. 39.886 million).

## 24.4 Production Cost of Ginning Section - Net

Raw materials consumed including local taxes aggregating Rs. 6.202 million (2017: Rs.4,196 million)	2,834,170,712	2,603,236,004
Lease charges	1,900,000	1,900,000
Salaries, wages and benefits	51,301,356	50,614,295
Travelling and conveyance	1,171,903	849,086
Repair and maintenance	12,860,727	13,323,442
Stores consumption	8,700,882	8,015,454
Utilities	32,835,126	25,001,872
Entertainment	1,138,826	1,158,374
Stationery	176,092	205,760
Communication	238,934	224,319
Insurance	5,099,439	6,465,500
Bank charges	6,673,871	6,368,738
Others	2,517,568	2,441,176
	2,958,785,436	2,719,804,020
Less: adjustment of cotton seed	715,675,105	571,025,872
Transferred to Spinning Section	2,243,110,331	2,148,778,148

**24.5** 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.

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

		2018	2017
		Rupees	Rupees
<b>25. DISTRIBUTION COST</b>			
Advertisement		1,545,246	286,732
Export expenses		160,571,246	118,042,295
Commission		213,882,587	180,574,119
Export development surcharge		25,219,950	17,983,058
Freight and other expenses		72,092,187	53,323,301
		473,311,216	370,209,505
<b>26. ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	26.1	120,872,208	92,515,778
Travelling and conveyance	26.2	58,194,606	58,929,094
Rent, rates and taxes		1,129,828	1,446,460
Entertainment		23,647,400	15,027,249
Utilities		3,440,033	6,862,219
Communication		17,597,323	15,893,933
Printing and stationery		6,547,797	5,232,027
Insurance		3,615,430	3,414,073
Repair and maintenance		17,594,152	20,176,781
Vehicles' running and maintenance		13,291,740	15,193,542
Subscription and licencing fees		12,386,037	8,420,032
Auditors' remuneration:			
- statutory audit		1,000,000	1,000,000
- half yearly review		125,000	110,000
- certification charges		11,500	11,500
		1,136,500	1,121,500
Legal and professional charges (other than Auditors)		2,139,625	1,506,755
Depreciation	6.5	25,946,054	20,002,154
General		12,738,197	20,865,424
		320,276,930	286,607,021
<b>26.1</b>		Expense for the year includes staff retirement benefits - gratuity amounting Rs.7.872 million (2017: Rs.6.253 million).	
<b>26.2</b>		These include directors' travelling expenses aggregating Rs.39.348 million (2017: Rs.44.809 million).	
<b>27. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Dividends		236,620,775	229,320,180
Realized gain on sale of short term investments at fair value through profit or loss - net		126,779,704	165,675,663
Exchange fluctuation gain - net		54,049,079	7,627,660
<b>Income from non-financial assets</b>			
Rent		-	4,183,964
Duty drawback on export sales		383,221,437	153,887,504
		800,670,995	560,694,971

FOR THE YEAR ENDED JUNE 30, 2018

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

## 32. 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, weaving and power. 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 and Power	Weaving	Total
	----- Rupees -----		
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
Year ended June 30, 2017			
Revenue	12,981,516,152	2,766,430,624	15,747,946,776
Segment results	216,292,299	132,803,858	349,096,157

	2018 Rupees	2017 Rupees
Reconciliation of segment results with profit from operations:		
Total results for reportable segments	486,653,034	349,096,157
Other Income	800,670,995	560,701,813
Other expenses	(314,735,415)	(123,602,733)
Finance cost	(742,765,764)	(471,377,372)
Profit from Associates	57,371,227	152,341,837
Profit before taxation	287,194,077	467,152,860

Information on assets and liabilities by segment is as follows:

	Spinning	Weaving	Total
	----- Rupees -----		
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
As at June 30, 2017			
Segment assets	8,880,760,800	925,436,008	9,806,196,808
Segment liabilities	1,009,383,141	114,962,382	1,124,345,523

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

Reconciliation of segments assets and liabilities with totals in the balance sheet is as follows:

	As at June 30, 2018		As at June 30, 2017	
	Assets	Liabilities	Assets	Liabilities
	----- Rupees -----			
Total for reportable segments	13,392,036,503	12,987,856,991	9,806,196,808	1,124,345,523
Unallocated assets / liabilities	4,813,451,369	513,236,001	4,562,643,708	8,461,616,621
Total as per statement of financial position	18,205,487,872	13,501,092,992	14,368,840,516	9,585,962,144

Sales to domestic customers in Pakistan are 19.68% (2017: 16.95%) and to customers outside Pakistan are 80.32% (2017: 83.05%) 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.

## 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

### 32.1 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.

### 32.2 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) and Swiss Franc (CHF). The Company's exposure to foreign currency risk for U.S. \$, Euro, JPY and CHF is as follows:

2018	Rupees	U.S.\$	Euro	JPY	CHF
Trade debts	(1,729,310,476)	(14,249,427)	-	-	-
Bills payable	133,910,013	1,024,971	7,086	6,751,251	8,605
Gross statement of financial position exposure	(1,595,400,463)	(13,224,456)	7,086	6,751,251	8,605
Outstanding letters of credit	273,426,000	1,861,368	335,775	-	-
Net exposure	(1,321,974,463)	(11,363,088)	342,861	6,751,251	8,605

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

2017	Rupees	U.S.\$	Euro	JPY	CHF
Trade debts	(1,688,722,113)	(16,113,760)	-	-	-
Bills payable	293,146,915	2,606,959	179,928	-	-
<b>Gross statement of financial position exposure</b>	<b>(1,395,575,198)</b>	<b>(13,506,801)</b>	<b>179,928</b>	<b>-</b>	<b>-</b>
Outstanding letters of credit	1,039,134,781	2,759,396	6,202,500	4,516,000	-
<b>Net exposure</b>	<b>(356,440,417)</b>	<b>(10,747,405)</b>	<b>6,382,428</b>	<b>4,516,000</b>	<b>-</b>

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2018	2017	2018	2017
U.S. \$ to Rupee	109.97	104.85	121.36 / 121.40	104.80 / 105
EURO to Rupee	131.32	118.23	141.33	120.14
JPY to Rupee	0.9976	0.980	1.10	0.94
CHF to Rupee	113.32	-	122.11	-

## Sensitivity analysis

At June 30, 2018, if Rupee had strengthened by 10% against U.S.\$, Euro, JPY and CHF 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.

	2018	2017
Effect on profit for the year:	Rupees	Rupees
U.S. \$ to Rupee	(160,491,998)	(141,551,274)
Euro to Rupee	100,146	2,161,655
JPY to Rupee	742,638	-
CHF to Rupee	105,076	-

The weakening of Rupee against U.S. \$, Euro, JPY, and CHF 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:

	2018	2017	2018	2017
	Effective mark-up rate		Carrying amount	
	%	%	----- (Rupees) -----	
<b>Fixed rate instruments</b>				
Financial assets				
Bank balances at saving accounts	2.5% to 3%	2.5% to 3%	118,455	46,131
<b>Variable rate instruments</b>				
Financial liabilities				
Long term financing	2.45% to 11.20%	2.75% to 11.20%	2,295,689,437	1,144,380,498
Short term borrowings	6.55 to 7.76%	6.79% to 7.28%	9,638,252,728	6,961,432,955



# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

## 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, 2018, 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.119.339 million (2017: Rs. 81.058 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. The Company is not exposed to any significant price risk.

### 33.3 Credit risk exposure and concentration of credit risk

Credit risk represents the risk of a loss if the counter party fails to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities 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.

Credit risk primarily arises from trade debts, investments, other receivables and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 60 to 90 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high credit ratings.

#### 33.3.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2018 along with comparative is tabulated below:

	2018 Rupees	2017 Rupees
Long term investments	542,925,000	542,925,000
Long term deposits	9,237,521	8,732,521
Trade debts	2,225,297,356	2,212,371,269
Loans and advances	11,036,897	10,477,888
Other receivables	486,902,523	224,306,051
Short term investments	2,233,763,119	2,610,300,592
Bank balances	23,205,849	6,202,058
	5,532,368,265	5,615,315,379

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

33.3.2 Trade debts exposure by geographic region	2018	2017
	Rupees	Rupees
Domestic	495,986,880	523,649,156
Export	1,729,310,476	1,688,722,113
	2,225,297,356	2,212,371,269

Detail of outstanding trade debts in respect of export sales as on June 30, 2018 are as follows:

Country	Total export sales made to outstanding debtors	Amount outstanding	Mode of contract
	----- Rupees -----		
China	4,809,863,956	733,827,945	Letters of credit
Bangladesh	891,999,778	280,330,175	-do-
Japan	866,489,011	167,247,643	-do-
Portugal	340,347,996	132,894,243	-do-
Turkey	761,050,687	86,545,511	-do-
Hong Kong	356,226,237	63,997,492	-do-
Egypt	137,097,686	55,420,349	-do-
Belgium	256,454,482	53,364,724	-do-
Others	1,320,113,446	155,682,394	-do-
	9,739,643,279	1,729,310,476	

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

The ageing of trade debts at the year-end was as follows:	2018	2017
	Rupees	Rupees
Not past due	1,856,010,832	2,139,710,394
Past due Less than 3 months	181,133,136	71,723,379
Past due less than 6 months	184,622,180	210,093
Past due more than 6 months	3,531,208	727,403
	2,225,297,356	2,212,371,269

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs. 1,859 million (2017: Rs. 1,774 million) have been realized subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realized in short course of time. Further, export debts are secured through letters of credit.

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

## Credit rating

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

	Rating Agency	Credit Rating Short Term	Long Term	Date of Rating
Bank Alfalah Limited	PACRA	A1+	AA+	June/18
Bank Al-Habib Limited	PACRA	A1+	AA+	June/18
Bank Islami Pakistan Limited	PACRA	A1+	A+	June/18
Habib Bank Limited	JCR-VIS	A-1+	AAA	June/18
MCB Bank Limited	PACRA	A1+	AAA	June/18
National Bank of Pakistan	JCR-VIS	A-1+	AAA	June/18
Soneri Bank Limited	PACRA	A1+	AA-	June/18
Standard Chartered Bank Limited	PACRA	A1+	AAA	June/18
Summit Bank Limited	JCR-VIS	A-1	A-	June/18
The Bank of Punjab	PACRA	A1+	AA	June/18
United Bank Limited	JCR-VIS	A-1+	AAA	June/18

## 33.4 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
<b>2018</b>	-----Rupees-----				
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	11,294,50,569	1,291,508,004	837,383,417
<b>2017</b>					
Long term financing	1,144,380,498	1,377,012,701	351,165,827	846,416,742	179,430,132
Short term borrowings	7,029,862,459	7,029,862,459	7,029,862,459	-	-
Trade and other payables	1,033,829,814	1,033,829,814	1,033,829,814	-	-
Unclaimed dividend	1,771,497	1,771,497	1,771,497	-	-
Accrued mark-up	116,961,357	116,961,357	116,961,357	-	-
	9,326,805,625	9,559,437,828	8,533,590,954	846,416,742	179,430,132

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.

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

## 33.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

At June 30, 2018, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

## 34. 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, 2018			June 30, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- Rupees -----					
Short term investments	2,233,763,119	-	-	2,610,300,592	-	-

## 35. 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.

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.

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

## 36. REMUNERATION OF DIRECTOR AND EXECUTIVES

	Director		Executives	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Managerial remuneration	9,600,000	6,100,000	22,899,872	11,263,942
Bonus	0	0	923,750	647,714
Retirement benefits - gratuity	0	0	1,448,727	964,672
Other perquisites and benefits	0	0	1,545,307	817,337
	9,600,000	6,100,000	26,817,656	13,693,665
Number of persons	1	1	11	6

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

**36.2** Comparative figures have been restated to reflect changes in the definition of executives as per the Companies Act, 2017.

## 37. 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:

	2018 Rupees	2017 Rupees
- Sale of goods	1,355,948,338	1,303,786,540
- Purchase of goods	1,107,720,695	508,972,609
- Doubling charges	6,762,953	5,788,151
- Doubling revenue	9,710,775	10,270,757

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

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

38. CAPACITY AND PRODUCTION		2018	2017
<b>Yarn</b>			
Number of spindles installed		109,008	111,072
Number of spindles-shift worked		118,223,424	116,066,542
Production capacity at 20's count			
1,095 shifts (2017: 1,096 shifts)	Kgs.	44,374,137	43,107,057
Actual production converted into 20's count	Kgs.	39,195,689	39,076,662
<b>Cloth</b>			
Number of looms installed		196	100
Number of looms-shifts worked		134,638	109,800
Installed capacity at 60 picks			
1,096 shifts (2017: 1,096 shifts)	mtrs.	51,246,654	23,904,552
Actual production converted into 60 picks	mtrs.	28,413,042	23,858,328
<b>Power House</b>			
Number of generators installed		10	9
Number of shifts worked		1,095	1,096
Generation capacity in Mega Watts		22	19
Actual generation in Mega Watts		19	16

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. Further, new looms were installed in May 2018 therefore, actual production does not increase with same proportion to installed capacity.

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.

39. NUMBER OF EMPLOYEES		2018	2017
		--- Numbers ---	
Number of persons employed as at June 30,			
- permanent (Admin)		150	140
- permanent (Mills)		2,525	1912
- contractual (Mills)		379	287
Average number of employees during the year			
- permanent (Admin)		145	143
- permanent (Mills)		2,495	1,872
- contractual (Mills)		366	275

## 40. EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on October 06, 2018 has proposed a final cash dividend of Rs.2.50 per share (2017: Rs. 9 per share) for the year ended June 30, 2018. The financial statements for the year ended June 30, 2018 do not include the effect of proposed dividend amounting Rs.37.500 million (2017: Rs. 135 million), which will be accounted for in the financial statements for the year

# Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2018

ending June 30, 2019 after approval by the members in the annual general meeting to be held on October 27, 2018.

## 41. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 6th October, 2018 by the board of directors of the Company.

## 42. FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purposes of comparison and better presentation. Following major reclassification has been made:

Reclassified from	Reclassified to	2017 Rupees
Trade and other payables	Unclaimed dividend (Disclosed on the face of statement of financial position)	1,771,497

sd/-  
(KH. MUHAMMAD MASOOD)  
CHAIRMAN

sd/-  
(KH. MUHAMMAD IQBAL)  
CHIEF EXECUTIVE OFFICER

sd/-  
(KH. MUHAMMAD YUNUS)  
DIRECTOR

sd/-  
(MUHAMMAD AMIN PAL)  
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 48th Annual General Meeting of the Company to be held on Saturday, October 27, 2018 at  
 Company's Registered Office, Mehr Manzil Lohari Gate, Multan. and / or any adjournment thereof.

As witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

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:

- 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.
- 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.

- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- The proxy shall produce his original CNIC or original passport at the time of the meeting.
- 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

حاصل \_\_\_\_\_ عام حصص، محترم / محترمہ

ساکن \_\_\_\_\_ یا ان کے حاضر نہ ہو سکنے کی صورت میں۔

ساکن \_\_\_\_\_ کو اپنے / ہمارے ایما، پر کمپنی کے مورخہ 27 اکتوبر 2018ء بروز ہفتہ 11.00 بجے کمپنی کے رجسٹرڈ آفس مہر منزل، لوہاری گیٹ، ملتان میں ہونے والے 48 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 .....

رسیدی ٹکٹ پر دستخط

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

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

اہم نکات:

- 1۔ ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم مینٹنگ 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 کا عدم 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 مینٹنگ 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 Mahmood 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

Signature of Witness

Name: \_\_\_\_\_ Name: \_\_\_\_\_

CNIC/Passport No: \_\_\_\_\_ CNIC/Passport No: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_

### E-voting برطابق 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/میں Login تفصیلات، Password اور دیگر مطلوبہ معلومات بذریعہ E-mail ارسال کریں۔

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

ممبر کے دستخط

گواہ کے دستخط

گواہ کے دستخط

نام .....  
CNIC / پاسپورٹ نمبر .....  
ایڈریس .....

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, 2015.**

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:

[www.jamapunji.pk](http://www.jamapunji.pk)



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Securities and Exchange Commission of Pakistan

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\*These apps are also available for download for Android and iOS devices