5th

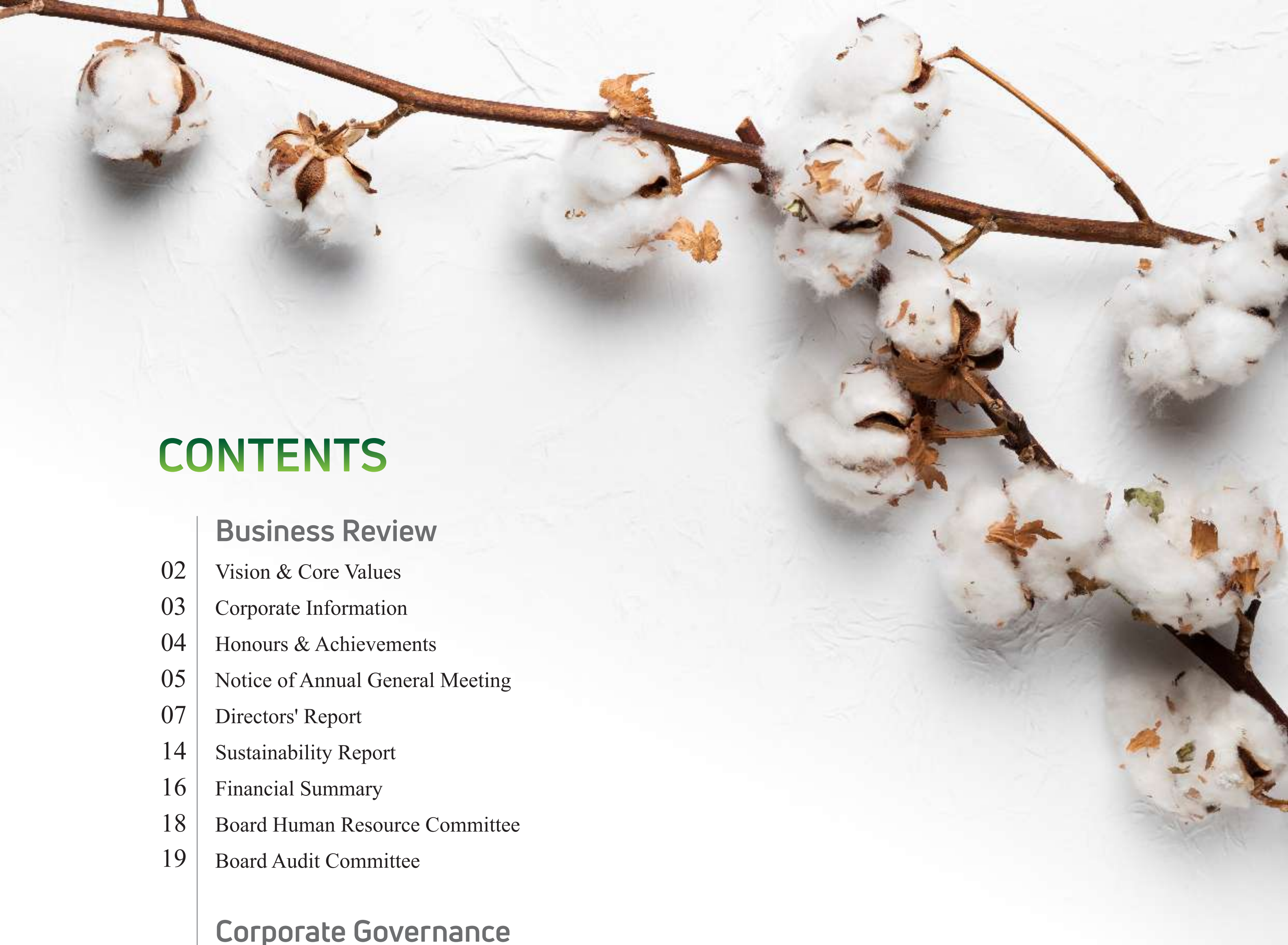
ANNIVERSARY

Integrated Annual Report 2019-2020

MAHMOOD GROUP

MAHMOOD TEXTILE MILLS LIMITED

Sustainable Innovation In Every Thread



CONTENTS

Vision

To continue to be recognized globally as a dynamic business group specialized in multiple modern diversified businesses with its credibility of value creation for all stakeholders and the society through its strategically align innovation and sustainability framework.

Core Values

- Integrety & Respect
- Innovation
- Empowerment
- Excellence
- Responsibility

Corporate Information

Board of Directors:

Khawaja Muhammad Ilyas	Chairman
Khawaja Muhammad Iqbal	Chief Executive Officer
Khawaja Muhammad Younus	Director
Mrs. Humera Jalaluddin	Director
Khawaja Muhammad Muzaffar Iqbal	Director
Khawaja Muhammad Anees	Director
Abdul Rehman Qureshi	Independent Director
Muhammad Asghar	Independent Director

Chief Financial Officer

Muhammad Amin Pal
FCA

Company Secretary

Yasir Ghaffar
ACA

Auditors

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

Stock Exchange Listing

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

Share Registrar

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

Bankers

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

Mills

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

Registered Office

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

Regional Office

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

Honours and Achievements

Notice of Annual General Meeting

Notice is hereby given that 50th Annual General Meeting of the Company will be held on Wednesday, 28th October, 2020 at 11.00 A.M., through video link facility at its registered office, Mehr Manzil, Lohari Gate, Multan to transact the following business:-

1- To confirm the minutes of the Extraordinary General Meeting held on 31st January, 2020

2- To receive, consider and approve the audited Financial Statements of the company for the year ended 30th June, 2020 together with director's and auditor's reports thereon.

3- To appoint auditors for the year 2020-21 and to fix their remuneration. The present Auditors M/s. Shinewing Hameed Chaudhri & Company, Chartered Accountants, Multan being eligible have offered themselves for re-appointment.

4- To transact any other business as may be placed before the meeting with the permission of the Chair.

By order of The Board of Directors

Sd/-
YASIR GHAFFAR
Company Secretary

Multan.
Date: 7th October, 2020.

NOTE:

i) The Share Transfer Books of the Company will remain closed from 18th October to 28th October, 2020 (Both days inclusive).

CORONA VIRUS CONTINGENCY PLANNING FOR ANNUAL GENERAL MEETING;

In the light of the continuing threat posed due to COVID-19 PANDEMIC The Securities and Exchange Commission of Pakistan (SECP) through Circular No.5 of 2020 dated March 17,2020 and Circular No.25 of 2020 dated August 31,2020 has directed listed Companies to modify their usual planning for annual general meetings through provision of video link facilities in order to protect the health and well-being of shareholders. Accordingly, the Company has decided to convene its 50th AGM through video link facility while honouring the quorum provisions. For this purpose, special arrangements have been made for the AGM which are as under:

a) AGM will be held through ZOOM application (a video link facility).

b) Members interested in attending the AGM through Zoom application will be requested to get themselves registered with our Head Office, at least 48th hours before the time of AGM at "mtm@mahmoodgroup.com" by providing the following details:

Full Name of Members/ Proxy holder	Company	*CNIC Number	Folio/CDC A/c No	**Email ID	Mobile Phone No.

*Members/proxy holders shall also copy of original CNIC or passport.
** Members/proxy holders are requested to provide active email addresses and mobile phone number.

Video link details and login credentials will be sent to members at their provided email address enabling them to attend the meeting on the given date and time.

Login facility will be opened thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process. Members will be able to login and participate in the AGM proceeding through their devices after completing all the formalities required for the identification and verification of the Members.

Members may send their comments and questions relating to the agenda items of the AGM at least two (2) working days before the AGM, at the given email address "mtm@mahmoodgroup.com". Members are requested to mention their full name. CNIC/Folio/Participant ID & A/C No. for this purpose.

VIDEO LINK FACILITY: At least seven days (7) prior to the date of the meeting, on the demand of members residing in a city who hold at least ten percent (10%) of the total paid up capital of the Company, the facility video-link will be provided to such members in that city enabling them to participate in the annual general meeting through video link facility.

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

iii) Any individual beneficial owner of CDC entitled to attend and vote at this meeting must bring his/her CNIC or Passport to prove his/her identity and in case of proxy must enclose an attested copy of his/her CNIC or Passport. Representative of corporate member should bring the usual documents required for such purpose.

iv) In pursuance of the directions given by SECP, annual audited Financial Statements for the year 30-06-2020 have been posted on the Website of the Company. However, any member, who desires to receive annual financial statements through email, he may provide his email address for this purpose.

v) Pursuant to provisions of SECP's Circular No. 10 of 2014 dated May 21, 2014, if the company receives consent from members holding aggregate 10 % or more shareholding, residing in geographical location to participate in the meeting through video conference at least ten days prior to the date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city.

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

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

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

Directors' Report To The Members

This 50th Anniversary, Directors of Mahmood Textile Mills Limited are pleased to present this Integrated Annual Report, together with the audited financial statements of the Company, for the year ended June 30, 2020.

BUSINESS PERFORMANCE REVIEW:

The reporting year has witnessed unprecedented challenges which have made critical impact on the performance of the Company. This year can easily be traced in to two periods; Pre-COVID and COVID. Before COVID-19 our company's performance was highly remarkable, reporting net profit of Rs. 116.808 M in the first quarter whereas Rs. 220.558 M was reported in the interim accounts.

At the beginning of the second half when it was the time to reap the fruit of our heavy investment made during previous years in BMR of spinning units and establishment of state of the art new weaving unit, the outreach of COVID-19 de-stabilized everything. World Health Organization declared COVID-19 as a global pandemic and recommended containment and mitigation measures worldwide. This resulted in closure of industries and non-essential services all over the world. This economic crisis attacked various businesses around the world. One of the severely affected industry is Textile Manufacturing that is considered as the second largest employment creating industry after agriculture and accounts for 10% of the total GDP. The impact of coronavirus was so immense that it pushed the overall economic growth of the country to negative territory.

The Govt. of Pakistan also took different precautionary measures to combat the impact of coronavirus and also imposed lock down on industries. Because of the measures taken by the government to fight the pandemic, we had to close production units and faced heavy production losses. By the grace of Almighty ALLAH we neither laid off any workers nor made reduction in salary of any employee.

The prices of yarn and fabrics dropped significantly due to slowdown in economic activities at local and international level. In this scenario, a few buyers refused to lift their contracted goods and others insisted to revise their previously agreed rate. Debtors' turnover days also increased as our payments were on hold by our customers. In these worrisome period the management devised Post Traumatic Growth (PTG) strategy which led us to make right decisions at the right time; to cut our sales revenue during mid-COVID period and raw material stocks procured before pandemic at prevailing high prices resulted in gross profit loss of approximately 2%. Moreover, we made an assessment to hold our finished stocks during COVID so we could control losses on its low cost sales. Our overall performance in post COVID period of the year was so depressed that even the aggregate improvements made during the pre COVID period also disappeared. However, the Company still possesses sound financial stability on strong footing and no impairment is found in financial assets and the liabilities of the Company. To save the industry, Govt. of Pakistan came up with sound and far-sighted decisions; SBP took some proactive measure for the revival of the economy and deferred loan payments for one year with reduction in policy rates. The Company has availed these facilities that helped to ease cash flow of the Company and to resume operational activities smoothly.

We are pleased to inform our members that we have placed advanced Business Intelligence System for quicker and accurate reporting, analyzing and planning, its transparency has helped us to make better and efficient decisions and gain competitive advantage.

Due to overall negative effect of COVID on business performance, the profit of associate companies also decreased remarkably in this reporting year.

Summarized financial performance is as follows:

Summary of Operating Results	2020	2019
	----- Rupees "000"-----	
Local Sales	2,662,669	3,912,345
Export Sales	21,802,519	20,474,395
Sales - Net	24,465,188	24,386,740
Gross Profit	2,113,533	2,573,886
Profit Before Tax	302,184	1,062,336
Profit After Tax	71,633	750,507
EPS	3.82	40.03

CORPORATE SOCIAL RESPONSIBILITY

Our Company is committed to social and environmental betterment of the society and believes in building strong bonds with all segments of society. To cement these links, welfare activities are carried out to uplift the communities with special emphasis on child education and clean drinking water in the surrounding areas. Detailed information with different areas are covered in the 'Sustainability Report' which is a part of this Annual Report.

As for COVID-19, a comprehensive strategy by adhering to Industrial SOPs is implemented. In this hour of need our commitment of supporting the communities is unwavering. An organized effort was launched in the distribution of food hampers by reaching out to the needy segments and also distribution of the medical kits to Health Workers. Our company is determined to ensure the safety of its employees and to extend its help to surrounding communities during this pandemic and specifically earmarked an amount for COVID-19 related measures.

CORPORATE AND FINANCIAL REPORTING

The Company is committed to good corporate governance; the Board acknowledges its responsibility in respect of Corporate and Financial Reporting Framework. The Directors confirm that:

- The Financial Statements prepared by the management of the Company fairly present its 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 the financial statements and accounting estimates are based on reasonable and prudent judgment;
- There are no doubts upon the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of the Code of Corporate Governance, as detailed in the listing regulations of the stock exchange;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of Companies Act, 2017 have been followed in preparation of the financial statements; and any departure thereof has been adequately disclosed and explained;
- Summary of key operational and financial data for last six years is annexed in the annual report.

- Information about taxes and levies is given in the notes to and forming part of financial statements

STATEMENT OF COMPLIANCE

The Company strictly adheres to the principles of Corporate Governance mandated by the Securities and Exchange Commission of Pakistan (SECP) and has implemented all the prescribed stipulations. The same has been summarized in following statement of compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 duly reviewed by the auditors.

DIVIDEND PAYOUT

The management is conscious to compensate shareholders against their investment. Therefore, Company has been paying dividends regularly. As we have availed, in the best interest of the Company, deferment of long term facilities as per SBP COVID-19 policy, the dividend can not be paid for the year.

INTERNAL CONTROL AND RISK MANAGEMENT

The Company maintains sound internal control systems to provide reasonable assurance against efficiency and effectiveness of operations, reliability of financial report and compliance with applicable laws and regulations. Such systems are monitored effectively by the management while the Board Audit Committee reviews the internal control systems based on assessment of risks and reports to the Board of Directors.

PATTERN OF SHAREHOLDING

Pattern of Shareholding of the Company as at June 30, 2020, along with the necessary information is annexed to this report.

HUMAN RESOURCE

Our Company undertakes to make the best use of its Human Capital base. Our core value system comprises of Humility & Compassion, Integrity, Change, Innovation, Continuous Improvement Mindset, Team work, Sense of Urgency, and Customer Centric approach. We have a comprehensive and interactive approach towards our employees. This helps in cultivating individual employees by shaping them in an organized infrastructure, and transforming their creativities into professional excellence.

EMPLOYEE RELATIONS

The management would like to place on record a very positive and cooperative role of employees during the year. The affectionate relationship between the management and its employees, remain as good as they have been for the last many years. The pleasant relationship is also reflected in our employee turnover rate, which is very low, whether compared to our sector or across other sectors.

STATUTORY AUDITORS

Financial Statement of the Company for the year ended 30 June 2020 has been audited by M/s Shinewing Hameed Chaudhri & Co. Chartered Accountants, who have given an unqualified report. Current auditors will retire on the conclusion of Annual General Meeting of the Company. Being eligible, M/s Shinewing Hameed Chaudhri & Co. Chartered Accountants have offered themselves for reappointment for the year ending 30 June 2021.

OUTLOOK FOR THE YEAR 2021

While the Covid-19 cases in Pakistan have receded significantly and gradual lifting of lockdown restriction worldwide and in Pakistan, yet it is to be seen when it comes fully under control globally.

With the current macro-economic situation, we however predicts that after effects of COVID will continue in the first quarter of next financial year but in medium term, the outlook of the industry will start to improve.

Amidst the current scenario the Company is still focused on growth on the same lines. The availability of TERF loan by SBP is a great opportunity. We are pleased to inform you that some TERF loans have been approved and others are in process which will give the company more optimization and efficiency for a sustainable top and bottom line growth.

During the coming year 2020-21 the local cotton shows very bleak picture and might only achieve production of maximum 8.00 Million bales, which is 60% target of the Government for the year.

Cotton being the back bone of the textile industry. Industry itself is suffering a lot on the one hand and the farmer on the other hand who is now gradually shifting to other crops instead of cotton because of huge losses borne by the later in cultivation of cotton in Pakistan.

It's now the high time for the Government to work on war footing basis and must take the drastic steps to save the textile industry from collapse. Otherwise will have vast negative effects on the whole economy.

ACKNOWLEDGEMENT

We are pleased to place on record the appreciation for all the financial institutions. We also wish to acknowledge the devotion to duty by the employees of all cadres and are appreciative of their support and dedication. We are thankful to all the other stakeholders and fully acknowledge their contribution and commitment.

For and on behalf of the Board

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

Multan
Dated: 7th October 2020

تاہم موجودہ معاشی و اقتصادی صورتحال کے ساتھ کمپنی نے پیش گوئی کی ہے کہ COVID کے اثرات آئندہ مالی سال کی پہلی سہ ماہی میں جاری رہیں گے لیکن درمیانی مدت میں، کمپنی کی کارکردگی بہتر رہے گی۔

موجودہ منظرنامے کے باوجود، کمپنی اب بھی انہی خطوطِ نمو پر مرکوز ہے۔ SBP کے ذریعہ TERF قرض کی دستیابی ایک بہت بڑا موقع ہے۔ ہم آپ کو یہ بتاتے ہوئے خوش ہیں کہ کچھ TERF قرضوں کی منظوری دے دی گئی ہے اور دوسروں پر عمل درآمد جاری ہے جو کمپنی کی پائیدار اور حتمی ترقی کی صلاحیت کے حصول کے لئے زیادہ سے زیادہ کارگر ثابت ہوگا۔

لیکن دوسری طرف آنے والے سال 2020-21ء کے دوران مقامی روئی کی حالت بدتر ہے اور صرف 8 ملین گانٹھیں پیدا ہوسکیں گی جو کہ حکومت کے پیش کردہ تخمینے کا 60 فیصد ہے۔

ایک طرف کپاس جو کہ ٹیکسٹائل انڈسٹری کی ریڑھ کی ہڈی کی حیثیت رکھتی ہے بہت نقصان میں ہے اور دوسری طرف کسان جواب مجبور ہے اور بھاری نقصان کی وجہ سے کپاس سے دوسری فصلوں پر منتقل ہو گیا ہے۔ اس صورت حال سے نمٹنے کیلئے حکومت کو فوری طور پر آگے آنا چاہیے اور مسئلے کو حل کرنا چاہیے، بصورت دیگر اس کا ملکی معیشت پر وسیع منفی اثر پڑے گا۔

اظہارِ تشکر

ہمیں تمام بینکوں کے رویے کی تعریف کرتے ہوئے خوشی ہو رہی ہے۔ ہم تمام ڈیپارٹمنٹس کے ملازمین کے ڈیوٹی کے ساتھ عقیدت کا اعتراف کرتے ہیں اور ان کی حمایت اور لگن کو سراہتے ہیں۔ ہم دوسرے تمام اسٹیک ہولڈرز کے مشکور ہیں اور ان کی شراکت اور عزم کا پوری طرح اعتراف کرتے ہیں۔

خواجہ محمد اقبال	خواجہ محمد یونس
(چیف ایگزیکٹو آفیسر)	(ڈائریکٹر)

ملتان
تاریخ: 7 اکتوبر 2020ء

کارپوریٹ اور مالی رپورٹنگ

کمپنی اچھی کارپوریٹ گورننس کے لئے پرعزم ہے۔ کارپوریٹ اور مالی رپورٹنگ کے فریم ورک کے سلسلے میں بورڈ اپنی ذمہ داری تسلیم کرتا ہے۔ ڈائریکٹرز اس کی تصدیق کرتے ہیں۔

☆ کمپنی کی انتظامیہ کے تیار کردہ مالی بیانات اپنی امور کی صورتحال، اس کے آپریشنز، کیش فلو، اور ایکیٹویٹی میں بدلاؤ کے نتائج کو منصفانہ طور پر پیش کرتے ہیں۔

☆ کمپنی نے اکاؤنٹس کا مناسب ریکارڈ رکھا ہوا ہے۔

☆ مالی بیانات کی تیاری کے لئے مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور مالی اندازے معقول اور محتاط فیصلے پر مبنی ہوتے ہیں۔

☆ کمپنی کے اپنے آپریشنز جاری رکھنے کی صلاحیت پر کوئی شک نہیں۔

☆ کوڈ آف کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کا انحراف نہیں ہوا ہے، جیسا کہ اسٹاک ایکسچینج کے لسٹنگ ضوابط میں تفصیل سے ہے

☆ اندرونی کنٹرول کی بناوٹ مستحکم ہے اور اس کو موثر انداز میں نافذ اور نگرانی کی گئی ہے۔

☆ بین الاقوامی مالیاتی رپورٹنگ معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے۔ اور کمپنیز ایکٹ 2017ء کی تعزیرات کو مالی بیانات بناتے ہوئے مدنظر رکھا گیا ہے۔ اور ان سے کسی بھی انحراف کی مناسب طور پر وضاحت کی گئی ہے۔

☆ سالانہ رپورٹ میں پچھلے چھ سالوں کے کلیدی آپریشنل اور مالی اعداد و شمار کا خلاصہ الحاق کیا گیا ہے۔

☆ ٹیکسوں اور محصولات کے بارے میں معلومات نوٹ میں دی گئی ہیں اور مالی بیانات کا حصہ ہیں۔

مطابقت کا بیان

کمپنی سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے ذریعہ کارپوریٹ گورننس کے اُصولوں پر سختی سے عمل کرتی ہے اور اس نے تمام مقررہ شرائط پر عمل درآمد کیا اور آڈیٹرز کے ذریعہ جائزہ لیا۔ آڈیٹرز کے نظر ثانی شدہ لسٹڈ کمپنیز کے ضوابط 2019ء اس کے بعد درج ہیں۔

تقسیم ادائیگی

انتظامیہ حصص داروں کو ان کی سرمایہ کاری کے عوض معاوضہ دینے کے لئے پرعزم ہے۔ اس لیے کمپنی باقاعدگی سے منافع ادا کر رہی ہے۔ کیونکہ ہم نے کمپنی کی بہتری کے لیے سٹیٹ بنک آف پاکستان کی کووڈ پالیسی کے مطابق لمبے عرصے کے قرض کے التوا کی سہولت لی ہے۔ اس سال کے لئے منافع کا اعلان نہیں کیا جا سکتا۔

اندرونی کنٹرول اور رسک مینجمنٹ

کمپنی آپریشنز کی بہتر کارکردگی اور مالی رپورٹ کی درست بناوٹ اور قابل اطلاق قوانین اور ضوابط کی تعمیل کرنے کے لئے مستحکم اندرونی کنٹرول سسٹم رکھتی ہے اس نظام کی انتظامیہ کے ذریعہ موثر انداز میں نگرانی کی جاتی ہے۔ جبکہ بورڈ آڈٹ کمیٹی اندرونی کنٹرول سسٹم کا جائزہ لیتی ہے۔ جو خطرات کی تشخیص پر مبنی ہے اور بورڈ آف ڈائریکٹرز کو رپورٹ کرتی ہے۔

شیئر ہولڈنگ کا مراسلہ

30 جون 2020ء تک کمپنی کی شیئر ہولڈنگ کا نمونہ اس رپورٹ کے ساتھ مربوط ہے۔

انسانی وسائل

ہماری کمپنی اپنے ہیومن کیپیٹل کے بہترین استعمال پر یقین رکھتی ہے۔ ہمارا بنیادی اصول عاجزی اور ہمدردی، سالمیت، تبدیلی، انوویشن، مسلسل بہتری کے لئے ذہن سازی، ٹیم ورک، سینس آف ارجینسی اور کسٹمر سینٹرک نقطہ نظر پر مشتمل ہے۔ ہمارے پاس اپنے ملازمین سے متعلق ایک جامع اور پُرکشش طرز عمل ہے۔ اس سے ملازمین کو منظم کرنے اور ان کی تخلیقات میں پیشہ وارانہ نکھار پیدا کرنے میں مدد ملتی ہے۔

ملازمین سے تعلقات

انتظامیہ سال کے دوران ملازمین کے بہت ہی مثبت اور تعاون پر مبنی کردار کو ریکارڈ پر لانا چاہتی ہے۔ انتظامیہ اور اس کے ملازمین کے مابین پیار کا تعلق اتنا ہی اچھا ہے جتنا وہ پچھلے کئی سالوں سے ہے۔ خوشگوار تعلقات ہمارے کاروبار میں ملازمین کے چھوڑنے کی شرح میں بھی جھلکتے ہیں، جو کہ بہت کم ہے۔ موزانہ خواہ ہمارے شعبے کے ساتھ ہو یا دوسرے شعبوں میں۔

قانونی آڈیٹرز

کمپنی کے 30 جون 2020ء کو ختم ہونے والے مالی سال کی فنانشیل رپورٹس میسرز شائن ونگ حمید چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے آڈٹ کی ہیں۔ جنھوں نے غیر اعتراض شدہ رپورٹ جاری کی ہے۔ موجودہ آڈیٹر کمپنی کے سالانہ جنرل اجلاس کے اختتام پر ریٹائر ہو جائیں گے۔ اہل ہونے کے ناطے، میسرز شائن ونگ حمید چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2021ء کو ختم ہونے والے سال کے لئے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔

سال 2021ء کے لئے پیش نظر

اگرچہ پاکستان میں کوویڈ 19 کے مریضوں میں نمایاں کمی آئی ہے اور دنیا بھر اور پاکستان میں لاک ڈاؤن کی پابندی کو بتدریج اٹھایا جا رہا ہے۔ پھر بھی عالمی سطح پر جب یہ مکمل طور پر کنٹرول میں آتا ہے تو اسے دیکھنا ہے۔ توقع کی جاتی ہے کہ ٹیکسٹائل کی برآمدات میں بتدریج اضافہ ہوگا۔ لیکن اگلے چند مہینوں میں سالانہ بنیادوں پر کم رہیں گی۔

ممبرز کے لیے ڈائریکٹرز کی رپورٹ

اس پچاس ویں سالگرہ کے موقع پر، محمود ٹیکسٹائل ملز لمیٹڈ کے ڈائریکٹرز کمپنی کی آڈٹ شدہ سالانہ رپورٹ اور مالیاتی گوشوارہ برائے سال 30 جون 2020ء پیش کرنے پر خوش محسوس کر رہے ہیں۔

کاروباری کارکردگی کا جائزہ:

رپورٹنگ سال میں بے مثال مسائل دیکھنے میں آئے جنھوں نے کمپنی کی کارکردگی پر منفی اثرات مرتب کیے۔ اس سال کو دو ادوار میں تقسیم کیا جا سکتا ہے پری کوویڈ اور کوویڈ COVID-19 سے پہلے ہماری کمپنی کی کارکردگی قابل ذکر تھی جس سے خالص منافع پہلی سہ ماہی میں 808.116 ملین روپے جبکہ ششماہی میں 558.220 ملین روپے رپورٹ کیا گیا تھا۔

دوسرے ششماہی کے آغاز میں جب گذشتہ سال لگائے گئے خوبصورت ویونگ یونٹس اور دوسرے بھاری سرمایہ کاری کا پھل کھانے کا وقت آیا تو کوویڈ 19 نے سب خلاف توقع کر دیا۔ ورلڈ ہیلتھ آرگنائزیشن نے کوویڈ 19 کو عالمی وبائی مرض قرار دیا اور دنیا بھر میں اس پر قابو پانے اور تخفیف کے اقدامات کی سفارش کی جس کے نتیجے میں پوری دنیا میں صنعتیں اور غیر ضروری خدمات بند ہو گئیں۔ اس معاشی بحران نے دنیا بھر کے متعدد کاروبار کو متاثر کیا۔ شدید متاثرہ صنعت میں سے ایک ٹیکسٹائل مینوفیکچرنگ ہے جو زراعت کے بعد روزگار پیدا کرنے والی دوسری سب سے بڑی صنعت سمجھی جاتی ہے اور کل جی ڈی پی کا 10 فیصد بنتی ہے۔ کورونا وائرس کا اثر اتنا زیادہ تھا کہ اس نے ملک کی مجموعی معاشی ترقی کو منفی رجحان میں ڈال دیا۔

حکومت پاکستان نے کورونا وائرس کے اثرات سے نمٹنے کے لیے مختلف احتیاطی تدابیر اختیار کیں اور صنعتوں پر لاک ڈاؤن بھی نافذ کیا۔ حکومت کے وبائی مرض سے لڑنے کے لیے اٹھائے جانے والے اقدامات کی وجہ سے ہمیں پیداواری یونٹ بند کرنے پڑے اور پیداوار کے بھاری نقصان کا سامنا کرنا پڑا۔ اللہ تعالیٰ کے فضل و کرم سے ہم نے نہ تو کسی ملازم کو ملازمت سے نکالا اور نہ ہی تنخواہ میں کمی کی۔

مقامی اور بین الاقوامی سطح پر معاشی سرگرمیوں میں سست روی کی وجہ سے یارن اور کپڑوں کی قیمتوں میں نمایاں کمی واقع ہوئی اس وقت چند خریداروں نے اپنا معاہدہ شدہ سامان اٹھانے سے انکار کر دیا اور دوسروں نے اپنے پہلے سے طے شدہ نرخ پر نظر ثانی کرنے پر اصرار کیا۔ خریداروں کے اُدھار کے دن مزید بڑھ گئے اور ان کی طرف سے ادائیگی بھی روک دی گئی۔ اس تشویشناک دور میں انتظامیہ نے پوسٹ ٹرومیٹک گروتھ (پی ٹی جی) کی حکمت عملی وضع کی جس کی وجہ سے ہم صحیح وقت پر صحیح فیصلے کرنے میں کامیاب ہو گئے۔ وسط COVID مدت کے دوران ہماری فروخت کم ہونے اور وبائی مرض سے پہلے ہمارے بڑے خام مال کے ذخیرے (جو ہم نے موجودہ زیادہ قیمتوں پر خریدا تھا) کی وجہ سے ہمارے خام منافع میں 2 فیصد کمی واقع ہوئی۔ مزید یہ کہ ہم نے COVID کے دوران اپنا تیار شدہ مال اسٹاک کرنے کا ارداہ کیا تاکہ ہم اس کی کم ریٹ پر فروخت ہونے والے نقصانات پر قابو پا سکیں۔ COVID کے بعد کارکردگی اتنی متاثر ہوئی کہ COVID سے پہلے کی کارکردگی بھی ختم ہو گئی۔ تاہم کمپنی میں اب بھی معاشی استحکام ہے اور کمپنی کے مالی اثاثوں اور ادائیگیوں میں کوئی کمی نہیں پائی گئی۔

صنعت کو بچانے کے لیے حکومت پاکستان نے واضح اور دوررس فیصلے کئے۔ معیشت کی بحالی کے لیے اسٹیٹ بینک نے کچھ عملی اقدام اُٹھائے اور پالیسی ریٹ کم کئے اور ایک سال کے لئے قرضوں کی ادائیگی کو مؤخر کیا۔ کمپنی نے ان سہولتوں سے فائدہ اٹھایا جس سے کمپنی کا کیش فلو بہتر ہوا اور آپریشنل سرگرمیاں آسانی سے دوبارہ شروع کرنے میں مدد ملی۔

کاروباری کارکردگی پر COVID کے مجموعی منفی اثر کی وجہ سے اس رپورٹنگ سال میں ایسوسی ایٹ کمپنیوں کے منافع میں بھی نمایاں کمی واقع ہوئی۔

مختصر مالی کارکردگی مندرجہ ذیل ہے۔

آپریٹنگ نتائج کی تفصیل	30 جون 2020	30 جون 2019
لوکل	2,662,669	3,912,345
ایکسپورٹ	21,802,519	20,474,395
سیلز۔کُل	24,465,188	24,386,740
مجموعی منافع	2,113,533	2,573,886
ٹیکس سے پہلے کا منافع	302,184	1,062,336
ٹیکس کے بعد کا منافع	71,633	750,507
ای پی ایس	3.82	40.03

ہمیں ممبرز کو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ ہم نے تیز اور درست رپورٹنگ، تجزیہ اور منصوبہ بندی کے لئے جدید کاروباری انٹیلیجنس سسٹم اپنا رکھا ہے۔ اس کی شفافیت نے ہمیں بہتر اور موثر فیصلے کرنے اور مسابقتی فائدہ حاصل کرنے میں مدد فراہم کی ہے۔

کارپوریٹ سماجی ذمہ داری

ہماری کمپنی معاشرے کے سماجی اور ماحولیاتی مقصد کے لئے پرعزم ہے اور معاشرے کے تمام طبقات کے ساتھ مضبوط تعلقات استوار کرنے پر یقین رکھتی ہے۔ ان تعلقات کو مستحکم کرنے کے لئے آس پاس کے علاقوں میں بچوں کی تعلیم اور پینے کے صاف پانی پر خصوصی زور دینے کے ساتھ معاشروں کی ترقی کیلئے فلاحی سرگرمیاں انجام دی جاتی ہیں۔ مختلف شعبوں سے متعلق تفصیلی معلومات کا حاطہ استحکام رپورٹ میں کیا گیا ہے جس اس سالانہ رپورٹ کا ایک حصہ ہے۔

جہاں تک COVID-19 کی بات ہے صنعتی ایس او پیز کی پاسداری کر کے ایک جامع حکمت عملی نافذ کی گئی ہے۔ ضرورت کی اس گھڑی میں لوگوں کی امداد کرنے کا ہمارا عزم مستحکم ہے۔ فوڈ ہیمپرز کی تقسیم کے سلسلے میں ایک مستحکم کوشش کا آغاز کیا گیا جس سے ضرورت مند طبقات تک رسائی حاصل کی گئی اور ہیلتھ ورکرز کو میڈیکل کٹس فراہم کی گئیں۔ ہماری کمپنی اپنے ملازمین کی حفاظت کو یقینی بنانے اور اس وبائی مرض کے دوران آس پاس کی کمیونٹیز کو اپنی مدد فراہم کرنے کا عزم رکھتی ہے اور خاص طور پر کوویڈ 19 سے متعلق اقدامات کے لئے رقم مختص کی گئی ہے۔

Sustainability Report

DIRECTORS MESSAGE:

For the year 2019- 2020 and onwards, we are pleased to present the links between sustainability and long-term value development by combining our annual financial and sustainability reporting in an integrated annual report. Integrated Reporting has been developed and promoted by the International Integrated Reporting Council (IIRC), a global coalition of regulators, investors, companies, standard setters, the accounting profession and non-governmental organizations.

This non-traditional reporting framework is based on the concept that financial capital is not enough to indicate an organizational success, factors such as non-financial capital when combined with the financial capital give a long term and a transparent picture of the success factors and the competitive advantage.

We believe that by following this framework we will be able to create a more precise picture of how the interactions between financial, ecological, social and governance factors impact on long-term corporate success.

SUSTAINABILITY FRAMEWORK

Our Sustainability Framework comprises of our three pillars; People, Planet and Processes strengthened with good corporate governance and responsible business culture based on shared value practices.

Our sustainability vision is embodied in our tagline 'Sustainable Innovation In Every Thread', is all about creating and developing long-term sustainability innovatively in every product, process and operations.

We believe that a company has to be innovative in order to become sustainable and thus innovation is the driving force for our success alongside the sustainable alignment of our businesses. As a high performing company, we have various challenges and we meet them all through sustainable solutions. This is the reality we live in and is also an integral part of our thinking and our actions.

This pandemic has disrupted businesses, live hoods and communities worldwide which gave us the chance to act proactively and address the social and environmental issues at top priority.

TOWARDS 100% RENEWABLE ENERGY

We are a strong advocate when it comes to reducing carbon foot print and using renewable energy. We are continuously working on energy conservation models, improving energy efficiency and installing on-site solar PV.

We believe that renewable solutions are critical for a sustainable future and thus we are now operating at a 3.5 MW solar PV, with reduction in 1200 CO2 tons carbon footprint, 1840 MWh annual production and reduction in operating costs.

Our solar energy is equipped with latest innovative technology; half-cell PVs, cloud based monitoring systems and updated structures assisting as major contributors in the socioeconomic development.

We plan to add another 3.5 MW before the closing of next financial year.

GREEN OFFICE

We have set up a practical Environmental Management System (EMS) for our office with collaboration with WWF Pakistan with the aim to make it more environmentally friendly by continuously reducing environmental burden and use of natural resources as well as trying to positively influence the preservation of biodiversity.

Currently we have worked on paper free environment by introducing Human Resource Information Systems which has led to a significant reduction in paper usage. Furthermore, we have recently incorporated archiving in our ERP system. Electricity conservation strategies are followed as a part of our routine. We are in the process to manage waste; paper, plastic and organic separately, its disposable and recycling of non-biodegradable waste. We are also working on Green Purchase Policy for procurement of environmentally friendly products and building relationships with suppliers committed to responsible supply chains. It is also a part of our culture to celebrate all international days related to environment, food, planet and society.

GREEN BUILDINGS

Infrastructure plays a vital role in the operations of the business and therefore having sustainability at the ground level is what we envision to do. In our new upcoming projects, we plan to build sustainable infrastructure; green buildings with an aim for Gold level certification from LEED (Leadership in Energy and Environmental Design), a leading international certification standard.

SUPPLY CHAIN

To effectively address the wide-ranging challenges of a sustainable supply chain and identify synergies, we continue to conduct pilot audits by qualified external auditors and address all the gaps. Time and motion studies are also conducted to improve efficiency of the process and also the workers.

Sustainability of the supply chain is ensured through various steps such as using energy efficient fans, reducing waste water and using compressed air for effective processing.

NATURAL ENVIRONMENT AND REDUCING WASTE

15 water filtration plants are installed at various sites for the society for clean drinking water catering to 166 thousand people daily, leading to reduction in potential risk of disease occurrence and increasing living standards.

To maintain the natural habitat, approximate 3000 trees are planted at various locations in Multan including parks with a target to plant 10,000 trees in the next financial year. Other than this, we have contributed to the maintenance of many parks, green belts and different localities of Multan also converting a 103 sq. meters' land to a sports complex open to local public with various sports facilities.

Various steps are taken to reduce and reuse waste water and for this reason waste water management is being practiced to launch ETP for further preservation and efficient use of water resources.

We are committed to reduce food wastage through practical steps such as creating awareness, feeding the hunger with surplus food and proactive planning.

HEALTH, SAFETY & ENVIRONMENT

We managed to proactively implement all possible SOPs related to coronavirus as recommended by WHO at workplace even before the pandemic hit Pakistan. The SOPs are strictly followed since then. We have various HSE related certifications such as Inditex, which is a social audit and one of the difficult ones to achieve.

HUMAN CAPITAL

We are committed to invest in human capital and also serve the society alongside. Education is given high importance and in collaboration with Care Foundation, we are running three schools in Kabirwala and one in Muzaffargarh with subsidized model catering to 1000 students along with sponsoring education funds to many deserving students.

In collaboration with Foster Learning Pakistan, we recently organized Literacy Training Program for our 300 low literate skilled workers with a target to reach 2000 by the end of next fiscal year. Women working at the mills are also given special up skilling trainings every week.

Other projects related to women and youth empowerment are in pipeline such as different vocational trainings especially for females residing at the colonies and kitchen gardening.

ACKNOWLEDGEMENT

We would like to sincerely thank all our stakeholders for their value creation especially in this tough time. We further plan to add value as we foresee our company as an equal opportunity employer and thus we give priority female hiring based on merit as we believe that they equally play a part in country's economy and add a significant value. The company is also focusing on creating diversity by giving employment to the marginalized population. We are committed to remain at forefront to attain a positive change for our stakeholders and the society as a whole.

Financial Summary

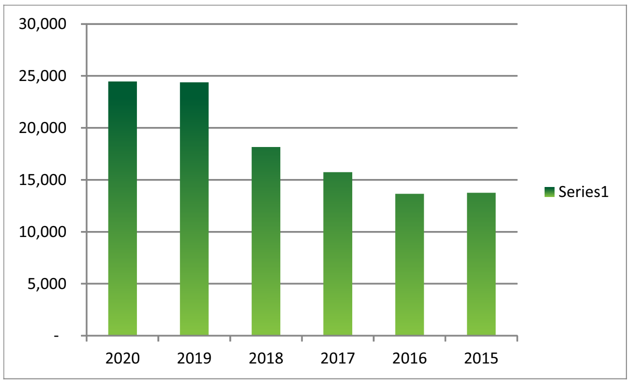
SIX YEARS REVIEW AT A GLANCE

Rupees in Million

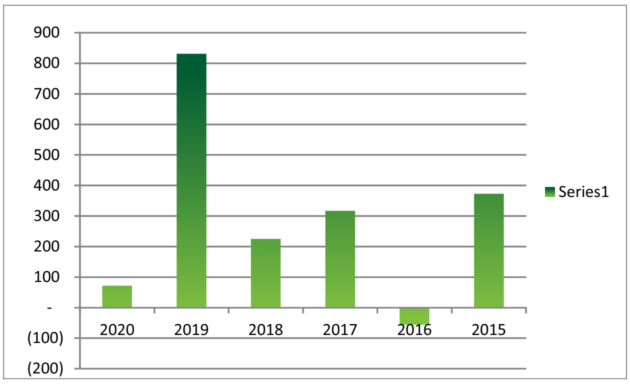
	2020	2019	2018	2017	2016	2015
Assets						
FIXED ASSETS	8,581	8,941	5,594	3,197	2,925	3,042
LONG TERM INVESTMENTS	4,190	3,889	1,383	1,493	1,233	1,353
LONG TERM DEPOSITS	10	10	9	9	9	9
CURRENT ASSETS	12,667	12,426	11,219	9,670	6,529	7,086
TOTAL ASSETS	**25,448**	**25,266**	**18,205**	**14,369**	**10,696**	**11,490**
FINANCED BY:						
EQUITY	8,583	8,484	4,704	4,783	4,466	4,671
LONG TERM LIABILITIES	5,497	3,350	2,052	861	705	919
DEFFERED LIABILITIES	104	80	0	0	0	115
CURRENT LIABILITIES	11,264	13,352	11,449	8,725	5,525	5,785
TOTAL FUNDS INVESTED	**25,448**	**25,266**	**18,205**	**14,369**	**10,696**	**11,490**
PROFIT AND LOSS:						
SALES - NET	24,465	24,387	18,154	15,748	13,664	13,759
OPERATING PROFIT	1,280	1,348	973	786	529	855
PROFIT BEFORE TAXATION	302	1,062	287	467	3	535
PROFIT AFTER TAXATION	72	751	225	317	(56)	373
DIVIDENDS	0%	25%	25%	90%	0%	100%
PROFIT C/F	5,596	5,410	4,703	4,626	4,308	4,515

Graphical Presentation

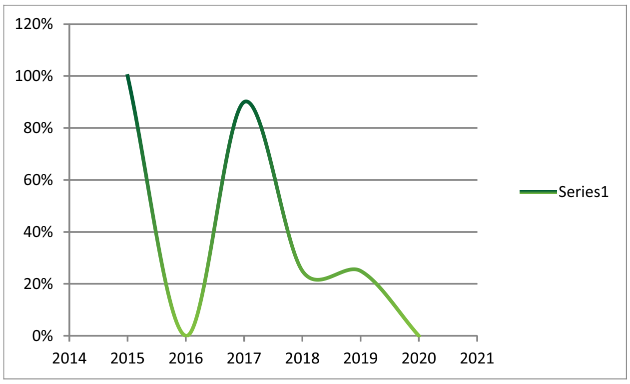
Sales (Rs. in million)



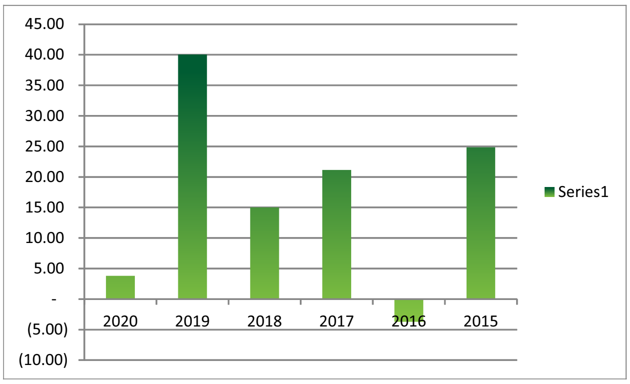
Profit after Taxation (Rs. in million)



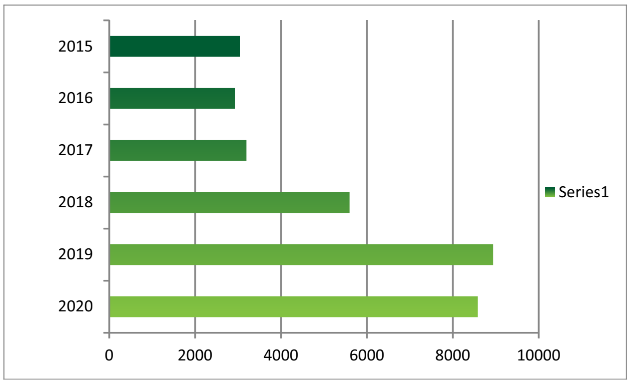
Dividends



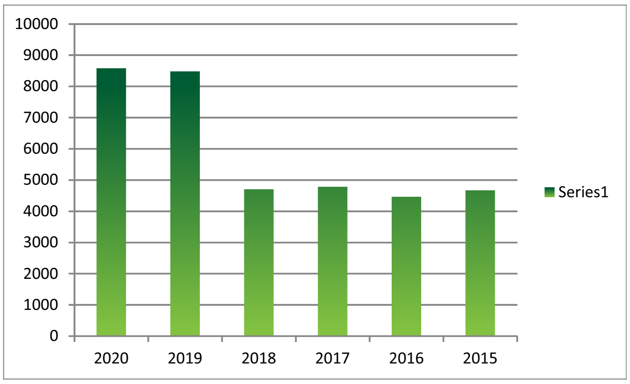
Earning per Share (Rupees)



Fixed Assets (Rs. in million)



Equity (Rs. in million)



Board Human Resource Committee

Composition:

Abdul Rehman Qureshi	Chairman
Khawaja Muhammad Ilyas	Member
Khawaja Muhammad Muzaffar Iqbal	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:

Mr. Muhammad Asghar	Chairman
Khawaja Muhammad Younas	Member
Khawaja Muhammad Anees	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 8 as per the following:

a. Male: 7

b. Female: 1

2. The composition of board is as follows:

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

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 Listed Companies (Code of Corporate Governance) Regulations, 2017 (Regulations).

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

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

9. The board applied exemption for its six directors as they qualify for exemption of Director Training Program and exemption is in process while Director Training Program for one newly appointed Director has been arranged in the month of July 2019.

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. CEO and CFO 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. Muhammad Asghar (Chairman)

Mr. Khawaja Muhammad Younus (Member)

Mr. Khawaja Muhammad Anees (Member)

b) HR and Remuneration Committee

Mr. Abdul Rehman Qureshi (Chairman)

Mr. Khawaja Muhammad Ilyas (Member)

Mr. Khawaja Muhammad Muzaffar Iqbal

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

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee

1st Meeting:	within four months of end of year
2nd Meeting:	within one 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. The Board has been reconstituted with 7 directors and Chief Executive Officer. One additional independent director and one female director have been added to the Board. The Company currently has 2 independent directors. Both the independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations under which hereby fulfill the necessary requirements. At the time of appointment of Directors in EOGM at 31 January, 2020 total no. of directors appointed were seven including two independent directors which fulfil requirement of law.

19. 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: 7th October, 2020 Chairman

Pattern of Shareholding

AS AT JUNE 30, 2020

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM	TO		TOTAL SHARES HELD
21	1	100	Shares	1,109
51	101	500	Shares	12,167
21	501	1,000	Shares	14,791
20	1,001	5,000	Shares	36,709
4	5,001	10,000	Shares	25,141
1	10,001	15,000	Shares	11,143
3	15,001	20,000	Shares	46,691
1	35,001	40,000	Shares	37,836
1	120,001	125,000	Shares	123,668
4	135,001	140,000	Shares	558,008
1	220,001	225,000	Shares	223,380
1	235,001	240,000	Shares	237,543
4	270,001	275,000	Shares	1,081,763
1	305,001	310,000	Shares	307,680
3	350,001	355,000	Shares	1,064,829
1	370,001	375,000	Shares	373,822
1	400,001	405,000	Shares	401,571
1	405,001	410,000	Shares	405,663
1	515,001	520,000	Shares	519,541
2	1,005,001	1,010,000	Shares	2,011,656
1	1,085,001	1,090,000	Shares	1,085,844
1	1,125,001	1,130,000	Shares	1,127,887
1	1,260,001	1,265,000	Shares	1,260,481
1	1,450,001	1,455,000	Shares	1,451,769
1	1,490,001	1,495,000	Shares	1,491,421
1	1,480,001	1,485,000	Shares	1,484,017
1	1,495,001	1,500,000	Shares	1,495,891
1	1,855,001	1,860,000	Shares	1,857,979
151				**18,750,000**

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARE HELD	PERCENTAGE %
Directors, Chief Executive Officer & their spouse & minor childern	**l0**	**5,196,083**	**27.71%**
Associated Companies Under takings & related parties:	**2**	**1,162,877**	**6.20**
NIT & ICP	**2**	**38,086**	**0.20**
Banks, Development Financial institutions, Non-Banking Financial Institutions:	**2**	**13,349**	**0.07**
Joint stock companies:	**2**	**162,485**	**0.87**
Insurance companies:		-	-
Modarabas & Mutual Funds:	-	-	-
Shareholders Holding 10%	-	-	-
General Public:			
i) Local	**134**	**12,177,120**	**64.95**
ii) Foreign	-		-
Others	-	-	-
	151	**18,750,000**	**100**

The above two statements include (109) Shareholders holding 1,495,891 Shares through Central Depository Company of Pakistan Limitd (CDC)

Information Required As Per Code of Corporate Governance

As At June 30, 2020

SHARE HOLDER'S CATEGORY		Number of Shares Held	Percentage of Shareholding
i)	**Associated Companies, undertaking & related parties(name wise details):**		
	-Masood Spinning Mills Limited	567,525	
	-Roomi Fabrics Limited	595,352	
		1,162,877	**6.20%**
ii)	**Mutual Funds(Name wise details):**	**38,086**	**0.20%**
	- NIT & ICP		
iii)	**Directors,Chief Executive and their spouse(s) and minor children(name wise details):**		
	1- Khawaja Muhammad Iqbal, Director & Chief Executive	1,260,481	
	Mst.Khadija Qureshi (Spouse)	123,668	
	2- Khawaja Muhammad Ilyas,Director	1,085,844	
	Mst. Farrah Ilyas (Spouse)	1,000	
	3- Khawaja Muhammad Younus,Director	1,451,769	
	Mst.Rubina Wadood (Spouse)	139,817	
	4- Khawaja Muhammad Muzaffar Iqbal, Director	519,541	
	5- Khawaja Muhammad Anees, Director	373,822	
	7. Mrs. Humera Jalaluddin, Female Director	237,543	
	Khawaja Jalaluddin (Spouse)	1,857,979	
	6. Mr. Abdul Rehman Qureshi, Independent Director	3,125	
	7. Mr. Muhammad Asghar,Independent Director	100	
		7,054,689	**37.63%**
iv)	**Banks, Development Financial Institutions, Non-Banking Financial Institutions:**		
	- National Bank of Pakistan	**13,349**	**0.07%**
v)	**Joint Stock Companies:**		
	- CDC-Trustee National Investment(Unit)Trust	160,078	
	- Crescent Group Service(Pvt) Limited	2,407	
		162,485	**0.87%**
vi)	**General Public:**		
	i) Local:	**10,318,514**	**55.03%**
	ii) Foreign:	-	
	Total:	**18,750,000**	**100%**

Directors Attendance At Board Meetings

From July 1st 2019 to June 30, 2020

Sr. No.	Name	Designation	Meeting Held	Meeting Attended
1.	Khawaja Muhammad Iqbal	CEO	6	6
2.	Khawaja Muhammad Ilyas	Chairman	6	6
3.	Khawaja Muhammad Younus	Director	6	6
4.	Mrs. Humera Jalaluddin	Director	6	3
5.	Khawaja Muhammad Muzaffar Iqbal	Director	6	6
6.	Khawaja Muhammad Anees	Director	6	6
7.	Mr. Abdul Rehman Qureshi	Independent Director	6	6
8.	Mr. Muhammad Asghar	Independent Director	6	3

Financial Statements

Mahmood Textile Mills Limited

For the year ended 30 June 2020

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 the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Mahmood Textile Mills Limited ("the Company") for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention 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, 2020.

ShineWing Hameed Chaudhri & Co.
Chartered Accountants.

Date: 7th October, 2020

Multan:

Independent Auditors' Report To The Members

of Mahmood Textile Mills Limited

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, 2020, 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, 2020 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key Audit Matters:

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
1.	**Revenue** Refer note 25 to the financial statements relating to revenue. The Company is engaged in production and sale of yarn and cloth and has recognized revenue of Rs. 24,465 million for the year ended June 30, 2020. The Company generates revenue from export and local sale of yarn, fabric and waste. Revenue from sale of goods is recognized when the Company satisfies the performance obligation under the contract by transferring the promised goods to the customers. Revenue recognition criteria have been explained in note 4.21 to the financial statements. We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized on the basis of transfer of control of goods to the customer in line with the accounting policy adopted and may not have been recognized in the appropriate period.	Our audit procedures included the following: - We obtained an understanding of design and operating effectiveness of controls designed to ensure that revenue is recognized in the appropriate accounting period and based on stated accounting policy; - We assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; - We compared on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; - We checked on a sample basis the recorded sales transactions with underlying supporting documents; and - We further assessed the adequacy of related disclosures in the financial statements.

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
2.	**Covid - 19** Refer to note 43 to the financial statements relating to impact of Covid – 19. The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities particularly during the period from March 2020 to May 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan. The Company's operations were disrupted for a short period of time due to the circumstances arising from COVID-19. In view of the unique nature of these events and its possible impacts on the business operations and financial reporting we considered this area as a key audit matter to identify specific risks in relation to the financial statements and devise our audit strategy accordingly.	Our audit procedures included the following: - We discussed with the senior management about the impacts of COVID-19 on the business operations, financial condition, liquidity and operating performance of the Company; - We identified key financial statement items which may require additional audit considerations due to the COVID· 19. In this regard, we considered the realizable value of inventories and recoverability of trade receivables, which were impacted by the lockdowns imposed by the Government and distressed demand in global economy; - We checked the sale of the inventories subsequent to the year end to evaluate the realizable-value of inventory held as at 30 June 2020; and - We assessed the adequacy of allowance for net realizable value made in respect of the inventory held as at 30 June 2020.
3.	**Trade Debts** Refer notes 4.8 and 11 to the financial statements relating to valuation of trade debts. The Company has significant amount of trade debts outstanding as at June 30, 2020, which have increased significantly as compared to last year. The Company has the policy to recognize provision against doubtful trade debts on the basis of loss allowance for Expected Credit Loss (ECL). We identified recoverability of trade debts as a key audit matter as it involves significant management's judgment in determining the recoverable amount.	Our audit procedures included the following: - We obtained an understanding of design and implementation of management's key internal controls relating to credit control process; - We obtained an understanding of the management's process for the debtors collection and determination of the provision for ECL; - We assessed the method used by the Company for the recognition of provision for doubtful debts as allowable under IFRS 9 and assess the reasonableness of assumptions of ECL; - We tested the accuracy of the data provided to us by the management and performed test of details and analytical procedures on sample basis; and - We further assessed the adequacy of related disclosures in the financial statements.
4.	**Borrowings** Refer to note 18 and 22 to the financial statements relating to long term financing and short term borrowings. The Company has significant amount of long term financing and short term borrowings from various commercial Banks amounting to Rs. 5.497 billion and Rs. 8.944 billion (including current portion of long term financing) respectively being 86% of total liabilities, as at the reporting date.	Our audit procedures included the following: - We reviewed the loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management for finance costs and to ensure that the borrowings have been approved at appropriate level;

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
	Given the significant level of borrowings and related finance costs, along with compliance with various loan covenants, this is considered to be a key audit matter.	– We verified the disbursements and repayments made by the Company during the year on sample basis to confirm that repayments are being made on time and no default have been made; – We assessed the procedures designed by management to comply with the debt covenants and performed covenant testing on sample basis; – We obtained confirmation from Banks of the Company to confirm balances, terms & conditions stated in the facility offer letter and compliance thereof; – We performed analytical procedures, recalculations and other related procedures for verification of finance costs; – We ensured that the outstanding liabilities have been properly classified and terms of the financing have been adequately disclosed in the financial statements; and – We further assessed the adequacy of related disclosures in the financial statements.

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 Annual Report, 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 are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

ShineWing Hameed Chaudhri & Co.
Chartered Accountants

Multan

Date: 8th October, 2019

Statement of Financial Position

AS AT JUNE 30, 2020

	Note	2020 Rupees	Re-stated 2019 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	7	8,581,294,924	8,941,221,425
Long term investments	8	4,189,562,438	3,888,694,040
Long term deposits		9,980,881	9,980,881
		12,780,838,243	12,839,896,346
Current assets			
Stores, spares and loose tools	9	231,879,387	299,902,296
Stock in trade	10	7,059,216,934	7,593,497,763
Trade debts	11	3,102,628,027	1,685,878,358
Loans and advances	12	183,371,309	513,393,070
Other receivables	13	715,604,921	360,358,776
Short term investments	14	725,341,435	1,370,406,290
Sales tax refund bonds	15	-	35,300,000
Tax refunds due from the Government	15	603,992,409	543,014,606
Cash and bank balances	16	45,045,826	24,598,057
		12,667,080,248	12,426,349,216
TOTAL ASSETS		**25,447,918,491**	25,266,245,562
EQUITY AND LIABILITIES			
Equity			
Authorized share capital			
30,000,000 ordinary shares of Rs.10 each		300,000,000	300,000,000
Issued, subscribed and paid-up share capital	17	187,500,000	150,000,000
Capital reserves:			
Capital reserve		7,120,600	7,120,600
Surplus on revaluation of property, plant and equipment		2,791,356,716	2,916,720,253
Revenue reserve - Unappropriated profit		5,596,501,901	5,410,057,250
		8,582,479,217	8,483,898,103
Liabilities			
Non-current liabilities			
Long term financing	18	5,497,229,804	3,349,875,623
Deferred taxation	19	104,497,826	80,609,776
Current liabilities			
Trade and other payables	20	1,760,984,425	1,441,643,503
Unclaimed dividends		2,438,530	2,472,353
Accrued mark-up	21	294,026,761	379,719,310
Short term borrowings	22	8,763,773,382	10,863,086,159
Current maturity of long term financing	18	180,488,546	433,940,735
Taxation	23	262,000,000	231,000,000
		11,263,711,644	13,351,862,060
Total liabilities		16,865,439,274	16,782,347,459
TOTAL EQUITY AND LIABILITIES		**25,447,918,491**	25,266,245,562
Contingencies and commitments	24		

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

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

Statement of Profit or Loss

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	*Re-stated* 2019 Rupees
Sales - net	25	24,465,188,294	24,386,739,696
Cost of sales	26	(22,351,654,940)	(21,812,853,828)
Gross Profit		2,113,533,354	2,573,885,868
Distribution cost	27	(557,016,854)	(498,863,722)
Administrative expenses	28	(477,089,874)	(407,556,096)
Other income	29	226,159,607	456,932,782
Other expenses	30	(25,228,774)	(776,126,381)
Profit from operations		1,280,357,459	1,348,272,451
Finance cost	31	(1,526,765,378)	(1,525,678,163)
		(246,407,919)	(177,405,712)
Share of profit of associates	8	548,591,744	1,239,741,314
Profit before taxation		302,183,825	1,062,335,602
Taxation	32	(230,550,760)	(311,828,874)
Profit after Taxation		**71,633,065**	**750,506,728**
Earnings per Share	33	**3.82**	**40.03**

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

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

Statement of Other Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	*Re-stated* 2019 Rupees
Profit after taxation	71,633,065	750,506,728
Other comprehensive income		
Items that will not be reclassified subsequently to statement of profit or loss		
Surplus on revaluation of property, plant and equipment	-	2,886,623,781
Surplus on revaluation of property, plant and equipment - associate	26,948,050	30,096,472
Total comprehensive income for the year	**98,581,115**	**3,667,226,981**

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

Statement of Changes In Equity

FOR THE YEAR ENDED JUNE 30, 2020

		Capital reserves		Revenue reserve	
	Share capital	Capital reserve	Surplus on revaluation of property, plant and equipment	Unappropriated profit	Total
	---------------------------- Rupees ----------------------------				
Balance as at June 30, 2018	150,000,000	7,120,600	-	4,697,050,522	4,854,171,122
Transactions with owners					
Final cash dividend for the year ended June 30, 2018 @ Rs. 2.5 per share	-	-	-	(37,500,000)	(37,500,000)
Total Comprehensive income for the year					
Profit for the year (Restated)	-	-	-	750,506,728	750,506,728
Other comprehensive income for the year	-	-	2,916,720,253	-	2,916,720,253
	-	-	2,916,720,253	750,506,728	3,667,226,981
Balance as at June 30, 2019	150,000,000	7,120,600	2,916,720,253	5,410,057,250	8,483,898,103
Transactions with owners					
Bonus shares issued during the period in ratio of 25 shares for every 100 shares held	37,500,000	-	-	(37,500,000)	-
Total Comprehensive income for the year					
Profit for the year	-	-	-	71,633,065	71,633,065
Other comprehensive income for the year	-	-	26,948,050	-	26,948,050
	-	-	26,948,050	71,633,065	98,581,115
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation			(152,311,587)	152,311,587	-
Balance as at June 30, 2020	**187,500,000**	**7,120,600**	**2,791,356,716**	**5,596,501,901**	**8,582,479,217**

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

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

Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
Cash flows from operating activities		
(Loss) / profit for the year - before taxation and share of profit of associates	(246,407,919)	(177,405,712)
Adjustments for non-cash charges and other items:		
Depreciation	782,857,782	597,822,270
Loss on disposal of operating fixed assets - net	(785,225)	2,397,930
Fair value (gain)/ loss on re-measurement of short term investments	(19,348,437)	669,646,937
(Gain) / loss on sale of short term investments	(119,793,622)	92,127,250
Fair value adjustment due to applicability of equity accounting	-	(323,498,250)
Duty drawback on export sales	(21,154,959)	-
Dividend	-	(103,281,501)
Government grant income	(339,390)	-
Finance cost	1,526,765,378	1,525,678,163
Profit before working capital changes	1,901,793,608	2,283,487,087
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	68,022,909	79,263,413
Stock in trade	534,280,829	(3,346,409,834)
Trade debts	(1,416,749,669)	509,591,808
Loans and advances	330,021,761	659,543,149
Other receivables	(334,091,186)	212,011,248
Sales tax refunds	(112,093,830)	(31,793,449)
Increase in trade and other payables	319,340,922	146,353,670
	(611,268,264)	(1,771,439,995)
Cash generated from / (used in) operations	1,290,525,344	512,047,092
Income tax paid	(124,546,684)	(229,016,171)
Net cash generated from / (used in) operating activities	1,165,978,660	283,030,921
Cash flows from investing activities		
Purchase of property, plant and equipment	(432,629,389)	(1,114,988,270)
Sale proceeds of operating fixed assets	10,483,333	54,248,424
Short term investments - net	884,206,914	101,582,642
Long term investments made	-	(887,793,358)
Long term deposits	-	(743,360)
Proceeds from sale tax refund bonds	35,300,000	-
Dividends received	174,671,396	234,285,456
Net cash used in investing activities	672,032,254	(1,613,408,466)
Cash flows from financing activities		
Long term financing - net	1,894,241,382	1,488,126,921
Dividend paid	(33,823)	(37,374,509)
Short term borrowings - net	(2,099,312,777)	1,223,923,327
Finance cost paid	(1,612,457,927)	(1,352,062,881)
Net cash generated from financing activities	(1,817,563,145)	1,322,612,858
Net (decrease) / increase in cash and cash equivalents	**20,447,769**	(7,764,687)
Cash and cash equivalents - at beginning of the year	**24,598,057**	32,362,744
Cash and cash equivalents - at end of the year	**45,045,826**	24,598,057

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

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

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2020

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 and grey cloth.

Geographical location and addresses of business unit / mills:

Registered office / Head office

Mehr Manzil, Lohari Gate, Multan

Regional Office

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

Mills

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

2. *BASIS OF PREPARATION*

2.1 *Statement of compliance*

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

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

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

2.2 *Basis of measurement*

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

2.3 *Functional and presentation currency*

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

2.4 *Critical accounting estimates and judgments*

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

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

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

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

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

New and amended standards mandatory for the first time for the financial year beginning from July 1, 2019:

(a) The Company has adopted IFRS 16 'Leases' from July 01, 2019. The standard introduces a single, on-balance sheet accounting model for leases. As a result, the Company as a lessee has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments. The standard removes distinction between operating and finance leases and requires recognition of an asset (the-right-of 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 lessors does not significantly changed.

(b) Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement', are effective for periods beginning on or after January 01, 2019. These amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in statement of profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendments do not have any material impact on the Company's financial statements.

(c) Amendment to IAS 23 'Borrowing Costs', as part of the annual improvements 2017 applicable for annual periods beginning on or after January 1, 2019. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes 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. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments.

The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2019 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

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

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

(a) Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.

(b) The International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process this means that the overall impact on standard setting may take some time to crystallise. The Companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, Companies should review those policies and apply the new guidance retrospectively as of January 01, 2020, unless the new guidance contains specific scope outs.

(c) Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations i.e. the lower of the costs of fulfilling the contract and the costs of terminating it outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs e.g. direct labour and materials; and an allocation of other direct costs e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. The amendments are not likely to have any material impact on the Company's financial statements.

(d) Amendments to IAS 16 'Property, Plant and Equipment' effective for the annual period beginning on or after January 1, 2022. These amendments clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. The amendment is not likely to have any 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

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

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

Buildings on freehold land and buildings on leasehold lands are stated at revalued amount being the fair value at the date of revaluation, less accumulated depreciation and impairment losses, if any. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the reporting date. Any revaluation increase arising on the revaluation of such asset is recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation is transferred directly to unappropriated profit.

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

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

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

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

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

4.2 Government grants

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The loan is recognised and measured in accordance with IFRS 9 Financial Instruments. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. The benefit is accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. The entity considers the conditions and obligations that have been, or must be, met when identifying the costs for which the benefit of the loan is intended to compensate.

4.3 Right-of-use assets

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

4.4 Leases

Until June 30, 2019, leases were classified as either finance or operating leases. Payments made under operating leases were charged to the statement of profit or loss on a straight-line basis over the period of the lease.

Under IFRS 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4.5 Investments in Associated Companies

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

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

4.6 Stores, spares and loose tools

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

4.7 Stock-in-trade

Basis of valuation are as follows:

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

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

4.8 Trade debts and other receivables

Trade debts are initially recognized at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less loss allowance, if any.

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

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

Trade debts and other receivables considered irrecoverable are written off.

4.9 Cash and cash equivalents

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

4.10 Borrowings and borrowing cost

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

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

4.11 Staff retirement benefits

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

4.12 Trade and other payables

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

4.13 Provisions

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

4.14 Taxation

(a) Current

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

(b) Deferred

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

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

4.15 Dividend and appropriation to reserves

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

4.16 Financial assets

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

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

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

a) Initial recognition and measurement of financial assets

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

i) Equity instruments

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

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

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

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

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

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

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

ii) Debt instruments

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

- ***Amortized cost***

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

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

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

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

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

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

b) Derecognition of financial assets

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

4.17 Financial liabilities

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

4.18 Impairment of financial assets

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

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

For all other financial assets, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

i) Significant increase in credit risk

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

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

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

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

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

ii) Definition of default

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

iii) Credit-impaired financial assets

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

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

iv) Write-off policy

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

v) Measurement and recognition of ECL

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

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

4.19 *Off-setting*

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

4.20 *Foreign currency translations*

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

4.21 *Revenue recognition*

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

Sale of Goods

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

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

Rendering of Services

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

Export rebate

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

- ***Return on Bank deposits***

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

4.22 *Impairment of non-financial assets*

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

4.23 *Segment reporting*

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

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

5. *CHANGES IN ACCOUNTING POLICIES*

IFRS 16 'Leases'

The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Upon adoption of IFRS 16 the Company recognizes right-of-use assets and lease liabilities for leases on the statement of financial position. On initial application, the Company has also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (‘short-term leases’), and lease contracts for which the underlying asset is of low value (‘low-value assets’). Some of the lease contracts of the Company are extendable through mutual agreement between the Company and the lessor or cancellable by both parties immediately or on short notice. In assessing the lease term, the Company concluded that such contracts are of short-term in nature.

5.1 *Effect of change in accounting policy*

The Company did not have any property leases arrangement therefore adoption of IFRS 16 at July 01, 2019 did not have an effect on the financial statements of the Company

6. *RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS*

During the year the Company has corrected a prior period error and accounted for deferred taxation on investment in associate (Orient Power Company (Private) Limited) in accordance with the requirement of IAS-12 Income taxes. The adjustment has been made retrospectively and comparative figures have been restated in accordance with IAS-8 Accounting polices Changes in Accounting Estimates and Errors.

Similarly the impact of bonus shares issue have also been applied retospectively.

The impact of re-statements on prior year figures are as follows:

	Balance as reported earlier	*Effect of restatement*		*Restated Balance*
		Deferred Taxation	*Bonus Issue*	
	-------------------	*Rupees*	-------------------	
As at June 30, 2019				
Effect of Restatement:				
Statement of finanical position				
Deferred taxation	-	80,609,776	-	80,609,776
Revenue reserve - Unappropriated profit	5,490,667,026	(80,609,776)	-	5,410,057,250
Statement of profit or loss				
Taxation	231,219,098	80,609,776		311,828,874
Earnings per share	55.41	(4.30)	(11.08)	40.03

	Note	2020 Rupees	2019 Rupees
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	8,455,199,841	8,887,835,682
Capital work-in-progress:			
- Buildings		-	4,504,044
- Plant and machinery		126,095,083	48,881,699
		126,095,083	53,385,743
		8,581,294,924	**8,941,221,425**

7.1 Operating Fixed Assets

Particulars	Leasehold land	Owned														Total
		Freehold land	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Stand-by equipment / Generators	Furniture and fittings	Vehicles	Office equipment	Protective dam	Electric installations	Gas installations	Tools and equipment	Computer and accessories	Weighing bridge	
	Rupees															
Cost																
Balance as at June 30, 2018	20,755,743	55,962,349	656,085,288	564,303,505	6,301,250,865	857,142,982	22,733,567	249,380,874	3,401,248	10,715,778	385,140,958	5,583,666	21,720,570	31,858,750	5,444,129	9,191,480,272
Additions during the year	-	-	99,989,984	92,907,752	979,127,414	19,913,790	2,060,229	70,727,883	-	-	81,428,129	264,980	143,833	1,612,080	-	1,348,176,074
Disposals during the year	-	-	-	(9,734,053)	(114,048,669)	-	-	(51,402,755)	-	-	(1,630,184)	-	(170,600)	-	(744,257)	(177,730,518)
Revaluation surplus	349,020,257	1,014,487,651	1,269,322,287	253,793,586	-	-	-	-	-	-	-	-	-	-	-	2,886,623,781
Balance as at June 30, 2019	369,776,000	1,070,450,000	2,025,397,559	901,270,790	7,166,329,610	877,056,772	24,793,796	268,706,002	3,401,248	10,715,778	464,938,903	5,848,646	21,693,803	33,470,830	4,699,872	13,248,549,609
Balance as at June 30, 2019	369,776,000	1,070,450,000	2,025,397,559	901,270,790	7,166,329,610	877,056,772	24,793,796	268,706,002	3,401,248	10,715,778	464,938,903	5,848,646	21,693,803	33,470,830	4,699,872	13,248,549,609
Additions during the year	-	-	21,886,564	1,254,754	197,720,656	-	4,698,169	46,072,673	-	-	84,573,720	1,015,623	-	2,697,890	-	359,920,049
Disposals during the year	-	-	-	-	(4,526,179)	-	-	(14,836,895)	-	-	-	-	-	-	-	(19,363,074)
Revaluation surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2020	369,776,000	1,070,450,000	2,047,284,123	902,525,544	7,359,524,087	877,056,772	29,491,965	299,941,780	3,401,248	10,715,778	549,512,623	6,864,269	21,693,803	36,168,720	4,699,872	13,589,106,584
Depreciation																
Balance as at June 30, 2018	-	-	412,229,784	30,160,378	2,673,408,897	451,824,030	8,081,994	111,390,172	2,948,020	4,037,211	148,020,027	2,453,294	7,113,107	28,659,231	3,649,676	3,883,975,821
Charge for the year	-	-	28,824,775	61,176,501	398,064,638	41,540,802	1,586,778	33,945,554	45,323	333,928	29,173,802	332,911	1,464,874	1,180,528	151,856	597,822,270
Charge on disposals	-	-	-	(4,423,089)	(84,520,620)	-	-	(30,929,497)	-	-	(792,715)	-	(74,032)	-	(344,211)	(121,084,164)
Balance as at June 30, 2019	-	-	441,054,559	86,913,790	2,986,952,915	493,364,832	9,668,772	114,406,229	2,993,343	4,371,139	176,401,114	2,786,205	8,503,949	29,839,759	3,457,321	4,360,713,927
Balance as at June 30, 2019	-	-	441,054,559	86,913,790	2,986,952,915	493,364,832	9,668,772	114,406,229	2,993,343	4,371,139	176,401,114	2,786,205	8,503,949	29,839,759	3,457,321	4,360,713,927
Charge for the year	-	-	160,892,149	80,446,448	431,169,354	38,330,452	1,710,202	32,610,789	40,791	317,232	34,256,601	365,489	1,318,986	1,275,034	124,255	782,857,782
Charge on disposals	-	-	-	-	(3,364,834)	-	-	(6,300,132)	-	-	-	-	-	-	-	(9,664,966)
Balance as at June 30, 2020	-	-	601,946,708	167,360,238	3,414,757,435	531,695,284	11,378,974	140,716,886	3,034,134	4,688,371	210,657,715	3,151,694	9,822,935	31,114,793	3,581,576	5,133,906,743
Book value as at June 30, 2019	**369,776,000**	**1,070,450,000**	**1,584,343,000**	**814,357,000**	**4,179,376,695**	**383,691,940**	**15,125,024**	**154,299,773**	**407,905**	**6,344,639**	**288,537,789**	**3,062,441**	**13,189,854**	**3,631,071**	**1,242,551**	**8,887,835,682**
Book value as at June 30, 2020	**369,776,000**	**1,070,450,000**	**1,445,337,415**	**735,165,306**	**3,944,766,652**	**345,361,488**	**18,112,991**	**159,224,894**	**367,114**	**6,027,407**	**338,854,908**	**3,712,575**	**11,870,868**	**5,053,927**	**1,118,296**	**8,455,199,841**
Annual depreciation rate (%)	-	-	10	10	10	10	10	20	10	5	10	10	10	30	10	

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

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

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

7.5 Had there been no revaluation the related figures of leasehold land, freehold land, buildings on freehold land and buildings on leasehold land as at June 30, 2020 would have been as follows:

	Cost	*Accumulated depreciation*	*Net book value*
	---------------------*Rupees*-------------------		
Leasehold land	20,755,743	-	20,755,743
Freehold land	55,962,349	-	55,962,349
Buildings on freehold land	777,961,836	473,907,146	304,054,690
Buildings on leasehold land	648,731,958	143,088,211	505,643,747
	1,503,411,886	**616,995,357**	**886,416,529**

7.6 Forced sale values of leasehold land, freehold land, buildings on freehold land and buildings on leasehold land as per latest revaluation report were Rs. 295.820 million, Rs. 856.360 million, Rs. 1,267.474 million and Rs. 651.485 million respectively.

7.7 Disposal of operating fixed assets

Particulars of assets	*Cost*	*Accumulated depreciation*	*Book value*	*Sale proceeds / insurance claim*	*Gain / (loss)*	*Sold through negotiation to / insurance claim received from*
	----------------------------- *Rupees* -----------------------------					
Items with individual net book value exceeding Rs. 500,000 each						
Plant and machinery						
Ring Spinning Frames Ry-4	3,526,179	2,736,112	790,067	833,333	43,266	Ch. Brothers Faisalabad
Vehicles						
Audi A-6	7,038,665	801,625	6,237,040	6,350,000	112,960	Mr. Khawaja Muhammad Younus
Honda Vezel	3,505,250	1,997,213	1,508,037	1,600,000	91,963	Mr. Shahid Latif Ather Multan
	10,543,915	2,798,838	7,745,077	7,950,000	204,923	
Aggregate value of assets having individual book value not exceeding Rs. 500,000 each	5,292,980	4,130,016	1,162,964	1,700,000	537,036	
2020	**19,363,074**	**9,664,966**	**9,698,108**	**10,483,333**	**785,225**	
2019	177,730,518	121,084,164	56,646,354	54,248,424	(2,397,930)	

	Note	*2020 Rupees*	*2019 Rupees*
7.8 Depreciation for the year has been apportioned as under:			
Cost of sales	26	747,220,966	561,064,088
Administrative expenses	28	35,636,816	36,758,182
		782,857,782	**597,822,270**

7.9 During the year, the Company has capitalized the borrowing cost amounting 1.349 million (2019: Rs. 0.304 million) at the rate of 9.62% (2019: 13.40% per annum).

	Note	2020 Rupees	2019 Rupees
8. LONG TERM INVESTMENTS			
Associated Companies - Un-quoted			
Masood Spinning Mills Limited (MSML)	8.1	366,524,475	337,850,111
Roomi Fabrics Limited (RFL)	8.2	775,517,012	721,830,302
Orient Power Company (Pvt.) Limited (OPCL)	8.3	3,047,520,951	2,729,013,627
		4,189,562,438	3,788,694,040
Others - amortized cost			
Habib Bank Limited - TFC's	8.5	-	100,000,000
		4,189,562,438	**3,888,694,040**

8.1 Masood Spinning Mills Limited (MSML)

	2020 Rupees	2019 Rupees
4,000,000 (2019: 4,000,000) ordinary shares of Rs.10 each - cost	40,000,000	40,000,000
Equity held: **13.32%** (2019: 13.32%)		
Post acquisition profits brought forward	297,850,111	258,297,043
	337,850,111	298,297,043
Share of (loss) / profit for the year	(6,786,154)	9,456,596
Share of other comprehensive income for the year	-	30,096,472
Adjustment based on last year's audited financial statements	-	
- Statement of profit and loss	12,654,653	-
- Statement of comprehensive Income	22,805,865	-
	366,524,475	337,850,111

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

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

	2020 Rupees Un-audited	2019 Rupees Audited
Summarized Statement of Financial Position		
Non-current assets	4,398,656,916	4,572,875,436
Current assets	8,023,816,544	7,097,857,187
	12,422,473,460	11,670,732,623
Non-current liabilities	2,249,771,833	1,385,036,585
Current liabilities	7,422,259,245	7,484,306,554
	9,672,031,078	8,869,343,139
Net assets	2,750,442,382	2,801,389,484

	2020 Rupees Un-audited	2019 Rupees Audited
Reconciliation to carrying amount		
Opening net assets	2,801,389,484	2,319,645,471
Profit for the year	(50,947,102)	166,000,374
Other Comprehensive income for the year	-	315,743,639
Closing net assets	2,750,442,382	2,801,389,484
Company's share percentage **13.32%** (2019: 13.32%)		
Company's share	366,358,925	373,145,079
Miscellaneous adjustments	165,550	165,550
Adjustment based on last year's audited financial statements		(35,460,518)
Carrying amount of investment	366,524,475	337,850,111
Summarized Statement of Profit or Loss		
Sales	13,768,957,128	14,852,573,385
Profit before taxation	78,416,665	24,795,920
Profit after taxation	(50,947,102)	161,144,754
8.2 Roomi Fabrics Limited (RFL)		
4,000,000 (2019: 4,000,000) ordinary shares of of Rs.10 each **- cost**	40,000,000	40,000,000
Equity held: **18.18%** (2019: 18.18%)		
Post acquisition profits brought forward	681,830,302	657,346,558
	721,830,302	697,346,558
Share of profit for the year	36,929,763	24,483,744
Adjustment based on last year's audited financial statements		
- Statement of profit and loss	12,614,762	-
- Statement of comprehensive Income	4,142,185	-
	775,517,012	721,830,302

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

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

	2020	2019
Summarized Statement of Financial Position		
Non-current assets	5,538,778,961	5,820,508,135
Current assets	11,611,937,921	9,394,904,963
	17,150,716,882	15,215,413,098
Non-current liabilities	3,197,271,488	2,631,293,484
Current liabilities	9,687,675,249	8,521,483,476
	12,884,946,737	11,152,776,960
Net assets	4,265,770,145	4,062,636,138

	2020 Rupees Un-audited	2019 Rupees Audited
Reconciliation to carrying amount		
Opening net assets	4,062,636,138	3,823,643,191
Profit for the year	203,134,007	204,062,196
Other Comprehensive income for the year	-	34,930,751
Closing net assets	4,265,770,145	4,062,636,138
Company's share percentage **18.18%** (2019:18.18%)		
Company's share	775,517,012	738,587,250
Adjusted based on last year's audited financial statements	-	(16,756,948)
Carrying amount of investment	775,517,012	721,830,302
Summarized Statement of Profit or Loss		
Sales	13,460,112,444	13,248,415,296
Profit before taxation	295,963,682	266,800,354
Profit after taxation	203,134,008	134,674,064

	Note	2020 Rupees	2019 Rupees
8.3 Orient Power Company (Pvt.) Limited (OPCL)			
Cost / fair value			
Cost / Fair value of 87,335,969 (2019: 45,842,500) ordinary shares of Rs.10 each	8.4	2,485,343,420	866,423,250
Acquired during the year Nil (2019: 41,493,469) ordinary shares of Rs.10 each - **cost**		-	787,793,358
Post acquistion profits brought forward		243,670,207	-
Balance as at June 30, 87,335,969 (2019: 87,335,969) ordinary shares of Rs.10 each		2,729,013,627	1,654,216,608
Equity held: 20.967% (2019: 20.967%)			
Excess income over cost of investment	8.3.4	-	831,126,812
Share of profit for the year		534,269,736	374,674,162
Dividend received		(174,671,396)	(131,003,955)
Adjustment based on last year audited financial statements - Statement of profit and loss		(41,091,016)	-
		3,047,520,951	**2,729,013,627**

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

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

	2020 Rupees Un-audited	2019 Rupees Audited
Summarized Statement of Financial Position		
Non-current assets	9,975,547,000	10,671,437,909
Current assets	13,030,380,000	14,008,175,216
	23,005,927,000	24,679,613,125
Non-current liabilities	-	24,422,643
Current liabilities	8,471,082,000	11,835,413,641
	8,471,082,000	11,859,836,284
Net assets	14,534,845,000	12,819,776,841
Reconciliation to carrying amount		
Opening net assets	12,819,776,841	11,249,352,577
Profit for the year	2,548,148,428	2,195,232,519
Dividend	(833,080,269)	(624,808,255)
Closing net assets	**14,534,845,000**	**12,819,776,841**
Company's share percentage **20.967%** (2019: 20.967%)		
Company's share	3,047,520,951	2,687,922,611
Adjustment based on last year audited financial statements	-	41,091,016
	3,047,520,951	**2,729,013,627**
Summarized Statement of Profit or Loss		
Sales	8,986,325,000	14,813,079,010
Profit before taxation	2,473,077,000	2,391,211,994
Profit after taxation	2,473,077,000	2,391,211,994

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

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

	Note	2020 Rupees	2019 Rupees
8.4 Orient Power Company (Pvt.) Limited (OPCL) *- Amortized cost*			
Opening balance		-	542,925,000
Fair value adjustment due to the applicability of equity accounting	29	-	323,498,250
Transferred to equity accounting	8.3	-	(866,423,250)
		-	-

8.4.1 Fair value of already held investment was calculated on the bases of latest purchase price of further investment acquired during previous year.

8.5 The Company had during the previous year purchased 1,000 Term Finance Certificates (TFC's) from Habib Bank Limited having face value of Rs.100,000 each. During the year further 1,000 TFC's have been purchased. These TFCs carried markup at the rate of 3 month KIBOR plus 1.60% payable on quarterly basis from the date of investment. At the year-end these TFC's have been reclassified into short term investments at fair value through profit and loss since the Company has intention to dispose of these TFC's in near future.

		Note	2020 Rupees	2019 Rupees
9.	***STORES, SPARES AND LOOSE TOOLS***			
	Stores including in-transit inventory valuing Rs. 12.568 million (2019: Rs. 56.867 million)		219,240,374	288,660,452
	Spares		11,419,360	9,980,082
	Loose tools		1,219,653	1,261,762
			231,879,387	**299,902,296**

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

		Note	2020 Rupees	2019 Rupees
10.	***STOCK IN TRADE***			
	Raw materials including in-transit inventory valuing Rs. 1,188.050 million (2019: Rs. 657.148 million)		5,680,317,258	6,625,648,828
	Work-in-process		180,673,772	179,399,733
	Finished goods		1,198,225,904	788,449,202
			7,059,216,934	**7,593,497,763**
11.	***TRADE DEBTS***			
	Unsecured - considered good			
	- local		1,492,702,811	1,173,638,115
	Secured			
	- local	11.1	44,521,825	59,926,172
	- export		1,565,403,391	452,314,071
			1,609,925,216	512,240,243
			3,102,628,027	**1,685,878,358**

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

		Note	2020 Rupees	2019 Rupees
12.	***LOANS AND ADVANCES***			
	Advances to:			
	- executives		1,316,229	4,285,877
	- employees		5,373,844	12,404,566
	- suppliers and contractors		97,553,012	147,073,009
	Advance for purchase of property	12.1	-	274,096,460
	Deposit with Sui Northern Gas Pipelines Ltd.	24.2	78,189,898	75,221,140
	Letters of credit		938,326	312,018
			183,371,309	**513,393,070**

12.1 During the year ended June 30, 2018, the Company had settled a disputed receivable of Rs. 38.399 million from Three Star Hosiery Mills (Private) Limited (TSHM) by purchasing 7 plots located at Gardezi Colony, Quaid-e-Azam Road, Multan Cantt and paid an additional amount of Rs. 235.698 million. The Company had power to direct TSHM to transfer title of these plots to any buyer nominated by the Company. During the year, all plots has been disposed off and this advance has been fully setlled.

		Note	2020 Rupees	2019 Rupees
13.	***OTHER RECEIVABLES***			
	Cotton claims receivable		55,846,199	43,860,288
	Insurance claims receivable		32,617,331	31,109,240
	Containers' deposits		703,969	691,847
	Duty drawbacks receivable on export sales		198,565,203	192,559,256
	Receivable against shares	13.1	421,201,804	85,467,501
	Others		6,670,415	6,670,644
			715,604,921	**360,358,776**

13.1. This includes receivable of Rs. 414.449 million from Arif Habib Limited against shares.

		Note	2020 Rupees	2019 Rupees
14.	***SHORT TERM INVESTMENTS - Quoted***			
	(at fair value through profit or loss)			
	Equity Instruments			
	Soneri Bank Limited (SNBL)			
	Nil (2019: 11,886,000) shares of Rs.10 each		-	153,884,060
	Lalpir Power Limited (LPL)			
	20,715,500 (2019: 38,485,500) shares of Rs.10 each		269,113,425	755,709,806
	Arif Habib Corporation Limited (AHCL)			
	9,586,385 (2019: 13,705,000) shares of Rs.10 each		236,879,573	474,449,857
	Jahangir Siddiqui & Company Limited (JSCL)			
	Nil (2019: 37,857,000) shares of Rs. 10 each		-	656,009,504
			505,992,998	2,040,053,227
	Adjustment on re-measurement to fair value	29	23,348,437	(669,646,937)
			529,341,435	**1,370,406,290**
	Debt Instrument			
	Habib Bank Limited - TFC's	14.2	200,000,000	-
	Adjustment on re-measurement to fair value	29	(4,000,000)	-
			196,000,000	-
			725,341,435	**1,370,406,290**

14.1 Nil (2019: 11.500 million) shares of SNBL, Nil (2019: 38.300 million) shares of LPL, Nil (2019: 13.630 million) shares of AHCL, Nil (2019: 37.819 million) shares of JSCL are pledged with various commercial banks as security for short term finance facilities utilized.

14.2 These TFC's have been re-classified from long term investments at amortized cost to short term investments at fair value through profit or loss (Refer note 8.5).

		Note	2020 Rupees	2019 Rupees
15.	***TAX REFUNDS DUE FROM THE GOVERNMENT***			
	Income tax refundable, advance tax and tax deducted at source		303,248,805	354,364,832
	Sales tax refundable	15.1	300,743,604	188,649,774
			603,992,409	543,014,606

15.1 Sales tax refund bonds have been encashed during the year.

		Note	2020 Rupees	2019 Rupees
16.	***CASH AND BANK BALANCES***			
	Cash-in-hand		5,836,558	5,646,337
	Cash at banks:			
	- current accounts		39,080,961	18,832,497
	- saving accounts	16.1	128,307	119,223
			39,209,268	18,951,720
			45,045,826	**24,598,057**

16.1 These carry profit at the rates ranging from 4% to 6% (2019: 3% to 7%) per annum.

17. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2020 Number of shares	2019 Number of shares		Note	2020 Rupees	2019 Rupees
6,288,800	6,288,800	Ordinary shares of Rs.10 each fully paid in cash		62,888,000	62,888,000
11,000	11,000	Ordinary shares of Rs.10 each issued as fully paid against shares of Mahmood Power Generation Limited upon merger		110,000	110,000
12,450,200	8,700,200	Ordinary shares of Rs.10 each issued as fully paid bonus shares		124,502,000	87,002,000
18,750,000	**15,000,000**			**187,500,000**	**150,000,000**

17.1 Movement in issued, subscribed and paid-up capital

2020 Number of shares	2019 Number of shares		Note	2020 Rupees	2019 Rupees
15,000,000	15,000,000	At beginning of the year		150,000,000	150,000,000
3,750,000	-	Ordinary shares of Rs.10 each issued during the year as fully paid bonus shares (Note 17.6)	17.6	37,500,000	-
18,750,000	**15,000,000**	At the end of year		**187,500,000**	**150,000,000**

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

	2020	2019
	-- Number of shares --	
Masood Spinning Mills Limited	449,940	449,940
Roomi Fabrics Limited	468,662	468,662
	918,602	**918,602**

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

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

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

17.6 During the year the Company has issued 25% bonus shares in the ratio of 25 bonus share for every 100 shares held by the shareholders as approved by the members in the Annual General Meeting of the Company held on October 30, 2019. The effect of this adjustment has been accounted for in these Finanical Statements.

	Note	2020 Rupees	2019 Rupees
18. LONG TERM FINANCING - Secured			
From banking companies			
Habib Bank Limited (HBL)	18.1	1,492,057,668	1,578,924,336
MCB Bank Limited (MCB)	18.2	357,474,733	419,632,702
Meezan Bank Limited (MBL)	18.3	221,415,313	159,090,834
United Bank Limited (UBL)	18.4	382,882,745	441,308,302
Allied Bank Limited (ABL)	18.5	581,670,032	584,860,184
Bank Al Habib Limited (BAH)	18.6	510,000,000	510,000,000
The Bank of Punjab (BOP)	18.7	-	90,000,000
National Bank of Pakistan (NBP)	18.8	1,962,263,474	-
Bank Alfalah Limited (BAF)	18.9	155,013,967	-
Balance as at June 30,		5,662,777,932	3,783,816,358
Deferred Income - Government Grant	18.9	14,940,418	-
		5,677,718,350	**3,783,816,358**
Less: current portion grouped under current liabilities:			
- HBL		41,828,682	169,054,373
- MCB		20,553,400	82,713,605
- MBL		10,061,202	65,204,284
- UBL		30,114,371	58,420,872
- ABL		35,357,449	38,547,601
- BOP		-	20,000,000
- BAF		35,444,739	-
Deferred Income - Government Grant		7,128,703	-
		180,488,546	433,940,735
		5,497,229,804	**3,349,875,623**

	No. of instalments and repayment commencement date	Rate of mark-up per annum	2020 Rupees	2019 Rupees
18.1 HBL				
Demand Finance - VIII	24 quarterly August, 2014	1% Over 3 months KIBOR	-	2,958,950
Demand Finance - IX	24 quarterly February, 2017	- do -	4,177,458	5,848,441
Demand Finance - X	28 quarterly March, 2019	0.75% over 3 months KIBOR	785,714,284	928,571,428
Demand Finance - XI	32 quarterly December, 2019	0.50% over 3 months KIBOR	-	54,040,210
Demand Finance - XII	32 quarterly July, 2021	- do -	149,088,791	459,945,186
State Bank of Pakistan - Export Oriented Projects				
- Finance No.7	24 quarterly March, 2017	5% flat	4,234,015	5,388,748
- Finance No.8	24 quarterly April, 2017	5% flat	4,380,331	5,973,183
- Finance No.9	24 quarterly September, 2017	3% flat	16,443,700	20,238,400
- Finance No.10	32 quarterly December, 2019	2.50% flat	130,901,079	95,959,790
- Finance No.11	32 quarterly December, 2019	2.50% flat	397,118,010	-
			1,492,057,668	**1,578,924,336**

	No. of instalments and repayment commencement date	Rate of mark-up per annum	2020 Rupees	2019 Rupees
18.2 MCB				
Demand Finance - I	12 half-yearly April, 2014	1.25 % over 6 months KIBOR	-	37,500,000
State Bank of Pakistan - Export Oriented Projects				
Finance No.1	16 half-yearly April, 2019	2.75% flat	357,474,733	382,132,702
			357,474,733	**419,632,702**

	No. of instalments and repayment commencement date	Rate of mark-up per annum	2020 Rupees	2019 Rupees
18.3 MBL				
Diminishing Musharakah - I	10 half-yearly May, 2015	1 % over 6 months KIBOR	-	4,854,560
Diminishing Musharakah - II	12 half-yearly June, 2015	- do -	4,342,019	6,513,029
Diminishing Musharakah - III	12 half-yearly July, 2015	- do -	6,865,910	13,731,816
Diminishing Musharakah - IV	12 half-yearly August, 2015	- do -	3,654,692	7,309,382
Diminishing Musharakah - V	12 half-yearly August, 2015	- do -	919,340	1,838,765
Diminishing Musharakah - VI	12 half-yearly September, 2015	- do -	4,637,566	9,275,130
Diminishing Musharakah - VII	12 half-yearly October, 2015	- do -	7,836,679	10,448,906
Diminishing Musharakah - VIII	12 half-yearly July, 2016	- do -	4,844,640	7,266,960
Diminishing Musharakah - IX	12 half-yearly July, 2016	- do -	23,834,200	35,751,300
Diminishing Musharakah - X	12 half-yearly August, 2016	- do -	15,612,800	23,419,200
Diminishing Musharakah - XI	12 half-yearly October, 2016	- do -	6,327,762	9,491,644
Diminishing Musharakah - XII	12 half-yearly November, 2016	- do -	14,297,644	17,157,173
Diminishing Musharakah - XIII	12 half-yearly December, 2016	- do -	4,182,474	5,018,969
Diminishing Musharakah - XIV	12 half-yearly January, 2017	- do -	5,010,000	7,014,000
Diminishing Musharakah (IFRE)	40 quarterly 18-August, 2022	1.5 % over 6 months KIBOR	119,049,587	-
			221,415,313	**159,090,834**

	No. of instalments and repayment commencement date	Rate of mark-up per annum	2020 Rupees	2019 Rupees
18.4 UBL				
Demand Finance - NIDF-XII	16 half-yearly June, 2020	0.75% over 6 months KIBOR	-	115,720,800
State Bank of Pakistan - Export Oriented Projects				
- Finance No.15	16 half-yearly May, 2012	10.5% flat	-	4,353,375
- Finance No.16	16 half-yearly July, 2012	11.2% flat	-	5,625,000
- Finance No.17	16 quarterly November, 2017	5% flat	31,250,011	56,250,007
- Finance No.18	16 half-yearly June, 2020	2.5% flat	351,632,734	259,359,120
			382,882,745	**441,308,302**
18.5 ABL				
State Bank of Pakistan - Export Oriented Projects				
Finance 1	16 half-yearly May, 2021	2.5% flat	548,705,104	548,705,104
Finance 2	39 quarterly May, 2021	2.5% flat	32,964,928	36,155,080
			581,670,032	**584,860,184**
18.6 BAH				
Finance 1	16 equal quarterly September, 2020	2.45% flat	510,000,000	510,000,000
			510,000,000	**510,000,000**
18.7 BOP				
Demand Finance	10 half-yearly February, 2019	1.00% over 6 months KIBOR	-	90,000,000
			-	**90,000,000**
18.8 NBP				
Demand Finance	12 half-yearly June, 2022	1.50% over 6 months KIBOR	1,962,263,474	-
			1,962,263,474	**-**
18.9 BAF				
Demand Finance	8 equal quarterly January, 2021	1.00% Flat	155,013,967	-
			155,013,967	**-**

18.10 The finance facilities available from HBL are secured against JPP charge of Rs. 2,648 million on entire fixed assets on land consisting total area of 366 kanals and 13 marlas, 10.435 acares and 70 kanal 3 marlas building and plant and machinery on units located at Multan Road, Muzaffargarh, D.G Khan, Chowk Sarwar Shaheed and Industrial Estates Multan (Note 18.1)

18.11 The finance facilities available from MCB is secured against JPP charge of Rs. 634 million on entire fixed assets on land consisting total area of 366 kanals and 13 marlas, 10.435 acares and 70 kanal 3 marlas building and plant and machinery on units located at Multan Road, Muzaffargarh, D.G Khan, Chowk Sarwar Shaheed and Industrial Estates Multan (Note 18.2).

18.12 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. During the year the company has futher obtained Diminishing Musharak under Islamic financing facility for renewable Energy (IFRE) secured against exclusive charge of Rs. 150.00 million over musharakah assets and Joint Pari Passu charge over all fixed assets (Note 18.3).

18.13 The finance facilities available from UBL is secured against JPP charge of Rs. 613 million on entire fixed assets on land consisting total area of 366 kanals and 13 marlas, 10.435 acares and 70 kanal 3 marlas building and plant and machinery on units located at Multan Road, Muzaffargarh, D.G Khan, Chowk Sarwar Shaheed and Industrial Estates Multan (Note 18.4).

18.14 The finance facilities available from ABL is secured against JPP charge over specific machinery imported to cover the principal amount of Rs. 800 million on entire fixed assets, on land consisting total area of 366 kanals and 13 marlas, 10.435 acares and 70 kanal 3 marlas building and plant and machinery on units located at Multan Road, Muzafargarh, D.G Khan, Chowk Sarwar Shaheed and Industrial Estates Multan. (Note 18.5).

18.15 The finance facilities available from BAH is secured against JPP charge of Rs. 680 million on entire fixed assets, on land consisting total area of 366 kanals and 13 marlas, 10.435 acares and 70 kanal 3 marlas building and plant and machinery on units located at Multan Road, Muzaffargarh, D.G Khan, Chowk Sarwar Shaheed and Industrial Estates Multan (Note 18.6).

18.16 The finance facility available from BOP is secured against ranking charge of Rs. 134 million over all present and future fixed assets the Company (Note 18.7).

18.17 During the year the Company has obtained long term finance facility from NBP amounting Rs. 2,000 million. This finance is obtained for re-profiling of balance sheet. Tenor of loan is up to a maximum of 7 years with 1 year grace period. This finance carry markup at the rate of 6 month kibor plus 1.5% p.a.

This finance is secured against Ranking Charge by way of hypothecation over all present and future movable fixed assets of the Company with 25% margin and equitable mortgage through MOCTD over land and building of the Company.

The transaction cost amounting to Rs. 40.600 million has been adjusted against this finance and amortized over the tenure of the finance. During the year amortization of Rs. 2.863 million has been recognized (Note 18.8).

18.18 The Company has obtained long term finance of Rs. 170.293 million from Bank Alfalah Limited for financing of salaries and wages under SBP Refinance Scheme for payment of salaries and wages. The rate of markup on this loan is 1% per annum. This loans is for two and half year period and is repayable in eight equal quarterly installments commencing from January 2021. The facility available under the above arrangement amounted to Rs. 257.191 million of which the amount remained unutilized as at June 30, 2020 was Rs. 86.898 million.

Due to the effects of pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing. The Company has obtained the said finance at subsidized rate on June 17, 2020, at a concessional interest rate of 1% and is repayable by October 2022 in 8 quarterly installments.

Government grant amounting to Rs. 15.279 million has been recognized during the year ended 30 June, 2020 and Rs. 0.339 million has been amortized during the year. In accordance with the terms of the grant, the Company is prohibited to lay-off the employees during April 2020 to June 2020.

This finance is secured against 1st JPP Charge over present and future fixed assets of amounting Rs. 420 million with a deferral of 180 days with ranking charge into 1st JPP to secure payroll of Rs. 315 million inclusive of 25% margin (Note 18.9).

18.19 The effective mark-up rates that prevailed during the year on these finance facilities ranged from 1% to 15.08% (2019: 2.45% to 14.11%) per annum.

19. DEFERRED TAXATION

	Balance as at July 01, 2019	*Charged to statement of profit or loss*	*Balance as at June 30, 2020*
		Rupees	
On taxable temporary differences			
Long term investments	80,609,776	23,888,049	104,497,826
	80,609,776	**23,888,049**	**104,497,826**

Comparative June 30, 2019 (re-stated)

	Balance as at July 01, 2018	*Charged to statement of profit or loss*	*Balance as at June 30, 2019*
		Rupees	
On taxable temporary differences			
Long term investments	-	80,609,776	80,609,776
	-	**80,609,776**	**80,609,776**

		Note	2020 Rupees	2019 Rupees
20.	***TRADE AND OTHER PAYABLES***			
	Creditors		302,669,979	222,251,690
	Bills payable - secured	20.1	776,283,469	195,302,894
	Due to an associated undertaking	20.2	7,840,983	48,736,920
	Accrued expenses		603,921,226	729,859,338
	Contract liabilities - advances from customers		38,136,755	71,811,670
	Advance against sale of property	12.2	-	118,668,000
	Tax deducted at source		19,794,291	4,004,615
	Workers' welfare fund	20.3	-	39,155,252
	Others		12,337,722	11,853,124
			1,760,984,425	**1,441,643,503**

20.1 These are secured against the securities as detailed in note 22.2.

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

20.3 During the year the Company has reversed the excess provision of WWF relating to prior years after the finalization of orders from FBR for deletion of demands for relevant years.

		Note	2020 Rupees	2019 Rupees
21.	***ACCRUED MARK-UP***			
	Mark-up accrued on:			
	- long term financing		124,617,955	57,789,768
	- short term borrowings		169,408,806	321,929,542
			294,026,761	**379,719,310**
22.	***SHORT TERM BORROWINGS***			
	Short term borrowings - secured	22.1	2,329,434,181	2,412,844,787
	Short term running finances - secured	22.1	6,412,093,932	8,435,848,156
			7,557,816,577	10,848,692,943
	Temporary bank overdrafts - unsecured		22,245,269	14,393,216
			8,763,773,382	**10,863,086,159**

22.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs. 15,390 million (2019: Rs. 22,100 million) including facilities aggregating Rs. 300 million (2019: Rs. 1,400 million) available on Group basis. These finance facilities, during the year, carried mark-up at the rates ranging from 9.08% to 15.56% (2019: 7.01% to 13.80%) per annum. The aggregate finance facilities are secured against charge over the Company's current assets, pledge of quoted shares, lien over export bills and banks' lien over letters of credit. These facilities are expiring on various dates by August 31, 2021.

22.2 Facilities available for opening letters of credit and guarantee from various commercial banks aggregate Rs. 12,929 million (2019: Rs. 6,389.2 million) including facilities aggregating Rs. 2,450 million (2019: Rs. 2,350 million) available on Group basis. Out of the available facilities, facilities aggregating Rs. 10,767 million (2019: Rs. 6,213 million) remained unutilized at the year-end. These facilities are secured against lien over import documents and charge over current assets of the Company. These facilities are expiring on various dates by August 31, 2021.

	2020 Rupees	2019 Rupees
23. *TAXATION* - *Net*		
Opening balance	231,000,000	62,500,000
Add: provision made during the year:		
- current	262,000,000	231,000,000
- prior years - net	(55,337,289)	219,098
Tax expense for the year - net	206,662,711	231,219,098
	437,662,711	293,719,098
Less: payments / adjustments made during the year against completed assessments	175,662,711	62,719,098
	262,000,000	**231,000,000**

24. *CONTINGENCIES AND COMMITMENTS*

24.1 Guarantees given by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregated Rs. 783.858 million as at June 30, 2020 (2019: Rs. 673.592 million).

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

24.3 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.

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

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

24.5 Foreign and local bills discounted outstanding as at June 30, 2020 aggregated Rs. 260.727 million (2019: Rs. 2,964.208 million) and Rs. 168.462 million (2019: 17.340 million).

Notes To The Financial Statements

FOR THE YEAR ENDED JUNE 30, 2020

		2020	2019
		(Rupees in million)	
24.6	Commitments for irrevocable letters of credit:		
	- capital expenditure	3.939	120.093
	- others	1,374.141	68.484
		1,378.080	188.577

		Note	2020 Rupees	2019 Rupees
25.	***SALES - Net***			
	Local			
	- yarn		2,976,642,730	1,404,552,842
	- cloth		433,162,710	990,606,085
	- waste		645,942,282	699,671,020
	- doubling / sizing income		13,160,797	4,363,600
	- cotton		998,452,998	815,634,048
			5,067,361,517	3,914,827,595
	Export			
	- yarn		13,981,381,938	14,636,564,239
	- cloth		7,535,685,393	5,750,712,685
	- waste		285,451,486	87,118,145
		25.1	21,802,518,817	20,474,395,069
			26,869,880,334	24,389,222,664
	Sales tax		(2,404,692,040)	(2,482,968)
			24,465,188,294	**24,386,739,696**

25.1 Gain aggregating Rs. 69.912 million - net (2019: gain aggregating Rs. 294.565 million - net) arisen upon realization of foreign currency export debtors has been grouped under export sales.

		Note	2020 Rupees	2019 Rupees
26.	***COST OF SALES***			
	Raw materials consumed	26.1	18,540,515,687	18,231,713,066
	Stores and spares consumed		401,407,282 `	348,084,930
	Packing materials consumed		215,137,609	216,315,999
	Salaries, wages and benefits	26.2	1,274,200,925	1,167,637,918
	Power and fuel		1,451,112,640	1,507,898,823
	Repair and maintenance		27,145,538	27,569,311
	Depreciation	7.8	747,220,966	561,064,088
	Insurance		71,463,048	64,683,237
	Doubling charges		34,501,986	19,551,243
			22,762,705,681	22,144,518,615
	Adjustment of work-in-process			
	Opening stock		179,399,733	145,020,952
	Closing stock	10	(180,673,772)	(179,399,733)
			(1,274,039)	(34,378,781)
	Cost of goods manufactured		22,761,431,642	22,110,139,834
	Adjustment of finished goods			
	Opening stock		788,449,202	467,253,526
	Impact of restatement due to IFRS 15		-	23,909,670
	Closing stock	10	(1,198,225,904)	(788,449,202)
			(409,776,702)	(297,286,006)
			22,351,654,940	**21,812,853,828**

	Note	2020 Rupees	2019 Rupees
26.1 Raw materials consumed			
Opening stock		6,625,648,828	3,610,903,781
Purchases and purchase expenses		17,583,319,234	17,826,872,159
Transfer from Ginning Section - net	26.3	-	3,406,323,042
		17,583,319,234	21,233,195,201
		24,208,968,062	24,844,098,982
Closing stock	10	(5,680,317,258)	(6,625,648,828)
		18,528,650,804	18,218,450,154
Cotton cess		11,864,883	13,262,912
		18,540,515,687	**18,231,713,066**

26.2 Expense for the year includes staff retirement benefits - gratuity amounting Rs. 46.746 million (2019: Rs. 45.361 million).

26.3 Production Cost of Ginning Section *- Net*

	2020 Rupees	2019 Rupees
Raw materials consumed including local taxes aggregating Nil (2019: Rs. 5.612 million)	-	4,191,599,792
Lease charges	-	2,000,000
Salaries, wages and benefits	-	58,679,977
Travelling and conveyance	-	1,190,927
Repair and maintenance	-	9,443,702
Stores consumption	-	13,342,752
Utilities	-	43,776,128
Entertainment	-	1,064,695
Stationery	-	202,981
Communication	-	4,727,631
Insurance	-	4,389,375
Bank charges	-	2,557,001
Others	-	180,679
	-	4,333,155,640
Less: adjustment of cotton seed	-	926,832,598
Transferred to Spinning Section	**-**	**3,406,323,042**

26.4 During the year there were no ginning operations since the Company has not acquired Cotton Ginning Factories on operating lease.

27. DISTRIBUTION COST	2020 Rupees	2019 Rupees
Advertisement	444,488	214,810
Export expenses	230,338,819	181,976,008
Commission	191,456,546	212,099,761
Export development surcharge	25,103,914	28,663,197
Freight and other expenses	109,673,087	75,909,946
	557,016,854	**498,863,722**

		Notes	2020 Rupees	2019 Rupees
28.	***ADMINISTRATIVE EXPENSES***			
	Salaries and benefits	28.1	214,496,677	146,200,500
	Travelling and conveyance	28.2	76,900,142	75,351,480
	Rent, rates and taxes		3,420,593	2,349,199
	Entertainment		27,364,196	25,546,377
	Utilities		3,946,303	3,189,105
	Communication		20,205,867	21,012,489
	Printing and stationery		12,533,207	6,772,556
	Insurance		3,449,108	4,194,368
	Repair and maintenance		27,448,184	38,048,522
	Vehicles' running and maintenance		14,989,152	15,375,756
	Subscription and licensing fees		16,768,467	13,838,764
	Auditors' remuneration:			
	- statutory audit		1,000,000	1,000,000
	- half yearly review		140,000	138,000
	- certification charges		123,200	51,500
			1,263,200	1,189,500
	Legal and professional charges (other than Auditors)		2,109,680	1,089,077
	Depreciation	7.8	35,636,816	36,758,182
	General		16,558,282	16,640,221
			477,089,874	**407,556,096**

28.1 Expense for the year includes staff retirement benefits - gratuity amounting Rs. 8.954 million (2019: Rs. 8.531 million).

28.2 These include directors' travelling expenses aggregating Rs. 56.354 million (2019: Rs. 54.155 million).

		Notes	2020 Rupees	2019 Rupees
29.	***OTHER INCOME***			
	Income from financial assets			
	Dividends		-	103,281,501
	Mark up on TFC's		25,582,722	-
	Realized gain on sale of short term investments at fair value through profit or loss - net		119,793,622	-
	Unrealized gain on re-measurement of short term investments at fair value through profit or loss	14	19,348,437	-
	Exchange fluctuation gain - net		-	30,153,031
	Fair value adjustment due to applicability of equity accounting	8.4	-	323,498,250
	Government grant		339,390	-
	Income from non-financial assets			
	Duty drawback on export sales		21,154,959	-
	Gain on disposal of operating fixed assets - net	7.7	785,225	-
	Workers' welfare fund	20.3	39,155,252	-
			226,159,607	**456,932,782**

		Note	2020 Rupees	2019 Rupees
30.	***OTHER EXPENSES***			
	Donations (without directors' interest)	30.1	10,775,204	10,203,270
	Loss on disposal of operating fixed assets - net	7.7	-	2,397,930
	Exchange fluctuation loss - net		14,453,570	-
	Realized loss on sale of short term investments at fair value through profit or loss - net		-	92,127,250
	Unrealized loss on re-measurement of short term investments at fair value through profit or loss	14	-	669,646,937
	Bad debts - write off		-	1,750,994
			25,228,774	**776,126,381**

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

	2020 Rupees	2019 Rupees
Punjab Social Security Health Management Company (PSSHMC)	2,443,444	1,973,609
Friends of MIC (Mediquips)	1,200,000	2,267,204
Minar Welfare Society	-	2,176,956
Care High School Foundation	2,100,000	2,100,000
Prime Minister Relief fund (COVID-19)	2,500,000	-
	8,243,444	**8,517,769**

		Note	2020 Rupees	2019 Rupees
31.	***FINANCE COST*** *- Net*			
	Mark-up on:			
	- long term financing		386,620,065	185,255,581
	- short term borrowings		894,371,972	1,176,002,313
	Bank charges and commission		245,773,341	164,420,269
			1,526,765,378	**1,525,678,163**
32.	***TAXATION***			***Restated***
	Current		262,000,000	280,952,060
	Deferred	19	23,888,049	80,609,776
	Tax credits u/s 65B		-	(49,952,060)
			285,888,049	311,609,776
	Prior year adjustment		(55,337,289)	219,098
			230,550,760	**311,828,874**

32.1 Income tax assessments of the Company have been finalized by the Income Tax Department or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) upto the financial year ended June 30, 2019 (tax year 2019).

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

33. EARNINGS PER SHARE

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

		2020	Restated 2019
Profit after taxation attributable to ordinary shareholders	Rupees	**71,633,065**	750,506,728
Weighted average number of ordinary shares in issue during the year	Number	**18,750,000**	18,750,000
Earnings per share - basic	Rupees	**3.82**	40.03

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Opening	Non-cash changes	Cash flows	Closing
	---- Rupees ----			
2020				
Long term financing	3,783,816,358	-	1,893,901,992	5,677,718,350
Unclaimed dividend	2,472,353	-	(33,823)	2,438,530
Short term borrowings	10,863,086,159	-	(2,099,312,777)	8,763,773,382
2019				
Long term financing	2,295,689,437	-	1,488,126,921	3,783,816,358
Unclaimed dividend	2,346,862	37,500,000	(37,374,509)	2,472,353
Short term borrowings	9,639,162,832	-	1,223,923,327	10,863,086,159

35. SEGMENT INFORMATION

Based on internal management reporting structure and products being produced and sold, the Company has been organized into two operating segments i.e. spinning and weaving.

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

Segment analysis

	Spinning	Weaving	Total
	---- Rupees ----		
Year ended June 30, 2020			
Revenue	17,327,126,433	7,138,061,861	**24,465,188,294**
Segment results	(1,076,013,673)	2,155,440,299	**1,079,426,626**
Year ended June 30, 2019			
Revenue	17,547,248,842	6,839,490,854	**24,386,739,696**
Segment results	1,590,442,326	77,023,724	**1,667,466,050**

Reconciliation of segment results with profit from operations:

	2020 Rupees	2019 Rupees
Total results for reportable segments	1,079,426,626	1,667,466,050
Other income	226,159,607	456,932,782
Other expenses	(25,228,774)	(776,126,381)
Finance cost	(1,526,765,378)	(1,525,678,163)
Profit from Associates	548,591,744	1,239,741,314
Profit before taxation	**302,183,825**	**1,062,335,602**

Information on assets and liabilities by segment is as follows:

	Spinning	Weaving	Total
	---------- Rupees ----------		
As at June 30, 2020			
Segment assets	15,072,090,890	4,811,885,493	**19,883,976,383**
Segment liabilities	15,284,652,113	1,211,850,805	**16,496,502,918**
As at June 30, 2019			
Segment assets	14,710,685,070	4,711,689,739	19,422,374,809
Segment liabilities	14,627,226,968	1,251,730,027	15,878,956,995

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

	As at June 30, 2020		As at June 30, 2019	
	Assets	Liabilities	Assets	Liabilities
	---------- Rupees ----------			
Total for reportable segments	19,883,976,383	16,496,502,918	19,422,374,809	15,878,956,995
Unallocated assets / liabilities	5,563,942,108	368,936,356	5,843,870,753	903,390,464
Total as per statement of financial position	**25,447,918,491**	**16,865,439,274**	**25,266,245,562**	**16,782,347,459**

Sales to domestic customers in Pakistan are 19.04% (2019: 16.05%) and to customers outside Pakistan are 80.96% (2019: 83.95%%) 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.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

36.1 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.

36.2 Market risk

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

(a) Currency risk

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

2020	*Rupees*	*U.S.$*	*Euro*	*JPY*	*CHF*	*CNY*
Trade debts	(1,565,403,391)	(9,977,171)	(57,077)	-	-	(2,492,890)
Bills payable	776,283,469	4,631,763	-	-	-	-
Gross statement of financial position exposure	(789,119,922)	(5,345,408)	(57,077)	-	-	(2,492,890)
Outstanding letters of credit	601,796,531	3,590,666	-	-	-	-
Net exposure	**(187,323,391)**	**(1,754,742)**	**(57,077)**	**-**	**-**	**(2,492,890)**
2019						
Trade debts	(452,314,071)	(2,842,955)	-	-	-	-
Bills payable	195,302,894	1,201,864	-	-	-	-
Gross statement of financial position exposure	(257,011,177)	(1,641,091)	-	-	-	-
Outstanding letters of credit	188,577,000	3,587,902	566,887	5,437,993	-	660,520
Net exposure	**(68,434,177)**	**1,946,811**	**566,887**	**5,437,993**	**-**	**660,520**

The following significant exchange rates have been applied:

	Average rate		*Reporting date rate*	
	2020	*2019*	*2020*	*2019*
U.S. $ to Rupee	158.63	136.11	167.60 / 168.10	159.10 / 159.60
Euro to Rupee	175.45	155.16	188.91 / 188.35	184.53
JPY to Rupee	1.47	1.23	1.56	1.51
CHF to Rupee	162.58	136.74	-	-
CNY to Rupee	22.53	19.96	23.71	23.76

Sensitivity analysis

At June 30, 2020, if Rupee had strengthened by 10% against U.S.$, Euro, JPY, CHF and CNY with all other variables held constant, profit before taxation for the year would have been lower by the amount shown below mainly as a result of foreign exchange losses on translation of foreign currency financial assets, whereas profit before taxation for the year would have been higher by the amount shown below mainly as a result of foreign exchange gain on translation of foreign currency financial liabilities.

Effect on profit for the year:

	2020 Rupees	*2019 Rupees*
U.S.$ to Rupee	(89,589,035)	(26,109,758)
Euro to Rupee	(1,074,984)	-
JPY to Rupee	-	-
CHF to Rupee	-	-
CNY to Rupee	(5,910,642)	-

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

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

(b) Interest rate risk

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

	2020	2019	2020	2019
	Effective mark-up rate		Carrying amount -------- (Rupees) --------	
	%	%		
Fixed rate instruments				
Financial assets				
Bank balances at saving accounts	4% to 6%	3% to 7%	**128,307**	119,223

	2020	2019	2020	2019
	Effective mark-up rate		Carrying amount -------- (Rupees) --------	
	%	%		
Variable rate instruments				
Financial liabilities				
Long term financing	1% to 15.08%	2.45% to 14.11%	**5,662,777,932**	3,783,816,358
Short term borrowings	9.08% to 15.56%	7.01% to 13.80%	**7,557,816,577**	10,848,692,943

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, 2020, 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.131.230 million (2019: Rs. 146.325 million) lower / higher, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

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

36.3 Credit risk exposure and concentration of credit risk

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

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

36.3.1 Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2020 along with comparative is tabulated below:

	2020 Rupees	2019 Rupees
Long term investments	-	100,000,000
Long term deposits	9,980,881	9,980,881
Trade debts	3,102,628,027	1,685,878,358
Loans and advances	6,690,073	16,690,443
Other receivables	715,604,921	360,358,776
Short term investments	725,341,435	1,370,406,290
Bank balances	39,209,268	18,951,720
	4,599,454,605	**3,562,266,468**

36.3.2 Trade debts exposure by geographic region

	2020 Rupees	2019 Rupees
Domestic	1,537,224,636	1,233,564,287
Export	1,565,403,391	452,314,071
	3,102,628,027	**1,685,878,358**

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:	2020 Rupees	2019 Rupees
Not past due	2,754,011,718	1,424,168,537
Past due less than 3 months	330,545,320	249,542,287
Past due less than 6 months	10,268,479	8,073,631
Past due more than 6 months	7,802,510	4,093,903
	3,102,628,027	**1,685,878,358**

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

Credit rating

The credit ratings of the banks in which the Company has maintained its deposits are as follows:

	Rating Agency	*Credit Rating*		*Date of Rating*
		Short Term	*Long Term*	
Bank Alfalah Limited	PACRA	A1+	AA+	June/20
Bank Al-Habib Limited	PACRA	A1+	AA+	June/20
Bank Islami Pakistan Limited	PACRA	A1	A+	June/20
Habib Bank Limited	JCR-VIS	A-1+	AAA	June/20
MCB Bank Limited	PACRA	A1+	AAA	June/20
National Bank of Pakistan	PACRA	A-1+	AAA	June/20
Soneri Bank Limited	PACRA	A1+	AA-	June/20
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	June/20
The Bank of Punjab	PACRA	A1+	AA	June/20
United Bank Limited	JCR-VIS	A-1+	AAA	June/20

36.4 Liquidity risk

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

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

	Carrying amount	*Contractual cash flows*	*Less than 1 year*	*Between 1 to 5 years*	*5 years and above*
	Rupees				
2020					
Long term financing	5,662,777,932	6,166,540,861	188,512,515	4,718,172,366	1,259,855,980
Short term borrowings	8,763,773,382	8,763,773,382	8,763,773,382	-	-
Trade and other payables	1,760,984,425	1,760,984,425	1,760,984,425	-	-
Unclaimed dividend	2,438,530	2,438,530	2,438,530	-	-
Accrued mark-up	294,026,761	294,026,761	294,026,761	-	-
	16,484,001,030	**16,987,763,959**	**11,009,735,613**	**4,718,172,366**	**1,259,855,980**

	Carrying amount	*Contractual cash flows*	*Less than 1 year*	*Between 1 to 5 years*	*5 years and above*
	Rupees				
2019					
Long term financing	3,783,816,358	4,063,500,759	473,287,118	3,222,493,571	367,720,070
Short term borrowings	10,863,086,159	10,863,086,159	10,863,086,159	-	-
Trade and other payables	1,208,003,966	1,208,003,966	1,208,003,966	-	-
Unclaimed dividend	2,472,353	2,472,353	2,472,353	-	-
Accrued mark-up	379,719,310	379,719,310	379,719,310	-	-
	16,237,098,146	**16,516,782,547**	**12,926,568,906**	**3,222,493,571**	**367,720,070**

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.

36.5 Fair value of financial instruments

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

At June 30, 2020, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

37. 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, 2020			June 30, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	------------------------------- Rupees -------------------------------					
Property, plant and equipment	-	3,620,728,721	-	-	3,838,926,000	-
Short term investments	725,341,435	-	-	1,370,406,290	-	-

38. CAPITAL RISK MANAGEMENT

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

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

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

	2020 Rupees	2019 Rupees
Total debt	14,441,491,732	14,646,902,517
Total equity	8,582,479,217	8,483,898,103
Debt-to-equity ratio	1.68	1.73

There was no change in 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.

39. REMUNERATION OF DIRECTOR AND EXECUTIVES

	Director		Executives	
	2020 Rupees	2019 Rupees	2020 Rupees	2019 Rupees
Managerial remuneration	9,600,000	9,600,000	37,381,044	32,699,952
Bonus	-	-	-	923,750
Retirement benefits - gratuity	-	-	3,115,087	2,724,997
Other perquisites and benefits	-	-	1,453,707	2,586,253
	9,600,000	**9,600,000**	**41,949,838**	**38,934,952**
Number of persons	**1**	1	**15**	17

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

40. 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:

	2020 Rupees	2019 Rupees
- Sale of goods	1,904,370,799	1,233,852,004
- Purchase of goods	1,816,576,934	1,590,313,292
- Doubling charges	4,227,818	4,189,231
- Doubling revenue	13,160,794	4,363,600
- Dividend income	174,671,396	131,003,955
- Sale of vehicle to director (Refer note 7.7)	6,350,000	-

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

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

			2020	2019
41.	***CAPACITY AND PRODUCTION***			
	Yarn			
	Number of spindles installed		115,920	115,824
	Number of spindles-shifts worked		116,482,122	118,145,628
	Production capacity at 20's count 1,096 shifts (2019: 1,095 shifts)	***Kgs.***	45,022,045	44,943,745
	Actual production converted into 20's count	***Kgs.***	39,415,329	38,622,781
	Cloth			
	Number of looms installed		196	196
	Number of looms-shifts worked		214,728	214,620
	Installed capacity at 60 picks 1,096 shifts (2019: 1,095 shifts)	***Mtrs.***	45,358,665	50,690,061
	Actual production converted into 60 picks	***Mtrs.***	41,649,895	46,814,592
	Power House			
	Number of generators installed		10	10
	Number of shifts worked		1,096	1,095
	Generation capacity in Mega Watts		20.25	20.45
	Actual generation in Mega Watts		15.15	11.25

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.

		2020	2019
		------ Numbers ------	
42.	***NUMBER OF EMPLOYEES***		
	Number of persons employed as at June 30,		
	- permanent	2,947	2,934
	- contractual	96	143
	Average number of employees during the year		
	- permanent	2,941	2,932
	- contractual	120	143

43. IMPACT OF COVID-19

World Health Organization declared COVID-19 as a global pandemic and recommended containment and mitigation measures worldwide. This resulted in closure of industries and non-essential services all over the world. This economic crisis attacked various businesses around the world. One of the severely affected industry in Pakistan is Textile Manufacturing that is considered as the second largest employment creating industry after agriculture and accounts for 10% of the total GDP.The Govt. of Pakistan took various precautionary measure to combat the impact of Covid - 19 and also imposed lock down on industries. To protect the industry, SBP also took some proactive measure for the revival of the economy and deferred loan payments for one year with reduction in policy rates. The Company has availed these facilities which helped to ease cash flows of the Company and to resume operational activities smoothly.In this worrisome period the management has devised a Post Traumatic Growth (PTG) strategy to make right decisions at right time. The Company still possess sound financial stability on strong footing and no impairment is found in financial assets and the liabilities of the Company.

44. EVENT AFTER THE REPORTING DATE

The Board of Directors in its meeting held on October 07, 2020 has proposed nil dividend (2019: 25% bonus shares) for the year ended June 30, 2020.

45. RE-CLASSIFICATION

During the year the following comparative figure has been re-classified to reflect its more appropriate classification:

Previous classification	*Current classification*	*2019 Rupees*
Advance for purchase of investment - Loans and advances	Receivable against shares - Other receivables	85,467,501

46. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 7th October, 2020 by the board of directors of the Company.

47. FIGURES

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

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

Form of Proxy

I/We ____

of ____

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

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

of ______________________ or falling him / her ______________________________

of ______________________ as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 50th Annual General Meeting of the Company to be held on Wednesday, October 28, 2020 at Company's Registered Office, Mehr Manzil Lohari Gate, Multan. and / or any adjournment thereof.

As witness my/our hand/seal this ______________________ day of ______________ 2020.

Signature of Member ______________________

in the presence of

Signatures ______________________ Signatures ______________________

Name ______________________ Name ______________________

Adress ______________________ Address ______________________

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

Signature on Revenue Stamp

The Signature should agree with the specimen registered with the Company

Notes:

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

2. Any individual beneficial owner of CDC, entitled to attend and vote at this meeting, must bring his/her CNIC or Passport, to prove his/her identity, and in case of Proxy must enclose an attested copy of his/her NIC or Passport, Representatives of corporate members should bring the usual documents required for such purpose.

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

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

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

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

پراکسی فارم

میں / ہم --

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

حامل ------------------ عام حصص، محترم / محترمہ ------------------

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

ساکن ------------------ کو اپنے/ہمارے ایماء پر کمپنی کے مورخہ 28 اکتوبر2020ء بروز بدھ 11.00 بجے کمپنی کے رجسٹرڈ آفس مہر منزل، لوہاری گیٹ، ملتان میں ہونے والے 50واں 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

نام ....

CNIC / پاسپورٹ نمبر ....

ایڈریس ....

گواہ کے دستخط

نام ....

CNIC / پاسپورٹ نمبر ....

ایڈریس ....

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

رسیدی ٹکٹ پر دستخط

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

اہم نکات:

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

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

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

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

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

(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 ہو گی۔

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

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

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

Signed under my/our hand this ________ day of ________________ 20____.

Signature of Member

Signed in the presence of:

_ _

Signature of Witness	Signature of Witness
Name:___________________________________	Name:_________________________________
CNIC/Passport No:_____________________	CNIC/Passport No:_____________________
Address:______________________________	Address:______________________________

E-voting بمطابق E-voting ریگولیشنز

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

میرا محفوظ کردہ E-mail ایڈریس...ہے۔

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

میرے/ ہمارے دستخط...مورخہ...سال...

ممبر کے دستخط

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

Dividend Mandate Form

Dear members

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

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

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

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

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

YES ☐ **NO** ☐

If yes then please provide the following information.

Transfer Detail

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

Income Tax Return Filing Status

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

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

Dear Sir

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

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

It is stated that the above mentioned information is correct.

____

Signatures of Shareholder

Note:

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

Investors' Education

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

MAHMOOD GROUP

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P.O. Box 28, Multan - Pakistan.
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(92 61) 4511262, 4549711
mtm@mahmoodgroup.com
www.mahmoodgroup.com