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**ANNUAL REPORT 2020****CONTENTS**

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**COMPANY INFORMATION****CHAIRMAN  
CHIEF EXECUTIVE**Mr. Aurangzeb Khan  
Mr. Adam Jadoon**DIRECTORS**Mr. Aurangzeb Khan  
Mr. Muhammad Bahauddin  
Mr. Amanullah Khan  
Mr. Adam Jadoon  
Mr. Omar Farid Jadoon  
Mr. Nasir Khan  
Mrs. Aamna Jadoon**AUDIT COMMITTEE  
CHAIRMAN  
MEMBER  
MEMEBER**Mr. Nasir Khan  
Mr. Muhammad Bahauddin  
Mrs. Aamna Jadoon**HR COMMITTEE  
CHAIRMAN  
MEMBER  
MEMBER**Mr. Nasir Khan  
Mr. Amanullah Khan  
Mrs. Aamna Jadoon**SECRETARY**

Mr. Sadaqat Khan

**C.F.O**

Mr. Taj Muhammad

**AUDITORS**Tanwir Arif and Company  
Chartered Accountants**SHARE REGISTRAR**F.D. Registrar Services  
(SMC-Pvt) Ltd**REGISTERED OFFICE  
& HEAD OFFICE**Khyber Textile Mills Ltd.  
Baldher, District Haripur,  
Khyber Pakhtunkhawa**MILLS**Baldher, District Haripur,  
Khyber PakhtunkhawaWebsite address:- **[www.khybertextile.com](http://www.khybertextile.com)**

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**VISION STATEMENT**

To remain a contributor in the local market and to serve the needs of our valued customers by catering to the requirements of general public at large, with dedication.

**MISSION STATEMENT**

The Company is situated in a remote area of Khyber Pakhtunkhwa; despite all odds it still has the following two missions:

**Number one:** to contribute to the economy through our business activities, thereby making a humble contribution to the local and national sector.

**Number two:** to provide employment to the residents of the surrounding areas, while improving their efficiency through training and development.

**STATEMENT OF ETHICS AND BUSINESS PRACTICES**

The Organization of Khyber Textile Mills will be guided by the following principles in achieving its organizational objectives.

- Ensure that the affairs of the Company are being carried out prudently within the framework of existing laws, regulations, and business ethics.
- A drive to ensure that KTML succeeds as a business.
- Accuracy of the books, record of the Company and its safe custody.
- Respect of employees, suppliers, agents, customers and shareholders.
- Timely payment of amounts due to customers, employees, agents and suppliers.
- To strive for a healthy & safe environment.
- To safeguard against improper payments or inappropriate use of the Company's Assets.

The dealing of Khyber Textile Mills with all elements especially with the Government and Financial Institutions are based on business ethics. In maintaining accounting and financing policies and procedures KTML is guided by the Companies Act 2017, Code of Corporate Governance and Corporate Regulations.

**KEY OPERATING AND FINANCIAL DATA**

	<b>(Rupees in '000)</b>					
<b><u>OPERATING:</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Net Sales	8,062	3,516	1,750	0	0	0
Gross (Loss) Profit	1,417	1,096	(1,034)	0	0	0
<b>Operating Profit/(Loss)</b>	9,800	(5,096)	(7,848)	(9,315)	(1,169)	(1,250)
<b>Pre Tax Profit/(Loss)</b>	3,999	(5,416)	8,942	(9,265)	(1,169)	(1,250)
<b>After Tax Profit/(Loss)</b>	2,125	(3,546)	10,707	(6,138)	3,496	3,900
<b>Tangible Fixed Assets</b>	986,074	999,277	428,152	438,544	448,558	460,716
<b>Long Term Deposit</b>	89	89	89	89	89	89
	<b><u>986,163</u></b>	<b><u>999,366</u></b>	<b><u>428,063</u></b>	<b><u>438,633</u></b>	<b><u>448,647</u></b>	<b><u>460,805</u></b>
<b>Current Assets</b>	8,989	8,256	5,688	3,345	3,372	3,322
<b>Current Liabilities</b>	(47,424)	(26,235)	(26,089)	(41,468)	(40,655)	(40,623)
<b>Working Capital</b>	<b><u>38,435</u></b>	<b><u>(17,979)</u></b>	<b><u>(20,401)</u></b>	<b><u>(38,123)</u></b>	<b><u>(37,283)</u></b>	<b><u>(37,301)</u></b>
<b>Share Capital</b>	12,275	12,275	12,275	12,275	12,275	12,275
<b>Accumulated Losses</b>	<u>1,150</u>	<u>(10,917)</u>	<u>(15,472)</u>	<u>(34,957)</u>	<u>(38,519)</u>	<u>(42,103)</u>

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 59<sup>th</sup> Annual General Meeting of the Shareholders of KHYBER TEXTILE MILLS LIMITED will be held on Monday, the 26<sup>th</sup> October, 2020 at the Registered Office of the Company, Baldher, District Haripur, Khyber Pakhtunkhwa at 10:00 am, to transact the following business.

1. To confirm the minutes of the 58th Annual General Meeting of the Shareholders held on 25<sup>th</sup> October, 2019.
2. To receive, examine and adopt the Annual Audited Accounts of the Company for the year ended 30<sup>th</sup> June, 2020 together with the Directors and Auditors Reports thereon.
3. To appoint auditors of the Company for the year 2020-2021 and to fix their remuneration. The present Auditors M/s Tanwir Arif and Co. are retiring as the Auditors of the Company. Hence, the Board of Directors has recommended M/s Clarkson Hyde Saud Ansari, Chartered Accountants, who have consented to act as Auditors of the Company for the year 2020-2021.
4. To transact any other business of the Company with the permission of the Chair.

Baldher : 1<sup>st</sup> October, 2020  
BY ORDER OF THE BOARD

For Khyber Textile Mills Limited



Sadaqat Khan  
Company Secretary

**NOTES:**

1. The Share transfer books of the Company will remain closed from 18<sup>th</sup> October 2020 to 26<sup>th</sup> October, 2020 (both days inclusive).
2. A member entitled to attend and vote at the Meeting may appoint another member as his / her proxy to attend and vote. In order to be effective, proxies must be delivered at the Company's registered Office Baldher, District Haripur at least 48 hours before the time of Meeting and must be stamped, signed, witnessed and appended with a copy of CNIC or Passport of the beneficial owner and the proxy owner.
3. In light of the COVID 19 virus, all shareholders attending the meeting must adhere to Standard Operating Procedures, which include the wearing of masks, social distancing, use of hand sanitizer etc...
4. Shareholders are required to promptly notify the Company's Share Registrar of any change in their address.

**CHAIRMAN'S REVIEW**

(In the Name of Allah the Magnificent the Merciful)

I welcome you with great pleasure to the 59<sup>th</sup> Annual General Meeting of your Company for the year ended 30<sup>th</sup> June, 2020.

**Operating Results:**

	2020	2019	2018	2017	2016	2015
-----Rupees in "000"-----						
Sales	8,062	3,516	1,750	0	0	0
Operating Profit/ (Loss)	(9,800)	(5,096)	(8,942)	(9,265)	(1,169)	(1,250)
Profit / (Loss) after tax	(2,125)	(3,546)	10,707	(6,138)	3,490	3,900
Accumulated Loss	(1,150)	(10,917)	(15,472)	(34,957)	(38,519)	(42,103)

During the period under review, the Company's textile production remained closed due to non-availability of credit facilities. However, there were significant revenue generation through other business activities, specifically the sale of agricultural livestock and rental income.

**ACKNOWLEDGEMENT:**

I thank the Management and staff for their hard work and devotion for the betterment of the Company.



Baldher, Haripur  
Dated: - 1<sup>st</sup> October 2020

**Mr. Aurangzeb Khan**  
Chairman

**DIRECTORS REPORT TO THE SHAREHOLDERS****Dear Members,**

The Board of Directors welcomes you to the 59<sup>th</sup> Annual General Meeting of your Company and are pleased to present the Annual Accounts duly audited together with Auditors' Report along with other relevant statements as required by the Code of Corporate Governance of Pakistan Stock Exchange for the year ended 30<sup>th</sup> June, 2020.

**Financial Results:**

During the period under review, the Company's textile production remained closed, however there were significant revenue generation through other business activities, specifically the sale of livestock and rental income.

	<b><u>2020</u></b>	<b><u>2019</u></b>
Sales	8,061,600	3,516,000
Cost of sales	6,644,116	2,420,072
<b>Gross Loss</b>	<b>1,417,484</b>	<b>1,095,926</b>
Administrative expenses	17,749,921	13,047,034
	(16,332,437)	(11,951,196)
Other Operating Income – Rent	6,532,600	6,854,665
<b>Operating loss</b>	<b>(9,799,837)</b>	<b>(5,096,441)</b>
Other income	6,127,680	-
Finance Cost - Bank charges	4,296	2,142
Other operating expenses	322,400	318,200
	326,696	320,342
<b>Profit /(Loss) before taxation</b>	<b>(3,998,853)</b>	<b>(5,416,783)</b>
Taxation		
Current	1,515,563	1,590,282
Prior	-	-
Deferred	(3,389,309)	(3,460,590)
	(1,873,746)	(1,870,308)
<b>(Loss)/Profit after Taxation</b>	<b>(2,125,107)</b>	<b>(3,546,475)</b>
(Loss)/ Profit per Share	(1.73)	(2.89)

**Auditor's Reservation:**

Regarding the auditors' observation about the Company's ability to continue as going concern the same is fully explained in Notes # 6, #12 and #14 of these Accounts.

Concerning auditor qualification for creditors that remain un-verified, it is stated that the creditors are more than 18 years old and none of the creditors are demanding their dues nor are

in contact with the Company. The management therefore has begun the process of writing back the balances.

**Statement of Corporate and Financial Reporting Framework:**

The Board of Directors further state that:

1. The financial statements under review have been prepared in accordance with the provision of the Companies Act 2017 and the International Accounting Standards as applicable in Pakistan.
2. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
3. Proper books of account have been maintained by the Company, accordingly the financial statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
4. The system of internal control of the Company is satisfactory in design and has been effectively implemented and continues to be monitored for improvement.
5. As a result of overall effort being made to control cost and maximize revenue, there are no significant doubts about the Company's ability to continue as a going concern and therefore no adjustment is required in the recorded assets and liabilities.
6. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations and as applicable to the Company for the year ended 30<sup>th</sup> June, 2020.
7. The key operating and financial results for the last six years, in a summarized form, are annexed.
8. The Audit Committee assists the Board in discharging its duties and responsibilities including review of reports, Company's financial results and internal control procedures for management decisions and safeguarding Company's assets and its business.
9. The Audit Committee meets before Board Meetings and its report is presented in the Board Meeting.
10. The pattern of shareholding as required by the Code of Corporate Governance and shares held/traded by the Chief Executive, CFO, Company Secretary, Directors, Executives of the Company and their spouses and minor children is annexed with this report.
11. During the period under report 4 (four) meetings of the Board of Directors were held. Attendance of each Director is as under:

<b><u>No.</u></b>	<b><u>Name of Directors</u></b>	<b><u>No. of Meetings Attended</u></b>
1	Mr. Adam Jadoon	4
2	Mr. Aurangzeb Khan	3
3	Mr. Nasir Khan	4
4	Mr. Amanullah Khan	2
5	Mr. Muhammad Bahauddin	4
6	Mr. Omar Farid Jadoon	4
7	Mrs. Aamna Jadoon	3



- 
12. Communications with the shareholders are given priority. Annual, half yearly and quarterly reports are disseminated and displayed on KTML website [www.khybertextile.com](http://www.khybertextile.com) within the time specified in the Companies Act 2017.
  13. As required by the Code of Corporate Governance, the Audit Committee has suggested the name of M/s Clarkson Hyde Saud Ansari, Chartered Accountants, as auditors of the Company for the financial year 2020-2021, who have consented to act as auditors of the Company.

**14. Law Suits Against the Company:**

**NBP vs. KTML:** On 17-03-2014 the Banking Judge Peshawar High Court has dismissed NBP's suit in favour of KTML. NBP has filed an appeal against the judgment; as of September 2020, arguments are pending before the Hon'ble Peshawar High Court. KTML's Management and Legal department will continue to defend the Company's interests vigorously and are hopeful that the appeal will be dismissed. For further information refer to note #14.

**ICP, NBP & Others vs. KTML:** A Suit for recovery was filed by ICP, NBP & Others in the Sindh High Court. The Sindh High Court has allowed KTML's Leave to Defend Application. KTML's Management and Legal department are optimistic as a judgment on these issues in our favour has already been decided by the Honorable Peshawar High Court which will hopefully lead to the dismissal of the suit on the basis of facts provided and legal questions raised before the Hon'ble Banking Judge. As of September 2020, the suit is at the final stages of arguments. For further information refer to note #14.

**15. Business Activities**

The Banks maintained their credit squeeze by delaying the finalization of appeal and suit pending before the Peshawar High Court and Sindh High Court respectively, thereby ensuring that KTML's defaulter status is maintained on the SBP Credit Information Bureau (CIB) list in order to force the Company to come to their unjust terms. The Management is of the strong view that the Company does not owe any outstanding amounts to the Banks. Unfortunately, the Banks coercive strategy has led to the continued closure of textile production, the re-initiation of which requires a hefty amount of funds to complete balancing, modernization & replacement (BMR), along with access to working capital. Nonetheless, it is the BOD and Management's intention to rehabilitate the Textile Unit once the Banking litigation has reached finality and credit facilities have been restored.

With the approval of the BOD and Members in prior AGMs, the Company has continued to invest in its agricultural business, specifically in its livestock farm and agricultural land which is currently encompassing around 17 acres (separate from the textile unit). This investment has included the extension of housing capacity for cattle, the purchase of livestock, the planting and continued care of olive saplings, improving the water piping system, water storage, tube well and irrigation systems throughout the Company's premises. In addition, Management has enhanced the cultivation of unutilized vacant Company land which was developed for farming. These crops grown were consumed by the Company's livestock, which has enabled a reduction in the purchasing of fodder from the market, reducing input costs, thus increasing the farms profitability in FY2020.

However, it must be noted that the purchasing and sales of livestock along with our rental business has been negatively affected by the onset of the COVID-19 (Corona Virus) pandemic and subsequent Government restrictions on all non-essential business activities and lockdowns from March 2020 onwards. Consequently, the rental business received a negative impact resulting in reduced rental collection and pre-mature termination of leases by the tenants due to their continued losses.

Nonetheless, the BOD takes this opportunity to inform the shareholders that in Financial Year 2020 despite a ban on access to credit, rampant inflation and the COVID-19 restrictions, KTML has managed to enhance the operations of the livestock agricultural farm leading to a substantial increase in our sales. Through the successful sales of livestock and rental income Management has proved that the modified business plan for the Company is viable, as the revenue of the Company has improved. Furthermore, the Company is an active taxpayer, contributing tax to the national exchequer in the financial year.

Moving forward, Management will continue to repair unutilized buildings on the Company's property for warehousing and commercial activity, thereby generating additional revenue for the Company. Moreover, Management intends to convert additional vacant areas into cultivatable land, improve the overall crop yield on the land and invest further in the Company's agricultural livestock farm thereby increasing the sale of livestock for FY-2021. The income derived from these business activities will be used for the maintenance of the Company's assets, salaries of employees, meeting the requirements under the Companies Act 2017, the Companies legal expenses and to invest in new business activities if found feasible by the BOD.

Lastly, Management expects that due to our Company's location near the newly constructed E-35 Motorway, access to the CPEC will open up new opportunities for business activity.

#### **16 New Line of Business, Modification of Name**

Following SECP decision and instructions, approval of change of principal line of business and modifications in Articles and Memorandum of Association were obtained from the competent authorities and was completed in FY 2020. However, the process of the change of name to reflect the current business being undertaken by the Company could not reach fruition because of stoppage of work in government offices due to the COVID 19 pandemic related instructions notified by the provincial government. We are hopeful now that the government operations have been restored, the approval to change the Company's name to the AGM approved "*Khyber Textile Mills and Agricultural Business Limited*" will be accorded in the future.

**On behalf of the Boards of Directors**



**Adam Jadoon**

Baldher, Haripur  
Dated:01-10-2020

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**Statement of Compliance with Listed Companies (Code of Corporate Governance)  
Regulations, 2019**

**Name of Company. Khyber Textile Mills Limited  
Year ending 30<sup>th</sup> June 2020**

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

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

- a. Male: 6
- b. Female: 1

2. The composition of the Board is as follows:

**i. Independent director**

Mr. Nasir Khan

**ii. Non-executive directors**

Mr. Aurangzeb Khan

Mr. Amanullah Khan

Mr. Omar Farid Jadoon

Mr. Muhammad Bahauddin

Mrs. Aamna Jadoon

**iii. Executive directors**

Mr. Adam Jadoon

**iv. Female directors**

Mrs. Aamna Jadoon

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected 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 the Board;

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

9. Four Members of the Board have carried out the Director's Training program including the Independent Director. The remaining Directors are exempt from the training program due to their experience on the Board.

10. The Board has approved appointment of chief financial officer, 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. Chief financial officer and chief executive officer 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. Nasir Khan (Chairman)

Mr. Muhammad Bahauddin

Mrs. Aamna Jadoon

**b) HR and Remuneration Committee**

Mr. Nasir Khan (Chairman)

Mr. Amanullah Khan

Mrs. Aamna Jadoon

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

14. The frequency of meetings of the committee were as per following,-

a) Audit Committee; Four Quarterly Meetings during the financial year ended June 30, 2020

b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2020.

15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations have been complied with,



Chairman

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**REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

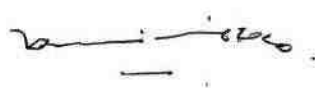
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **M/S. KHYBER TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2020 in accordance with the requirements 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.



**TANWIR ARIF & CO.,**  
CHARTERED ACCOUNTANTS  
Engagement Partner - Tanwir Arif

HYDERABAD

DATED: 1st October, 2020

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS**

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**Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **KHYBER TEXTILE MILLS LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, except for the possible effects of the matters described in the bases for Qualified Opinion section of our report, and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and 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 loss, comprehensive income and the changes in equity and its cash flows for the year then ended:

**Basis of qualified opinion**

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

1. We have not received confirmations for balance appearing in trade creditors under note no. 12 to the accounts. Hence, their balances remained un verified in spite of reminders. Further, during the year an amount of Rs. 6.128 million is written back by the management, if the same was not incorporated, Company would have incurred loss of Rs. 8.253 million instead of Rs. 2.125 million.

**Material Uncertainty relating to Going Concern**

We draw attention to Note 6 in the financial statements, which indicates that the operations of the Company are closed since 2007, the accumulated losses amounting to Rs. 1.15 million and the Company's current liabilities exceeded its current assets by Rs. 38.435 million. As stated in Note 6, these events or conditions, along with other matters, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Key Audit Matter**

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report:

	<b>Key audit Matter</b>	<b>How the matter is addressed in our audit</b>
<b>i)</b>	<b>Contingencies and commitments</b>	
	<p>Refer note 14 to the annexed financial statements.</p> <p>The Company is subject to material litigations involving different courts pertaining to recovery, which requires management to make assessment and judgments with respect to likelihood and impact of such litigations on the financial statements of the Company.</p> <p>Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgment, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.</p>	<p>In response to this matter, our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Discussing legal cases with the management to understand their view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances;</li> <li>• Obtaining independent opinion of legal council's dealing with such cases in the form of confirmation; and</li> <li>• We also evaluated the possible outcome of these legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets. The disclosures of legal exposures and provisions were assessed for completeness and accuracy.</li> </ul>

#### **Information other than the financial statements and auditor's report thereon**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**Responsibilities of Management and Board of Directors  
for the Financial Statements**

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to



modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and 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 auditor's report is Tanwir Arif.



**CHARTERED ACCOUNTANTS**

**HYDERABAD**

**DATED: 1<sup>st</sup> October, 2020**

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

CAPITAL AND LIABILITIES		Note	2020	2019
			(Rupees)	
SHARE CAPITAL & RESERVE				
SHARE CAPITAL				
Authorized:				
1,500,000 Ordinary Share of Rs. 10/- each			15,000,000	15,000,000
Issued:				
1,298,543 Ordinary Share of Rs. 10/- each			12,985,430	12,985,430
Subscribed & paid-up			12,275,030	12,275,030
RESERVE				
Capital - Statutory Reserve U/s 15-BB			257,782	257,782
Unappropriated Loss			(1,150,047)	(10,917,218)
Surplus on revaluation of fixed assets			893,475,826	905,163,104
Shareholders' Equity			904,858,591	906,778,698
NON CURRENT LIABILITIES				
Deferred Tax Liability			42,869,376	46,258,685
CURRENT LIABILITIES				
Loan from Directors			27,460,475	28,350,475
Trade & Other Payables			18,447,782	24,644,252
Provision for taxation			1,515,563	1,590,282
			47,423,820	54,585,009
CONTINGENCIES & COMMITMENTS				
			-	-
			995,151,787	1,007,622,392

PROPERTY & ASSETS		Note	2020	2019
			(Rupees)	
NON CURRENT ASSETS				
Property, Plant and Equipment			986,074,178	999,277,171
Long term deposits			88,983	88,983
			986,163,161	999,366,154
CURRENT ASSETS				
Livestock			7,200,000	6,500,000
Animal food			105,410	94,190
Stores & Spares			-	-
Advances, deposits and other receivables			1,476,626	1,617,954
Cash and Bank Balances			206,590	44,094
			8,988,626	8,256,238
			995,151,787	1,007,622,392

### Notes:

1. Auditors' report is attached.
2. The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

**STATEMENT OF PROFIT OR LOSS**  
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		( Rupees )	
Sales	20	8,061,600	3,516,000
Cost of sales	21	6,644,116	2,420,072
<b>Gross Profit</b>		<b>1,417,484</b>	<b>1,095,928</b>
Administrative expenses	22	17,749,921	13,047,034
		(16,332,437)	(11,951,106)
Other Operating Income - Rent		6,532,600	6,854,665
<b>Operating loss</b>		<b>(9,799,837)</b>	<b>(5,096,441)</b>
Other income	23	6,127,680	-
		(3,672,157)	(5,096,441)
Finance Cost - Bank charges		4,296	2,142
Other operating expenses	24	322,400	318,200
		326,696	320,342
<b>(Loss) before taxation</b>		<b>(3,998,853)</b>	<b>(5,416,783)</b>
Taxation			
Current	25	1,515,563	1,590,282
Prior	25	-	-
Deferred		(3,389,309)	(3,460,590)
		(1,873,746)	(1,870,308)
<b>(Loss) after taxation</b>		<b>(2,125,107)</b>	<b>(3,546,475)</b>
(Loss) per share	26	(1.73)	(2.89)

The annexed notes from 1 to 39 form an integral part of these financial statements.



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**



**DIRECTOR**

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

	2020	2019
	( Rupees )	
<b>Net (loss) after taxation</b>	<b>(2,125,107)</b>	<b>(3,546,475)</b>
Other comprehensive income /(loss):		
<i>Items that will not be reclassified to statement of profit or loss:</i>		
Income from agriculture	205,000	217,000
Surplus on revaluation of fixed assets net of deferred tax	-	566,191,105
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Other comprehensive income for the year	205,000	566,408,105
<b>Total comprehensive (loss)/ income for the year</b>	<b>(1,920,107)</b>	<b>562,861,630</b>

NOTE: The annexed notes form an integral part of these accounts.



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**



**DIRECTOR**

**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		(Rupees)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
(Loss) after tax		(3,998,853)	(5,416,783)
<b>Adjustment of Non Fund Items:</b>			
Depreciation		13,202,993	9,562,128
Gain arising from changes in fair value of biological assets	16	(1,382,447)	(1,845,192)
Liabilities written back	23	(6,127,680)	-
		<u>5,692,866</u>	<u>7,716,936</u>
		1,694,013	2,300,153
<b>(Increase)/Decrease in Current Assets</b>			
Livestock	16	682,447	(832,308)
Animal food		(11,220)	90,930
Advances, deposits and other receivables	18	42,705	-
<b>Increase/(Decrease) in Current Liabilities</b>			
Trade & Other Payables	12	(68,790)	66,768
		<u>645,142</u>	<u>(674,610)</u>
Effect on Cash Flow due to changes in working capital		2,339,155	1,625,543
Sundry Income Received		205,000	217,000
Income Tax Paid		(1,491,659)	(1,641,233)
		<u>(1,286,659)</u>	<u>(1,424,233)</u>
<b>Net cash from operating activities</b>		<b>1,052,496</b>	<b>201,310</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed Capital Expenditure		-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans from directors - net	11	<u>(890,000)</u>	<u>(350,000)</u>
Net Increase/ (Decrease) in Cash and Cash Equivalents		162,496	(148,690)
Cash and Cash Equivalents at the beginning of the year		44,094	192,784
Cash and Cash Equivalents as the end of the year	19	<u><b>206,590</b></u>	<u><b>44,094</b></u>

NOTE: The annexed notes form an integral part of these accounts.



**CHIEF EXECUTIVE**



**CHIEF FINANCIAL OFFICER**



**DIRECTOR**

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

	Share Capital	Reserves	Unappropriated Profit & Loss	Revaluation surplus on fixed assets	Total
	( Rupees )				
<b>Balance as on June 30, 2018</b>	<b>12,275,030</b>	<b>257,782</b>	<b>(15,472,199)</b>	<b>346,856,455</b>	<b>343,917,068</b>
Loss for the year 2018 - 2019	-	-	(3,546,475)	-	(3,546,475)
Other Comprehensive income	-	-	217,000	566,191,105	566,408,105
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>-</b>	<b>(3,329,475)</b>	<b>566,191,105</b>	<b>562,861,630</b>
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	7,884,456	(7,884,456)	-
<b>Balance as on June 30, 2019</b>	<b>12,275,030</b>	<b>257,782</b>	<b>(10,917,218)</b>	<b>905,163,104</b>	<b>906,778,698</b>
Loss for the year 2019 - 2020	-	-	(2,125,107)	-	(2,125,107)
Other Comprehensive income	-	-	205,000	-	205,000
<b>Total Comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(1,920,107)</b>	<b>-</b>	<b>(1,920,107)</b>
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	11,687,278	(11,687,278)	-
<b>Balance as on June 30, 2020</b>	<b>12,275,030</b>	<b>257,782</b>	<b>(1,150,047)</b>	<b>893,475,826</b>	<b>904,858,591</b>

NOTE: The annexed notes form an integral part of these accounts.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

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

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**1. STATUS AND NATURE OF BUSINESS:**

Khyber Textile Mills Limited is a Public Limited Company, incorporated on 26th August, 1961 under the Companies Act, 1913 (Now the Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited. The activities of the Company were manufacture and sale of cotton/polyester yarn and cloth, however due to external factors production was halted. Consequently, the Company has been operating an agricultural livestock business on its vacant land since 2017, as a revised principal business of the Company i.e. that is agricultural, that was approved by the Registrar of Companies. It is also carrying out alternative business activities of renting excess buildings for warehousing and commercial purposes since 2016. The Members of Company resolved through a resolution the alteration of the name of the Company to reflect the new business taking place on the premises to “Khyber Textile Mills and Agricultural Business Limited” which is pending due to delays caused by the closure of the regulator offices during the COVID 19 pandemic.

The geographical locations and addresses of Company's premises are as under:

The registered office of the company is situated at Baldher, District Haripur, Khyber Pakhtunkhawa.

The production facility and agriculture farms are also situated at Baldher, District Haripur, Khyber Pakhtunkhawa.

**2. STATEMENT OF COMPLIANCE**

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

International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act 2017; and

Provisions of and directives issued under the Companies Act, 2017.

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

**3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS.****3.1 Amendments to standards effective in current year and not relevant to the Company**

New standards, amendments and interpretations that are mandatory for accounting periods beginning on July 1, 2019 are considered not to be relevant for the Company's financial statements and hence have not been detailed in these financial statements.

**3.2 Standards, Amendments to Approved Accounting Standards and Interpretations that are published and has been considered but not yet effective.**

The following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

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IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17.	Insurance contracts

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Additionally there are certain new standards, amendments and interpretations to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

These financial statements have been prepared under the "historical cost" convention except as otherwise disclosed in the accounting policies below.

The preparation of financial statements in conformity with the applicable accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

##### **4.2 Functional and Presentation Currency**

These financial statements are presented in Pakistan Rupees, which is the functional currency of the Company. All the financial information contained in these financial statements has been rounded-off to the nearest rupee.

##### **4.3 Property, Plant and Equipment**

These are stated at cost less depreciation. Depreciation is charged on pro- rata basis under reducing balance method at the rates mentioned in note no. 15.

Freehold land, building & civil works and plant & machinery are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses, if any, recognized subsequent to the date of revaluation.

Revaluation is carried out so that the fair value and carrying value do not differ materially at the balance sheet date. Any revaluation increase arising on the revaluation of such assets is credited to "Surplus on Revaluation of Fixed Assets". A decrease in the carrying amount arising on revaluation is charged to the statement of comprehensive income to extent that it exceeds the balance, if any, held in the surplus on revaluation of fixed assets to a previous revaluation of that assets. The surplus on revaluation- net of deferred tax to the extent of incremental depreciation charged on the related revalued assets is transferred to unappropriated profit.

In case of additions to fixed assets depreciation is charged from the month addition is made and in case of disposal of items of fixed assets up to the month the asset has been in use of the Company.

The assets residual values and useful lives are reviewed and adjusted if appropriate at each financial year end. The effect of any adjustment in residual value and useful lives is recognized prospectively as a change of accounting estimates.

Repairs and maintenance of major amounts are capitalized, while normal repair and maintenance of assets are charged to the income as and when incurred.



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Gain or Losses on disposal of assets, if any, are included in the profit or loss account currently.

#### **4.4 Biological assets - livestock**

Livestock are measured at their fair value. Initially cost incurred in acquisition of biological assets is also added in cost likewise transportation, labor etc. along with cost of feed and vaccination.

Gain /(Loss) arising, if any, from changes in fair value of livestock is recognized in profit or loss account.

#### **4.5 Stores & Spares**

These are stated at lower of cost and net realizable value using moving average cost method except items in transit which are valued at cost accumulated up to the balance sheet date. Cost comprises purchase cost and other costs incurred in bringing the inventories to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less the cost necessarily to be incurred in order to make the sale. The Company reviews the carrying amount of stores on regular basis and provision is made for obsolescence, if any.

#### **4.6 Trade debts / Account receivables**

Trade receivables are recognized and carried at original invoice amount. Bad debts are adjusted against provisions for doubtful debts or written off against the profit of the company during the year in which these are deemed to be irrecoverable. Provision is made for debts which are considered doubtful of recovery.

#### **4.7 Borrowing cost**

Borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying assets are capitalized as a part of the cost of that asset. All other borrowing costs are charged to income.

#### **4.8 Trade and Others Payable**

Liabilities for trade and others payable are carried at cost which is the fair value of the consideration to be paid in future for goods or services obtained, whether or not billed to the Company.

#### **4.9 Provision**

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum taxation on the turnover under section 113 of the Income Tax Ordinance, 2001, whichever is higher.

The charge for current tax also includes adjustments, wherever considered necessary, to the provision for tax made in the previous years as a result of adjustments in assessments framed during the year for such years.

#### **Deferred:**

Deferred tax is provided using the liability method for all temporary difference at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial statements reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date. Accordingly the effect on deferred taxation relating to the portion of income falling under final tax regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan.

#### **4.11 Revenue Recognition**

Sales are recorded on dispatch of goods. Income other than sales are recorded on accrual basis. Sales include rebates on exports (if any).

To determine whether to recognize revenue, the company follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognizing revenue when/as performance obligation(s) are satisfied.

The company often enters into transactions involving a range of the products. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized either at a point in time or over time, when (or as) the company satisfies performance obligations by transferring the promised goods or services to its customers.

The company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the company satisfies a performance obligation before it receives the consideration, it recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

#### **4.12 Financial Instruments**

##### **4.12.1 Financial Assets**

The Company classifies its financial assets at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

##### **a) Financial assets at amortized cost**

Financial assets at amortized cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the

financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on de-recognition are recognized directly in profit or loss.

**b) Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**c) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the period in which it arises.

Financial assets are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently re-measured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit or loss for the period in which it arises.

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. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

**4.12.2 Financial liabilities**

All 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.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a de-recognition of the original

liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit or loss.

#### **4.12.3 Off-setting of financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### **4.13 Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists the assets recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in statement of comprehensive income.

#### **4.14 Related Party Transactions and Transfer Pricing**

Transactions between the company and related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to seller. In case when comparable prices from the market are not available, approval of the Board is obtained.

#### **4.15 Cash and Cash Equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and current and deposit accounts with the commercial banks.

### **5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

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.

#### **5.1 Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### ***Trade debtors***

The company reviews its receivable against provision required there against on an ongoing basis. The provision is made taking into consideration expected recoveries, if any.

##### ***Income taxes***

In making the estimates for income taxes currently payable by the company the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

##### ***Impairment of assets***

In accordance with the accounting policy, the management carries out an annual assessment to ascertain whether any of the company's assets are impaired. This assessment may change due to technological developments.

##### ***Biological assets - livestock***

The fair value of biological assets (livestock) is determined annually by the management of the Company, which are based on market conditions and physical attributes of livestock existing at the end of each reporting period, which are subject to change at each period end due to market conditions.

**Depreciable amount and useful lives of fixed assets**

In accordance with the accounting policy, the management carries out an annual assessment of depreciable amount and useful lives of fixed assets.

**5.2 Critical judgments in applying the company's accounting policies**

During preparation of these financial statements, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the company for the year ended 30 June 2019.

**6. Going Concern**

Despite the uncertainties given here under, that may cast doubt about the Company's ability to continue as a going concern, these financial statements have been prepared on going concern basis:

- 1) There are accumulated losses amounting to Rs. 1.15 million, due to the continued suspension of textile operations since July 2007.
- 2) The current liabilities of the Company exceed present value of assets by Rs. 38.435 million; and
- 3) The financial ratios are adverse.

These accounts have been prepared on going concern basis by the Management for the reasons and considerations as discussed below:

- 1) As repeatedly identified, the core reasons for the adverse situation is the continued financial squeeze resulting from ongoing litigation in the High Courts (Reference note no. 14). Due to this KTML continues to appear on the SBP Credit Information Bureau List as a defaulter of National Bank of Pakistan, that has caused a complete ban on access to credit. The continued litigation restricts KTML to dispose-off its excess land to meet the BMR and working capital requirements of the textile unit. Consequently, most of the employees got laid-off and production of yarn was stopped completely since FY 2008, in order to avoid further losses. Furthermore, matters of resuming production have been complicated due to constant electric power load shedding, escalating power tariffs, restrictions on installation and use of industrial gas meters and generators. Nonetheless, the Members, Board of Directors and Management are determined to rehabilitate and restart the textile unit once the funding is available from the Banks, for which KTML's Management is diligently pursuing the High Court cases so that they may reach finality and the credit facilities are restored.

In order to make KTML compliant of the various provisions of the Companies Act 2017 and other legal provisions, the Management approached the BOD and thereafter the Members (through AGMs) to allow it to undertake livestock rearing and agricultural activities as alternate business activities on the Company's abundant vacant land. These initiatives met with positive results encouraging the stakeholders to approach the regulators to convert them into the principle business. Moreover, approval was also received by the BOD & Members for the rental of excess buildings for warehousing and commercial purposes to generate further additional income for the Company. Applications were moved for effecting the requisite changes; amendments in the Memorandum of Association and Articles of Association have been approved while the change of name request to the prior AGM approved "*Khyber Textile Mills and Agricultural Business Limited*", is pending due to delays caused by the closure of the regulator offices during the COVID 19 pandemic.

General revenue stream of the Company has been significant as Management's endeavors, listed below, were successful.

- a) Increased earnings have enabled the Company to pay advance tax of Rs. 1.48 Million during the year.

- b) Management successfully rented empty buildings for warehousing and commercial purposes to reputable organizations and local distributors which has earned rental income of Rs. 6.5 million during the current year.
- c) From FY 2017 to FY 2020 the Company has made investments in an Agricultural Livestock Farm, irrigation and water storage systems which were constructed on the Company's vacant land. In addition, Management has dedicated approximately 17 acres of the Company's land for the livestock farm and the production of crops/fodder for the cattle. The revenue from the sale of livestock during the current year amounts to Rs. 8.06 Million, which proves the viability of the business.
- 2) Though there are accumulated losses to the tune of Rs. 1.15 million and negative working capital of Rs. 38.435 million, the Directors have supported the Company by provision of interest free loans totaling Rs. 27.5 million. The Directors further ensure to support the Company in the future, if needed.
- 3) The accumulated losses have reduced during the year with the new revenue generation activities from the year 2018. Additionally last year, the Revaluation Surplus has shown an increase of Rs.580.687 million consequent to the Revaluation of Land, Property, Plant & Equipment and Building (Reference note No.9). The exercise of revaluation as repeatedly emphasized by Management has proved the worth of the Company. The Management of the Company has no plan to liquidate its assets other than under normal course of business. The ability of the Company to continue as a going concern currently is based on the followings:
  - i) Successful generation of revenue from livestock and agricultural business;
  - ii) Start of other profitable business activities with available financial resources and unutilized assets, that have led to a significant increase in income;
  - iii) Continued financial support from Directors;
  - iv) Revival of the production activities after outcome of the litigations in favor of the Company; and
  - v) There is a need to keep the entity in existence till the final decision of the litigation commenced by the banks as disclosed under Contingencies and Commitments note No 14 and the Company has no such assets and liabilities that require adjustments relating to the recoverability of recorded assets amount and reclassification of liabilities.

## **7. OTHER NON FINANCIAL INFORMATION**

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The COVID-19 outbreak developed rapidly thereafter with a significant number of COVID-19 cases reported globally. The pandemic has resulted in consequences on health and society and on economy affecting the earnings and cash flow of businesses, after the announcement of lock-downs by the government authorities, resulting in closure of business operations except for specifically exempted industries. The management believes that due to the pandemic the Company's operations, financial position and results have been impacted only on a temporary basis and believes that as normalcy comes about, these impacts have started to recede.

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

### 8 SHARE CAPITAL

#### SUBSCRIBED & PAID UP CAPITAL:

##### a) Issued for Cash

- i) 517,813 Ordinary Shares (2019 : 517813)  
of Rs. 10/- each fully paid up
- ii) 200,000 Ordinary Shares of  
Rs.10/- each, Rs.8.75 paid up

2020	2019
(Rupees)	

5,178,130	5,178,130
1,750,000	1,750,000
6,928,130	6,928,130

- b) Issued for Consideration other than cash  
64,897 ordinary shares of Rs. 10/-each  
fully paid for acquisition of assets

648,970 648,970

##### c) Issued as Bonus Shares

- i) 444,793 Ordinary Shares of  
Rs. 10/- each, fully paid-up
- ii) 200,000 Ordinary Shares of Rs. 10/-each  
Rs. 1.25 paid-up to make these shares as  
fully paid up.

4,447,930	4,447,930
250,000	250,000
4,697,930	4,697,930
12,275,030	12,275,030

#### Capital Management

The main objective of the company, when managing capital is to maintain optimal capital structure to ensure ample availability of finance for its existing operations, to safeguard the company's ability to continue as a going concern and to provide returns for the shareholders.

### 9 SURPLUS ON REVALUATION OF FIXED ASSETS

This represents revaluation surplus relating to Freehold Land, Building and Civil Works and Plant & Machinery of the company (Reference Note 15).

Opening Balance as on July 01	905,163,104	346,856,455
Effect of revaluation on freehold land, building and plant & machinery carried out on June 30, 2019	-	580,687,471
Effect of revaluation on deferred tax	-	(14,496,366)
Transfer to unappropriated loss through statement of changes in equity in respect of incremental depreciation for the year.	(11,687,278)	(7,884,456)
	893,475,826	905,163,104

Movement in the account of surplus on revaluation of fixed assets is as following:

	Free Hold Land	Building & Civil Works on free hold land	Sheds for livestock	Plant & Machinery	Total
Amount in Rupees					
Surplus on June 30, 2018	292,698,426	40,406,100	-	13,751,929	346,856,455
Effect of revaluation carried out on June 30, 2019	530,700,000	12,006,129	1,471,967	36,509,375	580,687,471
Effect of revaluation on deferred tax	-	(3,481,777)	(426,870)	(10,587,719)	(14,496,366)
Incremental depreciation transferred to statement of changes in equity	-	(3,856,514)	-	(4,027,942)	(7,884,456)
Surplus on June 30, 2019	823,398,426	45,073,938	1,045,097	35,645,643	905,163,104
Incremental depreciation transferred to statement of changes in equity	-	(4,263,995)	(147,197)	(7,276,086)	(11,687,278)
Surplus on June 30, 2020	823,398,426	40,809,943	897,900	28,369,557	893,475,826

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

2020	2019
(Rupees)	

**10 DEFERRED TAX LIABILITY**

Representing related deferred tax liability arising on revaluation of property plant & equipment.

Opening balance	46,258,685	35,222,909
Deferred Tax Liability arising in respect of surplus on revaluation.	-	14,496,366
Less: Deferred Tax Liability relating to incremental depreciation for the year, recognized in profit or loss account	(3,389,309)	(3,460,590)
	<b>42,869,376</b>	<b>46,258,685</b>

**11 LOAN FROM DIRECTORS**

Loan from Directors - unsecured

Opening Balance	28,350,475	28,700,475
Received during the year	-	400,000
	28,350,475	29,100,475
Returned during the year	(890,000)	(750,000)
	<b>27,460,475</b>	<b>28,350,475</b>

This represents the amount received from directors of the Company for the purpose of meeting day to day expenses and implementing new business plans. The loan is interest free and repayable on demand.

**12 TRADE AND OTHER PAYABLES**

Trade Creditors	12.1	18,122,154	24,249,834
Advance against rent		81,070	81,070
Accrued Liabilities		216,000	284,790
Other Liabilities		28,558	28,558
		<b>18,447,782</b>	<b>24,644,252</b>

12.1 During the year trade creditors to tune of Rs. 6,127,680/- were written back to other income. (Note No. 23).

**13 PROVISION FOR TAXATION**

Opening balance	1,590,282	1,511,263
Provided during the year		
Current	1,515,563	1,590,282
Prior	-	-
	1,515,563	1,590,282
Adjustment for assessment completed/ paid	(1,590,282)	(1,511,263)
	<b>1,515,563</b>	<b>1,590,282</b>



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## 14. CONTINGENCIES & COMMITMENTS

### **NBP vs. KTML:**

During the 1990's, NBP's policy towards KTML of denial of working capital and placing restrictions on access to long-term modernization funds that KTML required in order to stay competitive in the textile market, led to losses for the Company. Due to the banks coercive methods, KTML agreed to the Bank's offer of placing the outstanding dues for consideration before the Committees. These Committees had been formed in 1997 on the directives of the Prime Minister of Pakistan and given a mandate by the State Bank of Pakistan to assist industries in genuine distress due to credit restrictions. The Committee's authority and binding nature of recommendations was confirmed through issuance of SBP Circular No. 19, which stated that after a decision is made by the Committee, "in case no objection is received within seven days from the date of decision of the Committee, it will be deemed as final." Moreover, further SBP Circulars were also issued, directing NBP and other commercial banks to follow the decisions of the Government mandated Committee. The Committee checked and examined the facts, determining that KTML's case was genuine and hence accepted KTML's case. In addition, NBP's Senior Management also requested that KTML's case be transferred to Committee No.5 for deliberation on all outstanding issues between both parties. The Bank's Senior Management nominated Executive Vice President/Deputy Regional Chief Executive of National Bank of Pakistan who took part in the proceedings of Committee No.5 vigorously; the positions of both sides were laid bare before the Committee. NBP submitted its total outstanding liabilities amounting to Rs.7.4 Million, which were accepted by the Committee. The Committee decided that repayment of the liability in installments and determination of debenture loan in accordance with Industrial Rehabilitation Committee recommendations. The recommendations were appropriately conveyed to NBP for confirmation indicating that in case no response is received within 7 days, the decision shall become final. After receiving 3 installments from KTML in accordance with the Committee's directions, NBP issued a letter after 8 months of receipt of Committee decisions, stating that it was instituting suit for recovery of liabilities. Despite this, KTML continued to abide by the binding decisions of Committee No. 5 and repaid NBP's entire loan including interest amounting to Rs.9.57 million. Although the decisions of the Committee were applicable and binding, in 1998 NBP filed a lawsuit against the Company in the Peshawar High Court for recovery of Rs.437 Million erroneously calculated on basis of loans from the 1970s and 1980s, thereby ignoring the binding decisions of the IRC (1982/1986) and Committee Number 5 (1997).

KTML's Management and Legal Team are pleased to inform you that the National Bank of Pakistan versus Khyber Textile Mills Ltd. Suit has been decided in favor of KTML by the Hon'able Peshawar High Court on 17-03-2014. The judgment is based on the legal and factual aspects, in which the Banking Judge has determined that KTML had indeed paid all outstanding dues to NBP, in accordance with the decision of Committee No.5 constituted by Federal Government in 1997 and that the entire outstanding loan has been paid by KTML, which had been duly acknowledged by NBP in the High Court. It was also held by the Court that the State Bank of Pakistan had issued Circulars constituting these Committees, in which SBP directed the Banks, including NBP, to follow the decisions of the Committee. Consequently, based on these above-mentioned facts NBP's suit was dismissed. However, in order to coerce the Company to submit to its unjust demands, NBP filed an appeal in the Peshawar High Court, and as of September 2020, arguments regarding the appeal are pending. Nonetheless, KTML's Management and legal department will continue to defend against NBP's appeal vigorously.

**ICP, NBP & Others vs. KTML:**

The Hon'ble Sindh High Court vide its order dated 24/02/2010 has set aside the ex-parte Judgment and Decree passed in favor of ICP, NBP & Others based on the observation that the Banks had not served legal notice to KTML's registered address in Baldher, Haripur, NWFP (now KP). Subsequently the Sindh High Court Judge ordered KTML to file a Leave to Defend application so that the case may proceed with both sides present. KTML's legal attorney had consequently filed a Leave to Defend application and the Sindh High Court on 10/01/2016 has accepted KTML's Leave to Defend Application for the case. It should be noted that the Banking Consortium has revised its claim against KTML downwards to Rs.50 Million due to their erroneous calculations in their original suit. Following the completion of the evidence at SHC, due to increase in the pecuniary jurisdiction, the suit was transferred to the Banking Court. As of September 2020, the matter is at the stage of final argument.

Moreover, the suit's decisions are pending on issues of res judicata, jurisdiction and limitation raised by KTML's Attorney in the Sindh High Court. KTML's Management and legal department are optimistic that this suit has no standing and will be dismissed once again as NBP has filed two cases for recovery of the same amount in two different High Courts. Additionally, KTML's legal department is of the view that this suit is time barred as these loans were issued in 1970's and 1980's and all outstanding loans determined by Industrial Rehabilitation Committee and Committee Number 5 have been repaid to the banking consortium. Finally, a judgment on these issues in KTML's favour has already been decided by the Honorable Peshawar High Court on 17-03-2014, which has been submitted by our attorney to the Sindh High Court.

It must be noted that the Banks are actively avoiding the finalization of litigation by evading arguments before the Honorable High Courts so as to extend their financial squeeze and pressurize the Company to give in to their unjust demands. Nonetheless, our legal department is making efforts to obtain further favorable decisions from the Courts in order to end this long-standing litigation.

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

### 15 PROPERTY, PLANT AND EQUIPMENT

PARTICULARS	C O S T / R E V A L U A T I O N			D E P R E C I A T I O N				AMOUNT IN RUPEES	
	AS ON 01/07/2019	REVALUATION SURPLUS	AS ON 30/06/2020	RATE	AS ON 01/07/2019	DEPRECIATION FOR THE YEAR	DEPRECIATION ON REVALUATION FOR THE YEAR	ACCUMULATED DEPRECIATION AS ON 30/06/2020	WRITTEN DOWN VALUES AS ON 30/06/2020
Freehold Land	823,500,000	-	823,500,000	-	-	-	-	-	823,500,000
Building & Civil Works on freehold land	145,282,464	-	145,282,464	5%	57,786,074	4,374,820	-	62,160,894	83,121,570
Sheds for livestock	2,653,804	-	2,653,804	10%	242,404	241,140	-	483,544	2,170,260
Plant & Machinery	291,164,189	-	291,164,189	10%	205,964,189	8,520,000	-	214,484,189	76,680,000
Tools & Equipment	1,200,738	-	1,200,738	10%	1,109,439	9,130	-	1,118,569	82,169
Electric Fittings	7,933,823	-	7,933,823	10%	7,439,483	49,434	-	7,488,917	444,906
Furniture & Fixture	877,824	-	877,824	10%	839,128	3,870	-	842,998	34,826
Telephone Fitting	238,000	-	238,000	10%	225,733	1,227	-	226,960	11,040
Office Equipment	408,665	-	408,665	10%	398,390	1,028	-	399,418	9,247
Electric, Gas & Home Appliance	433,468	-	433,468	10%	411,893	2,158	-	414,051	19,417
Motor Vehicle	907,904	-	907,904	20%	906,975	186	-	907,161	743
<b>Total : 2019</b>	<b>1,274,600,879</b>	<b>-</b>	<b>1,274,600,879</b>		<b>275,323,708</b>	<b>13,202,993</b>	<b>-</b>	<b>288,526,701</b>	<b>986,074,178</b>

The management of the Company in compliance with the Order dated April 29, 2013 issued by the Securities & Exchange Commission of Pakistan has carried out a formal assessment of the fair value of fixed assets of the Company. Revaluation of fixed assets was carried out first time in June 2013 by an independent valuer, M/s Impulse (Pvt) Ltd, 1081, 4th Floor, Rehman Building, Sadar Road, Peshawar. The revaluation of Freehold land, building & civil works and plant & machinery has resulted in Revaluation Surplus of Rs. 292,698 million, Rs. 104,926 million and Rs. 75,793 million respectively in the book value.

Last year as on June 30, 2019 Freehold land, building and civil works including sheds for livestock and plant & machinery were revalued again by M/s. Impulse (Pvt) Limited (an independent Valuer) which resulted in increase in surplus of Rs. 530,700 million, Rs. 13,478 million and Rs. 36,509 million respectively in the book value.

The fair values of assets have been determined with reference to market-based evidences, based on active market prices and relevant enquiries and information as considered necessary, adjusted for any difference in nature, location and conditions of the specific property and in case where market-based evidences are not available or not applicable due to the specialized nature of asset, then it were based on depreciated replacement cost method.

Forced sale value as per revaluation report dated June 30, 2019 of Freehold land, Building & civil works including sheds for livestock and Plant & machinery of Rs. 741,150 million, 76,422 million and 68,160 million respectively.

Had there been no revaluation, the values of specific classes of freehold land, building & civil works and plant & machinery at June 30, 2020 would have been as follows:

	Cost	Accumulated Depreciation	Written Down Values
Freehold Land	101,574	-	101,574
Building and Civil Works	28,350,309	26,244,628	2,105,681
Sheds for livestock	1,181,837	336,347	845,490
Plant and Machinery	178,861,971	167,666,744	11,195,227
	<b>208,495,691</b>	<b>194,247,719</b>	<b>14,247,972</b>

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

PARTICULARS	C O S T / R E V A L U A T I O N			D E P R E C I A T I O N				WRITTEN DOWN VALUES AS ON 30/06/2019
	AS ON 01/07/2018	REVALUATION SURPLUS	AS ON 30/06/2019	RATE	AS ON 01/07/2018	DEPRECIATION FOR THE YEAR	DEPRECIATION ON REVALUATION FOR THE YEAR	ACCUMULATED DEPRECIATION AS ON 30/06/2019
Free Hold Land	292,800,000	530,700,000	823,500,000	-	-	-	-	823,500,000
Building & Civil Works on free hold land	133,276,335	12,006,129	145,282,464	5%	53,812,902	3,973,172	-	57,786,074
Sheds for livestock	1,181,837	1,471,967	2,653,804	10%	138,022	104,382	-	242,404
Plant & Machinery	254,654,814	38,509,375	291,164,189	10%	200,554,120	5,410,069	-	205,964,189
Tools & Equipment	1,200,738	-	1,200,738	10%	1,099,295	10,144	-	1,109,439
Electric Fittings	7,933,823	-	7,933,823	10%	7,384,556	54,927	-	7,439,483
Furniture & Fixture	877,824	-	877,824	10%	834,828	4,300	-	839,128
Telephone Fitting	238,000	-	238,000	10%	224,370	1,363	-	225,733
Office Equipment	408,665	-	408,665	10%	397,248	1,142	-	398,390
Electric, Gas & Home Appliance	433,468	-	433,468	10%	409,496	2,397	-	411,893
Motor Vehicle	907,904	-	907,904	20%	806,743	232	-	906,975
<b>Total : 2018</b>	<b>693,913,409</b>	<b>580,687,471</b>	<b>1,274,600,879</b>		<b>265,761,580</b>	<b>9,562,128</b>	<b>-</b>	<b>275,323,708</b>
								<b>999,277,171</b>

### 15.1 Depreciation charge for the year has been allocated as under:

	2020 Rs.	2019 Rs.
Cost of sale	241,140	104,382
Administrative Expenses	12,961,853	9,457,746
	<b>13,202,993</b>	<b>9,562,128</b>

### 15.2 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

S. No.	Location	Usage of immovable property	Total Area
1	Plot bearing Khastia # 173, 357, 358, 462, 466, 460, 36, 38, 67/1 Qatta 4 situated at Balidher, Shahrab-e-Rasham, District Haripur, Khyber Pakhtunkhwa.	Production facility, Plant, Warehouses, Labor Colony, Livestock Farm, Agriculture Land and Head Office	366 Kanals / 45.75 Acres

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

	2020	2019	
	(Rupees)		
<b>16 LIVESTOCK</b>			
Opening fair value	6,500,000	3,822,500	
<b>Acquisition of livestock</b>			
Mature animals	5,781,500	2,329,283	
Immature animals	-	1,147,730	
	<b>5,781,500</b>	<b>3,477,013</b>	
	<b>12,281,500</b>	<b>7,299,513</b>	
Cost of animals sold	(6,463,947)	(2,644,705)	
	<b>5,817,553</b>	<b>4,654,808</b>	
Gain in fair value of biological assets	1,382,447	1,845,192	
	<b>7,200,000</b>	<b>6,500,000</b>	
<b>16.1 Reconciliation of carrying amounts of livestock</b>			
	Mature	Immature	Total
	----- Rupees -----		
Opening balance	6,500,000	-	6,500,000
Purchase	5,781,500	-	5,781,500
Available for sale	12,281,500	-	12,281,500
Less: Cost of animals sold	(6,463,947)	-	(6,463,947)
	5,817,553	-	5,817,553
Add: Gain from fair value 16.1.1	1,382,447	-	1,382,447
	<b>7,200,000</b>	<b>-</b>	<b>7,200,000</b>
<b>6.1.1</b> The fair value of livestock as at June 30, 2020 is assessed by the management of Company. In assessing the fair value of animals the management has considered the physical condition and market value as on the balance sheet date.			
<b>6.1.2</b> Number of mature and immature animals as at June 30, 2020 are 90 (2019 : 100) and NIL (2019 : NIL) respectively.			
<b>17 STORES &amp; SPARES</b>			
General Stores	3,000,000	3,000,000	
Less: Provision for diminution in value	(3,000,000)	(3,000,000)	
	<b>-</b>	<b>-</b>	
<b>18 ADVANCES, DEPOSITS AND OTHER RECEIVABLES</b>			
<b>Considered good</b>			
Advance income tax	1,476,626	1,575,249	
Rent receivable	-	42,705	
	<b>1,476,626</b>	<b>1,617,954</b>	
Considered doubtful	266,327	266,327	
	<b>1,742,953</b>	<b>1,884,281</b>	
Less: Provision for bad and doubtful	(266,327)	(266,327)	
	<b>1,476,626</b>	<b>1,617,954</b>	
<b>19 CASH &amp; BANK BALANCES</b>			
Cash in hand	115,994	29,052	
Cash at Bank			
In Current Accounts	90,596	15,042	
	<b>206,590</b>	<b>44,094</b>	

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

		2020	2019
		(Rupees)	
<b>20 SALES</b>			
Sales revenue from livestock		8,061,600	3,516,000
<b>21 COST OF SALES</b>			
Cost of animals purchased	16	5,781,500	3,477,013
Animal food and medicines consumed	21.1	854,276	1,072,177
Salaries and wages		467,200	444,000
Depreciation Expenses		241,140	104,382
		<b>7,344,116</b>	<b>5,097,572</b>
<b>Fair value of livestock</b>			
Opening		6,500,000	3,822,500
Closing		(7,200,000)	(6,500,000)
		<b>(700,000)</b>	<b>(2,677,500)</b>
		<b>6,644,116</b>	<b>2,420,072</b>
<b>21.1 Animal food and medicines consumed</b>			
Opening stock		94,190	185,120
Purchase		865,496	981,247
Closing		(105,410)	(94,190)
<b>Consumed</b>		<b>854,276</b>	<b>1,072,177</b>
<b>22 ADMINISTRATIVE EXPENSES</b>			
Salaries and Allowances		1,799,710	1,654,716
Conveyance, Traveling & Entertainment		121,100	74,405
Postage, Telegram & Telephone		21,150	61,185
Membership Fee & Subscription		825,507	456,330
Legal and professional charges		199,449	127,000
Printing & Stationery		39,300	33,750
Fuel and Power		1,030,189	816,633
Advertisement		73,000	27,600
Repairs & Maintenance	22.1	675,500	337,669
Bank Balance written off	22.2	3,163	-
Depreciation Expenses		12,961,853	9,457,746
		<b>17,749,921</b>	<b>13,047,034</b>
<b>22.1 Repair and maintenance includes an amount of Rs. 290,660/- towards expenses incurred for transformation of land for cultivation of fodder.</b>			
<b>22.2 Bank Balance written off</b>			
Bank of Khyber Account No. 1270069-31, Abbotabad		<b>3,163</b>	-
<b>23 OTHER INCOME</b>			
Liabilities written back	12.1	6,127,680	-
		<b>6,127,680</b>	-
<b>24 OTHER OPERATING EXPENSES</b>			
<b>Auditors' Remuneration</b>			
Annual Audit Fee		216,000	216,000
Half Yearly Review Fee		64,800	64,800
Out of pocket expenses		41,600	37,400
		<b>322,400</b>	<b>318,200</b>

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

### 25 TAXATION

#### 25.1 CURRENT

Tax charge reconciliation:

Accounting loss before tax (3,998,853) (5,416,783)

#### Add: Inadmissible Deductions

Accounting depreciation net off incremental depreciation 1,515,715 1,677,672

Balances written off 3,163 -

1,518,878 1,677,672

#### Less: admissible Deductions

Gain in fair value of biological assets 1,382,447 1,845,192

Tax Depreciation / Initial Allowance for Current Year 1,149,301 1,339,296

2,531,748 3,184,488

**Taxable loss for the year (5,011,723) (6,923,599)**

Company have incurred taxable loss during the year hence, no provision is made except for tax on property income as per working below:

#### 25.2 Computation of property income

Property income 6,532,600 6,854,665

Less: 1/5th deducted in computing income chargeable under the head income from property (1,306,520) (1,370,933)

Taxable property income 5,226,080 5,483,732

- Tax applicable rate 29% 29%

- Tax at the applicable income tax rate 1,515,563 1,590,282

Less: Advance tax u/s 147 1,475,000 1,550,000

Less: Tax on PTCL Bills 126 3,796

Less: Tax on Cash Withdrawals from banks 1,500 21,453

1,476,626 1,575,249

**Net tax payable 38,937 15,033**

#### 25.3 Un adjusted carry forward tax losses:

	2020	Expiry year	2019	Expiry year
Business loss - 2016	4,135,797	2022	4,135,797	2022
Business loss - 2017	1,885,983	2023	1,885,983	2023
Business loss - 2019	864,128	2025	864,128	2025
Business loss - 2020	3,862,422	2026	-	-
Unabsorbed depreciation	2,488,597	No expiry	1,339,296	No expiry
	<b>13,236,927</b>		<b>8,225,204</b>	

#### 25.4 DEFERRED

Due to suspension of business activities since July 01, 2007 and available brought forward assessed losses of the Company the effect of temporary differences both taxable and deductible are not likely to arise. Except as disclosed in note 10.

#### 25.5 Income Tax assessments of the Company have been finalized upto and including the tax year 2019 under section 120 of the Income Tax Ordinance, 2001. A comparison of last three years of income tax provision with tax assessed is presented below:

	2019	2018	2017
Income tax provision for the year - accounts	1,590,282	1,511,263	972,879
Income tax as per assessment	(1,590,282)	(1,511,263)	(972,879)
Difference	-	-	-

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

2020	2019
(Rupees)	

### 26 EARNING PER SHARE

Weighted average number of ordinary shares outstanding during the year	(Numbers)	1,227,503	1,227,503
(Loss) after taxation	(Rupees)	(2,125,107)	(3,546,475)
(Loss) per share	(Rupees)	(1.73)	(2.89)

There is no dilutive effect on the basic earning per share during the year.

### 27 FINANCIAL INSTRUMENTS BY CATEGORY

#### Financial assets at amortised cost

Long term deposits	88,983	88,983
Advances, deposits and other receivables	266,327	309,032
Cash at banks	90,596	15,042
	<b>445,906</b>	<b>413,057</b>

#### Financial liabilities at amortised cost

Loan from Directors	27,460,475	28,350,475
Trade & Other Payables	18,366,712	24,563,182
	<b>45,827,187</b>	<b>52,913,657</b>

### 28 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The carrying value of all the financial assets and financial liabilities of the Company reflected in the financial statements approximate their fair values.

### 29 FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's risk management policy focuses on the impact of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework and for developing and monitoring the Company's risk management policies. The Board regularly meets and any changes and compliance issues are reported to the Board through the audit committee.

### 30 MARKET RISK

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

#### 30.1 Interest rate risk

Interest rate risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date the interest rate profile of Company's interest-bearing financial instruments is as under:

	Carrying amount in rupees	
	2020	2019
Financial Assets	-	-
Financial Liabilities	<b>27,460,475</b>	<b>28,350,475</b>

#### Sensitivity Analysis

The Company is not exposed to interest rate risk. (refer note-11)

#### 30.2 Foreign Currency risk

Foreign currency risk is the risk that the fair value of future cash flows relating to a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

#### Sensitivity Analysis

The Company is not materially exposed to foreign currency risk on its financial assets and liabilities as there are no transaction involving such risk in the current year.



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

### 31 CREDIT RISK

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company under usual circumstances receives advance against sales and only casually applies credit limits to its customers therefore does not have any significant exposure to any individual customer resulting in the concentration of credit risk.

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. It indicates the related senility of the Company's performance to developments affecting the particular industry.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

	Carrying amount in rupees	
	2020	2019
<b>Financial Assets</b>		
Long Term Deposits	88,983	88,983
Bank Balances	90,596	15,042
	<b>179,579</b>	<b>104,025</b>

### 32 LIQUIDITY RISK

Liquidity risk reflects the Company's inability of generating funds to meet its commitments. The Company applies effective funds management techniques by maintaining sufficient cash and bank balances and by keeping committed credit limits in the circumstances in which the Company for the being continues.

The table below analyze the maturity profile of the Company's financial liabilities at the reporting date to the maturity date.

	Carrying amount	Contractual cash flows	Less than one year	Over one year
	-----2020-----			
<b>Financial Liabilities</b>				
Loan from directors	27,460,475	27,460,475	27,460,475	-
Trade Creditors	18,122,154	18,122,154	18,122,154	-
Accrued Liabilities	216,000	216,000	216,000	-
Other Liabilities	28,558	28,558	28,558	-
	<b>45,827,187</b>	<b>45,827,187</b>	<b>45,827,187</b>	<b>-</b>
	-----2019-----			
Loan from directors	28,350,475	28,350,475	28,350,475	-
Trade Creditors	24,249,834	24,249,834	24,249,834	-
Accrued Liabilities	284,790	284,790	284,790	-
Other Liabilities	28,558	28,558	28,558	-
	<b>52,913,657</b>	<b>52,913,657</b>	<b>52,913,657</b>	<b>-</b>

### 33 RECLASIFICATION OF CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison. Significant reclassification for purposes of correct and better representation are as under:

Reclassification from components	Reclassification to components	Note	Amount In Rupees
<b>Balance sheet</b>			
<b>NON CURRENT LIABILITIES</b>			
Long Term Loan from Directors		11	(28,350,475)
	<b>CURRENT LIABILITIES</b>		
	Loan from Directors	11	28,350,475
<b>Statement of profit or loss</b>			
<b>COST OF SALES</b>		21	
Transportation			(84,560)
	Cost of animals purchased		84,560
			<b>-</b>

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

2020	2019
(Rupees)	

### 34 TRANSACTIONS WITH RELATED PARTIES

i) Purchase of goods and services	-	-
ii) Sales of goods and services	-	-
iii) Brokerage, discount and commission	-	-
iv) Interest on loans	-	-
v) Loans and advances		
a) loan received/ (returned /provided)		
Mr. Adam Jadoon	(890,000)	(350,000)
vi) Any other transaction	-	-
	<u>(890,000)</u>	<u>(350,000)</u>

It represents the amount of loan obtained from directors of the company during the year to meet day to day running cost and repayment of liabilities and it is free of mark-up.

#### 34-A Related Party Disclosure

Name of Director	Also Directors in following Associated Companies
1 Mr. Adam Jadoon	Sarban Textile Mills (Pvt) Ltd.
2 Mr. Amanuallah Khan	Sarban Textile Mills (Pvt) Ltd.

### 35 REMUNERATION OF CHIEF EXECUTIVE , DIRECTORS AND OTHER EXECUTIVES.

Remuneration and meeting fees were forgone by the Directors and Chief Executive as such no fee, remuneration, perquisites and gratuity were paid to them during the year .

There were no Loans or advances granted to the Directors during the year.

### 36 PRODUCTION CAPACITY

PARTICULARS	CAPACITY Kgs	ACTUAL PRODUCTION Kgs	ACTUAL PRODUCTION IN 20 Kgs
<b>YARN:</b>			
Coarse	431,267	-	-
Medium	3,780,187	-	-
Fine	206,570	-	-

Year 2020	4,418,024	-	-
Year 2019	4,418,024	-	-

Capacity in 20/s = 6,585,921 Kgs ( 2019: 6,585,921 Kgs )

a. Number of spindles installed in the factory is 26,460 ( 2019: 26,460)

b. Number of shifts worked per day is NIL (2019: NIL)

### 37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 1st October,2020 by the Board of Directors of the Company.

### 38 NUMBER OF EMPLOYEES

Number of employees at the end of the year was 10 (2019 : 9)

Average number of employees during the year were 10 (2019 : 8).

### 39 FIGURES

Figures have been rounded off to the nearest rupee.



Chief Executive



CHIEF FINANCIAL OFFICER



DIRECTOR

**Pattern Of Share Holding**  
**Shareholders Statistics As At June 30, 2020**

S. No	Number Of Share Holders	Share Holding		Total Shares Held
		From	To	
1	149	1	100	6923
2	163	101	500	41183
3	57	501	1000	44244
45	81	1001	5000	178431
6	18	5001	10000	120186
7	1	30001	35000	32772
8	1	50001	55000	50373
9	1	70001	75000	74106
10	1	110001	115000	111700
11	1	130001	135000	133069
12	1	185001	190000	187439
13	1	245001	250000	247077
	<b>475</b>			<b>1,227,503</b>

**Categories of Share Holders As on June 30, 2020**

S. NO	Categories Of Shareholders	Number Of Shareholders	Total Shares Held	Percentage %
1	Individuals	458	1,205,962	98.25
2	Joint Stock Companies	9	2,833	0.23
3	Insurance Companies	2	12,598	1.03
4	Financial Institutions	4	3,863	0.31
5	Investment Companies	1	1,688	0.14
6	Others	1	559	0.05
		<b>475</b>	<b>1,227,503</b>	<b>100.00</b>

**Additional Information as of June 30, 2020**

Shareholders' Category	Shareholders	Shares held	Percentage
<b>Directors, heir Spouse(s) and Minor Children</b>			
Mr. Adam Jadoon	1	247,077	20.13
Mr. Amanullah Khan	1	3,085	0.25
Mr. Nasir Khan	1	3,950	0.32
Mr. Aurangzeb Khan	1	5,298	0.43
Mr. Omer Farid Jadoon	1	133,069	10.84
Mr. Muhammad Bahuddin	1	2,800	0.23
Mr. Aamna Jadoon	1	74,106	6.04
<b>Associated Companies, undertakings and related parties</b>	-	-	-
<b>Executives</b>			
Mr. Sadaqat Khan - Company Secretary	1	50	0.00
Mr. Taj Muhammad - C F O	1	100	0.01
<b>Public Sector Companies and Corporations</b>			
State Life Corporation of Paksitan	1	8,604	0.70
<b>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance, Takaful, Modaraba and Pension Funds</b>			
	14	10,690	0.87
<b>NIT / ICP</b>			
Investment Corporation of Paksitan	1	1,688	0.14
<b>General Public</b>	449	736,427	59.99
<b>Foreign Companies</b>			
<b>Others</b>	1	559	0.05
<b>Total</b>	<b>475</b>	<b>1,227,503</b>	<b>100.00</b>


Shareholders holding 10% or more voting interest	Share Held	Percentage
Mr. Adam Jadoon	247,077	20.13
Mr. Zafar Iqbal Jadoon	187,439	15.27
Mr. Omer Farid Jadoon	133,069	10.84

آمدنی کیلئے انتظامیہ نے یہ ثابت کیا ہے کہ کاروباری منصوبہ کو تبدیل کر کے کمپنی کی آمدنی میں اضافہ ہوا ہے۔ KTML ایک فعال ٹیکس دہندہ کمپنی ہے اور مالی سال میں قومی خزانے کو ٹیکس ادا کیا ہے۔ مزید برآں! کمپنی انتظامیہ ناکارہ عمارت کو استعمال کر کے مزید سرمایہ مہیا کرنے کے قابل ہو جائے گی۔ اس طرح حاصل شدہ آمدنی سے ملازمین کی تنخواہوں اور اثاثہ جات کی دیکھ بھال پر خرچ کی جائے گی۔ کمپنی سال 2021ء میں لائیو سٹاک میں اضافے کا ارادہ رکھتی ہے۔ جس سے کمپنی کی مالی حیثیت ان شاء اللہ بہتر ہو جائے گی۔

#### **نیا کاروبار، کاروبار کے نام میں ترمیم:**

SECP کے فیصلے اور ہدایات کو مد نظر رکھتے ہوئے پرنسپل لائن آف بزنس اور آرٹیکل اور میمورینڈیم آف ایسوسی ایشن میں ترمیم ہو چکی ہے۔ تاہم کمپنی کی طرف سے جاری موجودہ کاروبار کا نام تبدیل کرنے کا عمل مکمل نہیں ہو سکا کیونکہ حکومتی سرکاری اداروں میں Covid-19 کی وجہ سے کام کی رفتار سست رہی۔ ہم پر امید ہیں کہ سرکاری دفاتر کھلنے پر کاروبار کے نام کی تبدیلی کی منظوری ہو جائے گی۔ جو کہ کمپنی کے سالانہ جنرل اجلاس میں ”خیبر ٹیکسٹائل ملز اور ایگریکلچر بزنس لیمیٹیڈ“ کے نام سے ہوئی ہے۔

مورخہ 01-102-2020

  
آدم جدون  
چیف ایگزیکٹو

اپیل خارج ہو جائے گی۔ مزید معلومات کے لئے نوٹ نمبر 14 کا مطالعہ کریں۔

مقدمہ بنام: ICP، NBP وغیرہ مابین KTML:

ICP، NBP اور دیگر نے وصولی کے لئے سندھ ہائی کورٹ میں مقدمہ دائر کر رکھا ہے۔ سندھ ہائیکورٹ نے کمپنی کو درخواست کا دفاع کرنے کی اجازت دے رکھی ہے۔ جس میں قانونی سوالات اور حقائق کو واضح طور پر اٹھایا گیا ہے۔ اور انتظامیہ پر امید ہیں کہ ان سوالات اور حقائق پر فیصلہ KTML کے حق میں ہوگا جیسا کہ پشاور ہائی کورٹ پہلے سے یہ فیصلہ KTML کے حق میں کر چکی ہے۔ جو کہ سندھ ہائی کورٹ سے اس مقدمے کو خارج کروانے کا باعث بنے گا۔

تاہم ستمبر 2020ء تک دلائل آخری مراحل میں ہیں۔ اس کی مزید تفصیلات کے لئے نوٹ نمبر 14 ملاحظہ کیا جاسکتا ہے۔

### کاروباری سرگرمیاں:

بینکوں نے پشاور ہائی کورٹ اور سندھ ہائی کورٹ کے روبرو زیر التواء اپیل اور مقدمہ کی حتمی شکل میں تاخیر کرتے ہوئے اس بات کو یقینی بنایا کہ اسٹیٹ بینک آف پاکستان کا کریڈٹ انفارمیشن بیورو کی فہرست میں KTML ڈیفالٹر کی حیثیت رکھتا ہے۔ نیشنل بینک آف پاکستان کی عدالتوں میں جاری مقدمہ کی وجہ سے KTML کو بینک کی تمام قرضہ جاتی سہولیات حاصل کرنے پر پابندیاں لگادی گئی ہیں۔ نیشنل بینک آف پاکستان کے تعصبانہ طریقہ کار کی وجہ سے KTML ”توازن، جدید اور تبدیلی“ (Balancing Modernization & Replacement) جاری نہ کروا سکا۔ مگر بورڈ آف ڈائریکٹرز اور انتظامیہ کی دلی خواہش ہے کہ ٹیکسٹائل یونٹ کو پھر سے قابل عمل کیا جائے جب بینک کی قانونی چارہ جوئی ختم ہو جائے اور قرض کی سہولیات پھر سے بحال کردی جائیں۔

سالانہ جنرل اجلاس عام اور بورڈ آف ڈائریکٹرز کی منظوری کے ساتھ کمپنی کے اپنے زرعی کاروبار میں خاص طور پر اپنے مویشی فارم اور زرعی اراضی ہیں جو اس وقت لگ بھگ (17) ایکڑ پر محیط ہے، اس میں سرمایہ کاری کر رکھی ہے (ٹیکسٹائل یونٹ سے الگ ہے)۔ اس سرمایہ کاری میں مویشیوں کیلئے رہائش کی گنجائش میں توسیع، مویشیوں کی خریداری، زیتون کے پودے لگانے اور لگاتار دیکھ بھال، کمپنی کے احاطے میں واٹر پائپنگ سسٹم، پانی کا ذخیرہ کرنا، ٹیوب ویل اور آب پاشی کے نظام کو بہتر بنانا شامل ہے اس کے علاوہ انتظامیہ نے کمپنی کی غیر استعمال شدہ خالی اراضی کی کاشت کو بڑھایا ہے جو کھیتی باڑی کیلئے تیار کی گئی ہے۔ یہ فصلیں کمپنی کے مویشیوں کے چارے کیلئے استعمال کی جارہی ہیں جس سے مارکیٹ سے چارہ کی خریداری میں کمی ہوئی ہے۔ اس طرح فارم کے منافع میں 2020 میں اضافہ ہوا ہے تاہم یہ واضح رہے کہ Covid-19 کو رونا وائرس کی وباء سے مویشیوں کی خرید و فروخت میں اور ہمارے کرایہ کے کاروبار میں لاک ڈاؤن اور حکومتی پابندیوں سے منفی اثرات مرتب ہوئے ہیں جس کا دورانیہ مارچ 2020 سے شروع ہوا ہے۔ اور نتیجتاً کرایہ کی وصولیاں کم ہو گئیں کرایہ داروں کے مسلسل نقصانات کی وجہ سے کرایہ داروں کے کاروبار متاثر ہوئے ہیں۔

بہر حال بورڈ آف ڈائریکٹرز کو موقع ملا ہے کہ شیئر ہولڈرز کو مطلع کر کے مالی سال 2020ء میں قرضہ تک رسائی پر پابندی، ملک میں مہنگائی اور Covid-19 کی پابندیوں کے باوجود کمپنی میں مویشیوں کے زرعی فارمز اور فروخت کے کاموں میں بہتری لانے کا انتظام کیا ہے۔ غیر دوستانہ کاروباری ماحول کے باوجود ان پٹ کے اخراجات میں کمی آئی ہے اور مویشیوں کی فروخت اور کرایوں سے آنے والی

- 4۔ کمپنی کے اندرونی انتظام کا نظام نہایت اطمینان بخش ہے۔ اور اس کو عمدہ طور پر لاگو کیا گیا ہے۔
- 5۔ تمام تر کوششوں کے نتیجے میں اخراجات اور واجب الادا رقوم کے بارے میں خوب کنٹرول کیا گیا ہے۔
- 6۔ سال ختمہ 2020 میں کارپوریٹ گورننس کی خلاف ورزی نہیں ہوئی ہے۔ جو کہ کمپنی پر لاگو ہیں۔
- 7۔ گزشتہ چھ سالوں کے چاروں مالیاتی نتائج منسلک ہیں۔
- 8۔ آڈٹ کمیٹی بورڈ کی کارکردگی جو کہ کوڈ آف کارپوریٹ گورننس عملدرآمد کی صورت میں لازمی ہے جن میں رپورٹس کی جانچ پڑتال کمپنی کے مالی نتائج اور انتظامیہ کے فیصلے کے لئے اندرونی انتظامی امور کا طریقہ کار اور کمپنی کے اثاثہ جات اور اس کے کاروباری استحکام کے تحفظ کے لئے منصوبہ سازی کرتی ہے۔
- 9۔ بورڈ کی میٹنگ سے پہلے آڈٹ کمیٹی کی میٹنگ ہوتی ہے اور اسکی رپورٹ بورڈ کے سامنے پیش کی جاتی ہے۔
- 10۔ شیئر ہولڈنگ کا نمونہ کوڈ آف کارپوریٹ گورننس کی ہدایات کی روشنی میں چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکرٹری، ڈائریکٹرز آفیسرز اور انکے بیوی بچوں سے متعلق اس رپورٹ کے ساتھ منسلک ہے۔
- 11۔ اس مالی سال کے دوران ڈائریکٹرز نے جتنی میٹنگز میں شرکت کی ہے اسکا گوشوارہ حسب ذیل ہے۔

4	۱۔ جناب آدم جدون
3	۲۔ جناب اورنگزیب خان
4	۳۔ جناب ناصر خان
2	۴۔ جناب امان اللہ خان
4	۵۔ جناب محمد بہاؤ الدین
4	۶۔ جناب عمر فرید جدون
3	۷۔ محترمہ آمنہ جدون

12۔ شیئر ہولڈرز کے ساتھ رابطہ کو ترجیح دی جاتی ہے۔ سالانہ، ششماہی اور سہ ماہی رپورٹ کمپنی ایکٹ 2017ء میں درج شدہ میعاد کے اندر بھیجی جاتی ہیں۔ اور ساتھ ہی کمپنی کی ویب سائٹ پر بھی شیئر کی جاتی ہیں۔ [www.khybertextile.com](http://www.khybertextile.com)

13۔ آڈٹ کمیٹی نے کوڈ آف کارپوریٹ گورننس کی ضرورت کے تحت ”ایم۔ ایس۔ کلارک سن ہائینڈ سعوڈانصاری چارٹرڈ اکاؤنٹنٹ اینڈ کمپنی“ کو بطور آڈیٹر برائے سال 2020-21 تجویز کیا ہے۔

14۔ کمپنی کے خلاف مقدمہ سازی:

مقدمہ نیشنل بینک آف پاکستان مابین خیبر ٹیکسٹائل ملز لمیٹیڈ:

بتاریخ 17/03/2014 بینکاری جج نے پشاور ہائی کورٹ میں KTML کے حق میں فیصلہ کرتے ہوئے نیشنل بینک آف پاکستان کے مقدمہ کو خارج کر دیا تھا۔ معزز جج نے یہ فیصلہ بھی کیا ہے کہ KTML نے تمام واجب الادا قرضے ادا کر دیے ہیں تاہم NBP نے فیصلے کے خلاف اپیل دائر کر رکھی ہے۔ جس میں ستمبر 2020 تک دلائل معزز ہائیکورٹ میں زیر التوا ہیں۔ کمپنی کے وکلاء اور انتظامیہ کمپنی کے مفادات کا بھرپور دفاع کرتے رہیں گے۔ اور امید ہے کہ

## ڈائریکٹرز رپورٹ

معزز ممبران:

بورڈ آف ڈائریکٹرز آپ کو کمپنی کے 59 ویں سالانہ اجلاس عام میں شرکت پر خوش آمدید کہتے ہیں۔ اور آپ کو کمپنی کے سالانہ حسابات اور دیگر معاملات کے گوشواراجات پیش کر کے نہایت خوش محسوس کرتے ہیں۔ اور ساتھ ہی مالی سال ختمہ 30 جون 2020 کیلئے تصدیق شدہ آڈیٹر رپورٹ، مع فیصلہ گوشوارہ جات جو کہ بورڈ آف کارپوریٹ گورننس اور پاکستان سٹاک ایکس چینج کے مطالبات کی روشنی میں تیار کئے گئے ہیں، منسلک کئے جاتے ہیں۔

مالی نتائج:

	2020	2019
	(Rupees)	
Sales	8,061,600	3,516,000
Cost of sales	6,644,116	2,420,072
<b>Gross Profit</b>	<b>1,417,484</b>	<b>1,095,928</b>
Administrative expenses:	17,749,921	13,047,034
	(16,332,437)	(11,951,106)
Other Operating Income - Rent	6,532,600	6,854,665
<b>Operating loss</b>	<b>(9,799,837)</b>	<b>(5,096,441)</b>
Other income:	6,127,680	-
	(3,672,157)	(5,096,441)
Finance Cost - Bank charges	4,296	2,142
Other operating expenses:	322,400	318,200
	326,696	320,342
<b>(Loss) before taxation</b>	<b>(3,998,853)</b>	<b>(5,416,783)</b>
Taxation		
Current	1,515,563	1,590,282
Prior	-	-
Deferred	(3,389,309)	(3,460,590)
	(1,873,746)	(1,870,308)
<b>(Loss) after taxation</b>	<b>(2,125,107)</b>	<b>(3,546,475)</b>
(Loss) per share	(1.73)	(2.89)

آڈیٹر زیر رویش:

آڈیٹرز کے معائنہ کے مطابق کمپنی کی موجودہ استعدادی صلاحیت کا مفصل تجزیہ ان حسابات کے نوٹ نمبر 6، 12 اور 14 میں درج ہے۔

آڈیٹرز نے اس طرف بھی توجہ مبذول کرائی ہے کہ کمپنی کے قرض خواہوں کے بقایا جات جو کہ گذشتہ 18 سال سے حسابات میں ظاہر کیے جا رہے ہیں کسی قرض خواہ نے انکی نہ ہی تصدیق کی ہے اور نہ ہی اپنے بقایا جات کا مطالبہ کیا ہے۔ لہذا کمپنی نے یہ رقوم ختم کرنے کا فیصلہ کیا ہے۔

سٹیٹ منٹ آف کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک:

- 1۔ زیر بحث فنانشل سٹیٹ منٹ کی جانچ پڑتال کمپنی ایکٹ 2017ء کے مطابق کی گئی ہے اور پاکستان میں جاری اکاؤنٹنگ اسٹینڈرڈز پر عمل کیا گیا ہے۔
- 2۔ اکاؤنٹنگ پالیسی پر باقاعدگی سے عمل درآمد کر کے یہ حسابات تیار کیے گئے ہیں۔
- 3۔ کمپنی نے مکمل حسابات کے گوشوارے رکھے ہوئے ہیں جن میں تمام حسابات ظاہر کئے گئے ہیں۔



**Chairman Review**

(شروع اللہ تعالیٰ کے نام سے جو بڑا مہربان نہایت رحم کرنے والا ہے)  
میں آپکو کمپنی کے انسٹوویس سالانہ اجلاس عام میں شرکت پر تہہ دل سے خوش آمدید کہتا ہوں۔ جو کہ 30 جون 2020ء کو ختم ہو چکا ہے۔

**Operating Results:**

	2020	2019	2018	2017	2016	2015
-----Rupees in "000"-----						
Sales	8,062	3,516	1,750	0	0	0
Operating Profit/ (Loss)	(9,800)	(5,096)	(8,942)	(9,265)	(1,169)	(1,250)
Profit / (Loss) after tax	(2,125)	(3,546)	10,707	(6,138)	3,490	3,900
Accumulated Loss	(1,150)	(10,917)	(15,472)	(34,957)	(38,519)	(42,103)

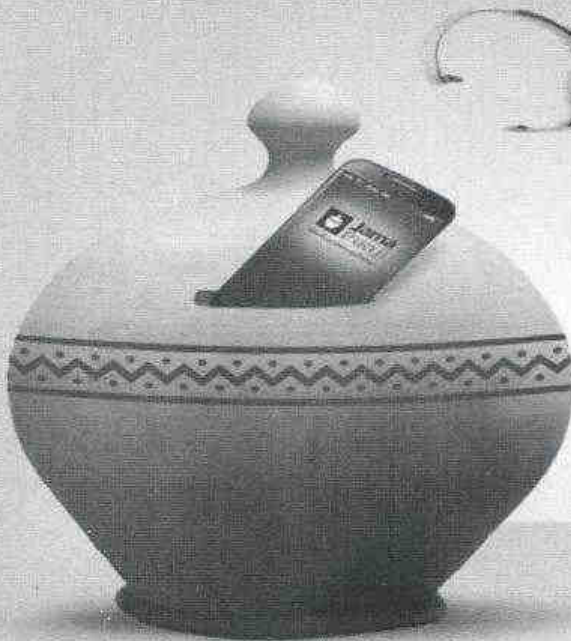
جائزہ کے اس عرصہ کے دوران آپکی کمپنی کی صنعتی پیداوار قرضہ جات کی سہولیات کی غیر موجودگی کی وجہ سے بند رہی تاہم کمپنی کو دیگر تجارتی ذرائع مثلاً زرعی کاروبار اور کرایہ جات کی مد میں خاطر خواہ آمدنی ہوئی۔  
میں کمپنی کی بہتری کے لئے انتظامیہ اور متعلقہ سٹاف کی انتھک محنت اور کاوش کے لئے بے حد مشکور ہوں۔

بالذہیر ہر پور

بتاریخ 01 اکتوبر 2020

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**FORM OF PROXY**

I/WE \_\_\_\_\_ OF \_\_\_\_\_

being shareholders(s) OF Khyber Textile Mills Limited, Shares Nos \_\_\_\_\_

Of folio No. \_\_\_\_\_

(or-failing him) \_\_\_\_\_

Of \_\_\_\_\_

(another member of the Company) to attend, act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday the 26th October 2020 at 10.00 am noon at the Registered Office of the Company, Baldher District Haripur and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_

Affix Re. 8.00 Revenue Stamp
------------------------------------

Signature of Shareholder

**IMPORTANT:-**

- (A) Signature must be in accordance with the specimen filed with the Company.
- (B) A proxy should also be a member of the Company.
- (C) A member entitled to attend and vote at the Meeting may appoint another member as his / her proxy to attend and vote. In order to be effective Proxy must be stamped, signed, witnessed and appended with a copy of CNIC or Passport of the beneficial owner and the proxy owner.
- (D) The Form of Proxy duly completed must be deposited at the Company Registered Office Khyber Textile Mills Ltd, Baldher, Haripur at least 48 hours before the time of Meeting.