



SAIF GROUP



KOHAT TEXTILE MILLS LIMITED

55th ANNUAL REPORT 2021



ENTITY RATING OF KOHAT TEXTILE MILLS LIMITED

Long Term	A-
Short Term	A2

Stable outlook

CREDIT RATING AGENCY



The Pakistan Credit Rating Agency Limited

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COMPANY INFORMATION

BOARD OF DIRECTORS

Osman Saifullah Khan (Chairman)
Assad Saifullah Khan (Chief Executive Officer)
Hoor Yousafzai
Sardar Aminullah Khan
Abdul Rehman Qureshi
Rana Muhammad Shafi
Sohail H Hydari

AUDIT COMMITTEE

Abdul Rehman Qureshi (Chairman)
Sardar Aminullah Khan
Rana Muhammad Shafi

HR & REMUNERATION COMMITTEE

Abdul Rehman Qureshi (Chairman)
Assad Saifullah Khan
Hoor Yousafzai

CHIEF FINANCIAL OFFICER

Nouman Ahmad

COMPANY SECRETARY

Sajjad Hussain

HEAD OF INTERNAL AUDIT

Meesam Habib Butt

AUDITORS

Shinewing Hameed Chaudhri & Co.,
Chartered Accountants

LEGAL ADVISORS

Salahuddin Saif & Aslam
(Attorneys at Law)

BANKERS

Askari Bank Limited
Bank Alfalah Limited
Dubai Islamic Bank
First Habib Modaraba
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
The Bank of Punjab
The Bank of Khyber
United Bank Limited

HEAD OFFICE

4th Floor, Kashmir Commercial Complex,
Fazal-e-Haq Road, Blue Area
Islamabad
Phone : (051) 2604733-5
Fax : (051) 2604732
email : ktm@saifgroup.com

REGISTERED OFFICE

APTMA House, Tehkal Payan,
Jamrud Road, Peshawar
Phone : (091) 5843870, 5702941
Fax : (091) 5840273
email : Peshawar@saifgroup.com

MILLS

Saifabad, Kohat
Phone : (0922) 862309,
862065, 862091
Fax : (0922) 862057-8
email : ktmkht@saifgroup.com

SHARE REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.,
HM House, 7-Bank Square, Lahore
Phone : (042)-37235081
(042)-37325082
Fax : (042)-37358817
email : info@hmaconsultants.com

WEB SITE

www.kohattextile.com

GEOGRAPHICAL SPREAD

Head Office

4th Floor, Kashmir Commercial Complex, Fazal-e-Haq Road, Blue Area, Islamabad

OFFICES

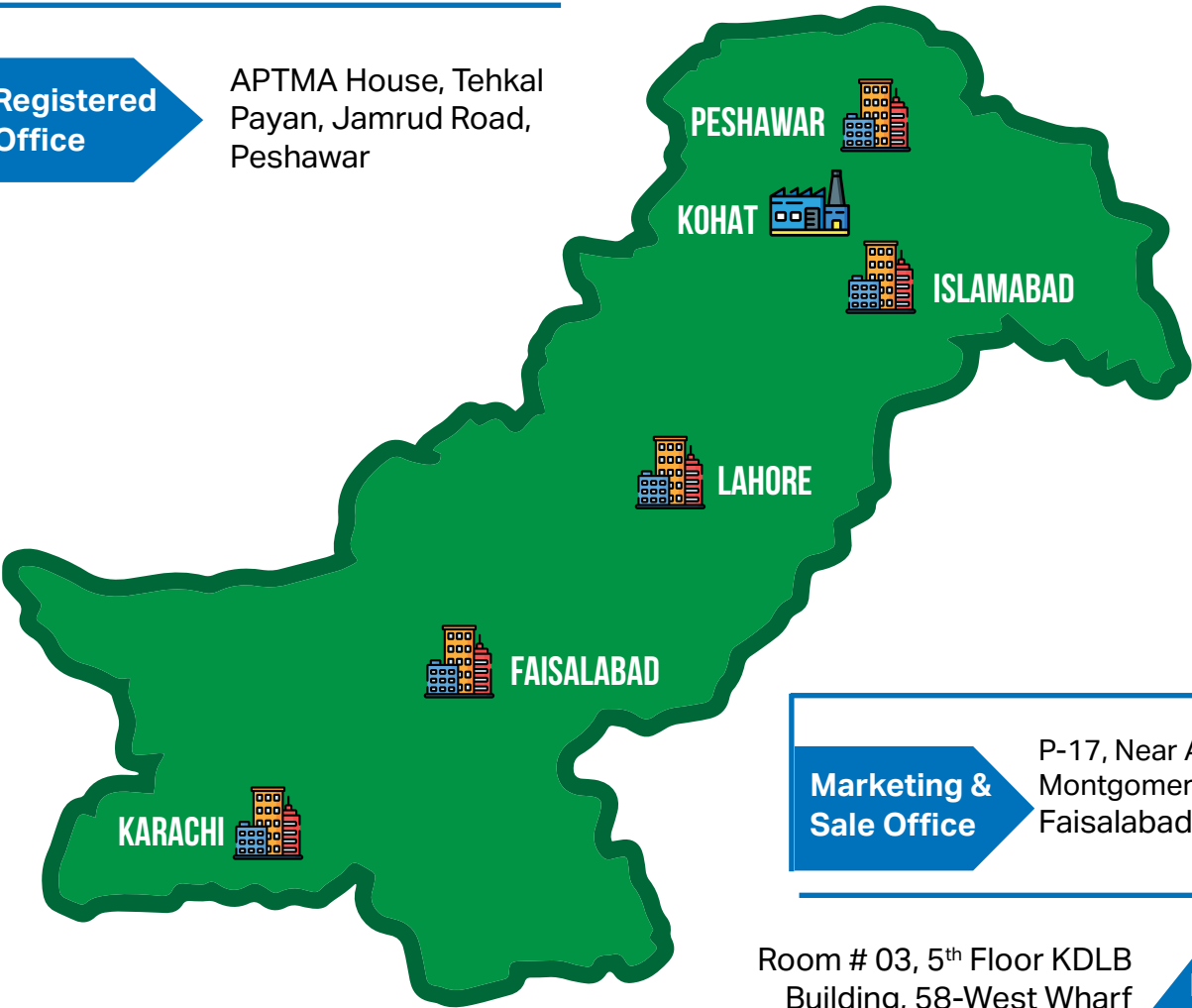
MILLS / FACTORY

Saifabad, Kohat

Mills / Factory

Registered Office

APTMA House, Tehkal Payan, Jamrud Road, Peshawar



Marketing & Sale Office

P-17, Near Allied Bank Ltd, Montgomery Bazar, Faisalabad

Room # 03, 5th Floor KDLB Building, 58-West Wharf Road, Karachi

Marketing & Sale Office

VISION

To attain market leadership through unmatched quality, a diverse and unique product mix, empowered employees, world class systems, and the highest ethical and professional standards.

MISSION

- Give our shareholders a competitive return on their investment through market leadership, sustainable business growth and sound financial management.
- Earn and sustain the trust of our stakeholders through efficient resource management.
- Provide the highest quality products and services consistent with customer needs and continue to earn the respect, confidence and goodwill of our customers and suppliers.
- Foster a culture of trust and openness in order to make professional life at the Kohat Textile Mills Limited a stimulating and challenging experience for all our people
- Strive for the continuous development of Pakistan while adding value to the textile sector.

CORE VALUES

Our core values reflect the principles of "Knowledge", "Trust" and "Meritocracy".

- **K**nowledge: We believe in knowledge building accumulation by providing learning opportunities to our employees for their professional growth.
- **T**rust: We promote a culture of trust, honesty, respect and recognition for exceptional performance across the Company.
- **M**eritocracy: We foster meritocracies in hiring, rewarding and promoting the best people based on their merit.



TIME LINE

CELEBRATING 55TH YEARS OF EXCELLENCE (3RD GENERATION)

2021

Spindles: 38,460
Balance sheet:
Rs.4.23 billion
No. of workers:
1,031
ISO Certified
Pacra credit
rating A
Installation of bigger
solar project in KPK

1971

First export
consignment

1970

Listed on Stock
Exchanges of
Pakistan
Sales: Rs.9.2
million
Profit: Rs.0.8
million



1969

Started Commercial
Production
Spindles: 12,480
No. of workers: 200

1968

Balance Sheet:
Rs.2.8 million

1967

Establishment
in KPK

PROFILE OF BOARD OF DIRECTORS



Osman Saifullah Khan
(Chairman/Director)

Osman Khan currently serves as the Vice Chairman of the Saif Group, a diversified industrial and services conglomerate headquartered in Islamabad. Mr. Khan joined the Saif Group in 1995, and has held a variety of strategic and operating roles with the Group since that time. He serves as the Chairman of Saif Holding Ltd, the Group's holding company, as well as of the Group's textile manufacturing businesses. Mr. Khan is the founder of the Mediterranean Textile Company Egypt's largest exporter of premium yarn. Osman Khan is also CEO of Skyelectric Pvt. Ltd, Pakistan's fastest growing solar company.

Mr. Khan has remained on the Board of Pakistan State Oil (PSO). He is associated with various industry advocacy platforms and is a member of the Pakistan Business Council (PBC). He has served on the Advisory Committee to the Planning Commission of Pakistan, served as a member of the Policy Board of the Securities and Exchange Commission of Pakistan (SECP) and is also an Advisor to the President, Ghulam Ishaq Khan Institute of Engineering Sciences (GIKI). Osman Khan is founder of the Wadaan Foundation, a not-for-profit organization that focuses on water,

health and education issues in the southern districts of Pakistan's Khyber Pakhtunkhwa Province.

Osman Saifullah Khan was elected unopposed to the Senate of Pakistan in March 2012 for a six-year term and represented the Federal Capital Islamabad. He was Chairman of the Senate Standing Committee on Science & Technology and a member of the Senate Special Committee on China Pakistan Economic Corridor (CPEC).

He also served on three other Senate Committees: (i) Finance (ii) Information Technology & Telecommunications and (iii) Rules & Privileges.

Senator Khan was the mover of the private member's bill, the Domestic Workers (Employment Rights) Bill 2015, passed by the Senate on March 7th, 2016. His term in the Senate ended in March of 2018.

Osman Khan has a Master's degree in Engineering, Economics and Management from Christ Church, University of Oxford (1995), where he was a Britannia Scholar and a Master's degree in Business Administration (MBA) from the Graduate School of Business, Stanford University (2009).

PROFILE OF BOARD OF DIRECTORS



Assad Saifullah Khan
(CEO/Director)

Assad Saifullah Khan is the CEO of Kohat Textile Mills Ltd. and head of Legal Affairs for the Saif Group. As Head of the Legal Department he is responsible for coordinating all legal and contractual matters for Group subsidiaries and associated companies.

Assad Saifullah Khan brings with him the considerable experience gained through working in the UK and Pakistan. During his legal education, Assad Saifullah Khan worked with Orr, Dignam & Co (Islamabad) and as a caseworker for the current Deputy Leader of the Labor Party – the Right Honorable Harriet Harman MP, QC.

After completing the Bar Vocational Course, Assad interned for several months at J.D. Spicer & Co. a leading solicitor's practice in London, before moving back to Pakistan during the summer of 2007.

This was followed by a one-year tenure as an Associate at Hassan & Hassan (Lahore). Under the tutelage of Dr. Parvez Hassan, Assad handled company law cases and corporate work for several large multinationals.

Assad Saifullah Khan graduated from the University of Pennsylvania in 2004, majoring in History and Culture and a minor in French. He then moved to London to pursue his legal education by attaining his Common Professional Examination/Graduate Diploma in Law from the College of Law in 2005, and certification in the Bar Vocational Course from the Inns of Court School of Law (ICSL) in 2007.



Hoor Yousafzai FCA
(Director)

Hoor Yousafzai is the CEO of Saif Holdings Ltd, which is the holding company of Saif Group of Companies. In addition to being on the Boards of various Saif Group companies, she is also the Chairperson of the Board of Directors of Saif Power Ltd and Saif Healthcare Ltd. She is the CEO of Akbar Kare Institute, a leading institute that aims towards improving the lives of families with children suffering from lifelong disabilities due to Cerebral Palsy and Spina Bifida, irrespective of their wealth, class, or creed.

A seasoned, outcome-oriented leader and finance expert with over 20 years of experience, she has been actively responsible for establishing long-range goals, strategies, plans, and policies of Saif Group, with a primary focus on corporate taxation, regulatory compliance, project evaluations, and business sustainability. Before joining Saif Group, Mrs. Yousafzai completed her CA articles in KPMG Chartered Accountants, Pakistan. In addition to being a Fellow Chartered Accountant, she also has a Master's Degree in Computer Science and Economics. She is an avid learner and received numerous distinctions during her educational years.



Sardar Aminullah Khan
(Director)

Sardar Aminullah Khan joined the Inland Revenue Service of Pakistan in 1977 in BS-17 through CSS exam and retired after serving as Member, Chief Commissioner, Additional Commissioner, Deputy Commissioner and Assistant Commissioner in Income Tax department of Federal Board of Revenue. He served for 35 years in several Government departments within and outside Pakistan in various capacities. He has been engaged in tax management, project management, cooperative housing management, social clubs management, investment promotion, framing and interpretation of laws on investment and taxation, trade and economy, tax reforms etc. His last held position was Director General, KP Revenue Authority in 2014.

He held more than 100 programs on public policy in a private TV Channel. At present, he is working as Pro_Rector of GIK Institute of Technology, the top engineering University of Pakistan.



Abdul Rehman Qureshi
(Director)

Qureshi is a law graduate from the Punjab University, Lahore. He is a veteran in the field of corporate law and related matters. He has over the years, served in various capacities erstwhile in Corporate Law Authority (CLA) and the Securities and Exchange Commission of Pakistan (SECP). He has been member of various committees and commissions constituted to review and revamp company law, securities law, insurance law and banking laws. He has attended several international courses, seminars, training programs and workshops on various subjects related to corporate laws and corporate governance particularly in countries like Australia, Japan, India, USA and U.K.



Rana Muhammad Shafi
(Director)

Rana Muhammad Shafi is an Advisor to the Board of Director of Saif Group of Companies. He advises the BOD for Investments, mergers and acquisition on new ventures and on financial matters of Saif Group Companies. He also advises on securitization of assets, treasury functions for acquisitions of funds for new projects and dealing with capital markets. He has over 50 years of rich and varied experience in the field of Cost and Management Accounting, Financial & Corporate Accounting, Administration, Management control, Treasury & Financial Management. He has been associated with Saif Group since January 1981 and has worked in the capacities of Cost & Management Accountant, Chief Accountant, Commercial Manager, General Manager Finance, Executive Director Finance and Chief Financial Officer.

He is a certified director under Listed Companies (Code of Corporate Governance), Regulations, 2019. He has conducted a number of workshops on corporate accounting, leadership management and treasury financing. Before joining Saif Group, he has been associated with Ali Textile Mills Ltd., Jhang, Mansoor Textile Mills Ltd., Lahore and Nishat Mills Ltd. Faisalabad.

He holds a Master's Degree in Commerce from the University of Punjab and Cost and Management Accountant Finalist from Institute of Cost and Management Accountants of Pakistan.



Sohail Hussain Hydari
(Director)

Sohail H Hydari is the Chief Executive Officer of Saif Power Limited. He joined the Saif Group in January 2006. Prior to this, for more than five years, Mr. Hydari served as the Chief Operating Office of Gul Ahmed Energy, an Independent Power Producer, and selling electricity to the Karachi Electric Supply Corporation. During his tenure, many difficult issues facing the Company were resolved.

Mr. Sohail Hydari holds an MBA (Finance) from the Institute of Business Administration – Karachi. He also holds professional qualifications in Banking from Pakistan and qualification in Insurance from the UK. Mr. Sohail Hydari's corporate career has provided him with a diversified experience in different industries including advertising, banking, value added textiles and power generation.

At Gul Ahmed Textiles Mr. Sohail Hydari served as the General Manager – Exports, where his responsibilities included sales & marketing, export refinance, banking, textile quota administration, production liaisoning and HR related issues.

He has previously served with the Bank of Credit and Commerce International in Pakistan, Luxembourg, Germany and Turkey. His last position with the Bank was as the Country Head – Treasury and Investment Banking in Turkey.

NOTICE OF 55th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 55th Annual General Meeting of the **Kohat Textile Mills Limited** (the Company) will Insha'Allah be held on **Monday, October 25, 2021 at 11:00 a.m.** at its registered office, **APTMA House Tehkal Payan, Jamrud Road, Peshawar**, to transact the following business:

• **ORDINARY BUSINESS:-**

1. To confirm minutes of the Annual General Meeting of the Company held on October 28, 2020.
2. To receive, consider and adopt the annual audited Financial Statements of the Company together with the Directors' and Auditors' Reports thereon for the year ended June 30, 2021.
3. To approve cash dividend 10% i.e. Re. 1/- per share for the year ended June 30, 2021 as recommended by the Board of Directors.
4. To appoint auditors and fix their remuneration for the year ending June 30, 2022. The retiring auditors, being eligible, have offered themselves for re-appointment. The Board on the recommendation of the Audit Committee has proposed the appointment of M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants as external auditors of the company after obtaining their consent.

• **SPECIAL BUSINESS:-**

5. To ratify and approve transactions entered into by the Company with related parties in its ordinary course of business by passing the following special resolutions:-

"RESOLVED THAT" the Company be and is hereby authorized to share common expenses with its associated companies including M/s. Saif Textile Mills Limited. The common expenses

may include but not limited to office rents, administrative salaries, utility expenses, repair and maintenance and other miscellaneous expenses etc. (collectively the "Administrative Expenses"), in respect of its joint offices.

RESOLVED FURTHER THAT the transactions entered into by the Company in its ordinary course of business with related parties during the year ended June 30, 2021 as disclosed in notes to the Financial Statements are hereby ratified and approved.

RESOLVED FURTHER THAT the Chief Executive of the Company be and is hereby authorized to execute/ approve all the transactions to be carried out in its ordinary course of business with Related Parties during the ensuing year ending June 30, 2022 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and to sign execute any and all such documents/ indentures as may be required in this regard on behalf of the Company."

6. To transact any other business with the permission of the Chair.

Statement of material facts required under Section 134(3) of the Companies Act, 2017 in respect of Special Business to be transacted at the forthcoming Annual General meeting is annexed.

By Order of the Board



Place : Peshawar,

Date : October 04, 2021

Sajjad Hussain

Company Secretary

NOTICE OF 55th ANNUAL GENERAL MEETING

NOTES:

1. The Shares Transfer Books of the Company will remain closed from **October 19, 2021** to **October 25, 2021** (both days inclusive). Transfers received in order at the office of the Company's Shares Registrar **M/s Hameed Majeed Associates (Pvt) Limited, HM House, 7-Bank Square, Lahore** by the close of business on dated **October 18, 2021** will be treated in time.
2. A member entitled to attend and vote at the meeting may appoint another person/ member as a proxy to attend, speak and vote on behalf of him/her. Forms duly stamped with Rs.50/- revenue stamp, signed and witnessed by two persons, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
3. Any individual beneficial owners of CDC, entitled to attend and vote at the meeting must bring his/her CNIC or passport to prove his/her identity and the proxy shall produce his/ her original CNIC or passport. In case of corporate members, the Boards' resolution or power of attorney with specimen signatures of the nominee shall require to be produced at the time of the meeting.
4. For the convenience of Members, a Standard Request Form with appropriate details has been uploaded on the Company's website www.kohattextile.com. Those Members, who opt to receive the hard copies of the annual audited financial statements instead of receiving the same through CD/DVD/USB at their registered addresses, may apply to the Company Secretary at the postal address i.e. APTMA House, TehkalPayan, Jamrud Road, Peshawar or email address ca.ktml@saifgroup.com.

5. Members are requested to submit an attested photocopy of their valid Computerized National Identity Cards (CNICs) as per SECP's direction, if not provided earlier.
6. Change in Address: Members are requested to promptly notify any change in their address.
7. Pursuant to Section 132(2) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail such facility, please fill the following form and submit to the registered address of the Company atleast seven (07) days before the date of the annual general meeting.

I/ We, _____
_____ of _____,
being a member of Kohat Textile Mills Limited, holder of _____
Ordinary Shares as per Register Folio No. / CDC A/C No. _____ hereby
opt for Video Conference facility at _____.

Signature of member

8. DIVIDEND PAYMENTS THROUGH ELECTRONIC MODE:

In order to receive the future dividends through electronic mode as per requirements of Section 242 of the Companies Act, 2017 shareholders are requested to provide the following detail to our share registrar M/s Hameed Majeed Associates (Pvt.) Limited:

NOTICE OF 55th ANNUAL GENERAL MEETING

Name of Shareholder	
Folio / CDS Account No.	
CNIC	
Email	
Title of Bank of Account	
Bank Account (IBAN) Number (24-Digits)	
Bank's Name	
Branch Name and Address	
Contact No.	

9. Shareholders, who for any reason, could not claim their dividend, are advised to contact our Share Registrar M/s Hameed Majeed Associates (Pvt) Limited, HM House, 7-Bank Square, Lahore and collect/ enquire about their unclaimed dividend.
10. As per Section 72 of the Companies Act, 2017 every company is required to replace its physical shares with book-entry form. The Shareholders having physical shares are therefore requested to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their

physical shares into book-entry form. This will facilitate them in many ways including safe custody/online trading of shares, easy transfer of ownership, no risk of damage/ lost/duplicate shares, instant credit of entitlements (bonus/right issue) etc.

STATEMENT OF MATERIAL FACTS U/S 134(3) OF THE COMPANIES ACT, 2017

Agenda no. 5:

The transactions conducted with associated companies require the approval of the Board on the recommendation of the audit committee on the quarterly basis pursuant to clause (15) of the Listed Companies (Code of Corporate Governance) Regulations, 2019. However, since a majority of the company's directors were interested in the said transactions due to their common directorship and holding of shares in the associated companies, the quorum of the directors could not be formed for approval of these transactions pursuant to section 207 of the Companies Act, 2017, thus, these transactions are being placed before the members for their approval.

CHAIRMAN'S REVIEW REPORT

It gives me pleasure to present my review of the overall performance of the Board of Directors (the "Board") of Kohat Textile Mills Ltd. (the Company) and its effectiveness in achieving the Company's objectives. The Company follows the best practices relating to corporate governance and complies with all the relevant requirements of Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to composition, meetings and procedures of the Board and its Committees.

On October 24, 2020 our valued board member Zaheen Ud Din Qureshi passed away and Sohail H Hydari was appointed as director in his place. On Behalf of the Board, I record deep appreciation for Late Zaheen Ud Din Qureshi for his impeccable services to the Board and Saif Group. May Allah SWT bless his departed soul with highest ranks in Jannah, Aameen.

For the financial year ended June 30, 2021, an annual evaluation of the Board was carried out as per the directives of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and I am pleased to report that the Board has performed its duties in accordance with law and in the best interest of company and its shareholders. The overall performance and its effectiveness is measured based on evaluation of integral components, including vision, mission, and values; engagement level in strategic planning; formulation of policies; monitoring the organization's business activities; monitoring financial resource management; effective fiscal oversight and fair treatment of all employees.

The role of the Board has been pivotal in

achieving the Company's objectives. The Board has developed short, medium and long-term plans to achieve its strategic objectives. During the financial year 2020-21, the Board made significant contributions to the Company by performing following functions:

- Performed effective and robust oversight
- Reviewed and approved CapEx plans
- Ensured the quality and appropriateness of financial reporting and the transparency of disclosures in annual and quarterly financial statements
- Carried out risk assessment, especially, of regulatory and legal requirements, market trends, raw material supply and price, energy availability and cost, interest rate and liquidity risks
- Reviewed effectiveness of internal control system
- Reviewed and approved the financing / borrowing facilities
- Ensured timely dissemination of price sensitive and inside information to relevant regulatory authorities



(Osman Saifullah Khan)

Chairman

Place : Islamabad

Date : September 30, 2021

DIRECTORS' REPORT TO THE MEMBERS

Dear members,

The Directors are pleased to present 55th Annual Report along with audited financial statements and auditor's report thereon for the year ended June 30, 2021.

Financial review

During the year under review, your Company has achieved following:

- Turnover grew by 40% to Rs 3.6 billion (2020: Rs 2.6 billion).
- Gross profit increased to Rs 745 million with a Gross Margin of 21% (2020: Rs 213 million-Margin 8%).
- EBITDA increased to Rs 674 million (2020: Rs 184 million).
- Finance cost declined to Rs 112 million (2020: Rs 181 million).
- Profit before taxation increased to Rs 467 million (2020: Loss Rs 77 million).
- Plant capacity increased by 9% to 38,460 spindles and operated at full capacity.

Earnings / (loss) per Share

The basic and diluted earnings per share were Rs.15.01 (2020: loss per share: Rs.3.14).

Dividend

The Board of directors is pleased to proposed cash dividend @10% for the year ended June 30, 2021.

Holding company

Saif Holdings Limited, incorporated in Pakistan, is the holding company of Kohat Textile Mills Limited with 77.98% shareholding.

ISO certifications

The Company is certified by ISO in 9001:2015 (Quality Management System) and 45001:2018 (Occupational Health & Safety Management System).

Credit rating certification

The entity rating of the Company has been maintained as A with stable outlook by Pakistan Credit Rating Agency (PACRA).

Debt repayment

The Company has adopted an effective cash flow strategy whereby cash inflows and outflows are monitored vigilantly. Efficient financing management has enabled the Company to meet its financial commitments.

Future outlook

With the availability and administration of COVID-19 vaccine, the global economic activities are largely restored to normal. The Pakistan economy has also shown signs of v-shaped recovery.

Presently, the textile industry is operating at 100% capacity. We are hopeful that Government will continue its supply of natural gas to captive power plants/industry, maintain policy rate at current levels and keep Pak Rupee parity against US Dollar competitive in order to ensure the long term sustainable growth of the industry.

We are very hopeful that the financial results of the Company will continue to improve in the year 2021-22 as the Company's investments in its employees, plant and machinery continue to bear its fruit, Insha Allah

Chairman's review

The Chairman's review is annexed to the annual audited financials, briefly explaining the overall performance of the Board of Directors along with performance of the Board members and its committees and their effective role in meeting the challenges being faced.

Corporate governance and financial reporting framework

The Directors are fully cognizant of its responsibilities as laid down in the Code of Corporate Governance issued by the Securities

DIRECTORS' REPORT TO THE MEMBERS

and Exchange Commission of Pakistan and form a part of the Listing Regulations of the Pakistan Stock Exchange.

We confirm that

- a. The Financial statements together with the notes thereon have been drawn in conformity with the Companies Act, 2017. These financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b. Proper books of the accounts have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. The Board understands its responsibility to ensure that adequate and effective internal controls are in place. It evaluates the compliance of internal control by reviewing the internal audit reports of the internal audit department, which regularly reviews the design and effectiveness of control. Deficiencies, if any, are reported to the board and corrective actions are taken.
- e. International Financial Reporting Standards, as applicable in Pakistan and the requirements of the Companies Act 2017 have been duly followed in preparation of the financial statements. Any departure thereof has been adequately disclosed and explained.
- f. All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as debt the same are disclosed as contingent liabilities in the notes to the accounts.
- g. There is no significant doubt about the Company's ability to continue as a going concern.
- h. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations of the Pakistan Stock Exchange.
- i. We have an Audit Committee, and HR & Remuneration Committee the members of which are from the Board of Directors and the Chairman both committee is an independent director.
- j. The Board has adopted a Vision, Mission and a Statement of Overall Corporate Strategy.
- k. The key operating and financial data of the Company for last six years is given below;

Year ended	30 June					
	2021	2020	2019	2018	2017	2016
Property, plant & equipment (Rs. 000)	2,923,789	2,477,022	2,348,712	1,474,298	1,270,674	1,332,206
Net worth (Rs. 000)	743,375	426,766	467,508	389,864	390,992	341,318
Production (Kgs. 000)	8,213	7,124	7,696	6,975	7,122	7,284
Sales (Rs. 000)	3,620,143	2,590,719	2,966,457	2,243,619	2,229,999	2,227,640
Gross Profit (Rs. 000)	744,710	213,054	310,150	214,959	180,116	132,131
Profit from operations (Rs. 000)	578,516	103,774	202,191	126,945	110,975	51,330
Profit / (loss) after tax (Rs. 000)	312,170	(65,228)	66,965	10,471	34,942	(19,427)
Earning / (loss) per share (Rs.)	15.01	(3.14)	3.22	0.50	1.68	(0.93)
No. of Spindles installed	38,460	35,280	35,280	35,280	35,280	35,280

DIRECTORS' REPORT TO THE MEMBERS

Market capitalization

At the close of the year, the market capitalization of the Company stood at Rs.478 million as against Rs.374 million last year.

Modernization & expansion

Your Company is committed to modernize and expand production line according to rapidly changing technology.

Composition of the board

The Board of Directors as at June 30, 2021 consist of;

Directors	Numbers	Composition	Numbers
a) Male	6	a) Independent Directors	2
b) Female	1	b) Other Non-Executive Directors	3
		c) Executive Director	1
		d) Female Director	1

Board of Directors along with attendance of board meetings

On October 24, 2020 our valued board member Zaheen Ud Din Qureshi died and Sohail H Hydari was appointed as director in his place. Board records its deep appreciation for Late Zaheen Ud Din Qureshi for his impeccable services to the Board and Saif Group. May Allah SWT bless his departed soul with highest ranks in Jannah, Aameen

During the year five meetings of the Board of Directors, five meetings of the Board Audit Committee and one meeting of the HR & remuneration Committee were held through video conference in Pakistan. Attendance of the Director is as under:

Sr. #	Director	Category	Committees		Attendance		
			Board Audit Committee	HR & Remuneration Committee	Board Of Directors	Board Audit Committee	HR & Remuneration Committee
1.	Osman Saifullah Khan	Non-Executive Director	-	-	5/5	-	-
2.	Assad Saifullah Khan	Executive Director	-	✓	5/5	-	-
3.	Hoor Yousafzai	Non-Executive Director	-	✓	5/5	1/5	1/1
4.	Sardar Aminullah Khan	Independent Director	✓	-	4/5	5/5	-
5.	Abdul Rehman Qureshi	Independent Director	✓	✓	5/5	5/5	1/1
6.	Rana Muhammad Shafi	Non-Executive Director	✓	-	4/5	1/5	-
7.	Zaheen Ud Din Qureshi *	Non-Executive Director	-	-	2/5	-	-
8.	Sohail H Hydari	Non-Executive Director	-	-	3/5	-	-

* After the sad demise of Zaheen Ud Din Qureshi on October 24, 2020, Sohail H Hydari was appointed as director on October 27, 2020.

Leave of absence was granted to the Directors who were unable to attend Board meetings.

Code of conduct

As per the Corportae Goverance guidelines, the Compnay has prepared Code of Conduct and communicated throughout the Company.

Evaluation on board performance

The Board of Directors comprises of highly professional individuals. All members possess reasonable qualifications, high caliber and diversified experience. Furthermore, they have in-depth knowledge of business processes and strategic vision.

DIRECTORS' REPORT TO THE MEMBERS

The evaluation of Board's role of oversight and its effectiveness is continual process, which is appraised by the Board itself. The board has adopted a highly structured process to evaluate its own performance, as well as individual performances of every member. Comprehensive questionnaires are developed in the conformity with Code of Corporate Governance and International best Practices. The core areas of focus are:-

- I) Alignment of corporate goals and objectives with the vision and mission of the Company;
- II) Strategy formulation for sustainable operation;
- III) Board's independence; and
- IV) Evaluation of Board's Committees performance in relation to discharging their responsibilities set out in respective terms of reference

The overall performance of the board remained satisfactory.

Review of CEO's performance

The performance of the CEO is formally appraised through the evaluation system which is based on quantitative and qualitative values. It includes the performance of the business, the accomplishment of objectives with reference to profits, organization building, succession planning and corporate success.

Director's training

The directors of the Company are adequately trained to perform their duties, and are aware of their powers and responsibilities under the Companies Act 2017 and the regulations of PSX rule book.

Directors' remuneration

The remuneration of the Board members is approved by Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no director takes part in deciding his/her remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. There is only one executive director who is also the Chief Executive Office of the Company. Please refer note 42 of the Financial Statements for information on remuneration of Chief Executive Officer and Directors for the year ended June 30, 2021.

Statement of ethics & business practices

The Statement of Business Ethics and Core Values provide the framework on which the Company conducts its business. The Board of Directors and the employees of the Company are the custodians of the excellent reputation for conducting our business according to the highest principles of business ethics. The following principles constitute the business ethics & the core values of the Company.

- Demonstrate Honesty integrity, fairness and ethical behavior when interacting within or outside the organization.
- Compliance with all Laws & Regulations as a good corporate citizen.
- Commitment to run the business in an environment that is sound & sustainable.
- Belief in the principles of reliability, credibility and transparency in business transactions. • To be an equal opportunity employer.
- Safeguard shareholders interest.
- Ensure Health & Safety environment to protect our people, neighbors, customers & visitors.
- Encourage the business challenges.
- Investment in Human Capital.
- Proper Financial disclosure of the conflict of interest transactions if any.
- Accountability & responsibility.
- Good & effective public relations.
- Promotion of culture of excellence by exceeding the expectations of all stakeholders.
- Customer satisfaction for continued growth.
- Encourage employees to be creative & innovative.
- Respect for all stakeholders.
- Reliable & dependable supplier, enhancement of profitability to benefit shareholders, employees and the Government.

Safeguarding of records

The Company puts great emphasis for storage and safe custody of its financial records. The Company is using Microsoft Dynamics-ERP for recording its financial information. The access to electronic

DIRECTORS' REPORT TO THE MEMBERS

documentation has been secured through implementation of a comprehensive password protected authorization system. Remote disaster recovery sites have been adequately set up for maintaining backup server and data in case our primary server encounters any issues.

Human resource management

Human resource planning and management is one of the most important considerations with senior management. The Company has established HR& R Committee which is involved in the selection, evaluation, compensation and succession planning of key management personnel. It is also involved in recommending in the human resource policies and procedures and their periodic review. The Company has also arranged orientation courses for the employees in the current year.

Corporate social responsibility

The Company considers social, environmental and ethical matters in the context of the overall business environment. The Company is committed to work in the best interest of all the stakeholders. Being socially responsible, Company has provided free land for Social Security dispensary and also free building to school. Company arranged the sports activities between the team of different local organizations. We also encourage our team members to dedicate their time and to take active participation in such activities. The Company was also presented Corporate Philanthropy Award.

Retirement benefit funds

The Company operates a non-funded defined benefit plan (gratuity scheme) for its permanent employees. The latest actuarial valuation was carried out on June 30, 2021.

Health, safety and environment

We feel our responsibility in maintaining best possible standards towards health and safety of not only of our dedicated employees but also the people near our factory premises. Life insurance and medical insurance is provided to employees. Proper first aid medical assistance is provided in factory in case of any injury. A dedicated social security dispensary is also located in front of our factory premises. We also ensure the compliance of our production facility with ISO health and safety standards. Our production facility does not discharge any harmful material. However, we have strict compliance towards wastage and disposal. Regular fire drill exercises are carried out in the factory. All employees are FULLY vaccinated, Alhamdulillah.

Information technology

Information Technology Division (ITD) continues to be a key component and provides an extensive range of computing and communication services, facilities and infrastructure for use by its employees. The ITD is aligned to the business needs of the organization, ensuring that the solutions delivered are relevant to the needs of the business. Our Vision involves strengthening decision making, using improved analytics and dashboards capability and as a strategy will focus on other state of the art applications, reduce paper footprint and increase its reach to customers by deploying latest technology.

Whistle blowing policy

The Company is committed to the highest standards of openness, honesty, and accountability. In line with its commitment, the Company encourages employees and / or third parties (suppliers, customers, dealers, etc.) with serious concerns about any aspect of the Company's work, to come forward and blow the whistle on those concerns. These concerns may include but not be limited to the following:

- Financial malpractice or impropriety or fraud
- Failure to comply with a legal obligation
- Disclosure of confidential information within or outside the Company
- Deviation from full and fair reporting of the Company's financial position
- Dangers to health and safety or the environment
- Unlawful civil and criminal activity
- Improper conduct or unethical behavior

All reporting shall be handled in a confidential manner. It shall be ensured that the person raising the issue, if not anonymous, is not targeted or penalized for raising the matter in all circumstances. Confidentiality shall be maintained to the fullest extent possible. However, if the person raising the issue has acted with false / malicious intent, disciplinary action shall be taken against the person.

Risk management

The Company's risk management policy involves is to continually assess the control environment to prevent and build resilience against any internal and external threats, both anticipated and unforeseen.

DIRECTORS' REPORT TO THE MEMBERS

The Company's principal financial liabilities comprise long term finances, trade and other payables and short term borrowings. The main purpose of these financial liabilities are to finance the capital expenditure in balancing, modernization & replacement and company's operations.

Internal control

Your Company has adequate internal control procedures commensurate with the size of operations and the nature of the business. These controls ensure efficient use and protection of Company's financial and non-financial resources. Regular internal audit and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control system and suggests improvement for strengthening them, from time to time.

Corporate briefing session

The Company held its annual Corporate Briefing Session (CBS) on November 26, 2020 at 3rd Floor, City Centre, Main Bank Road, Rawalpindi. We consider CBS as an opportunity to interact with the stakeholders and prospective investors, whereby the Company takes the opportunity to apprise the local and foreign investors about the business environment and economic indicators of the country, explain its financial performance, competitive environment in which the Company operates, investment decisions, challenges faced as well as business outlook.

Transaction with related parties

All transactions with related parties during the year were carried out at arm's length and were placed before the Board Audit Committee and the Board for review and approval. These transactions were made and disclosed in compliance with Code of Corporate Governance

Customer focusing

Company believes that its valued customers are the foundation of its business success. Company

policies are fully customers focused. A continuous liaison with the market and customers has always enabled your Company to best understand the needs to offer best suitable products and service level to the customers to remain the first choice.

Pattern of shareholding

Pattern of shareholdings of the Company in accordance with the Companies Act, 2017 as at June 30, 2021 is annexed.

Communication

The Company focuses on the importance of the communication with the shareholders. The annual, half yearly and quarterly reports are distributed to them within the time specified in the Companies Act, 2017. The activities are updated on its website at www.kohattextile.com, on timely basis.

Material changes

There has been no material financial event took place subsequently to close of the financial year 2020-21, having any adverse impact over financial position of the Company.

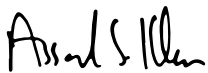
Auditors

The Board has recommended, as suggested by the Audit Committee, the appointment of M/s Shinewing Hameed Chaudhri & Co. Chartered Accountants, the retiring auditors who being eligible, have offered themselves for re-appointment for the ensuing year, subject to approval of the members in the forthcoming Annual General Meeting.

Acknowledgment

The Directors are grateful to the Company's members, financial institutions and customers for their co-operation and support. The Directors would also like to express their deep appreciation for the services, loyalty and efforts being continuously rendered by the employees of the Company.

For and on Behalf of the Board



Assad Saifullah Khan
Chief Executive Officer



Rana Muhammad Shafi
Director

Place : Islamabad
Dated : September 30, 2021

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

متعلقہ فریقین کے ساتھ (کاروباری) لین دین

سال کے دوران متعلقہ فریقین کے ساتھ تمام قسم کے لین دین کمپنی کے دائرہ کار کے اندر عمل میں آتے ہیں اور اسے بورڈ آڈٹ کمیٹی کے سامنے جائزے اور منظوری کیلئے پیش کیا جاتا ہے یہ لین دین کارپوریٹ گورننس ضوابط کے مطابق طے اور اشکارا وضع کئے جاتے ہیں۔

صدارتیں کو ترجیح دینا (پرتوجہ مرکوز رکھنا):

کمپنی اس امر پر یقین رکھتی ہے کہ اُس کے معزز صارفین اُن کے کاروبار میں کامیابی کی بنیاد ہیں۔ کمپنی ہذا کی پالیسیاں مکمل طور پر صارفین پر مرکوز رہتی ہیں۔ مارکیٹ اور صارفین کے ساتھ مسلسل روابط قائم رکھنے سے آپ کی کمپنی صارفین کو پہلی ترجیحی پر بہترین و مناسب مصنوعات اور خدمات (سروسز) فراہم کرنے کیلئے ان کی ضروریات کو اچھی طرح سمجھتی ہے۔

شیئر ہولڈنگ کا طریقہ کار:

جون 30 سال 2021ء کے لئے کمپنیز ایکٹ 2017ء کے تحت کمپنی کا شیئر ہولڈنگ کا طریقہ کار رپورٹ ہذا کے ساتھ لف ہے۔

روابط / بات چیت:

کمپنی شیئر ہولڈرز کے ساتھ باہم روابط کی اہمیت کو مرکوز کئے ہوئے ہے۔ وہ کمپنیز ایکٹ 2017ء میں وضع کئے گئے وقت کے اندر اندر انہیں سالانہ، نصف سالانہ اور سہ ماہی رپورٹیں فراہم کی جاتی ہیں۔ مذکورہ سرگرمیاں / امور کمپنی کی ویب سائٹ www.kohatextile.com پر بھی وقتاً فوقتاً اپ ڈیٹ کی جاتی ہیں۔

میٹرل (سرمایہ کاری) میں تبدیلی:

اختتامی مالیاتی سال برائے 2020-2021 میں کسی قسم کا کوئی بھی میٹرل مالیاتی تبدیلی واقع نہ ہوئی جس کی وجہ سے کمپنی کے مالیاتی پوزیشن میں برے اثرات مرتب ہوئے۔

آڈیٹرز:

آڈٹ کمیٹی کی تجویز اور سفارش کے مطابق، بورڈ ہذا نے "موجودہ آڈیٹر، شائن وینگ حمید چوہدری اینڈ کو، چارٹرڈ اکاؤنٹنٹ" ریٹائرڈ ہونے والے آڈیٹر جو اس امر کے اہل بھی ہیں، اُن کو اگلے سال کے دوبارہ تعینات کی آفر پیش کی ہے، مگر اس کا انحصار آنے والی سالانہ جنرل میٹنگ ممبران کی منظوری پر مبنی ہے۔

اظہار تشکر

ڈائریکٹرز کمپنی کے ممبران، مالیاتی اداروں اور صارفین کو اُن کی طرف سے کئے جانے والے تعاون اور معاونت پر شکریہ ادا کرتے ہیں۔ مزید برآں، ڈائریکٹرز، کمپنی ہذا کے ملازمین کی خدمات، وفاداری اور مسلسل محنت اور لگن کو بھی خراج تحسین پیش کرتے ہیں۔

بورڈ ہذا کی جانب سے:



رانا محمد شفیع

ڈائریکٹر

بمقام: اسلام آباد

تاریخ: 30 ستمبر 2021ء



جناب اسد سیف اللہ خان

چیف ایگزیکٹو آفیسر

ڈائریکٹر رپورٹ برائے شیئر ہولڈر

وسل بلونگ پالیسی:

کمپنی ہذا آزاد پسندی، ایمانداری اور احتساب کے اعلیٰ معیارات پر عمل پیرا ہونے کا عہدہ کئے ہوئے ہے۔ اپنے عہد و بیما کے مطابق، کمپنی ملازمین اور/یا تیسرے فریق کو (سپلائرز، گاہکوں، ڈیلروں وغیرہ) کمپنی کے کسی بھی کام بارے میں کوئی مسئلہ ہو تو آگے آئے اور اپنا مسئلہ بیان کرے ان مسائل میں درج ذیل اہم ہیں:

- * مالی بدانتظامی یا ناشائستگی یا دھوکہ دہی
- * قانونی ذمہ داری کی تکمیل میں ناکامی
- * کمپنی کے اندر یا باہر خفیہ معلومات کا انکشاف
- * کمپنی کی مالی پوزیشن کی مکمل اور منصفانہ رپورٹنگ سے انحراف
- * صحت اور حفاظت یا ماحول کے لیے خطرہ
- * غیر قانونی سول اور مجرمانہ سرگرمی
- * غیر مناسب طرز عمل یا غیر اخلاقی رویہ۔

تمام رپورٹنگ کو خفیہ طریقے سے کیا جائے۔ اس امر کو یقینی بنایا جائے گا کہ مسئلہ سے متعلقہ شخص اگر گمنام نہ ہو، تو اس مسئلے کو ہر سواٹھانے کے لیے اُسے نشانہ نہ بنایا جائے اور سزا نہ دی جائے۔ رازداری کو ہر ممکن حد تک برقرار رکھا جائے گا۔ تاہم، اگر متعلقہ مسئلے سے تعلق رکھنے والا شخص نے غلط کام کیا ہو یا بدینتی ارادہ رکھتا ہو، تو اس شخص کے خلاف تادیبی کارروائی کی جائے گی۔

رسک مینجمنٹ:

کمپنی ہذا کی ریسک مینجمنٹ پالیسی ماحول کو کنٹرول کرنے کیلئے مسلسل مصروف پیکار ہے تاکہ کسی بھی داخلی اور خارجی خطرات آیا درپیش یا غیر متوقع ہوں دونوں کو روکا جاسکے اور ان کے خلاف حفاظتی اقدامات کئے جاسکیں۔

کمپنی ہذا کے اہم مالیاتی ذمہ داریاں بشمول لمبی مدت کی مالیاتی، تجارتی اور دیگر قابل ادائیگی اور چھوٹے مدت کے قرضوں پر مشتمل ہے۔ ان مالیاتی ذمہ داریاں (لین دین) کا اہم مقصد کیپٹل اخراجات کو مساوی رکھنا، اُس کو جدید بنانا اور تبدیل کرنا اور کمپنی کے معاملات کو چلانا ہے۔

داخلی نظم و نسق / کنٹرول

آپ کی کمپنی کے پاس کاروباری نوعیت اور حجم کے لحاظ سے مناسب اندرونی کنٹرول نظام / طریقہ کار موجود ہے۔ کنٹرول کا یہ نظام کمپنی ہذا کی مالیاتی اور غیر مالیاتی وسائل کو بہتر طریقے سے استعمال کرنے اور اسے محفوظ بنانے کو یقینی بناتا ہے۔ باقاعدہ داخلی آڈٹ اور چیک پڑتال بھی اس امر کو یقینی بناتا ہے کہ کمپنی ہذا کی ذمہ داریاں مؤثر طریقے سے سرانجام دی جا رہی ہیں۔ بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی نظام برائے داخلی کنٹرول کے موزنیت اور مؤثر ہونے کے عمل کا جائزہ لیتا رہتا ہے اور وقتاً فوقتاً اس کو مزید مضبوط بنانے کیلئے مشاورت بھی فراہم ہے۔

مادی تبدیلیاں

کارپوریٹ بریفنگ سیشن (CBS):

کمپنی نے اپنا سالانہ کارپوریٹ بریفنگ سیشن مورخہ 26 نومبر 2020ء کو بمقام تھرڈ فلور، ٹی سنٹر، مین بینک روڈ، راولپنڈی میں منعقد کیا۔ ہم سی بی ایس (CBS) کو اسٹیک ہولڈرز اور متوقع سرمایہ کاروں کیساتھ روابط کا ایک موقع سمجھتے ہیں جہاں کمپنی کو مقامی اور غیر ملکی سرمایہ کاروں کو ملک میں جاری کاروباری صورت حال / ماحول اور معاشی حقائق سے آگاہ کرنے کا موقع میسر آتا ہے۔ مزید برآں، انہیں اپنی مالیاتی کارکردگی، کاروبار سے متعلق تقابلی ماحول کے بارے میں بتایا جاتا ہے جس میں کمپنی کام کرنے، سرمایہ کاری کیلئے فیصلہ کرنے، درپیش چیلنجوں کا مقابلہ کرنے اور اس کیساتھ ساتھ کاروباری نقطہ نظر جیسے امور سرانجام دیتی ہے۔

ڈائریکٹر رپورٹ برائے شیئر ہولڈر

اگر ہمارے پرائمری سرور کو کوئی مسئلہ درپیش ہو تو ریموٹ ڈیزاسٹر ریکوری سائنس، بیک اپ سرور اور ڈیٹا کو برقرار رکھنے کے لیے مناسب طریقے سے تشکیل دے دی گئی ہے۔

ہیومن ریسورسز منیجمنٹ (انسانی وسائل کا انتظام و انصرام):

سینئر انتظامیہ کیلئے ہیومن ریسورسز منیجمنٹ سب سے اہم پہلو میں سے ایک ہے۔ کمپنی ہڈانے اس سلسلہ میں ایچ آر اینڈ آر (HR&R) کمیٹی قائم کی ہے جو اہم انتظامی اشخاص / شاف کا انتخاب کرنے، تجزیہ / تشخیص کرنے، معاوضہ ادا کرنے اور ان کی جانشینی کی منصوبہ بندی کرتا ہے۔ یہ انسانی وسائل کی پالیسیوں اور طریقہ کار کو وضع کرنے اور وقتاً فوقتاً ان کا جائزہ لینے میں بھی اپنی سفارشات پیش کرتا ہے۔ کمپنی نے جاری سال میں اپنے ملازمین کیلئے تعارفی کورسز کا بھی اہتمام کیا ہے۔

انضامی (کارپوریٹ) سماجی ذمہ داری:

کمپنی مجموعی کاروباری ماحول کے تناظر میں سماجی، ماحولیاتی اور اخلاقی معاملات پر بھی غور و ثوق کرتی ہے۔ کمپنی تمام سٹیک ہولڈرز کے بہترین مفاد میں کام کرنے کا عہد کئے ہوئے ہے۔ سماجی طور پر ذمہ دار ہونے کے ناطے، کمپنی نے سوشل سیکورٹی ڈسپنری کے لیے مفت اراضی اور سکول کو مفت عمارت بھی فراہم کی ہے۔ کمپنی نے مختلف مقامی تنظیموں کی ٹیم کے درمیان کھیلوں کی سرگرمیوں کا اہتمام کیا۔ ہم اپنی ٹیم ممبران کو اپنا وقت صرف کرنے اور اس قسم کی سرگرمیوں میں بھرپور شرکت کی بھی حوصلہ افزائی کرتے ہیں۔ کمپنی ہڈا کو کارپوریٹ سٹینڈرڈ (انسان دوست) ایوارڈ سے بھی نوازا گیا۔

ریٹائرمنٹ بینیفٹ فنڈز:

کمپنی ہڈانے اپنے مستقل ملازمین کے لئے نان فنڈڈ (گریجویٹ سکیم) شروع کی ہے۔ جدید (تازہ ترین) حسابی تخمینہ مورخہ 30 جون 2021ء کو کیا گیا۔

صحت، حفاظت اور ماحول:

ہم نہ صرف اپنے پر خلوص / پر لگن ملازمین بلکہ ہمارے فیکٹری کے احاطے کے قریب بسنے والے لوگوں کی بھی ممکنہ معیاری صحت اور تحفظ کو برقرار رکھنے کی ذمہ داری کو محسوس کرتے ہیں۔ ملازمین کو لائف انشورنس اور میڈیکل انشورنس فراہم کیا گیا ہے۔ فیکٹری میں زخمی ہونے کی صورت میں مناسب ابتدائی طبی امداد کی سہولت فراہم کی گئی ہے۔ ہمارے فیکٹری کے احاطے کے سامنے ایک سرگرم سوشل سیکورٹی ڈسپنری بھی واقع ہے۔ ہم نے آئی ایس او (ISO) کی صحت اور تحفظ سے متعلق معیارات کے تحت اپنی پیداواری سہولیات کو یقینی بنایا ہے۔ ہماری پیداواری سہولیات (فیکٹریاں) کسی قسم کے مضر مواد کا اخراج نہیں کرتیں۔ تاہم، ہم فضلہ اور تلف کرنے کے سلسلہ میں سختی سے قوانین کی پابندی کرتے ہیں۔ ہمارے فیکٹری میں باقاعدگی کے ساتھ فائر ڈرل کی مشق کی جاتی ہے تمام ملازمین مکمل طور پر ویکسین شدہ ہیں۔ الحمد للہ۔

انفارمیشن ٹیکنالوجی

انفارمیشن ٹیکنالوجی ڈویژن (آئی ٹی ڈی) کمپنی ہڈا کا ایک اہم شعبہ چلا آ رہا ہے اور کمپیوٹنگ اور مواصلاتی خدمات، سہولیات اور انفراسٹرکچر (بنیادی ڈھانچہ) کی وسیع رینج فراہم کرتا ہے جو کمپنی کے ملازمین استعمال کرتے ہیں۔ انفارمیشن ٹیکنالوجی ڈویژن (آئی ٹی ڈی) ادارتی کاروباری ضروریات سے متصل اہم آہنگ ہے جو اس امر کو یقینی بناتا ہے کہ متعلقہ مسئلے کا حل کاروباری ضروریات کے مطابق ہے۔ ہمارے نقطہ نظر میں بہتر تجزیات اور ڈیش بورڈز کی صلاحیت کو استعمال کر کے فیصلہ سازی کو مضبوط بنانا اور بطور حکمت عملی دیگر جدید ترین اقدامات (ایپلی کیشنز) پر توجہ مرکوز رکھنا ہے اور جدید ٹیکنالوجی کو استعمال کر کے صارفین تک اس کی رسائی کو بڑھانا بھی شامل ہے۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

ڈائریکٹرز کی تنخواہ / معاوضہ:

بورڈ ممبران کی تنخواہ بورڈ ہذا خود منظور کرتا ہے، تاہم کارپوریٹ گورننس کے ضابطہ کی مطابقت اس امر کو یقینی بنایا گیا کہ کوئی بھی ڈائریکٹر اپنی تنخواہ کے فیصلے کے بارے میں حصہ نہ لے۔ کمپنی ہذا اجلاس میں شرکت کی فیس کے علاوہ کسی بھی غیر ایگزیکٹو ڈائریکٹرز کو معاوضہ کی ادائیگی نہیں کرتی۔ چیف ایگزیکٹو ایک ہی ایگزیکٹو ڈائریکٹر ہیں۔ اختتامی سال 30 جون 2021ء کیلئے چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کی تنخواہ کے سلسلہ میں برائے مہربانی مالیاتی گوشوارے کے نوٹ 42 ملاحظہ فرمائیں۔

اخلاقیات اور کاروباری طریقہ کار ضابطہ / بیان

کاروباری اخلاقیات اور بنیادی اقدار کا ضابطہ / بیان وہ فریم ورک فراہم کرتا ہے جس پر کمپنی اپنا کاروبار کرتی ہے۔ بورڈ آف ڈائریکٹرز اور کمپنی کے ملازمین ہمارے کاروبار کو کاروباری اخلاقیات کے اعلیٰ اصولوں کے مطابق چلانے کے لیے بہترین شہرت کے حامل ہیں۔ درج ذیل اصول کاروباری، اخلاقیات اور کمپنی ہذا کی بنیادی اقدار ہیں:

- * ادارہ / کمپنی کے اندر یا باہر باہمی تعامل / عمل کرتے وقت ایمانداری، سالمیت اور اخلاقی رویے کا مظاہرہ
- * ایک اچھے کارپوریٹ شہری کی حیثیت سے تمام قوانین اور ضابطوں کی تعمیل
- * کاروبار کو ایسے ماحول میں چلانے کا عزم جو مستحکم اور پائیدار ہو
- * کاروباری لین دین میں اعتماد، ساکھ اور شفافیت کے اصولوں پر یقین رکھنا مساوی مواقع کا حامل ہونا
- * شیئر ہولڈرز کے مفادات کا تحفظ
- * اپنے لوگوں، پڑوسیوں، صارفین اور وزیٹرز کی حفاظت کے لیے صحت اور تحفظ کے ماحول کو یقینی بنائیں
- * کاروباری چیلنجوں کی حوصلہ افزائی کریں
- * انسانی وسائل میں سرمایہ کاری کریں
- * (اگر کوئی ہو تو) مفادات کے ٹکراؤ پر مکمل اظہار کرنا۔
- * احتساب اور ذمہ داری
- * بہتر اور موثر تعلقات عامہ
- * ترقی کی ثقافت کو فروغ دے کر اسٹیک ہولڈرز کی توقعات پر پورا اترنا۔
- * مسلسل ترقی کے حصول کیلئے صارفین کا اطمینان و تسلی
- * ملازمین کو تخلیق اور جدت پسندی کی ترغیب دینا
- * تمام اسٹیک ہولڈرز کا احترام کرنا
- * قابل اعتماد اور قابل بھروسہ سپلائر منافع میں اضافہ کر کے حصص یافتگان اور حکومت کو فائدہ پہنچانا

ریکارڈز کا تحفظ:

کمپنی ہذا اپنے مالیاتی ریکارڈز کو محفوظ طریقے سے رکھنے میں بہت زور دیتا ہے کمپنی اپنے مالیاتی معلومات کو ریکارڈ کرنے کیلئے مائیکروسافٹ ڈائنامکس ای آر پی استعمال کرتا ہے۔ پاس ورڈ کی ایک جامع حفاظتی اختیاری نظام پر عمل درآمد کے ذریعے سے الیکٹرونک دستاویزات کی رسائی کو محفوظ بنادیا گیا ہے۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈر

ضابطہ اخلاق

کارپوریٹ گورننس کے رہنما اصولوں کے مطابق کمپنی ہڈانے ضابطہ اخلاق تیار کیا ہے اور پوری کمپنی میں ضابطہ اخلاق کے بارے میں مطلع اور آگاہ کیا گیا ہے۔

بورڈ کی کارکردگی کا جائزہ:

کمپنی ہڈا کے بورڈ آف ڈائریکٹرز انتہائی پیشہ ورانہ قابلیت کے مالک اشخاص پر مشتمل ہیں۔ تمام ممبران موزوں تعلیم / قابلیت، اعلیٰ صلاحیت / وجاہت اور متنوع / وسیع تجربہ رکھتے ہیں۔ مزید برآں، وہ کاروباری طور طریقے اور حکمت عملی کی دورانہ اندیشی کے لحاظ سے بہت گہرے / دور رس علم کے حامل ہیں۔

بورڈ ہڈا کے کردار کی نگرانی کا تجربہ اور اس کی اثر پذیری ایک مسلسل عمل ہے جس کی بورڈ خود تنقید کرتا ہے۔ بورڈ ہڈانے اپنی کارکردگی اور اس کے ساتھ ساتھ ہر ممبر کی انفرادی کارکردگی کے تجزیے / جائزے کیلئے ایک انتہائی مفصل طریقہ کار اختیار کیا ہوا ہے۔ کارپوریٹ گورننس اور بین الاقوامی معیارات کے اصولوں کو مد نظر رکھتے ہوئے جامع سوالنامے تشکیل دیئے گئے ہیں۔ درج ذیل اہم امور پر توجہ مرکوز کئے ہوئے ہیں:

- (I) کمپنی کے وژن اور مشن کے ساتھ کارپوریٹ اہداف اور مقاصد کی ہم آہنگی
 - (II) پائیدار آپریشن کے لیے حکمت عملی کی ضابطہ بندی
 - (III) بورڈ کی آزادی اور
 - (IV) متعلقہ شرائط میں متعین اپنی ذمہ داریوں کو نبھانے کے سلسلے میں بورڈ کمیٹیوں کی کارکردگی کا جائزہ
- بورڈ کی مجموعی کارکردگی تسلی بخش رہی۔

C.E.O کی کارکردگی کا جائزہ:

چیف ایگزیکٹو آفیسر (C.E.O) کی کارکردگی کا باقاعدہ جائزہ / تشخیص آزمائشی (جانچ پڑتال) نظام کے ذریعے سے کیا جاتا ہے جس کی بنیاد مقداری اور قابل قدر انداز پر مبنی ہے۔ اس میں بشمول کاروباری کارکردگی، منافع سے متعلق مقاصد کے حصول، ادارے کی ترقی، جانشینی کی منصوبہ بندی، منظم کامیابی شامل ہیں۔

دیرپا مالیاتی بدھوتری، صارفین کی ضرورتوں / پسند کو مد نظر رکھتے ہوئے اور ٹھوس انسانی (وسائل کی) سرمایہ کاری حالیہ سال میں چیف ایگزیکٹو آفیسر (C.E.O) کی کامیابی کی کچھ اہم عناصر میں سے ہیں۔

ڈائریکٹرز کی تربیت:

کمپنی ہڈا کے ڈائریکٹرز کو اپنے فرائض سرانجام دینے کیلئے مناسب تربیت دی جاتی ہے اور وہ کمپنیز ایکٹ 2017 اور پی ایس ایکس رول بک کے تحت اپنے اختیارات اور ذمہ داریوں سے باخوبی آگاہ ہوتے ہیں۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈر

بورڈ ہذا کی جدول

مورخہ 30 جون 2021ء تک بورڈ ہذا مشتمل ہے:

تعداد	تفصیل
2	(ا) خود مختار ڈائریکٹرز
3	(ب) دیگر نان-ایگزیکٹو ڈائریکٹرز
1	(س) ایگزیکٹو ڈائریکٹر
1	(د) خواتین ڈائریکٹر

ڈائریکٹرز	تعداد
(ا) مرد	6
(ب) عورت	1

بورڈ آف ڈائریکٹرز اور بورڈ اجلاس میں حاضری

24 اکتوبر 2020ء کو ہمارے قابل قدر بورڈ ممبر ذہین الدین قریشی کا انتقال ہو گیا اور ان کی جگہ سہیل ایچ حیدری کو ڈائریکٹر مقرر کیا گیا۔ بورڈ ہذا نے مرحوم ذہین الدین قریشی کی بورڈ اور سیف گروپ کی بے مثال خدمات کو خراج تحسین پیش کیا۔ اللہ رب العزت ان کی روح کو جنت الفردوس میں اعلیٰ مقام عطا فرمائے، آمین۔

حالیہ سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس، بورڈ آڈٹ کمیٹی کے پانچ اجلاس، اور ایچ آر اینڈ ریمویشن (انسانی وسائل و معاوضہ) کمیٹی کا ایک اجلاس پاکستان میں ویڈیو کانفرنس کے ذریعے منعقد ہوئے۔ ڈائریکٹرز کی حاضری کی تفصیل درج ذیل ہیں:

نمبر شمار	ڈائریکٹر	کیٹگری	کمیٹیاں		حاضری		
			بورڈ آڈٹ	ایچ آر اینڈ ریمویشن	بورڈ آف ڈائریکٹرز	بورڈ آڈٹ کمیٹی	بورڈ ایچ آر اینڈ ریمویشن کمیٹی
1	عثمان سیف اللہ خان	نان ایگزیکٹو ڈائریکٹر	-	-	5/5	-	-
2	اسد سیف اللہ خان	ایگزیکٹو ڈائریکٹر	-	✓	5/5	-	-
3	حور یوسف زئی	نان ایگزیکٹو ڈائریکٹر	-	✓	5/5	1/5	1/1
4	سردار امین اللہ خان	انڈیپنڈنٹ ڈائریکٹر	✓	-	4/5	55	-
5	عبدالرحمن قریشی	انڈیپنڈنٹ ڈائریکٹر	✓	✓	5/5	5/5	1/1
6	رانا محمد شفیع	نان ایگزیکٹو ڈائریکٹر	✓	-	4/5	1/5	-
7	ذہین الدین قریشی *	نان ایگزیکٹو ڈائریکٹر	-	-	2/5	-	-
8	سہیل ایچ حیدری	نان ایگزیکٹو ڈائریکٹر	-	-	3/5	-	-

* 24 اکتوبر 2020ء کو ذہین الدین قریشی کے افسوسناک انتقال کے بعد سہیل ایچ حیدری کو 27 اکتوبر 2020ء کو ڈائریکٹر مقرر کیا گیا۔ وہ حضرات جو بورڈ اجلاس میں حاضر نہیں ہو سکتے تھے انہیں غیر حاضری کی اجازت دی گئی۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈر

- س موجودہ جاری صورت حال میں کمپنی ہذا کی کاروبار جاری رکھنے کے بارے میں کسی قسم کا کوئی شبہ نہ ہے۔
- ش انتظامی نظم و ضبط کے بہترین عملیات میں سے کوئی بھی مادی امر کو چھوڑا نہیں جاتا جس کی تفصیل پاکستان اسٹاک ایکسچینج ریگولیشن فہرست میں دی گئی ہے۔
- ص ہمارے پاس ایک آڈٹ کمیٹی اور ایک ایچ آر اینڈ ریمنیریشن (انسانی وسائل و معاوضہ) کمیٹی ہے جس کے ممبران کا تعلق بورڈ آف ڈائریکٹرز سے ہے اور دونوں کمیٹیوں کا چیئر مین ایک خود مختار ڈائریکٹر ہوتا ہے۔
- ض بورڈ ہذا نے ایک نقطہ نظر، مقصد اور مجموعی انتظامی حکمت عملی کا ایک سٹیٹمنٹ اختیار کیا ہوا ہے۔
- ط کمپنی ہذا کے گزشتہ چھ سالوں کے اہم آپریشن (کاروباری امور چلانے) اور مالیاتی اعداد و شمار درج ذیل ہیں:

30 جون						اختتامی سال
2016	2017	2018	2019	2020	2021	
1,332,206	1,270,674	1,474,298	2,348,712	2,477,022	2,923,789	چاندیاد، پلانٹ اور سامان (مبلغ روپے 000 میں)
341,318	390,992	389,864	467,508	426,766	743,375	کل مالیت (مبلغ روپے 000 میں)
7,284	7,122	6,975	7696	7,124	8,213	پیداوار (کلوگرام 000)
2,227,640	2,229,999	2,243,619	2,966,457	2,590,719	3,620,143	سیلز/ فروخت (مبلغ روپے 000 میں)
132,131	180,116	214,959	310,150	213,054	744,710	کل منافع (مبلغ روپے 000 میں)
51,330	110,975	126,945	202,191	103,774	578,516	کاروبار امور سے منافع (مبلغ روپے 000 میں)
(19,427)	34,942	10,471	66,965	(65,228)	312,170	منافع/ نقصان بعد از ٹیکس (مبلغ روپے 000 میں)
0.93	1.68	0.50	3.22	(3.14)	15.01	آمدنی/ نقصان فی حصص (مبلغ روپے)
35,280	35,280	35,280	35,280	35,280	38,460	تنصیب شدہ اسپنڈل کی تعداد

مارکیٹ سرمایہ کاری

سال کے اختتام پر، کمپنی ہذا کی مارکیٹ کیپٹل گزشتہ سال 374 ملین روپے کے برعکس 478 ملین روپے رہی۔

جدت پسندی اور توسیع

آپ کی کمپنی تیزی سے بدلتی ہوئی ٹیکنالوجی کے مطابق پیداواری لائن کو جدید اور وسعت دینے کے لیے پرعزم ہیں۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈر

مستقبل کا نقطہ نظر:

COVID-19 ویکسین کی دستیابی اور انتظامی حکمت عملی کی بنا پر، عالمی معاشی سرگرمیاں بڑی حد تک معمول پر آگئی ہیں۔ پاکستان کی معیشت نے وی شیپ (v-Shaped) بحالی کے آثار بھی دکھائے ہیں۔ اس وقت ٹیکسٹائل انڈسٹری 100 فیصد صلاحیت پر کام کر رہی ہے۔ ہم پر امید ہیں کہ حکومت کمپیوٹر پاور پلانٹس/انڈسٹری کو قدرتی گیس کی فراہمی جاری رکھے گی، موجودہ سطح پر پالیسی ریٹ برقرار رکھے گی اور انڈسٹری کی طویل مدت پائیدار ترقی کو یقینی بنانے کے لیے امریکی ڈالر کے مقابلے میں پاکستانی روپے کو مثبت حیثیت میں قائم رکھے گی۔

ہم بہت پر امید ہیں کہ کمپنی کے مالیاتی نتائج سال 2021-22 میں بہتر ہوتے جائیں گے کیونکہ کمپنی کی اپنے ملازمین، پلانٹ اور مشینری میں سرمایہ کاری کی وجہ سے اس کے شمرات آنا شروع ہو جائیں گے۔ انشاء اللہ

چیز مین کا جائزہ:

مذکورہ سالانہ آڈیٹڈ مالیاتی گوشوارے کے ساتھ چیز مین کا جائزہ لف ہے، جس میں بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی بمعہ بورڈ ممبران اور اس کی کمیٹی کی کارکردگی اور درپیش چیلنجوں سے نبرد آزما ہونے میں ان کے موثر کردار کو مفصل بیان کیا گیا ہے۔

انظامی نظم و ضبط اور مالیاتی رپوننگ فریم ورک:

آپ کی کمپنی اپنی ذمہ داریوں سے آگاہ ہے جو کہ کوڈ آف کارپوریٹ گورننس میں لکھی ہیں جو کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے جاری کیا اور پاکستان سٹاک ایکسچینج کی لسٹنگ ریگولیشنز کا حصہ ہیں۔

الف: کمپنیز ایکٹ 2017 کے مطابق مالیاتی گوشوارہ تیار کیا گیا ہے۔ یہ مالیاتی گوشوارے کے معاملات، اس کے آپریشن (کاروباری امور) کے نتائج، کیش فلو، اور کیوٹی میں تبدیلی کی مناسب عکاسی کرتا ہے۔

ب. کمپنی ہڈانے بکس آف اکاؤنٹس کا باقاعدہ ریکارڈ رکھا ہے۔

ج. مالیاتی گوشوارے تیار کرنے کیلئے مناسب اکاؤنٹنگ پالیسیوں کا مستقل طور پر اطلاق کیا جاتا ہے اور اکاؤنٹنگ تخمینے موزوں اور محتاط فیصلے پڑتی ہیں۔

د. بورڈ ہڈا اپنی اس ذمہ داری کو سمجھتا ہے کہ مناسب اور موثر داخلی کنٹرول کو یقینی بنایا جائے۔ داخلی آڈٹ ڈیپارٹمنٹ کی داخلی آڈٹ رپورٹس کے جائزے سے داخلی کنٹرول پر عمل درآمد کا امر واضح ہوتا ہے۔ جوڈیزائن اور کنٹرول کے موثر ہونے کا باقاعدگی سے جائزہ لیتا رہتا ہے کسی بھی قسم کی خرابی کی صورت میں، بورڈ کو مطلع کیا جاتا ہے اور اصلاحی اقدامات کئے جاتے ہیں۔

ر. IFRS جو کہ پاکستان میں لاگو ہیں، مالیاتی گوشوارے تیار کرنے کے سلسلہ میں ان کی پیروی کی جاتی ہے۔ کسی بھی اختلاف کو مکمل طور پر ظاہر کیا جاتا ہے

ز. ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی ادائیگی کی مد میں تمام واجبات مکمل طور پر فراہم کئے گئے ہیں اور یہ بروقت ادا کئے جائیں گے یا جہاں دعوے بطور قرضہ یقینی نہ ہوئے ہوں انہیں اکاؤنٹس کے نوٹس میں واجبات ظاہر کیا جاتا ہے۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈر

محترم ممبران!

آپ کی کمپنی کے ڈائریکٹرز کیلئے خوشی کا امر ہے کہ 55 سالانہ رپورٹ بمبہ اختتامی سال جون 30، 2021ء کے مالیاتی گوشوارے واڈیٹرز رپورٹ آپ کے سامنے پیش کر رہے ہیں۔

سرسری جائزہ اور آپریٹنگ (جاری کاروبار) کے نتائج:

زیر جائزہ سال کے دوران آپ کی کمپنی نے درج ذیل سنگ میل عبور کیں:

- * مجموعی پیداوار میں 40% کا اضافہ یعنی مبلغ 3.6 بلین روپے تک (2020 میں مبلغ 2 بلین روپے)
- * کل منافع مبلغ 745 ملین روپے بمبہ گراس مارجن کی شرح 21% (2020 میں مبلغ 213 ملین روپے بمبہ گراس مارجن کی شرح 8%) ہوا
- * EBITDA کا اضافہ مبلغ 674 ملین روپے (2020 میں مبلغ 184 ملین روپے)
- * مالیاتی لاگت میں کمی ہو کر مبلغ 112 ملین (2020 میں مبلغ 181 ملین روپے)
- * منافع قبل از ٹیکس میں اضافہ مبلغ 467 ملین روپے (2020 میں نقصان مبلغ 77 ملین روپے)
- * پلانٹ کی پیداواری صلاحیت میں اضافہ 9% تک یعنی 38,460 سپائنڈلز اور پوری پیداواری صلاحیت میں کام ہوا۔

آمدنی/نقصان فی حصص

فی حصص منافع مبلغ 15.01 روپے رہا (فی حصص مبلغ 3.14 روپے)

حصہ داروں کو منافع کی ادائیگی

بورڈ آف ڈائریکٹرز کے لیے خوشی کا امر ہے کہ اختتام سال 30 جون 2021 کے لیے نقد منافع مبلغ 10% پیش کرنے کی تجویز دے رہے ہیں۔

ہولڈنگ کمپنی۔

سیف ہولڈنگ لمیٹڈ پاکستان میں تشکیل دی گئی جو کوہاٹ ٹیکسٹائل ملز لمیٹڈ کمپنی کی 77.98% شیئر ہولڈنگ کے ساتھ ملکیتی کمپنی ہے۔

آئی ایس او (ISO) سے تصدیق شدہ:

کمپنی ہذا آئی ایس او (ISO) نے 2015: 9001 (کوالٹی منیجمنٹ سسٹم) اور 2018: 45001 (پیشہ ورانہ / صنعتی ہیلپتھ اینڈ سیفٹی منیجمنٹ سسٹم) کی تصدیق شدہ ہے۔

کریڈٹ ریٹنگ کی تصدیق:

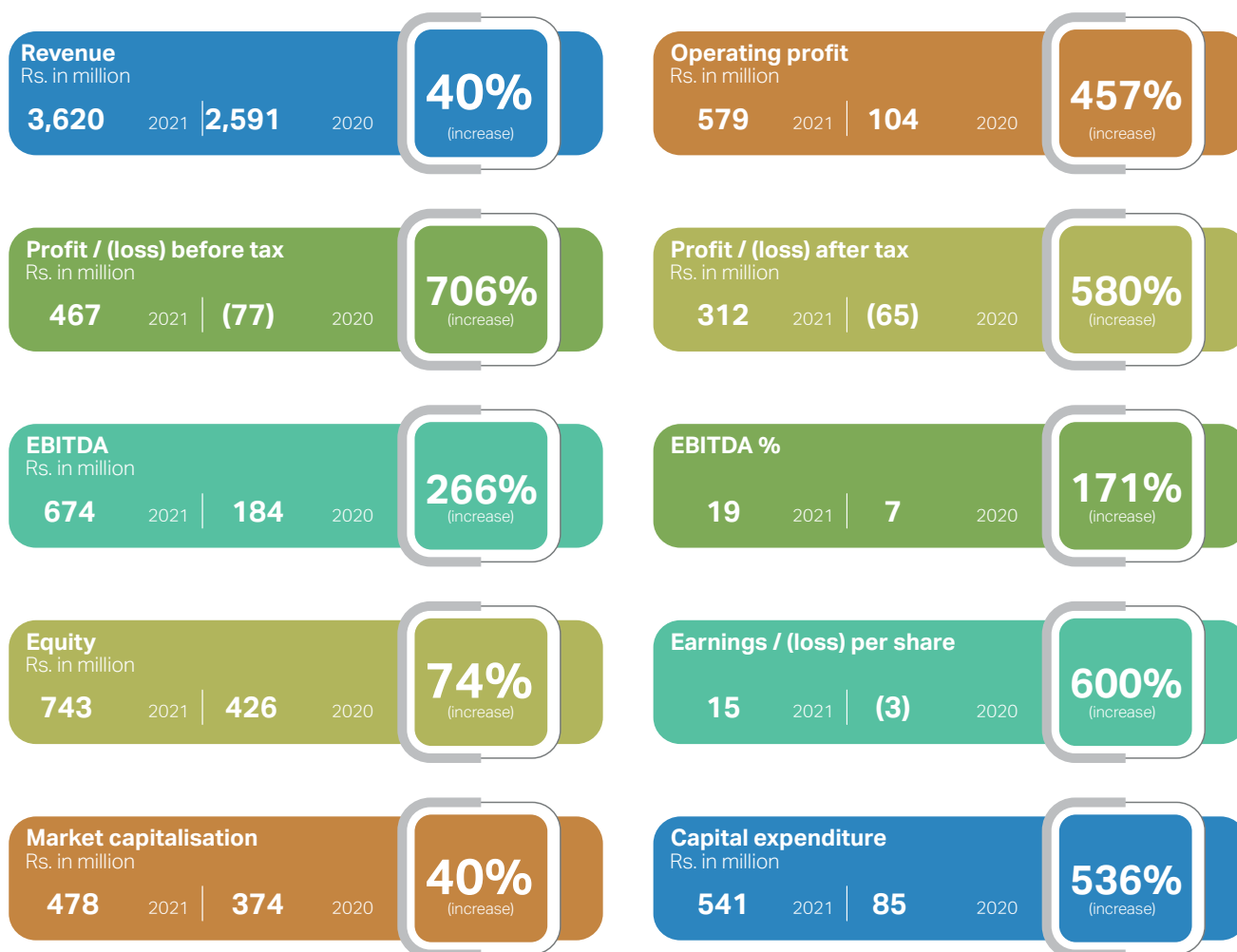
پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی ہذا کی درجہ "اے" انٹیٹی ریٹنگ برقرار رکھی جو کہ مستحکم ہے۔

قرضے کی ادائیگی:

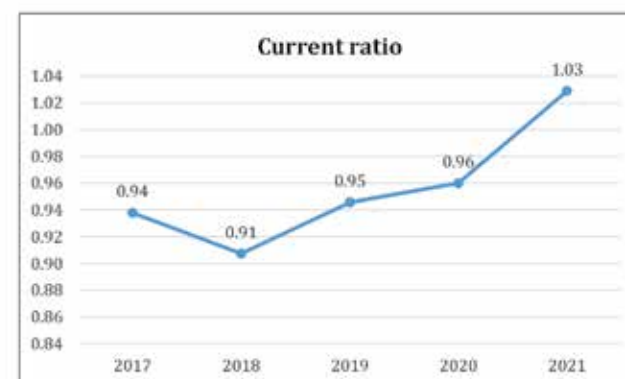
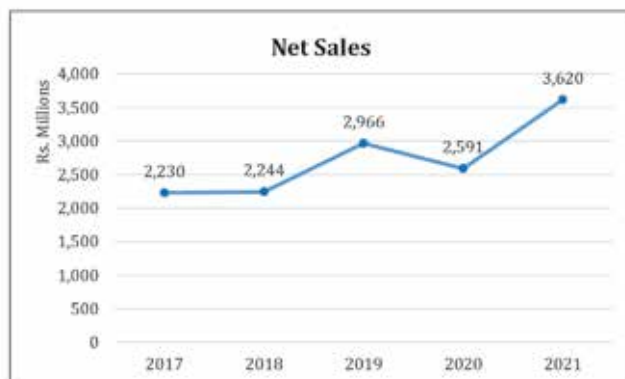
کمپنی نے تجارت کی خالص آمدنی / گوشوارہ کیلئے ایک موثر حکمت عملی اختیار کی جس کے تحت خالص آمدن اور خرچ کی محتاط طریقے سے نگرانی کی جاتی ہے۔ موثر مالیاتی نظم و نسق کی وجہ سے کمپنی اپنے مالیاتی اہداف پورا کرنے میں کامیاب ہوئی ہے۔

KEY PERFORMANCE INDICATORS

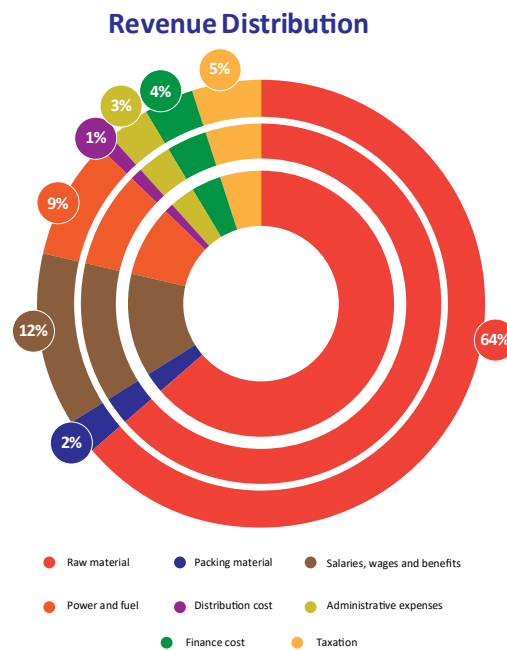
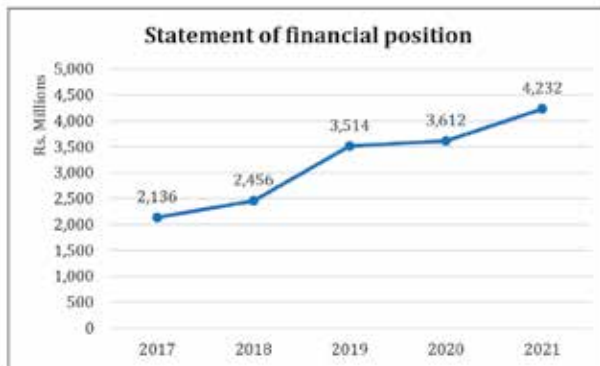
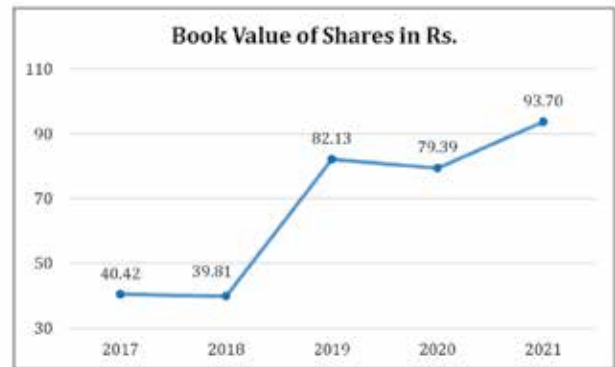
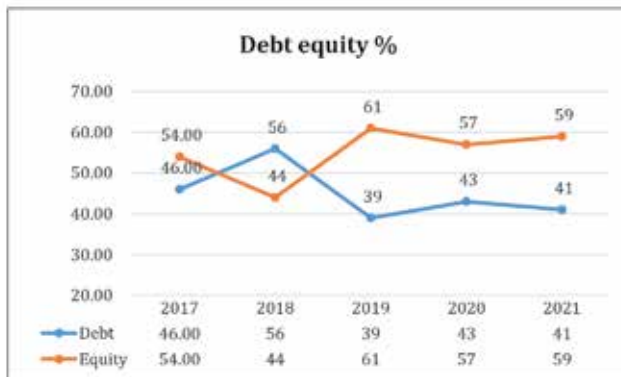
Key Performance Indicators (KPIs) depict the performance measures for the achievement of success of the company against the targets. The Company has evaluated its performance by following KPIs;



GRAPHICAL PRESENTATION



GRAPHICAL PRESENTATION



PATTERN OF SHAREHOLDINGS

As at June 30, 2021

NUMBER OF SHARE HOLDERS	----- SHARE HOLDING -----		TOTAL NO OF SHARES HELD
	FROM	TO	
460	1	100	26,003
150	101	500	48,831
58	501	1,000	53,500
64	1,001	5,000	171,947
17	5,001	10,000	137,824
6	10,001	15,000	81,373
1	15,001	20,000	20,000
3	20,001	25,000	70,500
2	25,001	30,000	58,804
1	30,001	35,000	31,500
1	45,001	50,000	50,000
3	55,001	60,000	174,000
1	95,001	100,000	97,000
1	115,001	120,000	116,704
1	155,001	160,000	157,950
1	195,001	200,000	200,000
1	1,005,001	1,010,000	1,005,500
1	2,075,001	2,080,000	2,078,554
1	16,220,001	16,225,000	16,220,010
773	TOTAL = >		20,800,000

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	%AGE OF CAPITAL
Directors and Chief Executive Officer and their spouses and minor children	8	64,000	0.31
Associated Company	1	16,220,010	77.98
NIT & ICP	2	5,100	0.02
Banks, Development Financial Institutions, Non Banking Financial Institutions	6	2,081,126	10.01
Joint Stock Companies	5	211,059	1.01
Insurance Company	1	200	0.00
Funds	2	3,650	0.02
General Public (local)	741	2,211,355	10.63
Others	7	3,500	0.02
Total	773	20,800,000	100.00

PATTERN OF SHAREHOLDINGS

As at June 30, 2021

S. NO	NAME OF SHAREHOLDERS	SHARE HELD	Percentage
Directors, Chief Executive Officer, and their Spouse and Minor Children			
1	Osman Saifullah Khan	55,500	0.3
2	Assad Saifullah Khan	500	0.0
3	Hoor Yousafzai	500	0.0
4	Shereen Saifullah Khan	5,000	0.0
5	Abdul Rehman Qureshi	900	0.0
6	Sardar Aminullah Khan	500	0.0
7	Rana Muhammad Shafi	600	0.0
8	Sohail Hussain Hydari	500	0.0
	Total	64,000	0.31
Associated Company			
1	Saif Holdings Limited	Total	16,220,010
			77.98
NIT & ICP			
1	Investment Corporation of Pakistan	4,350	0.02
2	National Bank of Pakistan	750	0.00
	Total	5,100	0.02
Banks, Development Financial Institutions, Non Banking Financial Institutions			
1	IDBL (ICP Unit)	400	0.00
2	Muslim Commercial Bank Ltd.	2,000	0.01
3	Habib Bank Limited	100	0.00
4	Bank of Bahawalpur Limited	50	0.00
5	National Bank of Pakistan	22	0.00
6	National Bank of Pakistan	2,078,554	9.99
	Total	2,081,126	10.01
Joint Stock Companies			
1	Fateh Textile Mills Limited.	50	0.00
2	Maple Leaf Capital Limited.	1	0.00
3	MRA Securities Limited - MF	11,000	0.05
4	Adeel Zafar Securities (Pvt) Limited.	200,000	0.96
5	Sultan Textile Mills (Karachi) Limited.	8	0.00
	Total	211,059	1.01

PATTERN OF SHAREHOLDINGS

As at June 30, 2021

S. NO	NAME OF SHAREHOLDERS	SHARE HELD	Percentage	
Insurance Company				
1	E.F.U. Ins. Co. Ltd.	Total	200	0.00
Funds				
1	Trustee National Bank Of Pakistan Employees Pension Fund	3,526	0.02	
2	Trustee National Bank Of Pakistan Emp Benevolent Fund	124	0.00	
	Total	3,650	0.02	
General Public (Local)		Total	2,211,355	10.63
OTHERS				
1	The Pak Ismailia Cooperative	350	0.00	
2	Naseer Shaheed Ltd	300	0.00	
3	Mollasses Export Co. Ltd.	100	0.00	
4	Murree Brewery Co. Ltd.	50	0.00	
5	United Executors & Trustee	2,200	0.01	
6	Ambreen Silk Mills	400	0.00	
7	Azeem Services (Pvt) Ltd,	100	0.00	
	Total	3,500	0.02	
		20,800,000	100	

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

1. The total number of directors are Seven (07) as per the following:

Directors	Numbers
a) Male	06
b) Female	01

2. The composition of the board is as follows:

S.No	Category	Names
a.	Independent Directors*	Abdul Rehman Qureshi
		Sardar Aminullah Khan
b.	Non-Executive Directors	Osman Saifullah Khan
		Hoor Yousafzai
		Rana Muhammad Shafi
		Sohail Hussain Hydari
c.	Executive Director	Assad Saifullah Khan
d.	Femal Director	Hoor Yousafzai

*Fractional requirement for independent directors has not been rounded up as one and presently the Company has two independent directors. Both the independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, therefore, the appointment of a third independent director is not warranted..

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. The Company is fully compliant with the requirements of Directors' Training Program under these Regulations. None of the directors attended any Directors' Training during the year;
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	
	Abdul Rehman Qureshi	(Chairman)
	Sardar Aminullah Khan	(Member)
	Rana Muhammad Shafi	(Member)
b)	HR and Remuneration	
	Abdul Rehman Qureshi	(Chairman)
	Assad Saifullah Khan	(Member)
	Hoor Yousafzai	(Member)

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

14. The frequency of meetings of the committee during the year 2020-21, were as per following:

- a) Audit Committee - Five (05) Meetings
- b) Human Resource and Remuneration Committee - Two (02) Meetings

15. The Board has set up an effective internal audit function and the persons assigned the responsibilities 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 (ICAP) 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 ICAP 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 the requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

For and on Behalf of the Board



OSMAN SAIFULLAH KHAN

Chairman

INDEPENDENT AUDITORS' REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN THE 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 **KOHAT TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2021 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, 2021.

Shinewing Hameed Chaudhri & co.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

Audit Engagement Partner: Osman Hameed Chaudhri

Place : Lahore

Dated : 30 September 2021

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of KOHAT TEXTILE MILLS LIMITED (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, and to the best of our information and according to the explanations given to us, the statement of financial position, 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 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, 2021 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as

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

Emphasis of Matter

We draw attention to note 18.1.2 to these financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess (GIDC) aggregating Rs.319.934 million demanded by Sui Northern Gas Pipelines Limited. Our report is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Following is the key audit matter:

Key audit matters	How the matter was addressed in our audit
<p>Contingencies</p> <p>The Company is subject to material litigations including GIDC, taxation and other matters at different courts which require management to make assessment and judgements with respect to likelihood and impact of such litigations on the financial statements of the Company.</p> <p>The details of contingencies including that relating to GIDC 2015 and the Supreme Court (SC) decision regarding the same along with management's assessment thereon are disclosed in note 18 to the financial statements.</p> <p>Management engaged independent legal consultants on these matters.</p> <p>The accounting for and disclosure of contingencies is complex and is a matter of significance in our audit because of the judgements required to determine the level of certainty on these matters.</p> <p>Due to the magnitude of amount involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts we have considered above referred contingencies as one of the key audit matters.</p>	<p>In response to this matter, our audit procedures included:</p> <ul style="list-style-type: none"> - Discussed legal cases with the legal department to understand the management's view point and obtained management's assessment regarding their implications on the Company; - Obtained independent opinion of legal advisors dealing with such cases in the form of confirmations; <p>Examined legal expense ledgers to assess any litigations or claims which may result in material misstatement of the financial statements;</p> <ul style="list-style-type: none"> - Reviewed the documents for legal and tax proceedings maintained by the management, including Judgements passed by the SC and study the related provision of the GIDC Act, 2015; - Evaluated all the legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets; and - Assessed the disclosures of legal exposures and provisions for completeness and accuracy.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information, which comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going

concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement

resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the

underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

- 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 auditors' report is Osman Hameed Chaudhri.

Shinewing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS

Place : Lahore

Dated : 30 September 2021

FINANCIAL STATEMENTS

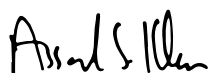


STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	2021 Rupees in '000	2020
Equity and Liabilities			
Share Capital and Reserves			
Authorised capital			
22,000,000 ordinary shares of Rs.10 each		220,000	220,000
Issued, subscribed and paid-up capital	5	208,000	208,000
Revenue reserve			
- Unappropriated profit		535,375	218,816
Capital reserve			
- Surplus on Revaluation of Property, Plant and Equipment	6	1,205,777	1,224,529
Unrealised loss on financial assets at fair value through other comprehensive income		(150)	(50)
Total Shareholders' equity		1,949,002	1,651,295
Non-current Liabilities			
Loan from the Holding Company	7	80,000	100,000
Long term financing	8	596,282	442,192
Long term deposits	9	2,804	2,280
Lease liabilities	10	8,321	9,081
Deferred income - government grant	11	237	1,996
Deferred liability - staff retirement benefits	12	140,173	111,585
Deferred taxation - net	13	192,117	117,790
		1,019,934	784,924
Current Liabilities			
Trade and other payables	14	563,606	411,343
Contract liabilities		871	7,377
Accrued mark-up / profit	15	24,375	44,292
Short term borrowings	16	427,015	649,517
Current portion of non-current liabilities	17	245,280	62,242
Unpaid dividend		138	166
Unclaimed dividend		944	963
Taxation - net	27	942	-
		1,263,171	1,175,900
		2,283,105	1,960,824
Contingencies and Commitments	18		
		4,232,107	3,612,119

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



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



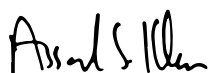
NOUMAN AHMAD
Chief Financial Officer

STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

		2021	2020
	Note	Rupees in '000	
Assets			
Non-current Assets			
Property, plant and equipment	19	2,923,789	2,477,022
Intangible assets	20	-	649
Long term investment	21	2,350	2,450
Long term loans	22	1,136	1,527
Long term deposits		5,041	1,816
		2,932,316	2,483,464
Current Assets			
Stores, spare parts and loose tools	23	40,609	34,544
Stock-in-trade	24	714,281	398,667
Trade debts		512,827	610,367
Loans and advances	25	3,500	11,031
Deposits, other receivables and prepayments	26	17,786	14,726
Taxation - net	27	-	46,323
Sales tax refundable		4,788	-
Cash at banks	28	6,000	12,997
		1,299,791	1,128,655
		4,232,107	3,612,119

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



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



NOUMAN AHMAD
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the Year Ended June 30, 2021

		2021	2020
	Note	Rupees in '000	
Sales - net	29	3,620,143	2,590,719
Cost of sales	30	(2,875,433)	(2,377,665)
Gross profit		744,710	213,054
Distribution cost	31	(36,028)	(27,200)
Administrative expenses	32	(101,366)	(80,637)
Other income	33	7,315	2,157
Other expenses	34	(36,115)	(3,600)
Profit from operations		578,516	103,774
Finance cost	35	(111,883)	(180,655)
Profit / (loss) before taxation		466,633	(76,881)
Taxation	36	(154,463)	11,653
Profit / (loss) after taxation		312,170	(65,228)
Other Comprehensive Income / (loss)			
Items that will not be reclassified subsequent to statement of profit or loss:			
- (loss) / gain on remeasurement of staff retirement benefit obligation		(14,363)	29,478
- unrealised loss on remeasurement of investment at fair value through other comprehensive income		(100)	(50)
		(14,463)	29,428
Total comprehensive income / (loss)		297,707	(35,800)
		----- Rupees -----	
Earnings / (loss) per share - basic and diluted	37	15.01	(3.14)

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



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



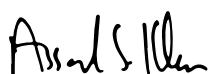
NOUMAN AHMAD
Chief Financial Officer

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2021

	2021	2020
	Rupees in '000	
Cash flow from operating activities		
Profit / (loss) for the year - before taxation	466,633	(76,881)
Adjustments for non-cash and other charges:		
Depreciation	94,537	79,281
Amortisation	649	706
Staff retirement benefits - gratuity (net)	14,225	25,084
Unclaimed payable balances written-back	(139)	(136)
Loss / (gain) on sale of operating fixed assets	3,240	(625)
Gain on derecognition of right of use assets	(319)	-
Finance cost	107,347	178,790
Profit before working capital changes	686,173	206,219
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(6,065)	1,517
Stock-in-trade	(315,614)	269,570
Trade debts	97,540	(302,698)
Loans and advances	7,531	(4,846)
Deposits and short term prepayments	(3,060)	2,360
Sales tax refundable	(4,788)	41,216
(Decrease) / increase in current liabilities:		
Trade and other payables	152,696	17,268
Contract liabilities	(6,506)	3,278
	(78,266)	27,665
Cash generated from operating activities	607,907	233,884
Income tax paid	(32,871)	(9,934)
Long term loans - net	391	(68)
Net cash generated from operating activities	575,427	223,882
Cash flow from investing activities		
Additions to property, plant and equipment	(545,079)	(210,115)
Sale proceeds of operating fixed assets	6,027	3,149
Net cash used in investing activities	(539,052)	(206,966)
Cash flow from financing activities		
Long term financing - obtained	394,649	292,849
- repaid	(67,165)	(61,873)
Loan from the Holding Company- repaid	(20,000)	-
Lease liabilities - net	(2,445)	(1,311)
Long term deposits	524	403
Short term borrowings - net	(222,502)	(50,040)
Finance cost paid - net	(126,386)	(167,817)
Dividend paid	(47)	(23,435)
Net cash used in financing activities	(43,372)	(11,224)
Net (decrease) / increase in cash and cash equivalents	(6,997)	5,692
Cash and cash equivalents - at beginning of the year	12,997	7,305
Cash and cash equivalents - at end of the year	6,000	12,997

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



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



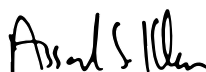
NOUMAN AHMAD
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the Year Ended June 30, 2021

	Share Capital	Revenue reserve Unappropriated profit	Capital reserve Revaluation surplus on property, plant and equipment	Unrealised loss on financial assets at fair value through other comprehensive income	Total
Rupees in '000					
Balance as at July 01, 2019	208,000	259,508	1,240,387	-	1,707,895
Transactions with owners					
Cash dividend for the year ended June 30, 2019 at the rate of Re.1 per share	-	(20,800)	-	-	(20,800)
Total Comprehensive (loss) / income for the year ended June 30, 2020					
Loss for the year	-	(65,228)	-	-	(65,228)
Other comprehensive income / (loss)	-	29,478	-	(50)	29,428
	-	(35,750)	-	(50)	(35,800)
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation (net of deferred taxation)	-	15,858	(15,858)	-	-
Balance as at June 30, 2020	208,000	218,816	1,224,529	(50)	1,651,295
Total Comprehensive income / (loss) for the year ended June 30, 2021					
Profit for the year	-	312,170	-	-	312,170
Other comprehensive loss	-	(14,363)	-	(100)	(14,463)
	-	297,807	-	(100)	297,707
Surplus on revaluation of property, plant and equipment realised during the year (net of deferred taxation):					
- on account of incremental depreciation	-	15,095	(15,095)	-	-
- upon sale of revalued assets	-	3,657	(3,657)	-	-
Balance as at June 30, 2021	208,000	535,375	1,205,777	(150)	1,949,002

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



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



NOUMAN AHMAD
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

Kohat Textile Mills Limited (the Company) is a public limited Company incorporated in Pakistan during the year 1967 and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacture and sale of yarn.

1.1 Geographical location and addresses of major business units including mills / plant of the Company are as under:

Kohat	Purpose
Saifabad	Mills / factory
Peshawar	
APTMA house, Tehkal Payan, Jamrud Road	Registered office
Islamabad	
4 th Floor, Kashmir Commercial Complex, Fazal-e-haq road, Blue Area	Head office
Karachi	
Room # 03, 5 th Floor KDLB Building, 58-West Wharf Road,	Marketing & Sales office
Faisalabad	
P-17, Near Allied Bank Ltd, Montgomery Bazar,	Marketing & Sales office

1.2 The Company is a Subsidiary Company of Saif Holding Limited (the Holding Company) as 77.98% (2020: 77.98%) of the Company's issued, subscribed and paid-up capital is held by the Holding Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Act; and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 INITIAL APPLICATION OF STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARDS

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.4.1 Standards, amendments and interpretations to accounting and reporting standards that became effective during the year

Certain standards, amendments and interpretations to IFRSs are effective for accounting periods beginning on July 01, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

IAS 1 & IAS 8 Definition of material

Amendments to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' are effective for annual periods beginning on or after January 01, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs.

2.4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the IFRSs and interpretations that are mandatory for companies having accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

(a) IAS 1 Classification of liabilities

Amendment to IAS 1 is effective for period beginning on April 01, 2021. The IASB issued a narrow-scope amendment to IAS 1, 'Presentation of financial statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

In particular, the amendment clarifies that;

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights;
- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification;
- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date; and
- settlement is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments.

(b) IAS 16 Proceeds before an asset's intended use

Amendment to IAS 16 'Property, plant and equipment' is effective from January 01, 2022. Amendment prohibits a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sale proceeds and related cost in profit or loss. The amendment applies retrospectively, but only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendment.

(c) IAS 37 Onerous contracts

Amendments to IAS 37 is effective from January 01, 2022. Under IAS 37 'Provisions, contingent liabilities and contingent assets', a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations i.e. the lower of the costs of fulfilling the contract and the costs of terminating it outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs e.g. direct labour and materials; and an allocation of other direct costs e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

The Company has assessed that the impact of these amendments is not expected to be significant.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Judgments, estimates and assumptions made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

(a) Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified. Useful lives, residual values and depreciation method of property, plant and equipment are stated in notes 4.9 & 19.

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

The Company estimates the net realisable value of stores & spares and stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make sale note 4.12 & 4.13.

(c) Provision for impairment of trade debts

Impairment losses related to trade and other receivables, are calculated using simplified approach of expected credit loss (ECL) model. Management used actual credit loss experience over past years for the calculation of ECL. Trade and other receivables are written off when there is no reasonable expectation of recovery - note 4.15.

(d) Staff retirement benefits - gratuity

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 4.4 & 12.

(e) Income taxes

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability - note 4.6.

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Borrowings and borrowing cost

These are recognized initially at fair value, net of transaction costs and are subsequently measured at amortized cost using the effective interest method. Difference between proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss over the period of the borrowings as interest expense.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition,

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

4.2 Leases

The Company leases vehicles, office buildings and hostel. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

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

4.3 Government grants

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

4.4 Staff retirement benefits (gratuity)

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2021 on the basis of the projected unit credit method by an independent Actuary.

The liability recognised in the statement of financial position in respect of retirement gratuity scheme is the present value of defined benefit obligation at the end of reporting period. The amount arising as a result of remeasurements are recognised in the statement of financial position immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

4.5 Trade and other payables

Liabilities for trade and other payables are carried at their amortised cost, which approximates fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.6 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in statement of other comprehensive income or directly in equity. In this case, the tax is also recognised in statement of other comprehensive income or directly in equity, respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

(a) Current year

Provision for current taxation is based on taxable income / turnover at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments, where necessary, relating to prior years, which arise from assessments framed / finalised during the year.

(b) Deferred

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

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

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.7 Dividend distribution

Dividend distribution to the Company's shareholders are recognised in the period in which these are approved.

4.8 Financial liabilities

Classification & subsequent measurement

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on derecognition is also recognized in the statement of profit or loss.

Derecognition

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

4.9 Property, plant and equipment

Operating fixed assets, other than fire extinguishing equipment, furniture & fixtures, vehicles and live stock, are stated at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of

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asset and the net amount is restated to the revalued amount of asset. Fire extinguishing equipment, furniture & fixtures, vehicles and live stock are stated at historical cost less accumulated depreciation. Cost of some items of plant and machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years. Borrowing costs are also capitalised for the period upto the date of commencement of commercial production of the respective plant and machinery, acquired out of the proceeds of such borrowings. Historical cost includes expenditure that is directly attributable to the acquisition of items. Capital work-in-progress is stated at cost.

The revaluation is measured on individual asset; if an asset's carrying amount is increased as a result of revaluation, the surplus is recognised in statement of other comprehensive income and accumulated in equity under the heading of revaluation surplus on property, plant and equipment. However, the surplus is recognised in statement of profit or loss to the extent that it reverses revaluation decrease of the same asset previously recognised in statement of profit or loss. If an asset's carrying amount is decreased as a result of revaluation, the deficit on revaluation of asset is recognised in statement of profit or loss. However, the decrease is recognised in statement of other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of item can be measured reliably. All other repairs and maintenance are charged to income during the financial year in which these are incurred.

Depreciation is taken to statement of profit or loss applying reducing balance method, except for overhauling of gas fired power plant, so as to write-off the depreciable amount of an asset over its remaining useful life. Depreciation on overhauling of gas fired power plant is charged to the statement of profit or loss using straight line method. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant. Rates of depreciation are stated in note 19.1.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed-off.

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

4.10 Right-of-use assets

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

4.11 Intangible assets - computer software

Computer software is stated at cost less accumulated amortisation. Software cost is only capitalised when it is probable that future economic benefits attributable to the software will

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

flow to the Company and the same is amortised applying the straight-line method at the rate stated in note 20.

4.12 Financial assets

Initial measurement

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

- fair value through other comprehensive income (FVTOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent Measurement

- ***Equity Instruments at FVTOCI***

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income and are never reclassified to the statement of profit or loss.

- ***Debt Instruments at FVTOCI***

These assets are subsequently measured at fair value. Interest / mark-up income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in statement of other comprehensive income. On derecognition, gains and losses accumulated in statement of other comprehensive income are reclassified to the statement of profit or loss.

- ***Debt Instruments at FVTPL***

These assets are subsequently measured at fair value. Net gains and losses, including any interest / mark-up or dividend income, are recognized in the statement of profit or loss.

- ***Financial Assets measured at amortised cost***

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / mark-up income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

Derecognition

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

4.13 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at cost. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated up to the statement

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

of financial position date. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

4.14 Stock-in-trade

Basis of valuation are as follows:

<u>Particulars</u>	<u>Mode of valuation</u>
--------------------	--------------------------

Raw materials:

- | | |
|------------|--|
| At mills | - At lower of moving average cost and market value. |
| In transit | - At cost accumulated to the statement of financial position date. |

Work-in-process - At manufacturing cost.

Finished goods - At lower of cost and net realisable value.

Waste - At contracted rates.

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

4.15 Trade debts and other receivables

These are classified at amortized cost and are initially recognised and measured at fair value of consideration receivable. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company has estimated the credit losses using a provision matrix where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Debts considered irrecoverable are written off.

4.16 Cash and cash equivalents

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

4.17 Provisions

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

4.18 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing on the reporting date except

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

where forward exchange rates are booked, which are translated at the contracted rates. Exchange differences, if any, are taken to statement of profit or loss.

4.19 Impairment

(a) Financial assets

The Company assesses on a forward looking basis for the expected credit loss (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Further, the Company followed simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables. Management used actual credit loss experience over past years for calculation of ECL.

For debt instruments measured as FVTOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

For bank balances, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Company reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in the statement of profit or loss.

The Company considers a financial asset in default when contractual payments past due for a reasonable period of time. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of provisions for impairment losses. If any indications exist, the recoverable amounts of such assets are estimated and impairment losses or reversals of impairment losses are recognized in the statement of profit or loss. Reversal of impairment loss is restricted to the original cost of the asset.

4.20 Off-setting of financial assets and liabilities

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

4.21 Revenue recognition

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

- revenue from local sale of goods is recognized at the point of time when the customer obtains control of the goods, which is generally at the time of delivery / dispatch of goods to customers;
- revenue from the export sale of goods is recognized at the point in time when the customer obtains control over the goods dependent on the relevant incoterms of shipment. Generally it is on the date of bill of lading or at the time of delivery of goods to the destination port;
- dividend income from investments is recognized when the Company's right to receive dividend is established; and
- return on bank deposits / interest income is recognized using applicable effective interest rate. Income is accrued as and when the right to receive the income is established.

4.22 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 44 to these financial statements.

5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2021	2020		2021	2020
--- No. of shares ---			--- Rupees in '000 ---	
14,525,400	14,525,400	ordinary shares of Rs.10 each fully paid in cash	145,254	145,254
6,274,600	6,274,600	ordinary shares of Rs.10 each issued as fully paid-up by conversion of loans and debentures	62,746	62,746
20,800,000	20,800,000		208,000	208,000

5.1 Saif Holding Ltd. (the Holding Company) held 16,220,010 ordinary shares of the Company as at June 30, 2021 and June 30, 2020.

5.2 Voting rights, board selection, right of first refusal and block voting are in proportion to the shareholding.

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net

6.1 The Company revalued its freehold land, buildings on freehold land, plant & machinery, diesel generators & fuel reservoir, gas fired power plant, electric installations and equipment and appliances during the financial years 1984, 1995, 2004, 2005, 2008, 2012, 2016 and 2019. These fixed assets were revalued by Independent Valuers on the basis of market value / depreciated market values.

6.2 The latest revaluation exercise was carried-out by M/s. Hamid Mukhtar (Pvt.) Ltd. (Independent Valuers and Consultants) to replace the carrying amounts of these assets with the market value / depreciated market values. The net appraisal surplus arisen on latest revaluation exercise has been credited to this account.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

		2021	2020
	Note	Rupees in '000	
Opening balance		1,341,860	1,364,195
Less: transferred to unappropriated profit:			
- on account of incremental depreciation for the year		(21,260)	(22,335)
- upon sale of revalued assets		(5,152)	-
		1,315,448	1,341,860
Less: deferred tax on:			
- opening balance of surplus		117,330	123,807
- incremental depreciation for the year		(6,165)	(6,477)
- sale of revalued assets		(1,494)	-
		109,671	117,330
Closing balance		1,205,777	1,224,530
7. LOAN FROM THE HOLDING COMPANY - Unsecured			
Balance as at,	7.1	80,000	100,000

7.1 The Company had entered into a loan agreement with Saif Holdings Ltd. (the Holding Company) on October 21, 2009; salient terms of the agreement were as follows:

- (a) the terms of loan agreement were effective from April 09, 2009;
- (b) the Holding Company lent an unsecured loan amounting Rs.100 million to the Company on April 09, 2009 to meet its financial obligations;
- (c) as per the original agreement terms, loan carried mark-up at the rate of 3-months KIBOR + 2% payable quarterly; however, from January, 2013 the rate of mark-up was revised to average borrowing cost of the Holding Company + 0.1% per annum; and
- (d) originally the maturity period of the loan was five years and the loan become payable in April, 2014. the Company and the Holding Company mutually agreed to renew the loan agreement for further period of five years. Both the parties then again in June 2018, May 2019, June 2020 and July 2021 revised the repayment terms. As per the latest addendum to the main agreement, the balance amount of loan is repayable till June 30, 2025.

The effective mark-up rate charged by the Holding Company, during the current financial year, ranged from 8.01% to 9.14% (2020: 12.48% to 15.87%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

8.	LONG TERM FINANCING - Secured	Note	2021 ---- Rupees in '000 ----	2020
	Bank of Khyber (BoK)			
	Demand finance - I	8.1	196,865	209,989
	Demand finance - II	8.2	35,227	-
	Demand finance (under refinance scheme for payment of wages and salaries)	8.3	112,402	43,682
	Energy finance	8.4	55,000	-
	National Bank of Pakistan (NBP)			
	Demand finance	8.5	249,588	144,312
	The Bank of Punjab (BOP)			
	Term finance	8.6	82,763	99,316
	Meezan Bank Limited (MBL)			
	Diminishing musharakah	8.7	25,728	-
	Bank Alfalah Islamic Limited (BAFL)			
	Islamic temporary economic refinance facility (ITERF)	8.8	64,065	-
	Dubai Islamic Bank Pakistan Limited (DIB)			
	Diminishing musharakah - ITERF	8.9	11,629	-
			833,267	497,299
	Less: current portion grouped under current liabilities		236,985	55,107
			596,282	442,192

- 8.1** The Company, during the financial year ended June 30, 2018, arranged a demand finance facility of Rs.300 million from BoK. The bank, against the said facility, disbursed in aggregate Rs.262.486 million during the preceding financial year. This finance facility is repayable in 20 equal quarterly instalments commenced March, 2019. This finance facility carries mark-up at the rate of 6-months KIBOR + 110 basis points per annum payable semi annually; effective mark-up rate charged, during the current financial year, ranged from 8.05% to 8.45% (2020: 14.23% to 14.59%) per annum. This finance facility is secured against first pari passu charge over present and future fixed assets of the Company for Rs.400 million.
- 8.2** The Company, during the current financial year, arranged a demand finance facility of Rs.37.500 million from The Bank of Khyber. The bank, against the said facility, disbursed Rs.35.227 million till the reporting date. This finance facility is repayable in 10 equal semi-annual instalments commencing December, 2021. This finance facility carries mark-up at the rate of 6-months KIBOR + 110 basis points per annum payable quarterly; effective mark-up rate charged, during the current financial year, ranged from 8.38% to 8.45% per annum. This finance facility is secured against first pari passu charge over present and future fixed assets of the Company for Rs.400 million.
- 8.3** The Company, during the financial year ended June 30, 2020, arranged a demand finance facility of Rs. 80 million from BoK under the State Bank of Pakistan (SBP) Refinance Scheme for payment of wages and salaries. During the current financial year, the limit has been enhanced to Rs.149.712 million. Due to the effects of COVID-19 pandemic, SBP took various steps to support the economy and this Refinance Scheme was part of those steps. According to conditions of the Scheme, the Company after availing this loan will not to lay off their workers / employees at least during three months from the date of first disbursement. The bank, against the said facility, disbursed Rs.145.944 million till the reporting date. This finance facility is repayable in 8 equal quarterly instalments commenced January, 2021 and

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

carries mark-up at a reduced rate of 3% per annum, payable on quarterly basis. The finance facility is secured against first pari passu charge over present and future fixed assets of the Company for Rs.530 million.

As the above loan is below-market rate of interest, it has been initially measured at its fair value i.e. the present value of the future cash flows discounted at a market-related interest rate. The difference between the fair value of the loan on initial recognition and the amount received has been accounted for as Government grant (refer note 11).

- 8.4** The Company, during the current financial year, arranged a long term finance facility amounted Rs.55 million from BoK to finance the purchase of 650 KW Solar Grid on Run Off basis under Category-II of SBP Financing Scheme for Renewable Energy. This loan is repayable in 39 equal quarterly instalments, commencing from December, 2021. This facility carries mark-up at the rate of SBP rate plus 2% per annum. This finance facility is secured against first pari passu charge over fixed assets of the Company.
- 8.5** The Company, during the financial year ended June 30, 2020, arranged a demand finance facility of Rs.250 million from NBP. The bank, against the said facility, disbursed Rs.249.588 million till the reporting date. This finance facility is repayable in 20 equal quarterly instalments commencing September, 2021. This finance facility carries mark-up at the rate of 6-months KIBOR + 110 basis points per annum payable quarterly; effective mark-up rate charged, during the current financial year, ranged from 8.34% to 8.45% (2020: at the rate of 14.55%) per annum. This finance facility is secured against first pari passu charge over present and future fixed assets of the Company for Rs.333.333 million.
- 8.6** The BOP, during the financial year ended June, 30, 2020, converted a cash finance facility (already utilised by the Company up to Rs.99.316 million) into a term finance facility of Rs.100 million. This finance facility is repayable in 6 equal semi-annual instalments commenced February, 2021. This finance facility carries mark-up at the rate of 6-months KIBOR + 100 basis points per annum payable semi-annually; effective mark-up rate charged, during the current financial year, ranged from 8.21% to 8.35% per annum. This finance facility is secured against first pari passu charge over present and future fixed assets of the Company for Rs.243.334 million.
- 8.7** The Company, during the current financial year, arranged a long term finance facility amounted Rs.27 million from MBL to finance the purchase of 320 KW Solar Grid on Run Off basis under Category-II of SBP Financing Scheme for Renewable Energy. This loan is repayable in 80 equal monthly instalments, commenced April, 2021. This facility carries mark-up at the rate of SBP rate plus 2% per annum payable monthly; effective mark-up rate charged, during the current financial year was 5% per annum. This finance facility is secured against registration of ranking charge over fixed assets of the Company.
- 8.8** The Company, during the current financial year, obtained a Islamic temporary economic refinance facility (ITERF) of Rs.100 million from BAFL. The Bank, against the said facility, has disbursed Rs.64.065 million till reporting date. The principal balance is repayable in 20 equal quarterly instalments commencing August, 2023. This finance facility carries mark-up at the rate of SBP rate plus 3% per annum payable quarterly; effective mark-up rate charge, during the current financial year was 4% per annum. This finance facility is secured against first pari passu charge on entire fixed asset of the company amounting to Rs.133.334 million.
- 8.9** The Company, during the current financial year, obtained a diminishing musharakah (ITERF) facility of Rs.200 million from DIB. The Bank, against the said facility, has disbursed Rs.11.629 million in three tranches of different amounts till reporting date. The principal balance is repayable in 20 equal quarterly instalments commencing September, 2023. This finance facility carries mark-up at the rate of SBP rate plus 4% per annum payable quarterly; effective mark-up rates charged, during the current financial year was 5% per annum. This finance facility is secured against first pari passu charge of Rs.267 million over present and future fixed and current assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

9. LONG TERM DEPOSITS

These deposits have been received in accordance with the Company's Car Incentive Scheme and against these deposits vehicles have been provided to the employees. These are adjustable after specified periods by transfer of title of vehicles to the respective employees.

10. LEASE LIABILITIES

2021 2020

---- Rupees in '000 ----

Lease liabilities	13,372	12,592
Less: current portion	5,051	3,511
	8,321	9,081

10.1 Movement in the account of lease liabilities

Opening balance as at July 01,	12,592	13,224
Addition during the year (leases obtained)	7,487	4,229
Reassessment due to mark-up rate adjustment	(512)	-
Interest charge for the year	878	2,023
Payment made during the year	(4,759)	(6,884)
Derecognition on termination of lease contract	(2,314)	-
Closing balance as at June 30,	13,372	12,592

10.1.1 Maturity analysis of undiscounted lease payments need to be made after the reporting period

Payable less than one year	5,897	4,584
Payable between:		
one to two year	5,347	4,718
two to three year	3,722	3,970
three to five year	-	1,428
	14,966	14,700

10.2 The Company has entered into lease arrangements to acquire vehicles. The liabilities under these finance arrangement are repayable in 60 monthly instalments ending various dates, and carry mark-up at different rates. These facilities, during the current financial year, carried mark-up / profit at the rates ranging from 8.95% to 9.88% (2020: 12.36% to 15.94%) per annum payable. The Company intends to exercise its option to purchase the vehicles upon completion of lease terms. The liabilities are secured against title of the leased vehicles in the name of the bank and post dated cheques of each principal instalment.

10.3 The Company has entered into a lease contract for the head office of the Company having lease term of three years. The lease liability has been discounted using incremental borrowing rate of the Company.

11. DEFERRED INCOME - GOVERNMENT GRANT

Government grant on loan at below market

rate of interest - net	3,481	5,620
Less: current portion	3,244	3,624
	237	1,996

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

11.1 As fully detailed in note 8.3 to the financial statements, the Company has recorded Rs.9.290 million (2020: Rs.5.828 million) as Government grant on loan at below-market rate of interest, as per the requirements of IAS - 20 'Accounting for government grants and disclosure of government assistance'.

11.2 The Company has adhered to the terms of the grant, hence, it is being amortised over the term of the loan. During the year, Rs.5,808 thousand (2020: Rs.208 thousand) has been recognized in the statement of profit or loss.

12. DEFERRED LIABILITY - STAFF RETIREMENT BENEFITS (Gratuity)

12.1 Projected unit credit method, as allowed under IAS 19 (Employee Benefits), has been used for actuarial valuation based on the following significant assumptions:

	2021	2020
- discount rate	10.00%	8.50%
- expected rate of increase in salary	9.00%	7.50%
- average expected remaining working life of employees	10.00 years	8.00 years

12.2 Amount recognised in the statement of financial position

	2021	2020
	--- Rupees in '000 ---	
Net liability at the beginning of the year	111,585	115,979
Charge to statement of profit and loss	30,037	35,307
Remeasurement recognised in statement of other comprehensive income	14,363	(29,478)
Payments made during the year	(15,812)	(10,223)
Net liability at the end of the year	140,173	111,585

12.3 The movement in the present value of defined benefit obligation is as follows:

Balance at beginning of the year	111,585	115,979
Current service cost	21,224	19,508
Interest cost	8,813	15,799
Benefits paid	(15,812)	(10,223)
Remeasurement of obligation	14,363	(29,478)
Balance at end of the year	140,173	111,585

12.4 Charge to statement of profit or loss:

Current service cost	21,224	19,508
Interest cost	8,813	15,799
	30,037	35,307

12.5 Remeasurements recognised in statement of other comprehensive income

Experience adjustment	14,363	(29,478)
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NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

12.6 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in principal assumptions is:

	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate		(127,937)	154,960
Increase in salaries		155,140	(127,517)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis have not changed compared to the previous period.

12.7 Comparison of present value of defined benefit obligation and experience adjustment on obligation for five years is as follows:

	2021	2020	2019	2018	2017
	----- Rupees in '000 -----				
Present value of defined benefit obligation	140,173	111,585	115,979	108,126	95,125
Experience adjustment on obligation	14,363	(29,478)	(7,024)	6,071	5,329

12.8 Based on actuary's advice, the expected charge for the year ending June 30, 2022 amounts to Rs.37.487 million.

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For the Year Ended June 30, 2021

13.	DEFERRED TAXATION - net	Note	2021 --- Rupees in '000 ---	2020
	The balance of deferred tax is in respect of following major temporary differences			
	Taxable temporary difference:			
	- accelerated tax depreciation allowances		187,504	149,647
	- surplus on revaluation of property, plant and equipment	6	109,671	117,330
	- Lease finances		471	459
			297,646	267,436
	Deductible temporary difference:			
	- unused tax losses		-	(36,895)
	- minimum tax recoverable against normal tax charge in future years		(94,788)	(112,751)
	- alternative corporate tax recoverable against normal tax charge in future years		(10,741)	-
			(105,529)	(149,646)
			192,117	117,790
14.	TRADE AND OTHER PAYABLES			
	Due to Holding Company	14.1	-	171
	Creditors		105,247	43,489
	Bills payable	14.2	333,715	224,948
	Sales tax payable		-	22,583
	Accrued expenses		91,268	105,663
	Security deposit	14.3	1,700	1,200
	Workers' (profit) participation fund		23,576	-
	Workers' welfare fund		4,885	-
	Others		3,215	13,289
			563,606	411,343
14.1	The aggregate maximum outstanding balance due to the Holding Company at the end of any month during the year was Rs.233 thousand (2020: Rs.194 thousand).			
14.2	These are secured against import documents.			
14.3	This represent interest free security deposit received from the Company's transport contractor. The amount received has been utilised for the purpose of the business in accordance with the written agreement with the contractor.			
15.	ACCRUED MARK-UP / PROFIT			
	Mark-up / profit accrued on:			
	- loan from the Holding Company		1,653	3,145
	- long term financing		15,207	12,433
	- short term borrowings		7,515	28,714
			24,375	44,292

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

16. SHORT TERM BORROWINGS

Short term finance facilities available from various commercial banks aggregate to Rs.1,205 million (2020: Rs.975 million). These facilities, during the current financial year, carried mark-up / profit at the rates ranging from 7.72% to 14.62% (2020: 7.22% to 13.90%) per annum payable on quarterly basis. Facilities available for opening letters of credit / guarantee from various commercial banks aggregate to Rs.1,355 million (2020: Rs.1,128 million) of which the amounts aggregating Rs.519.707 million (2020: Rs.701.556 million) remained unutilised at the reporting date. The aggregate facilities are secured against pledge of raw materials & finished goods, charge on fixed and current assets of the Company, lien on documents of title to imported goods. These facilities are expiring on various dates by February, 2022.

17. CURRENT PORTION OF

NON-CURRENT LIABILITIES

	Note	2021 --- Rupees in '000 ---	2020
Long term financing	8	236,985	55,107
Lease liabilities	10	5,051	3,511
Government grant	11	3,244	3,624
		245,280	62,242

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 Guarantees aggregating Rs.117.162 million (2020: Rs.88.462 million) have been issued by the banks of the Company to Sui Northern Gas Pipeline Limited (SNGPL) and Excise and Taxation Department, Karachi. These guarantees are secured against pari passu charge over the Company's fixed and current assets.

18.1.2 The Gas Infrastructure Development Cess ("GIDC") was initially imposed as a levy on gas consumers in 2011 vide GIDC Act 2011. The said Act was challenged in Peshawar High Court ("PHC") that declared the levy of GIDC unconstitutional. The Government challenged the PHC's decision in the Supreme Court of Pakistan ("SCP"). The SCP upheld the PHC's decision declaring GIDC a fee and not a tax that could not be introduced through money bill. Soon after the said decision, GIDC Ordinance, 2014 was promulgated through which GIDC was again imposed. The Ordinance was also given retrospective effect from December 15th, 2011. While the Ordinance was still in the field, the Government sought a review of the SCP's decision which was also dismissed by the SCP.

In May 2015, the government passed the GIDC Act, 2015 whereby GIDC was again imposed on gas consumers. The Company filed the writ petition in the PHC and challenged the validity of the GIDC Act, 2015. The PHC dismissed the writ petition of the Company vide its judgment dated May 31, 2017, and declared the GIDC Act 2015 to be intra vires the Constitution. The Company preferred an appeal to the SCP against the said judgment of PHC. The SCP vide its detailed judgment dated August 13, 2020 declared the GIDC Act 2015 as valid and constitutional. The SCP in its said judgment stated that the Cess under GIDC Act, 2015 is applicable only to those consumers of natural gas which on account of their industrial or commercial dealings had passed on GIDC burden to their end customers / clients. Subsequently, the Company, filed a review petition against the said decision of the SCP for waiver of the full amount of GIDC Cess on the ground that the Company, being spinning unit and producing raw material for weaving sector, has not passed on the burden of GIDC to its customers. The SCP dismissed the afore-mentioned review petition vide its judgment dated November 02, 2020, however, SCP mentioned in its said judgment that the companies claiming any relief under GIDC Act 2015 may approach the right forum. In case of adverse decision the contingent liability aggregates to the tune of Rs.97.630 million, calculated on the basis of applicable rate for industry from June, 2015 to October, 2018

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

because from October 2018 the gas tariff is inclusive of all charges including GIDC and therefore GIDC is not applicable afterwards. However, SNGPL has raised the demand against GIDC of Rs.319.934 million in their bill.

Earlier, in 2018, the Company filed a writ petition No. 3586-P/2018 in PHC with the plea that the Company did not pass on the GIDC to its end customers and sought relief under Section 8 (2) of the GIDC Act 2015. PHC granted interim relief and refrained SNGPL from recovering the GIDC from the Company. After the SCP's judgment dated August 13, 2020, PHC referred the case to OGRA being the relevant authority for determining the fact whether the Company and other petitioners have passed the burden of GIDC to their end customers or not. As per the direction of PHC, the petition was filed with OGRA which was withdrawn subsequently after the declaration by OGRA that the matter does not fall under their jurisdiction.

In February 2021, the Company filed a writ petition No. 872-P/2021 in PHC claiming non-applicability of GIDC Act 2015 and sought relief against the recovery of GIDC installment bills. The PHC vide its order dated March 03, 2021 restrained SNGPL from taking any adverse action against the Company.

18.1.3 The OGRA, while citing the judgment of the Hon'able SC dated May 10, 2019 in civil appeal in number 159-L to 2014-L of 2018 titled Sui Northern Gas Pipelines Ltd, Vs Bulleh Shah Packaging (Pvt.) Ltd., passed the decision that the consumer who are having supply of natural gas for industrial use and having in-house electricity generation facility for self-consumption fall in the category of industrial consumers and are subject to the corresponding tariff. The OGRA also directed SNGPL to adjust the excess amount paid. Excess amount paid by the company is Rs.46.698 million which is expected to be adjusted by the SNGPL in future gas bills. The Company has not accounted for the same amount as receivable in the financial statements.

18.1.4 The Company has challenged SRO#584(I)/2017 by filing a writ petition dated May 15, 2018, before PHC, challenging the levy of further tax @ 1% on textile goods usable as industrial inputs if supplied to unregistered person under section 3(A) of Sales Tax Act, 1990. The PHC has granted stay, against the charging of further tax the Respondents has been asked to submit their comments. The petition before the PHC is pending adjudication. However, in a similar case, Lahore High Court has decided the matter in favour of industry in its judgement dated December 11, 2018.

18.2 Commitments

18.2.1 Commitments against irrevocable letters of credit outstanding at the year-end were for Rs.384.417 million (2020: Rs.113.034 million).

18.2.2 The Company has entered into Ijarah arrangements for nine (2020: two) vehicles with First Habib Modaraba. Aggregate commitments for rentals under Ijarah arrangements as at the reporting dates are as follows:

		2021	2020
	Note	--- Rupees in '000 ---	
Not later than one year		7,944	1,608
Later than one year but not later than five years		27,105	5,067
		35,049	6,675
19. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	19.1	2,735,572	2,295,191
Right-of-use assets	19.8	14,998	13,341
Capital work-in-progress	19.9	138,224	151,292
Stores and spares held for capital expenditure		34,995	17,198
		2,923,789	2,477,022

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

19.1 Operating Fixed assets - tangible

	Owned															Leased
	Freehold land	Buildings on freehold land			Plant & machinery	Diesel generators & fuel reservoir	Gas fired power plant	Electric installations	Equipment & appliances	Fire extinguishing equipment	Furniture & fixtures	Vehicles	Live-stock	Vehi-cles	Total	
		Factory	Non - factory	Residential officers												workers
----- Rupees in '000 -----																
COST / REVALUATION																
Balance as at July 01, 2019	957,750	223,300	93,499	63,124	19,915	1,135,276	5,969	162,729	35,925	54,758	1,560	11,846	22,159	1	17,432	2,805,243
Reclassification due to adoption of IFRS 16 as at July 01, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(17,432)	(17,432)
Additions during the year	-	7,398	827	1,277	848	52,802	-	18,794	307	2,231	69	463	-	-	-	85,016
Transfer from right of use to owned	-	-	-	-	-	-	-	-	-	-	-	-	2,446	-	-	2,446
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	(4,845)	-	-	(4,845)
Balance as at June 30, 2020	957,750	230,698	94,326	64,401	20,763	1,188,078	5,969	181,523	36,232	56,989	1,629	12,309	19,760	1	-	2,870,428
Balance as at July 01, 2020	957,750	230,698	94,326	64,401	20,763	1,188,078	5,969	181,523	36,232	56,989	1,629	12,309	19,760	1	-	2,870,428
Additions during the year	-	66,292	2,201	4,599	8,641	355,687	-	12,565	85,254	2,050	205	1,201	2,167	-	-	540,862
Disposals during the year	-	-	-	-	-	(29,401)	-	-	-	-	-	-	(3,779)	-	-	(33,180)
Balance as at June 30, 2021	957,750	296,990	96,527	69,000	29,404	1,514,364	5,969	194,088	121,486	59,039	1,834	13,510	18,148	1	-	3,378,110
DEPRECIATION																
Balance as at July 01, 2019	-	-	-	25,649	9,590	337,949	3,830	55,876	4,425	37,399	1,275	6,167	15,572	-	2,438	500,170
Reclassification due to adoption of IFRS 16 as at July 01, 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,438)	(2,438)
Charge for the year	-	11,288	4,709	1,912	1,063	41,366	160	13,503	1,586	1,847	32	596	1,219	-	-	79,281
Transfer from right of use to owned	-	-	-	-	-	-	-	-	-	-	-	-	544	-	-	544
On disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	(2,320)	-	-	(2,320)
Balance as at June 30, 2020	-	11,288	4,709	27,561	10,653	379,315	3,990	69,379	6,011	39,246	1,307	6,763	15,015	-	-	575,237
Balance as at July 01, 2020	-	11,288	4,709	27,561	10,653	379,315	3,990	69,379	6,011	39,246	1,307	6,763	15,015	-	-	575,237
Charge for the year	-	12,666	4,528	1,969	1,475	50,199	149	14,571	2,240	1,862	36	614	905	-	-	91,214
On disposals during the year	-	-	-	-	-	(21,314)	-	-	-	-	-	-	(2,599)	-	-	(23,913)
Balance as at June 30, 2021	-	23,954	9,237	29,530	12,128	408,200	4,139	83,950	8,251	41,108	1,343	7,377	13,321	-	-	642,538
BOOK VALUE AS AT JUNE 30, 2020																
	957,750	219,410	89,617	36,840	10,110	808,763	1,979	112,144	30,221	17,743	322	5,546	4,745	1	-	2,295,191
BOOK VALUE AS AT JUNE 30, 2021																
	957,750	273,036	87,290	39,470	17,276	1,106,164	1,830	110,138	113,235	17,931	491	6,133	4,827	1	-	2,735,572
Depreciation rate (%)	-	5	5	5	5	5	7.5	5 & 15	5	10	10	10	20	-	-	20

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

19.2 Borrowing cost during the current financial year ranged from 4.00% to 10.39% (2020: 14.55%) per annum amounting Rs.10.752 million (2020: 6.719 million) has been included in the cost of plant and machinery.

19.3 Disposal of operating fixed assets

Asset Description	Cost / Revaluation	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
----- Rupees in '000 -----							
Plant & Machinery							
Chinese Ring Frames	4,043	3,012	1,031	292	(739)	Negotiation	M/S Shiblee Textile Traders
Rieter Draw Frames	5,734	12,308	3,426	2521	(905)	----do----	----do----
Rieter Draw Frames	5,424	3,227	2,197	1279	(918)	----do----	----do----
Chinese Ring Frames	4,200	2,767	1,433	708	(725)	----do----	----do----
Vehicles							
Toyota Corolla	1,661	1,120	541	567	26	Company policy	Mr. Atiq ur Rehman (employee)
Suzuki Cultus	1,059	740	319	330	11	-----do-----	Mr. Khalid Hussain (employee)
Suzuki Cultus	1,059	739	320	330	10	-----do-----	Muhammad Ashraf (employee)
Total - June, 30 2021	33,180	23,913	9,267	6,027	(3,240)		
Total - June, 30 2020	4,845	2,321	2,524	3,149	625		

19.4 Free hold land of the Company and building thereon, is located at Saifabad, Kohat with an area of 193,145 square yards.

19.5 Had the operating fixed assets been recognised under the cost model, the carrying amounts of each revalued class of operating fixed assets would have been as follows:

	2021	2020
--- Rupees in '000 ---		
Freehold land	20,475	20,475
Buildings on freehold land:		
- Factory	145,510	85,173
- Non-factory	14,411	12,903
- Residential		
- Officers	12,504	8,454
- Workers	15,132	7,728
Plant & machinery	979,648	670,165
Diesel generators & fuel reservoirs	499	539
Gas fired power plant	103,097	103,712
Electric installations	97,779	13,951
Equipment & appliances	19,620	19,620
	1,408,675	942,720

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

- 19.6** Based on the latest revaluation exercise carried-out on June 30, 2019, forced sale value of the Company's revalued assets was Rs.1,774.262 million.

19.7 Depreciation for the year has been apportioned as under:

	2021	2020
	--- Rupees in '000 ---	
Cost of sales	89,098	76,938
Administrative expenses	2,116	2,343
	91,214	79,281

19.8 Right-of-use assets

	2021			2020		
	Vehicles	Buildings	Total	Vehicles	Buildings	Total
Cost	-----Rupees in '000-----					
Opening balance	14,986	4,229	19,215	-	-	-
Transition effect on initial application	-	-	-	17,432	-	17,432
Recognition of leases during the year	-	7,487	7,487	-	4,229	4,229
Reassessment due to mark-up rate change	-	(512)	(512)	-	-	-
Transferred to own assets	-	-	-	(2,446)	-	(2,446)
Derecognized during the year	-	(3,717)	(3,717)	-	-	-
	14,986	7,487	22,473	14,986	4,229	19,215
Accumulated depreciation						
Opening balance	4,817	1,057	5,874	-	-	-
Transition effect on initial application	-	-	-	2,438	-	2,438
Depreciation for the year	2,034	1,289	3,323	2,923	1,057	3,980
Transferred to own assets	-	-	-	(544)	-	(544)
On derecognized during the year	-	(1,722)	(1,722)	-	-	-
	6,851	624	7,475	4,817	1,057	5,874
Net book value at end of the year	8,135	6,863	14,998	10,169	3,172	13,341
Depreciation rate (%)	20	33.33		20	25	

Depreciation expense relating to right of use asset - vehicles and buildings has been charged to administrative expenses.

19.9 Capital work-in-progress

Factory building	-	29,093
Head office building	2,710	-
Plant & machinery	81,699	119,103
Residential building	-	3,096
Electric installations	32,500	-
Advance payment for vehicle	21,315	-
	138,224	151,292

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

20. INTANGIBLE ASSETS

- Computer software

Note

2021

2020

--- Rupees in '000 ---

Cost

3,532

3,532

Less: amortisation

- at beginning of the year

2,883

2,177

- charge for the year

649

706

- at end of the year

3,532

2,883

Book value as at June 30,

-

649

Amortisation rate - 20% per annum

21. LONG TERM INVESTMENT

Debt Instruments - at FVTOCI

Habib Bank Limited - term finance certificates (TFCs)

25 Term finance certificates

of Rs.100,000 each

2,500

2,500

Adjustment arising from re-measurement

to fair value

(150)

(50)

2,350

2,450

21.1 These carry profit at the rate of 3 months KIBOR +1.60%. Effective profit rates charged, during the current financial year, ranged from 8.85% to 9.54%(2020:9.54% to 15.44%) per annum.

22. LONG TERM LOANS - Secured

Loans to employees

22.1

1,902

2,777

Less: current portion grouped under current assets

766

1,250

1,136

1,527

22.1 Loans provided to employees are interest-free and have been advanced for various purposes and are secured against employees' gratuity benefits. Some of the loans provided to employees are recoverable in lump sum at the time of retirement by way of adjustment against gratuity benefits of the respective employees.

23. STORES, SPARE PARTS AND LOOSE TOOLS

Stores

31,364

29,477

Spare parts

8,438

4,937

Loose tools

807

130

40,609

34,544

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

24. STOCK-IN-TRADE	Note	2021	2020
		--- Rupees in '000 ---	
Raw materials:			
- at mills		359,633	274,324
- in-transit		212,788	39,187
		572,421	313,511
Work-in-process		28,526	32,514
Finished goods	24.2	113,334	52,642
		714,281	398,667
24.1 Raw materials and finished goods inventories are pledged with commercial banks as security for short term finance facilities (note 16).			
24.2 As at June 30, 2021 finished goods included items costing Rs.118.618 million which have been stated at their net realizable value aggregated Rs.113.158 million. The amount charged to cost of sales in respect of stocks written down to their realizable value is Rs.5.460 million.			
25. LOANS AND ADVANCES			
Current portion of long term loans	22	766	1,250
Advances - considered good			
- employees		1,242	1,194
- suppliers		1,492	8,587
		3,500	11,031
26. DEPOSITS, OTHER RECEIVABLE AND PREPAYMENTS			
Security deposits		5,120	3,420
Claims for mark-up subsidy	26.1	10,831	10,831
Short term prepayments		663	232
Other receivables		1,172	243
		17,786	14,726
26.1 These represent mark-up subsidy claims booked under the Government's "Technology Up-gradation Support Order 2010". These claims have been duly verified by the banks of the Company.			
27. TAXATION - net			
Balance of advance tax at beginning of the year		46,323	75,263
Add: income tax deducted / paid during the year		32,871	9,934
		79,194	85,197
Less: provision made during the year - current	27.2	(80,136)	(38,874)
Balance of advance tax at end of the year		(942)	46,323

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

- 27.1** Income tax assessments of the Company have been finalised by the Income Tax Department (the Department) or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) upto Tax Year 2020.
- 27.2** No numeric tax rate reconciliation has been given in these financial statements as provisions made for the current financial years represent alternative corporate tax payable under section 113-C of the Ordinance.

28. CASH AND BANK BALANCES	2021	2020
	--- Rupees in '000 ---	
Cash at banks		
- on current accounts	5,859	12,830
- on dividend account	141	167
	6,000	12,997
29. SALES - Net		
Own manufactured goods:		
- yarn	4,166,032	3,064,047
- waste	18,331	15,954
Trading activities:		
- raw materials	92,651	-
- fabric	12,117	-
	4,289,131	3,080,001
Less: sales return	13,452	14,776
sales tax	655,536	474,506
	668,988	489,282
	3,620,143	2,590,719

- 29.1** All the contracts were with the local customers under one performance obligation and the revenue has been recognised at the point in time when the goods have been transferred to the customers.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

30. COST OF SALES

	Note	2021 --- Rupees in '000 ---	2020
Raw materials consumed	30.1	2,023,461	1,687,722
Packing materials consumed		77,636	52,065
Salaries, wages and benefits	30.2	392,509	324,862
Power and fuel		272,798	236,388
Repair and maintenance		50,680	34,364
Depreciation	19.7	89,098	76,938
Insurance		6,581	5,696
Vehicle running and maintenance		4,437	3,716
Traveling and conveyance		607	524
Guest house and entertainment		1,063	680
Textile cess		40	35
Others		13,227	2,307
		2,932,137	2,425,297
Adjustment of work-in-process			
Opening		32,514	37,524
Closing		(28,526)	(32,514)
		3,988	5,010
Cost of goods manufactured		2,936,125	2,430,307
Adjustment of finished goods			
Opening stock		52,642	-
Closing stock		(113,334)	(52,642)
		(60,692)	(52,642)
		2,875,433	2,377,665
30.1 Raw materials consumed			
Opening stock		313,511	630,713
Add:			
Purchases		2,208,151	1,369,723
Cost of raw materials sold		73,170	-
Insurance		1,050	797
		2,282,371	1,370,520
		2,595,882	2,001,233
Less: closing stock		572,421	313,511
		2,023,461	1,687,722

30.2 These include Rs.26.132 million (2020: Rs.30.717 million) in respect of staff retirement benefits - gratuity.

31. DISTRIBUTION COST

Freight and forwarding		22,451	17,533
Travelling and conveyance		1,161	1,311
Salaries and benefits	31.1	10,215	5,898
Rent, rates and utilities		1,492	1,135
Communication		96	67
Insurance		327	453
Commission		286	803
		36,028	27,200

31.1 These include Rs.0.300 million (2020: Rs.0.353 million) in respect of staff retirement benefits - gratuity.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

32. ADMINISTRATIVE EXPENSES

		2021	2020
	Note	--- Rupees in '000 ---	
Directors' remuneration and fees		18,407	12,287
Salaries and benefits	32.1	43,909	33,436
Travelling and conveyance		1,363	1,820
Rent, rates and taxes		2,927	2,669
Ijarah rentals		2,530	1,478
Entertainment		1,685	1,684
Communication		1,363	1,096
Printing and stationery		954	619
Utilities		3,757	3,589
Insurance		6,559	5,540
Vehicles' running and maintenance		3,878	2,755
Repair and maintenance		1,489	976
Advertisement		71	57
Subscription		2,796	2,857
Newspapers & periodicals		63	61
Depreciation related to operating fixed assets	19.7	2,116	2,343
Depreciation related to right of use assets	19.8	3,323	3,980
Amortisation	20	649	706
Auditors' remuneration	32.2	1,347	1,361
Legal and professional (other than Auditors)		1,533	879
Others		647	444
		101,366	80,637

32.1 These include Rs.3.604 million (2020: Rs.4.237 million) in respect of staff retirement benefits - gratuity.

32.2 Auditors' remuneration

Statutory audit	900	900
Half yearly review	140	140
Certification charges	172	111
Consultancy services and others	120	195
Out-of-pocket expenses	15	15
	1,347	1,361

32.3 The Company, during the current financial year, has shared administrative expenses aggregating Rs.6.862 million (2020: Rs.5.521 million) with Saif Textile Mills Ltd. (a related party) on account of proportionate expenses of the combined offices at Karachi and Lahore. These expenses have been booked in the respective heads of account.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

		2021	2020
	Note	--- Rupees in '000 ---	
33. OTHER INCOME			
Sale of scrap		740	904
Unclaimed payable balances written-back		139	136
Profit on Term Finance Certificates		309	284
Gain on sale of operating fixed assets		-	625
Amortisation of government grant	11	5,808	208
Gain on derecognition of right of use assets		319	-
		7,315	2,157
34. OTHER EXPENSES			
Loss on sale of operating fixed assets		3,240	-
Workers' (profit) participation fund		23,576	-
Workers' welfare fund		4,885	-
Donations	34.1	4,414	3,600
		36,115	3,600
34.1	These include Rs.3.600 million (2020: Rs.3.600 million) and Rs.0.814 million (2020: Rs.Nil) donated to Akbar Kare (a section 42 Company) and Wadaan Foundation for Sustainable Development (Technical and training institute) respectively. Following directors of the Company are interested in these donations.		
	<i>Akbar Kare</i>	<i>Wadaan Foundation for Sustainable Development</i>	
	- Hoor Yousafzai	- Osman Saifullah Khan	
		- Rana Muhammad Shafi	
35. FINANCE COST - Net			
Mark-up on sub-ordinated loan from the Holding Company		7,884	14,811
Mark-up / profit on long term financing		51,058	33,444
Mark-up / profit on short term borrowings		47,527	128,349
Mark-up / profit on finance leases		878	2,022
Interest on workers' (profit) participation fund		-	164
Bank and other charges		4,536	1,865
		111,883	180,655
36. TAXATION			
Current tax - for the year	27	80,136	38,874
Deferred - origination and reversal of temporary differences	13	74,327	(50,527)
		154,463	(11,653)

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

37. EARNINGS / (LOSS) PER SHARE

2021 2020

--- Rupees in '000 ---

37.1 Basic earnings / (loss) per share

Profit / (loss) after taxation attributable to
ordinary shareholders

312,170 (65,228)

--- No. of shares ---

Weighted average number of shares
outstanding during the year

20,800,000 20,800,000

--- Rupees ---

Earnings / (loss) per share

15.01 (3.14)

37.2 Diluted earnings / (loss) per share

A diluted earnings / (loss) per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2021 and June 30, 2020 which would have any effect on the earnings / (loss) per share if the option to convert is exercised.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

38.1 Financial Risk Factors

The Company has exposure to the following risks from its use of financial instruments:

- market risk
- credit risk; and
- liquidity risk.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by a treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as currency risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

38.1.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk comprises of three types of risks: currency risk, interest rate risk and price risk.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

(a) Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company is exposed to currency risk on import of raw materials, plant & machinery and stores & spares denominated in U.S. Dollar. The Company's exposure to foreign currency risk for U.S. Dollar is as follows:

	Rupees	U.S.\$
	--- in '000 ---	
As at June 30, 2021		
Net statement of financial position exposure - bills payable	333,715	2,176
As at June 30, 2020		
Net statement of financial position exposure - bills payable	224,948	1,333

The following significant exchange rates have been applied:

	Average rate		Reporting rate	
	2021	2020	2021	2020
U.S. \$ to Rupee	161.41	159.29	158.30	168.75

Sensitivity analysis

At June 30, 2021, if Rupee had strengthened by 10% against U.S.\$ with all other variables held constant, profit after taxation for the year would have been higher (2020: loss after taxation for the year would have been lower) by the amount shown below mainly as a result of net foreign exchange gains on translation of foreign currency financial liabilities.

Effect on loss / profit for the year	2021	2020
	--- Rupees in '000 ---	
U.S. \$ to Rupee	34,446	22,495

The weakening of Rupee against U.S. \$ would have had an equal but opposite impact on loss / profit after taxation.

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

(b) Interest rate risk

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

	2021	2020	2021	2020
	Effective rate		Carrying amount	
Financial liabilities	%	%	--- Rupees in '000 ---	
Variable rate instruments				
Loan from the				
Holding Company	8.01 to 9.14	12.48 to 15.87	80,000	100,000
Long term financing	3.00 to 8.45	3 to 14.90	833,267	497,299
Lease liabilities	8.95 to 9.88	12.36 to 15.94	13,372	12,592
Short term borrowings	7.72 to 14.62	7.22 to 13.90	427,015	649,517

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2021, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs.13.536 million lower / higher (2020: loss after taxation for the year would have been Rs.12.613 million higher / lower), mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant price risk.

38.1.2 Credit risk exposure and concentration of credit risk

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

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk primarily arises from long term deposits, trade debts, security deposits and balances with banks. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. The management has set a maximum credit period of 30 days to reduce the credit risk. Credit risk on bank balances is limited as the counter parties are banks with reasonably high crediting ratings.

Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2021 along with comparative is tabulated below:

	2021	2020
	--- Rupees in '000 ---	
Long term deposits	5,041	1,816
Trade debts	512,827	610,367
Security deposits	6,292	3,663
Bank balances	6,000	12,997
	530,160	628,843

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

All the trade debts at the statement of financial position date represent domestic parties.

The aging of trade debts at the statement of financial position date was as follows:

	2021	2020
	--- Rupees in '000 ---	
Not yet due	510,460	506,903
Past due - more than 30 days	2,367	103,464
	512,827	610,367

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for the Company various customer segments with similar loss patterns (i.e. by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

38.1.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach for managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
----- Rupees in '000 -----					
As at June 30, 2021					
Loan from the Holding Company	80,000	86,246	48,521	37,725	-
Long term financing	833,267	944,043	307,559	597,192	39,292
Lease liabilities	13,372	14,966	5,897	9,069	-
Trade and other payables	540,030	540,030	540,030	-	-
Accrued mark-up / profit	24,375	24,375	24,375	-	-
Short term borrowings	427,015	445,267	445,267	-	-
Unpaid dividends	138	138	138	-	-
Unclaimed dividends	944	944	944	-	-
	1,919,141	2,056,009	1,372,731	643,986	39,292

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
----- Rupees in '000 -----					
As at June 30, 2020					
Loan from the Holding Company	100,000	122,898	12,490	110,408	-
Long term financing	497,299	675,570	111,810	563,760	-
Lease liabilities	12,592	14,700	4,584	10,116	-
Trade and other payables	411,343	411,343	411,343	-	-
Accrued mark-up / profit	44,292	44,292	44,292	-	-
Short term borrowings	649,517	677,307	677,307	-	-
Unpaid dividends	166	166	166	-	-
Unclaimed dividends	963	963	963	-	-
	<u>1,716,172</u>	<u>1,947,239</u>	<u>1,262,955</u>	<u>684,284</u>	<u>-</u>

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

38.2 Fair value measurement of financial instruments

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

At June 30, 2021, investment in debt instruments have been measured at fair value using year-end quoted price. Fair value of these investments falls within level 1 of fair value hierarchy as mentioned above.

Except for the above, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

38.3 Financial instruments by category

	2021			2020		
	Amortised cost	At fair value through OCI	Total	Loans and receivables	At fair value through OCI	Total
Financial assets as per statement of financial position	----- Rupees in '000 -----					
Long term investment	-	2,350	2,350	-	2,450	2,450
Long term loans	1,136	-	1,136	1,527	-	1,527
Long term deposits	5,041	-	5,041	1,816	-	1,816
Trade debts	512,827	-	512,827	610,367	-	610,367
Loans and advances	2,008	-	2,008	2,444	-	2,444
Deposits, other receivables and prepayments	15,951	-	15,951	14,251	-	14,251
Cash at banks	6,000	-	6,000	12,997	-	12,997
	542,963	2,350	545,313	643,402	2,450	645,852

Financial liabilities as per statement of financial position

Loan from the Holding Company
Long term financing
Lease liabilities
Long term deposits
Trade and other payables
Accrued mark-up / profit
Short term borrowings
Unpaid dividends
Unclaimed dividends

Financial liabilities measured at amortised cost

2021 2020
--- Rupees in '000 ---

80,000	100,000
833,267	497,299
13,372	12,592
2,804	2,280
540,030	411,343
24,375	44,292
427,015	649,517
138	166
944	963
1,921,945	1,718,452

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

39 RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCIAL ACTIVITIES

	Liabilities				
	Long term financing	Lease liabilities	Short term borrowings	Accrued mark-up and interest	Dividend
	----- Rupees in '000 -----				
Balance as at July 01, 2020	497,299	12,592	649,517	44,292	1,129
Changes from financing activities					
Finances obtained	394,649	-	-	-	-
Finances repaid	(67,165)	-	(222,502)	-	-
Transferred to deferred income	8,484	-	-	-	-
Finance leases obtained	-	7,487	-	-	-
Reassessment due to mark-up rate change	-	(512)	-	-	-
Repayment of finance lease liabilities	-	(4,759)	-	-	-
Derecognized on termination of lease contract	-	(2,314)	-	-	-
Finance cost paid	-	-	-	(126,386)	-
Dividends paid	-	-	-	-	(47)
Total changes from financing cash flows	833,267	12,494	427,015	(82,094)	1,082
Other changes					
Mark-up / Interest expense	-	878	-	106,469	-
Balance as at June 30, 2021	833,267	13,372	427,015	24,375	1,082

	Liabilities				
	Long term financing	Liabilities Lease	Short term borrowings	Accrued mark-up and interest	Dividend
	----- Rupees in '000 -----				
Balance as at July 01, 2019	271,863	-	699,557	33,312	3,764
Changes from financing activities					
Finances obtained	292,849	-	-	-	-
Finances repaid	(61,873)	-	(50,040)	-	-
Transferred to deferred income	(5,540)	-	-	-	-
Finance leases obtained	-	-	-	-	-
Repayment of finance lease liabilities	-	(4,859)	-	-	-
Finance cost paid	-	-	-	(168,201)	-
Dividends paid	-	-	-	-	(23,435)
Dividend declared	-	-	-	-	20,800
Total changes from financing cash flows	497,299	(4,859)	649,517	(134,889)	1,129
Other changes					
Mark-up / Interest expense	-	-	-	178,790	-
Balance as at June 30, 2020	497,299	(4,859)	649,517	43,901	1,129

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

40. CAPITAL RISK MANAGEMENT

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

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

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. It is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (long term finances and short term borrowings as shown in the statement of financial position) less cash and bank balances. Total equity includes all capital and reserves of the Company that are managed as capital. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

	2021	2020
	--- Rupees in '000 ---	
Total borrowings	1,353,654	1,259,408
Less: cash at banks	6,000	12,997
Net debt	1,347,654	1,246,411
Total equity	1,949,002	1,651,295
Total capital	3,296,656	2,897,706
Gearing ratio	41%	43%

41. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the Holding Company, Associated Companies, Directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of related parties (with whom the Company has transacted) along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

41.1 Name and nature of relationship

Holding and Associated Companies

Saif Holdings Ltd. (Holding Company as 77.98% shares held in the Company)

Saif Textile Mills Ltd. (an Associated Company due to common directorship)

Sky Electric Private Ltd. (an Associated Company due to common directorship)

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the entity. The Company considers its Chief Executive, Directors and all team members of its management team to be its key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

	2021	2020
41.2 Significant transactions with the related parties	--- Rupees in '000 ---	
i) The Holding Company		
- dividend paid	-	16,220
- mark-up paid on loan	7,884	14,923
ii) An Associated Company		
Sales of:		
- goods, store items and services	82,140	-
Purchase of good and services	7,910	-
Purchase of solar system (asset)	82,277	-
iii) Key management personnel		
Salary and other employment benefits	18,766	12,395

42. REMUNERATION OF CHIEF EXECUTIVE, AND EXECUTIVES

	Chief Executive		Executives	
	2021	2020	2021	2020
	----- Rupees in '000 -----			
Managerial remuneration	17,717	11,927	34,274	24,554
Medical expenses reimbursed	-	-	348	317
	<u>17,717</u>	<u>11,927</u>	<u>34,622</u>	<u>24,871</u>
Number of persons	<u>1</u>	<u>1</u>	<u>9</u>	<u>7</u>

42.1 In addition to the above, meeting fees amounting Rs.690 thousand (2020: Rs 360 thousand) were paid to eight (2020: eight) directors during the current financial year.

42.2 The Chief Executive and some of the executives are also provided with Company's maintained cars in accordance with their terms of employment.

43. CAPACITY AND PRODUCTION	2021	2020
No. of spindles installed (in '000)	38	35
No. of spindles shifts worked (in '000)	40,218	34,607
No. of days worked	365	363
No. of shift worked	1,095	1,089
Average count	32.64	32.94
Actual production (in '000)	Kg 8,213	7,124

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

It is difficult to describe precisely the production capacity in textile spinning industry since it fluctuates widely depending on various factors, such as count of yarn spun, spindles speed, twist per inch and raw materials used, etc. It also varies according to the pattern of production adopted in a particular year.

44. OPERATING SEGMENT

These financial statements have been prepared on the basis of single reportable segment.

44.1 Yarn sales represent 96.98% (2020: 99.47%) of the total sales of the Company.

44.2 Whole of the Company's sales relate to customers in Pakistan.

44.3 All non-current assets of the Company as at June 30, 2021 are located in Pakistan.

44.4 One of the Company's customers sales of Rs:342 million exceeded 10% of total sales of the Company. (2020: None of the Company's customers sale exceeded 10% of total sales of the Company).

45. NUMBER OF EMPLOYEES

	2021	2020
Total number of employees as at June 30,	1,031	1,014
Average number of employees during the year	1,010	1,070

46. Events after the statement of financial position date

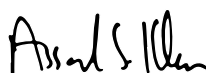
The Board of Directors, in their meeting held on September 30, 2021 has proposed a cash dividend of Rs.1 (2020: Nil) per share for the year ended June 30, 2021. This appropriation will be approved by the members in the forthcoming Annual General Meeting to be held on October 25, 2021. These financial statements do not reflect the proposed appropriations, which will be accounted for in the statement of changes in equity as appropriations from un-appropriated profit in year ending June 30, 2022.

47. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison. However no material re-arrangements and re-classifications have been made in these financial statements.

48. GENERAL

These financial statements were authorised for issue on September 30, 2021 by the Board of Directors of the Company.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



NOUMAN AHMAD
Chief Financial Officer

FORM OF PROXY

I/we.....of.....being a member of Kohat Textile Mills Limited hereby appoint Mr./Ms..... offailing whom Mr./Ms..... ofas my proxy to attend act for me, and on my behalf, at the Annual General Meeting of the Company to be held on Monday, 25 October, 2021 at 11:00 a.m. and any adjournment there of.

Dated thisday of2021.

Revenue
Stamp
Rs..50/-

Specimen Signature of Proxy

Folio No.....

Participant I.D No.....

Sub Account No.

Signature of Shareholder

Specimen Signature of Alternate Proxy

Folio No.....

Folio No.....

Participant I.D No.....

Participant I.D No.....

Sub Account No.....

Sub Account No.....

Note:

- i) If a member is unable to attend the Meeting, he/she may appoint another member as his/her proxy and send this form to Kohat Textile Mills Limited, APTMA House, Tehkal Payan, Jamrud Road, Peshawar to reach not less than 48 hours before the time appointed for holding the meeting.
- ii) Attested copies of CNIC or the Passport of the beneficial owners and the Proxy shall be furnished with the Proxy form.
- iii) The Proxy shall produce his original CNIC or original Passport at the time of the meeting.
- iv) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted(unless it has been Provided earlier) along with Proxy Form to the Company.

فارم آف پراسی

[illegible]

مورخه _____ برونه _____ ماهه _____ 2021

پراسی کے دستخط کا نمونہ۔

فولیو نمبر۔

شرکت کنندہ کی شناختی کارڈ نمبر۔

ذیلی اکاؤنٹ نمبر۔

متبادل پراسی کے دستخط کا نمونہ۔

فولیو نمبر۔

شرکت کنندہ کی شناختی کارڈ نمبر۔

ذیلی اکاؤنٹ نمبر۔

حصہ دار کا دستخط _____
 فولیو نمبر _____
 شرکت کنندہ کی شناختی کارڈ نمبر _____
 ذیلی اکاؤنٹ نمبر _____

نوٹ:

- (i) اگر کوئی ممبر اجلاس میں حاضر ہونے سے قاصر ہے تو وہ اپنا پراکسی تعینات کرنے کا مجاز ہے اور فارم ہذا کو اجلاس کے انعقاد کے لئے مقررہ وقت سے کم از کم ۴۸ گھنٹے پہلے تک کو ہاٹ ٹیکسٹائل ملز لمیٹڈ واقع آپٹا ہاؤس، تہہ کال پایاں، جمرو دروڈ، پشاور میں جمع کرادے۔
- (ii) مستفید مالکان اور پراکسی کے شناختی کارڈ یا پاسپورٹ کے مصدقہ نقول پراکسی فارم کے ساتھ منسلک ہونا چاہیئے۔
- (iii) اجلاس کے وقت پراکسی کو اپنا اصلی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔
- (iv) کمپنی ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بشمول نمونہ دستخط (بشرطیکہ پہلے سے کمپنی کو فراہم نہ کیا گیا ہو) پراکسی فارم کے ساتھ جمع کرنا ہوگا۔



Kohat Textile Mills Limited

4th Floor, Kashmir Commercial Complex,
Fazal-e-Haq Road Blue Area, Islamabad (Pakistan)
Tel: +92-51-2604733-5, Fax: +92-51-2604732
www.kohattextile.com

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