



SAIF GROUP

KOHAT TEXTILE MILLS LIMITED

57th
Annual Report
2023





KOHAT TEXTILE MILLS LIMITED

Generation of Excellence in Business





Kohat Textile Mills Ltd
 Magazine Floor Kathair Commercial Complex,
 Fazal e Haq Road Blue Area
 44000 Islamabad, PAKISTAN

OEKO TEX®

CITEVE
 CENTRO TECNOLÓGICO DAS INDÚSTRIAS
 TÊXTEIS
 E DO VESTUÁRIO DE PORTUGAL
 RUA FERNANDO MESQUITA, 2185
 4765-034 VILA NOVA DE FAMALICÃO,
 PORTUGAL

Certificate

OEKO-TEX® STANDARD 100

Kohat Textile Mills Ltd
 is granted the OEKO-TEX® STANDARD 100 certification
 and the right to use the trademark.

SCOPE
 Greige Carded/Combed yarn made of 100% Polyester,
 100% viscose, and 100% acrylic and their blends with
 Cotton (maximum blends of 75%) in different ratios.
 (Yarns produced by using material certified according
 to OEKO-TEX® STANDARD 100).

PRODUCT CLASS
 (Baby articles) - Annex 6

STANDARD 100
 13424CIT
 CITEVE

This certificate 13424CIT is valid until 31.07.2024.

SUPPORTING DOCUMENTS
 ✓ Test report : REP/2023/318
 ✓ Declaration of conformity in accordance with
 EN ISO 17050-1 as required by OEKO-TEX®
 ✓ OEKO-TEX® Terms of Use (ToU)

Antonio Brás Costa
 General Manager of CITEVE

Further compliance information (REACH, SVHC, POP, GB0401
 etc.) can be found on oeko-tex.com/en/faq.
 The certificate is based on the test methods and requirements of
 the OEKO-TEX® STANDARD 100 that were in force at the time of
 evaluation.

V. N. de Famalicão, 2023-08-10

OEKO-TEX Service GmbH, Grenzstrasse 23, CH-8002 Zurich

UIC: 38629
 Doc. No.: CRSD-0794/01
 Initial Certificate: 06/10/2023

SNTUV
 Management System

CERTIFICATE

This is to certify that Management System of:
KOHAT TEXTILE MILL LIMITED

Has been assessed and found compliant with the requirements of below:
ISO 9001:2015

Certificate No: CRSD-13704/01
 Scope of Registration: Supply and Distribution of Yarn
 IAF Code(s): 29
 NAEC Code(s): 46.4
 Registered Sites: Head Office, 4th Floor, Kathair Complex, Fazal E Haq Road, Blue Area, Islamabad, Pakistan

Certificate issued : 05/10/2023 Certificate Expiry : 04/10/2024

For the issuing office:
TUV SW

IAF **elac** **SNTUV** **CERTIFIED**
 www.tuvsw.com

TU/SW STANDARDIZATION CERTIFICATIONS
 P.O. Box 4 20001, Office # 308, Ocean Building 2, Al Qudus Str. 4, Dubai, UAE

The certification body, a notified body, is authorized to issue certificates and to conduct surveillance audits. For the requirements to apply
 conditions, validity and the conditions for issuing the certificates, the applicant will receive the complete information in the relevant guidelines.

BCI Better Cotton Initiative

Member of
 Better Cotton Initiative (BCI)

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

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

Abid Hussain

SR. DIRECTOR TECHNICAL

Badar Us Samee

GENERAL MANAGER MARKETING & SALES

Amir Badshah

COMPANY SECRETARY

Sajjad Hussain

AUDITORS

Shinewing Hameed Chaudhri & Co.,
Chartered Accountants

LEGAL ADVISORS

Salahuddin Saif & Aslam
(Attorneys at Law)

BANKERS

Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Limited
First Habib Modaraba
Habib Metropolitan Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak China Investment Company Limited
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

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

MILLS

Saifabad, Kohat
Phone : (0922) 862309, 862065
Fax : (0922) 862057
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

Head Office

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

OFFICES



MILLS / FACTORY

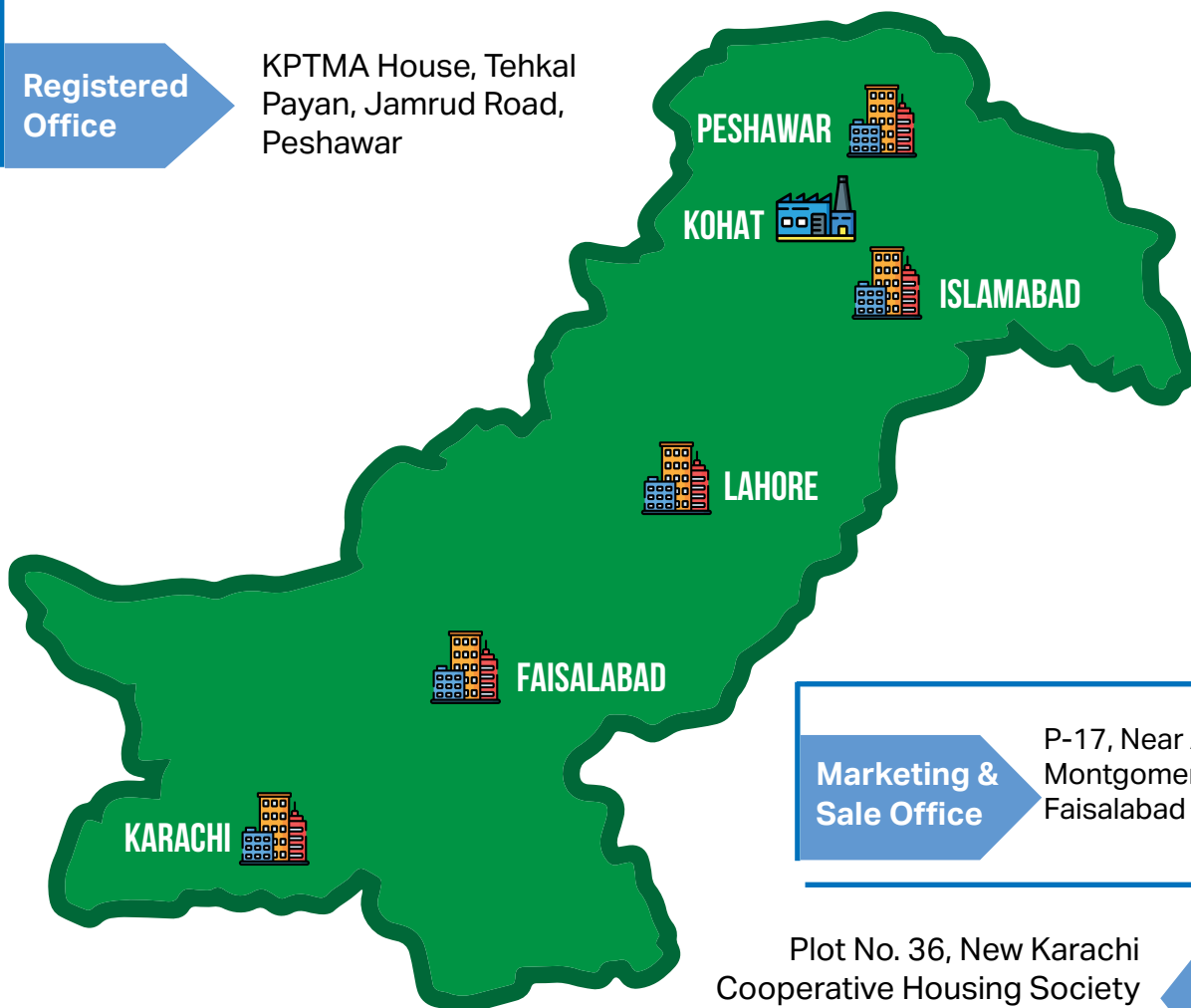


Saifabad, Kohat

Mills / Factory

Registered Office

KPTMA House, Tehkal Payan, Jamrud Road, Peshawar



Marketing & Sale Office

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

Plot No. 36, New Karachi Cooperative Housing Society behind Dolmen Mall Tariq 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”.

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



TIME LINE

CELEBRATING 57TH YEARS OF EXCELLENCE (3RD GENERATION)

2023

Spindles: 44,508
Balance sheet:
Rs.7.80 billion
No. of workers:
1,082
ISO Certified
BCI, Oekotex & GRS
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

DIRECTORS PROFILE



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. Osman Khan was formerly Chief Executive Officer of SkyElectric Pvt. Ltd, Pakistan's fastest growing solar company, and currently serves on the Board of Directors of the company.

Mr. Khan 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 a member of the governing body of the Ghulam Ishaq Khan Institute of Engineering Sciences (GIKI).

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).



Barrister Assad Saifullah Khan
(CEO/Director)

Barrister 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.

Barrister Assad Saifullah Khan brings with him the considerable experience gained through working in the UK and Pakistan. During his legal education, Barrister 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, Barrister 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, Barrister Assad handled company law cases and corporate work for several large multinationals.

Barrister 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.



Mr. Asif Saifullah Khan
(Director)

Mr. Asif Saifullah Khan joined the Board of Saif Holdings Limited in 2020. After graduating from the University of Cambridge, he began his legal career in the corporate finance team of an international law firm in London. He then worked as legal counsel at asset management firms in London and Dubai. Throughout his legal career, Mr. Asif has been responsible for corporate, commercial, and regulatory compliance matters, dealing with significant stakeholders and regulators, including the London Stock Exchange, Bank of England, and the Financial Conduct Authority.

More recently Mr. Asif has worked with start-ups and SMEs in the technology sector advising on corporate, commercial, and fundraising matters.

He has a BA in International Studies and Arabic from Emory University, USA and an MA in Law from the University of Cambridge, UK. He was called to the Bar of England & Wales in 2011. He is an Advocate, Lahore High Court and a qualified Solicitor in England & Wales.



Abdul Rehman Qureshi
(Director)

Mr. Abdul Rehman Qureshi is a member of the company's Board elected as an independent director. He is law graduate of the Punjab University, Lahore and possesses a vast and varied experience in various capacities as Chairman, Commissioner, Advisor and Chief Legal Affairs while working at senior level in the erstwhile Corporate Law Authority (CLA) and the Securities and Exchange Commission of Pakistan (SECP), the apex regulator of the Capital Market, Non-Banking Finance Companies, Insurance Industry and the entire corporate sector. He has been on the faculty of the International Islamic University, Islamabad (evening classes), teaching company law and comparative securities laws. He has also been Member, Board of Governors of the Institute of Management Sciences, Peshawar. Mr. Qureshi attended several international courses, seminars, training programs and workshops on various subjects related to corporate laws and corporate governance particularly in the countries like Australia, Japan, India, USA and U.K. Besides, he acted as members of various committees and commissions constituted to review and revamp the corporate laws namely the company law, Securities Law, Insurance Law, and Banking Laws. He has been associated to prepare the final draft of the Companies Act, 2017.



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 is also BOD member of Saif Textile Mills Limited and Saif Power Limited.

He has over 52 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)

Mr. Sohail H Hydari is the Chief Executive Officer of Saif Power Limited and Saif Textile Mills 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.



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 served in embassy of Pakistan Beijing China from 2008 to 2011 as Economic Minister. After retirement, he joined Ghulam Ishaq Khan Institute of Engineering Sciences and Technology as Pro-Rector Administration and Finance.

NOTICE OF 57TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the **57th Annual General Meeting** of **Kohat Textile Mills Limited** (the Company) will Insha'Allah be held on **Friday, October 27, 2023 at 10:00 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 an Extraordinary General Meeting of the Company held on June 20, 2023.
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, 2023.
3. To appoint auditors and fix their remuneration for the year ending June 30, 2024. 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:-**

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

"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, 2023 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, 2024 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."

5. To consider and approve circulation of Annual Audited Financial Statements through QR-enabled code and weblink by passing the following ordinary resolution:

"RESOLVED THAT in accordance with Notification No. S.R.O 389(I)/2023 issued by the Securities and Exchange Commission of Pakistan on 21st March 2023, the Company be and is hereby authorized to circulate its Annual Audited Financial Statements, along with all accompanying reports, to the members of the Company through QR-enabled code and weblink, rather than using CD/DVD/USB."

RESOLVED FURTHER THAT the Chief Executive Officer and/or Company Secretary be and are hereby singly authorized to take and do all necessary actions, deeds and things which are or may be necessary, incidental and/or consequential to give effect to the aforesaid resolution."

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

Statement of material facts required under

NOTICE OF 57TH ANNUAL GENERAL MEETING

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

Sajjad Hussain

Date: October 06, 2023 Company Secretary

NOTES:

1. The Shares Transfer Books of the Company will remain closed from **October 21, 2023** to **October 27, 2023** (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 20, 2023** 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, may apply to the Company Secretary at the postal address i.e. APTMA House, Tehkal Payan, 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. E-Voting / Voting by Postal Ballot: The Company shall provide its members with facilities for e-voting and voting by postal ballot for all businesses classified as special business, in accordance with the provisions of the Companies (Postal Ballot) Regulations, 2018.
E-Voting Procedure: a) Details of the e-voting facility will be shared through an e-mail with those members who have their valid CNIC numbers, cell numbers and registered e-mail address available in the register of the members of the Company by the close of business on October 20, 2023. b) E-voting facility will be available to eligible members from October 24, 2023, 9:00 am and shall close on October 26, 2023 at 5:00 pm. c) Members can cast their votes at any time in this period. Once the vote on a resolution is cast by a member, he/she shall not be allowed to change it subsequently.
8. 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.

NOTICE OF 57TH 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

9. 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:

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.	

10. 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.
11. 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. 4:

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.

Agenda no. 5:

The SECP, through SRO 389(I)/2023 dated March 21, 2023, permits listed companies to circulate annual audited financial statements, including the balance sheet, profit and loss account, auditor's report, and directors' report, to their members through QR-enabled code and weblink. This allows companies to benefit from technological advancements and cost savings. If a member has provided their email address to the Company, the annual audited financial statements will be sent via email without requiring additional consent. Hard copies of the financial statements, along with relevant documents, will be sent free of charge to shareholders at their registered addresses within one week if they have submitted a request using the standard form available on the company's website. None of the Directors of the Company have any personal interest in the aforesaid Special Business except in their capacity as Shareholders or Directors of the Company.

CHAIRMAN'S REVIEW REPORT

I am pleased to present my review of the overall performance of the Board of Directors (the "Board") of Kohat Textile Mills Limited (the Company) and its effectiveness in achieving the Company's objectives. The Board has diligently carried out its duties in the best interests of the Company's shareholders, effectively and efficiently managing the Company's affairs. The Company is committed to adhering to the best practices of corporate governance and complies with all relevant requirements of the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019, pertaining to the composition, meetings, and procedures of the Board and its Committees.

For the financial year ended on June 30, 2023, an annual evaluation of the Board was conducted in accordance with the directives of the Listed Companies (Code of Corporate Governance) Regulations, 2019. I am delighted to report that the Board has diligently fulfilled its duties in compliance with the law and in the best interests of the Company and its shareholders. The overall performance of the Board was assessed based on several factors, including its adherence to the vision, mission, and values; active involvement in strategic planning; policy formulation; oversight of the organization's business activities; supervision of financial resource management; effective fiscal control; and equitable treatment of all employees. The Board has ensured that it maintains adequate representation of non-executive, independent, and female directors on both the Board and its committees, as mandated by the Code. Additionally, the members of the Board and its respective committees possess the necessary skills, experience, and knowledge to effectively manage the Company's affairs.

The role of the Board has been pivotal in accomplishing the Company's objectives. The Board has formulated short, medium, and long-

term plans to achieve its strategic goals. During the financial year 2022-23, the Board made significant contributions to the Company by fulfilling the 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
- Prepared and approved the Directors' Report and ensured that all the requirements of applicable laws and regulations are complied with
- Approved all related-party transactions on the recommendations of the Audit Committee
- 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
- Ensured that the adequate system of internal controls is in place and its regular review through self-assessment mechanism and internal audit activities
- 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 28, 2023

DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

The Directors are pleased to present 57th Annual Report along with audited financial statements and auditor's report thereon for the year ended June 30, 2023.

Financial review

Company's sales improved from Rs.4, 931 million to Rs.5, 952 million depicting an improvement of 21% YOY and driven mainly by yarn rates. However, growth in topline was almost entirely offset by cost inflation in raw materials and energy cost. Therefore, despite higher revenue, the Company's gross profitability (Rs.847 million) ended up at the same level of last year. The net profitability, however, was seriously dented by, among others, steep rise in financing cost (owing to higher benchmark rates). Resultantly, the company posted a pre-tax profit of Rs.140 million against Rs.451 million in last year. The Company is regularly servicing its debt obligations with the banks and plant continued to operate at full capacity during the year.

Earnings per Share

The basic and diluted earnings per share were Rs.4.09 (2022: Rs.14.05).

Dividend

In order to avail growth opportunities, strengthen the balance sheet and to generate higher returns for the shareholders in the future, the Board in its meeting held on September 28, 2023 has recommended that no dividend be distributed for the year ended June 30, 2023 (June 30, 2022: Nil).

Holding company

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

Certifications

The Company is certified by ISO in following:-

- a) 9001:2015 (Quality Management Systems)
- b) 45001:2018 (Occupational Health & Safety Management Systems).
- c) 14001:2015 (Environment Management Systems)

- d) 26000:2010 (Corporate Social Responsibility Management Systems).

In addition the company is also certified in following:

- a) Global Recycled Standard
- b) Better Cotton Initiative (BCI)
- c) Oeko-Tex Standard 100

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 financial management has enabled the Company to meet its financial commitments.

Future Outlook

The recent Standby Agreement with the IMF has provided breathing space to the deteriorating economy by restoring some market confidence and resuming economic activity which had almost grinded to a halt earlier.

Moreover, early arrivals of new season cotton suggest that the country would see a bumper production this year achieving the target of 12 million bales. This bodes well for the local textile industry and would support the forex reserves substantially.

The global economy is predicted to pick up some momentum as inflationary pressures, supply chain constraints and shipping costs are gradually easing. However, due to the geopolitical tensions, and monetary tightening, global trade is expected to grow at a modest pace.

On the local front, a lot would depend on the result of upcoming general elections and how the new Government would strive to balance meeting IMF's conditionalities with reviving economic growth. As things stand, the impact of high inflation and interest rates will continue to dampen prospects of a revival in the short term.

In terms of company's operations, the Management is making strong efforts to contain

DIRECTORS' REPORT TO THE MEMBERS

costs through maximum capacity utilization, cost rationalization and effective procurement strategy. Moreover, the sales mix will be kept flexible to better respond to market conditions. However, given the adverse macro fundamentals (high energy inflation, financing costs etc.) the company's profitability is expected to remain under pressure.

Chairman's review

The Chairman's review is included in annual report 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 and Exchange Commission of Pakistan and form a part of the Listing Regulations of the Pakistan Stock Exchange.

We confirm that

- The Financial statements together with the notes thereon have been drawn in conformity with the Companies Act, 2017 and International Financial Reporting Standard as applicable in Pakistan. These financial statements present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of the accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial

statements and accounting estimates are based on reasonable and prudent judgment.

- The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- International Financial Reporting Standards, as applicable in Pakistan have been duly followed in preparation of the financial statements. Any departure thereof has been adequately disclosed and explained.
- 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.
- There is no significant doubt about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance.
- We have an Audit Committee, and HR & Remuneration Committee the members of which are from the Board of Directors and the Chairman both committees is an independent director.
- The Board has adopted a Vision, Mission and a Statement of Overall Corporate Strategy.
- The key operating and financial data of the Company for last six years is given below;

Year ended	30-Jun					
	2023	2022	2021	2020	2019	2018
Property, plant & equipment (Rs. 000)	5,051,423	4,985,146	2,923,789	2,477,022	2,348,712	1,474,298
Net worth (Rs. 000)	3,709,061	3,624,882	1,949,002	1,651,295	1,707,895	828,127
Sales (Rs. 000)	5,952,262	4,930,819	3,620,143	2,590,719	2,966,457	2,243,619
Gross Profit (Rs. 000)	847,126	857,360	744,710	213,054	310,150	214,959
Profit from operations (Rs. 000)	610,332	651,149	578,516	103,774	202,191	126,945
Profit / (loss) before taxation (Rs. 000)	140,145	450,840	466,633	(76,881)	86,234	64,283
Earnings / (loss) per share (Rs.)	4.09	14.05	15.01	(3.14)	3.22	0.50
No. of spindles installed	44,508	44,508	38,460	35,280	35,280	35,280

DIRECTORS' REPORT TO THE MEMBERS

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, 2023 consist of;

Directors	Numbers	Composition	Numbers
a) Male	7	a) Independent Directors	2
b) Female	1	b) Other Non-Executive Directors	4
		c) Executive Director	1
		d) Female Director	1

Board of Directors along with Attendance of Board Meetings

During the year five meetings of the Board of Directors, four meetings of the Board Audit Committee and one meeting of the HR & remuneration Committee were held. 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	-	1/1
3.	Hoor Yousafzai	Non-Executive Director	-	✓	3/5	-	1/1
4.	Asif Saifullah Khan	Executive Director	-	-	3/5	-	-
5.	Sardar Aminullah Khan	Independent Director	✓	-	4/5	2/4	-
6.	Abdul Rehman Qureshi	Independent Director	✓	✓	4/5	4/4	-
7.	Rana Muhammad Shafi	Non-Executive Director	✓	-	5/5	4/4	-
8.	Sohail H Hydari	Non-Executive Director	-	-	5/5	-	-

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

Human Resource & Remuneration Committee

The Committee meeting is held to review and recommend the compensation and development policies relating to the employees remuneration and to approve all matters relating to the remunerations of the executive director and management.

Board Audit Committee (BAC)

The Board Audit Committee assists the Board primarily in reviewing and reporting financial information, systems of internal control and risk management and the audit process. Committee is completely autonomous. Committee meets in each quarter. After each meeting, the Chairman

of the Committee reports to the Board.

Code of conduct

As per the Corporate Governance guidelines, the Company 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.

The evaluation of Board's role of oversight and its effectiveness is continual process, which is appraised by the Board itself. The

DIRECTORS' REPORT TO THE MEMBERS

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, corporate success and compliance with applicable regulatory requirements.

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, 2023.

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 365 (ERP) for recording its financial information. The access to electronic 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 Capital Management

During the year, efforts were made to increase the efficiency & accountability of employees, while improving services to our customers and streamlining our administration. Company remains passionate about promoting and maintaining a positive culture of employee and attracting, retaining & developing talent across. As part of its human capital strategy, the Company appreciates equal opportunity employment. While we ensure compliance with the prevailing labor laws, we follow best practices in industrial relations and ensure a productive and positive work environment for all. To maintain its competitive advantage, the Company will continue investing in its people to develop a diverse and highly competitive talent pool, fully capable of managing the future challenges of the business.

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, 2023.

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, safety and environment standards. Our production facility does not discharge any harmful material. However, we have strict compliance towards wastage and disposal. Regular fire drill exercises and protection sprays against seasonal diseases are carried out in the factory and residential colonies as well. With clean and green energy policy, company has successfully installed and operated 2.1 MW solar power project which not only saves the energy cost but also positively impacts the environment.

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.

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

Company has adequate internal control procedures commensurate with the size of operations and the nature of the business. These controls ensures 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 16, 2022 at APTMA House, Tehkal Payan, Jamrud Road, Peshawar. 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.

DIRECTORS' REPORT TO THE MEMBERS

Job Creation for Local Community

Your Company has introduced hundreds of jobs for skilled and unskilled local individuals in and around its factory premises. Employment generation not only improves the buying power of the local population but also gives them a fair opportunity to improve their standard of living.

Pattern of Shareholding

Pattern of shareholdings of the Company in accordance with the Companies Act, 2017 as at June 30, 2023 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.

Subsequent Events

No material financial event or change has occurred between the end of financial year as

at June 30, 2023 and date of this report 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 cooperation 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. We look forward to the same co-operation and dedication in the days ahead.

For and on Behalf of the Board



Assad Saifullah Khan
Chief Executive Officer

Place: Islamabad
Dated: September 28, 2023



Rana Muhammad Shafi
Director

ڈائریکٹرز رپورٹ برائے شیئر ہولڈر

بعد از تقریبات / واقعات:

اختتامی مالیاتی سال برائے 30 جون 2023ء کے درمیان اور آخر میں کسی قسم کا کوئی بھی میٹرل مالیاتی تبدیلی واقع نہ ہوئی جس کی وجہ سے کمپنی کے مالیاتی پوزیشن میں کسی قسم کے برے اثرات مرتب نہ ہوئے۔

آڈیٹرز:

بورڈ ہذا نے آڈٹ کمیٹی کے تجویز کے مطابق، شائن وینگ حمید چوہدری اینڈ کو، چارٹرڈ اکاؤنٹنٹ کو آڈیٹ تعینات کیا ہے ریٹائرڈ ہو جانے کے بعد آڈیٹرز اس کے اہل ہونے کے آئندہ سال میں دوبارہ تعیناتی کے لئے اپنی خدمات پیش کر سکتے ہیں جس کا انحصار آئندہ ہونے والی سالانہ جنرل مینٹنگ میں متعلقہ ممبران کی منظوری پر ہے۔

اظہار تشکر

کمپنی ہذا کے ڈائریکٹرز کمپنی کے ممبران، فائنانشل انسٹی ٹیوشنز اور کسٹمرز کے تعاون اور معاونت کے مشکور ہیں۔ مزید برآں، ڈائریکٹرز کمپنی کے سٹاف اور کارکنان کے خدمات، وفاداری مسلسل محنت اور لگن کو بھی خراج تحسین پیش کرتا ہے۔ ہم آئندہ بھی اسی لگن، معاونت اور تعاون کی امید کرتے ہیں

بورڈ ہذا کی جانب سے:

رانا محمد شجاع

ڈائریکٹر

بہ مقام: اسلام آباد

تاریخ: 28 ستمبر 2023

جناب اسد سیف اللہ خان

چیف ایگزیکٹو آفیسر

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

داخلی کنٹرول (انٹرنل کنٹرول)

آپ کی کمپنی کے پاس ایک مناسب داخلی کنٹرول کا طریقہ کار موجود ہے جو کہ کمپنی ہذا کے کاروبار کی نوعیت اور آپریشن کے سائز کے مطابق ہے۔ کنٹرول کے اس نظام کے ذریعے سے کمپنی ہذا کی مالیاتی اور غیر مالیاتی وسائل کے بہتر استعمال اور اس کے تحفظ کو یقینی بنایا گیا ہے۔ ریگولر (باقاعدہ) داخلی آڈٹ اور چیک سے اس امر کو بھی یقینی بنایا گیا ہے کہ ذمہ داریاں موثر طریقے سے سرانجام دی جا رہی ہیں۔ بورڈ آف ڈائریکٹرز کی آڈٹ کمیٹی داخلی کنٹرول نظام کی موزونیت اور موثر ہونے کا جائزہ لیتا رہتا ہے اور اسے وقتاً فوقتاً بہتر اور مضبوط بنانے کیلئے تجویز بھی دیتا ہے۔

کارپوریٹ بریفنگ سیشن (CBS):

کمپنی نے اپنا سالانہ کارپوریٹ بریفنگ سیشن مورخہ 23 نومبر 2022 کو بمقام 4 تھرڈ فلور، کشمیر کمرشل کمپلکس، فضل الحق روڈ، ملیو ایریا، اسلام آباد میں منعقد کیا۔ ہم سی بی ایس (CBS) کو انسٹیک 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 کا روبرو 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۔

متعلقہ فریقین کے ساتھ (کاروباری) لین دین

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

صارفین کو ترجیح دینا (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۔

مقامی کمیونٹی کیلئے ملازمت کے مواقع پیدا کرنا:

آپ کی کمپنی نے اپنے فیکٹری کے اندر اور اس کی احاطے کے ارد گرد مقامی ہنرمند اور غیر ہنرمند افراد کو سیکٹرز و ملازمتوں سے متعارف کروایا ہے۔ ملازمت کی مواقعوں نے نہ صرف مقامی آبادی کی قوت خرید میں اضافہ کیا ہے بلکہ انہیں اپنا معیار زندگی بہتر کرنے کیلئے شفاف مواقع بھی فراہم کی ہیں۔

شیئر ہولڈنگ کا طریقہ کار:

کمپنیز ایکٹ 2017 کے مطابق جون 30 سال 2023ء کے لئے 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 مرکز کیے ہوئے ہے۔ کمپنیز ایکٹ 2017 میں وضع کئے گئے وقت کے اندر اندر انہیں سالانہ نصف سالانہ اور سہ ماہی رپورٹیں فراہم کی جاتی ہیں۔ مذکورہ سرگرمیاں / امور کمپنی کے ویب سائٹ www.kohattextile.com پر بھی وقتاً فوقتاً اپ ڈیٹ کی جاتی ہیں۔

انفارمیشن ٹیکنالوجی:

انفارمیشن ٹیکنالوجی ڈویژن (ITD) کمپنی ہذا کا متواتر ایک اہم حصہ چلا آرہا ہے اور اپنے ملازمین کو استعمال کرنے کیلئے کمپیوٹر اور کمیونیکیشن سروسز / خدمات، سہولیات اور بنیادی ڈھانچے کی ایک وسیع رینج فراہم کرتا ہے۔ آئی ٹی ڈی (ITD) ادارہ ہذا کی کاروباری ضروریات سے باہم منسلک ہے اور اس امر کو یقینی بنا رہا ہے کہ جو سہولیات / مسائل کا حل فراہم کی گئی ہیں وہ کاروباری ضروریات سے متعلقہ ہوں۔ ہماری مستقبل کے لئے عمل / ویژن میں بہتر تجزیاتی اور ڈیٹا بورڈ کی صلاحیت کو استعمال کر کے فیصلہ کرنے کے عمل کی ٹھوس بنانا ہے اور اس حکمت عملی پر عمل کرتے ہوئے دیگر عمل درآمد کی تکنیک / آرٹ آف اپلیکیشن پر نظر مرکوز رکھے، پیپر فٹ پرنٹ کو کم کرے اور جدید ٹیکنالوجی کو استعمال کر کے صارفین تک اس کی رسائی کو زیادہ سے زیادہ ممکن بنائے۔

پالیسی برائے صاف گوئی:

کمپنی ہذا صاف گوئی، ایمانداری اور احتسابی کے اعلیٰ معیارات کا عہد کئے ہوئے ہے اپنے عہد کو عملی جامہ پہنانے کیلئے، کمپنی اپنے ملازمین اور یا تیسرے فریق (سپلائرز، صارفین، ڈیلرز وغیرہ) کی حوصلہ افزائی کرتا ہے کہ کمپنی کے کام کے کسی بھی پہلو / امر میں کوئی انتہائی سنجیدہ مسئلہ درپیش ہو اس کیلئے سامنے آئے / آگے بڑھے اور ان مسائل کے بارے میں فوری آگاہ کریں۔ ان مسائل میں بشمول درج ذیل اہم ہیں:

- * مالیاتی بے ضابطگیاں یا دھوکہ فراڈ
- * قانونی فرائض پر عمل درآمد کرنے میں ناکامی
- * کمپنی ہذا کے اندر یا باہر صیغہ راز معلومات کا انکشاف کرنا
- * کمپنی کی مالیاتی پوزیشن کے بارے میں مکمل اور شفاف رپورٹ دینے سے انحراف کرنا
- * صحت اور تحفظ یا ماحول کے لئے خطرہ
- * غیر قانونی سول اور فوجداری سرگرمیاں
- * نامناسب طرز عمل یا غیر اخلاقی رویہ

تمام رپورٹنگ (مذکورہ جیسے مسائل سے متعلقہ) کو صیغہ راز میں رکھتے ہوئے نمٹائے۔ اس امر کو یقینی بنائے کہ جس شخص نے متعلقہ مسئلہ اجاگر کیا ہے اگر گمنام نہیں ہے تو کسی بھی صورت میں اُس کو متعلقہ معاملہ اجاگر کرنے پر نشان ہدف پاسز نہ دی جائے۔ ہر ممکن طور پر پورے طریقے سے صیغہ راز کو برقرار رکھا جائے۔ تاہم اگر متعلقہ شخص جس نے مسئلہ اجاگر کیا ہے، جھوٹا ثابت ہوا یا اُس کا ارادہ بد نیتی پر مبنی ہے، تو اُس شخص کے خلاف تادیبی کارروائی عمل میں لائی جائے گی۔

نظم و نسق برائے خطرات (ریسک منیجمنٹ):

کمپنی ہذا کی ریسک منیجمنٹ پالیسی ماحول کو کنٹرول کرنے کیلئے مسلسل مصروف پیکار ہے تاکہ کسی بھی داخلی اور خارجی خطرات آیا درپیش یا غیر متوقع ہوں دنوں 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 (لیں دین) کا اہم مقصد کیپٹل اخراجات کو مساوی رکھنا، اُس کو جدید بنانا اور تبدیل کرنا اور کمپنی کے معاملات کو چلانا ہے۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈر

ریکارڈز کا تحفظ:

کمپنی ہذا اپنی مالیاتی ریکارڈز کو محفوظ طریقے سے رکھنے میں بہت زور دیتا ہے۔ کمپنی اپنی مالیاتی معلومات کو ریکارڈ کرنے کیلئے ایم ایس ڈائٹا کس 365 استعمال کرتا ہے۔ پاس ورڈ کی ایک جامع حفاظتی اختیاری نظام پر عمل درآمد کے ذریعے سے الیکٹرونک دستاویزات کی رسائی کو محفوظ بنا دیا گیا ہے۔ اگر ہماری کمپنی ہذا کی پرائمری سرور کسی مشکلات سے دوچار ہوتا ہے تو بیک اپ سرور اور ڈیٹا کے کام جاری رکھے کیلئے ریہوٹ ریکوری سائٹس کا مناسب انتظام کیا گیا ہے

نظم و نسق برائے انسانی سرمایہ کاری

حالیہ سال کے دوران، ملازمین کے کارکردگی اور احتسابی عمل کو بہتر بنانے کیلئے کوششیں کی جا رہی ہیں جبکہ اس کے ساتھ ساتھ ہم اپنے معزز صارفین کیلئے اپنی خدمات میں بہتری لارہے ہیں اور اپنی انتظامیہ کو جدید طرز عمل پر استوار کر رہے ہیں۔ کمپنی ہذا ملازمین کی مثبت ثقافت (قابلیت) کو فروغ دینے اور اسے برقرار رکھنے میں بہت پر عزم ہے اور ان میں ذہانت / صلاحیت کو فروغ دینے، برقرار رکھنے اور ترقی دینے میں کوشاں ہیں۔ اپنی انسانی سرمایہ کاری کی حکمت عملی کو عملی جامہ پہنانے کیلئے، کمپنی ہذا یکساں ملازمت کے مواقع کو بھی فروغ دے رہی ہے۔ جبکہ جاری لیبرز قوانین پر عمل درآمد کو یقینی بناتے ہوئے ہم صنعتی تعلقات کے بہترین عملیات (عملی جامہ) کی پیروی کر رہے ہیں اور سب کے لئے ایک کارآمد / پیداواری اور مثبت کام کرنے کے ماحول کو یقینی بنا رہے ہیں۔

کاروباری سماجی ذمہ داری:

کمپنی ہذا مجموعی کاروباری ماحول کے تناظر میں سماجی، ماحولیاتی اور اخلاقیاتی معاملات کو مد نظر رکھتا ہے۔ کمپنی تمام اسٹیک ہولڈرز کے بہترین مفاد میں کام کرنے کا عہد کیے ہوئے ہے۔ سماجی ذمہ داری کی بناء پر، کمپنی ہذا نے سوشل سیکورٹی ڈسپنری کیلئے مفت اراضی فراہم کی ہے اور سکول کو بھی مفت عمارت دی ہے۔ کمپنی نے مختلف مقامی اداروں کی ٹیموں کے درمیان کھیل کی سرگرمیوں کا اہتمام کیا ہے۔ ہم اپنی ٹیم ممبران کو اپنا وقت صرف کرنے اور اس قسم کی سرگرمیوں میں بھرپور شرکت کی بھی حوصلہ افزائی کرتے ہیں۔ کمپنی ہذا کارپوریٹ فیلنٹھروپی ایوارڈ سے بھی نوازا گیا۔

ریٹائرمنٹ بینیفٹ فنڈز:

کمپنی ہذا نے اپنے مستقل ملازمین کے لئے نان فنڈڈ (گریجویٹ اسکیم) شروع کیا ہے۔ (تازہ ترین) حسابی تخمینہ مورخہ 30 جون 2023ء کو کیا گیا۔

صحت، حفاظت اور ماحول:

ہم نہ صرف اپنے پُر خلوص ملازمین بلکہ ہمارے فیکٹری کے احاطے کے قریب بسنے والے لوگوں کی بھی ممکنہ معیاری صحت اور تحفظ کو برقرار رکھنے کی ذمہ داری کا احساس کرتے ہیں۔ ملازمین کو لائف انشورنس اور میڈیکل انشورنس فراہم کیے گئے ہیں۔ 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 کمپنی میں آئی ایس اور (ISO) کے صحت اور تحفظ کے اصولوں کی پاسداری یقینی بناتے ہیں۔ ہماری پیداواری سہولیات (فیکٹریاں) کسی قسم کی مضر مواد کا اخراج نہیں کرتیں۔ تاہم، ہم فضلہ کو تلف کرنے کے سلسلہ میں سختی سے قوانین کی پابندی کرتے ہیں۔ فیکٹری کے احاطے میں اور اس کے ساتھ ساتھ رہائشی کالونیوں میں باقاعدگی سے فائر ڈرل کی مشق اور موسمی بیماریوں سے بچاؤ کیلئے حفاظتی سپرے کیا جاتا ہے۔ تمام ملازمین کو مکمل طور پر ویکسیٹ کیا گیا ہے۔ کلین اور گرین انرجی پالیسی کے ساتھ کمپنی ہذا نے کامیابی 2 میگا واٹ کاسولر پاور پروجیکٹ چالو ہے جس سے نہ صرف توانائی کی لاگت کی بچت کا ہوتی ہے بلکہ اس سے ماحول پر بھی مثبت اثرات ہوتے ہیں۔

مسابقتی مفاد برقرار رکھنے کے لیے، کمپنی لوگوں میں سرمایہ کاری کو جاری رکھے گی تاکہ بہترین اور معیاری لوگوں کو رکھا جائے جو کہ بدلتے حالات اور چیلنجز سے نمٹنے کی اہلیت رکھتے ہوں۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

اختیارات اور ذمہ داریوں سے باخوبی آگاہ ہوتے ہیں۔

ڈائریکٹرز کی تنخواہ / معاوضہ:

بورڈ ممبران کی تنخواہ بورڈ ہذا خود منظور کرتا ہے، تاہم کارپوریٹ گورننس کے ضابطہ کی مطابق 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۔ صرف ایک ایگزیکٹو ڈائریکٹر ہے جو کمپنی ہذا کا چیف ایگزیکٹو آفیسر بھی ہے۔ اختتامی سال 30 جون 2023 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 اساسی اقدار کا اظہار بیان ایک ایسا فریم ورک (تعمیراتی ڈھانچہ) فراہم کرتا ہے جس پر کمپنی ہذا اپنا کاروبار کرتی ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز اور ملازمین اعلیٰ ترین کاروباری اخلاقیات کے اصولوں کے مطابق ہمارے کاروبار کو چلانے کیلئے بہترین شہرت کے حامل ہیں۔ درج ذیل اصول کمپنی ہذا کے کاروباری اخلاقیات اور اساسی اقدار پر مبنی ہیں:

- * ادارہ مذکورہ کے اندر اور باہر باہمی روابط / میل جول کے دوران دیانتداری، ایمانداری / راست بازی، انصاف پسندی اور اخلاقی رویے کا مظاہرہ کرنا۔
- * ایک اچھے کارپوریٹ شہری کی حیثیت سے تمام قوانین اور ضوابط کی تعمیل۔
- * کاروباری امور کو ایک ایسے ماحول میں چلانے کا عہد / عزم جو مضبوط و پائیدار ہو۔
- * کاروباری لین دین میں معتبریت، صداقت اور شفافیت کے اصولوں پر یقین رکھنا۔
- * مساوی مواقع فراہم کرنے والا آجر
- * شیئر ہولڈرز کے مفادات کا تحفظ
- * اپنے لوگوں، پڑوسیوں، صارفین اور مہمانوں کی حفاظت کیلئے صحت اور پُر تحفظ ماحول کو یقینی بنانا۔
- * کاروباری چیلنجوں کی آزمائش کرنا۔
- * انسانی وسائل میں سرمایہ کاری کرنا
- * کاروباری معاملے میں دلچسپی کا مکمل اظہار کرنا (اگر کوئی ہو)۔
- * احتساب اور ذمہ داریاں
- * اچھے اور موثر تعلقات عامہ
- * تمام اسٹیک ہولڈرز کی توقعات سے بڑھ کر فروغ کی ثقافت کی بڑھوتری
- * مسلسل ترقی کیلئے صارفین کا اطمینان
- * ملازمین کو تخلیق اور حدت پسندی کی ترغیب دینا
- * تمام اسٹیک ہولڈرز کیلئے عزت و احترام
- * قابل اعتماد اور قابل انحصار سپلائر، شیئر ہولڈرز، ملازمین اور حکومت کو فائدہ پہنچانے کیلئے منافع میں اضافہ کرنا۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈر

اُن ڈائریکٹرز کو جو بورڈ اجلاس میں حاضر نہیں ہو سکتے تھے انہیں غیر حاضری کی اجازت دی گئی۔

ہیومن ریسورسز اینڈ ریویریٹیشن کمیٹی (انسانی وسائل و معاوضہ کمیٹی):

مذکورہ کمیٹی کا اجلاس ملازمین کے اجرت سے متعلقہ معاوضے اور ترقیاتی پالیسیوں کے جائزہ لینے اور تجویز دینے کیلئے اجلاس منعقد کرتی ہے اور ایگزیکٹو ڈائریکٹر اور مینجمنٹ کے معاوضے سے متعلق تمام معاملات کی منظوری دیتی ہے۔

بورڈ آڈٹ کمیٹی (BAC)

بورڈ آڈٹ کمیٹی متعلقہ بورڈ کو عام طور پر مالیاتی معلومات، نظام برائے داخلی کنٹرول، نظم و نسق برائے خطرات اور آڈٹ کے مرحلے میں جائزے اور رپورٹ فراہم کرنے کے سلسلہ میں معاونت فراہم کرتی ہے۔ کمیٹی مذکورہ مکمل طور پر اپنے امور چلانے میں آزاد ہے۔ کمیٹی ہذا ہر سہ ماہی کے بعد اجلاس منعقد کرتی ہے۔ ہر اجلاس کے بعد چیئرمین کمیٹی متعلقہ بورڈ کو رپورٹس پیش کرتا ہے۔

ضابطہ اخلاق

کارپوریٹ گورننس کی روشنی میں ضابطہ اخلاق تیار کیا گیا ہے جو کہ کمپنی بھر میں زیر عمل ہے۔

بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ:

کمپنی ہذا کے بورڈ آف ڈائریکٹرز انتہائی پیشہ ورانہ قابلیت کے مالک اشخاص پر مشتمل ہے۔ تمام ممبران موزوں تعلیم، قابلیت، اعلیٰ صلاحیت اور وسعت تجربہ رکھتے ہیں۔ مزید برآں، وہ کاروباری طور طریقے اور حکمت عملی کی دورانہ پیشگی علم کے حامل ہیں۔ بورڈ ہذا کے نگرانی کے کردار اور اس کا موثر ہونے کی تشخیص ایک مسلسل عمل ہے جس کا بورڈ خود اندازہ لگاتا ہے۔ بورڈ ہذا نے اپنی کارکردگی اور اس کے ساتھ ساتھ ہر ممبر کی انفرادی کارکردگی کے تجزیے اور جائزے کیلئے ایک انتہائی مفصل طریقہ کار اختیار کیا ہوا ہے۔ کارپوریٹ انضمامی نظم و نسق اور بہترین بین الاقوامی معیارات کے ضابطے کے مطابق جامع سوالنامے تشکیل دیئے گئے ہیں۔ درج ذیل اہم احاطوں کو مرکز کیے ہوئے ہیں:

- (i) کمپنی ہذا کے اہداف اور مقاصد کے ساتھ کمپنی کی ویشن اور مشن کی ہم آہنگی
- (ii) دیرپا آپریشن کیلئے حکمت عملی کی تشکیل
- (iii) بورڈ ہذا کی خود مختاری اور
- (iv) حوالہ جات کے مطابق وضع کی گئی ذمہ داریوں کو سرانجام دینے سے متعلق بورڈ کی کمیٹی کی کارکردگی کا جائزہ۔ بورڈ ہذا کی مجموعی کارکردگی تسلی بخش رہی۔

چیف ایگزیکٹو آفیسر (C.E.O) کی کارکردگی کا جائزہ:

چیف ایگزیکٹو آفیسر (C.E.O) کی کارکردگی کا باقاعدہ جائزہ آزمائشی نظام کے ذریعے سے کیا جاتا ہے جس کی بنیاد مقصداری اور قابل قدر اقدار پر مبنی ہے۔ اس میں بشمول کاروباری کارکردگی، منافع سے متعلق مقاصد کے حصول، ادارے کی تعمیر و ترقی، جائیشی کی منصوبہ بندی، منظم کامیابی اور قانونی تقاضوں کی تعمیل شامل ہیں۔

ڈائریکٹرز کی تربیت:

کمپنی ہذا کے ڈائریکٹرز کو اپنے فرائض سرانجام دینے کیلئے مناسب تربیت دی جاتی ہے اور وکھینیز ایکٹ 2017 اور پی ایس ایکس قانونی ضابطے کے تحت اپنے

ڈائریکٹرز رپورٹ برائے شیئر ہولڈر

ط بورڈ ہڈانے ایک نقطہ نظر، مقصد اور مجموعی انظمامی حکمت عملی کا ایک شیڈمنٹ اختیار کیا ہوا ہے۔
ظ کمپنی ہڈا کی گزشتہ چھ سالوں کے اہم آپریشن (کاروباری امور چلانے) اور مالیاتی اعداد و شمار درج ذیل دیے گئے ہے:

30 جون						اختتامی سال
2018	2019	2020	2021	2022	2023	
1,474,298	2,348,712	2,477,022	2,923,789	4,985,146	5,051,423	جانیدان، پلائنٹ اور سامان (مبلغ روپے 000 میں)
828,129	1,707,895	1,651,295	1,949,002	3,624,882	3,709,061	کل مالیت (مبلغ روپے 000 میں)
2,243,619	2,966,457	2,590,719	3,620,143	4,930,819	5,952,262	سکڑ فروخت (مبلغ روپے 000 میں)
214,959	310,150	213,054	744,710	857,360	847,126	کل منافع (مبلغ روپے 000 میں)
126,945	202,191	103,774	578,516	651,149	610,332	کاروبار امور سے منافع (مبلغ روپے 000 میں)
64,283	86,234	(76,881)	466,633	450,840	140,145	منافع / نقصان قبل از ٹیکس (مبلغ روپے 000 میں)
0.50	3.22	(3.14)	15.01	14.05	4.09	آمدنی / نقصان فی حصص (مبلغ روپے)
35,280	35,280	35,280	38,460	44,508	44,508	تنصیب شدہ اسپنڈل (ڈھرا) کی تعداد

جدت اور توسیع

آپ کی کمپنی جدت اور پروڈکشن لائن بدلتی ہوئی ٹیکنالوجی کے مطابق وسعت دینے کیلئے ہڈ عزم ہے۔

بورڈ ہڈا کی جدول

مورخہ 30 جون 2023 تک بورڈ ہڈا مشتمل ہے:

تعداد	تفصیل
2	(ا) خود مختار ڈائریکٹرز
4	(ب) دیگر ننان۔ ایگزیکٹو ڈائریکٹرز
1	(س) ایگزیکٹو ڈائریکٹرز
1	(د) خاتون ڈائریکٹر

تعداد	ڈائریکٹرز
7	(ا) مرد
1	(ب) عورت

بورڈ آف ڈائریکٹرز اور بورڈ اجلاس میں حاضری

حالیہ سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس، بورڈ آف آڈٹ کمیٹی کے چار اجلاس اور پانچ آرائیڈ ریویویشن (انسانی وسائل و معاوضہ) کمیٹی کا ایک

اجلاس منعقد ہوا، ڈائریکٹرز کی حاضری کی تفصیل درج ذیل ہیں:

نمبر شمار	ڈائریکٹر	کیٹگری	کمیٹیاں		حاضری	
			بورڈ آڈٹ کمیٹی	ایچ آرائیڈ ریویویشن کمیٹی	بورڈ آف ڈائریکٹرز	بورڈ آف آڈٹ کمیٹی
1	عثمان سیف اللہ خان	ننان ایگزیکٹو ڈائریکٹر	-	-	5/5	-
2	اسد سیف اللہ خان	ایگزیکٹو ڈائریکٹر	-	✓	5/5	1/1
3	حور یوسف زئی	ننان ایگزیکٹو ڈائریکٹر	-	✓	3/5	1/1
4	آصف سیف اللہ خان	ننان ایگزیکٹو ڈائریکٹر	-	-	3/5	-
5	سر دار امین اللہ خان	انڈیپنڈنٹ ڈائریکٹر	✓	-	4/5	2/4
6	عبدالرحمن قریشی	انڈیپنڈنٹ ڈائریکٹر	✓	✓	4/5	4/4
7	راناج شفیق	ننان ایگزیکٹو ڈائریکٹر	✓	-	5/5	4/4
8	سہیل ایچ حیدری	ننان ایگزیکٹو ڈائریکٹر	-	-	5/5	-

ڈائریکٹرز رپورٹ برائے شیئر ہولڈر

جو کہ پہلے ناپید ہو چکی تھیں۔ مزید یہ کہ کپاس کی فصل کی جلد آمد یہ نظر کرتی ہے کہ ملک 12 ملین ہیلز کی پیداوار کا ہدف حاصل کر کے ایک غیر معمولی فصل حاصل کرے گا۔ یہ مقامی ٹیکسٹائل انڈسٹری کے لیے اچھی خبر ہے اور اس سے فاریکس کے ذخائر کا معاونت کی جاتی ہوگی۔

امید ہے عالمی معیشت اپنی رفتار حاصل کر لے گی جو تکہ افراط زر کے دباؤ سپلائی چین کی رکاوٹیں اور شپنگ کی لاگت میں کمی واقع ہو رہی ہے۔ تاہم ممالک کے سیاسی تناؤ، معاشی سختیاں، عالمی تجارت معمولی رفتار پر چلنے کی امید ہے مقامی سطح پر بہت کچھ آئندہ آنے والے جنرل الیکشن پر منحصر ہے اور یہ کہ نئی حکومت IMF کی شرائط کے ساتھ، معاشی بہتری کو کیسے توازن کرتی ہے۔ قلیل مدت میں زیادہ افراط زر اور سوڈیٹس، بہتری کے امکان کو مدھم کرتی رہیں گی۔

کمپنی کے آپریشنز کے حوالے سے مینجمنٹ لاگت کو کم کرنے کی کوشش کر رہی ہے جو مکمل استطاعت پر چل کر، لاگت کو کم کر کے اور بہتر خرید کی حکمت عملی سے ممکن ہے۔ مزید برآں، مارکیٹ کے حالات کے مطابق فروخت میں تبدیلیاں بہتر انداز میں کام کرنے کے قابل بنائی ہیں۔ تاہم منفی بنیادی عوامل (افراط زر اور قرض کی لاگت) کے باعث کمپنی کا منافع دباؤ میں رہے گا۔

چیئر مین کا جائزہ:

مذکورہ سالانہ مالیاتی گوشوارے کے ساتھ چیئر مین کا جائزہ لیا 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 رپورٹنگ فریم ورک (احوال بیان کرنے کا ڈھانچہ):

کمپنی ہذا کے ڈائریکٹرز اپنی ذمہ داریوں سے بخوبی واقف ہیں جیسا کہ کوڈ آف کارپوریٹ گورننس ہے۔ جو کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے جاری کیا ہے اور یہ پاکستان اسٹاک ایکسچینج کے فہرست ضوابط میں درج ہے۔ ہم تصدیق کرتے ہیں کہ:

- الف: کمپنیز ایکٹ 2017ء اور انٹرنیشنل فنانسئل رپورٹنگ سٹینڈرڈز جو کہ پاکستان میں قابل عمل ہیں کے مطابق مالیاتی گوشوارہ بمعہ نوٹس تیار کئے گئے ہیں یہ مالیاتی گوشوارے اس کے معاملات، اس کے آپریشن (کاروباری امور) کے نتائج، کیش فلوز اور ایکٹیوٹی میں تبدیلی کی منصفانہ عکاسی کرتا ہے۔
- ب: کمپنی ہذا نے 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 پر مبنی ہے۔
- د: نظام برائے داخلی کنٹرول ڈیزائن کے اعتبار سے بہت مضبوط ہے اور اس پر بہت موثر طریقے سے عمل درآمد اور نگرانی کی جا رہی ہے
- ر: بین الاقوامی مالیاتی رپورٹنگ (احوال بیان کرنے) کا معیار جیسا کہ پاکستان میں لاگو ہے، مالیاتی گوشوارے تیار کرنے کے سلسلہ میں اس کی پیروی کی جاتی ہے۔ اس میں کسی بھی قسم کے انحراف کا بہت اچھے طریقے سے انکشاف اور وضاحت کی جاتی ہے۔
- ز: ٹیکسیس، ڈیوٹی، لیویز اور چارجز کی ادائیگی کی مد میں تمام واجبات مکمل طور پر فراہم واضح کئے گئے ہیں اور یہ بروقت ادا کیے جائیں گے اور یا جہاں دعوے بطور قرضہ معلوم نہ ہوئے انہیں اکاؤنٹس کے نوٹ میں واجبات اتفاق (اتفاقی واجبات) کے طور پر بیان کیا جائے گا۔
- س: موجودہ جاری صورت حال میں کمپنی ہذا کی صلاحیت کے بارے میں کسی قسم کا کوئی شک و شبہ نہ ہے۔
- ش: انظامی نظم و ضبط کے بہترین عملیات میں سے کوئی بھی مادی امر کو چھوڑا نہیں جاتا۔
- ص: ہمارے پاس ایک آڈٹ کمیٹی اور ایک ایچ آر اینڈ ریجیمیشن (انسانی وسائل و معاوضہ) کمیٹی ہے جس کے ممبران کا تعلق بورڈ آف ڈائریکٹرز اور چیئر مین سے ہے اور دونوں کمیٹیوں کا ایک خود مختار ڈائریکٹر ہوتا ہے۔
- ط: انٹرنل کنٹرول کی نگرانی ایک مسلسل عمل ہے جس کا مقصد کنٹرولز کی مضبوطی اور نظام میں مزید بہتری ہے۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

محترم ممبران!

آپ کی کمپنی کے ڈائریکٹرز کیلئے خوشی کا امر ہے کہ 57 ویں سالانہ رپورٹ ہمہ اختتامی سال جون 30، 2023 کے مالیاتی گوشوارے و آڈیٹرز رپورٹ آپ کے سامنے پیش کر رہے ہیں۔

مالیاتی جائزہ :

کمپنی کی فروخت 4,931 ملین روپے سے بڑھ کر 5,952 ملین ہوئی جو کہ گذشتہ سال کے مقابل 21 فی صد کا اضافہ ظاہر کرتی ہے۔ یہ اضافہ بنیادی طور پر دھاگے کی قیمت میں اضافہ کے باعث ہوا۔ تاہم فروخت میں یہ اضافہ خام مال اور انرجی کی لاگت میں اضافے کے باعث بے اثر ہو گیا۔ اسی لیے فروخت میں اضافے کے باوجود مجموعی منافع (847 ملین روپے) گذشتہ سال کے مجموعی منافع کے برابر رہا۔ خاص منافع تاہم دوسرے عوامل میں سب سے بڑھ کر قرضے کی لاگت میں غیر معمولی اضافے (زیادہ بیج مارک ریٹ کے باعث) سے بے حد متاثر ہوا۔ نتیجاً کمپنی نے ٹیکس سے قبل 140 ملین روپے کا منافع کمایا جو کہ گذشتہ سال میں 451 ملین تھا۔ کمپنی اپنے قرضے کی ادائیگی میں بینکوں کے ساتھ باقاعدہ ہے اور پلانٹ سال میں مکمل استطاعت پر چلا۔

آمدنی فی حصص

کم از کم بنیادی اور فی حصص آمدنی مبلغ 4.09 روپے تھا (2022 مبلغ 14.05 روپے)

منافع کی تخصیص (کوٹنخص کرنا)

کاروبار کی ترقی کے مواقعوں سے مستفید ہونے کیلئے بیلنس شیٹ کو زیادہ سے زیادہ مستحکم کرنا تاکہ مستقبل میں شیئر ہولڈرز کو زیادہ منافع دیا جاسکے۔

بورڈ نے اپنے اجلاس منعقدہ 29 ستمبر 2023ء میں یہ سفارشات پیش کیں ہیں کہ اختتامی سال 30 جون، 2023ء کیلئے کوئی منافع (ڈیویڈنڈ) تقسیم نہیں کیا جائیگا۔

ہولڈنگ کمپنی

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

آئی ایس او (ISO) سے تصدیق شدہ:

مزید برآں کمپنی درج ذیل میں تصدیق شدہ ہے:

(الف) 9001: 2015 (کوالٹی مینجمنٹ سسٹم)

(ب) 45001: 2018 (پیشہ ورانہ / صنعتی ہیلتھ اینڈ سیفٹی مینجمنٹ سسٹم)

(ج) 14001: 2015 (ماحولیاتی نظم و نسق کا نظام)

(د) 26000: 2010 (کارپوریٹ سماجی ذمہ داری کے نظم و نسق کا نظام)

مزید برآں کمپنی درج ذیل میں تصدیق شدہ ہے:

(الف) گلوبل ری سائیکلڈ شیڈرڈ

(ب) BCI

(ج) اوکوپیکس شیڈرڈ

کریڈٹ ریٹنگ کی تصدیق:

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کے مشاہدہ کے مطابق کمپنی ہر سال "اے" انٹیٹی ریٹنگ برقرار رکھتا ہے جو کہ مستحکم ریٹنگ ہے۔

قرضے کی ادائیگی:

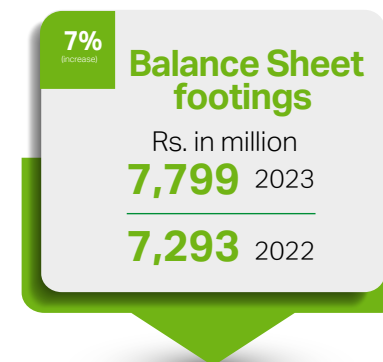
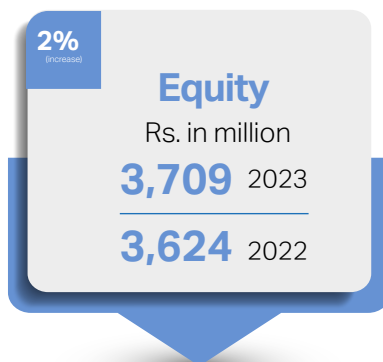
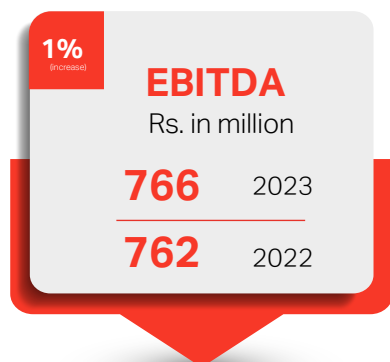
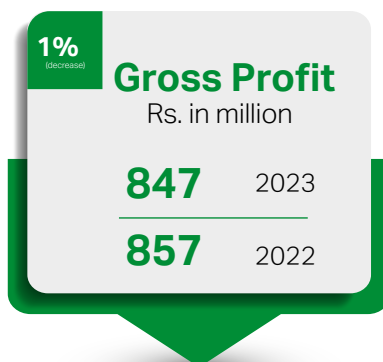
کمپنی نے تجارت کی خالص آمدنی / گوشوارہ کیلئے ایک موثر حکمت عملی اختیار کی جس کے تحت خالص آمدن اور خرچ کی محتاط طریقے سے نگرانی کی جاتی ہے۔ موثر مالیاتی نظم و نسق کی وجہ سے کمپنی اپنے مالیاتی اہداف پورا کرنے میں کامیاب ہوئی ہے۔

مستقبل کا نظریہ نظر الائنس:

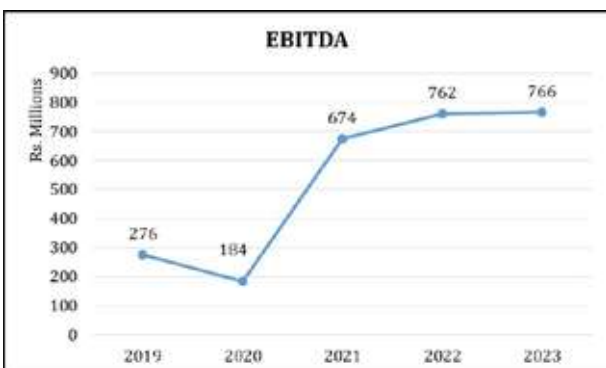
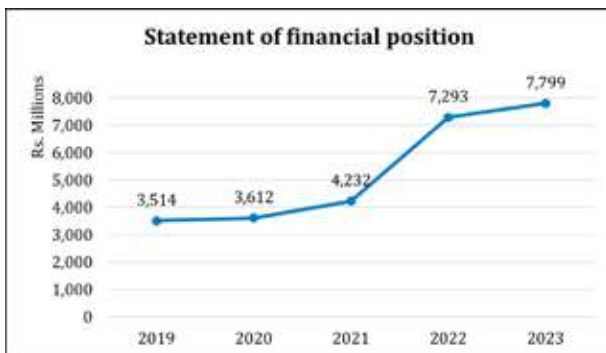
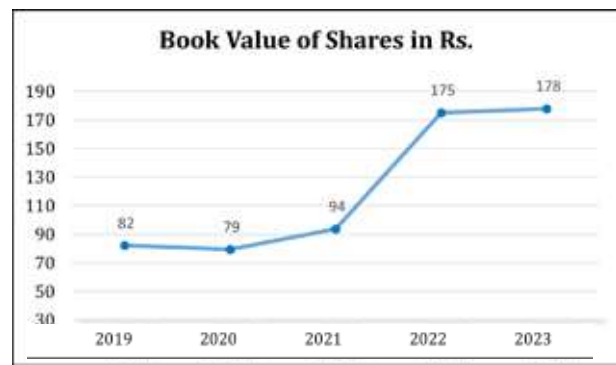
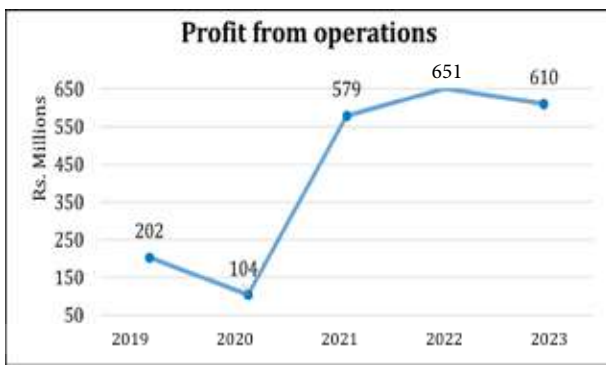
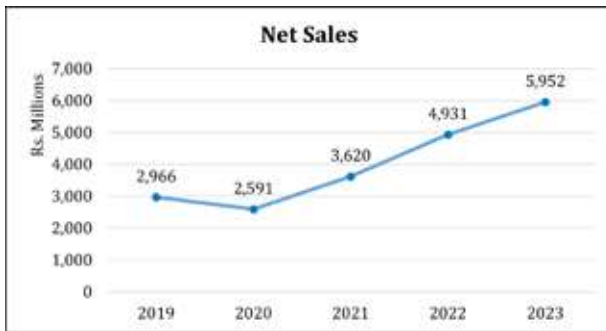
IMF کے ساتھ حال ہی میں کیے گئے شیڈ بائی معاہدے سے زبوں حال معیشت کو سہارا ملا ہے جو کہ مارکیٹ کے اعتماد کو بحال کر کے اور معاشی سرگرمیوں کو بحال کر کے ہوا

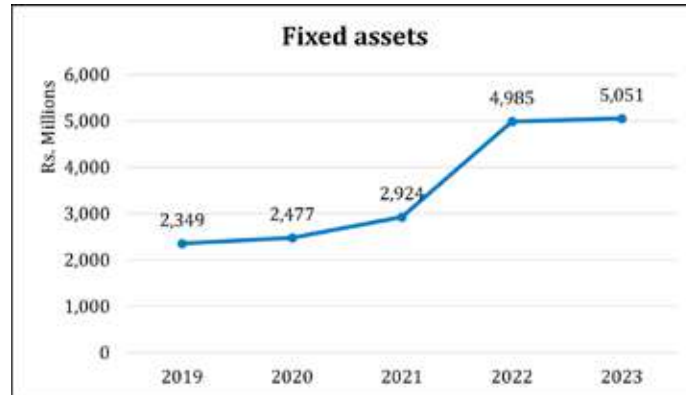
KEY PERFORMANCE INDICATORS

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;

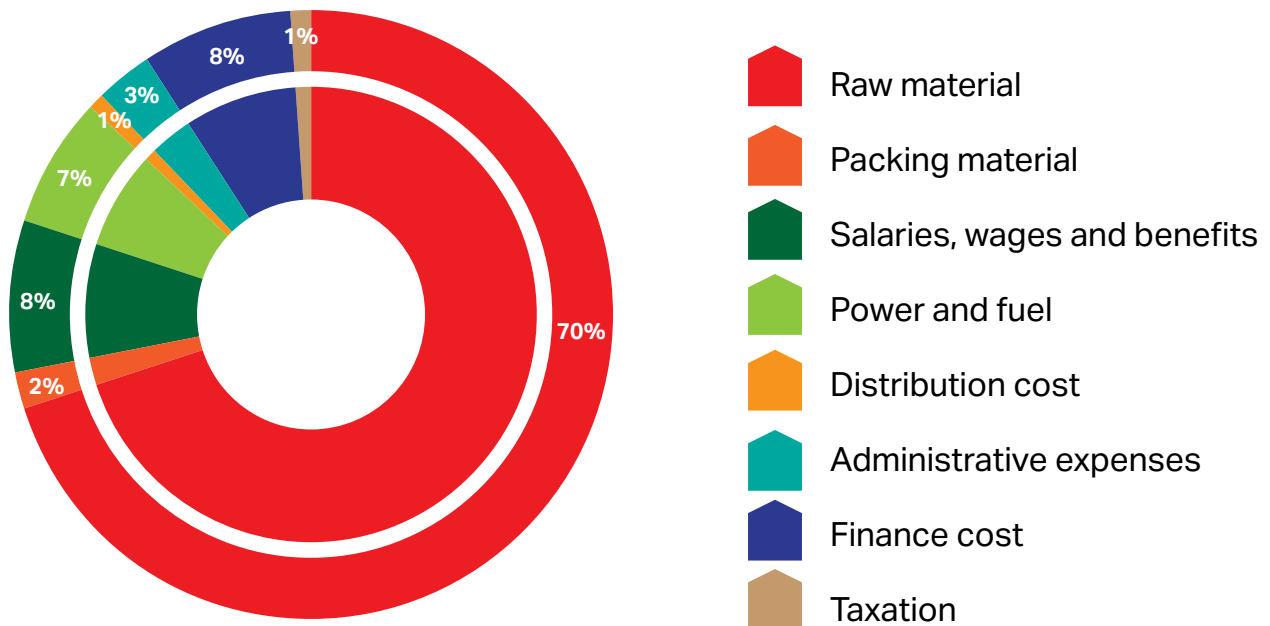


graphical presentation





Revenue Distribution



PATTERN OF SHAREHOLDINGS

As at June 30, 2023

NUMBER OF SHARE HOLDERS	----- SHARE HOLDING -----		TOTAL NO OF SHARES HELD
	FROM	TO	
465	1	100	26,118
153	101	500	50,998
56	501	1,000	51,408
64	1001	5,000	174,207
14	5001	10,000	108,324
6	10001	15,000	85,373
3	15001	20,000	54,500
3	20001	25,000	73,000
2	25001	30,000	57,804
2	30001	35,000	65,500
1	45001	50,000	50,000
3	55001	60,000	173,000
1	60001	65,000	63,500
1	115001	120,000	116,704
1	160001	165,000	162,500
1	195001	200,000	200,000
1	1005001	1,010,000	1,005,500
1	2060001	2,065,000	2,061,554
1	16220001	16,225,000	16,220,010
779	TOTAL =>		20,800,000

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	SHARES HELD	%AGE OF CAPITAL
Directors and Chief Executive Officer and their spouse and minor children	9	64,500	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	5	2,062,126	9.91
Insurance Company	1	200	0.00
General Public (Local)	748	2,241,355	10.78
Others	13	206,709	0.99
Total	779	20,800,000	100.00

PATTERN OF SHAREHOLDINGS

As at June 30, 2023

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	Asif Saifullah Khan	500	0.0
5	Shereen Saifullah Khan	5,000	0.0
6	Abdul Rehman Qureshi	900	0.0
7	Sardar Aminullah Khan	500	0.0
8	Rana Muhammad Shafi	600	0.0
9	Sohail Hussain Hydari	500	0.0
	Total	64,500	0.31
Associated Company			
1	Saif Holdings Limited	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	Habib Bank Limited	100	0.00
3	Bank of Bahawalpur Limited	50	0.00
4	National Bank of Pakistan	22	0.00
5	National Bank of Pakistan	2,061,554	9.91
	Total	2,062,126	9.91

PATTERN OF SHAREHOLDINGS

As at June 30, 2023

S. NO	NAME OF SHAREHOLDERS	SHARE HELD	Percentage
Insurance Company			
1	E.F.U. Ins. Co. Ltd.		
	Total	200	0.00
General Public (Local)			
	Total	2,241,355	10.78
OTHERS			
1	Sultan Textile Mills (Karachi) Limited	8	0.00
2	The Pak Ismailia Cooperative	350	0.00
3	Ambreen Silk Mills	400	0.00
4	Naseer Shaheed Ltd	300	0.00
5	Azeem Services (Pvt) Ltd,	100	0.00
6	Trustee National Bank Of Pakistan Emp Benevolent Fund	124	0.00
7	Adeel Zafar Securities (Pvt.) Limited	200,000	0.96
8	Mollasses Export Co. Ltd.	100	0.00
9	MAPLE LEAF CAPITAL LIMITED	1	0.00
10	Murree Brewery Co. Ltd.	50	0.00
11	Trustee National Bank Of Pakistan Employees Pension Fund	3,526	0.02
12	Fateh Textile Mills Limited	50	0.00
13	United Executors & Trustee	1,700	0.01
	Total	206,709	0.99
	G. Total	20,800,000	100.00

STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

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

1. The total number of directors are Eight (08) as per the following:

Directors	Numbers
a) Male	07
b) Female	01

2. The composition of the board is as follows:

S.No	Directors	Numbers
a.	Independent Directors*	Abdul Rehman Qureshi
		Sardar Aminullah Khan
b.	Non-Executive Directors	Osman Saifullah Khan
		Hoor Yousafzai
		Asif Saifullah Khan
		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. None of the directors attended Directors' Training Program 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

**STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

comprising of members given below:

a	Audit Committee	
	Abdul Rehman Qureshi	Chairman
	Rana Muhammad Shafi	Member
	Sardar Aminullah Khan	Member
b	HR and Remuneration Committee	
	Abdul Rehman Qureshi	Chairman
	Hoor Yousafzai	Member
	Assad Saifullah Khan	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 2022-23 were as per following:
- a) Audit Committee - Four (04) Meetings
- b) Human Resource and Remuneration Committee - One (01) Meeting
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

Place: Islamabad

Date: September 28, 2023

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, 2023 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, 2023.

Shinewing Hameed Chaudhri & Co.

SHINEWING HAMEED CHAUDHRI & CO.,

CHARTERED ACCOUNTANTS

Audit Engagement Partner: Osman Hameed Chaudhri

Place: Lahore

Dated: September 28, 2023

UDIN: CR202310104dTFLYWEcm

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KOHAT TEXTILE MILLS LIMITED

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, 2023, 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, 2023 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 AUDITOR'S REPORT TO THE MEMBERS OF KOHAT TEXTILE MILLS LIMITED

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KOHAT TEXTILE MILLS LIMITED

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KOHAT TEXTILE MILLS LIMITED

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);
- 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

Date : September 28, 2023

UDIN: AR2023101049cCo4ITVO

FINANCIAL STATEMENTS

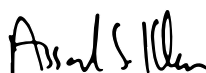


STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Note	2023 Rupees in '000	2022
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		916,972	815,283
Capital reserve			
- Surplus on Revaluation of Property, Plant and Equipment	6	2,584,203	2,601,724
Unrealised loss on financial assets at fair value through other comprehensive income		(114)	(125)
Total Shareholders' equity		3,709,061	3,624,882
Non-current Liabilities			
Loan from the Holding Company	7	-	60,000
Long term financing	8	648,155	776,897
Long term deposits	9	4,636	3,756
Lease liabilities	10	-	4,426
Deferred income - government grant	11	29,923	35,792
Deferred liability - staff retirement benefits	12	182,118	169,826
Deferred taxation - net	13	286,408	299,374
		1,151,240	1,350,071
Current Liabilities			
Trade and other payables	14	637,847	772,402
Contract liabilities		1,802	850
Accrued mark-up / profit	15	135,077	62,560
Short term borrowings	16	1,941,357	1,203,169
Current portion of non-current liabilities	17	218,124	246,048
Unpaid dividend		209	209
Unclaimed dividend		939	939
Taxation - net	27	2,958	31,697
		2,938,313	2,317,874
		4,089,553	3,667,945
Contingencies and Commitments	18	7,798,614	7,292,827

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



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



ABID HUSSAIN
Chief Financial Officer

STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

		2023	2022
	Note	Rupees in '000	
Assets			
Non-current Assets			
Property, plant and equipment	19	5,051,423	4,985,146
Long term investment	21	4,886	2,375
Long term loans	22	985	1,022
Long term deposits		15,263	13,894
		5,072,557	5,002,437
Current Assets			
Stores, spare parts and loose tools	23	57,182	50,204
Stock-in-trade	24	1,233,760	1,156,684
Trade debts		1,398,063	1,055,353
Loans and advances	25	5,550	8,496
Deposits, other receivables and prepayments	26	17,229	15,477
Cash and bank balances	28	14,273	4,176
		2,726,057	2,290,390
		7,798,614	7,292,827

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



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



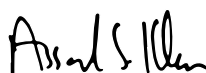
ABID HUSSAIN
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the Year Ended June 30, 2023

		2023	2022
	Note	Rupees in '000	
Sales - net	29	5,952,262	4,930,819
Cost of sales	30	(5,105,136)	(4,073,459)
Gross profit		847,126	857,360
Distribution cost	31	(80,267)	(49,941)
Administrative expenses	32	(158,600)	(129,087)
Other income	33	16,994	14,497
Other expenses	34	(14,921)	(41,680)
Profit from operations		610,332	651,149
Finance cost	35	(470,187)	(200,309)
Profit before taxation		140,145	450,840
Taxation	36	(54,991)	(158,573)
Profit after taxation		85,154	292,267
Other Comprehensive (loss) / income			
Items that will not be reclassified subsequent			
to statement of profit or loss:			
- loss on remeasurement of staff retirement benefit obligation		(986)	(14,663)
- surplus on revaluation of property, plant and equipment		-	1,452,628
- impact of deferred tax		-	(33,577)
		-	1,419,051
- unrealised gain on remeasurement of investment at fair value through other comprehensive income		11	25
		(975)	1,404,413
Total comprehensive income		84,179	1,696,680
		----- Rupees -----	
Earnings per share - basic and diluted	37	4.09	14.05

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



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



ABID HUSSAIN
Chief Financial Officer

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2023

	2023	2022
	Rupees in '000	
Cash flow from operating activities		
Profit for the year - before taxation	140,145	450,840
Adjustments for non-cash and other charges:		
Depreciation	155,698	111,304
Staff retirement benefits - gratuity (net)	11,306	14,990
Unclaimed payable balances written-back	(1,587)	(96)
Loss on sale of operating fixed assets	80	8,961
Finance cost	462,109	194,360
Profit before working capital changes	767,751	780,359
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(6,978)	(9,595)
Stock-in-trade	(77,076)	(442,403)
Trade debts	(342,710)	(542,526)
Loans and advances	2,946	(4,996)
Deposits and short term prepayments	(1,752)	2,309
Sales tax refundable	-	4,788
(Decrease) / increase in current liabilities:		
Trade and other payables	(132,968)	204,453
Contract liabilities	952	(21)
	(557,586)	(787,991)
Cash generated from / (used in) operating activities	210,165	(7,632)
Income tax paid	(96,696)	(54,138)
Long term loans - net	37	114
Net cash generated from / (used in) operating activities	113,506	(61,656)
Cash flow from investing activities		
Additions to property, plant and equipment	(228,336)	(771,130)
Sale proceeds of operating fixed assets	6,281	42,136
Long term investment made	(2,500)	-
Net cash used in investing activities	(224,555)	(728,994)
Cash flow from financing activities		
Long term financing - obtained	50,000	454,307
- repaid	(211,873)	(233,283)
Loan from the Holding Company - repaid	(60,000)	(20,000)
Lease liabilities - net	(6,457)	(13,590)
Long term deposits	880	952
Short term borrowings - net	738,188	776,154
Finance cost paid - net	(389,592)	(154,980)
Dividend paid	-	(20,734)
Net cash generated from financing activities	121,146	788,826
Net increase / (decrease) in cash and cash equivalents	10,097	(1,824)
Cash and cash equivalents - at beginning of the year	4,176	6,000
Cash and cash equivalents - at end of the year	14,273	4,176

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



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



ABID HUSSAIN
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

For the Year Ended June 30, 2023

	Revenue reserve	Capital reserve	Unrealised loss on financial assets at fair value through other comprehensive income	Total
	Unappropriated profit	Revaluation surplus on property, plant and equipment		
	Rupees in '000			
Balance as at July 01, 2021	208,000	535,375	1,205,777	(150) 1,949,002
Transactions with owners				
Cash dividend for the year ended June 30, 2021 at the rate of Re.1 per share	-	(20,800)	-	- (20,800)
Total Comprehensive income for the year ended June 30, 2022				
Profit for the year	-	292,267	-	- 292,267
Other comprehensive income	-	(14,663)	1,419,051	25 1,404,413
	-	277,604	1,419,051	25 1,696,680
Surplus on revaluation of property, plant and equipment realised during the year (net of deferred taxation):				
- on account of incremental depreciation	-	13,523	(13,523)	- -
- upon sale of revalued assets	-	9,581	(9,581)	- -
Balance as at June 30, 2022	208,000	815,283	2,601,724	(125) 3,624,882
Total Comprehensive income for the year ended June 30, 2023				
Profit for the year	-	85,154	-	- 85,154
Other comprehensive loss	-	(986)	-	11 (975)
	-	84,168	-	11 84,179
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation (net of deferred taxation)	-	17,521	(17,521)	- -
Balance as at June 30, 2023	208,000	916,972	2,584,203	(114) 3,709,061

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



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director



ABID HUSSAIN
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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

Saifabad

Purpose

Mills / factory

Peshawar

APTMA house, Tehkal Payan, Jamrud Road

Registered office

Islamabad

4th Floor, Kashmir Commercial Complex,

Head office

Fazal-e-haq road, Blue Area

Karachi

Plot No. 36, New Karachi Cooperative Housing

Marketing & Sales office

Society Near Dolmen Mall Tariq Road

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% (2022: 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, 2023

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

2.4.1 Standards, amendments to approved accounting standards effective in current year and have been adopted by the Company.

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except for change resulted due to adoption of amendments to accounting standards. The below mentioned amendments to approved accounting standards are effective for the financial year beginning on July 01, 2022 and have been adopted by the Company:

(a) IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.

(b) IAS 16 Property, Plant and Equipment

Amendment to IAS 16 (regarding proceeds before an asset's intended use) prohibit 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 sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE 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 amendments.

The adoption of the above amendments to accounting standards did not have any material effect on the financial statement of the Company.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2022 and have not been early adopted by the Company:

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

(a) IAS 1 Presentation of Financial Statements

Effective date:

01-01-2024

The amendments clarify how to classify a debt and other liabilities as current or non-current. The IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

(b) IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective date:

01-01-2023

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

(c) IAS 1 Disclosure of accounting policies

Effective date:

01-01-2023

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Company's financial statements.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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:

(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 4.13 & 4.14.

(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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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, 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 and office buildings. 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, 2023 on the basis of the projected unit credit method by an independent Actuary.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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.

(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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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 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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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 flow to the Company and the same is amortised applying the straight-line method.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

- **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 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:

Particulars	Mode of valuation
--------------------	--------------------------

Raw materials:

Work-in-process - At manufacturing cost.

At mills - At lower of moving average cost and market value.

In transit - At cost accumulated to the statement of financial position date.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

- 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 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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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 when the performance obligation associated to the contact is satisfied and is measured at the fair value of consideration received or receivable on the following basis:

- 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

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

- 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

2023	2022		2023	2022
--- 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
<u>20,800,000</u>	<u>20,800,000</u>		<u>208,000</u>	<u>208,000</u>

5.1 Saif Holding Ltd. (the Holding Company) held 16,220,010 ordinary shares of the Company as at June 30, 2023 and June 30, 2022.

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, 2019 and 2022. These fixed assets were revalued by Independent Valuers on the basis of market value / depreciated market values.

6.2 The latest revaluation exercise has been 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.

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For the Year Ended June 30, 2023

	Note	2023 Rupees in '000	2022
Opening balance		2,735,534	1,315,448
Add: surplus arisen on revaluation carried out in the preceding year		-	1,452,628
Less: transferred to unappropriated profit:			
- on account of incremental depreciation for the year		(24,678)	(19,047)
- upon sale of revalued assets		-	(13,495)
		2,710,856	2,735,534
Less: deferred tax on:			
- opening balance of surplus		133,810	109,671
- surplus on revaluation carried out at the year end		-	33,577
- incremental depreciation for the year		(7,157)	(5,524)
- sale of revalued assets		-	(3,914)
		126,653	133,810
Closing balance		2,584,203	2,601,724
7. LOAN FROM THE HOLDING COMPANY - Unsecured			
Sub-ordinated loan	7.1	-	60,000

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 was repayable till June 30, 2025; however, during the current financial year, the Company has fully repaid the outstanding balance of this loan.

The effective mark-up rate charged by the Holding Company, during the current financial year, ranged from 15.09% to 19.84% (2022: 8.11% to 14.88%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

8. LONG TERM FINANCING - Secured	Note	2023 ---- Rupees in '000 ----	2022
Bank of Khyber (BoK)			
Demand finance - I	8.1	91,870	144,368
Demand finance - II	8.2	24,659	31,704
Demand finance (under refinance scheme for payment of wages and salaries)	8.3	-	36,486
Energy finance	8.4	45,128	50,769
National Bank of Pakistan (NBP)			
Demand finance	8.5	149,588	199,588
The Bank of Punjab (BOP)			
Term finance	8.6	16,553	49,658
Meezan Bank Limited (MBL)			
Diminishing musharakah - I	8.7	17,709	21,718
Diminishing musharakah - II	8.8	50,000	50,000
Bank Alfalah Islamic Limited (BAFL)			
Islamic temporary economic refinance facility (ITERF)	8.9	88,866	85,068
Diminishing musharakah	8.10	47,436	-
Dubai Islamic Bank Pakistan Limited (DIB)			
Diminishing musharakah - ITERF	8.11	183,076	178,453
Soneri Bank Limited (SBL)			
Term finance	8.12	50,000	70,000
Askari Bank Limited (ASKBL)			
Diminishing musharakah - ITERF	8.13	83,818	89,499
		848,703	1,007,311
Less: current portion grouped under current liabilities		200,548	230,414
		648,155	776,897

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. 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 16.58% to 18.17% (2022: 8.77% to 12.57%) 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 financial year ended June 30, 2021, 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. This finance facility is repayable in 10 equal semi-annual instalments commenced December, 2021. This finance facility carries mark-up at the rate

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

- of 6-months KIBOR + 110 basis points per annum payable quarterly; effective mark-up rate charged, during the current financial year, ranged from 16.58% to 18.17% (2022: 8.77% to 12.57%) 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 financial year ended June 30, 2021, the limit was 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. This finance facility is repayable in 8 equal quarterly instalments commenced January, 2021 and 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. During the current year, the Company has fully repaid this loan.
- 8.4** The Company, during the financial year ended June 30, 2021, 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, commenced 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. This finance facility is repayable in 20 equal quarterly instalments commenced 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 16.26% to 23.08% (2022: 8.55% to 13.05%) 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 16.35% to 18.04% (2022: 8.69% to 12.46%) 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 financial year ended June 30, 2021, 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 3% per annum payable monthly; effective mark-up rate charged, during the current financial year was 6% (2022: 5% to 6%) per annum. This finance facility is secured against registration of ranking charge over fixed assets of the Company.
- 8.8** The Company, during the preceding financial year, arranged a long term finance facility amounted Rs.50 million from MBL to finance the purchase of Solar Grid on Run Off basis

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

under Category-II of SBP Financing Scheme for Renewable Energy. This loan is repayable in 36 equal monthly instalments, commencing June, 2023. 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% (2022: 6% to 14.41%) per annum. This finance facility is secured against registration of ranking charge over fixed assets of the Company.

8.9 The Company, during the financial year ended June 30, 2021, obtained a Islamic temporary economic refinance facility (ITERF) of Rs.100 million from BAFL. The Bank, has fully disbursed the said amount in two tranches of different amounts. The principal balance is repayable in 25 quarterly instalments commencing March, 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% (2022: 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.

8.10 The Company, during the current financial year, arranged a long term finance facility of Rs.50 million from BAFL to finance the purchase of solar power panels under category-II of SBP financing scheme for renewable energy. This finance facility is repayable in 40 equal monthly instalments commenced January, 2023. This finance facility carries mark-up at the rate of SBP rate plus 1% per annum payable quarterly; effective mark-up rates charged, during the current financial year, ranged from 4% to 16.36% per annum. This finance facility is secured against first pari passu charge on entire fixed assets of company with 25% margin amounting to Rs.66.667 million to be registered with SECP.

8.11 The Company, during the financial year ended June 30, 2021, obtained a diminishing musharakah (ITERF) facility of Rs.200 million from DIB. The Bank, has fully disbursed the said amount in nine tranches of different amounts. 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% (2022: 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.

8.12 The Company, during the financial year ended June 30, 2022, obtained a term finance facility of Rs.80 million from SBL to finance construction of staff colony and mosque at mill premises. The principal balance is repayable in 16 equal quarterly instalments commenced January, 2022. This finance facility carries mark-up at the rate of 3-months KIBOR + 100 basis points per annum payable quarterly; effective mark-up rates charged, during the current financial year, ranged from 16.16% to 22.98% (2022: 8.94% to 12.95%) per annum. This finance facility is secured against first pari passu charge of Rs.106.667 million over present and future fixed assets of the Company.

8.13 The Company, during the financial year ended June 30, 2022, obtained a diminishing musharaka (ITERF) facility of Rs.100 million from ASKBL to finance BMR and upgradation of operational facilities. The principal balance is repayable in 20 equal quarterly instalments commencing November, 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 ranged from 3.50% to 17.16% (2022: 5%) per annum.. This finance facility is secured against first pari passu charge of Rs.160 million over present and future fixed assets of the Company.

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.

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For the Year Ended June 30, 2023

10. LEASE LIABILITIES

	Note	2023 ---- Rupees in '000 ----	2022
Lease liabilities		3,547	8,635
Less: current portion		3,547	4,209
		-	4,426
10.1 Movement in the account of lease liabilities			
Opening balance as at July 01,		8,635	13,372
Reassessment due to mark-up rate adjustment		254	377
Interest charge for the year		999	1,196
Payment made during the year		(6,341)	(6,310)
Closing balance as at June 30,		3,547	8,635
10.1.1 Maturity analysis of undiscounted lease payments need to be made after the reporting period			
Payable less than one year		3,895	5,093
Payable between: one to two year		-	3,837
		3,895	8,930

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 13.01% to 23.97% (2022: 9.80% to 16.02%) 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 against salaries refinance scheme	11.1	-	237
Government grant against temporary economic refinance facility	11.2	43,952	46,980
Less: current portion		14,029	11,425
		29,923	35,792

11.1 This relates to the difference between the fair value and actual proceed of salary refinance loan obtained under SBP's Refinance scheme for payment of salaries. It is being amortised over the period of loan from the date of disbursement with an amount equal to the difference between the finance cost that would have been charged to statement of profit or loss at market rate and the interest paid at SBP's defined rate as per the scheme.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

11.2 This relates to the difference between the fair value and actual proceed of temporary economic refinance facility loans obtained under SBP's refinance scheme. It is being amortised over the period of ten years from the date of loan disbursement with an amount equal to the difference between the finance cost charged that would have been charged to statement of profit or loss at market rate and the interest paid as per the scheme.

11.3 The Company has adhered to the terms of the grants. During the year, Rs.12,906 thousand (2022: Rs.13,096 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:

	2023	2022
- discount rate	16.25%	13.25%
- expected rate of increase in salary	15.25%	12.25%
- average expected remaining working life of employees	9.00 years	9.00 years

12.2 Amount recognised in the statement of financial position	2023	2022
	- - - Rupees in '000 - - -	
Net liability at the beginning of the year	169,826	140,173
Charge to statement of profit and loss	52,935	41,506
Remeasurement recognised in statement of other comprehensive income	986	14,663
Payments made during the year	(41,629)	(26,516)
Net liability at the end of the year	182,118	169,826

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

Balance at beginning of the year	169,826	140,173
Current service cost	33,191	28,815
Interest cost	19,744	12,691
Benefits paid	(41,629)	(26,516)
Remeasurement of obligation	986	14,663
Balance at end of the year	182,118	169,826

12.4 Charge to statement of profit or loss:

Current service cost	33,191	28,815
Interest cost	19,744	12,691
	52,935	41,506

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

12.5 Remeasurements recognised in statement of other comprehensive income

	2023	2022
	--- Rupees in '000 ---	
Experience adjustment	<u>986</u>	<u>14,663</u>

12.6 Sensitivity analysis for actuarial assumptions

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

	Change in assumption	Increase in assumptions	Decrease in assumptions
Discount rate	1%	<u>167,359</u>	<u>199,802</u>
Increase in salaries	1%	<u>200,024</u>	<u>166,861</u>

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:

	2023	2022	2021	2020	2019
	----- Rupees in '000 -----				
Present value of defined benefit obligation	<u>182,118</u>	<u>169,826</u>	<u>140,173</u>	<u>111,585</u>	<u>115,979</u>
Experience adjustment on obligation	<u>986</u>	<u>14,663</u>	<u>14,363</u>	<u>(29,478)</u>	<u>(7,024)</u>

12.8 Based on actuary's advice, the expected charge for the year ending June 30, 2024 amounts to Rs.63.287 million.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

13. DEFERRED TAXATION - net	Note	2023 --- Rupees in '000 ---	2022
The balance of deferred tax is in respect of following major temporary differences			
Taxable temporary difference:			
- accelerated tax depreciation allowances		285,693	250,660
- surplus on revaluation of property, plant and equipment	6	126,652	133,810
- Lease finances		768	783
		413,113	385,253
Deductible temporary difference:			
- minimum tax recoverable against normal tax charge in future years		(115,297)	(74,471)
- alternative corporate tax recoverable against normal tax charge in future years		(11,408)	(11,408)
		(126,705)	(85,879)
		286,408	299,374
14. TRADE AND OTHER PAYABLES			
Creditors		102,888	111,551
Bills payable	14.1	369,170	486,673
Sales tax payable		52,391	27,574
Accrued expenses		85,778	108,263
Security deposit	14.2	2,500	2,500
Workers' (profit) participation fund - current year		7,037	22,818
Workers' welfare fund		10,892	10,298
Others		7,191	2,725
		637,847	772,402
14.1 These are secured against import documents.			
14.2 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		-	2,184
- long term financing		27,066	26,497
- short term borrowings		108,011	33,879
		135,077	62,560

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

16. SHORT TERM BORROWINGS

Short term finance facilities available from various commercial banks aggregate to Rs.2,598 million (2022: Rs.1,780 million). These facilities, during the current financial year, carried mark-up / profit at the rates ranging from 13.01% to 23.97% (2022: 8.27% to 16.18%) per annum payable on quarterly basis. Facilities available for opening letters of credit / guarantee from various commercial banks aggregate to Rs.1,792 million (2022: 1,961 million) of which the amounts aggregating Rs.964.863 million (2022: Rs.1,353.110 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 December, 2023.

17. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2023 --- Rupees in '000 ---	2022
Long term financing	8	200,548	230,414
Lease liabilities	10	3,547	4,209
Government grant	11	14,029	11,425
		<u>218,124</u>	<u>246,048</u>

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 Guarantees aggregating Rs.132.481 million (2022: Rs.121.162 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 15, 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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 judgment dated June 15, 2022 dismissed the writ petition on the ground of non-maintainability. Afterward, the Company filed another writ petition No. 2459-P/2022 challenging recovery of GIDC on various grounds. The PHC passed an interim order dated July 07, 2022 and thereby restrained SNGPL from cutting off the gas supply and recovering GIDC from 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.324.966 million (2022: Rs. Nil).

18.2.2 The Company has entered into Ijarah arrangements for thirteen (2022: ten) vehicles with First Habib Modaraba. Aggregate commitments for rentals under Ijarah arrangements as at the reporting dates are as follows:

	Note	2023 --- Rupees in '000 ---	2022
Not later than one year		25,127	16,469
Later than one year but not later than five years		63,750	50,439
		88,877	66,908
19. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	19.1	4,989,755	4,892,551
Right-of-use assets	19.8	6,196	9,270
Capital work-in-progress	19.9	3,360	46,883
Stores and spares held for capital expenditure		52,112	36,442
		5,051,423	4,985,146

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For the Year Ended June 30, 2023

- 19.2** During the current financial year, borrowing cost charged at the rates ranged from 4.00% to 17.83% (2022: 4.00% to 15.56%) per annum amounting Rs.4.535 million and Rs.5.526 million (2022: Rs.13.204 million and 1.003 million) has been included in the cost of plant & machinery and electric installations respectively.

19.3 Disposal of operating fixed assets - vehicles

Asset Description	Cost / Revaluation	Accumulated Depreciation	Net Book Value	Sale Proceeds	Gain / (loss)	Mode of disposal	Particulars of buyer
----- Rupees in '000 -----							
Plant & Machinery							
Simplex machine	5,535	1,120	4,415	3,419	(996)	Negotiation	M/s. Mubashar Brothers
Vehicles							
Suzuki Cultus	1,873	304	1,569	2,450	881	Company policy	M/s. Saif Holdings Ltd. (the holding Company)
Suzuki Cultus	1,301	924	377	412	35	-----do-----	Mr. Shahid Latif (an employee)
Total - June, 30 2023	8,709	2,348	6,361	6,281	(80)		
Total - June, 30 2022	134,235	83,138	51,097	42,136	(8,961)		

- 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:

	2023	2022
	--- Rupees in '000 ---	
Freehold land	20,475	20,475
Buildings on freehold land:		
- Factory	330,909	280,170
- Non-factory	15,149	14,366
- Residential		
- Officers	17,226	17,425
- Workers	21,994	19,529
Plant & machinery	1,509,771	1,498,737
Diesel generators & fuel reservoirs	427	462
Gas fired power plant	104,200	113,972
Electric installations	211,953	142,059
Equipment & appliances	22,991	19,340
	2,255,095	2,126,535

- 19.6** Based on the latest revaluation exercise carried-out on June 30, 2022, forced sale value of the Company's revalued assets was Rs.3,791.315 million.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

19.7 Depreciation for the year has been apportioned as under:

	2023	2022
	--- Rupees in '000 ---	
Cost of sales	145,717	103,209
Administrative expenses	6,653	4,054
	<u>152,370</u>	<u>107,263</u>

19.8 Right-of-use assets

	2023			2022		
	Vehicles	Buildings	Total	Vehicles	Buildings	Total
Cost	-----Rupees in '000-----					
Opening balance	9,474	7,865	17,339	14,986	7,487	22,473
Reassessment due to mark-up rate change	-	254	254	-	378	378
Transferred to own assets	-	-	-	(5,512)	-	(5,512)
	<u>9,474</u>	<u>8,119</u>	<u>17,593</u>	<u>9,474</u>	<u>7,865</u>	<u>17,339</u>
Accumulated depreciation						
Opening balance	5,031	3,038	8,069	6,851	624	7,475
Depreciation for the year	889	2,439	3,328	1,627	2,414	4,041
Transferred to own assets	-	-	-	(3,447)	-	(3,447)
	<u>5,920</u>	<u>5,477</u>	<u>11,397</u>	<u>5,031</u>	<u>3,038</u>	<u>8,069</u>
Net book value at end of the year	<u>3,554</u>	<u>2,642</u>	<u>6,196</u>	<u>4,443</u>	<u>4,827</u>	<u>9,270</u>
Depreciation rate (%)	20	33.33		20	33.33	

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	3,360	42,883
Advance payment for solar	-	4,000
	<u>3,360</u>	<u>46,883</u>

20. INTANGIBLE ASSETS

Computer software of cost amounting Rs.3.532 million which has been fully amortized, at the rate of 20% per annum, is still in use of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

21. LONG TERM INVESTMENT		2023	2022
Debt Instruments - at FVTOCI	Note	--- Rupees in '000 ---	
Habib Bank Limited - term finance certificates (TFCs)			
25 Term finance certificates		2,500	2,500
of Rs.100,000 each			
Adjustment arising from re-measurement		(117)	(125)
to fair value		<u>2,383</u>	<u>2,375</u>
Soneri Bank Limited - term finance certificates (TFCs)			
25 Term finance certificates		2,500	-
of Rs.100,000 each			
Adjustment arising from re-measurement		3	-
to fair value		<u>2,503</u>	<u>-</u>
		<u>4,886</u>	<u>2,375</u>
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 16.48% to 22.79% (2022: 9.06% to 13.71%) per annum.		
21.2	These carry profit at the rate of 6 months KIBOR + 1.70%. Effective profit rate charged during the current financial year is 18.76% per annum.		
22. LONG TERM LOANS - Secured			
Loans to employees	22.1	1,707	1,468
Less: current portion grouped under current assets		722	446
		<u>985</u>	<u>1,022</u>
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		8,531	15,235
Spare parts		48,571	34,863
Loose tools		80	106
		<u>57,182</u>	<u>50,204</u>
24. STOCK-IN-TRADE			
Raw materials:			
- at mills		773,564	852,173
- in-transit		53,453	107,430
		<u>827,017</u>	<u>959,603</u>
Work-in-process		75,783	67,607
Finished goods	24.2	330,960	129,474
		<u>1,233,760</u>	<u>1,156,684</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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, 2023, finished goods included items costing Rs.145.485 million (2022: Rs.92.199 million) which have been stated at their net realizable value aggregated Rs.137.300 million (2022: Rs.85.011 million). The amount charged to cost of sales in respect of finished goods stocks written down to their realizable value is Rs.8.185 million (2022: Rs.7.188 million).

25. LOANS AND ADVANCES

	Note	2023 --- Rupees in '000 ---	2022
Current portion of long term loans	22	722	446
Advances - considered good			
- employees		1,599	1,379
- suppliers	25.1	3,229	6,671
		<u>5,550</u>	<u>8,496</u>

25.1 These include advances amounted Rs. Nil (2022: Rs.1.224 million) made to Sky Electric Private Ltd. (an Associated Company).

26. DEPOSITS, OTHER RECEIVABLE AND PREPAYMENTS

Security deposits		5,640	4,460
Claims for mark-up subsidy	26.1	10,831	10,831
Short term prepayments		167	186
Other receivables		591	-
		<u>17,229</u>	<u>15,477</u>

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 (tax payable) / advance tax at beginning of the year

		(31,697)	(942)
Add: income tax deducted / paid during the year		96,696	54,138
		<u>64,999</u>	<u>53,196</u>

Less: provision made for

- current year	27.2	(74,426)	(85,701)
- prior year		6,469	808
		<u>(67,957)</u>	<u>(84,893)</u>

Balance of (tax payable) / advance tax at end of the year

		<u>(2,958)</u>	<u>(31,697)</u>
--	--	----------------	-----------------

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 2022.

27.2 No numeric tax rate reconciliation has been given in these financial statements as provisions made for the current financial years represent minimum tax payable under section 113 of the Ordinance.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

28. CASH AND BANK BALANCES	Note	2023 --- Rupees in '000 ---	2022
Cash-in-hand		2,357	-
Cash at banks			
- on current accounts		11,705	3,965
- on dividend account		211	211
		14,273	4,176
29. SALES - Net			
Own manufactured goods:			
- yarn		6,933,021	5,528,178
- waste		40,432	29,031
Trading activities:			
- raw materials		17,862	217,837
		6,991,315	5,775,046
Less: sales return		-	5,988
sales tax		1,039,053	838,239
		1,039,053	844,227
		5,952,262	4,930,819
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.		
30. COST OF SALES			
Raw materials consumed	30.1	4,046,191	3,114,971
Packing materials consumed		123,641	93,799
Salaries, wages and benefits	30.2	488,037	416,295
Power and fuel		400,764	320,708
Repair and maintenance		80,390	58,991
Depreciation	19.7	145,717	103,209
Insurance		14,056	8,711
Vehicle running and maintenance		9,005	6,594
Traveling and conveyance		633	601
Guest house and entertainment		1,410	1,653
Textile cess		38	38
Others		4,916	3,110
		5,314,798	4,128,680
Adjustment of work-in-process			
Opening		67,607	28,526
Closing		(75,783)	(67,607)
		(8,176)	(39,081)
Cost of goods manufactured		5,306,622	4,089,599
Adjustment of finished goods			
Opening stock		129,474	113,334
Closing stock		(330,960)	(129,474)
		(201,486)	(16,140)
		5,105,136	4,073,459

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	Note	2023 --- Rupees in '000 ---	2022
30.1 Raw materials consumed			
Opening stock		959,603	572,421
Add:			
Purchases		3,894,838	3,314,250
Cost of raw materials sold		15,977	186,185
Insurance		2,790	1,718
		3,913,605	3,502,153
		4,873,208	4,074,574
Less: closing stock		827,017	959,603
		<u>4,046,191</u>	<u>3,114,971</u>
30.2			
These include Rs.46.053 million (2022: Rs.36.111 million) in respect of staff retirement benefits - gratuity.			
31. DISTRIBUTION COST			
Freight and forwarding		54,167	29,182
Travelling and conveyance		3,101	1,876
Salaries and benefits	31.1	14,321	13,895
Rent, rates and utilities		1,158	1,634
Communication		97	144
Insurance		1,072	649
Commission		6,351	2,561
		<u>80,267</u>	<u>49,941</u>
31.1			
These include Rs.0.529 million (2022: Rs.0.415 million) in respect of staff retirement benefits - gratuity.			

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

32. ADMINISTRATIVE EXPENSES

		2023	2022
	Note	--- Rupees in '000 ---	
Directors' remuneration and fees		26,657	24,192
Salaries and benefits	32.1	53,033	50,469
Travelling and conveyance		2,184	1,671
Rent, rates and taxes		8,767	3,563
Ijarah rentals		19,076	9,240
Entertainment		2,218	2,042
Communication		1,575	1,442
Printing and stationery		1,103	869
Utilities		4,265	5,020
Insurance		11,396	9,127
Vehicles' running and maintenance		7,351	5,720
Repair and maintenance		2,280	2,043
Advertisement		277	117
Subscription		4,995	2,753
Newspapers & periodicals		42	44
Depreciation related to operating fixed assets	19.7	6,653	4,054
Depreciation related to right of use assets	19.8	3,328	4,041
Auditors' remuneration	32.2	1,731	1,611
Legal and professional (other than Auditors)		1,134	665
Others		535	404
		158,600	129,087

32.1 These include Rs.6.352 million (2022: Rs.4.980 million) in respect of staff retirement benefits - gratuity.

32.2 Auditors' remuneration

Statutory audit		1,100	1,100
Half yearly review		147	147
Certification charges		349	229
Consultancy services and others		120	120
Out-of-pocket expenses		15	15
		1,731	1,611

32.3 The Company, during the current financial year, has shared administrative expenses aggregating Rs.4.278 million (2022: Rs.7.805 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, 2023

	Note	2023 --- Rupees in '000 ---	2022
33. OTHER INCOME			
Sale of scrap		1,794	1,030
Unclaimed payable balances written-back		1,587	96
Profit on term finance certificates		707	275
Amortisation of government grant	11	12,906	13,096
		16,994	14,497
34. OTHER EXPENSES			
Loss on sale of operating fixed assets		80	8,961
Workers' (profit) participation fund		7,037	22,818
Workers' welfare fund		594	5,413
Donations	34.1	7,210	4,488
		14,921	41,680
34.1	These include Rs.6 million (2022: Rs.3.600 million) and Rs.0.960 million (2022: Rs.0.888 million) 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>Saifullah 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		5,100	7,492
Mark-up / profit on long term financing		112,124	69,725
Mark-up / profit on short term borrowings		342,835	115,225
Mark-up / profit on finance leases		999	1,195
Interest on workers' (profit) participation fund		1,051	723
Bank and other charges		8,078	5,949
		470,187	200,309
36. TAXATION			
Current			
- for the year		74,426	85,701
- for prior year		(6,469)	(808)
	27	67,957	84,893
Deferred - origination and reversal of temporary differences	13	(12,966)	73,680
		54,991	158,573

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

37. EARNINGS PER SHARE

2023 2022
--- Rupees in '000 ---

37.1 Basic earnings per share

Profit after taxation attributable to ordinary shareholders

85,154 292,267

--- No. of shares ---

Weighted average number of shares outstanding during the year

20,800,000 20,800,000

--- Rupees ---

Earnings per share

4.09 14.05

37.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2023 and June 30, 2022 which would have any effect on the earnings 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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.

(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 has been disclosed in note 18.2.1.

	Average rate		Reporting rate	
	2023	2022	2023	2022
U.S. \$ to Rupee	250.08	177.97	287.10	206.00

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:

Financial liabilities	Effective rate		Carrying amount	
	2023 %	2022 %	2023 --- Rupees in '000 ---	2022
Variable rate instruments				
Loan from the				
Holding Company	15.09 to 19.84	8.11 to 14.88	-	60,000
Long term financing	3.50 to 23.08	4.00 to 14.41	848,703	1,007,311
Lease liabilities	13.01 to 23.97	9.80 to 16.02	3,547	8,635
Short term borrowings	13.01 to 23.97	8.27 to 16.18	1,941,357	1,203,169

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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, 2023, 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.27.936 million lower / higher (2022: Rs.22.791 million), 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, 2023 along with comparative is tabulated below:

	2023	2022
	--- Rupees in '000 ---	
Long term deposits	15,263	13,894
Trade debts	1,398,063	1,055,353
Security deposits	6,231	4,460
Bank balances	14,273	4,176
	<u>1,433,830</u>	<u>1,077,883</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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:

	2023	2022
	--- Rupees in '000 ---	
Not yet due	1,250,207	1,023,661
Past due - more than 30 days	147,856	31,692
	<u>1,398,063</u>	<u>1,055,353</u>

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, 2023					
Loan from the Holding Company	-	-	-	-	-
Long term financing	848,703	1,067,565	315,904	735,863	15,798
Lease liabilities	3,547	3,895	3,895	-	-
Trade and other payables	619,918	619,918	619,918	-	-
Accrued mark-up / profit	135,077	135,077	135,077	-	-
Short term borrowings	1,941,357	2,142,932	2,142,932	-	-
Unpaid dividends	209	209	209	-	-
Unclaimed dividends	939	939	939	-	-
	<u>3,549,750</u>	<u>3,970,535</u>	<u>3,218,874</u>	<u>735,863</u>	<u>15,798</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

	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, 2022					
Loan from the Holding Company	60,000	64,112	64,112	-	-
Long term financing	1,007,311	1,194,915	268,506	877,650	48,759
Lease liabilities	8,635	8,930	5,093	3,837	-
Trade and other payables	749,584	749,584	749,584	-	-
Accrued mark-up / profit	62,560	62,560	62,560	-	-
Short term borrowings	1,203,169	1,269,286	1,269,286	-	-
Unpaid dividends	209	209	209	-	-
Unclaimed dividends	939	939	939	-	-
	<u>3,092,407</u>	<u>3,350,535</u>	<u>2,420,289</u>	<u>881,487</u>	<u>48,759</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, 2023, 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, 2023

38.3 Financial instruments by category

	2023			2022		
	Amortised cost	At fair value through OCI	Total	Loans and receivables	At fair value through OCI	Total
----- Rupees in '000 -----						
Financial assets as per statement of financial position						
Long term investment	-	4,886	4,886	-	2,375	2,375
Long term loans	985	-	985	1,022	-	1,022
Long term deposits	15,263	-	15,263	13,894	-	13,894
Trade debts	1,398,063	-	1,398,063	1,055,353	-	1,055,353
Loans and advances	2,321	-	2,321	1,825	-	1,825
Deposits, other receivables and prepayments	16,471	-	16,471	15,291	-	15,291
Cash and bank balances	14,273	-	14,273	4,176	-	4,176
	1,447,376	4,886	1,452,262	1,091,561	2,375	1,093,936

	Financial liabilities measured at amortised cost	
	2023	2022
--- Rupees in '000 ---		
Financial liabilities as per statement of financial position		
Loan from the Holding Company	-	60,000
Long term financing	848,703	1,007,311
Lease liabilities	3,547	8,635
Long term deposits	4,636	3,756
Trade and other payables	619,918	749,584
Accrued mark-up / profit	135,077	62,560
Short term borrowings	1,941,357	1,203,169
Unpaid dividends	209	209
Unclaimed dividends	939	939
	3,554,386	3,096,163

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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, 2022	1,007,311	8,635	1,203,169	62,560	1,148
Changes from financing activities					
Finances obtained	50,000	-	738,188	-	-
Finances repaid	(211,873)	-	-	-	-
Transferred to deferred income	3,265	-	-	-	-
Reassessment due to mark-up rate change	-	254	-	-	-
Repayment of finance lease liabilities	-	(6,341)	-	-	-
Finance cost paid	-	-	-	(389,592)	-
Dividends paid	-	-	-	-	-
Dividends declared	-	-	-	-	-
Total changes from financing cash flows	848,703	2,548	1,941,357	(327,032)	1,148
Other changes					
Mark-up / Interest expense	-	999	-	462,109	-
Balance as at June 30, 2023	848,703	3,547	1,941,357	135,077	1,148

	Liabilities				
	Long term financing	Liabilities Lease	Short term borrowings	Accrued mark-up and interest	Dividend
	----- Rupees in '000 -----				
Balance as at July 01, 2021	833,267	13,372	427,015	24,375	1,082
Changes from financing activities					
Finances obtained	454,307	-	-	-	-
Finances repaid	(230,338)	-	776,154	-	-
Transferred to deferred income	(49,925)	-	-	-	-
Reassessment due to mark-up rate change	-	377	-	-	-
Repayment of finance lease liabilities	-	(6,310)	-	-	-
Finance cost paid	-	-	-	(154,980)	-
Dividends paid	-	-	-	-	(20,734)
Dividends declared	-	-	-	-	20,800
Total changes from financing cash flows	1,007,311	7,439	1,203,169	(130,605)	1,148
Other changes					
Mark-up / Interest expense	-	1,196	-	193,165	-
Balance as at June 30, 2022	1,007,311	8,635	1,203,169	62,560	1,148

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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.

	2023	2022
	--- Rupees in '000 ---	
Total borrowings	2,793,607	2,279,115
Less: cash at banks	14,273	4,176
Net debt	2,779,334	2,274,939
Total equity	3,709,061	3,624,882
Total capital	6,488,395	5,899,821
Gearing ratio	43%	39%

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, 2023

	2023	2022
	--- Rupees in '000 ---	
41.2 Significant transactions with the related parties		
i) The Holding Company		
- dividend paid	-	16,220
- mark-up accrued on loan	5,100	7,492
- sale of asset	2,450	-
ii) Associated Companies		
Sales of:		
- goods, store items and services	3,126	24,637
- fixed assets	-	5,000
Purchase of raw material	192,801	-
Purchase of asset	78,033	56,000
iii) Key management personnel		
Salary and other employment benefits	40,303	38,034

42. REMUNERATION OF CHIEF EXECUTIVE, AND EXECUTIVES

	Chief Executive		Executives	
	2023	2022	2023	2022
	----- Rupees in '000 -----			
Managerial remuneration	25,777	23,510	45,334	43,394
Medical expenses reimbursed	-	32	598	356
	<u>25,777</u>	<u>23,542</u>	<u>45,932</u>	<u>43,750</u>
Number of persons	<u>1</u>	<u>1</u>	<u>10</u>	<u>10</u>

42.1 In addition to the above, meeting fees amounting Rs.880 thousand (2022: Rs 650 thousand) were paid to eight (2022: seven) 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.

	2023	2022
43. CAPACITY AND PRODUCTION		
No. of spindles installed (in '000)	45	45
Average no. of spindles shifts worked (in '000)	47,204	37,749
No. of days worked	365	365
No. of shift worked	1,095	1,095
Average count	33.93	32.59
Actual production (in '000)	Kg 9,193	8,415

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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 99.16% (2022: 95.72%) 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, 2023 are located in Pakistan.
- 44.4 None of the Company's customers sales exceeded 10% of total sales of the Company.

45. NUMBER OF EMPLOYEES

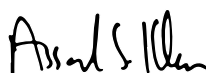
	2023	2022
Total number of employees as at June 30,	1,082	1,104
Average number of employees during the year	1,107	1,072

46. 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.

47. GENERAL

These financial statements were authorised for issue on September 28, 2023 by the Board of Directors of the Company.



ASSAD SAIFULLAH KHAN
Chief Executive Officer



RANA MUHAMMAD SHAFI
Director

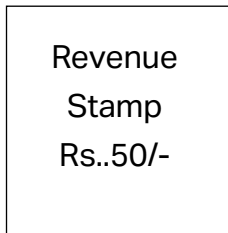


ABID HUSSAIN
Chief Financial Officer

FORM OF PROXY

I/we.....of.....being a member of Kohat Textile Mills Limited hereby appoint Mr./Ms..... offalling 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 Friday, 27 October,2023 at 10:00 a.m. and any adjournment there of.

Dated thisday of2023.



Specimen Signature of Proxy

Follo No.....

Participant I.D No.....

Sub Account No.

Signature of Shareholder

Specimen Signature of Alternate Proxy

Foll No.....

Foll 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.



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