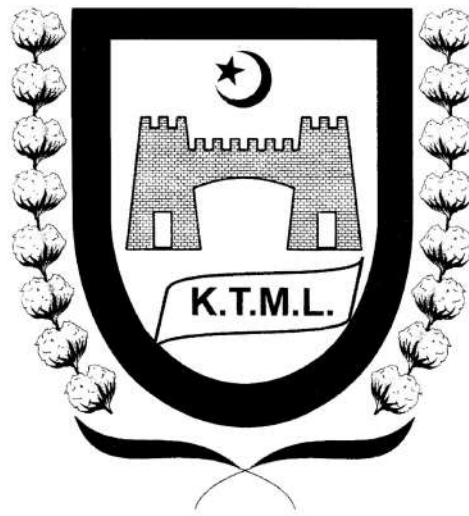


# *Khyber Textile Mills Limited*



## **60th ANNUAL REPORT FOR THE YEAR 2021**

# بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

شروع اللہ کے بابرکت نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے

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**COMPANY INFORMATION****CHAIRMAN  
CHIEF EXECUTIVE**

Mr. Aurangzeb Khan  
Mr. Adam Jadoon

**DIRECTORS**

Mr. Amanullah Khan  
Mr. Adam Jadoon  
Mr. Aurangzeb Khan  
Mr. Omar Farid Jadoon  
Mr. Muhammad Bahauddin  
Mrs. Aamna Jadoon  
Mr. Hassan Ovais

**AUDIT COMMITTEE****CHAIRMAN  
MEMBER  
MEMBER**

Mr. Hassan Ovais  
Mr. Muhammad Bahauddin  
Mrs. Aamna Jadoon

**HR COMMITTEE****CHAIRMAN  
MEMBER  
MEMBER**

Mr. Hassan Ovais  
Mr. Muhammad Bahauddin  
Mr. Adam Jadoon

**SECRETARY**

Mr. Sadaqat Khan

**C.F.O**

Mr. Taj Muhammad

**AUDITORS**

M/s Clarkson Hyde Saud Ansari  
Chartered Accountants

**SHARE REGISTRAR**

F.D. Registrar Services  
(SMC-Pvt) Ltd

**REGISTERED OFFICE  
& HEAD OFFICE**

Khyber Textile Mills Ltd.  
Baldher, District Haripur,  
Khyber Pakhtunkhawa

**MILLS**

Baldher, District Haripur,  
Khyber Pakhtunkhawa

Website address:-

**[www.khybertextile.com](http://www.khybertextile.com)**

Email Address:-

**[info@khybertextile.com](mailto:info@khybertextile.com)**

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**VISION STATEMENT**

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

**MISSION STATEMENT**

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

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

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

**STATEMENT OF ETHICS AND BUSINESS PRACTICES**

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

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

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

**KEY OPERATING AND FINANCIAL DATA**

	(Rupees in '000)					
<b><u>OPERATING:</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Net Sales	9,618	8,062	3,516	1,750	0	0
Gross (Loss) Profit	1,779	1,417	1,096	(1,034)	0	0
<b>Operating Profit (Loss)</b>	(9,880)	(9,800)	(5,096)	(7,848)	(9,315)	(1,169)
<b>Pre Tax Profit/(Loss)</b>	8,241	3,999	(5,416)	8,942	(9,265)	(1,169)
<b>After Tax Profit/(Loss)</b>	10,140	2,125	(3,546)	10,707	(6,138)	3,496
<b>Tangible Fixed Assets</b>	973,973	986,074	999,277	428,152	438,544	448,558
<b>Long Term Deposit</b>	89	89	89	89	89	89
	<b><u>974,062</u></b>	<b><u>986,163</u></b>	<b><u>999,366</u></b>	<b><u>428,063</u></b>	<b><u>438,633</u></b>	<b><u>448,647</u></b>
<b>Current Assets</b>	8,901	8,989	8,256	5,688	3,345	3,372
<b>Current Liabilities</b>	(28,207)	(47,424)	(54,585)	(26,089)	(41,468)	(40,655)
<b>Working Capital</b>	<b><u>(19,306)</u></b>	<b><u>(38,435)</u></b>	<b><u>(17,979)</u></b>	<b><u>(46,329)</u></b>	<b><u>(38,123)</u></b>	<b><u>(37,283)</u></b>
<b>Share Capital</b>	12,275	12,275	12,275	12,275	12,275	12,275
<b>Accumulated Profit (Loss)</b>	<u>19,721</u>	<u>(1,150)</u>	<u>(10,917)</u>	<u>(15,472)</u>	<u>(34,957)</u>	<u>(38,519)</u>

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**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is hereby given that the 60<sup>th</sup> Annual General Meeting of the Shareholders of KHYBER TEXTILE MILLS LIMITED will be held on Wednesday the 27<sup>th</sup> October, 2021 at the Registered Office of the Company, Baldher, District Haripur, Khyber Pakhtunkhwa at 10:00 am, to transact the following business;

1. To confirm the minutes of the 59th Annual General Meeting of the Shareholders held on 26<sup>th</sup> October, 2020.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30th June, 2021 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors of the Company for the year 2021-2022 and to fix their remuneration. The Board of Directors has recommended M/s Clarkson Hyde Saud Ansari & Co. Chartered Accountants, who have retired and being eligible have offered themselves for re-appointment to act as Auditors of the Company for the year 2021-2022.
4. To transact any other business of the Company with the permission of the Chair.

Baldher : 28<sup>th</sup> September, 2021  
BY ORDER OF THE BOARD

For Khyber Textile Mills Limited

  
Sadaqat Khan  
Company Secretary

**NOTES:**

1. The Share transfer books of the Company will remain closed from 20<sup>th</sup> October 2021 to 27<sup>th</sup> October, 2021 (both days inclusive).
2. Members attending the Meeting shall verify their identity with original Identity Card or Passport at the time of attending the Meeting.
3. A Member entitled to attend and vote at the Meeting may appoint another Member as his / her proxy to attend and vote. In order to be effective, proxies must be delivered at the Company's registered Office Baldher, District Haripur at least 48 hours before the time of Meeting. The Form of Proxy must be duly completed and appended with a copy of identity card or Passport of the beneficial owner and registered owner.
4. Shareholders are required to promptly notify the Share Registrar of any change in their address.

**CHAIRMAN'S REVIEW**

(In the Name of Allah the Magnificent the Merciful)

I welcome you with great pleasure to the 60<sup>th</sup> Annual General Meeting of your Company for the year ended 30<sup>th</sup> June, 2021.

**Operating Results:**

	2021	2020	2019	2018	2017	2016
	-----Rupees in "000"-----					
Sales	9,617	8,062	3,516	1,750	0	0
Operating Profit/ (Loss)	(9,880)	(9,800)	(5,096)	(8,942)	(9,265)	(1,169)
Profit / (Loss) after tax	10,140	(2,125)	(3,546)	10,707	(6,138)	3,490
Accumulated Profit / (Loss)	19,721	(1,150)	(10,917)	(15,472)	(34,957)	(38,519)

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

**ACKNOWLEDGEMENT:**

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



**Mr. Aurangzeb Khan**  
Chairman

Baldher, Haripur  
Dated: -28 September 2021



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

The Board of Directors welcomes you to the 60<sup>th</sup> Annual General Meeting of your Company and are pleased to present the Annual Accounts duly audited together with Auditors' Report along with other relevant statements as required by the Code of Corporate Governance of Pakistan Stock Exchange for the year ended 30<sup>th</sup> June, 2021.

**Financial Results:**

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

	<b>2021 Rupees</b>	<b>2020 Rupees</b>
<b>SALES</b>	9,617,700	8,061,600
<b>Less: COST OF SALES</b>	7,838,268	6,644,116
<b>GROSS PROFIT</b>	1,779,432	1,417,484
Less: Administrative Expenses	16,652,575	17,749,921
Other Operating Expenses	446,580	322,400
Financial Expenses - Bank Charges	2,389	4,296
	17,101,544	18,076,617
	(15,322,112)	(16,659,133)
Other Operating Income - Rent	5,234,725	6,532,600
Agriculture Income	207,100	205,000
<b>OPERATING LOSS</b>	(9,880,287)	(9,921,533)
Other Income	18,122,154	6,127,680
<b>PROFIT BEFORE TAXATION</b>	8,241,867	(3,793,853)
<b>TAXATION</b>	(1,897,752)	(1,873,746)
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>	10,139,619	(1,920,107)
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	8.26	(1.56)

**Auditor's Reservations:**

- Regarding the auditors' observation about the Company's ability to continue as going concern the same is fully explained in Notes # 2.2 & #14 of these Accounts.
- Concerning auditor qualification for creditors that remain un-verified, it is stated that the creditors are more than 18 years old and have not come forward to demand their dues nor are in contact with the Company. Moreover, these amounts have become time barred; therefore the Management has begun the process of writing back the balances. Hence, during the year an amount of Rs.18.122 million was written back by the Management, if the write back had not been incorporated, the Company would have incurred a loss of Rs.(7.982) million, therefore, due to this reason a dividend was not issued.

- Regarding the auditors qualification on the 2<sup>nd</sup> Independent Director requirement, Management is working towards fulfilling this requirement in the future.

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

The Board of Directors further state that:

1. The financial statements under review have been prepared in accordance with the provision of the Companies Act 2017 and the International Accounting Standards as applicable in Pakistan.
2. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
3. Proper books of account have been maintained by the Company accordingly the financial statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
4. The system of internal control of the Company is satisfactory in design and has been effectively implemented and continues to be monitored for improvement.
5. As a result of overall effort being made to control cost and maximize revenue, there are no significant doubts about the Company's ability to continue as a going concern and therefore no adjustment is required in the recorded assets and liabilities.
6. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations and as applicable to the Company for the year ended 30<sup>th</sup> June, 2021.
7. The key operating and financial results for the last six years, in a summarized form, are annexed.
8. The Audit Committee assists the Board in discharging its duties and responsibilities ensuring good compliance with Code of Corporate Governance including review of reports, Company's financial results and internal control procedures for Management decisions and evolving strategy for safeguarding Company's assets and its business potentials.
9. The Audit Committee meets before Board Meetings and its report is presented in the Board Meeting.
10. The pattern of shareholding as required by the Code of Corporate Governance and shares held/traded by the Chief Executive, CFO, Company Secretary, Directors, Executives of the Company and their spouses and minor children is annexed with this report.
11. During the period under report 4 (four) meetings of the Board of Directors were held. Attendance of each Director is as under:

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

- 
12. Communications with the shareholders are given priority. Annual, half yearly and quarterly reports are distributed and displayed on KTML's website [www.khybertextile.com](http://www.khybertextile.com) within the time specified in the Companies Act 2017.
  13. As required by the Code of Corporate Governance, the Audit Committee has suggested the name M/s Clarkson Hyde Saud Ansari Chartered Accountants as auditors of the Company for the financial year 2021-2022, who have consented to act as auditors of the Company.
  14. **Law Suits Against the Company:**  
**NBP vs. KTML:** On 17-03-2014 the Hon'able Banking Judge Peshawar High Court has dismissed NBP's suit in favour of KTML. NBP has filed an appeal against the judgment; as of September 2021, arguments are pending before the Honorable Peshawar High Court. KTML's Management and legal team will continue to defend KTML's interests vigorously and are hopeful that NBP's appeal will be dismissed. For further information refer to note #14.

**ICP, NBP & Others vs. KTML:** A Suit for recovery was filed by ICP, NBP & Others in the Sindh High Court (SHC). The Honorable Sindh High Court has allowed KTML's Leave to Defend Application. KTML's Management and legal team are optimistic as a judgment on these issues in our favour has already been decided by the Honorable Peshawar High Court which will hopefully lead to the dismissal of the ICP, NBP suit in the SHC. As of September 2021, the suit is at the final stages of arguments. For further information refer to note #14.

**15. Business Activities**

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

With the approval of the BOD and Members in prior AGMs, the Company in FY 2021 has continued to invest in its abundant property, specifically in a livestock farm and agricultural land (separate from the Textile Unit). This investment has included the construction of ample housing capacity for cattle, the purchase of livestock, the planting and growing of olive saplings, improving the Mills water piping system, water storage, tube well and irrigation systems throughout the Company's premises. In addition, Management has utilized the Company's empty land by transforming and developing the land for cultivation. The cultivation of crops grown, has been used in support of the Company's livestock farm, which has enabled a reduction in purchasing of fodder from the market, reducing input costs, thus increasing the farms profitability.

However, it must be noted that parts of our business have been negatively affected by the continuing COVID-19 (Corona Virus) pandemic and subsequent Government restrictions on business activities throughout the country. Consequently, our rental

business received a negative impact resulting in reduced rental collection and premature termination of leases by the tenants due to their continued losses.

Nonetheless, the BOD takes this opportunity to inform the shareholders that in Financial Year 2021 despite a ban on access to credit, inflation and the COVID-19 restrictions, KTML has managed to improve the livestock agricultural farm and sales operations. Further, our input costs were reduced and the sales of livestock receipts registered an increase. Through the successful sales of livestock and rental income Management has proved that the modified business plan for the Company is viable, as the revenue of the Company has increased. Furthermore, the Company is an active taxpayer, contributing advance tax to the national exchequer.

Following SECP decision and instructions, approval of change of principal line of business and modifications in Articles and Memorandum of Association was obtained from the competent authorities and was completed. However, the process of the change of name to reflect the current business being undertaken by the Company is pending.

Moving forward, Management will continue to repair unutilized buildings on the Company's property for use of warehousing and rental activity, thereby utilizing the excess areas for the generation of additional revenue for the Company. Additionally, Management intends, to improve the cultivatable land and invest further in the agricultural livestock farm thereby increasing the sale of cattle for FY-2022. Furthermore, the income derived from these business activities will also be used for the maintenance of the Company's assets, salaries of employees, payment of expenses, meeting the Companies legal overheads, fulfilling the requirements under the Companies Act 2017, and to invest in new business activities if found feasible by the BOD.

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

**On behalf of the Board of Directors**



**Aurangzeb Khan**  
Director



**Adam Jadoon**  
Chief Executive

**Baldher, Haripur**

**Dated:- 28<sup>th</sup> September, 2021**

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**Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019; Year Ending 30<sup>th</sup> June, 2021, for Khyber Textile Mills Limited**

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

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

a. Male: 6

b. Female: 1

2. The composition of the Board is as follows:

**i. Independent Director**

Mr. Hassan Ovais

**ii. Female Directors**

Mrs. Aamna Jadoon

**iii. Non-Executive Directors**

Mr. Aurangzeb Khan

Mr. Amanullah Khan

Mr. Omar Farid Jadoon

Mr. Muhammad Bahauddin

Mrs. Aamna Jadoon

**iv. Executive Directors**

Mr. Adam Jadoon

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company;

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

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

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

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

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

9. The following Members of the Board have completed the Directors Training Program;

1. Mr. Adam Jadoon

2. Mr. Muhammad Bahauddin

3. Mrs. Aamna Jadoon

4. Mr. Hassan Ovais

While three other Directors are exempt from Directors Training Program due to their experience in the Board;

10. The Board has approved the appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below.-

**a) Audit Committee**

Mr. Hassan Ovais (Chairman)

Mr. Muhammad Bahauddin

Mrs. Aamna Jadoon

**b) HR and Remuneration Committee**

Mr. Hassan Ovais (Chairman)

Mr. Muhammad Bahauddin

Mr. Adam Jadoon

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

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

a) Audit Committee; Four Quarterly Meetings during the financial year ended 30<sup>th</sup> June 2021

b) HR and Remuneration Committee: One meeting during the financial year ended 30<sup>th</sup> June, 2021.

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

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of Internal Audit, Company Secretary or Director of the Company;

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

18. We confirmed that all other requirements of the regulations have been complied with.

MR. AURANGZEB KHAN



CHAIRMAN

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**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**To the members of: KHYBER TEXTILE MILLS LIMITED**

**Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **KHYBER TEXTILE MILLS LIMITED** (the Company) for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

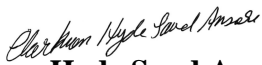
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control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

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

Following instance(s) of non-compliance with the requirements of the Regulations was / were observed which is/are not stated in the Statement of Compliance:

**Independent Directors** – As per Regulation No. 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the independent directors should not be less than two or one third of the total number of the board of directors, whichever is higher. The Company has only one independent director out of total seven directors.

Based on our review, except for the above instance of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

  
**Clarkson Hyde Saud Ansari**  
Chartered Accountants  
Engagement Partner – **Saud Ansari**

Karachi

Dated: September 28, 2021

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**INDEPENDENT AUDITOR'S REPORT**To the members of: **KHYBER TEXTILE MILLS LIMITED****Report on the Audit of the Financial Statements*****Qualified Opinion***

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

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report the statement of financial position, and 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 forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

***Basis for Qualified Opinion***

During the year the Company has written back creditors amounting to Rs.18,122,154. The Company had been making efforts to contact the creditors to settle their liability, but there was no response in spite of repeated letters dispatched, therefore the Company decided to write back the same, as they have been outstanding for a very long time. In our opinion this write back, constitutes a departure from the International Financial Reporting Standards (*Paragraph 3.3.1 of IFRS-9*). Had this write back not been made the results of operations for the year would have been lower by this amount.

The predecessor auditor qualified his audit opinion on the financial statements relating to the year ended June 30, 2020, owing to non-verification of creditors amounting to Rs.18,122,154, as confirmations were not received in spite of reminders. These creditors have been written back by the Company during the current year as stated above..Our opinion on the current year's financial statements is also qualified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

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

***Material Uncertainty relating to Going concern***

We draw attention to Note 2.2 to the financial statements, which indicates that the textile operations of the Company have been closed since 2007. During the year an amount of



Rs.18.122 million was written back by the Company, had the write back not been made, the Company would have incurred a loss of Rs.7.982 million and the Company's current liabilities exceeds its current assets by Rs.19.3 million. These financial statements have been prepared assuming that the company will continue as a going concern, but the aforesaid conditions indicate the existence of a material uncertainty which cast significant doubt about the company's ability to continue as a going concern. Management's plans and other mitigating factors to this matter have been discussed in Note 2.2 to the financial statements. Our opinion is not modified in respect of this matter.

**Key Audit Matter**

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

S.No.	Key Audit Matter	How the Matter was addressed in our Audit
1.	<p><b><u>Contingencies and Commitments</u></b></p> <p>Refer note 14 to the financial statements. The Company is subject to material litigations involving different courts pertaining to recovery, which requires management to make assessment and judgments with respect to likelihood and impact of such litigations on the financial statements of the Company.</p> <p>We have identified this as a key audit matter, because the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant effect on the financial statements is subject to significant judgment, which can change over time as new facts emerge and each legal case progresses.</p>	<p>Our procedures for verification in this matter and related disclosure included, but not limited to:</p> <ul style="list-style-type: none"><li>• Discussed legal cases with the management to understand their point of view and obtained and reviewed the litigation documents in order to assess the facts and circumstances;</li><li>• Obtained independent opinion of legal council's dealing with such cases in the form of confirmation; and</li><li>• Evaluated the possible outcome of these legal cases in line with the requirements of IAS 37: <i>Provisions, Contingent Liabilities and Contingent assets</i>. The disclosures of legal exposures and provisions were assessed for completeness and accuracy.</li></ul>

**Information Other than the Financial Statements and Auditor's Report Thereon**

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists,

we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, together with 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).

#### **Other Matter**

Prior year's financial statements were audited by the Predecessor Auditor who issued a qualified modified opinion thereon.

The engagement partner on the audit resulting in this independent auditor's report is **SAUD ANSARI**



**Clarkson Hyde Saud Ansari**

Chartered Accountants

Date: September 28, 2021

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	4	973,972,762	986,074,178
Long Term Deposits		88,983	88,983
		<u>974,061,745</u>	<u>986,163,161</u>
<b>CURRENT ASSETS</b>			
Inventory - Livestock (Biological Assets)	5	7,441,000	7,200,000
Inventory - Animal Feed		205,750	105,410
Stores and Spares	6	-	-
Advances, Deposits and Other Receivables	7	1,200,000	1,476,626
Cash and Bank Balances	8	54,372	206,590
		<u>8,901,122</u>	<u>8,988,626</u>
		<u>982,962,867</u>	<u>995,151,787</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Share Capital	9	12,275,030	12,275,030
		<u>12,275,030</u>	<u>12,275,030</u>
<b>Capital Reserve</b>			
Satutory Reserve		257,782	257,782
Revaluation Surplus	10	882,744,077	893,475,826
<b>Revenue Reserve</b>			
Unappropriated Profit		19,721,321	(1,150,047)
		<u>914,998,210</u>	<u>904,858,591</u>
<b>NON CURRENT LIABILITIES</b>			
Deferred Taxation	11	39,757,168	42,869,376
<b>CURRENT LIABILITIES</b>			
Loan from Directors	12	26,560,475	27,460,475
Trade and Other Payables	13	432,558	18,447,782
Provision for Taxation		1,214,456	1,515,563
		<u>28,207,489</u>	<u>47,423,820</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14		
		<u>982,962,867</u>	<u>995,151,787</u>
		-	-

The annexed notes form an integral part of these financial statements



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE

STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
SALES		9,617,700	8,061,600
Less: COST OF SALES	15	7,838,268	6,644,116
GROSS PROFIT		1,779,432	1,417,484
Less: Administrative Expenses	16	16,652,575	17,749,921
Other Operating Expenses	18	446,580	322,400
Financial Expenses - Bank Charges		2,389	4,296
		17,101,544	18,076,617
		(15,322,112)	(16,659,133)
Other Operating Income - Rent		5,234,725	6,532,600
Agriculture Income		207,100	205,000
OPERATING LOSS		(9,880,287)	(9,921,533)
Other Income	19	18,122,154	6,127,680
PROFIT BEFORE TAXATION		8,241,867	(3,793,853)
TAXATION	20	(1,897,752)	(1,873,746)
NET PROFIT / (LOSS) FOR THE YEAR		10,139,619	(1,920,107)
EARNINGS PER SHARE - BASIC AND DILUTED	28	8.26	(1.56)

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



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE

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STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
NET PROFIT / (LOSS) FOR THE YEAR		10,139,619	(1,920,107)
OTHER COMPREHENSIVE INCOME			
Items that may not be subsequently reclassified to profit or loss		-	-
Items that may be subsequently reclassified to profit or loss		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		<u>10,139,619</u>	<u>(1,920,107)</u>

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



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2021

	Issued, Subscribed & Paid Up Capital	Capital Reserves		Unappropriated Profit	Total
		Statutory Reserve	Revaluation Surplus		
		' ----- Rupees -----			
Balance as at July 1, 2019	12,275,030	257,782	905,163,104	(10,917,218)	906,778,698
Total Comprehensive Income for the Year					
Loss for the year	-			(1,920,107)	(1,920,107)
Other Comprehensive Income				-	-
	-	-	-	(1,920,107)	(1,920,107)
Transfer due to Incremental Depreciation on Revaluation of Property, Plant and Equipment			(11,687,278)	11,687,278	-
Balance as at June 30, 2020	12,275,030	257,782	893,475,826	(1,150,047)	904,858,591
Total Comprehensive Income for the Year					
Profit for the year	-			10,139,619	10,139,619
Other Comprehensive Income				-	-
	-	-	-	10,139,619	10,139,619
Transfer due to Incremental Depreciation on Revaluation of Property, Plant and Equipment			(10,731,749)	10,731,749	-
					-
Balance as at June 30, 2021	12,275,030	257,782	882,744,077	19,721,321	914,998,210



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE

CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
<b>CASH FROM OPERATING ACTIVITIES</b>		
Profit (Loss) before Taxation	8,241,867	(3,793,853)
Adjustments for:		
Depreciation	12,101,416	13,202,993
Gain arising from changes in fair value of Livestock	(1,490,250)	(1,382,447)
Creditors written back	(18,122,154)	(6,127,680)
Financial Expenses	2,389	4,296
Operating profit before working capital changes	733,268	1,903,309
 (Increase)/Decrease in Operating Assets		
Inventory - Livestock	1,249,250	682,447
Inventory - Animal Feed	(100,340)	(11,220)
Advances and Other Receivables	-	42,705
	1,882,178	2,617,241
 Increase/(Decrease) in Operating Liabilities		
Trade and Other Payables	106,930	(68,790)
Cash generated from/(used in) operations	1,989,108	2,548,451
 Financial Expenses	(2,389)	(4,296)
Tax deducted at source/Paid	(1,238,937)	(1,491,659)
Net Cash from/(used in) Operating Activities	747,782	1,052,496
 <b>CASH FROM INVESTING ACTIVITIES</b>		
Net Cash from/(used in) Investing Activities	-	-
 <b>CASH FROM FINANCING ACTIVITIES</b>		
Loan from Directors	(900,000)	(890,000)
Net Cash from/(used in) Financing Activities	(900,000)	(890,000)
 <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(152,218)	162,496
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	206,590	44,094
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	54,372	206,590



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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**1. CORPORATE AND GENERAL INFORMATION**

Khyber Textile Mills Limited is a Public Limited Company, incorporated on 26th August, 1961 under the Companies Act, 1913 (Now the Companies Act, 2017). Its shares are quoted on the Pakistan Stock Exchange Limited. The activities of the Company were the manufacture and sale of cotton/polyester yarn and cloth, however due to external factors production was halted. Consequently, the Company has been operating an agricultural livestock business on its vacant land since 2017, as a revised principal line of business of the Company, that is agricultural, which was approved by the Registrar of Companies in September 2019. It has also been carrying out alternative business activities of renting excess buildings for warehousing and rental purposes since 2016.

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

The Registered office of the Company is situated at Baldher, District Haripur, Khyber Pakhtunkhwa  
The production facility and agricultural farms are also located at Baldher, District Haripur, Khyber Pakhtunkhwa.

**2. BASIS OF PRESENTATION****2.1. Statement of Compliance**

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

International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and Provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2. BASIS OF MEASUREMENT**

These accounts have been prepared under the historical cost convention, as modified by the revaluation of certain items of property, plant and equipment. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for under the accrual basis of accounting.

***Going Concern Assumption***

These financial statements have been prepared on going concern basis, yet there are factors which effect the Company's ability to continue as a going concern, which are as Follows:

- i Textile operations have been suspended since July 2007. During the year an amount of Rs.18.122 million was written back by the Company, if the write back not been incorporated, the Company would have incurred a loss of Rs.7.982 million
- ii The current liabilities of the Company exceed present value of assets by Rs 19.306 million;

***Mitigating Factors to the Uncertainty relating to the use of Going Concern***

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

- ii In order, to make the Company compliant of the various provisions of the Companies Act 2017 and other legal provisions, the Management approached the Board of Directors (BOD) and thereafter the Members (through General Meetings) to allow it to undertake livestock rearing and agricultural activities as alternate business activities on the Company's abundant vacant land. These initiatives met with positive results encouraging the stakeholders to approach regulators to convert the activity into its principal line of business. Applications were moved for effecting the requisite changes; subsequently amendments in the Memorandum of Association and Articles of Association have been approved by the Registrar of Companies. The process for change of Company's name is pending with the office of Registrar of Companies. Moreover, approval was also given by the BOD and Members for renting excess buildings for warehousing and other rental purposes to generate additional income for the Company.
- iii General revenue stream of the Company has been significant as Management's endeavors, listed below, were successful.
  - a Since years 2017 to 2021 the Company has made investments in an Agricultural Livestock Farm, while irrigation and water storage systems were constructed on the Company's vacant land to facilitate fodder production. Further, Management has dedicated a substantial amount of the Company's vacant land for the agricultural business i.e. livestock farm and for the production of crops/fodder for its cattle. The revenue from the sale of livestock during the current year grew by Rs. 1.56 Million, proving viability of the business.
  - b The Company successfully rented vacant buildings for warehousing etc. to reputable organizations and local distributors realizing rental income of Rs.5.2 million during the current year.
  - c Though there is a negative working capital of Rs. 19.306 million, the Directors have supported the Company by provision of interest free loans to the Company totaling Rs.26.5 million. The Directors further ensure to support the Company in the future, if needed.
  - d The exercise of revaluation of property, plant and equipment repeatedly carried out, emphasized the worth of the Company. The shareholders and Management of the Company are not inclined to liquidate its assets other than in normal course of business.
  - e The Management of the Company has been waiting for the revival of the production activities after outcome of the litigations in favor of the Company. There is also a legal obligation to keep the entity in existence till the final decision of the litigation commenced by the banks as disclosed in the Contingencies and Commitments note No 14. The Company has no such assets and liabilities that require adjustments relating to the recoverability of recorded assets amount and reclassification of liabilities.

### **2.3. Functional and Presentation Currency**

These financial statements are presented in Pakistan Rupees, which is the company's functional and presentation currency.

### **2.4. Use of Estimates and Judgements**

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and judgements that have a significant effect on the financial statements, are included in the following notes:-

#### ***Depreciable amount and useful lives of Property, Plant and Equipment***

In accordance with the accounting policy, the management carries out an annual assessment of depreciation amount and useful lives of assets. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective

item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

**Biological Assets - Livestock**

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

**Stores and Spares**

The Company reviews the net reliable value and impairment of stores and spares to assess any diminution in the respective carrying value and wherever required provision for impairment is made. The calculation of provision involves the use of estimates with regard to future estimated use and past consumption of stores and spares along with holding period.

**Income Taxes**

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

- 2.5 New standards, interpretations and amendments to published approved accounting standards that are effective in the current year  
The new standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on July 1, 2020 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations, therefore not detailed in these financial statements.
- 2.6 New standards, interpretations and amendments to published approved accounting standards that are not yet effective in the current year 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 1, 2020 and have not been early adopted by the Company:

**IAS 37 Onerous Contracts****Effective date: January 1, 2022**

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

**IAS 16 Proceeds before an asset's intended use****Effective date: January 1, 2022**

Amendment to IAS 16 'Property, Plant and Equipment' 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 recognize 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.

**3. SIGNIFICANT ACCOUNTING POLICIES****3.1 Property, Plant and Equipment**

These are stated at cost less depreciation. Depreciation is charged on pro-rata basis under reducing balance method at the rates mentioned in Note No. 4. Freehold land, building & civil works and plant & machinery are measured at revalued amounts, which is the fair value at the date of revaluation less accumulated depreciation and accumulated impairment losses, if any, recognized subsequent to the date of revaluation. Revaluation is carried out so that the fair value and carrying value do not differ materially at the balance sheet date. Any revaluation increase arising on the revaluation of such assets is credited to "Surplus on Revaluation of Property, Plant and Equipment". A decrease in the carrying amount arising on revaluation is charged to the statement of comprehensive income to extent that it exceeds the balance, if any, held in the surplus on

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

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

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

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

Gains and losses on disposal of assets, if any, are taken to the profit and loss account.

### **3.2 Inventory - Livestock (Biological Assets)**

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

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

### **3.3 Stores and Spares**

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

### **3.4 Financial Instruments**

The Company follows IFRS 9 "Financial Instruments" in respect of financial instruments.

#### **Financial Assets**

The standard prescribes three classification and measurement models for financial assets as follows:

- \* Measured at Amortized Cost
- \* Measured at Fair Value through Other Comprehensive Income (FVTOCI)
- \* Measured at Fair Value through Profit or Loss (FVTPL)

#### ***Measured at Amortized Cost***

A financial asset shall be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest on the principal amount outstanding.

Amortized cost is determined using the effective interest rate method and gains and losses including impairment are recognized in the statement of profit or loss.

For financial assets measured at amortized cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. Under IFRS 9, the Company is required to ensure loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk.

#### ***Measured at Fair Value through Other Comprehensive Income (FVTOCI)***

A financial asset is measured at fair value through other comprehensive income, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and

the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Measured at Fair Value through Profit or Loss (FVTPL)***

A financial asset that does not meet the criteria for amortized cost or FVTOCI is measured at FVTPL.

**Financial Liabilities**

The Company classifies financial liabilities as follows:

- \* Measured at Amortized Cost
- \* Measured at Fair Value through Profit or Loss (FVTPL)

Financial liabilities are measured at amortized cost, as required by para 4.2.1 of IFRS-9, unless they are required to be measured at FVTPL ( such as derivatives ) vide aforesaid para of IFRS-9 or has opted to measure them at FVTPL as per para 4.2.2 of the IFRS-9.

**Recognition of Financial Instruments**

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

**Initial Measurement of Financial Instruments**

At initial recognition a financial asset or financial liability, except trade receivables, is measured at fair value, plus or minus, in the case of financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to acquisition or issue of financial asset or financial liability.

**3.4.1 Trade Receivables**

Trade debts are carried at original invoice amount less an estimated amount for expected credit loss, if any. Balances considered bad and irrecoverable are written off when identified. A contract asset or trade receivable is impaired if the credit risk on that financial asset has increased significantly since the initial recognition. For trade receivables, a simplified approach under IFRS 9 to measure expected credit losses using a lifetime expected credit losses amount is used.

**3.4.2 Trade and Other Payables**

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost. Subsequently they are measured at amortized cost.

**3.4.3 Borrowings**

Markup bearing borrowing are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, markup bearing borrowing are stated at amortized cost with any differences between cost and redemption value being recognized in the income statement over the period of the borrowing on an effective interest basis.

**3.4.4 Offsetting of Financial Instruments**

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

**3.5 Taxation*****Current***

The charge for current taxation is based on taxable income at the current rate of taxation after taking into

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account applicable tax credits, rebates and exemptions available, if any, or minimum taxation on the turnover under section 113 of the Income Tax Ordinance, 2001, whichever is higher.

***Deferred***

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

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

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

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

**3.6 Cash and Cash Equivalents**

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

**3.7 Revenue Recognition**

The Company follows IFRS 15 for recognition of revenue from contracts with customers. The Standard provides a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. If the consideration promised in a contract includes a variable amount such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events, such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

**Sale of Animals**

The performance obligation is satisfied at the point in time when the animals are handed over to the customers.

**Rent Income**

The performance obligation is satisfied at the point in time when the rent becomes due in accordance with the rental contracts.

## 4. PROPERTY, PLANT AND EQUIPMENT

For the Year ended June 30, 2021

PARTICULARS	COST / REVALUATION			Rate %	DEPRECIATION			W.D.V AS AT 30.06.21
	AS AT 01.07.20	Addition/ (Deletion)	AS AT 30.06.21		AS AT 01.07.20	FOR THE YEAR	AS AT 30.06.21	
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees
Free Hold Land	823,500,000	-	823,500,000	-	-	-	-	823,500,000
Building on Free Hold Land	145,282,464	-	145,282,464	5%	62,160,894	4,156,079	66,316,973	78,965,491
Sheds for Livestock	2,653,804	-	2,653,804	10%	483,544	217,026	700,570	1,953,234
Plant and Machinery	291,164,189	-	291,164,189	10%	214,484,189	7,668,000	222,152,189	69,012,000
Tools and Equipment	1,200,738	-	1,200,738	10%	1,118,569	8,217	1,126,786	73,952
Electric Fittings	7,933,823	-	7,933,823	10%	7,488,917	44,491	7,533,408	400,415
Furniture and Fixtures	877,824	-	877,824	10%	842,998	3,483	846,481	31,343
Telephone Fittings	238,000	-	238,000	10%	226,960	1,104	228,064	9,936
Office Equipment	408,665	-	408,665	10%	399,418	925	400,343	8,322
Electric and Gas Appliances	433,468	-	433,468	10%	414,051	1,942	415,993	17,475
Motor Vehicle	907,904	-	907,904	20%	907,161	149	907,310	594
	1274,600,879	-	1,274,600,879		288,526,701	12,101,416	300,628,117	973,972,762

The management of the Company in compliance with the Order dated April 29, 2013 issued by the Securities & Exchange Commission of Pakistan has carried out a formal assessment of the fair value of fixed assets of the Company. Revaluation of fixed assets was carried out first time in June 2013 by an independent valuer, M/s Impulse (Pvt) Ltd., 1081, 4th Floor, Rehman Building, Saddar Road, Peshawar. The revaluation of Freehold land, building & civil works and plant & machinery has resulted in Revaluation Surplus of Rs. 292.698 million, Rs. 104.926 million and Rs. 75.793 million respectively in the book value.

As on June 30, 2019 Freehold land, building and civil works including sheds for livestock and plant & machinery were revalued again by M/s. Impulse (Pvt) Limited (an independent Valuer) which resulted in increase in surplus of Rs. 530.700 million, Rs. 13.478 million and Rs. 36.509 million respectively in the book value.

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

Forced sale value as per revaluation report dated June 30, 2019 of freehold land, building & civil works including sheds for livestock and plant & machinery of Rs. 741.150 million, 76.422 million and 68.160 million respectively.

Had there been no revaluation, the values of specific classes of freehold land, building & civil works and plant & machinery at June 30, 2021 would have been as follows:

	Cost	Accumulated Depreciation	Written Down Values
Freehold Land	101,574	-	101,574
Building and Civil Works	28,350,309	26,349,912	2,000,397
Sheds for livestock	1,181,837	420,896	760,941
Plant and Machinery	178,861,971	168,786,267	10,075,704
	208,495,691	195,557,075	12,938,616

For the Year ended June 30, 2020

PARTICULARS	COST / REVALUATION			Rate %	DEPRECIATION			W.D.V AS AT 30.06.20
	AS AT 01.07.19	Addition/ (Deletion)	AS AT 30.06.20		AS AT 01.07.19	FOR THE YEAR	AS AT 30.06.20	
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees
Free Hold Land	823,500,000	-	823,500,000	-	-	-	-	823,500,000
Building on Free Hold Land	145,282,464	-	145,282,464	5%	57,786,074	4,374,820	62,160,894	83,121,570
Sheds for Livestock	2,653,804	-	2,653,804	10%	242,404	241,140	483,544	2,170,260
Plant and Machinery	291,164,189	-	291,164,189	10%	205,964,189	8,520,000	214,484,189	76,680,000
Tools and Equipment	1,200,738	-	1,200,738	10%	1,109,439	9,130	1,118,569	82,169
Electric Fittings	7,933,823	-	7,933,823	10%	7,439,483	49,434	7,488,917	444,906
Furniture and Fixtures	877,824	-	877,824	10%	839,128	3,870	842,998	34,826
Telephone Fittings	238,000	-	238,000	10%	225,733	1,227	226,960	11,040
Office Equipment	408,665	-	408,665	10%	398,390	1,028	399,418	9,247
Electric and Gas Appliances	433,468	-	433,468	10%	411,893	2,158	414,051	19,417
Motor Vehicle	907,904	-	907,904	20%	906,975	186	907,161	743
	<u>1,274,600,879</u>	<u>-</u>	<u>1,274,600,879</u>		<u>275,323,708</u>	<u>13,202,993</u>	<u>288,526,701</u>	<u>986,074,178</u>

	2021 Rupees	2020 Rupees
Allocation of Depreciation		
Cost of Sales	217,026	241,140
Administrative Expenses	<u>11,884,390</u>	<u>12,961,853</u>
	<u>12,101,416</u>	<u>13,202,993</u>

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

Location	Usage of Immovable	Area
Plot bearing Khasra # 173, 357, 358, 462, 466, 460, 36, 38, 67/1 Qitta 4 situated at Baldher, Shahrah-e-Resham, District Haripur, Khyber akhtunkhawa.	Production facility, Plant, Warehouses, Labor Colony, Livestock Farm, Agriculture Land and Head Office	366 Kanals / 45.75 Acres

## 5 INVENTORY - LIVESTOCK

Inventory - Livestock (Biological Assets)	<u>7,441,000</u>	<u>7,200,000</u>
Reconciliation of the carrying amount of Livestock:		
Opening Fair Value	7,200,000	6,500,000
Purchases		
Mature Animals	6,583,674	5,781,500
Immature Animals	-	-
	<u>6,583,674</u>	<u>5,781,500</u>
	13,783,674	12,281,500
Cost of Animals Sold	<u>(7,832,924)</u>	<u>(6,463,947)</u>
	5,950,750	5,817,553
Gain on Remeasurement to Fair Value	<u>1,490,250</u>	<u>1,382,447</u>
	<u>7,441,000</u>	<u>7,200,000</u>

The number of Mature and Immature animals as at June 30, 2021 is 105 and NIL ( 2020: 90 and NIL ) respectively



	2021 Rupees	2020 Rupees
<b>6 STORES AND SPARES</b>		
General Stores	3,000,000	3,000,000
Less: Provision for Obsolescence	(3,000,000)	(3,000,000)
	<u>-</u>	<u>-</u>
<b>7 ADVANCES AND OTHER RECEIVABLES</b>		
Advances		
Advance Income Tax	1,200,000	1,476,626
Other Receivable		
Rent Receivable	266,327	266,327
Less: Provision for Expected Credit Loss	(266,327)	(266,327)
	<u>-</u>	<u>-</u>
	<u>1,200,000</u>	<u>1,476,626</u>
<b>8 CASH AND BANK BALANCES</b>		
Cash in Hand	8,726	115,994
Cash at Bank - Current Accounts	45,646	90,596
	<u>54,372</u>	<u>206,590</u>
<b>9 SHARE CAPITAL</b>		
Authorised		
1,500,000 ( 2020: 1,500,000 ) Shares of Rs. 10 each	<u>15,000,000</u>	<u>15,000,000</u>
Issued		
1,298,543 ( 2020: 1,298,543 ) Shares of Rs. 10 each	<u>12,985,430</u>	<u>12,985,430</u>
Subscribed and Paid up		
517,813 ( 2020 : 517,813 ) Ordinary shares of Rs. 10 each issued as fully paid in cash	5,178,130	5,178,130
200,000 ( 2020 : 200,000 ) Ordinary shares of Rs. 10 each issued as Rs.8.75 paid in cash	1,750,000	1,750,000
	<u>6,928,130</u>	<u>6,928,130</u>
64,897 ( 2020 :64,897 ) Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	648,970	648,970
444,793( 2020 : 444,793 ) Ordinary shares of Rs. 10 each issued as fully paid up bonus shares	4,447,930	4,447,930
200,000 (2020 : 200,000 ) Ordinary shares of Rs. 10 each issued Rs.1.25 paid up bonus shares to make other shares issued as fully paid up.	250,000	250,000
	<u>4,697,930</u>	<u>4,697,930</u>
	<u>12,275,030</u>	<u>12,275,030</u>
Capital Management		
The main objective of the Company, when managing capital is to maintain optimal capital structure to ensure ample availability of finance for its existing operations, to safeguard the Company's ability to continue as a going concern and to provide returns for the shareholders.		
<b>10 REVALUATION SURPLUS</b>		
This represents revaluation surplus relating to Freehold Land, Building and Civil Works and Plant & Machinery of the Company (Refer Note 4). The movement in the revaluation surplus during the year is as follows:		
Revaluation Suplus as at July, 1	893,475,826	905,163,104
Transferred to Unappropriated Profit due to incremental depreciation net off tax	(10,731,749)	(11,687,278)
	<u>882,744,077</u>	<u>893,475,826</u>

	2021 Rupees	2020 Rupees
11 DEFERRED INCOME TAX LIABILITY	<u>39,757,168</u>	<u>42,869,376</u>
This represents deferred income tax liability on revaluation surplus on property, plant and equipment. The effect of deductible temporary differences has not been recognised as the related tax benefit is not expected to be realised in the wake of losses.		
12 LOAN FROM DIRECTORS	<u>26,560,475</u>	<u>27,460,475</u>
This represents the amount received from directors of the Company for the purpose of meeting day to day expenses, implementing new business plans and pressing payments. The loan is interest free and repayable on demand.		
13 TRADE AND OTHER PAYABLES		
Trade Creditors	-	18,122,154
Advance against rent	80,000	81,070
Accrued Liabilities	324,000	216,000
Other Liabilities	<u>28,558</u>	<u>28,558</u>
	<u>432,558</u>	<u>18,447,782</u>

13.1 During the year trade creditors to the tune of Rs.18,122,154 were written back, as they were no more payable.

## 14 CONTINGENCIES AND COMMITMENTS

### Pending Litigations

#### **National Bank of Pakistan vs. Company**

During the 1990's, NBP's policy towards the Company of denial of working capital and placing restrictions on access to long-term BMR funds that the Company required in order to stay competitive in the textile market led to losses for the Company. Due to the banks coercive methods, the Company agreed to the Bank's offer of placing the outstanding dues for consideration before the Committees appointed by the Federal Government to revive sick industrial units. These Committees had been formed in 1997 on the directives of the Prime Minister of Pakistan and given a mandate by the State Bank of Pakistan to assist industries in genuine distress due to credit restrictions. The Committee's authority and binding nature of recommendations was confirmed through issuance of SBP Circular No. 19, which stated that after a decision is made by the Committee, "in case no objection is received within seven days from the date of decision of the Committee, it will be deemed as final." Moreover, further SBP Circulars were also issued, directing NBP and other commercial banks to follow the decisions of the Government mandated Committee. The Committee checked and examined the facts, determining that the Company's case was genuine and hence accepted the Company's case, which was referred to the Committee by NBP. The Bank's Senior Management nominated Executive Vice President/Deputy Regional Chief Executive of National Bank of Pakistan who took part in the proceedings of Committee No.5 robustly; the positions of both sides were laid bare before the Committee. NBP submitted its total outstanding liabilities amounting to Rs.7.4 Million, which were accepted by the Committee. The Committee decided that repayment of the liability in installments and determination of debenture loan in accordance with earlier recommendations made by Industrial Rehabilitation Committee (IRC). The recommendations were appropriately conveyed to NBP for confirmation indicating that in case no response is received within 7 days, the decision shall become final. After receiving 3 installments from the Company in accordance with the Committee's directions, NBP issued a letter, 9 months after receipt of Committee's decision, stating that the Committee's recommendations have not been accepted and that it was instituting suit for recovery of liabilities. Despite this, the Company continued to abide by the binding decisions of Committee No. 5 and repaid NBP's entire loan including interest amounting to Rs.9.57 million. Although the decisions of the Committee were applicable and binding, in 1998 NBP filed a lawsuit against the Company in the Peshawar High Court for recovery of Rs.437 Million, erroneously calculated on basis of loans from the 1970s and 1980s, thereby ignoring the binding decisions of the IRC (1982/1986) and Committee Number 5 (1997).

Company's Management and Legal Team are pleased to inform that the National Bank of Pakistan versus Khyber Textile Mills Ltd. Suit has been decided in favor of the Company by the Honorable Peshawar High Court (PHC) on 17-03-2014. The judgment is based on the legal and factual aspects, in which the Honorable Banking Judge has determined that the Company had indeed paid all outstanding dues to NBP, in accordance with the decision of Committee No.5 constituted by Federal Government in 1997. It was also held by the Honorable Banking Judge that the State Bank of Pakistan had issued Circulars constituting these Committees, in which SBP directed the Banks to follow the decisions of the Committee. Consequently, based on these facts NBP's suit was dismissed by the PHC. However, in order to coerce the Company to submit to its unjust demands, NBP filed an appeal in the Peshawar High Court, and as of September 2021, arguments on appeal are pending. Nonetheless, Company's Management and legal department will continue to defend NBP's appeal vigorously.

**ICP, National Bank of Pakistan and Others vs. Company**

The Hon'ble Sindh High Court (SHC) vide its order dated 24/02/2010 has set aside the ex-parte Judgment and Decree fraudulently obtained by ICP, NBP & Others based on observing that the Banks had not served legal notice to the Company's registered address in Baldher, Haripur, NWFP (now KP). Further, due to the Banks fraudulent statement of accounts and inflated calculations in their original suit, their claim against the Company was revised downwards by the Court to Rs.50 Million. Subsequently, the Honorable Sindh High Court Judge ordered KTML to file a Leave to Defend application so that the case may proceed with both sides present. The Company then filed a Leave to Defend Application, which was then admitted by the SHC in 2016, following which evidence has been concluded. As of September 2021, the matter is at the stage of final argument.

Furthermore, the suit's decisions are pending on issues of res judicata, jurisdiction and limitation raised by the Company's Attorney in the SHC. The Company's Management and legal team are optimistic that this suit has no standing and will be dismissed as NBP has filed two suits for recovery of the same loan in two different High Courts. Additionally, the Company's position is that this suit is time barred as these loans were issued in 1970's and 1980's and all outstanding loans determined by Industrial Rehabilitation Committee and Committee Number 5 have been repaid to the creditors. Finally, a judgment on these issues in the Company's favour has already been given by the Honorable Peshawar High Court on 17-03-2014, which has been submitted by our attorney in the Honorable Sindh High Court.

It must be noted that the Banks are actively avoiding the finalization of litigation by evading arguments before the Honorable High Courts so as to extend their financial squeeze and pressurize the Company to give in to their unjust demands. Further, due to the COVID 19 pandemic and subsequent High Court SOP restrictions, the hearings were delayed and are currently pending adjudication. Nonetheless, our legal department is making efforts to obtain further favorable decisions from the Courts in order, to end this long-standing litigation.

	2021 Rupees	2020 Rupees
<b>15 COST OF SALES</b>		
Cost of Animals Purchased	6,583,674	5,781,500
Animal Food and Medicines Consumed ( Note 15.1 )	930,568	854,276
Salaries and Wages	348,000	467,200
Depreciation	217,026	241,140
	<u>8,079,268</u>	<u>7,344,116</u>
Fair Value of Livestock		
Opening Fair Value	7,200,000	6,500,000
Closing Fair Value	(7,441,000)	(7,200,000)
	<u>(241,000)</u>	<u>(700,000)</u>
	<u>7,838,268</u>	<u>6,644,116</u>
<b>15.1 Animal Food and Medicines Consumed</b>		
Opening Stock	105,410	94,190
Purchases	1,030,908	865,496
	<u>1,136,318</u>	<u>959,686</u>
Less: Closing Stock	(205,750)	(105,410)
	<u>930,568</u>	<u>854,276</u>
<b>16 ADMINISTRATIVE EXPENSES</b>		
Salaries and Allowances	1,812,300	1,799,710
Conveyance, Traveling & Entertainment	52,000	121,100
Postage, Telegram & Telephone	39,622	21,150
Membership Fee & Subscription	757,132	825,507
Legal and professional charges	15,000	199,449
Printing & Stationery	54,500	39,300
Fuel and Power	1,222,661	1,030,189
Advertisement	70,200	73,000
Repairs & Maintenance	744,770	675,500
Bank Balance written off	-	3,163
Depreciation Expenses	11,884,390	12,961,853
	<u>16,652,575</u>	<u>17,749,921</u>

## 17 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

Remuneration and meeting fees have been foregone by the Directors and the Chief Executive and no remuneration and perquisites were paid to the Directors, Chief Executive and other executives.

	2021 Rupees	2020 Rupees
18 OTHER OPERATING EXPENSES		
Auditors' Remuneration		
Annual Audit Fee	324,000	216,000
Half Yearly Review	81,000	64,800
Out of Pocket Expenses	41,580	41,600
	<u>446,580</u>	<u>322,400</u>

## 19 OTHER INCOME

Trade Creditors written back	<u>18,122,154</u>	<u>6,127,680</u>
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## 20 TAXATION

Current Tax Charge	1,214,456	1,515,563
Deferred Tax	<u>(3,112,208)</u>	<u>(3,389,309)</u>
	<u>(1,897,752)</u>	<u>(1,873,746)</u>

### 20.1 Tax Reconciliation

Profit Before Taxation	<u>8,241,867</u>	<u>(3,793,853)</u>
Tax at applicable rate of 29% (29% : 2020)	2,330,082	-
Tax Effect of Admissible Deductions - Net	(321,116)	-
Tax Effect of Income subject to Separate Block	1,214,456	1,515,563
Tax Effect of Unused Tax Losses	(2,008,966)	-
Deferred Tax - Reversal of Temporary Difference	<u>(3,112,208)</u>	<u>(3,389,309)</u>
	<u>(1,897,752)</u>	<u>(1,873,746)</u>

### 20.2 Deductible Temporary Differences, Unused Tax Loss and Tax credit for which no deferred Tax asset recognised

	2021 Rupees	Expiry Date	2020 Rupees	Expiry Date
<u>Deductible Temporary Differences</u>				
Provision for Expected Credit Loss	266,327	No expiry	266,327	No expiry
Provision for Stores and Spares Obsolescence	<u>3,000,000</u>	No expiry	<u>3,000,000</u>	No expiry
	<u>3,266,327</u>		<u>3,266,327</u>	
<u>Unused Tax Losses</u>				
Trading Loss - 2016	-	-	4,135,797	30.06.2022
Trading Loss - 2017	-	-	1,885,983	30.06.2023
Trading Loss - 2019	-	-	864,126	30.06.2025
Trading Loss - 2020	-	-	3,862,422	30.06.2026
Trading Loss - 2021	540,358	30.06.2027	-	-
Unabsorbed Depreciation	<u>3,475,312</u>	No expiry	<u>2,488,597</u>	No expiry
	<u>4,015,670</u>		<u>13,236,925</u>	

## 21 EARNINGS PER SHARE

Net profit for the year	<u>10,139,619</u>	<u>(1,920,107)</u>
Number of shares outstanding during the year	<u>1,227,503</u>	<u>1,227,503</u>
Earnings per share - Basic and diluted	<u>8.26</u>	<u>(1.56)</u>

22 FINANCIAL INSTRUMENTS BY CATEGORY

	Amortised Cost	FVTPL/FTOCI	Total
	----- Rupees -----		
<u>As at June 30, 2021</u>			
Financial Assets			
Long Term Deposit	88,983	-	88,983
Rent Receivable	266,327	-	266,327
Cash and Bank Balances	54,372	-	54,372
	<u>409,682</u>	<u>-</u>	<u>409,682</u>
Financial Liabilities			
Loan from Directors	26,560,475	-	26,560,475
Trade and Other Payables	432,558	-	432,558
	<u>26,993,033</u>	<u>-</u>	<u>26,993,033</u>
<u>As at June 30, 2020</u>			
Financial Assets			
Long Term Deposit	88,983	-	88,983
Rent Receivable	266,327	-	266,327
Cash and Bank Balances	206,590	-	206,590
	<u>561,900</u>	<u>-</u>	<u>561,900</u>
Financial Liabilities			
Loan from Directors	27,460,475	-	27,460,475
Trade and Other Payables	18,447,782	-	18,447,782
	<u>45,908,257</u>	<u>-</u>	<u>45,908,257</u>

23 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

**23 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arms's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates. Underlying the definition of fair value is the presumption that the company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

**23.1 Fair Value Hierarchy**

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the financial instruments are classified into the following three levels:

- Level - 1** fair value measurements are those inputs derived from unadjusted quoted prices in active markets for identical assets and liabilities.
- Level - 2** fair value measurements are those inputs determined using valuation techniques which maximise the use observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in Level 2. Examples are:
  - \* Adjusted quoted active market prices
  - \* Quoted price for a similar asset in an active market
  - \* There are no significant unobservable inputs
- Level - 3** fair value measurements are those inputs derived from valuation techniques that include inputs which are not based on observable market data. Examples are:
  - \* Discounted cash flows
  - \* Depreciated replacement cost

The Company does not hold any financial instrument, which can be classified in any of the above levels. Financial assets and liabilities are not measured at fair value, because the carrying value of all financial assets and liabilities approximate their fair value.

## 24 FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT

### 24.1 Credit Risk

Credit risk represents the accounting loss that would be recognised if counter parties fail completely to perform as contracted.

#### Exposure to Credit Risk

The company is exposed to credit risk on the following financial assets. The carrying amount of these financial assets represents the maximum credit exposure at the reporting date, which is detailed as follows:

Long Term Deposits	88,983	88,983
Rent Receivable	266,327	266,327
Cash at Bank	45,646	90,596
	<u>400,956</u>	<u>445,906</u>

#### Concentration of Credit Risk

Concentration of credit risk arises from exposure to a single debtor, or when a number of counter parties are engaged in similar business activities or have similar economic features that would cause the ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The company believes that it is not exposed to major concentration of credit risk.

### 24.2 Market Risk

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

#### 24.2.1 Sales Price Risk

The company is exposed to sales price risk, related to livestock.

#### 24.2.2 Interest Rate Risk

The Company is not exposed to interest rate risk as there no interest bearing financial instruments.

#### 24.2.3 Foreign Currency Risk

The Company is also not exposed to foreign currency risk.

### 24.3 Liquidity Risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The company believes that it is not exposed to any significant level of liquidity risk, as support is available from the directors and assets of the company are readily disposable in the market.

Following are the contractual maturities of financial liabilities:

Payable after one year	Payable within one year	Total
----- Rupees -----		

Non-Derivative Financial Liabilities  
as at June 30, 2021

Loan from Directors	26,560,475	-	26,560,475
Trade and Other Payables	-	1,214,456	1,214,456
	<u>26,560,475</u>	<u>1,214,456</u>	<u>27,774,931</u>

Non-Derivative Financial Liabilities  
as at June 30, 2020

Loan from Directors	27,460,475	-	27,460,475
Trade and Other Payables	-	18,447,782	18,447,782
	<u>27,460,475</u>	<u>18,447,782</u>	<u>45,908,257</u>

**25 RELATED PARTY TRANSACTIONS**

Related parties comprise of group of companies (associates), directors, major shareholders, their close family members and key management personnel. Transactions with related parties during the year, other than and including those which have been disclosed elsewhere in these financial statements, are given below:

<u>Name of Related Party</u>	<u>Nature of Transaction</u>		
Mr. Jadoon Adam - Director	Loan received / ( repaid )	<u>(900,000)</u>	<u>(890,000)</u>

**26 FIGURES**

Figures have been rounded off to the nearest rupee.

**27 NUMBER OF EMPLOYEES**

Total employees of the Company at year end	<u>10</u>	<u>10</u>
Average employees of the Company during the year	<u>10</u>	<u>10</u>

**28 PLANT CAPACITY AND PRODUCTION**

	2021 Capacity		2020 Actual Production	
Yarn				
Coarse ( Kilograms )	<u>431,267</u>	<u>431,267</u>	<u>-</u>	<u>-</u>
Medium ( Kilograms )	<u>3,780,187</u>	<u>3,780,187</u>	<u>-</u>	<u>-</u>
Fine ( Kilograms )	<u>206,570</u>	<u>206,570</u>	<u>-</u>	<u>-</u>
Number of spindles installed in the factory: 26,460				
Plant is closed due to the reasons explained in Note No.2.2				

**29 DATE OF AUTHORISATION**

These financial statements were authorised for issue on September 28, 2021 by the Board of Directors of the Company.



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE

**Pattern Of Share Holding - Form "34"**  
**Shareholders Statistics As At June 30, 2021**

Number Of Share Holders	Share Holding			Total Shares Held
	From		To	
148	1	-	100	7,336
162	101	-	500	41,290
55	501	-	1000	42,244
81	1001	-	5000	188,048
17	5001	-	10000	112,049
1	30001	-	35000	32,772
1	50001	-	55000	50,373
1	70001	-	75000	74,106
1	110001	-	115000	111,700
1	130001	-	135000	133,069
1	185001	-	190000	187,439
1	245001	-	250000	247,077
470				1,227,503

**Categories of Share Holders As on June 30, 2021**

<b>Categories Of Shareholders</b>	<b>Number Of Shareholders</b>	<b>Total Shares Held</b>	<b>Percentage %</b>
Individuals	456	1,205,962	98.25
Joint Stock Companies	9	2,833	0.23
Insurance Companies	2	12,598	1.03
Financial Institutions	1	3,863	0.31
Investment Companies	1	1,688	0.14
Others	1	559	0.05
	<b>470</b>	<b>1,227,503</b>	<b>100.00</b>



## Additional Information as of June 30, 2021 (As per Code of Corporate Governance)

Shareholders' Category	Shareholders	Shares held	Percentage
<b>Directors, heir Spouse(s) and Minor Children</b>			
Mr. Adam Jadoon	1	247,077	20.14
Mr. Amanullah Khan	1	3,085	0.25
Mr. Hassan Ovais	1	2,500	0.20
Mr. Aurangzeb Khan	1	5,298	0.43
Mr. Omar Farid Jadoon	1	133,069	10.85
Mr. Muhammad Bahauddin	1	2,800	0.23
Mr. Aamna Jadoon	1	74,106	6.04
<b>Associated Companies, undertakings and related parties</b>	-	-	-
<b>Executives</b>			
Mr. Sadaqat Khan - Company Secretary	1	50	0.00
Mr. Taj Muhammad - C F O	1	100	0.01
<b>Public Sector Companies and Corporations</b>			
State Life Corporation of Paksitan	1	8,604	0.70
<b>Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance, Takaful, Modaraba and Pension Funds</b>			
	11	6,604	0.54
<b>NIT / ICP</b>			
Investment Corporation of Paksitan	1	1,688	0.14
<b>General Public</b>	447	741,963	60.42
<b>Foreign Companies</b>			
	-	-	-
<b>Others</b>	1	559	0.05
<b>Total</b>	<b>470</b>	<b>1,226,772</b>	<b>100.00</b>

Shareholders holding 10% or more voting interest	Share Held	Percentage
Mr. Adam Jadoon	247,077	20.14
Mr. Zafar Iqbal Jadoon	187,439	15.28
Mr. Omar Farid Jadoon	133,069	10.85

KTML کو بینک کی تمام قرضہ جاتی سہولیات حاصل کرنے پر پابندیاں لگا دی گئی ہے۔ نیشنل بینک آف پاکستان کے تعصباتہ طریقہ کار کی وجہ سے KTML مشینری کا توازن تجدید اور تبدیلی کے لیے سرمایہ جاری نہیں کروا سکا۔ مگر بورڈ آف ڈائریکٹرز اور انتظامیہ کی دلی خواہش ہے کہ ٹیکسٹائل یونٹ کو پھر سے بحال کیا جائے جب بینک کی قانونی چارہ جوئی ختم ہو جائے اور قرض کی سہولیات پھر سے بحال ہو جائیں۔

سالانہ جنرل اجلاس عام اور بورڈ آف ڈائریکٹرز کی منظوری کے ساتھ کمپنی اپنے زرعی کاروبار میں خاص طور پر اپنے مویشی فارم اور زرعی اراضی جو کہ بڑے خالی رقبہ پر محیط تھیں میں سرمایہ کاری کر رکھی ہے۔ (جو کہ ٹیکسٹائل یونٹ سے الگ ہے)۔ اس سرمایہ کاری میں مویشیوں کے لیے شیڈ بنانا، مویشیوں کی خریداری، زمینوں کے پودے لگانے اور لگاتار دیکھ بھال، کمپنی کے احاطے میں واٹر پائپنگ سسٹم، پانی کا ذخیرہ کرنا، ٹیوب ویل اور آبپاشی کے نظام کو بہتر بنانا شامل ہے اس کے علاوہ انتظامیہ نے کمپنی کی غیر استعمال شدہ خالی اراضی کی کاشت کو بڑھایا ہے جو کھیتی باڑی کے لیے تیار کی گئی ہے۔ یہ فصلیں کمپنی کے مویشیوں کے چارہ کے لیے استعمال کی جا رہی ہے۔ جس سے مارکیٹ سے چارہ کی خریداری میں کمی ہوئی ہے اس طرح فارم کے منافع میں 2021 میں اضافہ ہوا ہے۔

یہ بات واضح رہے کہ (Covid-19) کرونا وائرس کی وبا سے ہمارے کرایہ کے کاروبار میں حکومتی پابندیوں سے منفی اثرات مرتب ہوئے اور نتیجاً کرایہ کی وصولیاں کم ہو گئی اور مسلسل نقصانات کی وجہ سے کرایہ داروں کے کاروبار متاثر ہوئے تو بعض کرایہ داروں نے معاہدے ختم کر دیئے۔

بہر حال بورڈ آف ڈائریکٹرز کو موقع ملا ہے کہ شیئر ہولڈرز کو مطلع کر کے مالی سال 2021 میں قرضہ تک رسائی پر پابندی، ملک میں مہنگائی اور (Covid-19) کی پابندی کے باوجود کمپنی میں مویشیوں کے زرعی فارمز اور فروخت کے کاموں میں بہتری لانے کا انتظام کیا ہے غیر دوستانہ کاروباری ماحول کے باوجود ان پٹ کے اخراجات میں کمی آئی ہے اور مویشیوں کی فروخت اور کرایوں سے آنے والی آمدنی کے لیے انتظامیہ نے یہ ثابت کیا ہے کہ کاروباری منصوبے کو تبدیل کر کے کمپنی کی آمدنی میں اضافہ ہوا ہے۔ KTML ایک فعال ٹیکس دہندہ کمپنی ہے اور مالی سال میں قومی خزانے کو ٹیکس ادا کیا ہے۔

SECP کے فیصلے اور ہدایات کو مد نظر رکھتے ہوئے پرنسپل لائن آف بزنس، آرٹیکل اور میمورینڈم آف ایسوسی ایشن میں ترمیم ہو چکی ہے تاہم کمپنی کی طرف سے موجودہ کاروبار کا نام تبدیل کرنے کا عمل التواء میں ہے۔

مزید برآں! کمپنی انتظامیہ ناکارہ عمارات کو استعمال کر کے مزید سرمایہ مہیا کرنے کے قابل ہو جائے گی اس طرح حاصل شدہ آمدنی سے ملازمین کی تنخواہیں اور متفرق اخراجات پر خرچ کی جائے گی۔ کمپنی سال 2022 میں لائیوٹاک کی فروخت میں بہتری لانے کا ارادہ رکھتی ہے جس سے کمپنی کی مالی حیثیت انشا اللہ بہتر ہو جائے گی۔ آخر میں انتظامیہ یہ توقع کرتی ہے کہ ہماری کمپنی موٹروے (E-35) کے نزدیک ہونے کی وجہ سے سی پیک تک رسائی کی بدولت کاروبار کے نئے مواقع حاصل کرے گی۔

بالڈھیر ہری پور  
بتاریخ: 28 ستمبر 2021

اورنگزیب خان  
ڈائریکٹر

آدم جدون  
چیف ایگزیکٹو

- (6)۔ سال ختمہ 30 جون 2021 میں کارپوریٹ گورننس کی خلاف ورزی نہیں ہوئی ہے جو کہ کمپنی پر لاگو ہیں۔
- (7)۔ گزشتہ چھ (6) سالوں کے مالیاتی نتائج منسلک ہیں۔
- (8)۔ آڈٹ کمیٹی بورڈ کی کارکردگی جو کہ کوڈ آف کارپوریٹ گورننس پر عمل درآمد کی صورت میں لازمی ہے جن میں رپورٹس کی جانچ پڑتال کمپنی کے مالی نتائج اور انتظامیہ کے فیصلے کے لیے اندرونی امور کا طریقہ کار اور کمپنی کے اثاثہ جات اور اس کے کاروباری استحکام کے تحفظ کے لیے منصوبہ سازی کرتی ہے۔
- (9)۔ بورڈ کی میٹنگ سے پہلے آڈٹ کمیٹی کی میٹنگ ہوتی ہے اور اس کی رپورٹ بورڈ کے سامنے پیش کی جاتی ہے۔
- (10)۔ شیئرز ہولڈنگز کا نمونہ کوڈ آف کارپوریٹ گورننس کی ہدایت کی روشنی میں چیف ایگزیکٹو، چیف فنانس آفیسر، کمپنی سیکرٹری اور ڈائریکٹر آفیسرز اور ان کی بیوی بچوں سے متعلق اس رپورٹ کے ساتھ منسلک ہے۔

(11)۔ اس مالی سال کے دوران چار اجلاس ہوئے ڈائریکٹرز نے جتنی میٹنگز میں شرکت کی ہے اس کا گوشوارہ حسب ذیل ہے۔

سیریل نمبر	ڈائریکٹر کا نام	میٹنگز
01	جناب آدم جدون	4
02	جناب اورنگزیب خان	3
03	جناب حسن اولیس	4
04	جناب امان اللہ خان	3
05	جناب محمد بہاؤ الدین	4
06	جناب عمر فرید جدون	3
07	محترمہ آمنہ جدون	3

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

(13)۔ آڈٹ کمیٹی نے کوڈ آف کارپوریٹ گورننس کی ضرورت کے تحت ”ایم۔ ایس کلا رکن سہا یڈ سعود انصاری چارٹرڈ اکاؤنٹنٹ اینڈ کمپنی“ کو بطور آڈیٹر برائے سال 2021-22 تجویز کیا ہے۔

(14)۔ کمپنی کے خلاف مقدمہ سازی؛

مقدمہ نیشنل بینک آف پاکستان مابین خیبر ٹیکسٹائل ملز لمیٹڈ:

بتاریخ 17/03/2014 بینکاری جج نے پشاور ہائی کورٹ میں خیبر ٹیکسٹائل ملز لمیٹڈ کے حق میں فیصلہ کرتے ہوئے نیشنل بینک آف پاکستان کے مقدمہ کو خارج کر دیا تھا۔ معزز جج نے یہ فیصلہ بھی دیا تھا کہ (KTML) نے تمام واجب الادا قرضے ادا کر دیے ہیں۔ تاہم NBP نے فیصلہ کے خلاف اپیل دائر کر رکھی ہے جس میں ستمبر 2021 تک دلائل معزز ہائی کورٹ میں زیر التوا ہیں کمپنی کے دلاء اور انتظامیہ کمپنی کے مفادات کا بھرپور دفاع کرتے رہے گے۔ اور امید ہے کہ NBP کی اپیل خارج ہو جائے گی مزید معلومات کے لیے نوٹ نمبر 14 کا مطالعہ کریں۔

مقدمہ بنام: NBP-ICP وغیرہ مابین KTML:

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

تاہم ستمبر 2021 تک دلائل آخری مراحل میں ہیں اس کی مزید تفصیلات کے لیے نوٹ نمبر 14 ملاحظہ کیا جاسکتا ہے۔

کاروباری سرگرمیاں:

بینکوں نے پشاور ہائی کورٹ سندھ ہائی کورٹ کے روبرو زیر التوا اپیل اور مقدمہ کی حتمی شکل میں تاخیر کرتے ہوئے اس بات کو یقینی بنایا کہ سٹیٹ بینک آف پاکستان کا کریڈٹ انفارمیشن بیورو (CIB) کی فہرست میں KTML ڈیفالٹر کی حیثیت رکھتا ہے۔ NBP پاکستان کی عدالتوں میں جاری مقدمہ کی وجہ سے

## ڈائریکٹر رپورٹ

معزز ممبران؛

بورڈ آف ڈائریکٹرز آپ کو آپ کی کمپنی کے 60 ویں سالانہ اجلاس عام میں شرکت پر خوش آمدید کہتے ہیں اور سالانہ اکاؤنٹس (حسابات) مالی سال ختمہ 30 جون 2021 کے لیے متعلقہ آڈیٹر کی رپورٹ بمعہ گوشوارہ جات جو کہ پاکستان سٹاک ایکسچینج کے کورڈ آف کارپوریٹ گورننس کے مطابق تیار کیے گئے ہیں۔

مالی نتائج

زیر جائزہ مدت کے دوران کمپنی کی ٹیکسٹائل پیداوار بند رہی تاہم دیگر کاروباری سرگرمیوں، خاص طور پر زرعی کاروبار، مویشیوں کی فروخت اور کرایہ جات میں خاطر خواہ آمدنی ہوئی۔

	2021 Rupees	2020 Rupees
<b>SALES</b>	9,617,700	8,061,600
<b>Less: COST OF SALES</b>	7,838,268	6,644,116
<b>GROSS PROFIT</b>	1,779,432	1,417,484
Less: Administrative Expenses	16,652,575	17,749,921
Other Operating Expenses	446,580	322,400
Financial Expenses - Bank Charges	2,389	4,296
	17,101,544	18,076,617
	(15,322,112)	(16,659,133)
Other Operating Income - Rent	5,234,725	6,532,600
Agriculture Income	207,100	205,000
<b>OPERATING LOSS</b>	(9,880,287)	(9,921,533)
Other Income	18,122,154	6,127,680
<b>PROFIT BEFORE TAXATION</b>	8,241,867	(3,793,853)
<b>TAXATION</b>	(1,897,752)	(1,873,746)
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>	10,139,619	(1,920,107)
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	8.26	(1.56)

آڈیٹر ریزرویشن؛

آڈیٹر کے مشاہدے کے مطابق کمپنی کی موجودہ استعدادی صلاحیتوں کا مفصل تجزیہ ان اکاؤنٹس (حسابات) کے نوٹ 2.2 اور 14 میں درج کیا گیا ہے آڈیٹر نے غیر تصدیق شدہ رہنے والے قرض دہندہ کا بھی ذکر کیا ہے کہ کمپنی کے قرض خواہوں کے بقایا جات جو کہ گزشتہ 19 سال سے ظاہر کیے جا رہے ہیں وہ اپنے واجبات مانگنے کے لیے ناتوا سنا آ رہے ہیں اور نہ ہی کمپنی سے رابطہ کیا ہے۔ مزید یہ کہ یہ رقومات وقت کے ساتھ ختم ہو چکی ہیں۔ تاہم اس سال کے دوران انتظامیہ کی طرف سے (18.122) ملین روپے ختم کر دیئے گئے اگر یہ رقومات ختم نہ کی جاتی تو کمپنی (7.982) ملین روپے کا نقصان اٹھاتی اس وجہ سے کوئی منافع تقسیم نہیں کیا گیا۔

آڈیٹر ریزرویشن جو کہ Independent Director کے حوالے سے ہے انتظامیہ مستقبل میں اس ضرورت کو پورا کرنے کے لیے کوشاں ہے۔

سٹیٹمنٹ آف کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک۔

(1) زیر بحث فنانشل سٹیٹمنٹ کی جانچ پڑتال کمپنی ایکٹ 2017 کے مطابق کی گئی ہے اور پاکستان میں جاری اکاؤنٹنگ اسٹیٹنڈرڈ پر عمل کیا گیا ہے۔

(2) اکاؤنٹنگ پالیسی پر باقاعدگی سے عمل درآمد کر کے یہ حسابات تیار کیے گئے ہیں۔

(3) کمپنی نے مکمل حسابات کے گوشوارے رکھے ہوئے ہیں جن میں تمام حسابات ظاہر کیے گئے ہیں۔

(4) کمپنی کے اندرونی انتظام کا نظام نہایت اطمینان بخش ہے اس کو عمدہ طور پر لاگو کیا گیا ہے۔

(5) تمام تر کوششوں کے نتیجے میں اخراجات اور واجب الادا رقوم کے بارے میں خوب کٹرول کیا گیا ہے۔

## چیرمین ریویو

(شروع اللہ کے نام سے جو بڑا مہربان نہایت رحم کرنے والا ہے)

میں 30 جون 2021ء کو ختم ہونے والے سال کے لیے آپ کو کمپنی کے 60 ویں سالانہ جنرل اجلاس میں شرکت کے لیے تہہ دل سے خوش آمدید کہتا ہوں۔

### Operating Results

مالی نتائج

	2021	2020	2019	2018	2017	2016
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<i>Sales</i>	9,617	8,062	3,516	1,750	0	0
<i>Operating Profit/ (Loss)</i>	(9,880)	(9,800)	(5,096)	(8,942)	(9,265)	(1,169)
<i>Profit / (Loss) after Tax</i>	10,140	(2,125)	(3,546)	10,707	(6,138)	3,490
<i>Accumulated Profit</i>	19,630	(1,150)	(10,917)	(15,472)	(34,957)	(38,519)
<i>/(Loss)</i>						

زیر نظر مدت کے دوران کمپنی کی ٹیکسٹائل پیداوار بند رہی کیونکہ بینکوں کی طرف سے قرضہ جات پر پابندی عائد ہے تاہم دیگر کاروباری سرگرمیاں، خاص طور پر زرعی کاروبار، مویشیوں کی فروخت اور عمارات کے کرایوں سے خاطر خواہ آمدنی ہوئی۔

### Acknowledgment

میں کمپنی کی بہتری کے لیے انتظامیہ اور عملہ کی محنت اور لگن کے لیے بے حد مشکور ہوں۔



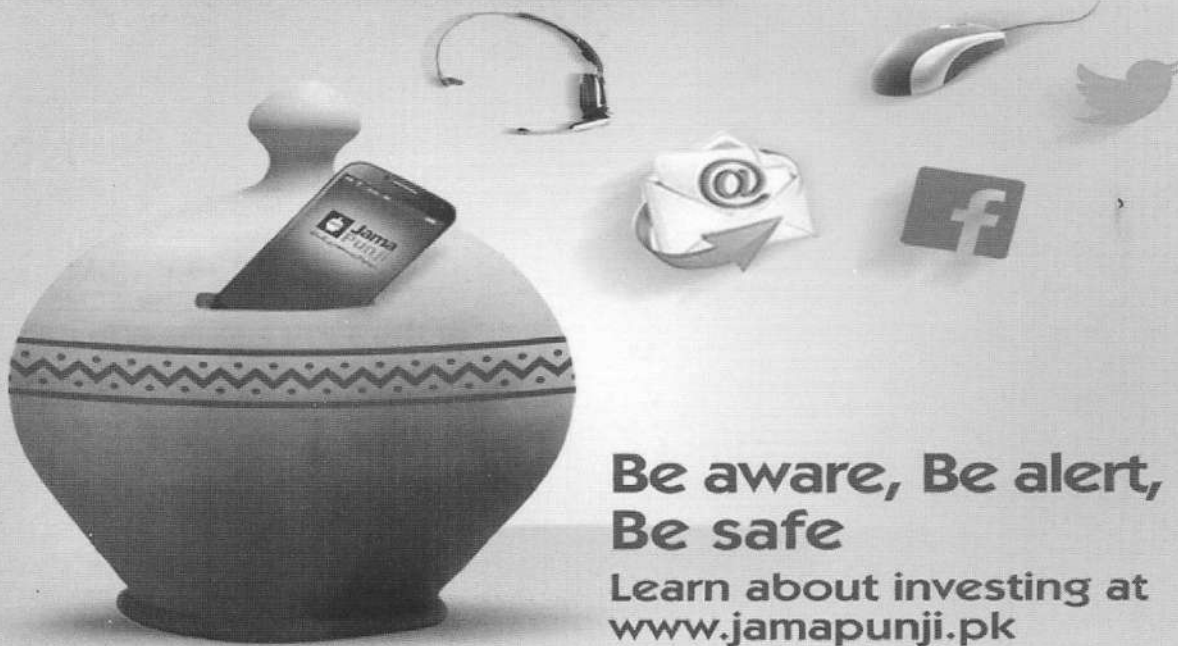
اورنگزیب خان

چیرمین

بالڈھیر ہری پور

تاریخ: 28 ستمبر 2021

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**FORM OF PROXY**

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

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

of folio No. \_\_\_\_\_

hereby appoint \_\_\_\_\_

Of \_\_\_\_\_

(another member of the Company) to attend, act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Wednesday the 27th October 2021 at 10.00 am at the Registered Office of the Company, Baldher District Haripur and at any adjournment thereof.

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

Affix Re. 8.00 Revenue Stamp
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Signature of Shareholder

**IMPORTANT:-**

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