
ANNUAL REPORT 2022**CONTENTS**

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COMPANY INFORMATION

CHAIRMAN	Mr. Aurangzeb Khan
CHIEF EXECUTIVE	Mr. Adam Jadoon
DIRECTORS	Mr. Omar Farid Jadoon Mr. Aurangzeb Khan Mr. Adam Jadoon Mr. Hassan Ovais Mr. Amanullah Khan Jadoon Mr. Muhammad Bahauddin Mrs. Aamna Jadoon
AUDIT COMMITTEE	
CHAIRMAN	Mr. Hassan Ovais
MEMBER	Mrs. Aamna Jadoon
MEMBER	Mr. Muhammad Bahauddin
HR COMMITTEE	
CHAIRMAN	Mr. Hassan Ovais
MEMBER	Mr. Muhammad Bahauddin
MEMBER	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
Email Address:- info@khybertextile.com
Phone No:- 0995-655048

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 still has the following two missions:

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

Number two: To provide employment to the residents of the surrounding areas, while improving their 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 by ensuring that:

- Company affairs are being carried out within the framework of existing laws and regulations.
- 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 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 with all stakeholders, 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)					
<u>OPERATING:</u>	<u>2022</u>	<u>2021</u> (Restated)	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Sales	14,592	9,618	8,062	3,516	1,750	0
Gross (Loss) Profit	3,776	1,672	1,417	1,096	(1,034)	0
Operating Profit/(Loss)	(6,303)	(9,880)	(9,800)	(5,096)	(7,848)	(9,315)
Pre Tax Profit/(Loss)	(6,303)	(9,880)	3,999	(5,416)	(8,942)	(9,265)
After Tax Profit/(Loss)	(5,297)	5,411	2,125	(3,546)	(10,707)	(6,138)
Tangible Fixed Assets	962,874	973,973	986,074	999,277	428,152	438,544
Long Term Deposit	89	89	89	89	89	89
	<u>962,963</u>	<u>974,062</u>	<u>986,163</u>	<u>428,063</u>	<u>438,633</u>	<u>448,647</u>
Current Assets	11,382	8,901	8,989	8,256	5,688	3,345
Current Liabilities	10,809	(28,207)	(47,424)	(54,585)	(26,089)	(41,468)
Working Capital	<u>573</u>	<u>(19,306)</u>	<u>(38,435)</u>	<u>(46,329)</u>	<u>(38,123)</u>	<u>(37,283)</u>
Share Capital	12,275	12,275	12,275	12,275	12,275	12,275
Accumulated Losses	<u>(17,480)</u>	<u>19,721</u>	<u>(1,150)</u>	<u>(10,917)</u>	<u>(15,472)</u>	<u>(34,957)</u>

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 61st Annual General Meeting of the Shareholders of KHYBER TEXTILE MILLS LIMITED will be held on Friday, the 21st October, 2022 at the Registered Office of the Company, Baldher, District Haripur, Khyber Pakhtunkhwa at 10:00 am to transact the following business.

Ordinary Business:

1. To confirm the minutes of the 60th Annual General Meeting of the Shareholders held on 27th October, 2021.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended 30th June, 2022 together with the Directors' and Auditor's Reports thereon.
3. To elect seven (7) Members to the Board of Directors as fixed by the Board of Directors in accordance with the Companies Act 2017. The following existing Directors who retire under the Companies Act 2017 and being eligible have offered themselves for re-election as Directors of the Company for the next three (3) years commencing from 25th October 2022.

1) Mr. Aurangzeb Khan

4) Mr. Adam Jadoon

2) Mr. Amanullah Khan Jadoon

5) Mr. Hassan Ovais (Proposed Independent Director)

3) Mr. Muhammad Bahauddin

6) Mrs. Aamna Jadoon

Whereas, 7) Mr. Nusrat Iqbal, being eligible and has consented to act as a candidate for the position of 2nd Independent Director of the Company for the next (3) years.

4. To appoint Auditors of the Company for the year 2022-2023 and to fix their remuneration. The Board of Directors has recommended M/s Clarkson Hyde Saud Ansari Chartered Accountants, who have retired and being eligible have offered themselves for re-appointment to act as Auditors of the Company for the year 2022-2023.
5. To transact any other business of the Company with the permission of the Chair.

BY ORDER OF THE BOARD

For Khyber Textile Mills Limited


Sadaqat Khan

Company Secretary

26th September, 2022

NOTES:

1. The Share transfer books of the Company will remain closed from 13th October 2022 to 21st October, 2022 (both days inclusive). Physical transfers / CDC Transactions IDs received at the Company's Registrar (F.D. Registrar Services) at close of business on 12th October 2022 will be considered in time to determine the above-mentioned entitlement and to attend and vote at the meeting.
2. Members attending the Meeting shall bring along their original Computerized National Identity Card (CNIC) or Passport at the time of attending the Meeting.
3. A Member of the Company entitled to attend and vote at the General Meeting

may only appoint another Member as proxy to attend and vote in place of the Member at the Meeting. Proxies in order to be effective must be received at Company's registered office duly stamped and signed not later than 48 hours before the time of holding the Meeting. A Member cannot appoint more than one proxy. Copies of both shareholder's and beneficial owners Computerized National Identity Card (CNIC/NICOP/POC) or Passport must be attached with the proxy form.

4. The CDC/sub account holders are required to follow the under mentioned guidelines:-

a) For attending the meeting.

i) In case of individuals, the account holder or sub-account holder and/ or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

b) For appointing proxies:

i) In case of individuals, the account holder or sub-account holder and/ or the person, whose securities are in group account and their registration detail is uploaded as per the regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by the two persons whose names, addresses and Computerized National Identity Card (CNIC/NICOP/POC) or Passport number shall be mentioned on the form.

iii) Copies of Computerized National Identity Card (CNIC/NICOP/POC) or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original Computerized National Identity Card (CNIC/NICOP/CPOC) or original passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted to the Company along with proxy form.

5. Members are requested to promptly notify any change in their mailing address, E-mail address and contact details to the Company Share Registrar Office. Members, having physical shares, are advised to intimate any change in their registered address and the shareholders who have not yet submitted photocopies of their Computerized Identity Cards are requested to send the same at the earliest.

6. Shareholders who wish to receive notice of the General Meeting through e-mail are requested to provide, through a letter duly signed by them, their particulars, i.e. Name, Folio/ CDC A/C No., E-mail Address, Contact Number and copy of CNIC.

7. Any person (including a retiring Director) who seeks to contest election of directors shall file with the Company at its registered office Baldher, District Haripur, Khyber Pakhtunkhwa not later than 14 days before the said meeting his / her intention to offer himself / herself for the election of the directors in terms of Section 159(3) of the Companies Act, 2017 together with:

(i) Notice of his / her intention to stand for election, along with duly completed and signed Form 28 giving his / her consent to act as Director of the Company if elected (under

Section 167(1) of the Companies Act, 2017), and certify that he/she is not ineligible to become a Director as set out in the provisions of the Companies Act 2017 Under Section 153 or under any applicable laws, Rules and Regulations; and that he / she confirms to hold the qualification shares in accordance with the Articles of Association of the Company.

- (ii) Detailed profile along with office address to be placed on the Company's website seven days prior to the date of election.
 - (ii) Declaration in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the eligibility criteria as set out in the Companies Act, 2017 to act as the director of a listed Company.
 - (iii) Attested copy of valid CNIC and NTN, along with proof of active taxpayer status.
 - (iv) Declaration by Independent Director(s) under Clause 6(2) of the Listed Companies (Code of Corporate Governance) Regulation 2017 and Section 166 of the Companies Act, 2017.
 - (v) Undertaking on non-judicial stamp paper that he / she meet the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.
8. If the number of persons who offer themselves to be elected is more than the number of directors fixed under sub-section (1) of section 159 of the Companies Act, 2017, then the company shall provide its members with options of e-voting or voting by postal ballot in accordance with the provisions of the Companies (Postal Ballot) Regulations, 2018.
9. Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of Directors and for any other agenda item subject to the requirements of Sections 143 and 144 of the Companies Act 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with requirements and procedure contained in the aforesaid regulations.
10. Shareholders who wish to participate through e-voting, kindly provide immediately through a letter duly signed by them, i.e. Name, Folio/ CDC Account No., E-mail address, contact number to the share registrar of the Company (F.D Registrar Services (Private) Limited, 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi.
11. Shareholders may participate in the meeting via video-link facility. If the Company receives a demand (at least 7 days before the date of meeting) from shareholder(s) holding an aggregate 10% or more shareholding residing in any other city, to participate in the meeting through video link, the Company will arrange video link facility in that city. Shareholders, who wish to participate through video-link facility, are requested to fill in Video Link Facility Form available at Company's website and send a duly signed copy to the Registered Address of the Company. It may be noted that no person other than the Member or proxy holder can attend the meeting through video link facility.
12. Section 72 of the Companies Act, 2017 (Act) which requires all companies to replace shares issued by them in physical form with shares to be issued in the Book-Entry-form within a period not exceeding four years from the date of the promulgation of the Act. In order to ensure full compliance with the provisions of the aforesaid Section 72 and to benefit from the facility of holding shares in the Book-Entry-Form, the shareholders who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form. For further information please contact the Company's Share Registrar.

STATEMENT UNDER SECTION 166 OF THE COMPANIES ACT 2017

Section 166 of the Companies Act 2017 requires that a statement of material facts is annexed to the notice of the general meeting called for the purpose of election of directors which shall indicate the justification for choosing the appointee for appointment as independent director.

Being a listed company, KHYBER TEXTILE MILLS LIMITED is required to have two independent directors on its Board in accordance with the Listed Companies (Code of Corporate Governance) Regulations, 2017. Accordingly, the Company shall ensure that two independents are elected in accordance with the procedures for election of directors laid down in Section 159 of the Companies Act 2017. After the contestants file their notice / intention to stand for elections, the Company shall apply following criteria for choosing the appointee for appointment as independent director:

Inclusion of name of independent directors in the data bank maintained by Pakistan Institute of Corporate Governance (PICG) duly authorized by SECP.

Respective competencies, diversity, skill, knowledge and experience of the election contestants shall be assessed.

The Company shall exercise due diligence before selecting a person from the data bank that the contestant meets the independence criteria as mentioned in Section 166(2) of the Companies Act, 2017.

نوٹس برائے سالانہ اجلاس

اطلاع دی جاتی ہے کہ خیبر ٹیکسٹائل ملز لمیٹڈ کے شیئر ہولڈرز کا 61 واں سالانہ اجلاس 21 اکتوبر 2022 بروز جمعہ صبح 10:00 بجے کمپنی کے رجسٹرڈ آفس، بالڈھیر ضلع ہری پور، خیبر پختونخواہ میں مندرجہ ذیل امور کی انجام دہی کے لئے منعقد ہوگا۔

عام کاروبار:

1. 27 اکتوبر 2021 کو منعقدہ شیئر ہولڈرز کی 60 ویں سالانہ جنرل میٹنگ کے منٹس کی تصدیق۔
2. 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ آڈٹ شدہ اکاؤنٹس کو حاصل کرنے، ان پر غور کرنے اور اس پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کے ساتھ اپنانے کے لیے۔
3. کمپنیز ایکٹ 2017 کے مطابق بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ بورڈ آف ڈائریکٹرز کے لیے سات (7) ممبران کا انتخاب کرنا۔ مندرجہ ذیل موجودہ ڈائریکٹرز جو کمپنیز ایکٹ 2017 کے تحت ریٹائر ہو چکے ہیں اور اہل ہیں، انہوں نے خود کو دوبارہ انتخاب کے لیے پیش کیا ہے۔ 25 اکتوبر 2022 سے شروع ہونے والے اگلے تین (3) سالوں کے لیے کمپنی کے ڈائریکٹرز کے طور پر۔

(1) جناب اورنگزیب خان (4) جناب آدم جدون

(2) جناب امان اللہ خان جدون (5) جناب حسن اویس (مجوزہ آزاد ڈائریکٹر)

(3) جناب محمد بہاؤالدین (6) مسز آمنہ جدون

جبکہ، (7) جناب نصرت اقبال اہل ہیں اور انہوں نے اگلے (3) سالوں کے لیے کمپنی کے دوسرے آزاد ڈائریکٹر کے عہدے کے لیے امیدوار کے طور پر کام کرنے کی رضامندی دی ہے۔

4. سال 2022-2023 کے لیے کمپنی کے آڈیٹرز کی تقرری اور ان کے معاوضے کا تعین کرنا۔ بورڈ آف ڈائریکٹرز نے میسرز کلارکسن ہائیڈر سکود انصاری چارٹرڈ اکاؤنٹنٹس کی سفارش کی ہے، جو ریٹائر ہو چکے ہیں اور اہل ہیں، انہوں نے سال 2022-2023 کے لیے کمپنی کے آڈیٹر کے طور پر کام کرنے کے لیے دوبارہ تقرری کی پیشکش کی ہے۔

5. چیئر کی اجازت سے کمپنی کا کوئی دوسرا کاروبار کرنا۔

بورڈ کے حکم سے

خیبر ٹیکسٹائل ملز لمیٹڈ کے لیے

صداقت خان

کمپنی سیکریٹری

26 ستمبر، 2022

1. کمپنی کے حصص کی منتقلی کی کتابیں 13 اکتوبر 2022 سے 21 اکتوبر 2022 تک (دونوں دن سمیت) بند رہیں گی۔ 12 اکتوبر 2022 کو کاروبار کے اختتام پر کمپنی کے رجسٹرار (F.D. رجسٹرار سروسز) کو موصول ہونے والی فزیکل ٹرانسفرز/سی ڈی سی ٹرانزیکشنز آئی ڈیز پر مذکورہ حقدار کا تعین کرنے اور میٹنگ میں شرکت اور ووٹ دینے کے لیے وقت پر غور کیا جائے گا۔
2. میٹنگ میں شرکت کرنے والے ممبران میٹنگ میں شرکت کے وقت اپنا اصل کمپیوٹر انڈز قومی شناختی کارڈ (CNIC) یا پاسپورٹ ساتھ لائیں۔

3. کمپنی کا ایک رکن جنرل میٹنگ میں شرکت اور ووٹ دینے کا حقدار ہے۔ کی جگہ پر شرکت کرنے اور ووٹ دینے کے لیے صرف کسی اور رکن کو پراکسی کے طور پر مقرر کر سکتا ہے۔

اجلاس میں رکن۔ مؤثر ہونے کے لیے پراکسی کو موصول ہونا ضروری ہے۔ کمپنی کے رجسٹرڈ آفس پر 48 گھنٹے سے زیادہ دیر تک مہر لگانی گئی اور دستخط کیے گئے۔ اجلاس کے انعقاد کے وقت سے پہلے ایک رکن ایک سے زیادہ کا تقرر نہیں کر سکتا

پراکسی۔ پراکسی فارم کے ساتھ شیئر ہولڈرز اور بینیفیشل مالکان دونوں کے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ کی کاپیاں منسلک ہونی چاہئیں۔

4. سی ڈی سی/سب اکاؤنٹ ہولڈرز کو مندرجہ ذیل کی پیروی کرنے کی ضرورت ہے۔
ہدایات:-

(a) میٹنگ میں شرکت کے لیے۔

(i) افراد کے معاملے میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا

وہ شخص، جس کی سیکیورٹیز گروپ اکاؤنٹ اور ان کی رجسٹریشن میں ہیں۔

تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہیں، شناخت کی تصدیق کرے گا۔ (اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھا کر۔)

(ii) کارپوریٹ ادارے کی صورت میں، میٹنگ کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی نامزد شخص کے دستخط کے ساتھ پیش کیا جائے گا۔

(b) پراکسیوں کی تقرری کے لیے:

(i) افراد کے معاملے میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا وہ شخص، جن کی سیکیورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن کی تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہیں، مندرجہ بالا ضرورت کے مطابق پراکسی فارم جمع کرانیں گے۔

(ii) پراکسی فارم کی گواہی دو افراد جن کے نام ہیں،

پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ نمبر فارم پر درج ہو۔

(iii) کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا سپورٹ کی کاپیاں Beneficiary اور پراکسی کو پراکسی فارم کے ساتھ پیش کیا جائے گا۔

(iv) پراکسی میٹنگ کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ پیش کرے گا۔

(v) کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی نمونہ دستخط کے ساتھ کمپنی کو پراکسی فارم کے ساتھ جمع کرایا جائے گا۔

5. اراکین سے درخواست کی جاتی ہے کہ وہ اپنے میلنگ ایڈریس، ای میل ایڈریس اور رابطے کی تفصیلات میں کسی بھی تبدیلی کی فوری طور پر کمپنی شیئر رجسٹرار آفس کو مطلع کریں۔ فزیکل شیئرز رکھنے والے ممبران کو مشورہ دیا جاتا ہے کہ وہ اپنے رجسٹرڈ ایڈریس میں کسی قسم کی تبدیلی کی اطلاع دیں اور جن شیئر ہولڈرز نے ابھی تک اپنے کمپیوٹرائزڈ شناختی کارڈز کی فوٹو کاپی جمع نہیں کرائی ہے ان سے درخواست کی جاتی ہے کہ وہ اسے جلد از جلد بھیج دیں۔

6. شیئر ہولڈرز جو ای میل کے ذریعے جنرل میٹنگ کا نوٹس وصول کرنا چاہتے ہیں، ان سے درخواست کی جاتی ہے کہ وہ اپنے دستخط شدہ خط کے ذریعے، اپنی تفصیلات، یعنی نام، فولیو/سی ڈی سی A/C نمبر، ای میل ایڈریس، رابطہ کریں۔ (CNIC) کاپی منسلک کریں۔

7. کوئی بھی شخص (بشمول ایک ریٹائر ہونے والا ڈائریکٹر) جو ڈائریکٹرز کا انتخاب لڑنا چاہتا ہے، کمپنی کے پاس اس کے رجسٹرڈ آفس بالڈھر، ڈسٹرکٹ بری پور، خیبر پختونخواہ میں مذکورہ میٹنگ سے 14 دن پہلے فائل کرے گا کہ وہ خود کو پیش کرنے کا ارادہ رکھتا ہے۔ کمپنیز ایکٹ 159(3) کے تحت ڈائریکٹرز کے انتخاب کے لیے خود:

(i) الیکشن میں کھڑے ہونے کے اس کے ارادے کا نوٹس، اس کے ساتھ ہی مکمل ہو چکا ہے۔

اور فارم 28 پر دستخط کر کے کمپنی کے ڈائریکٹر کے طور پر کام کرنے کی رضامندی دیتے ہوئے (کمپنیز ایکٹ، 2017 کے سیکشن 167(1) کے تحت)، اور تصدیق کرتا ہے کہ وہ ڈائریکٹر بننے کے لیے نااہل نہیں ہے جیسا کہ دفعات میں بیان کیا گیا ہے۔ کمپنیز ایکٹ 2017 کے سیکشن 153 کے تحت یا کسی قابل اطلاق قوانین، قواعد و ضوابط کے تحت؛ اور یہ کہ وہ کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مطابق قابلیت کے حصص رکھنے کی تصدیق کرتا ہے۔

(ii) تفصیلی پروفائل کے ساتھ دفتر کے پتے کو الیکشن کی تاریخ سے سات دن پہلے کمپنی کی ویب سائٹ پر ڈال دیا جائے۔

(ii) لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 اور کمپنیز ایکٹ، 2017 میں درج کمپنی کے ڈائریکٹر کے طور پر کام کرنے کے لیے اہلیت کے معیار کے مطابق ہونے کے حوالے سے اعلان۔

(iii) درست CNIC اور NTN کی تصدیق شدہ کاپی کے ساتھ فعال ٹیکس دہندہ کی حیثیت کا ثبوت۔

(iv) لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی شق 6(2) اور کمپنیز ایکٹ 2017 کے سیکشن 166 کے تحت آزاد ڈائریکٹرز کا اعلان۔

(v) غیر عدالتی اسٹامپ پیپر پر وعدہ کرنا کہ وہ کمپنیوں کے ضابطہ 4 کے ذیلی ضابطہ (1) کے تقاضوں کو پورا کرتا ہے (آزاد

ڈائریکٹرز کا طریقہ اور انتخاب) ریگولیشنز، 2018۔

8. کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کے مطابق، ڈائریکٹرز کے انتخاب کے مقصد کے لیے اور کمپنیز ایکٹ 2017 کے سیکشن 143 اور 144 کے تقاضوں سے مشروط کسی دوسرے ایجنڈے کے لیے، اراکین کو اپنے ووٹ کا حق استعمال کرنے کی اجازت ہوگی۔ پوسٹل بیلٹ، جو کہ مذکورہ ضوابط میں موجود تقاضوں اور طریقہ کار کے مطابق، ڈاک کے ذریعے یا کسی بھی الیکٹرانک موڈ کے ذریعے ووٹنگ کر رہا ہے۔

9. شیئر ہولڈرز جو ای ووٹنگ کے ذریعے حصہ لینا چاہتے ہیں، برائے مہربانی فوری فراہم کریں۔

ان کے دستخط شدہ خط کے ذریعے، یعنی نام، فولیو/سی ڈی سی اکاؤنٹ نمبر، ای میل

پتہ، کمپنی کے شیئر رجسٹرار سے رابطہ نمبر (F.D رجسٹرار سروسز (پرائیویٹ) لمیٹڈ، 1705، 17 ویں منزل، صائمہ ٹریڈ ٹاور-I، A، چندریگر روڈ، کراچی۔

10. شیئر ہولڈرز ویڈیو لنک کی سہولت کے ذریعے میٹنگ میں شرکت کر سکتے ہیں۔ اگر کمپنی کو ویڈیو لنک کے ذریعے میٹنگ میں شرکت کرنے کے لیے کسی دوسرے شہر میں رہنے والے 10% یا اس سے زیادہ شیئر ہولڈنگ رکھنے والے حصص یافتگان کی طرف سے مطالبہ (میٹنگ) کی تاریخ سے کم از کم 7 دن پہلے) موصول ہوتا ہے، تو کمپنی ویڈیو کا بندوبست کرے گی۔ اس شہر میں لنک کی سہولت۔ شیئر ہولڈرز، جو ویڈیو لنک کی سہولت کے ذریعے حصہ لینا چاہتے ہیں، ان سے درخواست کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ پر دستیاب ویڈیو لنک سہولت فارم کو پُر کریں اور کمپنی کے رجسٹرڈ ایڈریس پر دستخط شدہ کاپی بھیجیں۔ واضح رہے کہ ممبر یا پراکسی ہولڈر کے علاوہ کوئی بھی شخص ویڈیو لنک کی سہولت کے ذریعے اجلاس میں شرکت نہیں کر سکتا۔

11. کمپنیز ایکٹ، 2017 (ایکٹ) کا سیکشن 72 جو کہ تمام کمپنیوں سے یہ مطالبہ کرتا ہے کہ وہ اپنے جاری کردہ حصص کو فزیکل فارم میں حصص کے ساتھ تبدیل کریں جو بک-انٹری فارم میں جاری کیے جانے والے حصص کی تاریخ سے چار سال سے زیادہ نہ ہوں۔ ایکٹ

کا نفاذ مذکورہ دفعہ 72 کی دفعات کی مکمل تعمیل کو یقینی بنانے اور بک-انٹری-فارم میں حصص رکھنے کی سہولت سے مستفید ہونے کے لیے، وہ شیئر ہولڈرز جو ابھی بھی فزیکل شکل میں حصص رکھتے ہیں ان سے درخواست کی جاتی ہے کہ وہ اپنے حصص کو کتاب میں تبدیل کریں۔

کمپنیز ایکٹ 2017 کے سیکشن 166 کے تحت بیان

کمپنیز ایکٹ 2017 کی دفعہ 166 کا تقاضا ہے کہ مادی حقائق کا بیان ڈائریکٹرز کے انتخاب کے مقصد کے لیے بلانے گئے عام اجلاس کے نوٹس کے ساتھ منسلک کیا جائے جو خود مختار ڈائریکٹر کے طور پر تقرری کے لیے تقرری کے انتخاب کے جواز کی نشاندہی کرے گا۔

ایک لسٹڈ کمپنی ہونے کے ناطے، خیبر ٹیکسٹائل ملز لمیٹڈ کو دو آزاد ڈائریکٹرز کا ہونا ضروری ہے۔ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 کے مطابق اپنے بورڈ پر آزاد ڈائریکٹرز۔ 2017۔ مدمقابل الیکشن میں کھڑے ہونے کے لیے اپنا نوٹس/ ارادہ دائر کرنے کے بعد، کمپنی خود مختار ڈائریکٹر کے طور پر تقرری کے لیے تقرری کے انتخاب کے لیے درج ذیل معیارات کا اطلاق کرے گی:

پاکستان کے زیر انتظام ڈیٹا بینک میں آزاد ڈائریکٹرز کے نام کی شمولیت انسٹی ٹیوٹ آف کارپوریٹ گورننس PICG اور SECP کی طرف سے مجاز ہے۔ متعلقہ قابلیت، تنوع، مہارت، علم اور انتخاب کا تجربہ مقابلہ کرنے والوں کا جائزہ لیا جائے گا۔

کمپنی ڈیٹا بینک سے کسی شخص کو منتخب کرنے سے پہلے مستعدی سے کام لے گی۔ کہ مدمقابل آزادی کے معیار پر پورا اترتا ہے جیسا کہ سیکشن میں بتایا گیا ہے۔ کمپنیز ایکٹ، 2017 کا 166(2)۔

CHAIRMAN'S REVIEW

(Start with the Name of Allah the Magnificent the Merciful)

Respected Shareholders,

I am pleased to welcome you to the 61st Annual General Meeting of Khyber Textile Mills Limited (the Company) and present the Annual Audited Report for the year ended June 30, 2022. The significant aspects for evaluation of Company's performance, its results and financial/ material highlights underlining the fiscal year have been thoroughly elaborated in the Director's report and key operating and financial data.

During the period under review there was significant revenue generation from the agricultural livestock business and supplementary income from rental of vacant buildings. However, the Company's textile production remained closed due to restriction on credit facilities by the banks.

The overall performance of the Board of Directors remained satisfactory. The Board, comprised of experienced and seasoned individuals with diversified experience and has played an important role in making effective decisions at all levels. The Committees of the Board operated efficiently and assisted the Board in all key matters.

On behalf of the Board, I would like to thank all the stakeholders for their trust and support. I am confident that the Company has all the makings necessary to achieve the expectations of its stakeholders. Further, I would like to thank the Management and staff for their hard work and devotion for the betterment of the Company.



Mr. Aurangzeb Khan
Chairman

Baldher, Haripur
Dated: 26 September 2022

چینر مین ریویو

(اللہ کے نام سے جو بڑا مہربان ہے)

معزز شیئر ہولڈرز،

مجھے خیبر ٹیکسٹائل ملز لمیٹڈ (کمپنی) کے 61 ویں سالانہ اجلاس عام میں آپ کا خیر مقدم کرتے ہوئے خوشی ہو رہی ہے اور 30 جون 2022 کو ختم ہونے والے سال کی سالانہ رپورٹ پیش کر رہا ہوں۔ ڈائریکٹر کی رپورٹ اور کلیدی آپریٹنگ اور مالیاتی اعداد و شمار میں مالی سال پر روشنی ڈالنے والی جھلکیاں اچھی طرح سے بیان کی گئی ہیں۔

زیر جائزہ مدت کے دوران زرعی لائیو سٹاک کے کاروبار سے نمایاں آمدنی اور خالی عمارتوں کے کرائے سے اضافی آمدنی ہوئی۔ تاہم، بینکوں کی طرف سے قرض کی سہولیات پر پابندی کی وجہ سے کمپنی کی ٹیکسٹائل کی پیداوار بند رہی۔

بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی تسلی بخش رہی۔ متنوع تجربہ رکھنے والے تجربہ کار افراد پر مشتمل بورڈ نے ایک اہم کردار ادا کیا ہے۔

بورڈ کی کمیٹیوں نے مؤثر طریقے سے کام کیا اور تمام اہم معاملات میں بورڈ کی مدد کی۔

بورڈ کی جانب سے، میں تمام اسٹیک ہولڈرز کے اعتماد اور تعاون کے لیے ان کا شکریہ ادا کرنا چاہوں گا۔ مجھے یقین ہے کہ کمپنی کے پاس اپنے اسٹیک ہولڈرز کی توقعات کو پورا کرنے کے لیے ضروری تمام اجزاء موجود ہیں۔ مزید، میں کمپنی کی بہتری کے لیے انتظامیہ اور عملے کی محنت اور لگن کا شکریہ ادا کرنا چاہوں گا۔



جناب اورنگزیب خان (چینر مین)

بالڈھیر، ہری پور

26 ستمبر 2022

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

The Board of Directors welcomes you to the 61st 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 30th June, 2022.

Financial Results:

During the period under review there was significant revenue generation from the agricultural livestock business and supplementary income from rental of vacant buildings. However, the Company's textile production remained closed due to restriction on credit facilities by the banks.

	Note	2022 Rupees	2021 Rupees --- Restated ---
SALES		14,591,500	9,617,700
Less: COST OF SALES	17	10,815,538	7,946,071
GROSS PROFIT		3,775,962	1,671,629
Less: Administrative Expenses	18	15,335,271	16,652,575
Other Operating Expenses	20	451,850	446,580
Financial Expenses - Bank Charges		1,207	2,389
		15,788,328	17,101,544
		(12,012,366)	(15,429,915)
Gain on Remeasurement of Biological Assets		238,255	107,803
Other Operating Income - Rent		5,319,500	5,234,725
Agriculture Income		151,250	207,100
OPERATING LOSS		(6,303,361)	(9,880,287)
Other Income	21	-	18,122,154
PROFIT / (LOSS) BEFORE TAXATION		(6,303,361)	8,241,867
TAXATION	22	(1,005,909)	2,830,838
NET PROFIT / (LOSS) FOR THE YEAR		(5,297,452)	5,411,029
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)		(5,297,452)	5,411,029
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	23	(4.32)	4.41

Dividend

Considering the accumulated losses, directors have not recommended any dividend payout or bonus shares for the year.

Law Suits against the Company:

- **NBP vs. KTML:** On 17-03-2014 the Hon'ble Banking Judge Peshawar High Court has dismissed NBP's suit in favour of KTML. However, NBP has filed an appeal against the judgment. As of September 2022, arguments are pending before the Honorable Peshawar High Court, due to the delaying tactics of NBP. 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 #16.
- **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 2022, the suit is at the final stages of arguments. For further information refer to Note #16.

Litigation Implications:

The Banks maintained their credit squeeze by delaying the finalization of appeal and suit pending before the Peshawar High Court and Sindh High Court respectively, thereby ensuring that KTML's defaulter status is maintained on the SBP 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. Refer to Note #16.

Business Activities:

As per the BOD and Members approval in prior years, the Company has continued to invest in its revised principal activity of agriculture on its abundant land (separate from the Textile Unit) in FY2022. This investment over the years in the agricultural business has included the construction of ample housing capacity for cattle, the purchase of livestock, the planting and growing of olive saplings/trees, 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 area 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.

The BOD takes this opportunity to inform the shareholders that in FY 2022 despite a ban on access to credit and rampant inflation in the Country, the Company has managed to improve the agricultural farm and operations. Additionally, the sales of cattle registered a significant increase as reflected in the financial accounts annexed herewith.

Moreover, Management has continued to generate further revenue for the Company through the renting of vacant buildings and warehouses and has used this financial stream to reinvest in the Company's current operations. Hence, 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 substantially increased, and liabilities have decreased. Further, the Company is an active taxpayer, contributing advance tax to the national exchequer. Lastly,

the exercise of revaluation of property, plant and equipment repeatedly carried out by Management, has emphasized the worth of the Company.

Future Plans

Moving forward, Management will continue to repair vacant buildings on the Company's property for use in warehousing and rental activity, thereby utilizing the excess areas for the generation of additional revenue for the Company. Moreover, Management intends, to improve the cultivatable land and invest further in the Company's agricultural livestock farm, thereby increasing the sale of cattle for FY-2023. 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 Company's legal overheads, fulfilling the requirements under the Companies Act 2017, and to invest in new business activities if found feasible by the BOD.

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

Auditor's Reservations:

- Concerning auditor qualification for creditors that remain un-verified, these amounts were pending since the closure of textile production and the creditors have not come forward to demand their dues nor are in contact with the Company. Moreover, these amounts have become time barred; therefore, Management has written back the balances in the previous financial year.
- Regarding the Company's non-compliance on the 2nd Independent Director requirement, Management will be fulfilling this requirement during the upcoming AGM.

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 30th June, 2022.
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.

Board of Directors Composition:

Currently the Board comprises of seven directors including our Chief Executive Officer (CEO), Mr. Adam Jadoon. All of them possess diversified experience and suitable skill set with competencies for safeguarding the interests of stakeholders and the Company. During the period under report 4 (four) meetings of the Board of Directors were held.

Attendance of each Director is as under:

<u>Composition of Board</u>	<u>No. of Meetings Attended</u>
EXECUTIVE DIRECTOR	
Mr. Adam Jadoon	4
NON-EXECUTIVE DIRECTORS	
Mr. Aurangzeb Khan	3
Mr. Amanullah Khan Jadoon	4
Mr. Muhammad Bahauddin	4
Mr. Omar Farid Jadoon	4
Mrs. Aamna Jadoon	3
INDEPENDENT DIRECTORS	
Mr. Hassan Ovais	4

Directors' Training:

Four of our Directors, Mr. Adam Jadoon (CEO), Mrs. Aamna Jadoon, Mr. Muhammad Bahauddin, and Mr. Hassan Ovais have already obtained the prescribed certifications under the Directors Training Program. The remaining three Directors are exempt from Directors Training Program due to their experience in the Board.

Chairman's Review:

The directors hereby endorse the Chairman's review on the performance of the Company.

Remuneration of Directors and Chief Executive:

No remuneration and perquisites were paid to the directors and chief executive.

Auditors:

The auditors M/s Clarkson Hyde Saud Ansari, Chartered Accountants have a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and compliance with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan. They also possess satisfactory rating from Audit Oversight Board (AOB). The present auditors, M/s Clarkson Hyde Saud Ansari Chartered Accountants, retire and being eligible, offer themselves for re-appointment. As required by the CCG the Audit Committee has suggested the name of M/s Clarkson Saud Ansari, Chartered Accountant to act as auditors of the Company for the Financial Year 2022-23.

Pattern Of Shareholding:

The pattern of shareholding as on June 30, 2022 and its disclosure as required by the Act and Code of Corporate Governance is annexed with this report. There was no other reported

transaction of sale or purchase of shares of the Company by Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Chief Internal Auditor, Chief Operating Officer and their spouses or minor children during the year under review, except as given in Pattern of Shareholding.

Compliance with Code of Corporate Governance:

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in their Listing Regulations relevant for the year ended June 30, 2022 have been adopted by the Company and have been duly complied with except for Regulation 6 regarding two Independent Directors. Said Regulation will be complied in the upcoming election of directors as the term of the current board will expire in October, 2022. A statement of compliance is annexed to the report.

Material Changes:

There have been no material changes since year end June 30, 2021 till date of the report except as disclosed in this annual report and the company has not entered into any commitment which would affect its financial position at the date except for those mentioned in audited financial statements of the company for the year ended June 30, 2022.

Statutory Compliance:

During the year the company has complied with all applicable provisions, filed all returns / forms and furnished all the relevant particulars as required under the Companies Act 2017 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

Related Party Transactions:

All transactions with related parties including pricing policies applied upon recommendation of Audit Committee and as disclosed in notes to the annual audited financial statements thereon are reviewed and approved by the Board.

Web Presence:

Updated information regarding the Company can be accessed at Company's website www.khybertextile.com. The website contains the latest financial results of the company along with Company's profile.

Corporate Social Responsibility:

The Management of the Company is aware of its corporate and social responsibility and will encourage social projects in the future.

Acknowledgement:

The Board would like to thank and appreciate our shareholders for their confidence and trust. The Board also extends its appreciation and gratefulness towards dedication and commitment presented by the Company's employees.

On behalf of the Board of Directors



Aurangzeb Khan
Director



Adam Jadoon

Baldher, Haripur
Dated:- 26th September, 2022

ڈائریکٹرز رپورٹ

معزز ممبران،

بورڈ آف ڈائریکٹرز آپ کی کمپنی کے 61 ویں سالانہ جنرل میٹنگ میں آپ کا خیر مقدم کرتا ہے اور پاکستان اسٹاک ایکسچینج کے کوڈ آف کارپوریٹ گورننس کے مطابق سال کے لیے مطلوبہ دیگر متعلقہ بیانات کے ساتھ آڈیٹرز کی رپورٹ کے ساتھ آڈٹ کیے گئے سالانہ اکاؤنٹس کو پیش کرتے ہوئے خوشی محسوس کرتا ہے۔ 30 جون 2022 کو ختم ہوا۔

مالیاتی نتائج:

زیر جائزہ مدت کے دوران زرعی لائیو سٹاک کے کاروبار سے نمایاں آمدنی ہوئی اور خالی عمارتوں کے کرائے سے اضافی آمدنی ہوئی۔ تاہم، بینکوں کی طرف سے قرض کی سہولیات پر پابندی کی وجہ سے کمپنی کی ٹیکسٹائل کی پیداوار بند رہی۔

	Note	2022 Rupees	2021 Rupees --- Restated ---
SALES		14,591,500	9,617,700
Less: COST OF SALES	17	10,815,538	7,946,071
GROSS PROFIT		3,775,962	1,671,629
Less: Administrative Expenses	18	15,335,271	16,652,575
Other Operating Expenses	20	451,850	446,580
Financial Expenses - Bank Charges		1,207	2,389
		15,788,328	17,101,544
		(12,012,366)	(15,429,915)
Gain on Remeasurement of Biological Assets		238,255	107,803
Other Operating Income - Rent		5,319,500	5,234,725
Agriculture Income		151,250	207,100
OPERATING LOSS		(6,303,361)	(9,880,287)
Other Income	21	-	18,122,154
PROFIT / (LOSS) BEFORE TAXATION		(6,303,361)	8,241,867
TAXATION	22	(1,005,909)	2,830,838
NET PROFIT / (LOSS) FOR THE YEAR		(5,297,452)	5,411,029
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)		(5,297,452)	5,411,029
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	23	(4.32)	4.41

ڈیویڈنڈ

جمع شدہ نقصانات کو مدنظر رکھتے ہوئے، ڈائریکٹرز نے سال کے لیے کسی بھی ڈیویڈنڈ کی ادائیگی یا بونس شیئرز کی سفارش نہیں کی ہے۔

کمپنی کے خلاف قانونی مقدمہ:

• **NBP vs KTML 17-03-2014:** کو معزز بینکنگ جج پشاور ہائی کورٹ نے KTML کے حق میں NBP کا مقدمہ خارج کر دیا ہے۔ تاہم، NBP نے فیصلے کے خلاف اپیل دائر کی ہے۔ ستمبر 2022 تک، NBP کے تاخیری حربوں کی وجہ سے، معزز پشاور ہائی کورٹ کے سامنے دلائل زیر التواء ہیں۔ KTML کی انتظامیہ اور قانونی ٹیم KTML کے مفادات کا بھرپور طریقے سے دفاع کرتی رہے گی اور پر امید ہیں کہ NBP کی اپیل خارج کر دی جائے گی۔ مزید معلومات کے لیے نوٹ نمبر 16 ملاحظہ کریں۔

• **NBP، ICP اور دیگر KTML vs:** سندھ ہائی کورٹ (SHC) میں NBP، ICP اور دیگر کی طرف سے ریکوری کا مقدمہ دائر کیا گیا تھا۔ معزز سندھ ہائی کورٹ نے KTML کی درخواست کے دفاع کی اجازت دے دی۔ KTML کی انتظامیہ اور قانونی ٹیم پر امید ہیں کیونکہ ان مسائل پر ہمارے حق میں فیصلہ معزز پشاور ہائی کورٹ پہلے ہی دے چکا ہے جو امید ہے کہ SHC میں NBP، ICP کے مقدمے کو خارج کر دے گا۔ ستمبر 2022 تک، مقدمہ دلائل کے آخری مراحل میں ہے۔ مزید معلومات کے لیے نوٹ نمبر 16 ملاحظہ کریں۔

قانونی چارہ جوئی کے مضمرات:

بینکوں نے بالترتیب پشاور ہائی کورٹ اور سندھ ہائی کورٹ کے سامنے زیر التواء اپیل اور سوٹ کو حتمی شکل دینے میں تاخیر کر کے اپنے کریڈٹ سکوز کو برقرار رکھا، اس طرح اس بات کو یقینی بنایا کہ KTML کی ڈیفالٹر اسٹیٹس کو SBP CIB رپورٹ پر برقرار رکھا گیا ہے تاکہ کمپنی کو ان کی ناانصافی پر مجبور کیا جاسکے۔ انتظامیہ کا پختہ خیال ہے کہ کمپنی پر بینکوں کی کوئی بقایا رقم واجب الادا نہیں ہے۔ بدقسمتی سے، بینکوں کی زبردستی کی حکمت عملی ٹیکسٹائل کی پیداوار کو مسلسل بند کرنے کا باعث بنی ہے، جس کے دوبارہ آغاز کے لیے مشینری کی تجدید اور ورکنگ کیپیٹل تک رسائی کے لیے بھاری رقم کی ضرورت ہے۔ بہر حال، یہ BOD اور انتظامیہ کا ارادہ ہے کہ جب بینکنگ قانونی چارہ جوئی مکمل ہو جائے اور قرض کی سہولیات بحال ہو جائیں تو ٹیکسٹائل یونٹ کو بحال کیا جائے۔ مزید معلومات کے لیے نوٹ نمبر 16 ملاحظہ کریں۔

کاروباری سرگرمیاں:

گزشتہ سالوں میں BOD اور اراکین کی منظوری کے مطابق، کمپنی نے FY2022 میں اپنی وافر زمین (ٹیکسٹائل یونٹ سے الگ) پر زرعی فارمنگ کی اپنی نظر ثانی شدہ بنیادی سرگرمی میں سرمایہ کاری جاری رکھی ہے۔ زرعی کاروبار میں گزشتہ برسوں میں ہونے والی اس سرمایہ کاری میں مویشیوں کے لیے کافی رہائش کی گنجائش کی تعمیر، مویشیوں کی خریداری، زیتون کے پودے/درختوں کی شجرکاری اور ان کی افزائش، ملز کے پانی کی پائپنگ کے نظام کو بہتر بنانا، پانی ذخیرہ کرنے، ٹیوب ویل اور آبپاشی کے نظام کو بہتر بنانا شامل ہے۔ کمپنی کے پورے احاطے میں۔ مزید برآں، انتظامیہ نے کمپنی کی خالی زمین کو کاشت کے لیے تبدیل اور ترقی دے کر استعمال کیا ہے۔ آگائی جانے والی فصلوں کی کاشت، کمپنی کے لائیو سٹاک فارم کی مدد میں استعمال کی گئی ہے، جس نے مارکیٹ سے چارے کی خریداری میں کمی، ان پٹ لاگت کو کم کرنے کے قابل بنایا ہے، اس طرح فارم کے منافع میں اضافہ ہوا ہے۔

BOD اس موقع پر حصص یافتگان کو مطلع کرتا ہے کہ مالی سال 2022 میں قرض تک رسائی پر پابندی اور ملک میں بڑھتی ہوئی افراط زر کے باوجود، کمپنی نے زرعی فارم اور آپریشنز کو بہتر بنانے میں کامیابی حاصل کی ہے۔ مزید برآں، ہماری ان پٹ لاگت میں کمی آئی، اور لائیو سٹاک کی فروخت میں نمایاں اضافہ ہوا جیسا کہ اس کے ساتھ منسلک مالی کھاتوں سے ظاہر ہوتا ہے۔

مزید برآں، مینجمنٹ نے خالی عمارتوں اور گوداموں کے کرائے کے ذریعے کمپنی کے لیے مزید آمدنی حاصل کرنا جاری رکھی ہے اور اس مالیاتی سلسلے کو کمپنی کے موجودہ آپریشنز میں دوبارہ سرمایہ کاری کے لیے استعمال کیا ہے۔ لہذا، لائیو سٹاک کی کامیاب فروخت اور کرائے کی آمدنی کے ذریعے مینجمنٹ نے ثابت کر دیا ہے کہ کمپنی کے لیے تبدیل شدہ کاروباری منصوبہ قابل عمل ہے، کیونکہ کمپنی کی آمدنی میں خاطر خواہ اضافہ ہوا ہے، اور واجبات میں کمی آئی ہے۔ مزید یہ کہ کمپنی ایک فعال ٹیکس دہندہ ہے، جو قومی خزانے میں ایڈوانس ٹیکس کا حصہ ڈالتی ہے۔ آخر میں، انتظامیہ کی طرف سے جائیداد، پلانٹ اور آلات کی دوبارہ تشخیص کی مشق نے کمپنی کی قدر میں اضافہ کیا ہے۔

مستقبل کے منصوبے

آگے بڑھتے ہوئے، مینجمنٹ کمپنی کی جائیداد پر خالی عمارتوں کو گودام اور کرایہ کی سرگرمیوں میں استعمال کرنے کے لیے مرمت کرنا جاری رکھے گی، اس طرح کمپنی کے لیے اضافی آمدنی پیدا کرنے کے لیے اضافی جگہوں کو استعمال کرے گی۔ مزید برآں، انتظامیہ کا ارادہ ہے کہ قابل کاشت زمین کو بہتر بنایا جائے اور زرعی لائیو سٹاک فارم میں مزید سرمایہ کاری کی جائے، اس طرح مالی سال 2023 کے لیے مویشیوں کی فروخت میں اضافہ ہو گا۔ ان کاروباری سرگرمیوں سے حاصل ہونے والی آمدنی کو کمپنی کے اثاثوں کی دیکھ بھال، ملازمین کی تنخواہوں، اخراجات کی ادائیگی، کمپنی کے قانونی اوور ہیڈز کو پورا کرنے، کمپنیز ایکٹ 2017 کے تحت ضروریات کو پورا کرنے اور نئی کاروباری سرگرمیوں میں سرمایہ کاری کرنے کے لیے بھی استعمال کیا جائے گا۔

انتظامیہ کو توقع ہے کہ E-35 موٹر وے کے قریب ہماری کمپنی کے مقام کی وجہ سے، امید ہے کہ CPEC تک رسائی مزید کاروباری سرگرمیوں کے لیے نئے مواقع فراہم کرے گی۔

آڈیٹر کے تحفظات:

• غیر تصدیق شدہ قرض دہندگان کے لیے آڈیٹر کی اہلیت سے متعلق، یہ رقوم ٹیکسٹائل کی پیداوار کی بندش کے بعد سے زیر التواء تھیں اور قرض دہندگان اپنے واجبات کا مطالبہ کرنے کے لیے آگے نہیں آئے اور نہ ہی کمپنی کے ساتھ رابطے میں ہیں۔ اس لئے انتظامیہ نے پچھلے مالی سال کے دوران ان کے بیلنس کو ختم کر دیا ہے۔
2nd آزاد ڈائریکٹر کی ضرورت پر کمپنی کی عدم تعمیل کے بارے میں، مینجمنٹ آئندہ AGM کے دوران اس ضرورت کو پورا کرے گی۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیان:

بورڈ آف ڈائریکٹرز کا مزید کہنا ہے کہ:

1. زیر جائزہ مالی بیانات کمپنیز ایکٹ 2017 اور پاکستان میں لاگو ہونے والے بین الاقوامی اکاؤنٹنگ معیارات کے مطابق تیار کیے گئے ہیں۔
2. مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔
3. کمپنی کی طرف سے اکاؤنٹ کی مناسب کتابیں رکھی گئی ہیں، اس کے مطابق مالیاتی بیانات کمپنی کی حالت، اس کے کاموں کے نتیجے، نقد بہاؤ اور ایکویٹی میں ہونے والی تبدیلیوں کو اچھی طرح سے پیش کرتے ہیں۔
4. کمپنی کا اندرونی کنٹرول کا نظام تسلی بخش ہے اور اسے مؤثر طریقے سے نافذ کیا گیا ہے اور بہتری کے لیے اس کی نگرانی جاری ہے۔
5. لاگت کو کنٹرول کرنے اور آمدنی کو زیادہ سے زیادہ کرنے کے لیے کی جانے والی مجموعی کوششوں کے نتیجے میں، کمپنی کی صلاحیت کو بہتر کرنے کے بارے میں کوئی شک نہیں ہے اور اس لیے ریکارڈ شدہ اثاثوں اور واجبات میں کسی قسم کی ایڈجسٹمنٹ کی ضرورت نہیں ہے۔
6. کارپوریٹ گورننس کے بہترین طریقوں کو اپنایا گیا ہے، جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے اور جیسا کہ 30 جون، 2022 کو ختم ہونے والے سال کے لیے کمپنی پر لاگو ہے۔
7. پچھلے چھ سالوں کے اہم آپریٹنگ اور مالیاتی نتائج، خلاصہ کی شکل میں، منسلک ہیں۔
8. آڈٹ کمیٹی اپنے فرائض اور ذمہ داریوں کو نبھانے میں بورڈ کی مدد کرتی ہے جس میں کوڈ آف کارپوریٹ گورننس کی اچھی تعمیل کو یقینی بنایا جاتا ہے جس میں رپورٹس کا جائزہ، کمپنی کے مالیاتی نتائج اور انتظامی فیصلوں کے لیے اندرونی کنٹرول کے طریقہ کار اور کمپنی کے اثاثوں اور اس کے کاروباری امکانات کی حفاظت کے لیے حکمت عملی تیار کرنا شامل ہے۔
9. آڈٹ کمیٹی بورڈ میٹنگز سے پہلے میٹنگ کرتی ہے اور اس کی رپورٹ بورڈ میٹنگ میں پیش کی جاتی ہے۔

بورڈ آف ڈائریکٹرز کی ساخت:

فی الحال بورڈ سات ڈائریکٹرز پر مشتمل ہے جس میں ہمارے چیف ایگزیکٹو آفیسر (CEO) جناب آدم جدون شامل ہیں۔ ان سب کے پاس تجربہ ہے جس میں بنیادی صلاحیتیں ہیں جو اسٹیک ہولڈرز اور کمپنی کے ذاتی مفادات کی حفاظت کرتی ہیں۔ اس مالی سال کے دوران بورڈ آف ڈائریکٹرز کے 4 (چار) اجلاس منعقد ہوئے۔

ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

اجلاسوں کے بورڈ نمبر کی تشکیل

ایگزیکٹو ڈائریکٹر	
جناب آدم جدون	4
غیر ایگزیکٹو ڈائریکٹرز	
جناب اورنگزیب خان	3
جناب امان اللہ خان جدون	4
جناب محمد بہاؤ الدین	4
جناب عمر فرید جدون	4
مسز آمنہ جدون	3
آزاد ڈائریکٹرز	
جناب حسن اویس	4

ڈائریکٹرز کی تربیت:

ہمارے چار ڈائریکٹرز، جناب آدم جدون (CEO)، مسز آمنہ جدون، جناب محمد بہاؤ الدین، اور جناب حسن اویس پہلے ہی ڈائریکٹرز ٹریننگ پروگرام کے تحت مقررہ سرٹیفیکیشن حاصل کر چکے ہیں۔ تین دیگر ڈائریکٹرز بورڈ میں اپنے تجربے کی وجہ سے ڈائریکٹرز ٹریننگ پروگرام سے مستثنیٰ ہیں۔

چیئرمین کا جائزہ:

ڈائریکٹرز اس طرح کمپنی کی کارکردگی پر چیئرمین کے جائزے کی توثیق کرتے ہیں۔

ڈائریکٹرز اور چیف ایگزیکٹو کے معاوضے:

ڈائریکٹرز اور چیف ایگزیکٹو کو کوئی معاوضہ اور مراعات نہیں دی گئیں۔

آڈیٹرز:

انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام کے تحت آڈیٹرز میسرز کلارکسن ہائیڈر سعود انصاری، چارٹرڈ اکاؤنٹنٹس کی درجہ بندی تسلی بخش ہے اور کوڈ آف ایٹھکس پر انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے رہنما اصولوں کی تعمیل ہے۔ جیسا کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنایا ہے۔ ان کے پاس آڈٹ اور سائیٹ بورڈ (AOB) سے بھی تسلی بخش درجہ بندی ہے۔ موجودہ آڈیٹرز، میسرز کلارکسن ہائیڈر سعود انصاری چارٹرڈ اکاؤنٹنٹس، ریٹائر ہونے اور اہل ہونے کے بعد، خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔ سی سی جی کی ضرورت کے مطابق آڈٹ کمیٹی نے مالی سال 2022-23 کے لیے کمپنی کے آڈیٹر کے طور پر کام کرنے کے لیے میسرز کلارکسن سعود انصاری، چارٹرڈ اکاؤنٹنٹس کا نام تجویز کیا ہے۔

حصہ داری کا نمونہ:

30 جون 2022 تک شیئر ہولڈنگ کا پیٹرن اور اس کا افشاء جیسا کہ ایکٹ اور کوڈ آف کارپوریٹ گورننس کی ضرورت ہے اس رپورٹ کے ساتھ منسلک ہے۔

زیر جائزہ سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر، کمپنی سیکرٹری، چیف فنانشل آفیسر، چیف انٹرنل آڈیٹر، چیف آپریٹنگ آفیسر اور ان کے شریک حیات یا نابالغ بچوں کے ذریعہ کمپنی کے حصص کی فروخت یا خریداری کا کوئی دوسرا لین دین نہیں ہوا، سوائے اس کے کہ شیئر ہولڈنگ کے پیٹرن میں دیا گیا ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل:

پاکستان اسٹاک ایکسچینج کی جانب سے 30 جون 2022 کو ختم ہونے والے سال کے لیے متعلقہ فہرست سازی کے ضوابط میں وضع کردہ ضابطہ کارپوریٹ گورننس کے تقاضوں کو کمپنی نے اپنایا ہے اور دو آزاد ڈائریکٹرز کے حوالے سے ریگولیشن 6 کے علاوہ ان کی مکمل تعمیل کی گئی ہے۔ اس ضابطے کی تعمیل ڈائریکٹرز کے آئندہ انتخابات میں کی جائے گی کیونکہ موجودہ بورڈ کی میعاد اکتوبر 2022 میں ختم ہو جائے گی۔ رپورٹ کے ساتھ تعمیل کا بیان منسلک ہے۔

مادی تبدیلیاں:

سال کے آخر میں 30 جون 2021 سے رپورٹ کی تاریخ تک کوئی مادی تبدیلیاں نہیں ہوئی ہیں سوائے اس سالانہ رپورٹ کے جس کا انکشاف کیا گیا ہے اور کمپنی نے کوئی ایسا عہد نہیں کیا ہے جس سے اس تاریخ پر اس کی مالی پوزیشن متاثر ہوتی ہو ماسوائے آڈٹ شدہ مالیات میں مذکور ہ کے۔ 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے بیانات۔

قانونی تعمیل:

سال کے دوران کمپنی نے تمام قابل اطلاق شرائط کی تعمیل کی ہے، تمام ریٹرن/فارمز داخل کیے ہیں اور کمپنیز ایکٹ 2017 اور اس سے منسلک قوانین، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے ضوابط اور فہرست سازی کی ضروریات کے تحت تمام متعلقہ تفصیلات فراہم کی ہیں۔

متعلقہ پارٹی ٹرانزیکشنز:

متعلقہ فریقوں کے ساتھ تمام لین دین بشمول آڈٹ کمیٹی کی سفارش پر لاگو قیمتوں کی پالیسیاں اور جیسا کہ اس پر سالانہ آڈٹ شدہ مالیاتی گوشواروں کے نوٹس میں انکشاف کیا گیا ہے بورڈ کے ذریعہ جائزہ لیا جاتا ہے اور اس کی منظوری دی جاتی ہے۔

ویب کی موجودگی:

کمپنی کے حوالے سے تازہ ترین معلومات کمپنی کی ویب سائٹ www.khybertextile.com پر حاصل کی جا سکتی ہیں۔ ویب سائٹ کمپنی کے پروفائل کے ساتھ کمپنی کے تازہ ترین مالیاتی نتائج پر مشتمل ہے۔

کارپوریٹ سماجی ذمہ داری:

کمپنی کی انتظامیہ اپنی کارپوریٹ اور سماجی ذمہ داری سے واقف ہے اور مستقبل میں سماجی بہبود کے منصوبوں کی حوصلہ افزائی کرے گی۔

اعتراف:

بورڈ ہمارے شیئر ہولڈرز کے اعتماد اور بھروسے کے لیے ان کا شکریہ ادا کرنا چاہتا ہے۔ بورڈ ملازمین کی طرف سے پیش کی جانے والی لگن اور عزم کے لیے بھی اپنی تعریف اور شکر گزار ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

جناب اورنگزیب خان (ڈائریکٹر)
بالڈھیر ہری پور
تاریخ: - 26 ستمبر 2022

جناب آدم جدون (ڈائریکٹر چیف ایگزیکٹو)
بالڈھیر ہری پور
تاریخ: - 26 ستمبر 2022

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019; Year Ended June 30, 2022, for Khyber Textile Mills Limited

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, (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 Jadoon
Mr. Muhammad Bahauddin
Mr. Omar Farid Jadoon
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 shared with relevant Committees for compliance;
14. The frequency of meetings of the committee were as per following,-
 - a) Audit Committee; Four Quarterly Meetings during the financial year ended June 30, 2022
 - b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2022;
15. The Board has set up an effective internal audit function who are 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 that the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all other requirements of the regulations 3, 7, 8, 27, 32, 33 and 36 have been complied with except Regulation No. 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, i.e. the independent directors should not be less than two etc. Whereas as the Company has only one independent director out of total seven directors; and

19. Explanation for non-compliance with Regulation other than regulations 3, 7, 8, 27, 32, 33 and 36 are below:

S. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1.	Independent Director Independent Director should be at least two or one third members of the Board.	Currently, only one independent director on the board and the term of current board will be expiring in October 2022. The Management of the Company will fulfill the requirement of Regulation 6 in the upcoming elections of Directors that will be held in the next Annual General Meeting for the year 2022.	6
2.	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the Human Resource and Remuneration committee	29
3.	Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and senior officers of the Company perform the requisite functions and apprise the Board accordingly.	30



MR. AURANGZEB KHAN
CHAIRMAN

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, 2022 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, 2022.

**Clarkson Hyde Saud Ansari**

Chartered Accountants

Engagement Partner – **Saud Ansari**

Karachi

Dated: September 26, 2022

UDIN CR202210149o9UY7RGO

INDEPENDENT AUDITOR'S REPORTTo 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, 2022, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, 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, 2022 of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

During the year ended June 30, 2021 the Company had 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 Current Liabilities and the Accumulated Loss as on June 30, 2022, would have been higher by this amount.

The previous year's audit opinion on the financial statements was also qualified with respect to this matter, therefore our opinion on the current year's financial statements is also qualified because of the effects 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.

Emphasis of Matter

We draw attention to Note 2.2 to the financial statements, which states that these financial statements have been prepared on going concern basis, yet there were factors which had affected the Company's ability to continue as a going concern in the past. Textile operations have been suspended since July 2007. However, the Company changed its line of operations few years back and has been able to generate net cash inflows. The Company is solvent and the Management has concluded that no material uncertainty exists which cast significant doubt on the Company's ability to continue as going concern. A detailed explanation is given in the aforesaid note.

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><u>Contingencies and Commitments</u></p> <p>Refer note 16 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"> • 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; • Obtained independent opinion of legal council's dealing with such cases in the form of confirmation; and • 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.

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 is 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 Usher Ordinance, 1980 (XVIII of 1980).

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



Clarkson Hyde Saud Ansari

Chartered Accountants

Date: September 26, 2022

UDIN AR202210149gNHwdnZrb

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees	2020 Rupees
			----- Restated -----	
NON CURRENT ASSETS				
Property, Plant and Equipment	5	962,873,700	973,972,762	986,074,178
Long Term Deposits		88,983	88,983	88,983
		<u>962,962,683</u>	<u>974,061,745</u>	<u>986,163,161</u>
CURRENT ASSETS				
Inventory - Livestock (Biological Assets)	6	7,890,000	7,441,000	7,200,000
Inventory - Animal Feed and Medicines		238,440	205,750	105,410
Stores and Spares	7	-	-	-
Advances, Deposits and Other Receivables	8	1,247,000	1,200,000	1,476,626
Cash and Bank Balances	9	2,006,927	54,372	206,590
		<u>11,382,367</u>	<u>8,901,122</u>	<u>8,988,626</u>
		<u>974,345,050</u>	<u>982,962,867</u>	<u>995,151,787</u>
SHARE CAPITAL AND RESERVES				
Share Capital	10	12,275,030	12,275,030	12,275,030
		<u>12,275,030</u>	<u>12,275,030</u>	<u>12,275,030</u>
Capital Reserve				
Statutory Reserve		257,782	257,782	257,782
Revaluation Surplus on Property, Plant & Equipment	11	927,295,959	935,413,344	944,238,148
Revenue Reserve				
Accumulated Loss		(16,786,696)	(19,606,629)	(33,842,462)
		<u>923,042,075</u>	<u>928,339,527</u>	<u>922,928,498</u>
NON CURRENT LIABILITIES				
Loan from Director	12	16,500,757	-	-
Deferred Taxation	13	24,175,818	26,415,851	24,799,469
		<u>40,676,575</u>	<u>26,415,851</u>	<u>24,799,469</u>
CURRENT LIABILITIES				
Short Term Loan from Directors	14	8,959,718	26,560,475	27,460,475
Trade and Other Payables	15	432,558	432,558	18,447,782
Provision for Taxation		1,234,124	1,214,456	1,515,563
		<u>10,626,400</u>	<u>28,207,489</u>	<u>47,423,820</u>
CONTINGENCIES AND COMMITMENTS				
	16			
		<u>974,345,050</u>	<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 AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 Rupees	2021 Rupees --- Restated ---
SALES		14,591,500	9,617,700
Less: COST OF SALES	17	10,815,538	7,946,071
GROSS PROFIT		3,775,962	1,671,629
Less: Administrative Expenses	18	15,335,271	16,652,575
Other Operating Expenses	20	451,850	446,580
Financial Expenses - Bank Charges		1,207	2,389
		15,788,328	17,101,544
		(12,012,366)	(15,429,915)
Gain on Remeasurement of Biological Assets		238,255	107,803
Other Operating Income - Rent		5,319,500	5,234,725
Agriculture Income		151,250	207,100
OPERATING LOSS		(6,303,361)	(9,880,287)
Other Income	21	-	18,122,154
PROFIT / (LOSS) BEFORE TAXATION		(6,303,361)	8,241,867
TAXATION	22	(1,005,909)	2,830,838
NET PROFIT / (LOSS) FOR THE YEAR		(5,297,452)	5,411,029
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME / (LOSS)		(5,297,452)	5,411,029
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	23	(4.32)	4.41

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, 2022

	Issued, Subscribed & Paid Up Capital	Capital Reserves		Accumulated Loss	Total
		Statutory Reserve	Revaluation Surplus		
	Rupees				
Balance as at July 1, 2020 - As previously reported	12,275,030	257,782	893,475,826	(1,150,047)	904,858,591
Correction of Prior Period Error (Note No.4)			50,762,322	(32,692,415)	18,069,907
Balance as at July 1, 2020 - Restated	12,275,030	257,782	944,238,148	(33,842,462)	922,928,498
Total Comprehensive Income for the Year					
Net Profit for the year	-			5,411,029	5,411,029
Other Comprehensive Income				-	-
	-	-	-	5,411,029	5,411,029
Transfer due to Incremental Depreciation on Revaluation of Property, Plant and Equipment			(8,824,804)	8,824,804	-
Balance as at June 30, 2021	12,275,030	257,782	935,413,344	(19,606,629)	928,339,527
Total Comprehensive Income for the Year					
Net Loss for the year	-			(5,297,452)	(5,297,452)
Other Comprehensive Income				-	-
	-	-	-	(5,297,452)	(5,297,452)
Transfer due to Incremental Depreciation on Revaluation of Property, Plant and Equipment			(8,117,385)	8,117,385	-
Balance as at June 30, 2022	12,275,030	257,782	927,295,959	(16,786,696)	923,042,075


CHIEF FINANCIAL OFFICER


DIRECTOR


CHIEF EXECUTIVE

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022**

	2022 Rupees	2021 Rupees
CASH FROM OPERATING ACTIVITIES		
Profit ' (Loss) before Taxation	(6,303,361)	8,241,867
Adjustments for:		
Depreciation	11,099,062	12,101,416
Gain arising from changes in fair value of Livestock	(238,255)	(107,803)
Creditors written back	-	(18,122,154)
Financial Expenses	1,207	2,389
Operating profit before working capital changes	4,558,653	2,115,715
 (Increase)/Decrease in Operating Assets		
Inventory - Livestock	(210,745)	(133,197)
Inventory - Animal Feed	(32,690)	(100,340)
	4,315,218	1,882,178
 Increase/(Decrease) in Operating Liabilities		
Trade and Other Payables	-	106,930
Cash generated from/(used in) operations	4,315,218	1,989,108
 Financial Expenses	(1,207)	(2,389)
Tax deducted at source/Paid	(1,261,456)	(1,238,937)
Net Cash from/(used in) Operating Activities	3,052,555	747,782
 CASH FROM INVESTING ACTIVITIES		
 Net Cash from/(used in) Investing Activities	-	-
 CASH FROM FINANCING ACTIVITIES		
Loan from Directors	(1,100,000)	(900,000)
Net Cash from/(used in) Financing Activities	(1,100,000)	(900,000)
 NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,952,555	(152,218)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	54,372	206,590
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,006,927	54,372



CHIEF FINANCIAL OFFICER



DIRECTOR



CHIEF EXECUTIVE

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2022****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 external factors the 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 on 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, the production facility and agricultural farms are 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 and inventory of livestock which is carried at fair value. 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 were factors which had affected the Company's ability to continue as a going concern in the past. Textile operations have been suspended since July 2007. The core reason for the adverse situation is the continued financial squeeze resulting from ongoing litigation in the High Courts (Reference note no. 16). 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 the financial year 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 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.

Subsequent to the closure of textile operations 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 Company also successfully rented vacant buildings for warehousing etc. to reputable organizations and local distributors. 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 note No.16.

Financial support is also available from the directors. During the year, one of the directors has also deferred his right to claim repayment of his loan for at least twelve months from the date of the financial statements; as a result the current assets have become almost equal to the current liabilities. The equity is positive and the Company has been generating positive cash flows from operations by way of its livestock business and renting out of buildings, for the last few years. The main cause of loss is the charging of depreciation on idle items of property, plant and equipment which had been revalued upward in 2019. This is a non cash expense which does not affect liquidity position of the Company. The Management has concluded that no material uncertainty exists which cast significant doubt on the Company's ability to continue as going concern.

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 Judgments

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan, requires management to make judgments, 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 judgments 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 judgments 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 realizable 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 but are not relevant to the Company

There are amendments to published standards that are mandatory for the current accounting period but are considered not to be relevant to the Company's financial statements and are therefore not detailed in these financial statements.

2.6 Standards, interpretations and amendments to published approved accounting standards that are neither yet effective nor early adopted but relevant to the Company

The following standards, amendments to IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amendments or improvements, and would be relevant to the Company:

IAS 1 Classification of liabilities as current or non current Effective date: January 1, 2023

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of these amendments, the requirement for a right to be unconditional has been removed and instead, the amendment requires that a right to defer settlement must have substance and exist at the end of the reporting period.

IAS 1 Disclosure of accounting policies Effective date: January 1, 2023

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

IAS 8 Definition of accounting estimates Effective date: January 1, 2023

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

IAS 12 Deferred Tax Effective date: January 1, 2023

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will

need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

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. 5. 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 asset. The surplus on revaluation- net of deferred tax to the extent of incremental depreciation charged on the related revalued assets is transferred to an appropriated 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 those assets. The surplus on revaluation- net of deferred tax to the extent of incremental depreciation charged on the related revalued assets is transferred to an appropriated 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 measure 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.

3.4.2 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 borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, markup bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings 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 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.

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. CORRECTION OF PRIOR PERIOD ERROR

In prior years deferred tax effect on revaluation of building on free hold land had inadvertently been calculated, as a result the revaluation surplus on free hold land, the related deferred tax liability and deferred tax shown in the statement of profit or loss was reported at inaccurate amounts. The deferred tax effect of other temporary differences was also omitted, which affected the profit or loss after tax in prior years. The errors have been corrected during the current year. The effects of the corrections have been incorporated in the financial statements, by restating each of the affected items for the prior periods, as follows:

Statement of Financial Position

Statement of Financial Position

	As at July 1, 2020			As at June 30, 2021		
	June 30, 2020 (as previously reported)	Corrections	July, 1, 2020 (Restated)	June 30, 2021 (as previously reported)	Corrections	June 30, 2021 (Restated)
	Rupees			Rupees		
Equity and Liabilities						
Revaluation Surplus on plant and equipment	893,475,826	50,762,322	944,238,148	882,744,077	52,669,267	935,413,344
Accumulated Loss	(1,150,047)	(32,692,415)	(33,842,462)	19,721,321	(39,327,950)	(19,606,629)
Deferred Taxation	42,869,376	(18,069,907)	24,799,469	39,757,168	(13,341,317)	26,415,851
	935,195,155	-	935,195,155	942,222,566	-	942,222,566

Statement of Profit or Loss

	For the year ended June 30, 2021		
	As previously reported	Corrections	Restated
	Rupees		
Profit before tax	8,241,867	-	8,241,867
Taxation	(1,897,752)	1,125,484	(772,268)
Profit after tax	10,139,619	(1,125,484)	9,014,135
Earnings per share - Basic and Diluted	8.26	(0.92)	4.41

5 PROPERTY, PLANT AND EQUIPMENT

For the Year ended June 30, 2022

PARTICULARS	COST / REVALUATION			Rate %	DEPRECIATION			W.D.V AS AT 30.06.22 Rupees
	AS AT 01.07.21 Rupees	Addition/ (Deletion) Rupees	AS AT 30.06.22 Rupees		AS AT 01.07.21 Rupees	FOR THE YEAR Rupees	AS AT 30.06.22 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%	66,316,973	3,948,275	70,265,248	75,017,216
Sheds for Livestock	2,653,804	-	2,653,804	10%	700,570	195,323	895,893	1,757,911
Plant and Machinery	291,164,189	-	291,164,189	10%	222,152,189	6,901,200	229,053,389	62,110,800
Tools and Equipment	1,200,738	-	1,200,738	10%	1,126,786	7,395	1,134,181	66,557
Electric Fittings	7,933,823	-	7,933,823	10%	7,533,408	40,042	7,573,450	360,373
Furniture and Fixtures	877,824	-	877,824	10%	846,481	3,134	849,615	28,209
Telephone Fittings	238,000	-	238,000	10%	228,064	994	229,058	8,942
Office Equipment	408,665	-	408,665	10%	400,343	832	401,175	7,490
Electric and Gas Appliances	433,468	-	433,468	10%	415,993	1,748	417,741	15,727
Motor Vehicle	907,904	-	907,904	20%	907,310	119	907,429	475
	1,272,850,842	-	1,274,600,879		300,628,117	11,099,062	311,727,179	962,873,700

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 property, plant and equipment of the Company. Revaluation of plant, property and equipment 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. 533.700 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, 2022 would have been as follows:

	Cost	Accumulated Depreciation	Written Down Values
Freehold Land	101,574	-	101,574
Building and Civil Works	28,350,309	26,449,932	1,900,377
Sheds for livestock	1,181,837	496,990	684,847
Plant and Machinery	178,861,971	169,793,837	9,068,134
	208,495,691	196,740,759	11,754,932

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
	1,272,850,842	-	1,274,600,879		288,526,701	12,101,416	300,628,117	973,972,762

	2022 Rupees	2021 Rupees
Allocation of Depreciation		
Cost of Sales	195,323	217,026
Administrative Expenses	10,903,739	11,884,390
	11,099,062	12,101,416

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

Location	Usage of Immovable Property	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 Pakhtunkhwa.	Production facility, Plant, Warehouses, Labor Colony, Livestock Farm, Agriculture Land and Head Office	366 Kanals / 45.75 Acres

6 INVENTORY - LIVESTOCK

Inventory - Livestock (Biological Assets)	7,890,000	7,441,000
Reconciliation of the carrying amount of Livestock:		
Opening - At Cost	5,950,750	5,817,553
Purchases - Mature Animals	8,082,240	6,583,674
	14,032,990	12,401,227
Animals Sold - Cost	(7,871,495)	(6,450,477)
	6,161,495	5,950,750
Changes due to Fair Value		
Excess of Fair Value over Cost - Opening	1,490,250	1,382,447
Gain on Remeasurement to Fair Value	238,255	107,803
	1,728,505	1,490,250
	7,890,000	7,441,000

The number of Mature and Immature animals as at June 30, 2022 is 96 and NIL (2021: 105 and NIL) respectively

7 STORES AND SPARES

General Stores	3,000,000	3,000,000
Less: Provision for Obsolescence	(3,000,000)	(3,000,000)
	-	-

	2022 Rupees	2021 Rupees
8 ADVANCES AND OTHER RECEIVABLES		
Advances		
Advance Income Tax	1,247,000	1,200,000
Other Receivable		
Income Tax and Sales Tax Receivable	266,327	266,327
Less: Provision for Expected Credit Loss	(266,327)	(266,327)
	-	-
	<u>1,247,000</u>	<u>1,200,000</u>
9 CASH AND BANK BALANCES		
Cash in Hand	88,732	8,726
Cash at Bank - Current Accounts	1,918,195	45,646
	<u>2,006,927</u>	<u>54,372</u>
10 SHARE CAPITAL		
Authorised		
1,500,000 (2021: 1,500,000) Shares of Rs. 10 each	15,000,000	15,000,000
Issued		
1,298,543 (2020: 1,298,543) Shares of Rs. 10 each	12,985,430	12,985,430
Subscribed and Paid up		
517,813 (2021 : 517,813) Ordinary shares of Rs. 10 each issued as fully paid in cash	5,178,130	5,178,130
200,000 (2021 : 200,000) Ordinary shares of Rs. 10 each issued as Rs.8.75 paid in cash	1,750,000	1,750,000
	6,928,130	6,928,130
64,897 (2021 :64,897) Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	648,970	648,970
444,793 (2021 : 444,793) Ordinary shares of Rs. 10 each issued as fully paid up bonus shares	4,447,930	4,447,930
200,000 (2021 : 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
	4,697,930	4,697,930
	<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.

11 REVALUATION SURPLUS

This represents revaluation surplus relating to Freehold Land, Building and Civil Works and Plant & Machinery of the company (Refer Note 5). The movement in the revaluation surplus during the year is as follows:

Revaluation Surplus as at July, 1 (As previously reported)	882,744,077	893,475,826
Correction of Prior Period Error (Note No.4)	52,669,267	50,762,322
Revaluation Surplus as at July, 1 (Restated)	935,413,344	944,238,148
Transferred to Unappropriated Profit due to incremental depreciation net off tax	(8,117,385)	(8,824,804)
	<u>927,295,959</u>	<u>935,413,344</u>

	2022 Rupees	2021 Rupees
12 LOAN FROM DIRECTORS	<u>16,500,757</u>	<u>-</u>

This represents the amount received from one of the directors of the Company for the purpose of working capital requirements. The loan is interest free, unsecured and the director has deferred his right to repayment at least twelve months from the date of these financial statements.

13 DEFERRED INCOME TAX LIABILITY

The liability for deferred tax comprises temporary difference relating to:

Revaluation of Property, Plant and Equipment	23,364,042	25,078,765
Accelerated Tax Depreciation	2,003,988	2,087,752
Fair Value of Inventory - Live Stock	501,266	432,173
Unused Tax Depreciation and Tax Loss	(746,243)	(235,604)
Provision for Expected Credit Losses	(77,235)	(77,235)
Provision for Stores and Spares Obsolescence	(870,000)	(870,000)
	<u>24,175,818</u>	<u>26,415,851</u>

14 SHORT TERM LOAN FROM DIRECTORS	<u>8,959,718</u>	<u>26,560,475</u>
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This represents the amount received from a director of the Company for the purpose of working capital requirements. The loan is interest free, unsecured and repayable on demand.

15 TRADE AND OTHER PAYABLES

Advance against rent	80,000	80,000
Accrued Liabilities	324,000	324,000
Other Liabilities	28,558	28,558
	<u>432,558</u>	<u>432,558</u>

16. 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 bank's 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 2022, arguments on appeal are pending. Nonetheless, Company's Management and legal team will continue to defend NBP's appeal vigorously. Therefore, no liability has been recorded against this case amounting to Rs.437 million.

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 2022, 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 favor 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. Nonetheless, our legal advisors are making efforts to obtain further favorable decisions from the Courts in order, to end this long-standing litigation. No provision is required against this case liability.

	2022 Rupees	2021 Rupees
17 COST OF SALES		
Purchases	8,082,240	6,583,674
Animal Feed and Medicines Consumed (Note 17.1)	2,238,910	930,568
Salaries and Wages	381,000	348,000
Animal Care Expenses	128,810	-
Depreciation	195,323	217,026
	11,026,283	8,079,268
Opening Inventory - At cost	5,950,750	5,817,553
Closing Inventory - At Cost	(6,161,495)	(5,950,750)
	(210,745)	(133,197)
	10,815,538	7,946,071
17.1 Animal Feed and Medicines Consumed		
Opening Stock	205,750	105,410
Purchases	2,271,600	1,030,908
	2,477,350	1,136,318
Closing Stock	(238,440)	(205,750)
	2,238,910	930,568
18 ADMINISTRATIVE EXPENSES		
Salaries and Allowances (Note No.19)	1,956,200	1,812,300
Conveyance, Traveling & Entertainment	65,000	52,000
Postage, Telegram & Telephone	66,429	39,622
Membership Fee & Subscription	548,891	757,132
Legal and professional charges	82,000	15,000
Printing & Stationery	70,000	54,500
Fuel and Power	1,162,162	1,222,661
Advertisement	72,000	70,200
Repairs & Maintenance	408,850	744,770
Depreciation Expenses	10,903,739	11,884,390
	15,335,271	16,652,575

19 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

No remuneration and perquisites were paid to the directors, chief executive and other executives.

	2022 Rupees	2021 Rupees
20 OTHER OPERATING EXPENSES		
Auditors' Remuneration		
Annual Audit Fee	324,000	324,000
Half Yearly Review	81,000	81,000
Out of Pocket Expenses	46,850	41,580
	<u>451,850</u>	<u>446,580</u>

21 OTHER INCOME

Trade Creditors written back	-	18,122,154
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22 TAXATION

Current Tax Charge	1,234,124	1,214,456
Deferred Tax	(2,240,033)	1,616,382
	<u>(1,005,909)</u>	<u>2,830,838</u>

22.1 Tax Reconciliation

Profit Before Taxation	(6,303,361)	8,241,867
Tax at applicable rate of 29% (29% : 2021)	-	2,330,082
Tax Effect of Admissible Deductions - Net	-	(321,116)
Tax Effect of Income subject to Separate Block	1,234,124	1,214,456
Tax Effect of Unused Tax Losses	-	(2,008,966)
Deferred Tax - Reversal of Temporary Difference	(2,240,033)	1,616,382
	<u>(1,005,909)</u>	<u>2,830,838</u>

23 EARNINGS / (LOSS) PER SHARE

Net profit for the year	(5,297,452)	5,411,029
Number of shares outstanding during the year	1,227,503	1,227,503
Earnings / (Loss) per share - Basic and diluted	<u>(4.32)</u>	<u>4.41</u>

24 FINANCIAL INSTRUMENTS BY CATEGORY

	Amortised Cost	FVTPL/FTOCI	Total
As at June 30, 2022	----- Rupees -----		
Financial Assets			
Long Term Deposit	88,983	-	88,983
Cash and Bank Balances	2,006,927	-	2,006,927
	<u>2,095,910</u>	<u>-</u>	<u>2,095,910</u>
Financial Liabilities			
Loan from Directors	25,460,475	-	25,460,475
Trade and Other Payables	432,558	-	432,558
	<u>25,893,033</u>	<u>-</u>	<u>107,803</u>

	Amortised Cost	FVTPL/FTOCI	Total
	----- Rupees -----		
As at June 30, 2021			
Financial Assets			
Long Term Deposit	88,983	-	88,983
Cash and Bank Balances	54,372	-	54,372
	<u>143,355</u>	<u>-</u>	<u>143,355</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>

25 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' 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.

25.1 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 | <p>fair value measurements are those inputs determined using valuation techniques which maximise the use of observable market data and rely as little as possible on on entity-specific estimates. If all significant inputs</p> <ul style="list-style-type: none"> * Adjusted quoted active market prices * Quoted price for a similar asset in an active market * There are no significant unobservable inputs |
| Level - 3 | <p>fair value measurements are those inputs derived from valuation techniques that include inputs which are not based on observable market data. Examples are:</p> <ul style="list-style-type: none"> * 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.

26 FINANCIAL RISK EXPOSURE AND RISK MANAGEMENT

26.1 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:

	2022 Rupees	2021 Rupees
Long Term Deposits	88,983	88,983
Cash at Bank	1,918,195	45,646
	<u>2,007,178</u>	<u>134,629</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.

26.2 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.

26.2.1 Sales Price Risk

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

26.2.2 Interest Rate Risk

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

26.2.3 Foreign Currency Risk

The Company is also not exposed to foreign currency risk.

26.3 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, 2022

Loan from Directors	16,500,757	8,959,718	25,460,475
Trade and Other Payables	-	432,558	432,558
	<u>16,500,757</u>	<u>9,392,276</u>	<u>25,893,033</u>

Non-Derivative Financial Liabilities as at June 30, 2021

Loan from Directors	16,500,757	10,059,718	26,560,475
Trade and Other Payables	-	432,558	432,558
	<u>16,500,757</u>	<u>10,492,276</u>	<u>26,993,033</u>

27 RELATED PARTY TRANSACTIONS

Related parties comprise of group 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 - CEO/Director	Loan (repaid)	<u>(1,100,000)</u>	<u>(900,000)</u>

28 FIGURES

Figures have been rounded off to the nearest rupee. In previous years Gain due to remeasurement of fair value of Inventory of Biological Assets was accounted for as part of cost of sales and not separately disclosed. Therefore for more appropriate presentation, gain on remeasurement of biological assets has been shown as a separate line item in the statement of profit or loss and comparative

NATURE	RECLASSIFICATION		RUPEES
	FROM	TO	
Gain on remeasurement of biological	Cost of sales	Statement of profit or loss	<u>107,803</u>

29 NUMBER OF EMPLOYEES

Total employees of the Company at year end	<u>9</u>	<u>10</u>
Average employees of the Company during the year	<u>9</u>	<u>10</u>

30 PLANT CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2022	2021	2022	2021
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>

Plant is closed due to the reasons explained in Note No.1

31 DATE OF AUTHORISATION

These financial statements were authorised for issue on September 26, 2022 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, 2022

Number Of Share Holders	Share Holding From	To	Total Shares Held
152	1 -	100	6,851
164	101 -	500	41,794
55	501 -	1000	42,244
79	1001 -	5000	179,819
16	5001 -	10000	104,949
1	15001 -	20000	15,310
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
474			1,227,503

Categories of Share Holders As on June 30, 2022

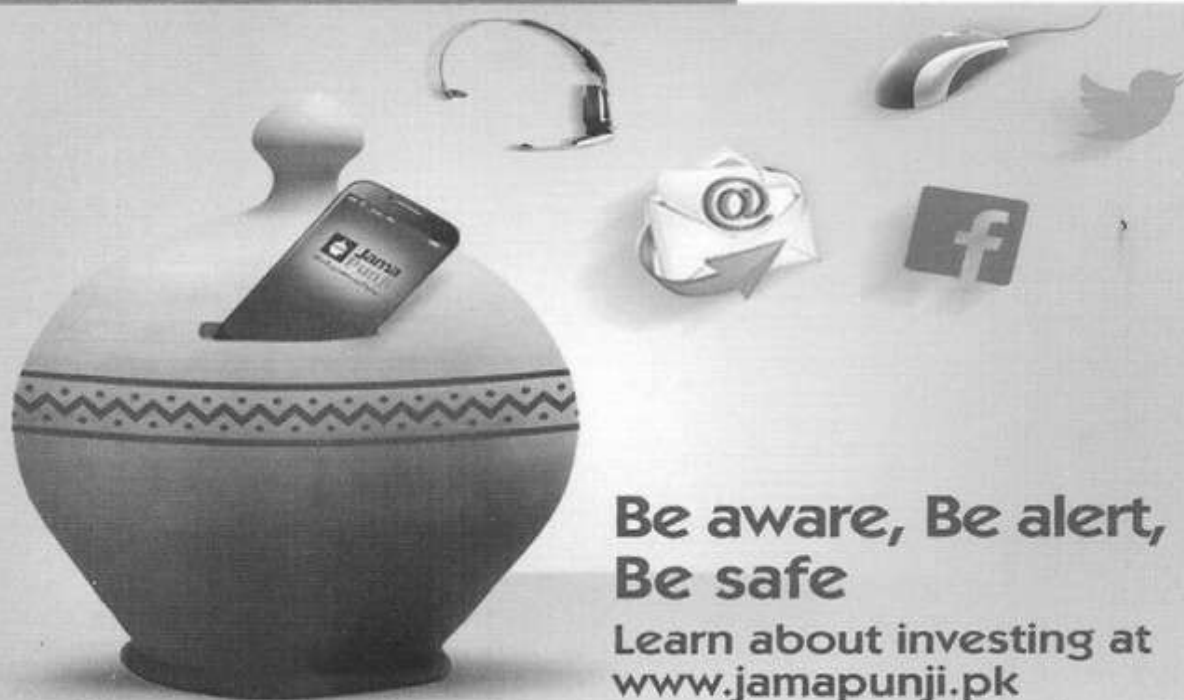
Categories Of Shareholders	Number Of Shareholders	Total Shares Held	Percentage %
Individuals	458	1,206,212	98.27
Joint Stock Companies	8	2,683	0.22
Insurance Companies	2	12,498	1.02
Financial Institutions	4	3,863	0.31
Investment Companies	1	1,688	0.14
Others	1	559	0.05
	474	1,227,503	100.00

Additional Information as of June 30, 2022 (As per Code of Corporate Governance)

Shareholders' Category	Shareholders	Shares held	Percentage
Directors, heir Spouse(s) and Minor Children			
Mr. Aurangzeb Khan	1	6,029	0.49
Mr. Muhammad Bahauddin	1	2,800	0.23
Mr. Amanullah Khan Jadoon	1	3,085	0.25
Mr. Adam Jadoon	1	247,077	20.13
Mr. Hassan Ovais	1	2,500	0.20
Mr. Omar Farid Jadoon	1	133,069	10.84
Mrs. Aamna Jadoon	1	74,106	6.04
Associated Companies, undertakings and related parties	-	-	-
Executives			
Mr. Sadaqat Khan - Company Secretary	1	50	0.00
Mr. Taj Muhammad - C F O	1	100	0.01
Public Sector Companies and Corporations			
State Life Corporation of Paksitan	1	8,604	0.70
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance, Takaful, Modaraba and Pension Funds			
	13	10,540	0.86
NIT / ICP			
Investment Corporation of Paksitan	1	1,688	0.14
General Public	449	737,296	60.06
	-	-	-
Foreign Companies			
	-	-	-
Others	1	559	0.05
Total	471	1,227,503	99.03

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

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FORM OF PROXY

I/We _____ of _____

(full address) being a member of **Khyber Textile Mills Limited** having Folio # _____ do

hereby appoint Mr./Ms. _____ having Folio# _____

of _____ (full address) (or failing him)

Mr./Ms. _____ having Folio# _____

of _____ (full address)

I being another Member of the Company as my/our proxy to attend and vote for me/us on my/our behalf, at the **Annual General Meeting** of the Company to be held on **Friday 21st, October 2022 at 10:00 a.m.** and to every adjournment thereof.

And witness my/our hand/seal this _____ day of _____ 2022, signed by the above-named Shareholder

in the presence of:

WITNESSES:

1. Signature _____ 2. Signature _____

Name _____ Name _____

Address _____ Address _____

CNIC/NICOP/POC or Passport No.

CNIC/NICOP/POC or Passport No.

CDC Account No.

Revenue Stamp of Rs. 5/-

Important Notes

1. A Member of the Company entitled to attend and vote at the Annual General Meeting may only appoint another Member as his/her proxy to attend and vote
2. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC/NICOP/POC or Passport number shall be mentioned on the form.
3. Copies of CNIC/NICOP/POC or Passport of the appointer and proxy-holder shall be furnished with the Proxy Form.
4. The proxy-holder shall produce his/her original CNIC/NICOP/POC or Passport at the time of the meeting.
5. This Proxy Form must be duly completed and signed and received at the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.
6. In case of corporate entity, the Board of Directors' resolution / Power of Attorney with specimen signature shall be submitted along with Proxy Form.