# C O N T E N T S

## COMPANY INFORMATION

| | | |
|---|---|---|
| **BOARD OF DIRECTORS** | Osman Saifullah Khan | **- Chairman** |
| | Jehangir Saifullah Khan | |
| | Ms. Hoor Yousafzai | |
| | Assad Saifullah Khan | **- Chief Executive** |
| | Abdul Rehman Qureshi | |
| | Rana Muhammad Shafi | |
| | Zaheen Ud Din Qureshi | |
| **AUDIT COMMITTEE** | Abdul Rehman Qureshi | **- Chairman** |
| | Ms. Hoor Yousafzai | **- Member** |
| | Jahangir Saifullah Khan | **- Member** |
| **HR & REMUNERATION COMMITTEE** | Ms. Hoor Yousafzai | **- Chairpreson** |
| | Jahangir Saifullah Khan | **- Member** |
| | Assad Saifullah Khan | **- Member** |
| **CHIEF FINANCIAL OFFICER** | Nouman Ahmad | |
| **COMPANY SECRETARY** | Sabir Khan | |
| **HEAD OF INTERNAL AUDIT** | Salman Shafiq | |
| **AUDITORS** | M/s Shinewing Hameed Chaudhri & Co.<br>Chartered Accountants | |
| **LEGAL ADVISORS** | Salahuddin Saif & Aslam<br>(Attorney's at Law) | |
| **BANKERS** | Askari Bank Limited<br>Dubai Islamic Bank<br>Meezan Bank Limited<br>National Bank of Pakistan<br>Soneri Bank Limited<br>The Bank of Punjab<br>United Bank Limited | |
| **HEAD OFFICE** | 3rd Floor, City Centre, Plot No. 40,<br>Main Bank Road, Saddar, Rawalpindi<br>Phone : (051) 5700824-8<br>Fax : (051) 5700829<br>Email : ktm@saifgroup.com | |
| **REGISTERED OFFICE** | APTMA House, Tehkal Payan,<br>Jamrud Road, Peshawar<br>Phone : (091) 5843870, 5702941<br>Fax : (091) 5840273<br>Email : Peshawar@saifgroup.com | |
| **SHARES REGISTRAR** | M/s Hameed Majeed Associates (Pvt.) Ltd.,<br>HM House, 7-Bank Square, Lahore<br>Phone : +92-42-37235081-37235082<br>Fax : +92-42-37358817<br>E-mail : info@hmaconsultants.com | |
| **MILLS** | Saifabad, Kohat<br>Phone : (0922) 862065, 862091<br>Fax : (0922) 862057-58<br>Email : ktmkht@saifgroup.com | |
| **WEB SITE** | www.kohattextile.com | |

# VISION AND MISSION STATEMENT

## VISION

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

## MISSION

- Give our shareholders a competitive return on their investment through market leadership, sustainable business growth and sound financial management.

- Earn and sustain the trust of our stakeholders through efficient resource management.

- Provide the highest quality products and services consistent with customer needs and continue to earn the respect, confidence and goodwill of our customers and suppliers.

- Foster a culture of trust and openness in order to make professional life at the **Kohat Textile Mills Limited** a stimulating and challenging experience for all our people.

- Strive for the continuous development of Pakistan while adding value to the textile sector.

# KOHAT TEXTILE MILLS LIMITED
# NOTICE OF 51st ANNUAL GENERAL MEETING

NOTICE is hereby given that the 51st Annual General Meeting of the members of the M/s. Kohat Textile Mills Limited will Insha'Allah be held on October 27, 2017 at 10:00 a.m. at its registered office, APTMA House Tehkal payan, Jamrud Road, Peshawar, to transact the following business:

- ORDINARY BUSINESS:-

1. To read and confirm the minutes of the Extra Ordinary General Meeting held on February 03, 2017.
2. To receive, consider and adopt the annual audited financial statements of the Company together with the Directors' and Auditors' Reports thereon for the year ended June 30, 2017.
3. To approve cash dividend @ 10 % i.e. Rs.1/- per share for the year ended June 30, 2017 as recommended by the Board of Directors.
4. To appoint auditors and to fix their remuneration for the financial year ending June 30, 2018, who will hold office till conclusion of the next Annual General Meeting. The Board on the recommendation of the Audit Committee has proposed the appointment of M/s Shinewing Hameed Chaudhri & Co, Chartered Accountants as external auditors. The retiring auditors being eligible, have offered themselves for re-appointment.

- SPECIAL BUSINESS:-

5. To consider and approve the following amendments in Articles of Association of the Company:-

   Resolved that through a special resolution the following new Articles be added after Article 63 and the articles 96 of the Articles of Association shall be substituted as mentioned below.

   i. 63(a) in case of e-voting both members and nonmembers can be appointed as proxy. The company while adopting e-voting shall formulate procedure for appointment and authorization of intermediaries and related methods in accordance with the act and the E-Voting Regulations 2016 and also maintain a database of registered email addresses of members in the register of members maintained under section 119 of the Act.

   ii. 96 The remuneration of a Director for attending meetings of the Board or the Committees of the Board shall be Rs. 5,000/- (Rupees Five Thousand only) for each meeting attended by him."

   iii. To consider and approve the following resolution(s), with or without modification, as special resolution for sharing of common expenses, sale and purchase of goods with M/s. Saif Textile Mills Limited an Associated Company or any other Associated Company.

   "Resolved that the company be and is hereby authorized to share common expenses with M/s. Saif Textile Mills Limited an associated company or any other associated Company which may include but not limited to office rents, administrative salaries, utilities expenses, repair and maintenance and other miscellaneous expenses etc. (collectively the "Administrative Expenses"), in respect of its joint offices.

   Further Resolved that Chief Executive & Secretary of company be and are hereby authorized to take all legal and other corporate formalities with regard to these matters on behalf of the company and to do all such acts, deeds and things as may be deemed necessary and beneficial for the Company.

Resolved Further That the Related Party Transactions of sale and purchase of goods to / from associated companies as disclosed in notes to the audited financial statements be and are hereby ratified, approved and confirmed.

Further Resolved That the Chief Executive of the Company be and is hereby authorized to approve the Related Party Transactions regarding sale and purchase of goods to / from associated companies as disclosed in notes to the financial statements.

6 To obtain consent of the members for transmission of annual audited financial statements or the other periodical accounts through CD / DVD /USB instead of transmitting such accounts in the form of hard copy.

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

Attached to this Notice is a Statement of Material Facts covering the above-mentioned special business, as required under Section 134(3) of the Companies Act, 2017.

BY ORDER OF THE BOARD

(SABIR KHAN)
Company Secretary

Peshawar, October 06, 2017

NOTES:

1. The Shares Transfer Books of the Company will remain closed from October 21, 2017 to October 27, 2017 (both days inclusive) transfers received in order at the office of the Company's Shares Registrar. M/s Hameed Majeed Associates (Pvt) Limited, HM House, 7-Bank Square, Lahore by the close of business on dated October 20, 2017 will be treated in time.

2. A member entitled to attend and vote at the meeting, may appoint an other person/member as a proxy to attend, speak and vote on behalf of him/her. Proxy Forms duly stamped with Rs. 5/- revenue stamp, signed and witnessed by two persons, in order to be valid must be received at the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

3. Any individual beneficial owners of CDC, entitled to attend and vote at the meeting must bring his/her CNIC or passport to prove his/her identity and the proxy shall produce his/ her original CNIC or passport. In case of corporate members, the Boards' resolution or power of attorney with specimen signatures of the nominee shall require to be produced at the time of meeting.

4. For the convenience of Members, a Standard Request Form with appropriate details has been uploaded on the Company's website <www.kohattextile.com>. Those Members who opt to receive the hard copies of the annual audited financial statements instead of sending the same through CD/DVD/USB at their registered addresses may apply to the Company Secretary at his postal address i.e. APTMA House Tehkal Payan Jamrud Road, Peshawar or email address c.a@saifgroup.com.

5. Members are requested to submit an attested photocopy of their valid Computerized National Identity Cards (CNICs) as per SECP's direction, if not provided earlier.

6. Members can also avail Video Conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard please fill the following form and submit to the registered address of the Company within ten (10) days before holding of annual general meeting.

I/ We, ____________________________________ of ________________________, being a member of Kohat Textile Mills Limited, holder of __________________ Ordinary Shares as per Register Folio No./ CDC A/C No..____________ hereby opt for Video Conference Facility at ________

__________________

Signature of member

If the Company receives consent from members holding an aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through Video Conference at least 10 days prior to the date of meeting, the Company will arrange Video Conference facility in that city subject to availability of such facility in that city.

7. Change in Address: Members are requested to promptly notify any change in their address.

8. DIVIDEND PAYMENTS THROUGH ELECTRONIC MODE:

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

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

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

Pursuant to Regulation No. 5 of the Companies (E – Voting) Regulations, 2016, the general requirements to be complied with by the company are being provided in its articles of association.

Since a nominal meeting fee Rs.1,000/- was provided in the articles, hence, the relevant article 96 has been substituted to fix a reasonable amount of meeting fee.

The transactions with associated companies regarding sharing of common expenses and sale and purchase of goods require approval of the Board on the recommendation of the audit committee on quarterly basis pursuant to clause (x) of the code of corporate governance-2012 and since the majority of company directors were interested in the said transactions due to their common directorship and holding of shares in the associated companies, the quorum of the directors could not be formed for approval of these transactions pursuant to section 207 of the Companies Act, 2017, thus, these transactions have been place before the members for their approval.

# DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

The Directors of your Company take pleasure in presenting before you the performance review together with the audit report and the financial statements of the Company for the year ended June 30, 2017.

## OVERVIEW

During the year under review yarn market sentiment remained mix. There was improvement in the demand for yarn in the local market during 1st & 3rd quarters but yarn market remained stagnant and took dip during 2nd & 4th quarters of the year. The local textile industry continued to face hurdles due to cheaper textile imports, slower export demand and lack of currency competitive. Your Management worked proactively and due to better product mix, improving operational efficiency and control over manufacturing costs, your Company has been able to post a modest profit before tax of Rs. 59.42 million during the year under review.

## OPERATING RESULTS

The Company achieved turnover of Rs. 2.23 billion during the current year. While turnover growth remained flat, the gross profit margin improved to 8.08% from 5.93% during last year which depicts the increase of 36.30%. The Company posted profit before tax amounting Rs. 59.42 million as compared to a loss of Rs. 17.72 million during last year. The profitability was impacted by better control over expenditure and reduction in finance cost.

## FUTURE OUTLOOK

Our textile industry is facing a number of challenges including liquidity crunch due to blockage of tax refunds by the Government, rising power and operational costs. This together with an overvalued Pak Rupee against US Dollar is increasing the cost structure in Pakistan making it further uncompetitive in the region. However the announcement of the long-awaited textile package by the Government would support the industry and would help in reversing the declining trend in exports.

With the dual aim of reducing operational expenses and increasing the yarn product range, your Management has finalized a capital expenditure for the next financial year.

## EARNINGS/ (LOSS) PER SHARE

Improvement in profitability is reflected in increased Earnings per Share of the Company to Rs. 1.68 in the current year from loss per share of Rs. 0.93 in the corresponding last year.

## PROFIT APPROPRIATION

The board in its meeting held on September 28, 2017 decided to recommend 10% cash dividend.

## CORPORATE GOVERNANCE

We are pleased to report that your Company has taken necessary steps to comply with the provisions of the Code of Corporate Governance, as incorporated in the listing rules of the Stock Exchanges.

The statement on Corporate Governance and Financial Reporting Frame Work is given below:

- The financial statements for the year ended June 30, 2017 prepared by the Management of the Company present fairly its true state of affairs, the results of its operations, cash flows and changes in equity.

- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended June 30, 2017 and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no trading of shares by CEO, Directors, CFO, Company Secretary, their spouses and minor children, during the year other than that disclosed in pattern of shareholding.
- There has been no material departure from the best practices of code of corporate governance, as detailed in the listing regulations.
- The key operating and financial data of the Company for last six years is given below :-

| Year ended | 30 June | | | | | |
|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Property, plant & equipment (Rs. 000) | 1,270,674 | 1,332,206 | 1,121,135 | 1,060,402 | 852,211 | 812,383 |
| Net worth (Rs. 000) | 390,992 | 341,318 | 362,676 | 364,501 | 313,407 | 202,526 |
| Production (Kgs 000) | 8,570 | 7,284 | 7,274 | 6,838 | 6,105 | 6,419 |
| Sales (Rs. 000) | 2,229,999 | 2,227,640 | 2,405,277 | 2,298,760 | 2,355,043 | 2,418,912 |
| Gross Profit (Rs. 000) | 180,116 | 132,131 | 209,505 | 260,336 | 352,610 | 270,049 |
| Profit from operations (Rs. 000) | 110,975 | 51,330 | 119,207 | 188,980 | 269,181 | 208,513 |
| Profit/(loss) after taxation (Rs 000) | 34,942 | (19,427) | 20,851 | 73,509 | 118,750 | 166,778 |
| Earnings/(Loss) per share (Rs.) | 1.68 | (0.93) | 1.00 | 3.53 | 5.71 | 8.02 |
| No. of Spindles installed | 35,280 | 35,280 | 35,280 | 35,280 | 29,520 | 29,520 |

- During the Year 05 meetings of the Board of Directors were held. Attendance by each director is as follows:

| Name of Director | No. of meetings attended |
|---|---|
| Osman Saifullah Khan | 04 |
| Jehangir Saifullah Khan | 04 |
| Assad Saifullah Khan | 05 |
| Hoor Yousafzai | 05 |
| Abdul Rehman Qureshi | 02 |
| Rana Muhammad Shafi | 0 |
| Zaheen Ud Din Qureshi | 0 |

- Leave of absence was granted to Directors who could not attend any of the Board meetings.
- The Board of Directors has adopted a Mission Statement and a Statement of Overall Corporate Strategy.
- Regarding outstanding taxes and levies, please refer note 25 to the annexed audited statements.

## PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company under section 236(2) (d) of the Companies Ordinance, 1984 and additional information as required by the Code of Corporate Governance is annexed.

## EXTERNAL AUDITORS

The present auditors M/s Shinewing Hameed Chaudhri & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. As suggested by the Audit Committee, the Board recommends their appointment as auditors of the Company to hold office from the conclusion of the Annual General Meeting to be held on 27 October, 2017 until the conclusion of the next Annual General Meeting.

## ACKNOWLEDGEMENT

The Board records its appreciation of the performance of the Company's workers, staff and executives. Also, the Board appreciates the support of our bankers and our valued customers. We look forward to the same dedication and cooperation in the days ahead.

For and on behalf of the Board

Place: Islamabad
Date: September 28, 2017

Assad Saifullah Khan
Chief Executive

# ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

**محترم شیئر ہولڈرز**

آپکی کمپنی کے ڈائریکٹرز کیلئے یہ خوشی کا امر ہے کہ وہ آڈٹ رپورٹ بمع کارکردگی جائزہ اور کمپنی ہذا کی مالیاتی گوشوارے برائے اختتامی مدت 30 جون، 2017 پیش کر رہے ہیں۔

**سرسری جائزہ:**

زیر جائزہ سال کے دوران سوت مارکیٹ کی صورت حال ملی جلی رہی۔ 1 (پہلی) اور 3 (تیسری) سہ ماہی کے دوران مقامی مارکیٹ میں سوت کی طلب میں بہتری آئی تھی لیکن سوت مارکیٹ مستحکم رہی اور سال کے دوسری اور چوتھی سہ ماہی کے دوران یہ مزید بہتر ہوگئی۔ مقامی ٹیکسٹائل انڈسٹری، سستی ٹیکسٹائل کی درآمدات، برآمدات کی طلب میں سُست روی اور کرنسی کے مسابقتی میں کمی کی وجہ سے مسلسل مشکلات کا شکار ہے۔ آپ کی انتظامیہ نے عملی طور پر بھرپور طریقے سے کام کیا ہے اور مصنوعات کی بہتر متنوع، آپریشن کارکردگی میں بہتری اور پیداواری لاگت میں کنٹرول کی وجہ سے آپ کی کمپنی زیر جائزہ سال کے دوران ٹیکس کٹوتی سے پہلے مبلغ 59.42 ملین روپے کا معمولی منافع حاصل کرنے کے قابل ہوا۔

**آپریٹنگ (جاری کاروبار) کے نتائج:**

حالیہ مدت کے دوران، کمپنی ہذا نے مبلغ 2.23 بلین روپے کا کاروبار کیا، جبکہ کاروباری اضافہ اسی سطح پر برقرار رہی، مجموعی گنجائش منافع میں گزشتہ سال کی نسبت 5.93% سے 8.08% کا اضافہ ہوا جو 36.30% اضافہ کی عکاسی کرتا ہے۔ کمپنی نے گزشتہ سال کے اسی مدت کے دوران کے مقابلے میں مبلغ 17.72 ملین روپے نقصان کی نسبت ٹیکس کی کٹوتی سے قبل منافع 59.42 ملین روپے کمایا۔ منافع کی شرح میں اضافہ کی وجوہات اخراجات میں بہتر طریقے سے کنٹرول اور مالیاتی لاگت میں کمی ہے۔

**مستقبل کا نقطہ نظر**

ہماری ٹیکسٹائل کی صنعت کو بے شمار چیلنجوں کا سامنا ہے، جس میں بشمول حکومت کی جانب سے ٹیکس کی واپسی میں رکاوٹ کی وجہ سے لیکویڈیٹی کا بحران، بجلی اور آپریشن لاگت میں اضافہ ہے۔ اس کے ساتھ ساتھ یوایس ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں بڑھوتری نے بھی پاکستان میں لاگت میں اضافہ کیا ہے جس سے یہ علاقے میں مزید غیر مسابقتی ہوگیا ہے۔ تاہم حکومت کی طرف سے لمبی مدت سے منتظر ٹیکسٹائل پیکج کا اعلان اس صنعت کو سہارا فراہم کرے گا اور برآمدات کے رجحان میں کمی کو واپس اپنی سطح پر لانے میں معاون ثابت ہوگا۔

دوہرا مقصد یعنی آپریشن اخراجات کو کم کرنے اور سوت کی پیداوار کے ہدف میں اضافے کے سلسلہ میں آپکی انتظامیہ اگلی مالیاتی سال کے لئے سرمایہ کاری اخراجات مقرر کرچکی ہے۔

**آمدنی (منافع)/(نقصان) فی حصص**

منافع کی شرح میں بہتری کمپنی ہذا کی فی حصص منافع گزشتہ سال فی حصص نقصان مبلغ 0.93 روپے کی نسبت حالیہ سال فی حصص منافع مبلغ 1.68 روپے میں اضافہ کی عکاسی کرتا ہے۔

**منافع کی تخصیص:**

مذکورہ بورڈ نے اپنے اجلاس منعقدہ 28 ستمبر 2017 میں 10% ڈیویڈینڈ کی سفارش کا فیصلہ کیا ہے۔

**کارپوریٹ گورننس:**

ہمیں یہ رپورٹ پیش کر کے خوشی محسوس ہو رہی ہے کہ آپکی کمپنی نے اسٹاک ایکسچینج کے فہرست میں شامل قواعد کے مطابق کارپوریٹ گورننس کی قانون کے شرائط پر عمل درآمد کیلئے ضروری اقدامات کر رہی ہے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک پر بیانات درج ذیل دیئے گئے ہیں:

☆ مالیاتی گوشوارہ برائے اختتامی سال 30 جون 2017 جیسے کمپنی ہذا کے انتظامیہ نے تیار کیا ہے جس میں اس کے اصل معاملات، اس کے آپریشن کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی شفاف انداز میں پیش کئے گئے ہیں۔

☆ کمپنی ہذا نے بک آف اکاؤنٹس کا مناسب ریکارڈ رکھا ہے۔

☆ مالیاتی گوشوارے برائے اختتامی سال 30 جون 2017 کی تیاری کیلئے مناسب اکاؤنٹنگ پالیسیاں باقاعدگی سے لاگو کی جاتی رہی ہیں اور اکاؤنٹنگ تخمینے موزوں اور محتاط فیصلے پر مبنی ہے۔

☆ بین الاقوامی اکاؤنٹنگ معیار جیسا کہ پاکستان میں لاگو ہے، مالیاتی گوشوارے تیار کرنے میں اس کی پیروی کی جاتی ہے۔

☆ انٹرنل کنٹرولز کا نظام ڈیزائن کے لحاظ سے مضبوط ہے اور اس پر مؤثر طریقے سے عمل درآمد اور نگرانی کی گئی ہے۔

☆ موجودہ صورت حال میں کمپنی ہذا کی جاری صلاحیت پر کسی قسم کا کوئی شبہ نہ ہے۔

☆ شیئر ہولڈنگ کے طریقہ کار میں آشکار/درج ٹریڈنگ شیئر کے علاوہ جاری سال میں چیف ایکزیکٹو آفیسر، ڈائریکٹرز، سی ایف او، کمپنی سیکرٹری، ان کے بیویوں اور بچوں کا کسی قسم کا کوئی ٹریڈنگ شیئر نہیں ہے۔

☆ قواعد وضوابط کی فہرست میں درج تفصیل کے مطابق، کارپوریٹ گورننس کے بہترین قوانین میں سے کسی قسم کا کوئی میٹریل بے ضابطگی نہیں کی گئی۔

☆ کمپنی ہذا کی گزشتہ چھ سالوں کیلئے اہم آپریٹنگ اور مالیاتی اعداد وشمار درج ذیل دیئے گئے ہیں:

| اختتامی سال 30 جون | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|
| جائیداد، پلانٹ اور سامان (روپے 000) | 1,270,674 | 1,332,206 | 1,121,135 | 1,060,402 | 852,211 | 812,383 |
| کل مالیت (روپے 000) | 390,992 | 341,318 | 362,676 | 364,501 | 313,407 | 202,526 |
| پیداوار (کلوگرامز 000) | 8,570 | 7,284 | 7,274 | 6,838 | 6,105 | 6,419 |
| فروخت (روپے 000) | 2,229,999 | 2,227,640 | 2,405,277 | 2,298,760 | 2,355,043 | 2,418,912 |
| کل منافع (روپے 000) | 180,116 | 132,131 | 209,505 | 260,336 | 352,610 | 270,049 |
| آپریشن (جاری کام) سے منافع (روپے 000) | 110,975 | 51,330 | 119,207 | 188,980 | 269,181 | 208,513 |
| منافع / (نقصان) بعد از ٹیکس کٹوتی (روپے 000) | 34,942 | (19,427) | 20,851 | 73,509 | 118,750 | 166,778 |
| آمدنی / (نقصان) فی حصص (روپے 000) | 1.68 | (0.93) | 1.00 | 3.53 | 5.71 | 8.02 |
| لگے ہوئے اسپائنڈلز کی تعداد | 35,280 | 35,280 | 35,280 | 35,280 | 29,520 | 29,520 |

☆ اس سال بورڈ آف ڈائریکٹرز کے 5 اجلاس (میٹنگ) منعقد ہوئے ہر ڈائریکٹر کی حاضری / شمولیت درج ذیل ہے:

| ڈائریکٹر کا نام | شامل ہونے والے اجلاس کی تعداد |
|---|---|
| عثمان سیف اللہ خان | 04 |
| جہانگیر سیف اللہ خان | 04 |
| اسد سیف اللہ خان | 05 |
| حور یوسف زئی | 05 |
| عبدالرحمٰن قریشی | 02 |
| رانا محمد شفیع | 0 |
| ذہین الدین قریشی | 0 |

ان ڈائریکٹرز حضرات کو چھٹیاں دی گئی جو کسی بھی بورڈ اجلاس میں شریک نہ ہو سکے۔

☆ بورڈ آف ڈائریکٹرز نی ایک مشن سٹیٹمنٹ اور ایک مجموعی کارپوریٹ حکمت عملی سٹیٹمنٹ اختیار کیا ہے۔

☆ ٹیکس اور محصول کے بقایاجات کے سلسلہ میں برائے مہربانی آڈٹ سٹیٹمنٹ کے ضمیمہ نوٹ 25 ملاحظہ کیجئے۔

**شیئر ہولڈنگ کا طریقہ کار:**

کمپنی آرڈیننس کے سیکشن (d)(2)236، 1984 کے تحت کمپنی ہذا کی شیئر ہولڈنگ کا طریقہ کار اور اضافی معلومات جیسا کہ کارپوریٹ گورننس کے قانون کے مطابق مطلوب ہے، لف ہذا ہے۔

**بیرونی/ایکسٹرنل آڈیٹرز:**

موجودہ آڈیٹرز ایم/ایس شینو نگ حمید چوہدری اینڈ کو، چارٹرڈ اکاؤنٹنٹ ریٹائر ہو گئے ہیں اور خود دوبارہ تعیناتی کی پیش کش کیلئے اہل ہیں۔ جیسا کہ آڈٹ کمیٹی نے مشورہ دیا ہے کہ بورڈ ہذا نے ان کی بحثیت کمپنی ہذا کے آفس کی بطور آڈیٹرز سالانہ جنرل مٹینگ منعقدہ مورخہ 27 اکتوبر 2017 تا اگلی سالانہ جنرل مٹینگ کے اختتام تک تعیناتی کی سفارش کرتی ہے۔

**اظہار تشکر:**

کمپنی ہذا کی بورڈ معزز کارکنان، سٹاف اور ایگزیکٹوز کی کارکردگی پر ان کو خراج تحسین پیش کرتا ہے۔ مزید برآں، بورڈ ہذا ہمارے بینکرز اور معزز صارفین کے تعاون کے بھی شکرگزار ہیں ہم امید کرتے ہیں کہ ان کی معاونت اور تعاون مستقبل میں بھی اسی طرح جاری وساری رہے گا۔

بورڈ ہذا کی جانب سے:

**جناب اسد سیف اللہ خان**
**چیف ایگزیکٹو آفیسر**

**بمقام: اسلام آباد**
**تاریخ: ستمبر 28، 2017**

# PATTERN OF SHAREHOLDINGS
# AS ON 30th JUNE, 2017

| Number of Shareholders | Share Holding From | Share Holding To | Total Shares Held |
|---|---|---|---|
| 464 | 1 | 100 | 26,022 |
| 149 | 101 | 500 | 46,664 |
| 65 | 501 | 1,000 | 60,300 |
| 59 | 1001 | 5,000 | 162,408 |
| 12 | 5001 | 10,000 | 99,824 |
| 5 | 10001 | 15,000 | 68,373 |
| 3 | 15001 | 20,000 | 56,000 |
| 4 | 20001 | 25,000 | 96,000 |
| 1 | 25001 | 30,000 | 29,304 |
| 1 | 30001 | 35,000 | 31,500 |
| 1 | 45001 | 50,000 | 50,000 |
| 3 | 55001 | 60,000 | 174,500 |
| 1 | 95001 | 100,000 | 100,000 |
| 1 | 105001 | 110,000 | 107,887 |
| 2 | 115001 | 120,000 | 236,154 |
| 1 | 195001 | 200,000 | 200,000 |
| 1 | 955001 | 960,000 | 956,500 |
| 1 | 2075001 | 2,080,000 | 2,078,554 |
| 1 | 16220001 | 16,225,000 | 16,220,010 |
| 775 | T O T A L = > | | 20,800,000 |

| Categories Of Shareholders | Number of Shareholders | Shares Held | %Age of Capital |
|---|---|---|---|
| Directors and Chief Executive Officer | 8 | 180,104 | 0.87 |
| Associated Companies, Undertakings and Related Parties | 1 | 16,220,010 | 77.98 |
| NIT & ICP | 2 | 5,100 | 0.02 |
| Financial Institutions | 3 | 2,078,976 | 10.00 |
| Joint Stock Companies | 5 | 201,059 | 0.97 |
| Banks, Development Financial Instituations, Non Banking Financial Instituations | 3 | 2,150 | 0.01 |
| Insurance Companies | 1 | 200 | 0.00 |
| Funds | 2 | 3,650 | 0.02 |
| General Public | 743 | 2,105,251 | 10.12 |
| Others | 7 | 3,500 | 0.02 |
| Total | 775 | 20,800,000 | 100.00 |

# DETAIL OF CATEGORY OF SHARE HOLDERS
# AS ON 30th JUNE, 2017

| S No | Name Of Shareholders | Share Held | Percentage |
|---|---|---|---|
| **Directors, Chief Executive, and their Spouse and Minor Children** | | | |
| 1 | Osman Saifullah Khan | 55,500 | 0.27 |
| 2 | Jehangir Saifullah Khan | 116,704 | 0.56 |
| 3 | Assad Saifullah Khan | 500 | 0.00 |
| 4 | Mrs. Hoor Yousafzai | 500 | 0.00 |
| 5 | Zaheen-ud-Din Qureshi | 500 | 0.00 |
| 6 | Rana Muhammad Shafi | 500 | 0.00 |
| 7 | Abdul Rehman Qureshi | 900 | 0.00 |
| 8 | Miss Shereen Saifullah Khan | 5,000 | 0.02 |
| | Total | 180,104 | 0.87 |
| **Associated Companies, Undertakings and Related Parties** | | | |
| 1 | Saif Holdings Limited Total | 16,220,010 | 77.98 |
| **NIT & ICP** | | | |
| 1 | Investment Corporation of Pakistan | 4,350 | 0.02 |
| 2 | National Bank of Pakistan | 750 | 0.00 |
| | Total | 5,100 | 0.02 |
| **Financial Institutions** | | | |
| 1 | IDBL (ICP Unit) | 400 | 0.00 |
| 2 | National Bank of Pakistan | 22 | 0.00 |
| 3 | National Bank of Pakistan | 2,078,554 | 9.99 |
| | Total | 2,078,976 | 10.00 |
| **Joint Stock Companies** | | | |
| 1 | Fateh Textile Mills Ltd. | 50 | 0.00 |
| 2 | Maple Leaf Capital Limited | 1 | 0.00 |
| 3 | Seven Star Securities (Pvt.) Ltd. | 1,000 | 0.00 |
| 4 | Adeel Zafar Securities (Pvt) Ltd. | 200,000 | 0.96 |
| 5 | Sultan Textile Mills (Karachi) Limited | 8 | 0.00 |
| | Total | 201,059 | 0.97 |
| **Banks, Development Financial Institutions, Non Banking Financial Institutions** | | | |
| 1 | Muslim Commercial Bank Ltd. | 2,000 | 0.01 |
| 2 | Bank Of Bahawalpur Limited | 50 | 0.00 |
| 3 | Habib Bank Limited, | 100 | 0.00 |
| | Total | 2,150 | 0.01 |

| S No | Name Of Shareholders | | Share Held | Percentage |
|---|---|---|---|---|
| Insurance Companies | | | | |
| 1 | E.F.U. Ins. Co. Ltd. | Total | 200 | 0.00 |
| *Funds* | | | | |
| 1 | Trustee National Bank Of Pakistan Employees Pension Fund | | 3,526 | 0.02 |
| 2 | Trustee National Bank Of Pakistan Emp Benevolent Fund | | 124 | 0.00 |
| | | Total | 3,650 | 0.02 |
| General Public (Local) | | Total | 2,105,251 | 10.12 |
| OTHERS | | | | |
| 1 | The Pak Ismailia Cooperative | | 350 | 0.00 |
| 2 | Naseer Shaheed Ltd | | 300 | 0.00 |
| 3 | Mollasses Export Co. Ltd. | | 100 | 0.00 |
| 4 | Murree Brewery Co. Ltd. | | 50 | 0.00 |
| 5 | United Executors & Trustee | | 2,200 | 0.01 |
| 6 | Ambreen Silk Mills | | 400 | 0.00 |
| 7 | Azeem Services (Pvt) Ltd, | | 100 | 0.00 |
| | | Total | 3,500 | 0.02 |
| | | | 20,800,000 | 100.00 |

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Kohat Textile Mills Limited for the Year ended on 30-06-2017

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation of Listing Regulation of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

| Category | Names |
|---|---|
| Executive Directors | Assad Saifullah Khan |
| Non-Executive Directors | Osman Saifullah Khan<br>Jehangir Saifullah Khan<br>Ms. Hoor Yousafzai<br>Zaheen Ud Din Qureshi<br>Rana Muhammad Shafi |
| Independent Directors | Abdul Rehman Qureshi |

   The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancies occurring on the board on May 29, 2017 was duly filled up by the board of directors.
5. 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.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along-with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. 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 and the board met at least once in every quarter. During the last week of September 2016 majority directors were out of country therefore, two meeting were held during October 2016 for approval of annual accounts and first quarterly accounts. Written notices of

the board meetings, along-with agenda and working papers, were circulated at-least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. As on May 29, 2017 the casual vacancies filled up by the board. Therefore, the Board will arrange Director's Training Program for required directors during the year July-2017 to June-2018.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including the remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the audit committee is an independent Director.

16. The terms of reference of the committee have been formed and advised to the committee for compliance. Four Meetings of the audit committee were held in 2nd, 3rd and 4th quarter. Two meeting were held in 2nd quarter in the month of October, 2016 prior to approval of interim and final results of the company. Meeting in the 1st quarter cannot be held because the directors were not available during the last week of September 2016.

17. The board has formed an HR and Remuneration Committee. It comprises three members; all of them are non-executive directors.

18. The board has set up an effective internal audit function and the persons involved are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. The Company has complied with the requirements relating to maintenance of register of persons

having access to inside Information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons for the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Place: Islamabad
Date: 28 September, 2017

Assad Saifullah Khan
Chief Executive

# AUDITORS' REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Kohat Textile Mills Limited (the Company) for the year ended June 30, 2017 to comply with the rule no. 5.19.24 of Rule Book of the Pakistan Stock Exchanges Limited.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Osman Hameed Chaudhri

Place: Lahore
Date:28 September, 2017

# AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Kohat Textile Mills Limited (the Company) as at June 30, 2017 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

  (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2017 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Emphasis of matter

We draw attention to note 17.2 to the financial statements, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.300.681 million. Our opinion is not qualified in respect of this matter.

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Osman Hameed Chaudhri

Place: Lahore
Date:28 September, 2017

# BALANCE SHEET

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **EQUITY AND LIABILITIES** | | | |
| **SHARE CAPITAL AND RESERVES** | | | |
| Authorised capital | | | |
| 22,000,000 ordinary shares of Rs.10 each | | 220,000 | 220,000 |
| Issued, subscribed and paid-up capital | 5 | 208,000 | 208,000 |
| Unappropriated profit | | 182,992 | 133,318 |
| | | 390,992 | 341,318 |
| **SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT** | 6 | 449,723 | 465,764 |
| **NON-CURRENT LIABILITIES** | | | |
| Loan from the Holding Company | 7 | 100,000 | 100,000 |
| Long term financing | 8 | 65,529 | 250,754 |
| Long term deposits | 9 | 2,320 | 1,577 |
| Liability against asset subject to finance lease | 10 | 1,968 | 0 |
| Deferred liability - staff retirement benefits | 11 | 95,125 | 82,806 |
| Deferred taxation - net | 12 | 113,768 | 113,630 |
| | | 378,710 | 548,767 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 13 | 350,771 | 95,572 |
| Accrued mark-up / profit | 14 | 13,065 | 17,169 |
| Short term borrowings | 15 | 471,767 | 390,615 |
| Current portion of non-current liabilities | 16 | 81,417 | 114,392 |
| | | 917,020 | 617,748 |
| | | 1,295,730 | 1,166,515 |
| **CONTINGENCIES AND COMMITMENTS** | 17 | | |
| | | 2,136,445 | 1,973,597 |

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

ASSAD SAIFULLAH KHAN
CHIEF EXECUTIVE

## AS AT JUNE 30, 2017

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 18 | 1,270,674 | 1,332,206 |
| Intangible assets | 19 | 2,767 | 3,581 |
| Long term loans | 20 | 1,770 | 2,070 |
| Long term deposits | | 1,137 | 1,137 |
| | | 1,276,348 | 1,338,994 |
| **CURRENT ASSETS** | | | |
| Stores, spare parts and loose tools | 21 | 34,150 | 35,503 |
| Stock-in-trade | 22 | 414,162 | 304,908 |
| Trade debts | | 254,242 | 150,901 |
| Loans and advances | 23 | 18,677 | 3,878 |
| Deposits, other receivables and prepayments | 24 | 16,088 | 721 |
| Taxation - net | 25 | 77,590 | 81,499 |
| Sales tax refundable | | 40,349 | 44,313 |
| Cash and bank balances | 26 | 4,839 | 12,880 |
| | | 860,097 | 634,603 |
| | | 2,136,445 | 1,973,597 |

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

RANA MUHAMMAD SHAFI
DIRECTOR

# PROFIT AND LOSS ACCOUNT
# FOR THE YEAR ENDED JUNE 30, 2017

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| SALES - NET | 27 | 2,229,999 | 2,227,640 |
| COST OF SALES | 28 | (2,049,883) | (2,095,509) |
| GROSS PROFIT | | 180,116 | 132,131 |
| DISTRIBUTION COST | 29 | (11,938) | (15,371) |
| ADMINISTRATIVE EXPENSES | 30 | (60,145) | (62,093) |
| OTHER INCOME | 31 | 10,641 | 466 |
| OTHER EXPENSES | 32 | (7,699) | (3,803) |
| PROFIT FROM OPERATIONS | | 110,975 | 51,330 |
| FINANCE COST | 33 | (51,555) | (69,051) |
| PROFIT / (LOSS) BEFORE TAXATION | | 59,420 | (17,721) |
| TAXATION | 34 | (24,488) | (1,706) |
| PROFIT / (LOSS) AFTER TAXATION | | 34,932 | (19,427) |
| OTHER COMPREHENSIVE INCOME / (LOSS) | | | |
| Items that will not be reclassified subsequent to profit and loss: | | | |
| - (loss) / gain on remeasurement of staff retirement benefit obligation | | (5,329) | 4,092 |
| TOTAL COMPREHENSIVE INCOME / (LOSS) | | 29,603 | (15,335) |
| | | ------- Rupees ------- | |
| EARNINGS / (LOSS) PER SHARE - basic and diluted | 35 | 1.68 | (0.93) |

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

ASSAD SAIFULLAH KHAN
CHIEF EXECUTIVE

RANA MUHAMMAD SHAFI
DIRECTOR

# CASH FLOW STATEMENT
## FOR THE YEAR ENDED JUNE 30, 2017

| | 2017 | 2016 |
|---|---|---|
| | (Rupees in thousand) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit / (loss) for the year - before taxation | 59,420 | (17,721) |
| Adjustments for non-cash and other charges: | | |
| Depreciation | 85,504 | 73,558 |
| Amortisation | 814 | 176 |
| Staff retirement benefits - gratuity (net) | 6,990 | 6,608 |
| Reversal of prior years' workers' welfare fund | (10,099) | 0 |
| Unclaimed payable balances written-back | (70) | (46) |
| Loss on sale of operating fixed assets | 972 | 103 |
| Finance cost | 49,840 | 67,191 |
| PROFIT BEFORE WORKING CAPITAL CHANGES | 193,371 | 129,869 |
| EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES | | |
| (Increase) / decrease in current assets: | | |
| Stores, spare parts and loose tools | 1,353 | (3,653) |
| Stock-in-trade | (109,254) | (115,954) |
| Trade debts | (103,341) | (9,882) |
| Loans and advances | (14,799) | 42,308 |
| Deposits and short term prepayments | (15,367) | 1,523 |
| Other receivables | 0 | 1,258 |
| Sales tax refundable | 3,964 | (11,445) |
| Increase / (decrease) in trade and other payables | 265,372 | (55,022) |
| | 27,928 | (150,867) |
| CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES | 221,299 | (20,998) |
| Income tax paid | (16,412) | (17,751) |
| Long term loans - net | 300 | (177) |
| NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES | 205,187 | (38,926) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | (26,144) | (48,404) |
| Addition to intangible assets | 0 | (3,532) |
| Sale proceeds of operating fixed assets | 1,200 | 593 |
| NET CASH USED IN INVESTING ACTIVITIES | (24,944) | (51,343) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long term financing - obtained | 0 | 120,000 |
| - repaid | (218,559) | (78,558) |
| Liability against asset subject to finance lease | 2,327 | 0 |
| Long term deposits | 743 | 297 |
| Short term borrowings - net | 81,152 | 130,380 |
| Finance cost paid - net | (53,943) | (63,206) |
| Dividend paid | (4) | (15,622) |
| NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES | (188,284) | 93,291 |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | (8,041) | 3,022 |
| CASH AND CASH EQUIVALENTS - at beginning of the year | 12,880 | 9,858 |
| CASH AND CASH EQUIVALENTS - at end of the year | 4,839 | 12,880 |

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

ASSAD SAIFULLAH KHAN
CHIEF EXECUTIVE

RANA MUHAMMAD SHAFI
DIRECTOR

# STATEMENT OF CHANGES IN EQUITY
# FOR THE YEAR ENDED JUNE 30, 2017

| | Share Capital | Unappropriated Profit/(Loss) | Total |
|---|---|---|---|
| | (Rupees in thousand) | | |
| Balance as at July 01, 2015 | 208,000 | 154,676 | 362,676 |
| Transactions with owners | | | |
| Cash dividend for the year ended June 30, 2015 at the rate of Re.0.75 per share | 0 | (15,600) | (15,600) |
| Total Comprehensive Loss for the year ended June 30, 2016 | | | |
| Loss for the year | 0 | (19,427) | (19,427) |
| Other comprehensive income | 0 | 4,092 | 4,092 |
| | 0 | (15,335) | (15,335) |
| Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation for the year - net of deferred taxation | 0 | 9,577 | 9,577 |
| Balance as at June 30, 2016 | 208,000 | 133,318 | 341,318 |
| Total Comprehensive income for the year ended June 30, 2017 | | | |
| Profit for the year | 0 | 34,932 | 34,932 |
| Other comprehensive loss | 0 | (5,329) | (5,329) |
| | 0 | 29,603 | 29,603 |
| Surplus on revaluation of property, plant and equipment realised during the year (net of deferred taxation): | | | |
| - on account of incremental depreciation | 0 | 18,843 | 18,843 |
| - upon sale of revalued assets | 0 | 1,228 | 1,228 |
| Balance as at June 30, 2017 | 208,000 | 182,992 | 390,992 |

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

ASSAD SAIFULLAH KHAN
CHIEF EXECUTIVE

RANA MUHAMMAD SHAFI
DIRECTOR

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED JUNE 30, 2017

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Kohat Textile Mills Limited (the Company) is a public limited Company incorporated in Pakistan during the year 1967 and its shares are quoted on Pakistan Stock Exchange. The Company is principally engaged in manufacture and sale of yarn. The Company's Mills are located in Saifabad, Kohat and the Registered Office of the Company is located at APTMA House, Tehkal Payan, Jamrud Road, Peshawar.

1.1 The Company is a Subsidiary Company of Saif Holding Limited (the Holding Company) as 77.98% (2016: 77.98%) of the Company's issued, subscribed and paid-up capital is held by the Holding Company.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

During the year, the Companies Act, 2017 (the Act) has been promulgated, however, Securities and Exchange commission of Pakistan (SECP) vide its circular no.17 of 2017 dated July 20, 2017 communicated Commission's decision that the companies whose financial year ended on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance,1984. Accordingly these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 have been followed.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain operating fixed assets which have been included at their revalued amounts and staff retirement benefits (gratuity) stated at their present value.

### 2.3 Functional and presentation currency

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

### 2.4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

#### 2.4.1 Standards, amendments to approved accounting standards effective in current year

New and amended standards mandatory for the first time for the financial year beginning from July 01, 2016:

(a) IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in the financial statements by emphasizing the importance of comparability, understandability and clarity in presentation.

The amendments provide clarification on number of issues including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Notes – confirmation that the notes do not need to be presented in a particular order.
- Disaggregation and subtotals – line items specify in IAS 1 may need to be disaggregated where this is relevant to understandability of entities' financial position or performance.
- Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

All the above amendments do not have any significant impact on the Company's financial statements.

(b) IAS 19, 'Employee Benefits' This amendment as part of Annual improvements 2014 clarifies that when determining the discount rate for post-employment obligation, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The Company's policy is already in line with this change.

(c) IAS 16, 'Property, Plant and Equipment' This amendment clarifies that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn might reflect a reduction of the future economic benefits embodied in the asset. This amendment does not has any significant impact on the Company's financial statements.

2.4.2 Standards, interpretations and amendments to approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for the accounting periods beginning on July 01, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and are, therefore, not detailed in these financial statements.

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

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 01, 2016 and have not been early adopted by the Company:

(a) IFRS 16, 'Leases' is applicable to accounting periods beginning on or after January 01, 2019. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all the leases on the balance sheet date. This standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessor will not significantly change. Some differences may arise as a result of the new guidance on the definition of lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company has yet to assess the impact of this standard on its financial statements.

(b) IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 01, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entity will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Company has yet to assess the impact of this standard on its financial statements.

(c) IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 01, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company has yet to assess the impact of these changes on its financial statements.

(d) Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 01, 2017. The amendment requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a material impact on the Company's financial

(e) Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after January 01, 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.

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

## 3. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, such differences are estimated to be insignificant and hence will not affect the true and fair presentation of the financial statements.

The assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policies are as follows:

(a) Staff retirement benefits - gratuity (note 4.2)

The present value of this obligation depends on a number of factors that is determined on actuarial basis using a number of assumptions. Any change in these assumptions will impact carrying amount of this obligation. The present value of the obligation and underlying assumptions are stated in note 11.

(b) Provision for taxation (note 4.4)

In making the estimate for income taxes payable by the Company, the management looks at the applicable law and decisions of appellate authorities on certain issues in the past.

(c) Property, plant and equipment (note 4.6)

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values for calculation of depreciation on an on-going basis. Further, where applicable, an estimate of recoverable amount of asset is made if indicators of impairment are identified.

(d) Stores & spares and stock-in-trade (note 4.8 and 4.9)

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

(e) Provision for impairment of trade debts (note 4.10)

The Company assesses the recoverability of its trade debts and if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indications that the trade debt is impaired.

## 4. SIGNIFICANT ACCOUNTING POLICIES

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

### 4.1 Borrowings and borrowing cost

Borrowings are recognised initially at fair value.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of that asset.

### 4.2 Staff retirement benefits (gratuity)

The Company operates an un-funded retirement gratuity scheme for its eligible employees. Provision for gratuity is made annually to cover obligation under the scheme in accordance with the actuarial recommendations. Latest actuarial valuation was conducted on June 30, 2017 on the basis of the projected unit credit method by an independent Actuary.

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

### 4.3 Trade and other payables

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

### 4.4 Taxation

#### (a) Current year

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

#### (b) Deferred

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

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

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

### 4.5 Dividend distribution

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

### 4.6 Property, plant and equipment

Operating fixed assets, other than fire extinguishing equipment, furniture & fixtures, vehicles and live stock, are stated at fair value, based on valuations carried-out with sufficient regularity by external independent Valuers less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of asset and the net amount is restated to the revalued amount of asset. Fire extinguishing equipment, furniture & fixtures, vehicles and live stock are stated at historical cost less accumulated depreciation. Cost of some items of plant and machinery consists of historical cost and exchange fluctuation effects on foreign currency loans capitalised during prior years. Borrowing costs are also capitalised for the period upto the date of commencement of commercial production of the respective plant and machinery, acquired out of the proceeds of such borrowings. Historical cost includes expenditure that is directly attributable to the acquisition of items. Capital work-in-progress is stated at cost.

Surplus arisen on revaluation of these assets has been credited to surplus on revaluation of property, plant and equipment account in accordance with the requirements of section 235 of the Companies Ordinance, 1984 and shall be held on the balance sheet till realisation. Revaluation is carried-out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation of these assets (net of deferred taxation) is transferred directly to equity.

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

Depreciation is taken to profit and loss account applying reducing balance method, except for overhauling of gas fired power plant, so as to write-off the depreciable amount of an asset over its remaining useful life. Depreciation on overhauling of gas fired power plant is charged to the profit and loss account using straight line method. The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant. Rates of depreciation are stated in note 18.1.

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

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

4.7 Intangible assets - computer software

Computer software is stated at cost less accumulated amortisation. Software cost is only capitalised when it is probable that future economic benefits attributable to the software will flow to the Company and the same is amortised applying the straight-line method at the rate stated in note 19.

4.8 Stores, spare parts and loose tools

Stores, spare parts and loose tools are stated at cost. The cost of inventory is based on moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for identified obsolete and slow moving items.

4.9 Stock-in-trade

Basis of valuation are as follows:

| Particulars | Mode of valuation |
|---|---|
| Raw materials: | |
| At mills | - At lower of moving average cost and market value. |
| In transit | - At cost accumulated to the balance sheet date. |
| Work-in-process | - At manufacturing cost. |
| Finished goods | - At lower of cost and net realisable value. |
| Waste | - At contracted rates. |

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

4.10 Trade debts and other receivables

Trade debts are initially recognised at original invoice amount, which is the fair value of consideration to be received in future and subsequently measured at cost less provision for doubtful debts, if any. Carrying amounts of trade debts and other receivables are assessed at each reporting date and a provision is made for doubtful debts and receivables when collection of the amount is no longer probable. Debts and receivables considered irrecoverable are written-off.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of balances with banks.

4.12 Impairment loss

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

4.13 Provisions

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

4.14 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing on the balance sheet date except where forward exchange rates are booked, which are translated at the contracted rates. Exchange differences, if any, are taken to profit and loss account.

4.15 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include deposits, trade debts, other receivables, bank balances, loan from the Holding Company, long term financing, liability against leased assets, trade & other payables, accrued mark-up / profit and short term borrowings. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.16 Off-setting of financial assets and liabilities

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

4.17 Revenue recognition

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

- Local sales through agents are recorded on intimation from agents whereas direct sales are recorded when goods are dispatched to customers.
- Export sales are booked on shipment of goods.
- Return on bank deposits is accounted for on 'accrual basis'.

4.18 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 41 to these financial statements.

## 5. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

5.1 Saif Holding Ltd. (the Holding Company) held 16,220,010 ordinary shares of the Company as at June 30, 2017 and June 30, 2016.

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

| 2017 | 2016 | | 2017 | 2016 |
|---|---|---|---|---|
| --- No. of shares --- | | | (Rupees in thousand) | |
| 14,525,400 | 14,525,400 | ordinary shares of Rs.10 each fully paid in cash | 145,254 | 145,254 |
| 6,274,600 | 6,274,600 | ordinary shares of Rs.10 each issued as fully paid-up by conversion of loans and debentures | 62,746 | 62,746 |
| 20,800,000 | 20,800,000 | | 208,000 | 208,000 |

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

6.2 The latest revaluation exercise was carried-out by M/s Hamid Mukhtar & Co. (Pvt.) Ltd. (Independent Valuers and Consultants) to replace the carrying amounts of these assets with the market value / depreciated market values. The net appraisal surplus arisen on these revaluation exercises has been credited to this account to comply with the requirements of section 235 of the Companies Ordinance, 1984. The year-end balance has been arrived at as follows:

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Opening balance | | 599,726 | 376,887 |
| Add: surplus arisen on revaluation carried out at the year end | | 0 | 236,921 |
| Less: transferred to unappropriated profit: | | | |
| - on account of incremental depreciation for the year | | (27,309) | (14,082) |
| - upon sale of revalued assets | | (1,780) | 0 |
| | | 570,637 | 599,726 |
| Less: deferred tax on: | | | |
| - opening balance of surplus | | 133,962 | 74,740 |
| - surplus on revaluation carried-out at year end | | 0 | 68,049 |
| - incremental depreciation for the year | | (8,466) | (4,505) |
| - sale of revalued assets | | (552) | 0 |
| | | 124,944 | 138,284 |
| adjustment resulting from reduction in tax rate | | (4,030) | (4,322) |
| | | 120,914 | 133,962 |
| Closing balance | | 449,723 | 465,764 |

## 7. LOAN FROM THE HOLDING COMPANY - Unsecured

| | Note | 2017 | 2016 |
|---|---|---|---|
| Sub-ordinated loan | 7.1 | 100,000 | 100,000 |

7.1 The Company and Saif Holdings Ltd. (the Holding Company) had entered into a loan agreement on October 21, 2009; the terms of loan agreement were effective from April 09, 2009. Salient terms of the agreement were as follows:

(a) The Holding Company lent an unsecured loan amounting Rs. 100 million to the Company on April 09, 2009 to meet its financial obligations;

(b) as per the original agreement terms, loan carried mark-up at the rate of 3-months KIBOR + 2% payable quarterly; however, from January, 2013 the rate of mark-up was revised to average borrowing cost of the Holding Company + 0.1% per annum; and

(c) originally the maturity period of the loan was five years and the loan become payable in April, 2014. However, as the loan is sub-ordinated to all other finance facilities availed / to be availed by the Company from any of the financial institution and could not be repaid till their final settlement; therefore, the Company and the Holding Company mutually agreed to renew the loan agreement for further period of five years.

The effective mark-up rate charged by the Holding Company, during the current financial year, ranged from 7.14% to 7.22% (2016: 7.95% to 8.61%) per annum.

## 8. LONG TERM FINANCING - Secured

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| The Bank of Punjab (BoP) | | | |
| Term finance | 8.1 | 22,500 | 67,500 |
| United Bank Limited (UBL) | | | |
| Demand finance | 8.2 | 39,087 | 65,146 |
| Askari Bank Limited (ABL) | | | |
| Diminishing Musharakah | 8.3 | 85,000 | 112,500 |
| Dubai Islamic Bank Pakistan Limited (DIBPL) | | | |
| Shirkat-ul-Melk Cum Ijarah | 8.4 | 0 | 120,000 |
| | | 146,587 | 365,146 |
| Less: current portion grouped under current liabilities | | 81,058 | 114,392 |
| | | 65,529 | 250,754 |

8.1 The Company, during the financial year ended June 30, 2014, arranged a term finance facility of Rs.135 million from BoP. This finance facility is repayable in 6 equal half-yearly installments of Rs. 22.500 million each commenced from June, 2015. This finance facility carries mark-up at the rate of 6-months average KIBOR + 130 basis points per annum payable semi-annually; effective mark-up rate charged, during the current financial year, ranged from 7.42% to 7.46% (2016: 7.42% to 8.16%) per annum. This finance facility is secured against first pari passu charge on fixed assets of the Company for Rs.333.334 million.

8.2 The Company, during the financial year ended June 30, 2014, arranged a demand finance facility of Rs.110 million from UBL. The bank against the said facility has disbursed Rs.104.234 million in three tranches of different amounts and each tranche is repayable in 16 equal quarterly installments commenced from February, 2015. This finance facility carries mark-up at the rate of 3-months KIBOR + 175 basis points per annum payable quarterly; effective mark-up rate charged, during the current financial year, ranged from 7.78% to 8.13% (2016: 8.11% to 8.95%) per annum. This finance facility is secured against first pari passu hypothecation charge on all fixed assets of the Company for Rs.146.670 million.

8.3 The Company, during the financial year ended June 30, 2015, arranged a diminishing musharakah finance facility of Rs.120 million from ABL. This finance facility is repayable in 48 equal monthly installments of Rs.2.500 million each commencing April, 2016. This finance facility carries profit at the rate of 6-months KIBOR + 100 basis points per annum payable monthly; effective profit rate charged, during the current financial year, was ranged from 7.05% to 7.36% (2016: 7.36% to 8.98%) per annum. This finance facility is secured against first pari passu charge on fixed assets of the Company for Rs.150 million.

8.4 The Company, during the preceding financial year, arranged a shirkat-ul-Melk Cum

Ijarah finance facility of Rs.120 million from DIBPL. This finance facility was originally repayable in 9 equal semi annual instalments of Rs.13.333 million each commenced January, 2017; however, the Company during March, 2017 made early settlement of this loan with DIBPL. This finance facility carries profit at the rate of 6-months KIBOR + 140 basis points per annum payable semi annually; effective profit rate charged, during the current financial year, ranged from 7.46% to 7.88% (2016: 7.88%) per annum. This finance facility was secured against first pari passu charge on fixed assets of the Company for Rs.160 million.

## 9. LONG TERM DEPOSITS

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

## 10. LIABILITY AGAINST ASSET SUBJECT TO FINANCE LEASE

| Particulars | 2017 Upto one year | From one to five years | Total |
|---|---|---|---|
| | (Rupees in thousand) | | |
| Minimum lease payments | 521 | 2,578 | 3,099 |
| Less: finance cost allocated to future periods | 162 | 352 | 514 |
| Less: security deposits adjustable on expiry of lease terms | 0 | 258 | 258 |
| Present value of minimum lease payments | 359 | 1,968 | 2,327 |

10.1 The Company, during April, 2017, entered into finance lease arrangement with Dubai Islamic Bank Pakistan Ltd. to acquire a vehicle. The liability under this finance lease arrangement is repayable in 60 monthly installments commencing August, 2017, and carries mark-up at the rate of 6-months KIBOR + 2% per annum. The Company intends to exercise its option to purchase the vehicle upon completion of lease term. The liability is secured against title of the leased vehicle in the name of the bank and post dated cheques of each principal installments.

## 11. DEFERRED LIABILITY - STAFF RETIREMENT BENEFITS (Gratuity)

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

| | 2017 | 2016 |
|---|---|---|
| - discount rate | 7.50% | 7.25% |
| - expected rate of increase in salary | 6.50% | 6.25% |
| - average expected remaining working life of employees | 8 years | 9 years |

11.2 Amount recognised in the balance sheet

| | 2017 | 2016 |
|---|---|---|
| | (Rupees in thousand) | |
| Net liability at the beginning of the year | 82,806 | 80,290 |
| Charge to profit and loss account | 21,154 | 22,826 |
| Remeasurement recognised in other comprehensive income | 5,329 | (4,092) |
| Payments made during the year | (14,164) | (16,218) |
| Net liability at the end of the year | 95,125 | 82,806 |

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

| | 2017 | 2016 |
|---|---|---|
| Balance at beginning of the year | 82,806 | 80,290 |
| Current service cost | 15,664 | 15,789 |
| Interest cost | 5,490 | 7,037 |
| Benefits paid | (14,164) | (16,218) |
| Remeasurement of obligation | 5,329 | (4,092) |
| Balance at end of the year | 95,125 | 82,806 |

11.4 Charge to profit and loss account:

| | 2017 | 2016 |
|---|---|---|
| Current service cost | 15,664 | 15,789 |
| Interest cost | 5,490 | 7,037 |
| | 21,154 | 22,826 |

**11.5** Remeasurements recognised in other comprehensive income

| | 2017 | 2016 |
|---|---|---|
| | (Rupees in thousand) | |
| Experience loss / (gain) | 5,329 | (3,533) |
| Actuarial gains | 0 | (559) |
| | 5,329 | (4,092) |

11.6 Sensitivity analysis for actuarial assumptions

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

| | Change in assumptions | Increase in assumptions | Decrease in assumptions |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Discount rate | | (90,004) | 105,552 |
| Increase in salaries | | 105,544 | (89,609) |

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

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

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

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| | (Rupees in thousand) | | | | |
| Present value of defined benefit obligation | 95,125 | 82,806 | 80,290 | 62,137 | 43,591 |
| Experience adjustment on obligation | 5,329 | (4,092) | 6,763 | 7,544 | 0 |

11.8 Based on actuary's advice, the expected charge for the year ending June 30, 2018 amounts to Rs.24.614 million.

## 12. DEFERRED TAXATION - net

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| The balance of deferred tax is in respect of following major temporary differences | | | |
| Taxable temporary difference: | | | |
| - accelerated tax depreciation allowances | | 123,275 | 123,844 |
| - surplus on revaluation of property, plant and equipment | 6 | 120,914 | 133,962 |
| - Lease finance | | 66 | 0 |
| | | 244,255 | 257,806 |
| Deductible temporary difference: | | | |
| - unused tax losses | | (73,359) | (107,364) |
| - minimum tax recoverable against normal tax charge in future years | | (57,128) | (36,812) |
| | | (130,487) | (144,176) |
| | | 113,768 | 113,630 |

## 13. TRADE AND OTHER PAYABLES

| | | | |
|---|---|---|---|
| Creditors | | 37,692 | 25,369 |
| Advances from customers | | 1,023 | 2,196 |
| Bills payable | 13.1 | 257,638 | 9,851 |
| Accrued expenses | | 44,937 | 42,604 |
| Workers' (profit) participation fund | | 3,127 | 0 |
| Workers' welfare fund | 13.2 | 0 | 10,099 |
| Unclaimed dividends | | 3,599 | 3,603 |
| Others | | 2,755 | 1,850 |
| | | 350,771 | 95,572 |

13.1 These are secured against import documents.

13.2 Through the Finance Acts of 2006 and 2008, certain amendments were introduced in the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). Those amendments included the levy of WWF on higher of taxable income or profit as per accounts. Originally as per the WWF Ordinance, WWF has been calculated at the rate of 2% of total taxable income of the industrial establishment in a particular year. During the year, the Honorable Supreme Court of Pakistan vide its Judgment dated November 10, 2016 decided that the amendments in WWF Ordinance made through Finance Acts were unconstitutional; accordingly the Company has reversed the excess provision for WWF made in the prior years.

## 14. ACCRUED MARK-UP / PROFIT

| | 2017 | 2016 |
|---|---|---|
| | (Rupees in thousand) | |
| Mark-up / profit accrued on: | | |
| - loan from the Holding Company | 3,578 | 1,977 |
| - long term financing | 3,668 | 9,922 |
| - short term borrowings | 5,819 | 5,270 |
| | 13,065 | 17,169 |

## 15. SHORT TERM BORROWINGS

Short term finance facilities available from various commercial banks aggregate to Rs.750.000 million (2016: Rs.750.000 million). These facilities, during the current financial year, carried mark-up / profit at the rates ranging from 2.41% to 8.05% (2016: 2.46% to 10.25%) per annum payable on quarterly basis. Facilities available for opening letters of credit / guarantee from various commercial banks aggregate to Rs.690.000 million (2016: Rs.693.000 million) of which the amounts aggregating Rs.343.765 million (2016: Rs.565.134 million) remained unutilised at the balance sheet date. The aggregate facilities are secured against pledge of raw materials & finished goods, charge on fixed and current assets of the Company, lien on documents of title to imported goods. These facilities are expiring on various dates by February, 2018.

## 16. CURRENT PORTION OF NON-CURRENT LIABILITIES

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Long term financing | 8 | 81,058 | 114,392 |
| Liability against asset subject to finance lease | | 359 | 0 |
| | | 81,417 | 114,392 |

## 17. CONTINGENCIES AND COMMITMENTS

### Contingencies

17.1 Guarantees aggregating Rs.68.962 million (2016: Rs.68.962 million) has been issued by the banks of the Company to Sui Northern Gas Pipeline Limited and Excise and Taxation Department, Karachi. These guarantees are secured against pari passu charge over the Company's fixed and current assets.

17.2 The Company has challenged the levy of Gas Infrastructure Development Cess (GIDC) by filing a petition before the Peshawar High Court, Peshawar (PHC). GIDC was levied on supply of natural gas under the GIDC Act, 2011. Constitutionality of the said Act was challenged before the PHC, which has declared the same as constitutional. The order of the PHC was assailed before the Supreme Court, which met the same fate there. After enactment of the GIDC Act, 2015, it was challenged before the PHC, which dismissed the said petition. An application, however, has been made before the PHC for suspension of its judgment till the filing of petition before the Supreme Court. PHC has suspended its judgment vide its order dated June 20, 2017

Sui Norther Gas Pipelines Limited, along with gas bill for the month of June, 2017, has raised GIDC demands aggregating Rs. 300.681 million which are payable in case of an adverse judgment by the Supreme Court. Provisions for the GIDC demands aggregating Rs. 300.681 million have not been made in the books of account as the management expects a favorable judgment by the Supreme Court due to meritorious legal grounds.

### Commitments

17.3 Commitments against irrevocable letters of credit outstanding at the year-end were for Rs.19.635 (2016: Rs.49.053 million).

17.4 Commitments against capital expenditure, other than letters of credit, outstanding at the year-end aggregate to Rs. Nil (2016: Rs.10.00 million).

## 18. PROPERTY, PLANT AND EQUIPMENT

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Operating fixed assets - tangible | 18.1 | 1,232,881 | 1,296,446 |
| Capital work-in-progress | 18.5 | 20,000 | 10,000 |
| Stores held for capital expenditure | | 17,793 | 25,760 |
| | | 1,270,674 | 1,332,206 |

## 18.1 Operating Fixed assets - tangible

| | Owned | | | | | | | | | | | | | | Leased | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Buildings on freehold land | | | | | | | | | | | | | | |
| | | | | Residential | | | | | | | | | | | | |
| | Freehold land | Factory | Non - factory | officers | workers | Plant & machin-ery | Diesel generato-rs & fuel reservoir | Gas fired power plant | Electric install-ations | Equip-ment & applia-nces | Fire exting-uishing equip-ment | Furniture & fixtures | Vehi-cles | Live-stock | Vehi-cles | Total |
| | ----------------------------------------(Rupees in thousand)---------------------------------------- | | | | | | | | | | | | | | | |
| COST / REVALUATION | | | | | | | | | | | | | | | | |
| Balance as at July 01, 2015 | 143,800 | 135,127 | 66,531 | 61,545 | 15,493 | 857,676 | 6,501 | 152,178 | 30,865 | 46,077 | 1,460 | 7,389 | 26,371 | 1 | 0 | 1,551,014 |
| Additions during the year | 0 | 24,468 | 0 | 951 | 1,425 | 42,458 | 0 | 0 | 0 | 665 | 0 | 354 | 6,628 | 0 | 0 | 76,949 |
| Revaluation surplus | 24,266 | 26,705 | 16,168 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 67,139 |
| Disposals during the year | 0 | 0 | 0 | 0 | 0 | (645) | 0 | 0 | 0 | 0 | 0 | 0 | (840) | 0 | 0 | (1,485) |
| Balance as at June 30, 2016 | 168,066 | 186,300 | 82,699 | 62,496 | 16,918 | 899,489 | 6,501 | 152,178 | 30,865 | 46,742 | 1,460 | 7,743 | 32,159 | 1 | 0 | 1,693,617 |
| Balance as at July 01, 2016 | 168,066 | 186,300 | 82,699 | 62,496 | 16,918 | 899,489 | 6,501 | 152,178 | 30,865 | 46,742 | 1,460 | 7,743 | 32,159 | 1 | 0 | 1,693,617 |
| Additions during the year | 0 | 315 | 0 | 946 | 0 | 17,500 | 0 | 0 | 551 | 1,840 | 0 | 326 | 0 | 0 | 2,633 | 24,111 |
| Disposals during the year | 0 | 0 | 0 | 0 | 0 | (4,306) | 0 | 0 | 0 | 0 | 0 | 0 | (917) | 0 | 0 | (5,223) |
| Balance as at June 30, 2017 | 168,066 | 186,615 | 82,699 | 63,442 | 16,918 | 912,683 | 6,501 | 152,178 | 31,416 | 48,582 | 1,460 | 8,069 | 31,242 | 1 | 2,633 | 1,712,505 |
| DEPRECIATION | | | | | | | | | | | | | | | | |
| Balance as at July 01, 2015 | 0 | 27,412 | 10,859 | 9,847 | 3,743 | 347,465 | 1,547 | 30,783 | 13,414 | 30,655 | 1,171 | 4,644 | 12,644 | 0 | 0 | 494,184 |
| Charge for the year | 0 | 6,375 | 2,785 | 2,630 | 1,306 | 40,760 | 373 | 12,050 | 1,743 | 1,578 | 29 | 296 | 3,633 | 0 | 0 | 73,558 |
| Elimination against revaluation surplus | 0 | (33,787) | (13,644) | 6,860 | 1,628 | (107,428) | 1,206 | (22,825) | (1,792) | 0 | 0 | 0 | 0 | 0 | 0 | (169,782) |
| On disposals during the year | 0 | 0 | 0 | 0 | 0 | (147) | 0 | 0 | 0 | 0 | 0 | 0 | (642) | 0 | 0 | (789) |
| Balance as at June 30, 2016 | 0 | 0 | 0 | 19,337 | 6,677 | 280,650 | 3,126 | 20,008 | 13,365 | 32,233 | 1,200 | 4,940 | 15,635 | 0 | 0 | 397,171 |
| Balance as at July 01, 2016 | 0 | 0 | 0 | 19,337 | 6,677 | 280,650 | 3,126 | 20,008 | 13,365 | 32,233 | 1,200 | 4,940 | 15,635 | 0 | 0 | 397,171 |
| Charge for the year | 0 | 9,323 | 4,135 | 2,189 | 1,024 | 46,964 | 253 | 14,632 | 1,782 | 1,536 | 25 | 289 | 3,264 | 0 | 88 | 85,504 |
| On disposals during the year | 0 | 0 | 0 | 0 | 0 | (2,366) | 0 | 0 | 0 | 0 | 0 | 0 | (685) | 0 | 0 | (3,051) |
| Balance as at June 30, 2017 | 0 | 9,323 | 4,135 | 21,526 | 7,701 | 325,248 | 3,379 | 34,640 | 15,147 | 33,769 | 1,225 | 5,229 | 18,214 | 0 | 88 | 479,624 |
| BOOK VALUE AS AT JUNE 30, 2016 | 168,066 | 186,300 | 82,699 | 43,159 | 10,241 | 618,839 | 3,375 | 132,170 | 17,500 | 14,509 | 260 | 2,803 | 16,524 | 1 | 0 | 1,296,446 |
| BOOK VALUE AS AT JUNE 30, 2017 | 168,066 | 177,292 | 78,564 | 41,916 | 9,217 | 587,435 | 3,122 | 117,538 | 16,269 | 14,813 | 235 | 2,840 | 13,028 | 1 | 2,545 | 1,232,881 |
| Depreciation rate (%) | 0 | 5 | 5 | 5 | 10 | 7.5 | 7.5 | 7.5 & 15 | 10 | 10 | 10 | 10 | 20 | 0 | 20 | |

## 18.2 Disposal of operating fixed assets

| Asset description | Cost / revaluation | Accumulated depreciation | Net Book value | Sale proceeds | (Loss) / gain | Mode of disposal | Particulars of buyer |
|---|---|---|---|---|---|---|---|
| | | (Rupees in thousand) | | | | | |
| June 30, 2017 | | | | | | | |
| Plant & machinery | | | | | | | |
| Hooper feeder with condenser | 4,306 | 2,366 | 1,940 | 750 | (1,190) | Negotiation | M/s. Saif Textile Mills Ltd. (an Associated Company) |
| Vehicles | | | | | | | |
| Suzuki Cultus | 917 | 685 | 232 | 450 | 218 | Company policy | Mr. Atique ur Rehman (an employee) |
| | 5,223 | 3,051 | 2,172 | 1,200 | (972) | | |
| June 30, 2016 | 1,485 | 789 | 696 | 593 | (103) | | |

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

| | 2017 | 2016 |
|---|---|---|
| | (Rupees in thousand) | |
| Freehold land | 475 | 475 |
| Buildings on freehold land: | | |
| - Factory | 63,554 | 66,577 |
| - Non-factory | 11,477 | 12,081 |
| Residential: | | |
| - Officers | 5,359 | 4,679 |
| - Workers | 4,947 | 5,496 |
| Plant & machinery | 438,375 | 455,856 |
| Diesel generators & fuel reservoirs | 728 | 787 |
| Gas fired power plant | 93,637 | 105,884 |
| Electric installations | 10,328 | 10,899 |
| Equipment & appliances | 14,712 | 14,396 |
| | 643,592 | 677,130 |

## 18.4 Depreciation for the year has been apportioned as under:

| | 2017 | 2016 |
|---|---|---|
| Cost of sales | 79,190 | 66,491 |
| Administrative expenses | 6,314 | 7,067 |
| | 85,504 | 73,558 |

| | | Note | 2017 | 2016 |
|---|---|---|---|---|
| 18.5 | Capital work-in-progress | | (Rupees in thousand) | |
| | Advance payments against freehold land | 18.5.1 | 20,000 | 10,000 |

18.5.1 This represents advance given to the Holding Company for purchase of land.

## 19. INTANGIBLE ASSETS - Computer software

| | 2017 | 2016 |
|---|---|---|
| Cost | 4,118 | 586 |
| Addition during the year | 0 | 3,532 |
| Disposed-off during the year | (586) | 0 |
| | 3,532 | 4,118 |
| Less: amortisation | | |
| - at beginning of the year | 537 | 361 |
| - charge for the year | 814 | 176 |
| - at end of the year | 1,351 | 537 |
| Accumulated amortisation of assets disposed-off during the year | (586) | 0 |
| Book value as at June 30, | 2,767 | 3,581 |

Amortisation rate - 20% per annum

## 20. LONG TERM LOANS - Secured

| | 2017 | 2016 |
|---|---|---|
| Loans to employees | 2,586 | 2,929 |
| Less: current portion grouped under current assets | 816 | 859 |
| | 1,770 | 2,070 |

20.1 These interest-free loans have been advanced for various purposes and are secured against employees' gratuity benefits. These loans, except for twenty three (2016: twenty three) loans are recoverable in lump sum at the time of retirement by way of adjustment against gratuity benefits of the respective employees.

| 21. STORES, SPARE PARTS AND LOOSE TOOLS | Note | 2017 | 2016 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Stores | | 22,089 | 25,213 |
| Spare parts | | 11,910 | 10,134 |
| Loose tools | | 151 | 156 |
| | | 34,150 | 35,503 |

## 22. STOCK-IN-TRADE

| | | | |
|---|---|---|---|
| Raw materials: | | | |
| - at mills | | 237,821 | 74,429 |
| - in-transit | | 136,660 | 90,775 |
| | | 374,481 | 165,204 |
| Work-in-process | | 39,544 | 23,746 |
| Finished goods | | 137 | 115,958 |
| | | 414,162 | 304,908 |

22.1 Raw materials and finished goods inventories are pledged with commercial banks as security for short term finance facilities (note 15).

## 23. LOANS AND ADVANCES

| | | | |
|---|---|---|---|
| Current portion of long term loans | 20 | 816 | 859 |
| Advances - considered good | | | |
| - employees | | 1,847 | 1,265 |
| - suppliers | | 16,014 | 1,754 |
| | | 18,677 | 3,878 |

## 24. DEPOSITS, OTHER RECEIVABLE AND PREPAYMENTS

| | | | |
|---|---|---|---|
| Security deposits | | 4,570 | 0 |
| Claims for Mark-up subsidy | 24.1 | 10,831 | 0 |
| Short term prepayments | | 687 | 721 |
| | | 16,088 | 721 |

24.1 These represent mark-up subsidy claims booked under the Government's "Technology Up-gradation Support Order 2010" . These claims have been duly verified by the banks of the Company.

## 25. TAXATION - net

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Balance of advance tax at beginning of the year | | 81,499 | 81,923 |
| Add: income tax deducted / paid during the year | | 16,411 | 17,750 |
| | | 97,910 | 99,673 |
| Less: provision made during the year: | | | |
| - current | 25.2 | (20,316) | (17,964) |
| - prior | | (4) | (210) |
| Balance of advance tax at end of the year | | 77,590 | 81,499 |

25.1 Income tax assessments of the Company have been finalised by the Income Tax Department (the Department) or deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 (the Ordinance) upto Tax Year 2016.

25.2 No numeric tax rate reconciliation has been given in these financial statements as provisions made for the current financial years represent minimum tax payable under section 113 after adjusting tax credit under section 65B of the Ordinance.

## 26. CASH AND BANK BALANCES

| | 2017 | 2016 |
|---|---|---|
| | (Rupees in thousand) | |
| Cash-in-hand | 0 | 1,107 |
| Cash at banks | | |
| - on current accounts | 4,571 | 11,773 |
| - on dividend account | 268 | 0 |
| | 4,839 | 12,880 |

## 27. SALES - Net

| | 2017 | 2016 |
|---|---|---|
| Own manufactured goods: | | |
| - yarn | 2,219,630 | 2,295,749 |
| - waste | 7,266 | 7,570 |
| Trading activities: | | |
| - raw materials | 36,986 | 34,899 |
| | 2,263,882 | 2,338,218 |
| Less: | | |
| - sales return | 33,883 | 0 |
| - sales tax | 0 | 110,578 |
| | 2,229,999 | 2,227,640 |

## 28. COST OF SALES

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Raw materials consumed | 28.1 | 1,406,533 | 1,524,023 |
| Packing materials consumed | | 40,343 | 43,206 |
| Salaries, wages and benefits | 28.2 | 273,321 | 239,592 |
| Power and fuel | | 190,030 | 181,193 |
| Repair and maintenance | | 29,637 | 38,524 |
| Depreciation | 18.4 | 79,190 | 66,491 |
| Insurance | | 3,433 | 2,895 |
| Vehicle running and maintenance | | 2,107 | 1,861 |
| Traveling and conveyance | | 948 | 880 |
| Guest house and entertainment | | 518 | 914 |
| Textile cess | | 30 | 29 |
| Others | | 1,593 | 1,888 |
| | | 2,027,683 | 2,101,496 |
| Adjustment of work-in-process | | | |
| Opening | | 23,746 | 21,869 |
| Closing | | (39,544) | (23,746) |
| | | (15,798) | (1,877) |
| Cost of goods manufactured | | 2,011,885 | 2,099,619 |
| Cost of yarn (return) / purchased | | (77,823) | 77,823 |
| Adjustment of finished goods | | | |
| Opening stock | | 115,958 | 34,025 |
| Closing stock | | (137) | (115,958) |
| | | 115,821 | (81,933) |
| | | 2,049,883 | 2,095,509 |

### 28.1 Raw materials consumed

| | 2017 | 2016 |
|---|---|---|
| Opening stock | 165,204 | 133,060 |
| Add: | | |
| Purchases | 1,581,679 | 1,521,527 |
| Cost of raw materials sold | 33,694 | 33,655 |
| Insurance | 437 | 985 |
| | 1,615,810 | 1,556,167 |
| | 1,781,014 | 1,689,227 |
| Less: closing stock | 374,481 | 165,204 |
| | 1,406,533 | 1,524,023 |

28.2 These include Rs.18.404 million (2016: Rs.15.106 million) in respect of staff retirement benefits - gratuity.

## 29. DISTRIBUTION COST

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Freight and forwarding | | 8,303 | 5,509 |
| Travelling and conveyance | | 264 | 189 |
| Salaries and benefits | 29.1 | 2,451 | 9,125 |
| Rent, rates and utilities | | 396 | 360 |
| Communication | | 21 | 27 |
| Insurance | | 394 | 149 |
| Commission | | 90 | 0 |
| Others | | 19 | 12 |
| | | 11,938 | 15,371 |

29.1 These include Rs.0.211 million (2016: Rs.3.214 million) in respect of staff retirement benefits - gratuity.

## 30. ADMINISTRATIVE EXPENSES

| | Note | 2017 | 2016 |
|---|---|---|---|
| Directors' remuneration and fees | | 6,023 | 6,017 |
| Salaries and benefits | 30.1 | 24,090 | 20,979 |
| Travelling and conveyance | | 522 | 1,347 |
| Rent, rates and taxes | | 3,779 | 5,489 |
| Entertainment | | 827 | 1,078 |
| Communication | | 812 | 1,046 |
| Printing and stationery | | 818 | 767 |
| Utilities | | 3,116 | 3,955 |
| Insurance | | 7,449 | 6,353 |
| Vehicles' running and maintenance | | 2,050 | 2,086 |
| Repair and maintenance | | 838 | 2,233 |
| Advertisement | | 131 | 121 |
| Subscription | | 573 | 654 |
| Newspapers & periodicals | | 62 | 31 |
| Depreciation | 18.4 | 6,314 | 7,067 |
| Amortisation | 19 | 814 | 176 |
| Auditors' remuneration | 30.2 | 975 | 975 |
| Legal and professional (other than Auditors) | | 778 | 1,198 |
| Others | | 174 | 521 |
| | | 60,145 | 62,093 |

30.1 These include Rs.2.538 million (2016: Rs.4.506 million) in respect of staff retirement benefits - gratuity.

30.2 Auditors' remuneration

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Statutory audit | | 625 | 625 |
| Half yearly review | | 130 | 130 |
| Certification charges | | 75 | 74 |
| Consultancy services | | 120 | 120 |
| Out-of-pocket expenses | | 25 | 26 |
| | | 975 | 975 |

30.3 The Company, during the current financial year, has shared administrative expenses aggregating Rs.6.4 million (2016: Rs.12.248 million) with its Associates on account of proportionate expenses of the combined offices at Karachi and Lahore. These expenses have been booked in the respective heads of account.

## 31. OTHER INCOME

| | Note | 2017 | 2016 |
|---|---|---|---|
| Sale of scrap | | 472 | 420 |
| Reversal of Prior years' workers' welfare fund | 13.2 | 10,099 | 0 |
| Unclaimed payable balances written-back | | 70 | 46 |
| | | 10,641 | 466 |

## 32. OTHER EXPENSES

| | Note | 2017 | 2016 |
|---|---|---|---|
| Loss on sale of operating fixed assets | 18.2 | 972 | 103 |
| Workers' (profit) participation fund | | 3,127 | 0 |
| Donations | 32.1 | 3,600 | 3,700 |
| | | 7,699 | 3,803 |

32.1 This represents amount donated to Saifullah Foundation for Sustainable Development (a social welfare society). The following directors of the Company were also the directors of the society during the preceding year:

- Mr. Anwar Saifullah Khan
- Mr. Jehangir Saifullah Khan
- Mr. Osman Saifullah Khan

## 33. FINANCE COST- Net

| | Note | 2017 | 2016 |
|---|---|---|---|
| Mark-up on sub-ordinated loan from the Holding Company | | 7,170 | 8,225 |
| Mark-up / profit on long term financing | | 21,434 | 28,785 |
| Mark-up subsidy | 24.1 | (10,831) | 0 |
| | | 10,603 | 28,785 |
| Mark-up / profit on short term borrowings | | 31,934 | 28,715 |
| Interest on workers' (profit) participation fund | | 0 | 29 |
| Exchange fluctuation loss | | 133 | 1,437 |
| Bank and other charges | | 1,715 | 1,860 |
| | | 51,555 | 69,051 |

## 34. TAXATION

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Current tax: | | | |
| - for the year | 25 | 20,316 | 17,964 |
| - prior year adjustment | | 4 | 210 |
| Deferred | | | |
| - relating to temporary differences | | 138 | (23,451) |
| - resulting from reduction in tax rate | 6.2 | 4,030 | 6,983 |
| | | (4,168) | (16,468) |
| | | 24,488 | 1,706 |

## 35. EARNINGS PER SHARE

### 35.1 Basic earnings per share

| | 2017 | 2016 |
|---|---|---|
| Profit / (loss) after taxation attributable to ordinary shareholders | 34,932 | (19,427) |
| | --- No. of shares --- | |
| Weighted average number of shares outstanding during the year | 20,800,000 | 20,800,000 |
| | --- Rupees --- | |
| Earnings / (loss) per share | 1.68 | (0.93) |

### 35.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2017 and June 30, 2016 which would have any effect on the earnings per share if the option to convert is exercised.

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 36.1 Financial Risk Factors

The Company has exposure to the following risks from its use of financial instruments:
- market risk
- credit risk; and
- liquidity risk.

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

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

36.1.1 Market risk

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

(a) Currency risk

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

| | Rupees | U.S.$ |
|---|---|---|
| | (Rupees in thousand) | |
| As at June 30, 2017 | | |
| Bills payable | 257,638 | 2,453 |
| Short term borrowings | 72,809 | 693 |
| Gross balance sheet exposure | 330,447 | 3,146 |
| Outstanding letter of credit | 19,635 | 187 |
| Net balance sheet exposure | 350,082 | 3,333 |

| | Rupees | U.S.$ |
|---|---|---|
| | (Rupees in thousand) | |
| As at June 30, 2016 | | |
| Bills payable | 9,851 | 94 |
| Short term borrowings | 42,761 | 408 |
| Gross balance sheet exposure | 52,612 | 502 |
| Outstanding letter of credit | 49,053 | 468 |
| Net balance sheet exposure | 101,665 | 970 |

The following significant exchange rates have been applied:

| | Average rate | | Balance sheet date rate | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| U.S. $ to Rupee | 104.85 | 104.37 | 105.00 | 104.70 |

Sensitivity analysis

At June 30, 2017, if Rupee had strengthened by 10% against U.S.$ with all other variables held constant, profit after taxation for the year would have been higher (2016: loss after taxation for the year would have been lower) by the amount shown below mainly as a result of net foreign exchange gains on translation of foreign currency financial liabilities.

| | 2017 | 2016 |
|---|---|---|
| Effect on loss for the year | (Rupees in thousand) | |
| U.S. $ to Rupee | 33,033 | 5,256 |

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

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

(b) Interest rate risk

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

| | 2017 | 2016 | 2017 | 2016 |
|---|---|---|---|---|
| | Effective rate | | Carrying amount | |
| Financial liabilities | % | % | (Rupees in thousand) | |
| Variable rate instruments | | | | |
| Loan from the Holding Company | 7.14 to 7.22 | 7.95 to 8.61 | 100,000 | 100,000 |
| Long term financing | 7.05 to 8.13 | 7.36 to 8.98 | 146,587 | 365,146 |
| Liabilities against assets subject to finance lease | 0 | 0 | 2,327 | 0 |
| Short term borrowings | 2.41 to 8.05 | 2.46 to 10.25 | 471,767 | 390,615 |

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2017, if interest rate on variable rate financial liabilities had been 1% higher / lower with all other variables held constant, profit after taxation (2016: loss after taxation) for the year would have been Rs.7.207 million (2016: Rs.8.558 million) lower / higher (2016: higher / lower), mainly as a result of higher / lower interest expense on variable rate financial liabilities.

(c) Price risk

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

### 36.1.2 Credit risk exposure and concentration of credit risk

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

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

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

#### Exposure to credit risk

The maximum exposure to credit risk as at June 30, 2017 along with comparative is tabulated below:

| | 2017 | 2016 |
|---|---|---|
| | (Rupees in thousand) | |
| Long term deposits | 1,137 | 1,137 |
| Trade debts | 254,242 | 150,901 |
| Security deposits | 4,570 | 0 |
| Bank balances | 4,839 | 11,773 |
| | 264,788 | 163,811 |

All the trade debts at the balance sheet date represent domestic parties.

The aging of trade debts at the balance sheet date was as follows:

| | | |
|---|---|---|
| Not yet due | 242,331 | 119,368 |
| Past due - more than 30 days | 11,911 | 31,533 |
| | 254,242 | 150,901 |

Based on past experience, the Company's management believes that no impairment loss allowance is necessary in respect of trade debts as debts aggregating Rs.133.648 million have been realised subsequent to the year-end and for other trade debts there are reasonable grounds to believe that the amounts will be realised in short course of time.

36.1.3 Liquidity risk

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

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

| | Carrying amount | Contractual cash flows | Less than 1 year | Between 1 to 5 years |
|---|---|---|---|---|
| As at June 30, 2017 | Rupees in thousand) | | | |
| Loan from the Holding Company | 100,000 | 112,622 | 7,210 | 105,412 |
| Long term financing | 146,587 | 158,560 | 86,499 | 72,061 |
| Liability against asset subject to finance lease | 2,327 | 2,841 | 521 | 2,320 |
| Trade and other payables | 346,621 | 346,621 | 346,621 | 0 |
| Accrued mark-up / profit | 13,065 | 13,065 | 13,065 | 0 |
| Short term borrowings | 471,767 | 480,182 | 480,182 | 0 |
| | 1,080,367 | 1,113,891 | 934,098 | 179,793 |

| | Carrying amount | Contractual cash flows | Less than 1 year | Between 1 to 5 years |
|---|---|---|---|---|
| As at June 30, 2016 | (Rupees in thousand) | | | |
| Loan from an Associated Company | 100,000 | 122,064 | 7,950 | 114,114 |
| Long term financing | 365,146 | 419,604 | 138,357 | 281,247 |
| Trade and other payables | 83,277 | 83,277 | 83,277 | 0 |
| Accrued mark-up / profit | 17,169 | 17,169 | 17,169 | 0 |
| Short term borrowings | 390,615 | 400,502 | 400,502 | 0 |
| | 956,207 | 1,042,616 | 647,255 | 395,361 |

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

36.2 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between carrying values and the fair value estimates.

At June 30, 2017, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

36.3 Financial Instruments by category

| | Loans and receivables | | | Financial liabilities measured at amortised cost | |
|---|---|---|---|---|---|
| Financial assets as per balance sheet | 2017 | 2016 | Financial liabilities as per balance sheet | 2017 | 2016 |
| | (Rupees in thousand) | | | (Rupees in thousand) | |
| Long term loans | 1,770 | 2,070 | Loan from the Holding Company | 100,000 | 100,000 |
| Long term deposits | 1,137 | 1,137 | Long term financing | 146,587 | 365,146 |
| Trade debts | 254,242 | 150,901 | Liability against asset subject to finance lease | 2,327 | 0 |
| Loans and advances | 816 | 859 | Long term deposits | 2,320 | 1,577 |
| Deposits and short term prepayments | 4,570 | 0 | Trade and other payables | 346,621 | 83,277 |
| Bank balances | 4,839 | 12,880 | Accrued mark-up / profit | 13,065 | 17,169 |
| | | | Short term borrowings | 471,767 | 390,615 |
| | 267,374 | 167,847 | | 1,082,687 | 957,784 |

## 37. CAPITAL RISK MANAGEMENT

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

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

There was no change to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratio under the financing agreements.

## 38. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of the Holding Company, Associated Companies, directors and key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Remuneration to key management personal is disclosed in note 39 to these financial statements. Other transactions with the Holding Company and Associated undertakings during the year are as follows:

| | 2017 | 2016 |
|---|---|---|
| | (Rupees in thousand) | |
| i) Holding Company | | |
| - dividend paid | 0 | 7,410 |
| - fixed assets purchased | 0 | 1,287 |
| - mark-up paid on loan | 5,569 | 8,642 |
| - advance given for purchase of land | 10,000 | 8,000 |
| ii) Associated Companies | | |
| - dividend paid | 0 | 4,755 |
| Sales of: | | |
| - goods, store items and services | 33,721 | 34,899 |
| - fixed assets | 878 | 318 |
| Sales return of raw materials | 34,899 | 0 |
| Purchase of goods and services | 0 | 158,728 |
| Purchase return: | | |
| - raw material | 72,181 | 0 |
| - yarn | 80,158 | 0 |

## 39. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

| | Chief Executive | | Executives | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| | (Rupees in thousand) | | | |
| Managerial remuneration | 6,000 | 6,000 | 14,957 | 13,905 |
| Medical expenses reimbursed | 0 | 0 | 136 | 278 |
| | 6,000 | 6,000 | 15,093 | 14,183 |
| Number of persons | 1 | 1 | 6 | 6 |

39.1 In addition to the above, meeting fees amounting Rs.23 thousand (2016: Rs.17 thousand) were paid to seven (2016: six) directors during the current financial year.

## 40. CAPACITY AND PRODUCTION

| | | 2017 | 2016 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| No. of spindles installed | | 35 | 35 |
| No. of spindles shifts worked | | 37,920 | 38,089 |
| Rated capacity at 20's count | Kgs | 14,786 | 14,587 |
| Actual production 1095 shifts (2016: 1,098 shifts) | Kgs | 8,570 | 7,284 |
| Actual production converted into 20's count | Kgs | 20,541 | 17,334 |

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

## 41. OPERATING SEGMENT

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

41.1 Yarn sales represent 98.04% (2016: 98.18%) of the total sales of the Company.

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

41.3 All non-current assets of the Company as at June 30, 2017 are located in Pakistan.

41.4 One (2016: three) of the Company's customers having sales of Rs.327 million (2016: Rs.1,153 million) contributed towards 15% (2016: 49%) of the Company's sales. Each customer individually exceeded 10% of total sales.

## 42. NUMBER OF EMPLOYEES

| | 2017 | 2016 |
|---|---|---|
| Number of employees as at June 30, | | |
| - Permanent | 1,093 | 1,094 |
| - Contractual | 4 | 4 |
| Average number of employees during the year | | |
| - Permanent | 1,070 | 1,093 |
| - Contractual | 4 | 4 |

## 43. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors, in their meeting held on September 28, 2017 has proposed a final cash dividend of Rs. 1.00 per share amounting to Rs. 20.80 million for the year ended June 30, 2017. This appropriation will be approved by the members in the forthcoming Annual General Meeting to be held on October 27, 2017. These financial statements do not reflect the proposed appropriations, which will be accounted for in the statement of changes in equity as appropriations from unappropriated profit in year ending June 30, 2018.

## 44. GENERAL

These financial statements were authorised for issue on September 28, 2017 by the Board of Directors of the Company.

ASSAD SAIFULLAH KHAN
CHIEF EXECUTIVE

RANA MUHAMMAD SHAFI
DIRECTOR

# KOHAT TEXTILE MILLS LIMITED
# FORM OF PROXY

I/we ______________________________________________of __________________being a member of Kohat Textile Mills Limited hereby appoint Mr./Ms. ________________________________________________

of ____________________________________________ failing whom Mr./Ms.________________________

of ____________________________ as my proxy to attend and act for me, and on my behalf, at the annual General Meeting of the Company to be held on Friday, 27 October, 2017 at 10:00 a.m. at APTMA house, Tehkal Payan, Jamrud Road Peshawar and any adjournment there of

Dated this _______________ day of _______________ 2017.

Revenue Stamp Rs. 5/-

________________________________
Specimen Signature of Proxy

Folio No. ________________________

Participant I.D No. ________________

Sub Account No. __________________

________________________________
Signature of Shareholder

Folio No. ________________________

Participant I.D No. ________________

Sub Account No. __________________

________________________________
Specimen Signature of Alternate Proxy

Folio No. ________________________

Participant I.D No. ________________

Sub Account No. __________________

Note:

i) If a member is unable to attend the Meeting, he / she may appoint another member as his / her proxy and send this form to Kohat Textile Mills Limited, APTMA House, Tehkal Payan, Jamrud Road, Peshawar to reach not less than 48 hours before the time appointed for holding the meeting.

ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

iv) In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

# کوہاٹ ٹیکسٹائل ملزلمیٹڈ
# فارم آف پراکسی

میں/ہم ............................................ سکنہ ............................................ کوہاٹ

ٹیکسٹائل ملزلمیٹڈ کارکن ہوتے ہوئے بذریعہ ہذا مسمی/مسماۃ/بیگم ............................................ سکنہ

............................................ کوتعینات کرتے ہوئے بطور متبادل مسمی/مسماۃ/بیگم

............................................ سکنہ ............................................ کواپنا پراکسی مقرر کرتا ہوں

جوکہ میری جانب سے میری عدم موجودگی کی صورت میں کمپنی کی سالانہ عمومی اجلاس جوکہ بروز جمعہ مورخہ ۲۷ اکتوبر ۲۰۱۷ء کو آپٹما ہاؤس، تہکال پایاں، جمرود روڈ، پشاور میں منعقد ہوگا یاالتواء کی صورت میں حاضر ہوکر میری نمائندگی کرے۔

مورخہ ..................... بروز ..................... ماہ ..................... ۲۰۱۷ء

پراکسی کے دستخط کانمونہ ............................................

فولیونمبر ............................................

شرکت کنندہ کی شناختی کارڈنمبر ............................................

ذیلی اکاؤنٹ نمبر ............................................

حصہ دار کا دستخط ............................................

فولیونمبر ............................................

شرکت کنندہ کی شناختی کارڈنمبر ............................................

ذیلی اکاؤنٹ نمبر ............................................

متبادل پراکسی کے دستخط کانمونہ ............................................

فولیونمبر ............................................

شرکت کنندہ کی شناختی کارڈنمبر ............................................

ذیلی اکاؤنٹ نمبر ............................................

نوٹ:

(i) اگر کوئی ممبر اجلاس میں حاضر ہونے سے قاصر ہے تو وہ اپنا پراکسی تعینات کرنے کا مجاز ہے اور فارم ہذا کو اجلاس کے انعقاد کے لئے مقررہ وقت سے کم از کم ۴۸ گھنٹے پہلے تک کوہاٹ ٹیکسٹائل ملزلمیٹڈ واقع آپٹما ہاؤس، تہکال پایاں، جمرود روڈ، پشاور میں جمع کرادے۔

(ii) مستفید مالکان اور پراکسی کے شناختی کارڈ یا پاسپورٹ کے مصدقہ نقول پراکسی فارم کے ساتھ منسلک ہونا چاہیئے۔

(iii) اجلاس کے وقت پراکسی کو اپنا اصلی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔

(iv) کمپنی ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختارنامہ بشمول نمونہء دستخط (بشرطیکہ پہلے سے کمپنی کو فراہم نہ کیا گیا ہو) پراکسی فارم کے ساتھ جمع کرنا ہوگا۔