بسم الله الرحمن الرحيم

## CONTENTS

## COMPANY INFORMATION

| | | |
|---|---|---|
| **BOARD OF DIRECTORS** | Anwar Saifullah Khan | **- Chairman** |
| | Salim Saifullah Khan | |
| | Osman Saifullah Khan | |
| | Jehangir Saifullah Khan | |
| | Ms. Hoor Yousafzai | |
| | Assad Saifullah Khan | **- Chief Executive** |
| | Asif Saifullah Khan | |
| **AUDIT COMMITTEE** | Salim Saifullah Khan | **- Chairman** |
| | Ms. Hoor Yousafzai | **- Member** |
| | Jehangir Saifullah Khan | **- Member** |
| **HR & REMUNERATION COMMITTEE** | Anwar Saifullah Khan | **- Chairman** |
| | Salim Saifullah Khan | **- Member** |
| | Ms. Hoor Yousafzai | **- Member** |
| **CHIEF FINANCIAL OFFICER** | Nouman Ahmad | |
| **COMPANY SECRETARY** | Sabir Khan | |
| **HEAD OF INTERNAL AUDIT** | Salman Shafiq | |
| **AUDITORS** | Shinewing Hameed Chaudhri & Co.,<br>Chartered Accountants | |
| **LEGAL ADVISORS** | Salahuddin Saif & Aslam<br>(Attorney's at Law) | |
| **BANKERS** | Albaraka Bank (Pakistan) Limited<br>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** | Kashmir Commercial Complex, 3rd Floor<br>2020 – Blue Area, Islamabad<br>Phone : (051) 2201951 - 2201856<br>Fax : (051) 2822564<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.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE** is hereby given that **50th Annual General Meeting** of the members of **M/s. Kohat Textile Mills Limited** will Insha Allah be held at registered office of the Company, **APTMA House, Tehkal Payan, Jamrud Road, Peshawar** on **Monday, October 31, 2016** at **11:00 A.M.** to transact the following business:

- **ORDINARY BUSINESS:**

  1) To confirm the minutes of the last Annual General Meeting held on October 30, 2015.
  2) To receive, consider and adopt Annual Audited Financial Statements for the year ended June 30, 2016 together with the Directors' and Auditors' Reports thereon.
  3) To appoint Auditors for the year 2016-2017 and fix their remuneration. The retiring auditors M/s. Shinewing Hameed Chaudhri & Co., Chartered Accountants, being eligible offered themselves for re-appointment.

- **SPECIAL BUSINESS:**

  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.

  "**Resolved that** the company be and is hereby authorized to share common expenses 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 of the company be and is hereby authorized to take all necessary steps to give full effect to the aforesaid resolution."

  **Resolved Further That** the Related Party Transactions of sale and purchase of goods to/from associated companies as disclosed in the note # 37 of 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 for sale and purchase of goods to/from associated companies on case to case basis.

- **ANY OTHER BUSINESS:**

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

**BY ORDER OF THE BOARD**

Place: Peshawar
Dated: **October 10, 2016**

**(SABIR KHAN)**
Company Secretary

## STATEMENT U/S 160(1) (B) OF THE COMPANIES ORDINANCE, 1984

The transactions with associated companies regarding sharing of common expenses and sale and purchase of goods had to be approved by board duly recommended by the audit committee on quarterly basis pursuant to clause (x) of the code of corporate governance.

However, the majority of company directors were interested in these 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 216 of the companies ordinance, 1984, therefore these transactions have to be approved by the shareholders in the general meeting.

The Directors have no personal interest; they are interested in the resolution only to the extent of their common directorship and shareholding in the associated companies.

**NOTES:**

i. The Share Transfer Books of the Company will remain closed from October 25, 2016 to October 31, 2016 (Both Days Inclusive).

ii. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy to attend and vote on his / her behalf. Proxies in order to be effective must be received at the registered office of the company **APTMA House, Tehkal Payan, Jamrud Road, Peshawar, Pakistan** duly stamped and signed not less than 48 hours before the time of the meeting.

iii. Members are requested to promptly notify any change in their address, if any, to our Share Registrar/ Transfer Agent M/s. Hameed Majeed Associates (Pvt) Limited, HM House, 7-Bank Square, Lahore.

iv. CDC account holders are advised to follow the following guidelines as laid down in circular 1 dated January 26, 2000, issued by the Securities & Exchange Commission of Pakistan.

### A. FOR ATTENDING THE MEETING:

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

   The shareholders registered on CDC are also requested to bring their particulars, I.D. Numbers and account numbers in CDS.

ii. In case of Corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominees shall be produced (unless it has been provided earlier) at the time of meeting.

### B. FOR APPOINTING PROXIES:

i In case of proxy for an individual beneficial owner of shares from CDC, attested copies of beneficial owner's CNIC or Passport, account and participant's I.D. numbers must be deposited along-with the form of proxy. In case of proxy for representative of corporate members from CDC, Board of Directors' resolution and power of attorney and the specimen signature of the nominee must be deposited along-with the form of proxy. The proxy shall produce his/her original CNIC or Passport at the time of meeting.

ii In order to be effective, this form of proxy duly completed, stamped, signed and witnessed along-with Power of Attorney, or other instruments (if any), must be deposited at the registered office of the Company.

iii If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the company, all such forms of proxy shall be rendered invalid

# DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

On behalf of Board of Directors, it gives me pleasure to present the 50th Annual Audited financial statements for the year ended June 30, 2016.

## GENERAL MARKET CONDITIONS

The year under review was another depressing year for textiles industry. Cotton prices remained volatile while synthetic fiber prices too remained depressed due to sharp decline in the prices of petroleum products. And even though, prices have stabilized lately, the spinners had to face inventory losses during the period. The local textile industry continued to face hurdles due to excessive textile imports, slower export demand from China and lack of currency competitiveness. Local industry had to compete with Indian and Chinese suppliers who were heavily subsidized by their respective Governments. Resultantly, country's overall textile exports decline by 7.4 % while yarn exports went down by a massive 31.8 %, putting pressure on the domestic yarn market.

## OPERATING RESULTS

The major highlights of your Company as compared to the corresponding period of the preceding Financial Year are as follows:

### Turnover

There was a decrease by 7% in sales turnover compared to last year, driven largely by lower yarn prices.

### Profitability

Gross profit margin reduced to 5.9% from 8.7% as compared to last financial year.

Loss before Tax of Rs. 17.72 Million as compared profit with Rs. 39.43 Million in the previous year.

During the year under review, besides focusing on cost reduction, we made investments in capacity additions as well. This expansion was funded through long-term debt.

## FUTURE OUTLOOK

Overall local industry is under pressure due to export of yarns, this has also affected the synthetic fiber yarns market. Many new mills have shifted towards synthetic fiber yarns because of low investment in working capital. Moreover, Indian yarn spinners continue to be remain competitive in the medium to finer counts and there is a need for a support from Government to safeguard the interest of the Textile Industry.

Your company's strategy is to focus on improving operational efficiency. This means investment in automated and energy efficient plant and equipment. This also means extracting as much production from our existing infrastructure as possible.

No report to our shareholders would be complete without the mandatory reference to the uncertain political situation, the energy crisis, and the struggles of doing business in the Khyber Pakthunkhwa province. These seem to be perennial challenges.

## (LOSS) / EARNINGS PER SHARE

Losses per share of the Company were Rs. (0.93) as compared to Profit Rs. 1.00 last year.

## 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 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 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 | | | | | |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Property, plant & equipment (RS 000) | 1,332,206 | 1,121,135 | 1,060,402 | 852,211 | 812,383 | 727,438 |
| Net worth (Rs 000) | 293,819 | 362,676 | 364,501 | 313,407 | 202,526 | 27,043 |
| Production (Kgs 000) | 7,284 | 7,274 | 6,838 | 6,105 | 6,419 | 6,568 |
| Sales (Rs 000) | 2,227,640 | 2,405,277 | 2,298,760 | 2,355,043 | 2,418,912 | 2,133,636 |
| Gross Profit (Rs 000) | 132,131 | 209,505 | 260,336 | 352,610 | 270,049 | 134,065 |
| Profit from operations (Rs 000) | 51,330 | 119,207 | 188,980 | 269,181 | 208,513 | 106,533 |
| Profit/(loss) after taxation (Rs 000) | (19,427) | 20,851 | 73,509 | 118,750 | 166,778 | 6,433 |
| Earnings/(Loss)per share (Rs) | (0.93) | 1.00 | 3.53 | 5.71 | 8.02 | 0.31 |
| No. of Spindles installed | 35,280 | 35,280 | 35,280 | 29,520 | 29,520 | 29,520 |

- During the Year 04 meetings of the Board of Directors were held. Attendance by each director is as follows:

| Name of Director | No. of meetings attended |
|---|---|
| Anwar Saifullah Khan | 04 |
| Salim Saifullah Khan | 04 |
| Osman Saifullah Khan | 03 |
| Jehangir Saifullah Khan | 03 |
| Hoor Yousafzai | 04 |
| Assad Saifullah Khan | 04 |
| Asif Saifullah Khan | 03 |

  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 16 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 31 October, 2016 until the conclusion of the next Annual General Meeting.

**ACKNOWLEDGEMENT**

The Board places on record its appreciation for the support of our bankers and our valued customers.

I would also like to highlight the hard work put in by the members of our corporate family.

We are confident they will continue to show the same dedication in the days ahead.

**For and on behalf of the Board**

**Assad Saifullah Khan**
Chief Executive Officer

Dated: 07 October, 2016

# ڈائریکٹرز رپورٹ برائے شراکت داران

## محترم شراکت داران/حصص یافتگان

میرے لئے یہ خوشی کا امر ہے کہ میں بورڈ آف ڈائریکٹر کی جانب سے 30 جون، 2016 کے اختتامی سال کے لئے پچاسواں سالانہ آڈٹ مالیاتی سٹیٹمنٹ پیش کررہاہوں۔

**مارکیٹ کی عمومی حالات:**

مذکورہ زیر جائزہ سال ٹیکسٹائل کی صنعت کے لئے ایک اور مایوس کن سال تھا۔ کپاس کی قیمت مستحکم رہی جبکہ انسانی ہاتھ سے بنے ہوئے ریشہ کی قیمت پیٹرولیم مصنوعات میں تیزی سے کمی کی وجہ سے مایوس کن رہی۔ اگرچہ بعض ازاں قیمتیں مستحکم ہوئیں مگر اسپنروں کو اس مدت میں انوینٹری کی مد میں نقصانات کا سامنا کرنا پڑا۔ مقامی ٹیکسٹائل کی صنعت کو حد سے زائد ٹیکسٹائل کی درآمدات، چین سے برآمدات کی طلب میں سست روی، کرنسی کی مسابقت کی کمی کی وجہ سے مسلسل مشکلات درپیش رہیں۔ مقامی صنعت کو انڈین اور چائینز سپلائیرز سے مقابلہ کرنا تھا جنہیں اپنی متعلقہ حکومتوں سے بہت زیادہ سبسیڈی دی گئی۔ اس کے نتیجے میں، ملک کی مجموعی ٹیکسٹائل کی برآمد میں 7.4% کم ہوئی، جبکہ سوت (سوتر) کی برآمدات میں 31.8% کی ایک بڑی کمی واقع ہوئی جس سے گھریلو سوت کی مارکیٹ پر بوجھ پڑا۔

**کام کے نتائج:**

پچھلے مالیاتی سال کے مقابلے میں آپکی کمپنی کی اہم اموردرج ذیل ہیں:

**ٹرن آور (مجموعی کاروباری شرح):**

گزشتہ سال کے مقابلے میں فروخت کی شرح 7% کم رہی جس کی اہم وجہ سوت (سوتر) کی کم قیمت ہے۔

**منافع:**

گزشتہ مالیاتی سال کے مقابلے میں مجموعی منافع کی شرح 8.7% سے 5.9% کم ہوگئی۔

گزشتہ سال کے منافع مبلغ 39.43 ملین روپے کے مقابلے میں ٹیکس سے پہلے نقصان مبلغ 17.72 ملین روپے ہے۔ اس زیر جائزہ سال کے دوران، لاگت میں کمی پر توجہ مرکوز کرنے کے علاوہ، ہم نے صلاحیت میں اضافے کے لئے بھی سرمایہ کاری کی ہے۔ یہ لمبے عرصے کی قرضے کے مالی اقدام کے ذریعے سے کیا گیا۔

**مستقبل کیلئے نقطہ نظر:**

مجموعی طور پر مقامی صنعت سوت کی برآمد کی وجہ سے دباؤ کا شکار رہی، اس نے مصنوعی ریشہ سوت کے مارکیٹ کو بھی متاثر کیا۔ بہت سی

نئی ملیں مصنوعی ریشہ سوت میں منتقل کر دی گئی کیونکہ اسے چلانے کے لئے کم سرمایہ درکار تھی ۔مزید برآں، انڈین سوت اسپینز درمیانے درجے سے اعلیٰ درجے میں مسلسل مقابلے میں رہالہٰذا ٹیکسٹائل کی صنعت کے مفاد کوتحفظ فراہم کرنے کیلئے حکومت کے سہارے کی ضرورت ہے۔

آپ کی کمپنی کی حکمت عملی آپریشنل کارکردگی کو بہتر بنانے میں مرکوز ہے۔اس سے مراد آٹومیٹیڈ (آٹومیشن) اورتوانائی کوموٴثر بنانے کے پلانٹ اور سامان میں سرمایہ کاری ہے۔اس سے یہ مراد بھی ہے کہ جہاں تک ممکن ہو ہماری کوشش ہے کہ موجودہ ڈھانچے سے زیادہ سے زیادہ پیداوار حاصل کی جائے.۔

ہمارے شراکت داروں کی کوئی بھی رپورٹ غیر یقینی سیاسی حالات،توانائی کا بحران اور خیبر پختونخوا کے صوبے میں کاروبار کرنے کی کاوش کے اہم حوالہ جات کے بغیر مکمل نہیں ہوگا۔ یہ دیرپا چیلنجز (مشکلات/ مسائل) معلوم ہوتی ہیں۔

**(نقصان) فی شیئر آمدنی:**

گزشتہ سال منافع مبلغ 1 روپے کے مقابلے میں کمپنی ہذا کی فی شیئر نقصان مبلغ 0.93 روپے ہے۔

**اجتماعی نظم ونسق:**

ہمیں یہ رپورٹ پیش کر کے خوشی محسوس ہورہی ہے کہ آپکی کمپنی سٹاک ایکسچینج کی لسٹنگ کے قوانین شامل ہونے کے سلسلہ میں اجتماعی نظم ونسق کے ضابطے کے شرائط پر عمل کرنے کے لئے ضروری اقدامات کر رہی ہے۔

**اجتماعی نظم ونسق اور مالیاتی رپورٹنگ فریم ورک کے بارے میں سٹیٹمنٹ درج ذیل دی گئی ہے:**

- کمپنی کی انتظامیہ نے مالیاتی سٹیٹمنٹ، امور کی درست حالت، اس کے آپریشن (امور سرانجام دینے) کے نتائج، کیش فلو اور ایکوئٹی میں تبدیلی کے ساتھ شفاف طریقے سے پیش کیا ہے۔
- کمپنی نے اکاوٴنٹ کی باقاعدہ بک ترتیب دی ہے۔
- مالیاتی سٹیٹمنٹ کی تیاری میں موزوں اکاوٴنٹنگ پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اکاوٴنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے کی بنیاد پر لگایا گیا ہے۔
- مالیاتی سٹیٹمنٹ کی تیاری میں پاکستان میں لاگو ہونے والے بین الاقوامی اکاوٴنٹنگ کے معیار کی پیروی کی گئی ہے۔
- داخلی کنٹرول کا نظام ڈیزائن کے لحاظ سے مضبوط ہے جس کی موٴثر طریقے سے عمل درآمد اور نگرانی کی جارہی ہے۔
- اس امر میں کوئی شک وشبہ نہیں کہ کمپنی کی صلاحیت میں ان حالات میں بھی بہتری ہورہی ہے۔
- اس سال کے دوران سی ای او، ڈائریکٹرز، سی ایف سی، کمپنی سیکرٹری، ان کے بیویاں اور بچوں کے کوئی ٹریڈنگ شیئر نہیں، سوائے وہ جن کا انکشاف شیئر ہولڈنگ کے پیٹرن/نمونے میں کیا گیا ہے۔
- انتظامی نظم ونسق کے ضابطے کے بہترین پریکٹس سے کسی قسم کی کوئی مادی ناکامی نہیں ہوئی، جس کے تفصیل لسٹنگ ریگولیشن میں ہے۔
- کمپنی ہذا کی گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالیاتی اعداد وشمار درج ذیل دی گئی ہیں:

| سال کا اختتام | جون 30 | | | | | |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| جائیداد، پلانٹ وسامان (مبلغ 000 روپے) | 1,332,206 | 1,121,135 | 1,060,402 | 852,211 | 812,383 | 727,438 |
| کل مالیت (مبلغ 000 روپے) | 293,819 | 362,676 | 364,501 | 313,407 | 202,526 | 27,043 |
| پیداوار (مبلغ 000 کلوگرامز) | 7,284 | 7,274 | 6,838 | 6,105 | 6,419 | 6,568 |
| فروخت (مبلغ 000 روپے) | 2,227,640 | 2,405,277 | 2,298,760 | 2,355,043 | 2,418,912 | 2,133,636 |
| مجموعی منافع (مبلغ 000 روپے) | 132,131 | 209,505 | 260,336 | 352,610 | 270,049 | 134,065 |
| آپریشن سے منافع (مبلغ 000 روپے) | 51,330 | 119,207 | 188,980 | 269,181 | 208,513 | 106,533 |
| منافع/نقصان ٹیکس کے بعد (مبلغ 000 روپے) | (19,427) | 20,851 | 73,509 | 118,750 | 166,778 | 6,433 |
| آمدنی/نقصان فی شیئر (روپے) | (0.93) | 1.00 | 3.53 | 5.71 | 8.02 | 0.31 |
| سپائنڈل کی نصب شدہ تعداد | 35,280 | 35,280 | 35,280 | 29,520 | 29,520 | 29,520 |

- حالیہ سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس منعقد ہوئے، ہر ڈائریکٹر کی حاضری درج ذیل ہے:

| ڈائریکٹر کا نام | حاضر ہونے والے اجلاس کی تعداد |
|---|---|
| انور سیف اللہ خان | 04 |
| سلیم سیف اللہ خان | 04 |
| عثمان سیف اللہ خان | 03 |
| جہانگیر سیف اللہ خان | 03 |
| حور یوسف زئی | 04 |
| اسد سیف اللہ خان | 04 |
| آصف سیف اللہ خان | 03 |

جوڈائریکٹرز بورڈ ہذا کے کسی بھی اجلاس میں شرکت نہ کرسکے انہیں رخصتی/چھٹی دی گئی ہے۔

- مذکورہ ڈائریکٹرز بورڈ نے ایک مشن سٹیٹمنٹ اور مجموعی نظم ونسق کی حکمت عملی کی سٹیٹمنٹ اختیار کی ہے۔
- بقایا ٹیکس اور جرمانے کے بارے میں برائے مہربانی ضمیمہ کے نوٹ نمبر 16 اور آڈٹ سٹیٹمنٹ ملاحظہ کیجئے۔

**شیئر ہولڈنگ کا طریقہ کار**

مذکورہ کمپنی کی شیئر ہولڈنگ کا طریقہ کار، کمپنیز آرڈننس، 1984 کے سیکشن 236(2)(d) کے تحت ہے اور انتظامی نظم ونسق کے ضابطے کے مطابق مطلوبہ اضافی معلومات لف ہے۔

**ایکسٹرنل (بیرونی) آڈیٹرز:**

موجودہ آڈیٹرز میسرز شائن ونگ حمید چوہدری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہوگئے ہیں اور اس کے اہل ہیں کہ وہ اپنی تعیناتی کے لئے دوبارہ پیشکش کرے۔ جیسا کہ آڈٹ کمیٹی نے تجویز پیش کی ہے کہ اگلے سالانہ جنرل اجلاس کے اختتام تک، بورڈ مورخہ 31 اکتوبر 2016 میں ہونے والے سالانہ جنرل اجلاس کے اختتام سے ان کی بطور کمپنی آڈیٹرز آفس میں تعیناتی کے لئے سفارشات کرتی ہے۔

**اظہار تشکر**

بورڈ ہذا ہمارے بینکاروں اور معزز صارفین (کسٹمرز) کی حمایت کے سلسلہ میں اپنی جانب سے اس امر کی تعریف کرتا ہے۔ میں اپنے کارپوریٹ فیملی ممبران میں سے جانفشانی سے کام کرنے والوں کی بھی تعریف کرتا ہوں۔ ہمیں یقین ہے کہ وہ آنے والے دنوں میں اسی لگن ومحنت کو جاری وساری رکھیں گے۔

**منجانب بورڈ ہذا**

**اسد سیف اللہ خان**

چیف ایگزیکٹو آفیسر

تاریخ: 7 اکتوبر، 2016

# PATTERN OF SHAREHOLDINGS
# AS AT 30TH JUNE, 2016

| Number of ShareHolders | Share Holding From | Share Holding To | Total Shares Held |
|---|---|---|---|
| 460 | 1 | 100 | 26,005 |
| 163 | 101 | 500 | 53,773 |
| 85 | 501 | 1,000 | 80,278 |
| 111 | 1001 | 5,000 | 318,549 |
| 36 | 5001 | 10,000 | 302,824 |
| 9 | 10001 | 15,000 | 115,535 |
| 7 | 15001 | 20,000 | 133,500 |
| 3 | 20001 | 25,000 | 73,000 |
| 4 | 25001 | 30,000 | 113,431 |
| 2 | 30001 | 35,000 | 63,000 |
| 1 | 45001 | 50,000 | 50,000 |
| 2 | 55001 | 60,000 | 120,000 |
| 2 | 60001 | 65,000 | 124,500 |
| 2 | 65001 | 70,000 | 138,000 |
| 2 | 90001 | 95,000 | 186,450 |
| 1 | 105001 | 110,000 | 107,887 |
| 1 | 115001 | 120,000 | 116,704 |
| 1 | 175001 | 180,000 | 178,000 |
| 1 | 195001 | 200,000 | 200,000 |
| 1 | 2075001 | 2,080,000 | 2,078,554 |
| 1 | 16220001 | 16,225,000 | 16,220,010 |
| **895** | **T O T A L = >** | | **20,800,000** |

| Categories of Shareholders | Number of Shareholders | Shares Held | % Age of Capital |
|---|---|---|---|
| Directors and Chief Executive Officer | 7 | 187,692 | 0.90 |
| Associated Companies, Undertakings and Related Partie | 13 | 16,438,460 | 79.03 |
| 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 | 7 | 3,000 | 0.01 |
| Insurance Companies | 1 | 200 | 0.00 |
| Funds | 2 | 3,650 | 0.02 |
| General Public | 852 | 1,879,213 | 9.03 |
| Others | 3 | 2,650 | 0.01 |
| Total | **895** | **20,800,000** | **100.00** |

# DETAIL OF CATEGORY OF SHARE HOLDERS AS AT 30 JUNE, 2016

| S No | Name Of Shareholders | Share Held | Percentage |
|---|---|---|---|
| **Directors, Chief Executive, and their Spouse and Minor Children** | | | |
| 1 | Jehangir Saifullah Khan | 116,704 | 0.56 |
| 2 | Hoor Yousafzai | 500 | 0.00 |
| 3 | Salim Saifullah Khan | 3,089 | 0.01 |
| 4 | Asif Saifullah Khan | 500 | 0.00 |
| 5 | Osman Saifullah Khan | 62,500 | 0.30 |
| 6 | Assad Saifullah Khan | 500 | 0.00 |
| 7 | Anwar Saifullah Khan | 3,899 | 0.02 |
| | **Total** | **187,692** | **0.90** |
| **Associated Companies, Undertakings and Related Parties** | | | |
| 1 | Gulshan Javed Saifullah Khan | 600 | 0.00 |
| 2 | Zafar Qureshi | 4,335 | 0.02 |
| 3 | Begum Shirin Saifullah Khan | 500 | 0.00 |
| 4 | Javed Saifullah Khan | 107,887 | 0.52 |
| 5 | Shehernaz Saifullah Khan | 14,000 | 0.07 |
| 6 | Yasmin Saifullah Khan | 5,000 | 0.02 |
| 7 | Iqbal Saifullah Khan | 6,824 | 0.03 |
| 8 | Begum Samina Anwar S. Khan | 15,000 | 0.07 |
| 9 | Humayun Saifullah Khan | 12,373 | 0.06 |
| 10 | Shereen Saifullah Khan | 5,000 | 0.02 |
| 11 | Omar Saifullah Khan | 26,931 | 0.13 |
| 12 | Saif Holdings Limited | 16,220,010 | 77.98 |
| 13 | Begum Zeb Saifullah Khan | 20,000 | 0.10 |
| | **Total** | **16,438,460** | **79.03** |
| **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** |

| S No | Name Of Shareholders | Share Held | Percentage |
|---|---|---|---|
| **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 Instituations, Non Banking Financial Instituations** | | | |
| 1 | Naseer Shaheed Ltd | 300 | 0.00 |
| 2 | Mollasses Export Co. Ltd. | 100 | 0.00 |
| 3 | Muslim Commercial Bank Ltd. | 2,000 | 0.01 |
| 4 | Ambreen Silk Mills | 400 | 0.00 |
| 5 | Bank Of Bahawalpur Limited | 50 | 0.00 |
| 6 | Murree Brewery Co. Ltd. | 50 | 0.00 |
| 7 | Habib Bank Limited, | 100 | 0.00 |
| | **Total** | **3,000** | **0.01** |
| **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** | **1,879,213** | **9.03** |
| **OTHERS** | | | |
| 1 | The Pak Ismailia Cooperative | 350 | 0.00 |
| 2 | United Executors & Trustee | 2,200 | 0.01 |
| 3 | Azeem Services (Pvt) Ltd, | 100 | 0.00 |
| | **Total** | **2,650** | **0.01** |
| | | **20,800,000** | **100.00** |

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation of Listing Regulations of Karachi and Islamabad Stock Exchanges 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 | Anwar Saifullah Khan<br>Salim Saifullah Khan<br>Osman Saifullah Khan<br>Jehangir Saifullah Khan<br>Hoor Yousafzai<br>Asif Saifullah Khan |
| Independent Directors | NIL |

2. The elections of the directors were held in February, 2014. Company completed all the statutory formalities relating to election of directors but no independent shareholder came forward to contest the election as a director hence shareholders of the company were unable to elect independent director.
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. 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.
5. No casual vacancy occurred on the board during the year.
6. 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.
7. 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.
8. 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.
9. 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. 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.
10. The board arranged in-house training program for its directors during the year.

11. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including the remuneration and terms and conditions of employment.
12. 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
13. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
14. 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.
15. The company has complied with all the corporate and financial reporting requirements of the CCG.
16. The board has formed an Audit Committee. It comprises three members. All the members of audit committee are non-executive directors.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The board has formed an HR and Remuneration Committee. It comprises three members; all of them are non-executive directors.
19. 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.
20. 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.
21. 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.
22. 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).
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
24. 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.
25. We confirm that all other material principles enshrined in the CCG have been complied with except certification of one director under Directors' Training Program (DTP); however efforts would be made to attain certification within stipulated time frame.

**For and behalf of the Board**

Place: Islamabad
Dated: 07 October, 2016

**Anwar Saifullah Khan**
Chairman

# REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE 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, 2016 to comply with the Code contained in regulation no. 5.19 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.

Following instances of non-compliance with the requirements of the Code were observed:

**i.** the Company has not appointed an independent director on its Board of Directors as required by sub-clause (b) of clause 1 of the Code;

**ii.** the composition of Audit Committee, at reporting date, is not in compliance with the requirements of sub-clause (a) of clause 16 of the Code.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

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

Place: Lahore
Date:07 October, 2016

# AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Kohat Textile Mills Limited** (the Company) as at June 30, 2016 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, 2016 and of the loss, its cash flows and changes in equity for the year then ended; and

**(d)** in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of the Ordinance.

We draw your attention to the note 15.2 to the financial statements which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess. Our opinion is not qualified in respect of this matter.

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

Place: Lahore
Date:07 October, 2016

# BALANCE SHEET

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (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 | | **133,318** | 154,676 |
| | | **341,318** | 362,676 |
| **SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT** | 6 | **465,764** | 302,147 |
| **NON-CURRENT LIABILITIES** | | | |
| Loan from the Holding Company | 7 | **100,000** | 100,000 |
| Long term financing | 8 | **250,754** | 245,146 |
| Long term deposits | 9 | **1,577** | 1,280 |
| Deferred liability - staff retirement benefits | 10 | **82,806** | 80,290 |
| Deferred taxation - net | 11 | **113,630** | 66,371 |
| | | **548,767** | 493,087 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 12 | **95,572** | 150,662 |
| Accrued mark-up / profit | 13 | **17,169** | 13,185 |
| Short term borrowings | 14 | **390,615** | 260,235 |
| Current portion of long term financing | 8 | **114,392** | 78,558 |
| | | **617,748** | 502,640 |
| | | **1,166,515** | 995,727 |
| **Contingencies and Commitments** | 15 | | |
| | | **1,973,597** | 1,660,550 |

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

**ASSAD SAIFULLAH KHAN**
CHIEF EXECUTIVE

## AS AT 30 JUNE, 2016

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 16 | **1,332,206** | 1,121,135 |
| Intangible assets | 17 | **3,581** | 225 |
| Long term loans | 18 | **2,070** | 1,893 |
| Long term deposits | | **1,137** | 1,137 |
| | | **1,338,994** | 1,124,390 |
| **CURRENT ASSETS** | | | |
| Stores, spare parts and loose tools | 19 | **35,503** | 31,850 |
| Stock-in-trade | 20 | **304,908** | 188,954 |
| Trade debts | | **150,901** | 141,019 |
| Loans and advances | 21 | **3,878** | 46,186 |
| Deposits and short term prepayments | 22 | **721** | 2,244 |
| Other receivables | 23 | **0** | 1,258 |
| Taxation - net | 24 | **81,499** | 81,923 |
| Sales tax refundable | | **44,313** | 32,868 |
| Cash and bank balances | 25 | **12,880** | 9,858 |
| | | **634,603** | 536,160 |
| | | **1,973,597** | 1,660,550 |

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

**SALIM SAIFULLAH KHAN**
DIRECTOR

# PROFIT AND LOSS ACCOUNT
# FOR THE YEAR ENDED 30 JUNE, 2016

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **SALES - NET** | 26 | **2,227,640** | 2,405,277 |
| **COST OF SALES** | 27 | **(2,095,509)** | (2,195,772) |
| **GROSS PROFIT** | | **132,131** | 209,505 |
| **DISTRIBUTION COST** | 28 | **(15,371)** | (14,952) |
| **ADMINISTRATIVE EXPENSES** | 29 | **(62,093)** | (67,637) |
| **OTHER INCOME** | 30 | **466** | 961 |
| **OTHER EXPENSES** | 31 | **(3,803)** | (8,670) |
| **PROFIT FROM OPERATIONS** | | **51,330** | 119,207 |
| **FINANCE COST** | 32 | **(69,051)** | (79,775) |
| **(LOSS) / PROFIT BEFORE TAXATION** | | **(17,721)** | 39,432 |
| **TAXATION** | 33 | **(1,706 )** | (18,581) |
| **(LOSS) / PROFIT AFTER TAXATION** | | **(19,427)** | 20,851 |
| **OTHER COMPREHENSIVE INCOME/(LOSS)** | | | |
| Items that will not be reclassified subsequent to profit and loss: | | | |
| - gain / (loss) on remeasurement of staff retirement benefit obligation | | **4,092** | (6,763) |
| **TOTAL COMPREHENSIVE (LOSS) / INCOME** | | **(15,335)** | 14,088 |
| | | **------- Rupees -------** | |
| **(LOSS) / EARNINGS PER SHARE** - basic and diluted | 34 | **(0.93)** | 1.00 |

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

**ASSAD SAIFULLAH KHAN**
CHIEF EXECUTIVE

**SALIM SAIFULLAH KHAN**
DIRECTOR

# CASH FLOW STATEMENT
# FOR THE YEAR ENDED 30 JUNE, 2016

| | 2016 | 2015 |
|---|---|---|
| | (Rupees in thousand) | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| (Loss) / profit for the year - before taxation | **(17,721)** | 39,432 |
| Adjustments for non-cash and other charges: | | |
| Depreciation | **73,558** | 68,997 |
| Amortisation | **176** | 117 |
| Staff retirement benefits - gratuity (net) | **6,608** | 11,390 |
| Unclaimed payable balances written-back | **(46)** | (107) |
| Loss / (gain) on sale of operating fixed assets | **103** | (415) |
| Finance cost | **67,191** | 78,737 |
| **PROFIT BEFORE WORKING CAPITAL CHANGES** | **129,869** | 198,151 |
| **EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES** | | |
| (Increase) / decrease in current assets: | | |
| Stores, spare parts and loose tools | **(3,653)** | (5,763) |
| Stock-in-trade | **(117,954)** | 243,909 |
| Trade debts | **(9,882)** | 16,705 |
| Loans and advances | **42,308** | (40,761) |
| Deposits and short term prepayments | **1,523** | 121 |
| Other receivables | **1,258** | 666 |
| Sales tax refundable | **(11,445)** | 3,303 |
| Increase / (decrease) in trade and other payables | **(55,022)** | (84,446) |
| | **(150,867)** | 133,734 |
| **CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES** | **(20,998)** | 331,885 |
| Income tax paid | **(17,751)** | (18,151) |
| Long term loans - net | **(177)** | (427) |
| **NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES** | **(38,926)** | 313,307 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Additions to property, plant and equipment | **(48,404)** | (130,206) |
| Addition to intangible assets | **(3,532)** | 0 |
| Sale proceeds of operating fixed assets | **593** | 891 |
| **NET CASH USED IN INVESTING ACTIVITIES** | **(51,343)** | (129,315) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Long term financing - obtained | **120,000** | 120,000 |
| - repaid | **(78,558)** | (85,530) |
| Long term deposits | **297** | 315 |
| Short term borrowings - net | **130,380** | (94,326) |
| Finance cost paid - net | **(63,206)** | (93,390) |
| Dividend paid | **(15,622)** | (25,731) |
| **NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES** | **93,291** | (178,662) |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | **3,022** | 5,330 |
| **CASH AND CASH EQUIVALENTS** - at beginning of the year | **9,858** | 4,528 |
| **CASH AND CASH EQUIVALENTS** - at end of the year | **12,880** | 9,858 |

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

**ASSAD SAIFULLAH KHAN**
CHIEF EXECUTIVE

**SALIM SAIFULLAH KHAN**
DIRECTOR

# STATEMENT OF CHANGES IN EQUITY
# FOR THE YEAR ENDED 30 JUNE, 2016

| | Share Capital | Unappropriated Profit / (Loss) | Total |
|---|---|---|---|
| | --------- Rupees in '000 --------- | | |
| **Balance as at July 01, 2014** | 208,000 | 156,501 | 364,501 |
| **Transactions with owners** | | | |
| Cash dividend for the year ended June 30, 2014 at the rate of Rs.1.25 per share | 0 | (26,000) | (26,000) |
| **Total Comprehensive Income for the year ended June 30, 2015** | | | |
| Profit for the year | 0 | 20,851 | 20,851 |
| Other comprehensive loss | 0 | (6,763) | (6,763) |
| | 0 | 14,088 | 14,088 |
| 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 | 10,087 | 10,087 |
| **Balance as at June 30, 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** |

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

**ASSAD SAIFULLAH KHAN**
CHIEF EXECUTIVE

**SALIM SAIFULLAH KHAN**
DIRECTOR

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2016

## 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** During the year, the Company has become a Subsidiary Company of Saif Holdings Limited (the Holding Company) as the Holding Company acquired 6,340,010 ordinary shares (i.e. 30.48% of the paid-up share capital) form GlobeComm (Pvt.) Ltd. (an Associated Company). As at balance sheet date the Holding Company holds 77.98% (2015: 47.50%) of the paid up share capital of the Company.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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 of and 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 and 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 1, 2015:

IFRS 13 ‘Fair value measurement’ aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in 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 financial year beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

**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 1, 2015 and have not been early adopted by the Company:

**(a)** IFRS 9, 'Financial instruments' is applicable to accounting periods beginning on or after January 1, 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.

**(b)** IFRS 15, 'Revenue from contracts with customers' is applicable to accounting periods beginning on or after January 1, 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)** Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable to annual periods beginning on or after January 1, 2016, The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a 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. 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. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards / accounting policies are not required for these amendments. These amendments likely to only affects the disclosures in the Company's financial statements.

**(d)** Amendments to IAS 7, 'Statement of cash flows' are applicable for annual periods beginning on or after January 1, 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 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 10.

**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, 2016 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 deductable 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 16.1.

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 17.

**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, 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 40 to these financial statements.

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

| **2016** | 2015 | | | **2016** | 2015 |
|---|---|---|---|---|---|
| **--- No. of shares ---** | | | **Note** | **--- Rupees in '000 ---** | |
| **14,525,400** | 14,525,400 | ordinary shares of Rs.10 each fully paid in cash | | **145,254** | 145,254 |
| **6,274,600** | 6,274,600 | ordinary shares of Rs.10 each issued as fully paid-up by conversion of loans and debentures | | **62,746** | 62,746 |
| **20,800,000** | 20,800,000 | | | **208,000** | 208,000 |

**5.1** Ordinary shares of the Company held by the related parties as at year end are as follows:

| | Note | 2016 | 2015 |
|---|---|---|---|
| - Saif Holdings Ltd. (the Holding Company) (2015: an Associated Company) | **1.1** | 16,220,010 | 9,880,000 |
| - GlobeComm (Pvt.) Ltd. (an Associated Company) | | 0 | 6,340,010 |
| | | 16,220,010 | 16,220,010 |

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

**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 and 2012. These fixed assets were revalued by independent Valuers on the basis of market value / depreciated market values.

**6.2** The Company, as at June 30, 2016, has again revalued its aforementioned assets. The latest revaluation exercise has been 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 latest revaluation aggregating Rs.236.921 million 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 | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **Opening balance** | | **376,887** | 391,943 |
| Add: surplus arisen on revaluation carried out at the year end | **16.2** | **236,921** | 0 |
| Less: transferred to unappropriated profit on account of incremental depreciation for the year | | **(14,082)** | (15,056) |
| | | **599,726** | 376,887 |
| Less: deferred tax on: | | | |
| - opening balance of surplus | | **74,740** | 82,044 |
| - surplus on revaluation carried-out at year end | | **68,049** | 0 |
| - incremental depreciation for the year | | **(4,505)** | (4,969) |
| | | **138,284** | 77,075 |
| adjustment resulting from reduction in tax rate | | **(4,322)** | (2,335) |
| | | **133,962** | 74,740 |
| **Closing balance** | | **465,764** | 302,147 |

## 7. LOAN FROM THE HOLDING COMPANY - Unsecured

| | Note | 2016 | 2015 |
|---|---|---|---|
| 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 7.95% to 8.61% (2015: 9.60% to 12.11%) per annum.

## 8. LONG TERM FINANCING - Secured

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **The Bank of Punjab (BoP)** | | | |
| Term finance | 8.1 | **67,500** | 112,500 |
| **United Bank Limited (UBL)** | | | |
| Demand finance | 8.2 | **65,146** | 91,204 |
| **Askari Bank Limited (ABL)** | | | |
| Diminishing Musharakah | 8.3 | **112,500** | 120,000 |
| **Dubai Islamic Bank Pakistan Limited (DIBPL)** | | | |
| Shirkat-ul-Melk Cum Ijarah | 8.4 | **120,000** | 0 |
| | | **365,146** | 323,704 |
| Less: current portion grouped under current liabilities | | **114,392** | 78,558 |
| | | **250,754** | 245,146 |

**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 8.16% (2015: 8.16% to 11.48%) 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 8.11% to 8.95% (2015: 8.95% to 11.83%) 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 7.36% to 8.98% (2015: 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 current financial year, has arranged a shirkat-ul-Melk Cum Ijarah finance facility of Rs.120 million from DIBPL. This finance facility is repayable in 9 equal semi annual instalments of Rs.13.333 million each commencing January, 2017. 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, was 7.88% per annum. This finance facility is 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. DEFERRED LIABILITY - STAFF RETIREMENT BENEFITS (Gratuity)

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

| | **2016** | 2015 |
|---|---|---|
| - discount rate | **7.25%** | 9.75% |
| - expected rate of increase in salary | **6.25%** | 8.75% |
| - average expected remaining working life of employees | **9 years** | 9 years |

**10.2 Amount recognised in the balance sheet**

| | **2016** | 2015 |
|---|---|---|
| | **(Rupees in thousand)** | |
| Net liability at the beginning of the year | **80,290** | 62,137 |
| Charge to profit and loss account | **22,826** | 21,879 |
| Remeasurement recognised in other comprehensive income | **(4,092)** | 6,763 |
| Payments made during the year | **(16,218)** | (10,489) |
| Net liability at the end of the year | **82,806** | 80,290 |

| | | 2016 | 2015 |
|---|---|---|---|
| | | **(Rupees in thousand)** | |
| **10.3** | **The movement in the present value of defined benefit obligation is as follows:** | | |
| | Balance at beginning of the year | **80,290** | 62,137 |
| | Current service cost | **15,789** | 13,646 |
| | Interest cost | **7,037** | 8,233 |
| | Benefits paid | **(16,218)** | (10,489) |
| | Remeasurement of obligation | **(4,092)** | 6,763 |
| | Balance at end of the year | **82,806** | 80,290 |
| **10.4** | **Charge to profit and loss account:** | | |
| | Current service cost | **15,789** | 13,646 |
| | Interest cost | **7,037** | 8,233 |
| | | **22,826** | 21,879 |
| **10.5** | **Remeasurements recognised in other comprehensive income** | | |
| | Experience gain / (loss) | **(3,533)** | 6,763 |
| | Actuarial gains | **(559)** | 0 |
| | | **(4,092)** | 6,763 |

**10.6 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 '000 ------ | |
| Discount rate | | (75,810) | 91,044 |
| Increase in salaries | | 91,208 | (75,540) |

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.

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

| | **2016** | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| | **Rupees in '000** | | | | |
| Present value of defined benefit obligation | **82,806** | 80,290 | 62,137 | 43,591 | 39,030 |
| Experience adjustment on obligation | **(4,092)** | 6,763 | 7,544 | 0 | 2,442 |

**10.8** Based on actuary's advice, the expected charge for the year ending June 30, 2017 amounts to Rs.22.212 million.

| | Note | **2016** | 2015 |
|---|---|---|---|
| **11. DEFERRED TAXATION - net** | | **(Rupees in thousand)** | |
| The balance of deferred tax is in respect of following major temporary differences | | | |
| **Taxable temporary difference:** | | | |
| - accelerated tax depreciation allowances | | **123,844** | 126,467 |
| - surplus on revaluation of property, plant and equipment | **6** | **133,962** | 74,740 |
| | | **257,806** | 201,207 |
| **Deductible temporary difference:** | | | |
| - unused tax losses | | **(107,364)** | (115,987) |
| - minimum tax recoverable against normal tax charge in future years | | **(36,812)** | (18,849) |
| | | **(144,176)** | (134,836) |
| | | **113,630** | 66,371 |
| **12. TRADE AND OTHER PAYABLES** | | | |
| Creditors | | **25,369** | 20,899 |
| Advances from customers | | **2,196** | 2,277 |
| Bills payable | **12.1** | **9,851** | 35,936 |
| Accrued expenses | | **42,603** | 74,568 |
| Workers' (profit) participation fund | | **0** | 2,116 |
| Workers' welfare fund | | **10,099** | 10,099 |
| Unclaimed dividends | | **3,603** | 3,625 |
| Others | | **1,850** | 1,142 |
| | | **95,572** | 150,662 |

**12.1** These are secured against import documents.

| | | **2016** | 2015 |
|---|---|---|---|
| **13. ACCRUED MARK-UP / PROFIT** | | | |
| Mark-up / profit accrued on: | | | |
| - loan from the Holding Company | | **1,977** | 2,394 |
| - long term financing | | **9,922** | 2,418 |
| - short term borrowings | | **5,270** | 8,373 |
| | | **17,169** | 13,185 |

## 14. SHORT TERM BORROWINGS

Short term finance facilities available from various commercial banks aggregate to Rs.750.000 million (2015: Rs.750.000 million). These facilities, during the current financial year, carried mark-up / profit at the rates ranging from 2.46% to 10.25% (2015: 4.33% to 12.68%) per annum payable on quarterly basis. Facilities available for opening letters of credit / guarantee from various commercial banks aggregate to Rs.693.000 million (2015: Rs.668.000 million) of which the amounts aggregating Rs.565.134 million (2015: Rs.282.830 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, 2017.

## 15. CONTINGENCIES AND COMMITMENTS

**Contingencies**

**15.1** Guarantees aggregating Rs.68.962 million (2015: Rs.41.562 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.

**15.2** The Company has challenged the Gas Infrastructure Development Cess (GIDC) Act, 2015, by filling a petition before the Peshawar High Court, Peshawar (PHC), challenging the vires and legality of the levy and demand of GIDC. The PHC has granted stay against the charging of GIDC under the said Act and the Respondents were directed to submit their comments. Sui Northern Gas Pipelines Ltd., along with gas bill for the month of June, 2016, has raised GIDC demands aggregating Rs.194.163 million (2015: Rs.105.716 million), which will become payable in case of an adverse judgement by the PHC. The petition before the PHC is pending adjudication..

Based on the advice of the Company's legal counsel, the management strongly feels that there are meritorious grounds to support the Company's stance. Consequently, no provision for the above mentioned amount has been made in these financial statements.

**Commitments**

**5.3** Commitments against irrevocable letters of credit outstanding at the year-end were for Rs.49.053 million (2015: Rs.307.681 million).

**15.4** Commitments against capital expenditure, other than letters of credit, outstanding at the year-end aggregate to Rs.10.00 million (2015: Rs.21.694 million).

## 16. PROPERTY, PLANT AND EQUIPMENT

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Operating fixed assets - tangible | **16.1** | **1,296,446** | 1,056,830 |
| Capital work-in-progress | **16.7** | **10,000** | 28,888 |
| Stores held for capital expenditure | | **25,760** | 35,417 |
| | | **1,332,206** | 1,121,135 |

## 16.1 Operating fixed assets - tangible

| | Freehold land | Buildings on freehold land | | Residential | | 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 | Vehicles | Live-stock | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Factory | Non - factory | officers | workers | | | | | | | | | | |
| | Rupees in '000 | | | | | | | | | | | | | | |
| **COST / REVALUATION** | | | | | | | | | | | | | | | |
| **Balance as at July 01, 2014** | 143,800 | 133,155 | 66,052 | 61,545 | 14,095 | 796,130 | 6,501 | 144,555 | 30,041 | 44,837 | 1,460 | 7,247 | 26,156 | 1 | 1,475,575 |
| Additions during the year | 0 | 1,972 | 479 | 0 | 1,398 | 62,758 | 0 | 7,623 | 824 | 1,240 | 0 | 142 | 1,079 | 0 | 77,515 |
| Disposals during the year | 0 | 0 | 0 | 0 | 0 | (1,212) | 0 | 0 | 0 | 0 | 0 | 0 | (864) | 0 | (2,076) |
| **Balance as at June 30, 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 | 1,551,014 |
| **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 | 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 | 76,949 |
| Revaluation surplus | 24,266 | 26,705 | 16,168 | 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 | (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** | **1,693,617** |
| **DEPRECIATION** | | | | | | | | | | | | | | | |
| **Balance as at July 01, 2014** | 0 | 21,837 | 7,929 | 7,126 | 2,552 | 310,874 | 1,146 | 19,252 | 11,502 | 29,009 | 1,139 | 4,344 | 10,077 | 0 | 426,787 |
| Charge for the year | 0 | 5,575 | 2,930 | 2,721 | 1,191 | 37,474 | 401 | 11,531 | 1,912 | 1,646 | 32 | 300 | 3,284 | 0 | 68,997 |
| On disposals during the year | 0 | 0 | 0 | 0 | 0 | (883) | 0 | 0 | 0 | 0 | 0 | 0 | (717) | 0 | (1,600) |
| **Balance as at June 30, 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 | 494,184 |
| **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 | 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 | 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 | (169,782) |
| On disposals during the year | 0 | 0 | 0 | 0 | 0 | (147) | 0 | 0 | 0 | 0 | 0 | 0 | (642) | 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 | **397,171** |
| **BOOK VALUE AS AT JUNE 30, 2015** | 143,800 | 107,715 | 55,672 | 51,698 | 11,750 | 510,211 | 4,954 | 121,395 | 17,451 | 15,422 | 289 | 2,745 | 13,727 | 1 | 1,056,830 |
| **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** | **1,296,446** |
| **Depreciation rate (%)** | 0 | **5** | **5** | **5** | **10** | **7.5** | **7.5** | **7.5 & 15** | **10** | **10** | **10** | **10** | **20** | 0 | |

**16.2** Revaluation surplus / (deficit) on each class of assets, as a result of latest revaluation as detailed in note 6.2, has been determined as follows:

| Particulars | Freehold land | Buildings on freehold land | | Residential | | Plant & machinery | Diesel generators & fuel reservoir | Gas fired power plant | Electric installations | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Factory | Non-factory | Officers | Workers | | | | | |
| | Rupees in '000 | | | | | | | | | |
| Cost / revaluation as at June 30, 2016 | 143,800 | 159,595 | 66,531 | 62,496 | 16,918 | 899,489 | 6,501 | 152,178 | 30,865 | 1,538,373 |
| Accumulated depreciation to June 30, 2016 | 0 | 33,787 | 13,644 | 12,477 | 5,049 | 388,078 | 1,920 | 42,833 | 15,157 | 512,945 |
| Book value before revaluation adjustments as at June 30, 2016 | 143,800 | 125,808 | 52,887 | 50,019 | 11,869 | 511,411 | 4,581 | 109,345 | 15,708 | 1,025,428 |
| Revalued amounts | 168,066 | 186,300 | 82,699 | 43,159 | 10,241 | 618,839 | 3,375 | 132,170 | 17,500 | 1,262,349 |
| Revaluation surplus / (deficit) | 24,266 | 60,492 | 29,812 | (6,860) | (1,628) | 107,428 | (1,206) | 22,825 | 1,792 | 236,921 |

## 16.3 Disposal of operating fixed assets

| Asset description | Cost / revaluation | Accumulated depreciation | Net Book value | Sale proceeds | Gain / (loss) | Mode of disposal | Particulars of buyer |
|---|---|---|---|---|---|---|---|
| | Rupees in '000 | | | | | | |
| **Plant & machinery** | | | | | | | |
| Auto Bale Pluker | 645 | 147 | 498 | 318 | (180) | Negotiation | M/s. Saif Textile Mills Ltd. (an Associated Company) |
| **Vehicles** | | | | | | | |
| Suzuki Cultus | 840 | 642 | 198 | 275 | 77 | Company policy | Mr. Muhammad Luqman. (an employee) |
| | 1,485 | 789 | 696 | 593 | (103) | | |

**16.4** 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:

| **Owned:** | **2016** | 2015 |
|---|---|---|
| | **(Rupees in thousand)** | |
| Freehold land | **475** | 474 |
| Buildings on freehold land: | | |
| - Factory | **66,577** | 45,366 |
| - Non-factory | **12,081** | 12,717 |
| Residential: | | |
| - Officers | **4,679** | 3,971 |
| - Workers | **5,496** | 4,667 |
| Plant & machinery | **455,856** | 450,151 |
| Diesel generators & fuel reservoirs | **787** | 850 |
| Gas fired power plant | **105,884** | 117,572 |
| Electric installations | **10,899** | 12,110 |
| Equipment & appliances | **14,396** | 15,297 |
| | **677,130** | 663,175 |

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **16.5 Depreciation for the year has been apportioned as under:** | | | |
| Cost of sales | | **66,491** | 62,129 |
| Administrative expenses | | **7,067** | 6,868 |
| | | **73,558** | 68,997 |

**16.6** During the preceding financial year, borrowing cost at the rate of 8.98% per annum amounted Rs.0.776 million was included in the cost of plant and machinery.

| | Note | 2016 | 2015 |
|---|---|---|---|
| **16.7 Capital work-in-progress** | | | |
| Buildings on freehold land | | | |
| - factory | | **0** | 18,384 |
| - non - factory | | **0** | 674 |
| Advance payments | | | |
| - freehold land | **16.8** | **10,000** | 2,000 |
| - plant and machinery | | **0** | 4,641 |
| - computer software | | **0** | 3,189 |
| | | **10,000** | 28,888 |

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

## 17. INTANGIBLE ASSETS - Computer software

| | 2016 | 2015 |
|---|---|---|
| Cost | **586** | 586 |
| Addition during the year | **3,532** | 0 |
| | **4,118** | 586 |
| Less: amortisation | | |
| - at beginning of the year | **361** | 244 |
| - charge for the year | **176** | 117 |
| - at end of the year | **537** | 361 |
| Book value as at June 30, | **3,581** | 225 |
| Amortisation rate - 20% per annum | | |

## 18. LONG TERM LOANS - Secured

| | 2016 | 2015 |
|---|---|---|
| Loans to employees | **2,928** | 2,519 |
| Less: current portion grouped under current assets | **859** | 626 |
| | **2,070** | 1,893 |

**18.1** These interest-free loans have been advanced for various purposes and are secured against employees' gratuity benefits. These loans, except for twenty three (2015: twenty one) loans are recoverable in lump sum at the time of retirement by way of adjustment against gratuity benefits of the respective employees.

## 19. STORES, SPARE PARTS AND LOOSE TOOLS

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Stores | | **25,213** | 14,960 |
| Spare parts | | **10,134** | 15,306 |
| Loose tools | | **156** | 1,584 |
| | | **35,503** | 31,850 |

## 20. STOCK-IN-TRADE

| | | | |
|---|---|---|---|
| Raw materials: | | | |
| - at mills | | **74,429** | 62,270 |
| - in-transit | | **90,775** | 70,790 |
| | | **165,204** | 133,060 |
| Work-in-process | | **23,746** | 21,869 |
| Finished goods | | **115,958** | 34,025 |
| | | **304,908** | 188,954 |

**20.1** Raw materials and finished goods inventories are pledged with commercial banks as security for short term finance facilities (note 14).

## 21. LOANS AND ADVANCES

| | | | |
|---|---|---|---|
| Current portion of long term loans | **18** | **859** | 626 |
| Advances - considered good | | | |
| - employees | | **1,265** | 1,167 |
| - suppliers | | **1,754** | 44,393 |
| | | **3,878** | 46,186 |

## 22. DEPOSITS AND SHORT TERM PREPAYMENTS

| | | | |
|---|---|---|---|
| Security deposits | | **0** | 600 |
| Short term prepayments | | **721** | 1,644 |
| | | **721** | 2,244 |

## 23. OTHER RECEIVABLES

| | | | |
|---|---|---|---|
| Letters of credit | | **0** | 1,215 |
| Others | | **0** | 43 |
| | | **0** | 1,258 |

## 24. TAXATION - net

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **Balance of advance tax at beginning of the year** | | **81,923** | 76,674 |
| Add: income tax deducted / paid during the year | | **17,750** | 18,151 |
| | | **99,673** | 94,825 |
| Less: provision made during the year: | | | |
| - current | **24.2** | **(17,964)** | (12,902) |
| - prior | | **(210)** | 0 |
| **Balance of advance tax at end of the year** | | **81,499** | 81,923 |

**24.1** 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 2015.

**24.2** 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.

## 25. CASH AND BANK BALANCES

| | 2016 | 2015 |
|---|---|---|
| | (Rupees in thousand) | |
| Cash-in-hand | **1,107** | 0 |
| Cash at banks on current accounts | **11,773** | 9,858 |
| | **12,880** | 9,858 |

## 26. SALES - Net

| | 2016 | 2015 |
|---|---|---|
| **Own manufactured goods:** | | |
| - yarn | **2,295,749** | 2,453,839 |
| - waste | **7,570** | 9,457 |
| **Trading activities:** | | |
| - raw materials | **34,899** | 13,971 |
| | **2,338,218** | 2,477,267 |
| Less: sales tax | **110,578** | 71,990 |
| | **2,227,640** | 2,405,277 |

## 27. COST OF SALES

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Raw materials consumed | 27.1 | **1,524,023** | 1,566,771 |
| Packing materials consumed | | **43,206** | 39,644 |
| Salaries, wages and benefits | 27.2 | **239,592** | 248,433 |
| Power and fuel | | **181,193** | 192,203 |
| Repair and maintenance | | **38,524** | 31,227 |
| Depreciation | | **66,491** | 62,129 |
| Insurance | | **2,895** | 3,771 |
| Vehicle running and maintenance | | **1,861** | 1,388 |
| Traveling and conveyance | | **880** | 988 |
| Guest house and entertainment | | **914** | 881 |
| Textile cess | | **29** | 29 |
| Others | | **1,888** | 3,111 |
| | | **2,101,496** | 2,150,575 |
| Adjustment of work-in-process | | | |
| Opening | | **21,869** | 30,070 |
| Closing | | **(23,746)** | (21,869) |
| | | **(1,877)** | 8,201 |
| **Cost of goods manufactured** | | **2,099,619** | 2,158,776 |
| Cost of yarn purchased | | **77,823** | 0 |
| Adjustment of finished goods | | | |
| Opening stock | | **34,025** | 71,021 |
| Closing stock | | **(115,958)** | (34,025) |
| | | **(81,933)** | 36,996 |
| | | **2,095,509** | 2,195,772 |

### 27.1 Raw materials consumed

| | 2016 | 2015 |
|---|---|---|
| Opening stock | **133,060** | 331,772 |
| Add: | | |
| Purchases | **1,521,527** | 1,353,805 |
| Cost of raw materials sold | **33,655** | 13,428 |
| Insurance | **985** | 826 |
| | **1,556,167** | 1,368,059 |
| | **1,689,227** | 1,699,831 |
| Less: closing stock | **165,204** | 133,060 |
| | **1,524,023** | 1,566,771 |

**27.2** These include Rs.15.106 million (2015: Rs.14.479 million) in respect of staff retirement benefits - gratuity.

## 28. DISTRIBUTION COST

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Freight and forwarding | | **5,509** | 2,934 |
| Travelling and conveyance | | **189** | 22 |
| Salaries and benefits | **28.1** | **9,125** | 10,935 |
| Rent, rates and utilities | | **360** | 264 |
| Communication | | **27** | 163 |
| Insurance | | **149** | 625 |
| Others | | **12** | 9 |
| | | **15,371** | 14,952 |

**28.1** These include Rs.3.214 million (2015: Rs.3.080 million) in respect of staff retirement benefits - gratuity.

## 29. ADMINISTRATIVE EXPENSES

| | Note | 2016 | 2015 |
|---|---|---|---|
| Directors' remuneration and fees | | **6,017** | 6,428 |
| Salaries and benefits | **29.1** | **20,979** | 26,072 |
| Travelling and conveyance | | **1,347** | 755 |
| Rent, rates and taxes | | **5,489** | 5,903 |
| Entertainment | | **1,078** | 1,391 |
| Communication | | **1,046** | 1,058 |
| Printing and stationery | | **767** | 904 |
| Utilities | | **3,955** | 3,509 |
| Insurance | | **6,353** | 4,863 |
| Vehicles' running and maintenance | | **2,086** | 3,328 |
| Repair and maintenance | | **2,233** | 2,821 |
| Advertisement | | **121** | 127 |
| Subscription | | **654** | 317 |
| Newspapers & periodicals | | **31** | 34 |
| Depreciation | | **7,067** | 6,868 |
| Amortisation | | **176** | 117 |
| Auditors' remuneration | **29.2** | **975** | 942 |
| Legal and professional (other than Auditors) | | **1,198** | 1,630 |
| Others | | **521** | 570 |
| | | **62,093** | 67,637 |

**29.1** These include Rs.4.506 million (2015: Rs.4.320 million) in respect of staff retirement benefits - gratuity.

### 29.2 Auditors' remuneration

| | 2016 | 2015 |
|---|---|---|
| Statutory audit | **625** | 625 |
| Half yearly review | **130** | 110 |
| Certification charges | **74** | 72 |
| Consultancy services | **120** | 120 |
| Out-of-pocket expenses | **26** | 15 |
| | **975** | 942 |

**29.3** The Company, during the current financial year, has shared administrative expenses aggregating Rs.12.248 million (2015: Rs.15.267 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.

## 30. OTHER INCOME

| | Note | 2016 | 2015 |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Sale of scrap | | **420** | 439 |
| Unclaimed payable balances written-back | | **46** | 107 |
| Gain on sale of operating fixed assets | | **0** | 415 |
| | | **466** | 961 |

## 31. OTHER EXPENSES

| | Note | 2016 | 2015 |
|---|---|---|---|
| Loss on sale of operating fixed assets | **16.3** | **103** | 0 |
| Workers' (profit) participation fund | | **0** | 2,116 |
| Workers' welfare fund | | **0** | 804 |
| Donations | **31.1** | **3,700** | 5,750 |
| | | **3,803** | 8,670 |

**31.1** These include an amount of Rs.3.600 million (2015: Rs.3.750 million) donated to Saifullah Foundation for Sustainable Development (a social welfare society) administered by the following directors of the Company:

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

## 32. FINANCE COST - Net

| | 2016 | 2015 |
|---|---|---|
| Mark-up on sub-ordinated loan from the Holding Company | **8,225** | 11,252 |
| Mark-up / profit on long term financing | **28,785** | 31,217 |
| Mark-up / profit on short term borrowings | **28,715** | 34,639 |
| Interest on workers' (profit) participation fund | **29** | 51 |
| Exchange fluctuation loss | **1,437** | 1,578 |
| Bank and other charges | **1,860** | 1,038 |
| | **69,051** | 79,775 |

| | Note | 2016 | 2015 |
|---|---|---|---|
| **33. TAXATION** | | **(Rupees in thousand)** | |
| Current tax: | | | |
| - for the year | **24** | **17,964** | 12,902 |
| - prior year adjustment | | **210** | 0 |
| Deferred | | **(23,451)** | 5,433 |
| - relating to temporary differences | | **6,983** | 46 |
| - resulting from reduction in tax rate | | **(16,468)** | 5,679 |
| | | **1,706** | 18,581 |

## 34. EARNINGS PER SHARE

### 34.1 Basic earnings per share

| | 2016 | 2015 |
|---|---|---|
| (Loss) / profit after taxation attributable to ordinary shareholders | **(19,427)** | 20,851 |
| | **--- No. of shares ---** | |
| Weighted average number of shares outstanding during the year | **20,800,000** | 20,800,000 |
| | **--- Rupees ---** | |
| (Loss) / earnings per share | **(0.93)** | 1.00 |

### 34.2 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, 2016 and June 30, 2015 which would have any effect on the earnings per share if the option to convert is exercised.

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### 35.1 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.

**35.1.1 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.$** |
|---|---|---|
| | **--- in '000 ---** | |
| **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** |

| | Rupees | U.S.$ |
|---|---|---|
| As at June 30, 2015 | --- in '000 --- | |
| Gross balance sheet exposure | | |
| Bills payable | 35,936 | 353 |
| Outstanding letter of credit | 307,681 | 3,025 |
| Net balance sheet exposure | 343,617 | 3,378 |

The following significant exchange rates have been applied:

| | **Average rate** | | **Balance sheet date rate** | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| U.S. $ to Rupee | **104.37** | 101.50 | **104.70** | 101.70 |

**Sensitivity analysis**

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

| Effect on loss for the year | **2016** | 2015 |
|---|---|---|
| | **--- Rupees in '000 ---** | |
| U.S. $ to Rupee | **5,256** | 3,590 |

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

The sensitivity analysis prepared is not necessarily indicative of the effects on 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:

| | **2016** | 2015 | **2016** | 2015 |
|---|---|---|---|---|
| | **Effective rate** | | **Carrying amount** | |
| | % | % | **--- Rupees in '000 ---** | |
| **Financial liabilities** | | | | |
| **Variable rate instruments** | | | | |
| Loan from the Holding Company | **7.95 to 8.61** | 9.60 to 12.11 | **100,000** | 100,000 |
| Long term financing | **7.36 to 8.98** | 8.16 to 13.46 | **365,146** | 323,704 |
| Short term borrowings | **2.46 to 10.25** | 4.33 to 12.68 | **390,615** | 260,235 |

**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, 2016, if interest rate on variable rate financial liabilities had been 1% higher/ lower with all other variables held constant, loss after taxation for the year would have been Rs.8.558 million (2015: Rs.6.839 million) higher / lower, mainly as a result of higher / lower interest expense on variable rate financial liabilities.

**(c) Price risk**

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

**35.1.2 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, 2016 along with comparative is tabulated below:

| | **2016** | 2015 |
|---|---|---|
| | **(Rupees in thousand)** | |
| Long term deposits | **1,137** | 1,137 |
| Trade debts | **150,901** | 141,019 |
| Security deposits | **0** | 600 |
| Bank balances | **11,773** | 9,858 |
| | **163,811** | 152,614 |

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 | **119,368** | 121,924 |
| Past due - more than 30 days | **31,533** | 19,095 |
| | **150,901** | 141,019 |

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.87.229 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.

### 35.1.3 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, 2016** | **------------------ Rupees in '000** | | | **------------------** |
| **Loan from the Holding 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** |

| | Carrying amount | Contractual cash flows | Less than 1 year | Between 1 to 5 years |
|---|---|---|---|---|
| As at June 30, 2015 | ------------------ Rupees in '000 | | | ------------------ |
| Loan from an Associated Company | 100,000 | 136,243 | 9,600 | 126,643 |
| Long term financing | 323,704 | 380,823 | 103,508 | 277,315 |
| Trade and other payables | 136,170 | 136,170 | 136,170 | 0 |
| Accrued mark-up / profit | 13,185 | 13,185 | 13,185 | 0 |
| Short term borrowings | 260,235 | 266,967 | 266,967 | 0 |
| | 833,294 | 933,388 | 529,430 | 403,958 |

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.

### 35.2 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, 2016, the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

### 35.3 Financial instruments by category

| Financial assets as per balance sheet | Loans and receivables 2016 | 2015 | Financial liabilities as per balance sheet | Financial liabilities measured at amortised cost 2016 | 2015 |
|---|---|---|---|---|---|
| | --- Rupees in '000 --- | | | --- Rupees in '000 --- | |
| Long term loans | **2,070** | 1,893 | Loan from the Holding Company | **100,000** | 100,000 |
| Long term deposits | **1,137** | 1,137 | Long term financing | **365,146** | 323,704 |
| Trade debts | **150,901** | 141,019 | Long term deposits | **1,577** | 1,280 |
| Loans and advances | **859** | 626 | Trade and other payables | **83,276** | 136,170 |
| Deposits and short term prepayments | **0** | 600 | Accrued mark-up / profit | **17,169** | 13,185 |
| Other receivables | **0** | 43 | Short term borrowings | **390,615** | 260,235 |
| Bank balances | **12,880** | 9,858 | | | |
| | **167,847** | 155,176 | | **957,783** | 834,574 |

## 36. 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.

## 37. 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 38 to these financial statements. Other transactions with the Holding Company and Associated undertakings during the year are as follows:

| | 2016 | 2015 |
|---|---|---|
| | --- Rupees in '000 --- | |
| **i) Holding Company** | | |
| - dividend paid | **7,410** | 12,350 |
| - fixed assets purchased | **1,287** | 0 |
| - mark-up paid on loan | **8,642** | 16,312 |
| - advance given for purchase of land | **8,000** | 2,000 |

| **ii) Associated Companies** | **2016** | 2015 |
|---|---|---|
| | **(Rupees in thousand)** | |
| Dividend paid | **4,755** | 7,925 |
| Sale of: | | |
| - goods, store items and services | **34,899** | 15,736 |
| - fixed assets | **318** | 500 |
| Purchase of goods and services | **158,728** | 68,147 |

## 38. REMUNERATION OF CHIEF EXECUTIVE, AND EXECUTIVES

| | **Chief Executive** | | **Executives** | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **(Rupees in thousand)** | | | |
| Managerial remuneration | **6,000** | 6,400 | **13,905** | 13,449 |
| Medical expenses reimbursed | **0** | 0 | **278** | 298 |
| | **6,000** | 6,400 | **14,183** | 13,747 |
| Number of persons | **1** | 2 | **6** | 6 |

**38.1** In addition to the above, meeting fees amounting Rs.17 thousand (2015: Rs.28 thousand) were paid to six (2015: six) directors during the current financial year.

## 39. CAPACITY AND PRODUCTION

| | | **2016** | 2015 |
|---|---|---|---|
| | | **(Rupees in thousand)** | |
| No. of spindles installed | | **35** | 35 |
| No. of spindles shifts worked | | **38,089** | 37,946 |
| Rated capacity at 20's count | Kgs | **14,587** | 14,587 |
| Actual production 1,098 shifts (2015: 1,095 shifts) | Kgs | **7,284** | 7,274 |
| Actual production converted into 20's count | Kgs | **17,334** | 16,826 |

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.

## 40. OPERATING SEGMENT

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

**40.1** Yarn sales represent 98.18% (2015: 99.05%) of the total sales of the Company.

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

**40.3** All non-current assets of the Company as at June 30, 2016 are located in Pakistan.

**40.4** Three (2015: two) of the Company's customers having sales aggregating Rs.1,153 million (2015: Rs.1,078 million) contributed towards 49% (2015: 44%) of the Company's sales. Each customer individually exceeded 10% of total sales.

## 41. NUMBER OF EMPLOYEES

| | 2016 | 2015 |
|---|---|---|
| Number of employees as at June 30, | | |
| - Permanent | **1094** | 997 |
| - Contractual | **4** | 4 |
| Average number of employees during the year | | |
| - Permanent | **1093** | 1091 |
| - Contractual | **4** | 5 |

## 42. GENERAL

These financial statements were authorised for issue on October 07, 2016 by the Board of Directors of the Company.

**ASSAD SAIFULLAH KHAN**
CHIEF EXECUTIVE

**SALIM SAIFULLAH KHAN**
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 Monday, October 31, 2016 at 11:00 a.m. at APTMA House, Tehkal Payan, Jamrud Road, Peshawar and any adjournment thereof.

Dated this _________ day of ________ 2016.

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 ملز لمیٹڈ

## فارم آف پراکسی

میں/ہم..................................................سکنہ.......................................................................... کوہاٹ
ٹیکسٹائل ملز لمیٹڈ کا رکن ہوتے ہوئے بذریعہ ہذا مسمی / مساۃ / بیگم.......................................................................سکنہ
..................................................................................... کوتعینات کرتے ہوئے بطور متبادل مسمی / مساۃ / بیگم
.....................................................سکنہ.......................................................... کواپنا پراکسی مقرر کرتا ہوں
جوکہ میری جانب سے میری عدم موجودگی کی صورت میں کمپنی کی سالانہ عمومی اجلاس جوکہ بروز سوموار مورخہ ۳۱ اکتوبر ۲۰۱۶ء کو آپٹما ہاؤس، تہکال پایاں، جمرود روڈ، پشاور میں منعقد ہوگا یا التواء کی صورت میں حاضر ہوکر میری نمائندگی کرے۔

مورخہ..................بروز..................ماہ..................۲۰۱۶ء

...............................................................
پراکسی کے دستخط کا نمونہ
فولیونمبر................................
شرکت کنندہ کی شناختی کارڈ نمبر..............................
ذیلی اکاؤنٹ نمبر.........................................

حصہ دار کا دستخط..............................................
فولیونمبر..............................................
شرکت کنندہ کی شناختی کارڈ نمبر..............................
ذیلی اکاؤنٹ نمبر..............................................

متبادل پراکسی کے دستخط کا نمونہ..............................
فولیونمبر..................................................
شرکت کنندہ کی شناختی کارڈ نمبر..............................
ذیلی اکاؤنٹ نمبر.........................................

نوٹ:

(i) اگر کوئی ممبر اجلاس میں حاضر ہونے سے قاصر ہے تو وہ اپنا پراکسی تعینات کرنے کا مجاز ہے اور فارم ہذا کو اجلاس کے انعقاد کے لئے مقررہ وقت سے کم از کم ۴۸ گھنٹے پہلے تک کوہاٹ ٹیکسٹائل ملز لمیٹڈ 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/مختار نامہ بشمول نمونہء دستخط (بشرطیکہ پہلے سے کمپنی کو فراہم نہ کیا گیا ہو) پراکسی فارم کے ساتھ جمع کرنا ہوگا۔

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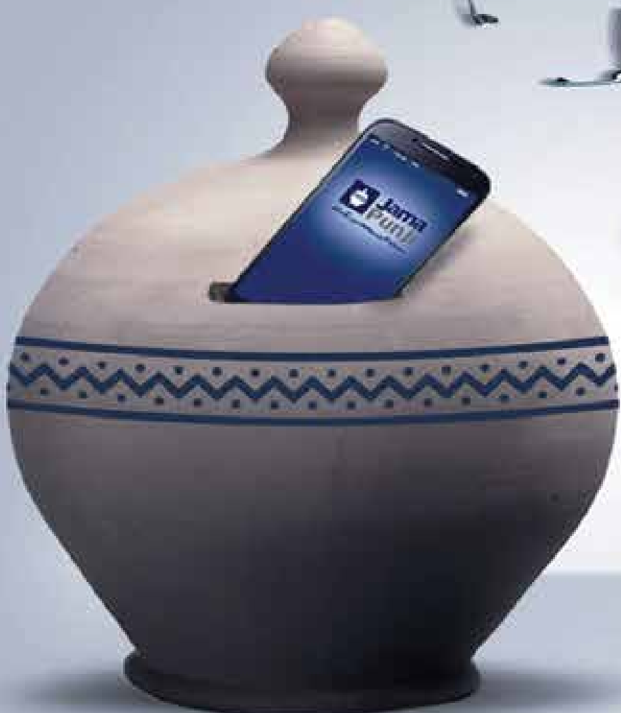

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