KOHINOOR MILLS LIMITED

ANNUAL REPORT 2021

www.kohinoormills.com

TABLE OF CONTENTS

COMPANY INFORMATION

Board of Directors

Mr. Rashid Ahmed	Chairman
Mr. Aamir Fayyaz Sheikh	Chief Executive
Mr. Ismail Aamir Fayyaz	Director
Mrs. Safia Fayyaz	Director
Mr. Riaz Ahmed	Director
Mr. Shahbaz Munir	Director
Mr. Matiuddin Siddiqui	Director (NIT Nominee)

Audit Committee

Mr. Riaz Ahmed	Chairman
Mr. Rashid Ahmed	Member
Mr. Shahbaz Munir	Member

Human Resource & Remuneration Committee

Mr. Shahbaz Munir	Chairman
Mr. Riaz Ahmed	Member
Mr. Rashid Ahmed	Member

Chief Financial Officer

Mr. Kamran Shahid

Head of Internal Audit

Mr. Naveed Ahmed Zafar

Legal Advisors

Raja Mohammad Akram & Co.,
Advocate & Legal Consultants,
Lahore.

Company Secretary

Mr. Muhammad Rizwan Khan

Auditors

M/s. Riaz Ahmad & Co.,
Chartered Accountants

Bankers

Allied Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
National Bank of Pakistan
Samba Bank Limited
Silk Bank Limited
Standard Chartered Bank (Pakistan) Ltd
The Bank of Punjab
United Bank Limited

Registered Office & Mills

8 K.M. Manga Raiwind Road,
District Kasur, Pakistan
UAN: (92-42) 111-941-941
CELL LINES: (92-333) 4998801-6
LAND LINES: (92-42) 36369340
FAX: (92-42) 36369340 Ext: 444
EMAIL: info@kohinoormills.com
WEBSITE: www.kohinoormills.com

Shares Registrar

M/s. Hameed Majeed Associates (Pvt.) Ltd,
HM House, 7 Bank Square, Lahore.
LAND LINES: (92-42) 37235081 & 82, 37310466
FAX: (92-42) 37358817

Other Corporate Information

- Kohinoor Mills Limited is registered in Pakistan with Securities and Exchange Commission of Pakistan. The Registration Number of the Company is 0017194

- Kohinoor Mills Limited is listed on Pakistan Stock Exchange Limited as a Public Limited Company and its shares are traded under textile composite sector. Shares trading symbol is KML

- The National Tax Number of the Company is 0658184-6

- Financial statements are available on website of the Company i.e., www.kohinoormills.com

34 YEARS OF EXPERIENCE SUCCESS QUALITY PRECISION AND TRUST

COMPANY
PROFILE

From its incorporation in 1987 as a small weaving mill, over the last 34 years Kohinoor Mills has evolved into one of Pakistan's largest vertically integrated textile operations with approximately 1,850 employees and annual turnover of PKR 13 Billion. The company is involved in three major businesses; Weaving, Dyeing & Finishing and Energy. Spread on about 133 acre state of the art facility near Lahore, we supply over 70 million meters of world-class grey, white and dyed fabrics to leading fashion brands and retailers around the globe.

WEAVING DIVISION

Kohinoor Weaving (KW) is the flagship division of the company. Set up as a small 48 looms project on a green field site in 1988, it has now grown into a state of the art facility with 260 high speed air jet looms from Toyoda and Picanol.

The division produces over 40 million meter of grey fabric per annum, which is partially consumed downstream by the dyeing division, while the rest is exported to customers in Europe, Asia and nontraditional markets like Russia and Africa. KW has also diversified its operations into jacquard and dobby fabrics for the local fashion industry and fashion brands in the US and Europe.

DYEING & FINISHING DIVISION

Kohinoor Dyeing (KD) was set up in 2002 after a strategic decision by the company to move up the apparel value chain and compete with processing mills in Europe where manufacturing costs were becoming uncompetitive. After 19 years of operations KD is now a market leader in cotton stretch fabrics for the fashion industry.

Through our R&D facility we have developed innovative fabrics and hand-feel finishes which have enabled us to become key suppliers for leading global brands like Zara, Levi's, Ralph Lauren, American Eagle and Next.

The division has capacity to produce 4 million meters of dyed, white and print fabric every month using cutting edge European machinery from Benninger and Monforts.

ENERGY DIVISION

Pakistan is a developing county that faces energy shortages and outages that are detrimental to industrial production. In 2003 Kohinoor Genertek was set up as an independent power plant to supply uninterrupted electricity to the other divisions of the company.

The division has an installed capacity of about 30 Mega-Watts of electricity and 30 ton per hour of steam, which can be produced on a variety of fuels such as gas, furnace oil, coal and biomass depending on price and seasonal availability.

FINANCIAL HIGHLIGHTS 2021

01 **Sales**
RUPEES IN BILLION
PKR 13.24

02 **Gross Profit**
RUPEES IN BILLION
PKR 1.72

03 **Profit before Tax**
RUPEES IN MILLION
PKR 466.79

04 **Shareholders' Equity**
RUPEES IN MILLION
PKR 5,102

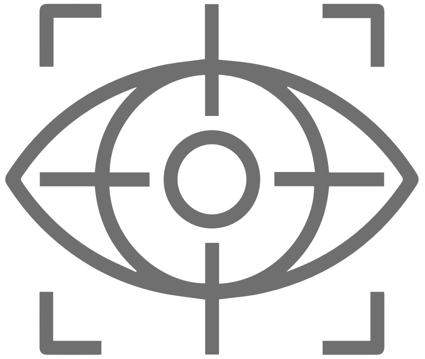
05 **Profit after Tax**
RUPEES IN MILLION
PKR 267.78

06 **Earning per share - Basic and Diluted**
PKR 5.26

07 **Gross Profit Ratio**
13%

OUR VISION

To become a globally recognised company that creates value and sustainable growth for all our stakeholders, as well as society.



OUR MISSION

To produce innovative, high quality, and cost effective textile products for our customers, in an environmentally sustainable and socially conscious manner.

BUSINESS ACTIVITIES

Kohinoor Mills is principally engaged in three major components of textile manufacturing; Dyeing & Finishing, Weaving and Energy. The company exports grey, white and dyed fabrics to leading fashion brands, manufacturers and trading companies around the world. The company also operates an independent power plant to supply uninterrupted energy to its textile operations.

NOTICE OF THE MEETING

Notice is hereby given that the 34th Annual General Meeting of the Company will be held at 8 Kilometer, Manga Raiwind Road, District Kasur on Wednesday, October 27, 2021 at 2:00 p.m., to transact the following business:

1. To confirm the minutes of Annual General Meeting held on October 27, 2020.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2021, together with Directors' and Auditors' Reports thereon.
3. To appoint auditors for the year ending June 30, 2022 and fix their remuneration.
4. To transact any other business of the Company with permission of the Chair.

By Order of the Board

(MUHAMMAD RIZWAN KHAN)
Company Secretary

Kasur:
Wednesday, October 6, 2021

NOTES

1. Participation in the Annual General Meeting (AGM) Proceedings

In light of the threat due to coronavirus pandemic, the Securities and Exchange Commission of Pakistan vide Circular No. 5 dated March 17, 2020, recommended the listed companies to modify their usual planning for conducting AGM in order to protect the well-being of the shareholders. In this regard, your company has decided to provide a video conference facility to shareholders as per instructions given below:

Shareholders who are interested to attend the AGM through Video Conference, are hereby requested to get themselves registered with the Company Secretary Office by providing the following details at the earliest not later than 24 hours before the time of AGM (i.e., before 2:00 p.m. on Tuesday, October 26, 2021) through following means:

a) Mobile/Whatsapp: 0333-4464567
b) E-mail: CSKML@kohinoormills.com

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, Mobile Number and Email ID for identification.

Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their email address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone/computer devices.

In view of the above the shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the aforesaid means.

2. Closure of Share Transfer Books

The share transfer books of the Company for ordinary shares will remain closed from October 20, 2021 to

October 27, 2021 (both days inclusive) to attend and vote at the AGM. Physical transfers and deposit requests under Central Depository System received at the close of business hours on Tuesday, October 19, 2021, by the Company's Shares Registrar M/s Hameed Majeed Associates (Pvt.) Ltd, HM House, 7 Bank Square, Lahore, will be considered in time for the purpose to determine voting rights of shareholders for attending the meeting.

3. Shareholders are further advised to follow the under mentioned guidelines for attending the meeting:

For Attending the Meeting

a. In case of individuals/joint-account holders, as per registration details available with the Company, shall authenticate his / her/their identity by presenting his / her/their original CNIC or original Passport at the time of attending the meeting.

b. In case of corporate entity, the board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

For Appointing Proxies

a. A shareholder entitled to attend and vote at this meeting may appoint any other shareholder as proxy to attend the meeting and a proxy so appointed shall have the same rights of attending, speaking and voting at the general meeting as are available to the shareholders. A proxy must be a shareholder of the Company.

b. If a shareholder appoints more than one proxy and more than one instruments of proxy are deposited by a shareholder with the Company, all such instruments of proxy shall be rendered invalid.

c. In case of individual/joint-holders, shareholders as per registration details available with the Company shall attach an attested copy of his/her/their Computerized National Identity Card (CNIC) / Passport with the Proxy Form. The proxy shall produce his/her/their original CNIC or original passport at the time of the meeting.

d. In case of corporate entity, as per registration details available with the Company the board of directors' resolution / power of attorney with specimen signature of the nominee should be attached with the proxy form. The nominee shall also produce his/her original CNIC or original passport at the time of the meeting.

e. The instrument of appointing a proxy must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting and must be duly stamped, signed and witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

f. The form of proxy is attached with this notice and is also available on investor page of website of the Company i.e., www.kohinoormills.com

4. Audited Financial Statements and Notice of Meeting

a. The audited financial statements for the year ended June 30, 2021 have been made available on website of the Company (www.kohinoormills.com).

b. In light of SECP notification Number SRO No. 470(I)/2016 dated May 31, 2016 Annual Audited Accounts and Notice of AGM instead of hard copies are being sent to all shareholders through courier in soft form i.e., CD/DVD/USB.

c. Shareholders who wish to receive the Annual Audited Financial Statements in hard form or by e-mail is/are requested to send a written consent by post/courier on a standard request form available on the above mentioned website of the company to Shares Registrar M/s. Hameed Majeed Associates (Pvt.) Limited, HM House, 7 Bank Square, Lahore, or by sending a scanned copy of duly filled and signed form by email to Company Secretary at CSKML@kohinoormills.com

5. Shareholders who have not yet provided his/her/their CNIC, Internet Banking Account Number, notarized declaration of Zakat (CZ-50) and valid Tax exemption certificate is/are requested to provide the same at the earliest to the Shares Registrar of the Company.

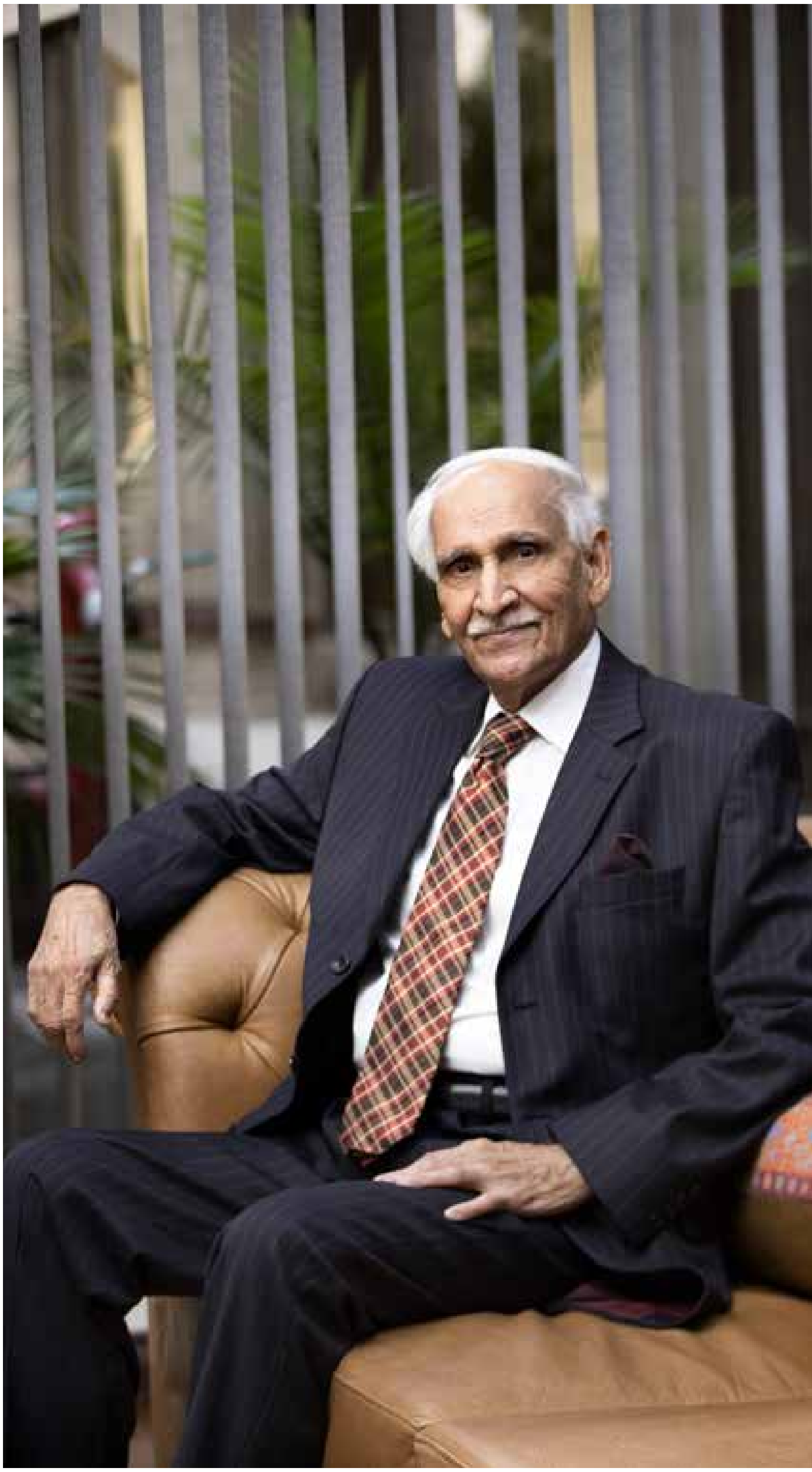
6. Shareholders are also requested to notify the Shares Registrar of the Company about change in the mailing address, if any.

7. Shareholders are also being notified that as per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act, i.e., May 30, 2017. Shareholders having physical shares is/are advised to open CDC sub-account with any of the broker or Investor Account directly with CDC to place their physical shares into scrip less form.

8. For any query/problem/information, shareholders may contact the Company's Shares Registrar M/s. Hameed Majeed Associates (Pvt.) Limited, HM House, 7 Bank Square, Lahore, Land Line: (00-92-42) 37235081 and 82.

CHAIRMAN'S PROFILE

Mr. Rashid Ahmed is a retired senior investment and development banker. He served the banking and financial services industry for over 40 years in senior positions like Group Chief and CEO. He served Board of Directors of large corporate sector companies including telecommunication, fertilizer, cement, textile etc., and investment banks, leasing companies and modarabas.



He is currently Chairman of the Board of Directors and Member of Human Resource & Remuneration and Audit Committees. He also served as the Chairman of Audit Committee of Kohinoor Mills Limited. Mr. Rashid Ahmed is a member of Board of Governors of Lahore University of Management Sciences (LUMS) and as a visiting teaching faculty member at Quaid e Azam University, Islamabad, University of The Punjab and University of Engineering and Technology, Lahore. Visulaising Mr. Rashid qualification and vast professional experience the Securities and Exchange Commission of Pakistan awarded exemption to him from Director's Training Programme.

Mr. Rashid is an MBA from IBA, Karachi and holds a Master's degree in Economics from the University of Punjab.

Mr. Rashid Ahmed
Chairman

CHIEF EXECUTIVE'S PROFILE

Mr. Aamir Fayyaz Sheikh is a Pakistani entrepreneur, philanthropist, economic advisor and keen golfer. He has been on the board of directors and has served as CEO of the company since its inception in 1987. After studying Economics at the University of Texas, he returned to Pakistan in the early eighties and joined his family business; The Kohinoor Group. After 34 years under his stewardship the company has grown from a small 48-loom weaving mill to one of Pakistan's largest vertically integrated textile operations.

Mr. Aamir Fayyaz Sheikh is actively involved in promoting Pakistan's textile industry, and has represented the Pakistan business community at numerous shows and government trade missions. He served as the Chairman of All Pakistan Textiles Mills Association, and was instrumental in negotiating the export incentive package in 2017 and Pakistan's GSP+ status with the EU in 2014, amongst other contributions. Mr. Aamir Fayyaz Sheikh also held the position of Chairman of Punjab Social Security Health Management Company with a vision to transform the medical facilities provided to industrial workers.

Mr. Aamir Fayyaz Sheikh
Chief Executive

DIRECTORS' PROFILE

Mr. Ismail Aamir Fayyaz is the son of Mr. Aamir Fayyaz Sheikh. He joined the company in 2016 after studying Physics and Philosophy at McGill University, Canada. For the past 5 years he has been heavily involved in sales and marketing, travelling extensively to new markets in order to grow KML's customer base. Since 2018 he has been heading the weaving division as Chief Operating Officer, and has been instrumental in revamping the organizational structure and efficiency of the weaving division. He is the driving force behind the 'Balancing, Modernization and Rebalancing' initiative at Kohinoor Weaving, which has resulted in the gradual replacement of older loom sheds with the newest, cutting edge technology. Mr. Ismail is also a Chartered Financial Analyst, a Certified Director and enjoys learning new languages.

Mr. Ismail Aamir Fayyaz
Director

Mrs Safia Fayyaz completed her Bachelors of Arts in Philosophy and Political Science at the prestigious Kinnard College for Women in 1957. Later, she finished her diploma in French Language at Punjab University in 1959. She is the oldest daughter of late Mian Sayeed Saigol, one of the pioneers and most prominent industrialists in the history of Pakistan. Growing up in one of the premier business houses in Pakistan, she has had first hand exposure to the highest levels of business and politics. In 1972 she started her own bespoke fashion label 'Kundan', which she ran successfully for over three decades, designing high end clothes and jewelry for clients in Pakistan and abroad.

Mrs. Safia Fayyaz
Director

Mr. Riaz Ahmed
Director

Mr. Riaz Ahmed obtained his MBA degree in 1964 from IBA, Karachi. He joined Service Industries Ltd (SIL), a leading manufacturers of footwear, tyres and technical rubber products and served in senior positions in marketing and general management for 38 years in Pakistan, East Africa and Gulf countries. He also worked as CEO of Shalamar Hospital Lahore. He was a founding member of Marketing Association of Pakistan Lahore Chapter and subsequently elected as Vice President and Council Member.

Mr. Riaz Ahmed at present serving Kohinoor Mills Limited as an Independent Director and Chairman of the Audit Committee. He is also serving as a member of Human Resource & Remuneration Committee. His advice plays an instrumental role in business decisions. He also serves as a Director and a Member of the Committees of the Board of SIL. He is a certified Director from ICAP in 2013.

Mr. Shahbaz Munir
Director

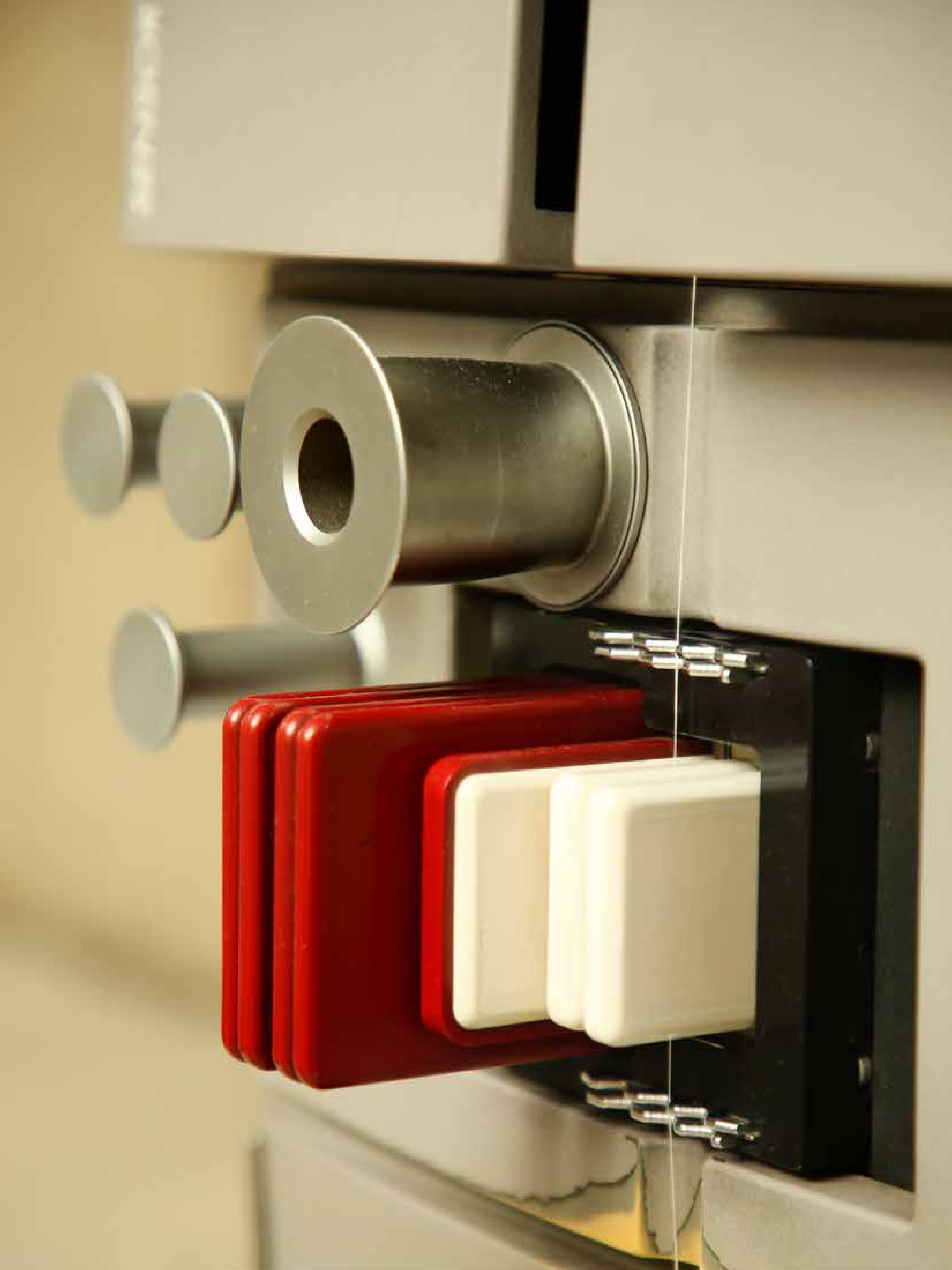
Mr. Shahbaz Munir holds Bachelor of Commerce (Honours) degree, Hailey College of Commerce and Masters in Administrative Science from University of the Punjab. He is a certified Director from ICAP in 2014.

Mr. Shahbaz is a successful professional with impeccable credibility and vision. His substantial experience encompasses working in different environments on key management and HR positions in the business of Fertilizer, Dairy, Pharmaceutical and Textiles with leading multinationals and national companies. He is currently serving as an independent Director of the Company and as a Chairman of the Human Resource & Remuneration Committee. He is also a member of Audit Committee and his professional advice and guidance is always considered valuable by the Management.

Mr. Shahbaz also attended various ILO conferences at International Training Center at Turin, Italy and also represented employers at ILO Geneva. Away from his professional commitments, he maintains a visiting teaching faculty with special interest in the subjects of Competition and Business Strategy, Human Resource Management, Organizational Development, Industrial Relations and Training Development. He also enjoys reading, playing golf, travelling and experiencing new cultures.

Mr. Matiuddin Siddiqui
Director

Mr. Matiuddin Siddiqui is serving the board of directors' of Kohinoor Mills Limited as a nominee director of National Investment Trust Limited (NITL) - the largest and oldest asset management company in Pakistan. Mr. Matiuddin holds Masters degree in commerce from University of Karachi and is a Certified Director from Institute of Cost and Management Accountants of Pakistan. He upholds over two decades of professional experience in the field of Accountancy and Finance and is serving NITL as an Executive Vice President - Finance.



TERMS OF REFERENCE
AUDIT COMMITTEE

The Committee is responsible for:

1. Determination of appropriate measures to safeguard the company's assets;

2. Review of annual and interim financial statements of the company, prior to their approval by the Board of Directors, focusing on:
   (i) major judgmental areas;
   (ii) significant adjustments resulting from the audit;
   (iii) going concern assumption;
   (iv) any changes in accounting policies and practices;
   (v) compliance with applicable accounting standards;
   (vi) compliance with regulations and other statutory and regulatory requirements; and
   (vii) all related party transactions.

3. Review of preliminary announcements of results prior to external communication and publication;

4. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

5. Review of management letter issued by external auditors and management's response thereto;

6. Ensuring coordination between the internal and external auditors of the company;

7. Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;

8. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

9. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

10. Review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;

11. Instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;

12. Determination of compliance with relevant statutory requirements;

13. Monitoring compliance with regulations and identification of significant violations thereof;

14. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

15. Recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.

16. Consideration of any other issue or matter as may be assigned by the board of directors.

TERMS OF REFERENCE
HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Committee is responsible for:

1. Recommend to the board for consideration and approval a policy framework for determining remuneration of directors and senior management preferably taking into consideration that such remuneration commensurate with the performance of the company and evaluation of board and management (as applicable). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level;

2. Undertaking annually a formal process of evaluation of performance of the board as a whole, its members and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;

3. Recommending human resource management policies to the board;

4. Recommending to the board the selection, evaluation, development, compensation (including retirement benefits) and succession planning of chief operating officer, chief financial officer, company secretary and head of internal audit;

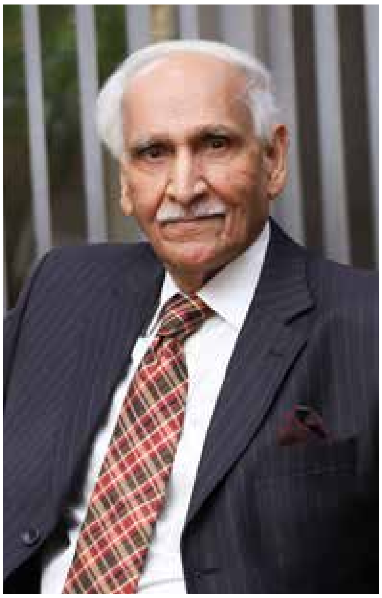
5. Consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and

6. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company

STRATEGIC BUSINESS OBJECTIVES

- Maintain market share as preferred & leading regional supplier for non-denim apparel fabrics & garments.
- Retain & add core customers.
- Enhance product offerings, through investments into value addition and aligned products.
- Develop and expand technical textile products.
- Add regional offices around the globe.
- Target growth in non-traditional markets.
- Increase focus on domestic business considering pandemic trends.
- Innovate for consistent development of specialized and new fabrics.
- Swift sampling and product development to enhance customer experience.
- Improve quality through in investment in technology and human capital.
- Become a carbon neutral company

CHAIRMAN'S REVIEW REPORT



I am pleased to present the report on the overall performance of the Board and effectiveness of its role in achieving the Company's strategic business objectives as well as ensuring overall compliance of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019. The Board performed its duties with honesty and diligence in the best interest of the Company. I as Chairman of the Board, ensured that the board meetings are held in a congenial atmosphere focusing on achieving the goals.

During the year under review, your company faced many operational challenges especially due to prevailing circumstances caused by Covid-19 outbreak. The Management of your company is putting its best efforts to maintain its profitability and market share. Moreover, Government positive action towards textile reforms in prevailing situation will play a vital role.

The composition of the Board of Directors reflects mix of varied backgrounds and rich experiences in the fields of business, finance, banking and human resource. It represents an excellent balance of executive and non-executive directors including independent directors, having strong financial and analytical abilities, core competencies and industry knowledge to lead the company.

During the year, Board of Directors focused on the future strategies and on setting the financial and operational targets. The Board regularly tracked the progress against the budgeted targets. The Subcommittees of the Board also performed their functions as per their terms of reference during the year under review. The Board carried out reviews of its effectiveness and performance during the year which have been satisfactory.

As stated above, Board considered all aspects of Company's activities including performance of individual Directors, Board Committees and I am happy to report that your Board of Directors continue to function effectively and is focused on priorities for the Company's business.

Kasur, September 22, 2021
RASHID AHMED

Chairman

DIRECTORS' REPORT

The Directors of Kohinoor Mills Limited are pleased to present the Annual Report, together with the audited financial statements and Auditors' Report for the year ended June 30, 2021.

Textile Industry Outlook

The Covid-19 pandemic has exposed the world economy to numerous challenges; overnight collapse in consumer demand, internationa lockdowns, logistical bottlenecks and an uncertain business environment. The textile sector has been among one of the worst affected sectors due to the outbreak of the pandemic. When the lockdowns hit the Pakistan economy in March 2020, the Government of Pakistan took several timely decisions to protect the economy such as fiscal and monetary support, smart lockdowns and allowing key export industries to operate in a safe and effective manner. The government's decision to keep businesses operative during the pandemic along with extended lockdowns in regional economies has led to a diversion in orders from closed economies to Pakistan. This enabled our textile industry to recover more quickly from the adverse impacts of the pandemic than our peer countries.

There are few other adverse factors that affected the textile business in FY21, including appreciation of PKR against USD from Rs.168 prevailing at the start of the financial year to Rs. 157 at the end of the financial year. An unprecedented rise in raw material prices and sluggish demand of fashion articles due to Covid-19. Despite all these negative factors, Pakistan textile exports have shown robust performance in FY21 posting the highest-ever exports of USD 15.4 billion compared to exports of USD 12.5 billion in FY-20, depicting an increase of 23%.

To combat the situation in this difficult time, the Government has extended its support to the export oriented sector to enhance its competitiveness against regional countries. This has been in the form of lower financing rates, keeping the policy rate at 7.0% throughout the year, the release of pending sales tax and income tax refunds, and provision of energy at regionally competitive rates.

The company also discharged its social and ethical responsibility during the Covid-19 crisis without any compromise on our standards by employing the latest communication technologies, online meetings, flexible work from home policies, and strict in person SOP's at our production facilities. In addition, we successfully vaccinated our entire workforce of 1850 employees. These measures not only saved the workforce from the fatal disease but also contributed to the overall objective of prevention of the pandemic.

Operating & Financial Results

By availing Government support to manage the liquidity crunch and adapting quickly to the adverse situation created by the Covid-19 pandemic, your company managed to post turnover growth in the current financial year. During the year ended 30 June 2021, your company earned a gross profit of Rs. 1,719 million on sales of Rs. 13,241 million, compared to a gross profit of Rs. 1,866 million on sales of Rs. 11,997 million for the corresponding period of the previous financial year. During the period under review, your company recorded a net profit of Rs. 267.7 million (EPS: Rs. 5.26 per share), compared to a net profit of Rs. 365.2 million (EPS: Rs. 7.17 per share) in the previous financial year.

Dividend

In order to rebuild the working capital of the company and to cater for unforeseen contingencies that may arise due to the Covid-19 pandemic, your directors have regrettably decided to omit payout of dividend this year.

Performance Overview

A brief overview of the performance of your company for the year ended 30 June 2021 is discussed below:

Weaving Division

The weaving division was able to post growth in turnover and profitability in the year under review, despite the challenges posed by the post-pandemic situation in global and local markets. The weaving division posted a gross turnover of Rs. 8,245 million as compared to a turnover of Rs. 6,512 million in the previous financial year. The division also underwent a comprehensive BMR project during which 60 existing looms were replaced with new high-speed energy-efficient looms. This BMR project is planned to continue in the next year as well, whereby the remaining older looms will be replaced with newer high speed energy efficient looms. This will result in increased production capacity and will enable higher operational efficiency for the division. The management of your company is hopeful that the financial results of weaving division will continue to improve in the coming year, as the company's investments in its people, plant and machinery continue to bear fruit.

Dyeing Division

Since the outbreak of the Covid-19 Pandemic, the fashion retail supply chain saw a massive transformation in consumer behavior. With the lives of the entire global population upended by the virus, there has been substantial and lasting changes in the way people live, work and shop.

The dyeing division, being part of the fashion retail supply chain, has also witnessed a challenging situation in lockdown periods. The major challenges faced by this division include unprecedented rise in raw material cost, adverse exchange rate movement and a sharp increase in ocean freight.

Due to a gradual return to normalcy following the worldwide vaccination drive, the effects of the pandemic have started to ease off and international brands have started to resume their retail operations. Our major brands and customers have remained in place and our marketing team is focused on exploring new markets and widening the customer base. Once the effects of the pandemic start to further ease off, the management is confident to achieve full operating capacity and pre-pandemic sales volumes.

Genertek Division

The Government of Pakistan has provided relief to exporters by providing regionally competitive electricity at 9.0 US cents/ kWh and gas at USD 6.5 /MMBTU. Further, the Government has also withheld its decision to disconnect the supply of gas to Co-generation Captive power plants. These measures have provided much needed relief to exporters of the country, however, there is still a question mark over the long-term continuity of these rates.

Moreover, due to a significant increase in international coal prices, the company had to rely more on local gas supply. These factors have caused a decline in profit margins in FY21. Your company is making diligent efforts to tackle these challenges.

The company is also committed to achieve energy efficiency in its bid to become sustainable and environmentally friendly. During the financial year under review, your company completed the installation of two new 2.5 Megawatt fuel-efficient gas engines and work on the installation of a third engine which will be completed in the first quarter of FY22. Installation of these engines is expected to significantly bring down the generation cost. The company also invested in the installation of waste heat recovery boilers along with these engines to meet electrical and thermal efficiency targets.

Information Technology

Your company is making continuous efforts to have efficient IT systems in place, supporting timely and effective decisions. It has provided its employees state-of-the-art facilities to achieve optimum efficiency levels. Most of the manufacturing equipment and machinery used in the operations are equipped with technologically advanced software, providing real time information for the production processes.

The company's intranet acts as a useful resource base, providing in depth information on the company's policies and procedures along with other useful information to the employees of the company.

Human Resource & Training

With human capital resources of approximately 1,850 employees, the company believes that employees are indispensable in shaping the organization's future and each individual contributes directly to success of the organization.

Your company's HR team is a group of highly skilled and experienced professionals. They work very closely with the business teams to design efficient people solutions that will effectively meet the business goals.

Your company places a premium on respect for individuals, equal opportunities, advancement based on merit, effective communication, and the development of a high performance culture. The company takes pride in continuous improvement at all levels and strives to ensure that opportunity for growth and varied career experiences are provided to all employees.

Your company is an equal opportunity employer, and this is practiced in all aspects of the company's business activities including recruitment and employment.
The company's ethos, combined with state of the art technology and HR Information Systems, result in a high performance environment within which individuals can achieve their professional and personal dreams.

Training & Development

Your company believes in human resource development through training and development and places due emphasis on training in all spheres of its production process. The company made efforts during the year for focused and cost effective training programs for all major technical categories such as weavers, technologists and quality control inspectors.

Candidates are engaged through a Trainee Scheme and trained in-house over a period of 6 months before joining their respective teams. This has helped the company in preparing a highly skilled workforce and also provides replacements to cover turnover.

In-house training sessions are regularly conducted in general management, firefighting, first aid, health and safety, computer and technical disciplines.

Safety, Health & Environment

Your company is focused on providing a safe & healthy workplace for all of its employees and is committed to acting responsibly towards the communities and environment in which we operate. This will be achieved by continuous improvement of our safety, health and environment performance through corporate leadership, dedication of staff and the application of the highest professional standards at workplace.

Corporate Social Responsibility

Your company has very distinct Corporate Social Responsibility (CSR) policy aimed at fulfilling its responsibilities of securing the community within which it operates. Its philanthropic activities include participation in health and education sector initiatives.

Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019

Your company is committed to maintaining high standards of corporate governance. The Board and its Subcommittees acknowledge their responsibilities in this respect and a statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Auditors' review report on the same is annexed to this report.

Statement of Value Addition and its Distribution and Risk Management

The 'Statement of Value Addition and its Distribution' is annexed to this report.

Financial Reporting and Corporate Compliance

The Board of Directors of the company is fully cognizant of its responsibility as laid down in the Code of Corporate Governance issued by the Securities & Exchange Commission of Pakistan. The following statements are a manifestation of its commitment towards compliance with best practices of Code of Corporate Governance.

a. The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 2017. These statements, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
b. Proper books of account have been maintained by the company.
c. Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained.
e. The system of internal control is sound in design and has been effectively implemented and monitored.
f. There are no significant doubts upon the company's ability to continue as a going concern.
g. There has been no material departure from the best practices of Corporate Governance as detailed in Listed Companies (Code of Corporate Governance) Regulations, 2019.
h. There are no further significant plans for any corporate restructuring, business expansion or discontinuation of any part of company's operations.
i. The operating and financial data of past six years is annexed to this report.
j. Information regarding statutory payments on account of outstanding taxes, duties, levies and other charges (if any) has been given in related note(s) to the audited accounts.
k. The company strictly complies with the standard of safety rules & regulations. It also follows environmentally friendly policies.
l. The valuation of investment made by the staff retirement benefit fund (Provident Fund), based on their respective accounts is as follows:

30-Jun-21 (Un-audited)
Rs. 201.853 million
30-Jun-20 (Audited)
Rs. 195.064 million

Board of Directors

The Board of Directors is responsible for the overall governance and administration of the company. All directors are aware of their duties and powers. They exercise their fiduciary responsibilities through board meetings which are held every quarter for reviewing and approving the adoption of company's financial statements in addition to review and adoption of company's significant plans and decisions, projections, forecasts, and budgets with due regard to the recommendations of the Sub-committees. The responsibilities include establishing the company's strategic objectives, providing leadership, supervising the management of the business and reporting to shareholders on their stewardship.

The total number of directors are seven as per the following:

a.	**Male**	
i.	Mr. Rashid Ahmed	(Non-Executive Director)
ii.	Mr. Aamir Fayyaz Sheikh	(Executive Director)
iii.	Mr. Ismail Aamir Fayyaz	(Executive Director)
iv.	Mr. Riaz Ahmed	(Independent Director)
v.	Mr. Shahbaz Munir	(Independent Director)
vi.	Mr. Matiuddin Siddiqui (NIT Nominee)	(NIT Nominee) (Non-Executive Director)
b.	**Female**	
vii.	Mrs. Safia Fayyaz	(Non-Executive Director)

Changes in the Board

During the year under review no changes were made in the Board.

During the year under review four (4) meetings of the Board of Directors were held. The attendance by each Director is as follows:

S.No.	Name of the Directors		No. of meetings attended
1	Mr. Rashid Ahmed	Chairman	4
2	Mr. Aamir Fayyaz Sheikh	Chief Executive	4
3	Mr. Ismail Aamir Fayyaz	Director	4
4	Mrs. Safia Fayyaz	Director	4
5	Mr. Riaz Ahmed	Director	4
6	Mr. Shahbaz Munir	Director	4
7	Mr. Matiuddin Siddiqui	Director NIT Nominee	4

Other than those set out below, there has been no trading in shares during the year under review by the Directors, Executives, their spouses and minor children:

S.No.	Names	Nature of Transaction	Number of Shares
1	Mr. Aamir Fayyaz Sheikh Chief Executive	Ready Market Ready Market	75,000 192,350
2	Mr. Ali Fayyaz Sheikh Substantial Shareholder	Ready Market Ready Market Ready Market	18,500 6,500 64,000
3	Mr. Kamran Shahid - CFO	Ready Market	(256,350)

Annual Board Performance Evaluation

The Board considers its performance assessment as a key contributor to good governance, as it provides feedback from the Directors on their perceptions of how the Board is currently performing its role and responsibilities. Envisaging the same, the Board devised an in-house questionnaires based on emerging and leading practices to assist performance of the board as a whole, of its committees and of its members. The company Secretary presents the summarized report for discussion and review of the Board annually.

Directors' Remuneration

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The company does not pay remuneration to non-executive directors except fee for attending the meetings. In order to retain the best talent, the company's remuneration policies are structured in line with prevailing industry trends and business practices. For information on remuneration of Directors and CEO in 2020-21, please refer to the notes to the Financial Statements.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Directors' Training Programme

Securities and Exchange Commission of Pakistan granted exemption to the Chairman and Chief Executive of your company from Directors' Training Programme (DTP) on February 7, 2019. Two independent directors, Mr. Riaz Ahmed and Mr. Shahbaz Munir had already completed their DTP from ICAP in the financial year 2013 and 2014. However, during the under review Mr. Ismail Aamir Fayyaz - Director, Mr. Matiuddin Siddiqui - Director NIT Nominee and Miss. Imrat Aamir Fayyaz - Chief Operating Officer of the company completed their DTP from the recognized institutions recommended by the Securities and Exchange Commission of Pakistan.

Audit Committee

The Board has formed an Audit committee comprising of following members:

1 Mr. Riaz Ahmed
Chairman

2 Mr. Rashid Ahmed
Member

3 Mr. Shahbaz Munir
Member

The Audit Committee operates according to the terms of reference determined by the Board of Directors of the company. It focuses on monitoring compliance with the best practices of the Code of Corporate Governance and relevant statutory requirements, changes in accounting policies and practices, compliance with applicable accounting standards and listing regulations.

It recommends to the Board of Directors the terms of appointment of external auditors and reviews their recommendations relating to audit. Other responsibilities include monitoring the internal audit function, safeguarding company's assets through appropriate internal control systems including financial and operational controls, accounting systems and reporting structures, preliminary review of business plans and quarterly, half-yearly and annual results prior to approval and publication by the Board.

During the year under review four (4) meetings of the Audit Committee were held. The attendance by each member was as follows:

S.No.	Name of the Members		No. of meetings attended
1	Mr. Riaz Ahmed	Chairman	4
2	Mr. Rashid Ahmed	Member	4
3	Mr. Shahbaz Munir	Member	4

Human Resource and Remuneration Committee

The Board has formed a Human Resource and Remuneration Committees comprising of following members:

1	Mr. Shahbaz Munir	Chairman
2	Mr. Rashid Ahmed	Member
3	Mr. Riaz Ahmed	Member

The Human Resource and Remuneration Committee (HR & R) operates according to the terms of reference approved by the Board of Directors in line with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019.

During the year under review four (4) meetings of the HR & R Committee were held, the attendance by its members was as follows:

S.No.	Name of the Members		No. of meetings attended
1	Mr. Shahbaz Munir	Chairman	4
2	Mr. Rashid Ahmed	Member	4
3	Mr. Riaz Ahmed	Member	4

Remuneration to Non-Executive / Independent Directors:

The Board of Directors ratified the policy relating to Directors' Remuneration. The significant features of which are as under:

- No single member of the Board of Directors can determine his/her own remuneration.
- Remuneration of Non-Executive Directors including Independent Directors is determined with regard to the company's need to maintain appropriately experienced and qualified Board members and shall be aligned with market practice. The Human Resource & Remuneration Committee makes recommendations to the Board based on a survey of comparable remuneration levels in the external market on or before the end of each financial year.
- The Directors shall be entitled to be paid all reasonable expenses, including travelling, hotel charges and other expenses incurred by them for attending meetings and for other business conducted as per relevant policy of the company.
- Tax obligation against the remuneration shall be borne by the company.

Code of Conduct

In order to promote integrity for the Board, senior management and other employees of the company, the Board has prepared and disseminated its Code of Conduct on the company's website for information and understanding of the professional standards and corporate values expected for everybody associated or dealing with the company.

Pattern of Shareholding

The Statement of Pattern of Shareholding along with categories of shareholders of the company as at June 30, 2021, as required under the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019, is annexed with this report.

Future Prospects

The management of your company continues to target new markets, focus to develop new & innovative products and explore possibilities of making operations efficient. The company will continue investing in BMR by utilizing SBP's LFTT/ TERF schemes to remain competitive in the market and expect these investments will yield positive results in long run for the company and its shareholders.

The domestic industry is already planning expansion and started to invest around USD 5 Billion across the textile chain to double the exports by 2025. For this expansion to materialize, the textile industry requires a long-term policy framework in the shape of the textile policy to be in place, to ensure that the present favourable policies will not be rolled back due to changes at the political level.

The Commerce ministry has proposed the next 5 years Textile Policy which is still awaiting stakeholder approvals. The new textile policy, once approved and implemented, will play a pivotal role in improving exports, as this upcoming policy will support the textile industry and will allow consistency in Government policies for the next five years.

In order to counter the impacts of the pandemic, the government took a number of initiatives including timely release of DLTL, customs rebate and sales tax refunds, availability of borrowing at reduced rates and deferment of loans, which saved the industry immediate disastrous consequences. The decision of the government to restart the industry post Covid-19 at the right time and limit lockdowns to smart lockdowns in high risk areas, allowed the necessary manpower to run the labor intensive industry, also played a major role in the recovery of the sector. Further, the Government policy of adopting REER is believed to benefit the export oriented textile sector. However, the change in spending dynamics of people, along with incentives offered by governments in competitor countries to their textile sectors is likely to keep the profitability of Pakistan's textile industry under pressure.

The company is also planning to establish a garment unit in the next financial year with an estimated capacity of 5,000 garments/day which is the next natural step in vertical integration. The garment sector will complement our dyeing unit and the company will reap the benefit of the synergies involved.

The company works with brands that are financially healthy and remain committed to keeping their supply chain afloat. The management team is putting together a plan to minimize the effects of the pandemic and emerge as winners in this challenging situation. The prospective order position for FY22 is quite promising and supportive of operating at high capacity levels. Keeping in view the aforesaid measures taken by the management, and the Government's positive action towards textile reforms, we are confident in increasing our market share in FY22.

Auditors

The external auditors of the company, M/s Riaz Ahmad & Company, Chartered Accountants shall retire on the conclusion of forthcoming Annual General Meeting. Being eligible for re-appointment under the Companies Act, 2017, they have offered their services as auditors of the company for the year ending June 30, 2022. The Board of Directors endorsed its recommendations of Audit Committee for their re-appointment.

The auditors have conveyed that they have been assigned satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and registered with the Audit Oversight Board of Pakistan. The firm is fully compliant with the code of ethics issued by International Federation of Accountants (IFAC). Further they are also not rendering any related services to the company. The auditors have also confirmed that neither the firm nor any of their partners, their spouses or minor children at any time during the year held or traded in the shares of the company and that no partner of the firm or person involved in the audit are close relative i.e, spouse, parents, dependents and non-dependents children of the CEO, the CFO, the head of internal audit, the company secretary or a director of the company.

Acknowledgment

The board places on record its profound gratitude for its valued shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have enabled the company to strive for constant improvement. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation for the dedication, perseverance and diligence of the employees of the company.

For and on behalf of the Board

Kasur :	(AAMIR FAYYAZ SHEIKH)	(SHAHBAZ MUNIR)
September 22, 2021	Chief Executive	Director

CODE OF CONDUCT
AND ETHICAL PRINCIPLES

Introduction to the Code

This code has been formulated to ensure that directors and employees of the Company operate within acceptable standards of conduct and sound business principles which strive for development and growth. The Company takes pride in adherence to its principles and continues to serve its customers, stakeholders and society.

Contents

This code identifies the acceptable standards under following headings:

- Core values
- Business culture
- Responsibilities

Core values

The credibility, goodwill and repute earned over the years can be maintained through continued conviction in our corporate values of honesty, justice, integrity, and respect. The Company strongly believes in democratic leadership style with fair, transparent, ethical and high professional standards of conduct in all areas of business activities.

Business culture	
Operations	The Company shall formulate and monitor its objectives, strategies and overall business plan of the organization. The Company shall be continuously involved in the research and development of new products while improving quality of existing products using highest level of quality control measures at every stage of its operations. Creativity and innovation must prevail at all levels of hierarchy to achieve organizational excellence.
Abidance of Law	It is Company's prime object to comply with all applicable laws and regulations and to co-operate with all governmental and regulatory bodies.
Corporate Reporting and Internal Controls	The Company maintains effective, transparent and secure financial reporting and internal control systems so as to ensure reliable performance measurement and compliance with local regulations and international accounting standards as applicable. The Company strictly adheres to the principles of good corporate governance and is committed to high standards of corporate governance. The Company regularly updates and upgrades manufacturing and reporting systems so as to keep abreast with technological advancements and achieve economies of production.
Integrity and Confidentiality	The Company believes in uprightness and expects it to be a fundamental responsibility of employees to act in Company's best interest while holding confidential information and neither to solicit internal information from others nor to disclose Company's figures, data or any material information to any unauthorized person/body. Inside information about the Company, its customers, vendors, employees shall not be used for their own gain or for that of others directly or indirectly

Insider Trading	No employees or his/her spouse will transact in the shares of the Company during the closed period prior to the announcement of financial results. Employees categorized as executives according to the requirement of code of corporate governance should also inform the company secretary immediately about transactions performed by them and their spouse other than during the closed period.
Whistleblowing Policy	The Company is committed to high standards of ethical, moral and legal business conduct and open communication. In line with these commitments the company placed whistleblowing policy on its intranet namely KNET to provide an avenue for its employees top raise their concerns and get assurance that they will be protected from reprisals or victimizations for whistleblowing matters such as unlawful activity, activities not in line with the company's policy including code of conduct.
Harassment policy	The Company has also placed a Harassment Policy on its intranet for information of all employees. Rules and procedures of this policy provide protection to women against harassment at their workplace according to "Protection against Harassment of Women at Workplace Act, 2010".
Responsibilities	
Shareholders	The Company believes in maximizing shareholders value by providing consistent growth and fair return on their investment.
Customers	The Company considers it imperative to maintain cordial relationship with the customers as integral to its growth and development of business and is committed to provide high quality products and services that conform to highest international standards.
Employees	The Company is an equal opportunity employer at all levels with respect to issues such as colour, race, gender, age, any disability, ethnicity and religious beliefs and its promotional policies are free of any discrimination. The Company ensures that employees work towards achievement of corporate objectives, individually and collectively as a team and conduct themselves at work and in society as respectable employees and good citizens. The Company believes in continuous development and training of its employees. The Company has set high standards of performance and recognizes employee's contribution towards its growth and reward them based on their performance. The Company believes development, growth and recognition result in motivated employees. All employees of the Company are part of Kohinoor family and the families of all members are also part and parcel of Kohinoor family. The Company believes that the sense of belonging to Kohinoor fulfils an essential need of its employees and the organization and as such will always be nurtured.
Environment and Social Responsibility	Protecting the environment in which we live is an important element. The Company uses all means to ensure a clean, safe, and healthy and pollution free environment not only for its workers and employees but also for the well being of all people who live in and around any of the production and manufacturing facilities. The Company will always employ such technology as may be beneficial in maintaining a healthy and hygienic working environment. It also believes in community development without political affiliations with any person or group of persons and contributes part of its resources for a better environment with an unprejudiced approach.

WHISTLEBLOWER POLICY

This policy is formulated to encourage employees to feel confident in raising concerns regarding any malpractice, embezzlement, forgery or any wrongful conduct adversely affecting the goodwill of the company. This policy also prohibits managerial officials from taking any adverse personal action against those employees who have identified the wrong doing.

Policy covering issues /complaints which are in large public interest not specified to the individuals. Issues / Complaints that count as whistleblowing are:

- A criminal offense i.e. Fraud or Financial indiscipline etc.
- Damaging assets of the Company.
- Health & Safety in danger due to operational risk.
- Risk or actual damage to the Environment
- Failure to comply with an obligation set out in local applicable laws
- A miscarriage of justice, incumbent is breaking rules/regulations/procedures etc.
- Someone covering up wrongdoing

The Chief Executive Officer is overall responsible for ensuring implementation of this policy. In the first instance he may delegates this responsibility to the Manager HR/Administration.

No person entitled to protection shall be subjected to retaliation, intimidation, harassment, or other adverse action for reporting information in accordance with this Policy. Any person entitled to protection who believes that he or she is the subject of any form of retaliation for such participation should immediately report the same as a violation in accordance with this Policy.

An employee of the Company who discloses in good faith any unethical & improper practices or alleged wrongful conduct to Manager HR/ Administration or and in exceptional cases Chief Executive Officer in writing.

Reports should be factual rather than speculative and contain as much specific information as possible to help proper investigation.

Identity of the whistleblower will be kept confidential.

The Manager HR/Administration will collect full details/evidences of the complaint to conduct appropriately and expeditiously preliminary inquiry; the report shall be forwarded to the CEO if required.

CEO will review the preliminary inquiry report and may appoint Officer or Committee of Senior Officials to investigate the matter if deemed appropriate. Committee shall have right to outline detailed procedure for an investigation.

The Officer or Committee, as the case may be, shall have right to call for any information/document and examination of any employee of the Company or other person(s), as they may deem appropriate for the purpose of conducting investigation.

A report shall be prepared after completion of investigation and submitted to the CEO for remedies which may inter-alia include:

a) To takes disciplinary action, impose penalty / punishment as per law, order recovery when any alleged unethical & improper practice or wrongful conduct of any employee is proved.

b) Recommend termination or suspension of any contract or arrangement or transaction vitiated by such unethical & improper practice or wrongful conduct.

c) Order for compensation for lost wages, remuneration or any other benefits, etc.

The decision of the CEO shall be final and binding.

Where it is possible and deemed appropriate, corrective action may be communicated to the whistleblower

Manager HR/Administration shall maintain a log of all reported concerns and complaints, preliminary/ investigation report along with corrective action and submit quarterly to the HR & R Committee for review if required by them.

If a whistleblower believes that company has treated him unfairly, he may decide to take up the issue /complaint at appropriate legal forum.

HARASSMENT POLICY

The purpose of this procedure is to form a system of instructions and assign responsibilities of the Inquiry Committee in order to protect women against harassment at their workplace according to the "Protection against Harassment of Women at the Workplace Act, 2010".

a) "Harassment" means any unwelcome sexual advance, request for sexual favors or other verbal or written communication or physical conduct of a sexual nature or sexually demeaning attitudes, causing interference with work performance or creating an intimidating, hostile or offensive work environment, or the attempt to punish the complainant for refusal to comply to such a request or is made a condition for employment.

b) Competent Authority" means the Chief Executive Officer OR Chief Operating Officer for the purposes of this Act.

The inquiry committee shall follow the regulations while conducting the complaints relating to Harassment and to undertake the following measures for implementation of this act. An inquiry committee shall be constituted -to enquire complaints under this policy. It shall have at least three members out of which at least one of them must be a female.

The committee will immediately address the complaints of sexual harassment as per law, as and when received, Adaptation of code of conduct prescribed by law, ensuring the justice is done swiftly and retaliation against the complaints is curbed.
Informing and educating the employees to make them more aware of the provisions of the act and to encourage a professional and dignified work environment for the women.

An Inquiry Committee consists of three members of whom at least one member shell be a woman. Inquiry Committee comprises of members of HR Head, Department Head of Complaint & Accused. Head of Internal Audit will be member of inquiry committee if complaint and accused are from same department.

The Inquiry Committee, within three days of a receipt of a written complaint, shall communicate to the accused the charges and allegations made against him, the formal written receipt of which is given, require the accused within seven days from the day the charge is communicated to him to submit a written defense and on his failure to do so without reasonable cause, the Committee shall proceed ex-parte, Enquire into the charge and may examine such oral or documentary evidence in support of the charge or in defense of the accused as the Committee may consider necessary and each party shall be entitled to cross-examine the witnesses against him, All proceedings must be treated as highly confidential

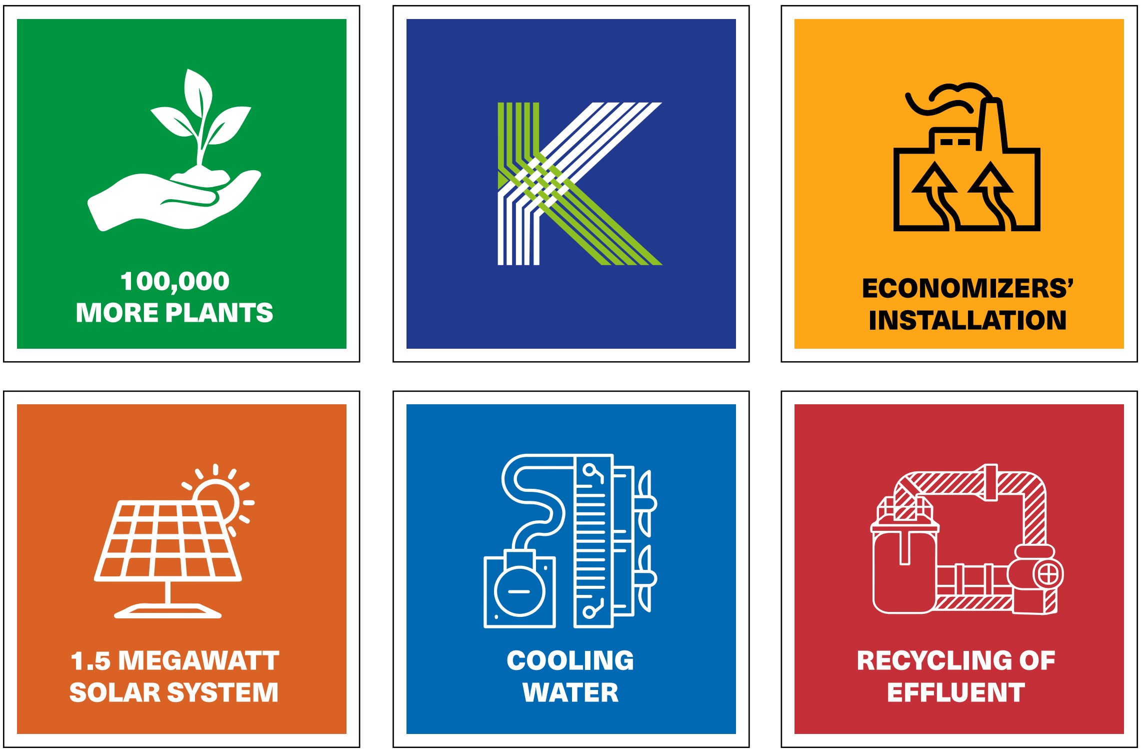
CENSURE MINOR

Withholding, for a specific period, promotion or increment and recovery of the compensation payable to the complainant from pay or any other source of the accused;

CENSURE MAJOR

Reduction to a lower post or designation, compulsory retirement, removal from service, dismissal from service, payment of a fine. A part of the fine can be used as compensation for the complainant. In case of the owner, the fine shall be payable to the complainant.

ENVIRONMENT AND CLIMATE ROADMAP 2021-25



100,000 more plants will be added within the facility and surrounding neighbourhood

Economizers' installation on oil heater exhausts

1.5 Megawatt solar system installation

Reuse of non-contact cooling water

Recycling of effluent treatment plant waste water back into process water

COVID-19

100% VACCINATED
SAFE PREMISES

0% DOWNSIZING DURING PANDEMIC

THE COMPANIES (GENERAL PROVISIONS AND FORMS) REGULATIONS, 2018

[Section 227(2)(f)]

PATTERN OF SHAREHOLDING

PART-I

1.1	Name of Company	KOHINOOR MILLS LIMITED

PART-II

2.1	Pattern of holding of shares held by the shareholders as at	30 June 2021

2.2 Number of Shareholders	Shares held Range From		To	Total Shares held	Percentage
358	1	-	100	7,409	0.01
700	101	-	500	154,103	0.30
120	501	-	1000	99,793	0.20
214	1001	-	5000	521,927	1.03
34	5001	-	10000	260,143	0.51
14	10001	-	15000	180,348	0.35
13	15001	-	20000	226,414	0.44
7	20001	-	25000	161,382	0.32
2	25001	-	30000	59,500	0.12
2	30001	-	35000	62,500	0.12
2	40001	-	45000	86,647	0.17
5	45001	-	50000	237,503	0.47
1	50001	-	55000	55,000	0.11
2	55001	-	60000	116,500	0.23
1	65001	-	70000	65,826	0.13
1	70001	-	75000	71,000	0.14
1	75001	-	80000	76,000	0.15
3	80001	-	85000	246,867	0.48
1	110001	-	115000	112,500	0.22
1	145001	-	150000	150,000	0.29
1	155001	-	160000	159,000	0.31
2	175001	-	180000	355,500	0.70
1	180001	-	185000	182,500	0.36
1	220001	-	225000	222,467	0.44
1	905001	-	910000	909,500	1.79
1	1020001	-	1025000	1,023,661	2.01
1	3065001	-	3070000	3,068,059	6.03
3	5090001	-	5095000	15,273,300	30.00
1	10485001	-	10490000	10,489,403	20.60
1	16275001	-	16280000	16,276,259	31.97
1,495	Total			50,911,011	100.00

Note: The slabs not applicable, have not been shown.

2.3	Categories of Shareholders	Shares held	Percentage of holding
2.3.1	Directors, Chief Executive Officer, their Spouse(s) and Minor Children	21,406,709	42.0473
2.3.2	Associated Companies, Undertakings and Related Parties	-	-
2.3.3	NIT and ICP	3,070,159	6.0304
2.3.4	Banks, Development Financial institutions, Non-Banking Financial Institutions	20,104	0.0395
2.3.5	Insurance Companies	125	0.0002
2.3.6	Modarabas and Mutual Funds	81,379	0.1598
2.3.7	Share holders holding 10% or more (Other than CEO and Director)	20,671,603	40.6034
2.3.8	General Public		
	a. Local	4,043,310	7.9419
	b. Foreign	83,627	0.1643
	c. Joint Stock Companies	325,832	0.6400
2.3.9	Others		
	Trustee Kohinoor Mills Ltd Staff Provident Fund	909,500	1.7865
	Trustee National Bank of Pakistan Emp Benevolent Fund Trust	7,806	0.0153
	Lahore Stock Exchange	680	0.0013
	Trustees of Pakistan Mobile Communication Ltd-Provident Fund	57,000	0.1120
	Trustees Al-Mal Group Staff Provident Fund	1,694	0.0033
	Trustee National Bank of Pakistan Employees Pension Fund	222,467	0.4370
	Trustees Moosa Lawai Foundation	1	0.0000
	Trustees Al-Mal Group Staff Provident Fund	1	0.0000
	Trustees Moosa Lawai Foundation	9,014	0.0177
	TOTAL	50,911,011	100.0000

ADDITIONAL
INFORMATION ON PATTERN OF SHAREHOLDING

	CATEGORIES OF SHAREHOLDERS		SHARES HELD	TOTAL	PERCENTAGE
1.	Director, Chief Executive Officer, their Spouse and Minor Children				
	MR. RASHID AHMED (Chairman/Director)		3,850		0.0076
	MR. AAMIR FAYYAZ SHEIKH (Chief Executive/Director)		16,276,259		31.9700
	MRS. SAFIA FAYYAZ (Director)		2,500		0.0049
	MR. ISMAIL AAMIR FAYYAZ (Director)		5,091,100		10.0000
	MR. RIAZ AHMED (Director)		30,500		0.0599
	MR. SHAHBAZ MUNIR (Director)		2,500		0.0049
	MR. MATIUDDIN SIDDIQUI (Nominee Director of NIT)	7	-		-
				21,406,709	
	Executive Management		-	-	-
2.	Associated Companies, Undertakings and Related Parties		-	-	-
3.	NIT & ICP				
	NATIONAL BANK OF PAKISTAN		600		0.0012
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		3,068,059		6.0263
	INVESTMENT CORPORATION OF PAKISTAN	3	1,500		0.0029
				3,070,159	
4.	Bank, Development Financial Institutions, & Non-Banking Financial Institutions.	5	20,104	20,104	0.0395
5.	Insurance Companies	1	125	125	0.0002
6.	Modarabas and Mutual Funds	3	81,379	81,379	0.1598
7.	Share holders holding 10% and more Detail as given below	3	20,671,603	20,671,603	40.6034
8.	General Public				
	a. Local	1429	4,043,310		7.9419
	b. Foreign	6	83,627		0.1643
	c. Joint Stock Companies	29	325,832		0.6400
				4,452,769	

CATEGORIES OF SHAREHOLDERS		SHARES HELD	TOTAL	PERCENTAGE
9. Others				
TRUSTEE-KOHINOOR MILLS LTD. STAFF PROVIDENT FUND		909,500		1.7865
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST		7,806		0.0153
LAHORE STOCK EXCHANGE		680		0.0013
TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND		57,000		0.1120
TRUSTEES MOOSA LAWAI FOUNDATION		9,014		0.0177
TRUSTEES AL-MAL GROUP STAFF PROVIDENT FUND		1,694		0.0033
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		222,467		0.4370
TRUSTEES MOOSA LAWAI FOUNDATION		1		0.0000
TRUSTEES AL-MAL GROUP STAFF PROVIDENT FUND	9	1		0.0000
			1,208,163	
Total:	1,495		50,911,011	100.0000

Shareholders Holding 10% or more voting Rights:

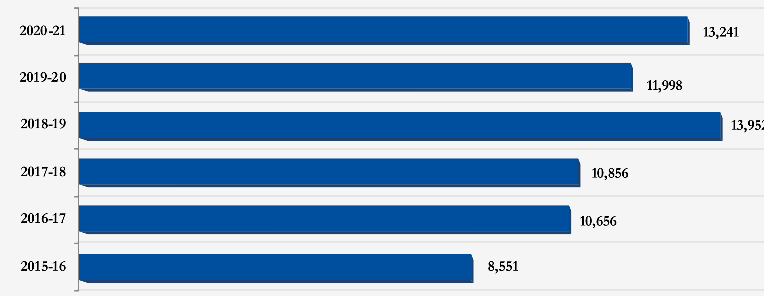
MR. AAMIR FAYYAZ SHEIKH (Chief Executive/Director)		16,276,259		31.9700
MR. ALI FAYYAZ SHEIKH		10,489,403		20.6034
MS. IMRAT AAMIR FAYYAZ		5,091,100		10.0000
MR. ISMAIL AAMIR FAYYAZ (Director)		5,091,100		10.0000
MR. EHSAN AAMIR FAYYAZ		5,091,100		10.0000
Total:	5		42,038,962	82.5734

SIX YEARS' PERFORMANCE

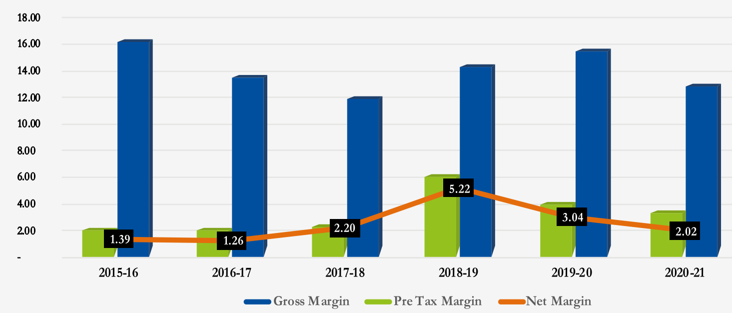
		2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
OPERATING							
Gross Margin	%	12.99	15.56	14.43	12.00	13.56	16.29
Pre Tax Margin	%	3.53	4.05	6.19	2.42	2.19	2.37
Net Margin	%	2.02	3.04	5.22	2.20	1.26	1.39
PERFORMANCE							
Return on Long Term Assets	%	3.75	7.17	14.68	4.75	3.63	3.16
Total Assets Turnover	x	0.98	1.17	1.28	1.22	1.63	1.35
Fixed Assets Turnover	x	1.88	2.39	2.86	2.20	2.96	2.37
Inventory Turnover	Days	95.71	86.33	57.39	54.14	50.25	59.13
Return on Equity	%	5.25	9.22	19.43	7.69	6.44	6.10
Return on Capital Employed	%	12.58	17.46	27.23	13.71	17.56	22.70
Retention	%	100.00	100.00	79.04	74.44	58.22	100
LEVERAGE							
Debt:Equity		50:50	49:51	54:46	55:45	57:43	35:65
LIQUIDITY							
Current	Times	0.90	0.94	0.94	0.80	0.78	0.75
Quick	Times	0.41	0.48	0.58	0.48	0.42	0.39
VALUATION							
Earning per share (pre tax)	Rs.	9.17	9.54	16.96	5.16	4.59	3.98
Earning per share (after tax)	Rs.	5.26	7.17	14.31	4.70	2.63	2.33
Breakup value	Rs.	100.21	77.77	73.68	61.03	40.89	38.28
Dividend payout - Cash	Rs.	-	-	3.00	1.20	1.10	-
Bonus issue	%	-	-	-	-	-	-
Payout ratio - Cash (after tax)	%	-	-	20.96	25.56	41.78	-
Price earning ratio	Times	5.70	5.30	1.57	6.30	18.16	8.65
Market price to breakup value	Times	0.30	0.49	0.31	0.48	1.17	0.53
Dividend yield	%	-	-	7.79	3.62	3.28	-
Market value per share	Rs.	30.00	38.00	22.49	29.58	47.81	20.20
Market capitalization	Rs. In million	1,527	1,935	1,145	1,506	2,434	1,028
HISTORICAL TRENDS							
Turnover	Rs. In million	13,241	11,998	13,952	10,856	10,656	8,551
Gross profit	Rs. In million	1,720	1,867	2,014	1,303	1,445	1,393
Profit before tax	Rs. In million	467	486	863	263	234	203
Profit after tax	Rs. In million	268	365	729	239	134	119
FINANCIAL POSITION							
Shareholder's funds	Rs. In million	5,102	3,959	3,751	3,107	2,082	1,949
Property Plant and Equipment	Rs. In million	7,027	5,028	4,884	4,930	3,603	3,614
Current assets	Rs. In million	6,440	5,195	5,904	3,833	2,842	2,592
Current liabilities	Rs. In million	7,149	5,505	6,288	4,784	3,648	3,474
Long term assets	Rs. In million	7,134	5,097	4,964	5,032	3,696	3,761
Long term liabilities	Rs. In million	1,323	828	829	974	808	930

PERFORMANCE OVERVIEW

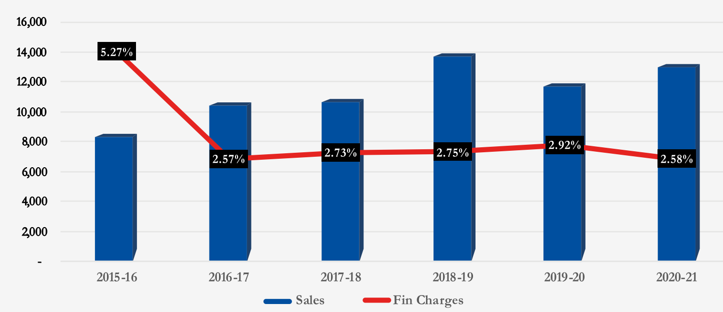
Sales Growth
(Rupees in million)



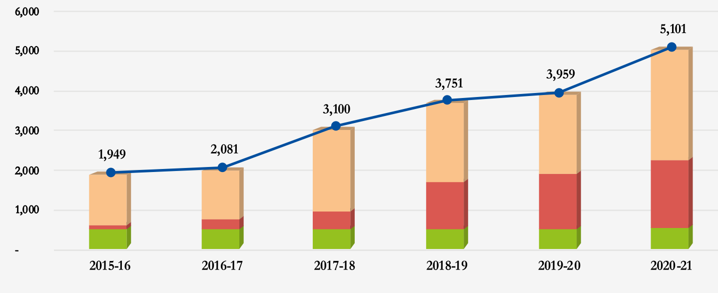
Profitability Ratios



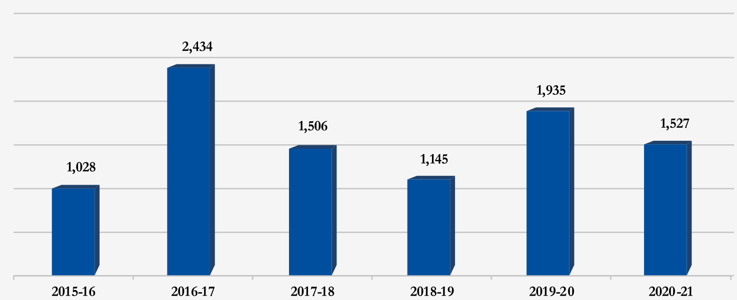
Financial Charges %



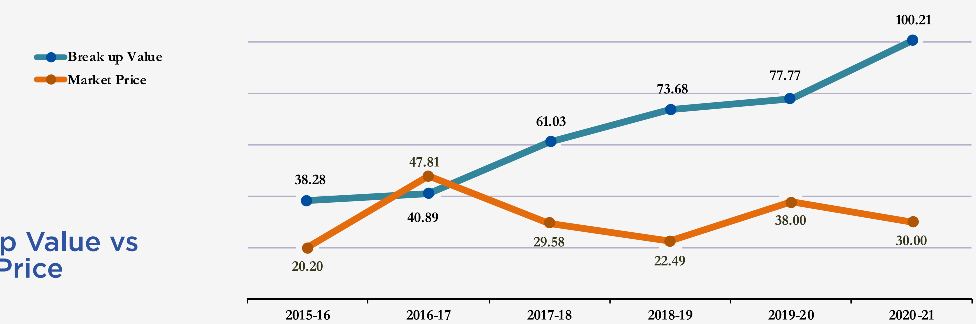
Shareholder's Equity



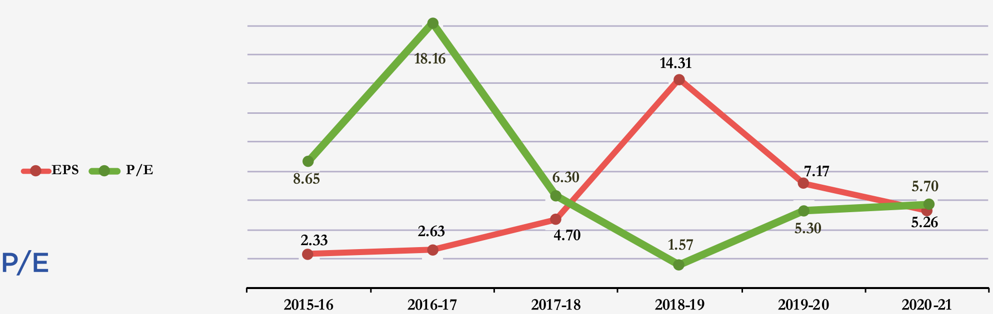
Market Capitalization
(Rupees in million)



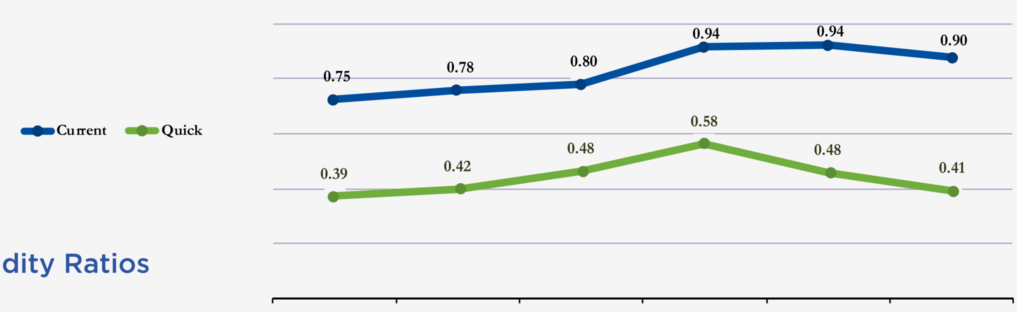
Break-up Value vs Market Price



EPS vs P/E



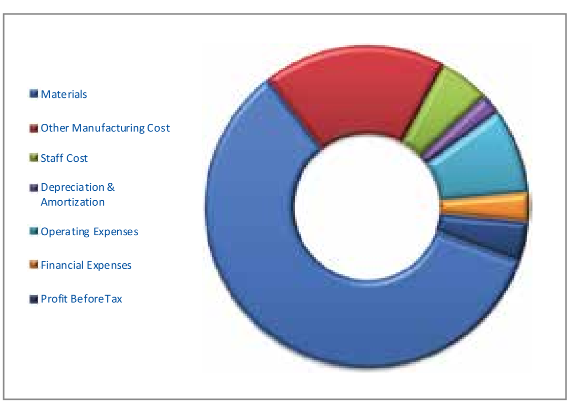
Liquidity Ratios



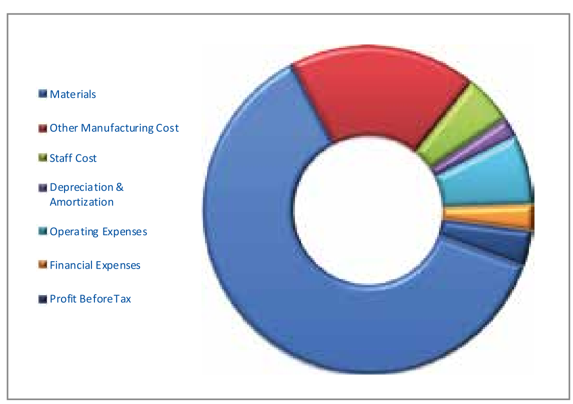
STATEMENT OF VALUE ADDITION

	2021		2020	
	%age	Amount (000)	%age	Amount (000)
Value Added				
Local Sales	26.21%	3,470,070	19.25%	2,309,096
Export Sales	73.79%	9,770,960	80.75%	9,688,712
Total Sales	100%	13,241,030	100%	11,997,808
Value Allocated				
Materials	62%	8,181,686	59%	7,067,597
Other Manufacturing Cost	18%	2,443,757	18%	2,209,321
Staff Cost	5%	635,340	5%	607,416
Depreciation & Amortization	2%	260,412	2%	246,726
Operating Expenses	7%	911,599	9%	1,030,910
Financial Expenses	3%	341,436	3%	350,031
Profit Befor Tax	4%	466,799	4%	485,808
	100%	13,241,030	100%	11,997,808

Application of Revenue for 2021



Application of Revenue for 2020



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

Name of Company: Kohinoor Mills Limited
Year ended: June 30, 2021

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

1. The total number of Directors are seven as per the following:

   a. Male: 6
   b. Female: 1

2. The composition of the board is as follows:

	CATEGORY	NAMES
a.	Independent Directors	Mr. Riaz Ahmed Mr. Shahbaz Munir
b.	Non-Executive Directors	Mr. Rashid Ahmed Mr. Matiuddin Siddiqui Mrs. Safia Fayyaz
c.	Executive Directors	Mr. Aamir Fayyaz Sheikh Mr. Ismail Aamir Fayyaz

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

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

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

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

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

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

9. The Board has arranged Directors' Training program for the following:

   Name of Directors

   Mr. Riaz Ahmed
   Mr. Shahbaz Munir
   Mr. Ismail Aamir Fayyaz
   Mr. Matiuddin Siddiqui (NIT Nominee)

Name of Executive
Miss. Imrat Aamir Fayyaz

Following Directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' training program:

Name of Directors
Mr. Aamir Fayyaz Sheikh
Mr. Rashid Ahmed

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

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

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

a **Audit Committee**

Names	Designation held
Mr. Riaz Ahmed	Chairman
Mr. Rashid Ahmed	Member
Mr. Shahbaz Munir	Member

b **HR and Remuneration Committee**

Names	Designation held
Mr. Shahbaz Munir	Chairman
Mr. Riaz Ahmed	Member
Mr. Rashid Ahmed	Member

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

14. The frequency of meetings (quarterly, half yearly, yearly) of the committees were as per following;

a. Audit Committee

Four meetings were held during the financial year ended June 30, 2021.

b. HR and Remuneration Committee

Four meetings of HR and Remuneration Committee were held during the financial year ended June 30, 2021.

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

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

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

18. We confirm that all requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with requirements, other than Regulations 3, 6, 7, 8, 27, 32, 33 and 36 are given below:

Sr. No	Requirement	Explanation of Non-Compliance	Regulation Number
1	Responsibilities of the Board and its Members The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied. The Company is deliberating on full compliance with all the provisions of the Regulations.	10(1)
2	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of Directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. The Board may consider to constitute nomination committee after next election of Directors.	29
3	Risk Management Committee The Board may constitute the risk management committee, of such number and class of Directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and senior officers of the Company perform the requisite functions and apprise the Board accordingly. The Board may consider to constitute risk management committee after next election of Directors.	30
4	Disclosure of significant policies on website The Board may constitute the risk management committee, of such number and class of Directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the Directors' remuneration policy.	35

20. The two elected independent Directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent Director is not warranted.

Kasur:
September 22, 2021

Rashid Ahmed
Chairman

Aamir Fayyaz Sheikh
Chief Executive

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kohinoor Mills Limited

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

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

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

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

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

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore:
September 22, 2021

FINANCIAL STATEMENTS

For the year ended 30 June 2021

KOHINOOR
MILLS LIMITED

www.kohinoormills.com

INDEPENDENT AUDITOR'S REPORT

To the members of Kohinoor Mills Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

<table>
<tr><th>Sr. No.</th><th>Key audit matters</th><th>How the matters was addressed in our audit</th></tr>
<tr><td>1</td><td>Inventory existence and valuation

Inventory as at 30 June 2021 amounted to Rupees 3,482.912 million, break up of which is as follows:

- Stores, spares and loose tools Rupees 567.778 million,

- Stock - in - trade Rupees 2,915.134 million

Inventories are stated at lower of cost and net realizable value.

We identified existence and valuation of inventory as a key audit matter due to its size, representing 25.66% of total assets of the Company as at 30 June 2021, and the judgment involved in valuation.

For further information on inventory, refer to the following:

- Summary of significant accounting policies, Inventories note 2.18 to the financial statements.

- Stores, spares and loose tools note 19 and Stock-in-trade note 20 to the financial statements.</td><td>Our procedures over existence and valuation of inventory included, but were not limited to:

• To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management.

• For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets.

• We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice.

• On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any.

• We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory.

• In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs.

• We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.</td></tr>
</table>

Sr. No.	Key audit matters	How the matters was addressed in our audit
2	**Revenue recognition** The Company recognized net revenue of Rupees 13,241.030 million for the year ended 30 June 2021. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information, refer to the following: - Summary of significant accounting policies, Revenue recognition note 2.22 to the financial statements. - Revenue note 29 to the financial statements.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the financial statements.
3	**Capital expenditures** The Company is investing significant amounts in its operations and there are a number of areas where man¬agement judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Company's strategy. We focused on this area since the amounts have a signif¬icant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters. For further information, refer to the following: - Summary of significant accounting policies, fixed assets note 2.7 to the financial statements. - Fixed assets note 14 to the financial statements.	Our procedures included, but were not limited to: • We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capi¬tal or operating in nature. • We evaluated the appropriateness of capitalization policies and depreciation rates. • We performed tests of details on costs capitalized. • We verified the accuracy of management's calculation used for the impairment testing.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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

The engagement partner on the audit resulting in this independent auditor's report is Syed Mustafa Ali.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

DATE: 22 September 2021

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	2021 Rupees	2020 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	3	1,100,000,000	1,100,000,000
Issued, subscribed and paid-up share capital	4	509,110,110	509,110,110
Capital reserves			
Share premium reserve	5	213,406,310	213,406,310
Fair value reserve	5	32,625,692	28,556,043
Surplus on revaluation of operating fixed assets - net of tax	5	2,628,073,544	1,793,761,543
Revenue reserves			
General reserve	5	788,199,282	788,199,282
Accumulated profit	5	930,133,905	626,130,750
Total equity		5,101,548,843	3,959,164,038
LIABILITIES			
Non-current liabilities			
Long term financing - secured	6	1,007,982,666	571,231,912
Deferred liabilities	7	314,611,824	252,200,138
Deferred income - Government grant	8	396,337	1,763,602
		1,322,990,827	825,195,652
Current liabilities			
Trade and other payables	9	2,883,469,947	2,074,583,345
Accrued mark-up	10	69,459,909	92,580,737
Short term borrowings - secured	11	3,681,196,820	3,072,620,841
Current portion of non-current liabilities	12	507,559,630	134,612,872
Unclaimed dividend		7,119,615	7,119,615
		7,148,805,921	5,381,517,410
Total liabilities		8,471,796,748	6,206,713,062
Contingencies and commitments	13		
TOTAL EQUITY AND LIABILITIES		13,573,345,591	10,165,877,100

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

AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

KAMRAN SHAHID
CHIEF FINANCIAL OFFICER

	Note	2021 Rupees	2020 Rupees
ASSETS			
Non-current assets			
Fixed assets	14	7,026,799,146	5,028,127,983
Intangible asset	15	-	-
Investment property	16	1,981,607	1,981,607
Long term investments	17	42,398,345	37,197,516
Long term deposits	18	62,528,657	29,658,957
		7,133,707,755	5,096,966,063
Current assets			
Stores, spares and loose tools	19	567,778,159	609,272,956
Stock-in-trade	20	2,915,133,657	1,949,785,864
Trade debts	21	952,761,514	545,599,398
Advances	22	92,590,304	111,608,390
Short term deposits and prepayments	23	38,509,943	22,912,554
Advance income tax - net	24	134,982,812	287,900,590
Sales tax recoverable	25	872,205,656	682,890,096
Other receivables	26	185,402,883	92,991,799
Short term investment	27	20,431,615	-
Cash and bank balances	28	659,841,293	765,949,390
		6,439,637,836	5,068,911,037
TOTAL ASSETS		13,573,345,591	10,165,877,100

SHAHBAZ MUNIR
DIRECTOR

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 Rupees	2020 Rupees
REVENUE	29	13,241,029,839	11,997,808,169
COST OF SALES	30	(11,521,196,034)	(10,131,060,131)
GROSS PROFIT		1,719,833,805	1,866,748,038
DISTRIBUTION COST	31	(717,552,202)	(700,338,180)
ADMINISTRATIVE EXPENSES	32	(358,939,342)	(326,727,511)
OTHER EXPENSES	33	(123,455,168)	(109,577,869)
		(1,199,946,712)	(1,136,643,560)
		519,887,093	730,104,478
OTHER INCOME	34	288,347,891	105,733,699
PROFIT FROM OPERATIONS		808,234,984	835,838,177
FINANCE COST	35	(341,436,153)	(350,030,675)
PROFIT BEFORE TAXATION		466,798,831	485,807,502
TAXATION	36	(199,015,804)	(120,594,755)
PROFIT AFTER TAXATION		267,783,027	365,212,747
EARNINGS PER SHARE - BASIC AND DILUTED	37	5.26	7.17

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

AAMIR FAYYAZ SHEIKH	KAMRAN SHAHID	SHAHBAZ MUNIR
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	2021 Rupees	2020 Rupees
PROFIT AFTER TAXATION	267,783,027	365,212,747
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be re-classified to profit or loss:		
Surplus / (deficit) arising on re-measurement of investment at fair value through other comprehensive income	5,200,829	(5,374,619)
Deferred income tax relating to this item	(1,131,180)	1,168,980
	4,069,649	(4,205,639)
Surplus on revaluation of operating fixed assets	896,092,189	-
Deferred income tax relating to this item	(25,560,060)	-
	870,532,129	-
Items that may be re-classified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the year - net of tax	874,601,778	(4,205,639)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,142,384,805	361,007,108

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

AAMIR FAYYAZ SHEIKH	KAMRAN SHAHID	SHAHBAZ MUNIR
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH GENERATED FROM OPERATIONS	38	286,524,880	2,233,681,592
Income tax paid		(48,328,140)	(143,595,154)
Net increase in long term deposits		(32,869,700)	(6,960,000)
Gas infrastructure development cess paid		(31,344,260)	-
Finance cost paid		(264,086,858)	(332,245,846)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES		(90,104,078)	1,750,880,592
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,429,915,749)	(418,113,503)
Proceeds from disposal of operating fixed assets		123,936,924	8,479,840
Investment made		(20,000,000)	-
Dividend received		3,294,501	2,735,589
NET CASH USED IN INVESTING ACTIVITIES		(1,322,684,324)	(406,898,074)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		872,684,872	118,565,192
Repayment of long term financing		(174,580,546)	(190,488,999)
Ex-sponsor's loan repaid		-	(210,257,600)
Short term borrowings - net		608,575,979	(571,399,999)
Dividend paid		-	(151,328,624)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		1,306,680,305	(1,004,910,030)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(106,108,097)	339,072,488
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		765,949,390	426,876,902
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		659,841,293	765,949,390

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

AAMIR FAYYAZ SHEIKH	KAMRAN SHAHID	SHAHBAZ MUNIR
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	SHARE CAPITAL	RESERVES							TOTAL EQUITY
		CAPITAL RESERVES				REVENUE RESERVES			
		Share premium reserve	Fair value reserve FVTOCI investments - net of tax	Surplus on revaluation of operating fixed assets - net of tax	Sub Total	General reserve	Accumulated profit	Sub Total	
	RUPEES								
Balance as at 01 July 2019	509,110,110	213,406,310	32,761,682	1,831,887,993	2,078,055,985	940,932,315	222,791,553	1,163,723,868	3,750,889,963
Transaction with owners - Final dividend for the year ended 30 June 2019 @ Rupee 3 per share of Rupees 10 each	-	-	-	-	-	(152,733,033)	-	(152,733,033)	(152,733,033)
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	-	(38,126,450)	(38,126,450)	-	38,126,450	38,126,450	-
Profit for the year ended 30 June 2020	-	-	-	-	-	-	365,212,747	365,212,747	365,212,747
Other comprehensive loss for the year ended 30 June 2020	-	-	(4,205,639)	-	(4,205,639)	-	-	-	(4,205,639)
Total comprehensive income for the year ended 30 June 2020	-	-	(4,205,639)	-	(4,205,639)	-	365,212,747	365,212,747	361,007,108
Balance as at 30 June 2020	509,110,110	213,406,310	28,556,043	1,793,761,543	2,035,723,896	788,199,282	626,130,750	1,414,330,032	3,959,164,038
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	-	(36,220,128)	(36,220,128)	-	36,220,128	36,220,128	-
Profit for the year ended 30 June 2021	-	-	-	-	-	-	267,783,027	267,783,027	267,783,027
Other comprehensive income for the year ended 30 June 2021	-	-	4,069,649	870,532,129	874,601,778	-	-	-	874,601,778
Total comprehensive income for the year ended 30 June 2021	-	-	4,069,649	870,532,129	874,601,778	-	267,783,027	267,783,027	1,142,384,805
Balance as at 30 June 2021	509,110,110	213,406,310	32,625,692	2,628,073,544	2,874,105,546	788,199,282	930,133,905	1,718,333,187	5,101,548,843

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

AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

KAMRAN SHAHID
CHIEF FINANCIAL OFFICER

SHAHBAZ MUNIR
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. THE COMPANY AND ITS OPERATIONS

Kohinoor Mills Limited ("the Company") is a public limited company incorporated on 21 December 1987 in Pakistan under the Companies Ordinance, 1984 (Now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. All manufacturing units (dyeing, weaving, and power generation), registered office and other offices of the Company are situated at 8-K.M., Manga Raiwind Road, District Kasur. The Company is principally engaged in the business of textile manufacturing covering weaving, bleaching, dyeing, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber and to generate, and supply electricity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Financial instruments – fair value

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at the reporting date.

Useful lives, patterns of economic benefits and impairment

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairments on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment and investment property with a corresponding effect on the depreciation charge and impairment.

Income tax

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

Inventories

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Allowance for expected credit losses

The allowance for Expected Credit Losses (ECLs) assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2020:

- IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors';
- International Accounting Standards Board's revised Conceptual Framework – March 2018
- Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2021 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors) effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The above amendments and improvements are likely to have no significant impact on the financial statements.

g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Employee benefit

The Company operates a funded contributory provident fund scheme for its permanent employees. The Company and employees make equal monthly contributions of 8.33 percent of the basic salary, towards the fund. The Company's contribution is charged to the statement of profit or loss.

2.3 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

2.4 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in statement of comprehensive income or directly in equity, respectively.

2.5 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.6 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.7 Fixed assets

Property, plant, equipment and depreciation

Property, plant and equipment except freehold land and buildings are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at revalued amount less any identified impairment loss, buildings are stated at revalued amount less accumulated depreciation and any identified impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized 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 the item can be measured reliably. All other repair and maintenance costs are charged to the statement of profit or loss during the period in which they are incurred.

Increases in the carrying amounts arising on revaluation of operating fixed assets are recognised, net of tax, in other comprehensive income and accumulated in surplus on revaluation of operating fixed assets in shareholders' equity. To the extent that increase reverses a decrease previously recognised in the statement of profit or loss, the increase is first recognised in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from surplus on revaluation of operating fixed assets to retained earnings.

Depreciation

Depreciation on all operating fixed assets is charged to the statement of profit or loss on a reducing balance method so as to write off cost / depreciable amount of an asset over its estimated useful life at the rates as disclosed in note 14 Depreciation on additions is charged from the month in which the asset is put to use and on disposal up to the month of disposal. The residual values and useful lives are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of profit or loss in the year the asset is de-recognized.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.8 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization method is reviewed and adjusted, if appropriate, at each reporting date.

2.9 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties except land, are stated at cost less accumulated depreciation and any recognized impairment loss. Land is stated at cost less any recognized impairment loss. Depreciation on buildings is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost of buildings over their estimated useful lives at a rate of 5% per annum.

2.10 Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

2.11 Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.12 Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss (FVTPL)

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

2.13 Financial liabilities - classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.14 Impairment of financial assets

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

2.15 De-recognition of financial asset and financial liabilities

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.16 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.17 Equity investments in associated companies

The investments in associates in which the Company does not have significant influence are classified as FVTOCI.

2.18 Inventories

Inventories, except for stock in transit, waste stock and rejected goods are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spares and loose tools

Usable stores and spares are valued principally at weighted average cost, while items considered obsolete are carried at nil value. In transit stores and spares are valued at cost comprising invoice value plus other charges paid thereon.

Stock in trade

Cost of raw material is based on weighted average cost.

Cost of work in process and finished goods comprises prime cost and appropriate production overheads determined on weighted average cost. Cost of goods purchased for resale are valued at their respective purchase price by using first-in-first-out method.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock and rejected goods are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.19 Non-current assets held for sale

Non-current assets classified as assets held for sale are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recoverable principally through a sale transaction rather than through continuing use.

2.20 Borrowings

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.21 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in statement of profit or loss.

2.22 Revenue recognition

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Processing services

The Company provides processing services to local customers. These services are sold separately and the Company's contract with the customer for services constitute a single performance obligation.

Revenue from services is recognized at the point in time, generally at the time of dispatch. There are no terms giving rise to variable consideration under the Company's contracts with its customers

Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend

Dividend is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

2.23 Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

2.24 Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

2.25 Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

2.26 Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

2.27 Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

2.28 Refund liabilities

Refund liabilities are recognised where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.29 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.30 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

2.31 Trade debts and other receivables

Trade debts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2.32 Trade and other payables

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

2.33 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current accounts, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.34 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. They are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the statement of profit or loss.

2.35 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those income, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable business segments. Weaving (Producing different quality of greige fabric using yarn), Dyeing (Converting greige into dyed fabric) and Power Generation (Generating and distributing power).

2.36 Ijara contracts

Under the Ijarah contracts the Company obtains usufruct of an asset for an agreed period for an agreed consideration. The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Company as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ujrah (lease) payments as an expense in the profit and loss on straight line basis over the Ijarah term.

2.37 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

2.38 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.39 Earnings per share

The Company presents Earnings Per Share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.40 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.41 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

3. AUTHORIZED SHARE CAPITAL

2021 (NUMBER OF SHARES)	2020 (NUMBER OF SHARES)		2021 Rupees	2020 Rupees
80,000,000	80,000,000	Ordinary shares of Rupees 10 each	800,000,000	800,000,000
30,000,000	30,000,000	Preference shares of Rupees 10 each	300,000,000	300,000,000
110,000,000	110,000,000		1,100,000,000	1,100,000,000

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2021 (NUMBER OF SHARES)	2020 (NUMBER OF SHARES)		2021 Rupees	2020 Rupees
28,546,003	28,546,003	Ordinary shares of Rupees 10 each fully paid in cash	285,460,030	285,460,030
18,780,031	18,780,031	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	187,800,310	187,800,310
3,584,977	3,584,977	Ordinary shares of Rupees 10 each issued due to merger with Kohinoor Genertek Limited as per scheme of arrangement	35,849,770	35,849,770
50,911,011	50,911,011		509,110,110	509,110,110

5. RESERVES

Composition of reserves is as follows:

	2021 Rupees	2020 Rupees
Capital reserves		
Share premium reserve (Note 5.1)	213,406,310	213,406,310
Fair value reserve FVTOCI investment - net of deferred income tax (Note 5.2)	32,625,692	28,556,043
Surplus on revaluation of operating fixed assets - net of deferred income tax (Note 5.3)	2,628,073,544	1,793,761,543
Balance as at 30 June	2,874,105,546	2,035,723,896
Revenue reserves		
General reserve	788,199,282	788,199,282
Accumulated profit	930,133,905	626,130,750
	1,718,333,187	1,414,330,032
Balance as at 30 June	4,592,438,733	3,450,053,928

5.1 This reserve can be utilized by the Company only for the purposes specified in Section 81 of the Companies Act, 2017.

5.2 This represents the unrealized gain on re-measurement of investment at fair value through other comprehensive income and is not available for distribution. Reconciliation of fair value reserve - net of deferred income tax is as under:

	2021 Rupees	2020 Rupees
Balance as at 01 July	36,493,345	41,867,964
Fair value adjustment during the year	5,200,829	(5,374,619)
Balance as at 30 June	41,694,174	36,493,345
Less: Related deferred income tax liability (Note 7.2)	9,068,482	7,937,302
Balance as at 30 June - net of deferred income tax	32,625,692	28,556,043

5.3 Surplus on revaluation of operating fixed assets - net of deferred income tax

	2021 Rupees	2020 Rupees
Balance as at 01 July	1,838,363,825	1,878,837,763
Add: Surplus on revaluation incorporated during the year	896,092,189	-
Less: Incremental depreciation	38,450,242	40,473,938
Balance as at 30 June	2,696,005,772	1,838,363,825
Less: Related deferred income tax liability (Note 7.2)	67,932,228	44,602,282
Balance as at 30 June - net of deferred income tax	2,628,073,544	1,793,761,543

6. LONG TERM FINANCING - SECURED

	2021 Rupees	2020 Rupees
Financing from banking companies (Note 6.1)	1,414,880,245	702,579,112
Less: Current portion shown under current liabilities (Note 12)	406,897,579	131,347,200
	1,007,982,666	571,231,912

6.1

Lender	2021	2020	Terms	Security
	-------- Rupees --------			
National Bank of Pakistan (Note 6.2)	240,146,649	245,299,236	This loan is repayable in 36 stepped up quarterly instalments commenced from 30 June 2015 and ending on 31 March 2025. This loan carries mark-up at the rate of 7.70% per annum based on the average cost of funds of the bank which will be reviewed annually. Mark-up will be accrued over ten years during which the principal will be repaid. After repayment of principal, accrued mark-up will be repaid in twelve equal quarterly instalments commencing on 30 June 2025 and ending on 31 March 2028. (Note 6.3)	First pari passu charge of Rupees 1,438.550 million by way of hypothecation and mortgage charge over present and future fixed assets of the Company, pari passu charge of Rupees 667 million and ranking charge of Rupees 100 million over current assets of the Company as margin and personal guarantees of sponsor directors.
The Bank of Punjab	9,560,000	9,560,000	This loan is repayable in 20 quarterly instalments of Rupees 1.195 million each commenced from 28 July 2017 and ending on 28 April 2023. Mark-up is payable quarterly at SBP rate + 2.5% per annum. (Note 6.3)	Joint pari passu charge of Rupees 1,561.293 million over present and future fixed assets of the Company.
	2,080,000	2,340,000	This loan is repayable in 20 quarterly instalments of Rupees 0.260 million each commenced from 25 August 2017 and ending on 25 May 2023. Mark-up is payable quarterly at SBP rate + 2.5% per annum. (Note 6.3)	
	98,685,000	109,650,000	This loan is repayable in 20 quarterly instalments of Rupees 10.965 million each commenced from 23 November 2017 and ending on 23 August 2023. Mark-up is payable quarterly at SBP rate + 2.5% per annum. (Note 6.3)	
	84,200,000	92,620,000	This loan is repayable in 20 quarterly instalments of Rupees 8.420 million each commenced from 19 March 2018 and ending on 19 December 2023. Mark-up is payable quarterly at SBP rate + 2.5% per annum. (Note 6.3)	
	15,400,000	15,400,000	This loan is repayable in 20 quarterly instalments of Rupees 1.400 million each commenced from 19 April 2018 and ending on 19 January 2024. Mark-up is payable quarterly at SBP rate + 2.5% per annum. (Note 6.3)	
	38,640,000	41,400,000	This loan is repayable in 20 quarterly instalments of Rupees 2.760 million each commenced from 01 February 2019 and ending on 01 November 2024. Mark-up is payable quarterly at SBP rate + 2.5% per annum. (Note 6.3)	
	380,000,000	-	This loan is repayable in 20 quarterly instalments of Rupees 20.000 million each commenced from 20 April 2021 and ending on 20 January 2026. Mark-up is payable quarterly at SBP rate + 2.5% per annum.	
	628,565,000	270,970,000		

Lender	2021	2020	Terms	Security
	-------- Rupees --------			
The Bank of Punjab (Note 6.4)	65,800,299	-	This loan is obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers. This loan is repayable in 8 equal quarterly instalments commenced on 10 January 2021 and ending on 10 October 2022. Mark-up is payable quarterly in arrears at SBP refinance rate + 3% per annum. (Note 8.1)	Ranking charge of Rupees 133.334 million over present and future current assets of the company.
Faysal Bank Limited (Note 6.2)	-	39,728,708	This loan was repayable in 31 stepped up quarterly instalments commenced from 31 March 2013 and ended on 30 September 2020. Mark-up was payable quarterly at the rate of 5.00% per annum. This loan has been fully repaid during the year.	First pari passu charge of Rupees 217.524 million over current assets of the Company.
MCB Bank Limited	-	3,300,000	This loan was repayable in 20 quarterly instalments of Rupees 1.650 million each commenced from 31 March 2016 and ended on 31 December 2020. Mark-up was payable quarterly at SBP rate + 2.50% per annum. This loan has been fully repaid during the year.	Joint pari passu charge of Rupees 666.667 million over current assets and Rupees 909.780 million over fixed assets of the Company.
	-	495,000	This loan was repayable in 20 quarterly instalments of Rupees 0.165 million each commenced from 27 April 2016 and ended on 27 January 2021. Mark-up was payable quarterly at SBP rate + 2.50% per annum. This loan has been fully repaid during the year.	
	-	3,795,000		
Samba Bank Limited	13,122,000	18,374,000	This loan is repayable in 16 quarterly instalments of Rupees 1.313 million each commenced from 29 January 2020 and ending on 29 October 2023. Mark-up is payable quarterly at SBP rate + 2.5% per annum.	Joint pari passu charge of Rupees 788.000 million over fixed assets of the Company with 25% margin.
	7,768,750	10,876,250	This loan is repayable in 16 quarterly instalments of Rupees 0.777 million each commenced from 06 March 2020 and ending on 06 December 2023. Mark-up is payable quarterly at SBP rate + 2.5% per annum.	
	25,218,750	26,900,000	This loan is repayable in 16 quarterly instalments of Rupees 1.681 million each commenced from 25 May 2021 and ending on 25 February 2025. Mark-up is payable quarterly at SBP rate + 2.5% per annum.	
	18,100,000	18,100,000	This loan is repayable in 16 quarterly instalments of Rupees 1.131 million each commencing from 04 September 2021 and ending on 04 June 2025. Mark-up is payable quarterly at SBP rate + 2.5% per annum.	
	119,900,000	-	This loan is repayable in 16 quarterly instalments of Rupees 7.494 million each commencing from 01 March 2022 and ending on 01 December 2025. Mark-up is payable quarterly at SBP rate + 2.5% per annum.	
	184,109,500	74,250,250		

Lender	2021	2020	Terms	Security
	-------- Rupees --------			
Samba Bank Limited	60,000,000	-	This loan is repayable in 16 quarterly instalments of Rupees 3.750 million each commencing from 22 September 2022 and ending on 25 June 2026. Mark-up is payable quarterly at SBP rate + 2.5% per annum.	Ranking charge of Rupees 167.000 million on present and future fixed assets of the Company with 25% margin.
Samba Bank Limited (Note 6.4)	109,458,797	68,535,918	This loan is obtained by the Company under SBP Refinance Scheme for payment of wages and salaries to workers. This loan is repayable in 8 equal quarterly instalments commenced on 01 January 2021 and ending on 01 October 2022. Mark-up is payable quarterly in arrears at SBP refinance rate + 2% per annum. (Note 8.1)	Ranking charge of Rupees 200.000 million on present and future current assets of the Company.
Askari Bank Limited	13,900,000	-	This loan is repayable in 28 quarterly instalments of Rupees 0.496 million commencing on 28 August 2021 and ending on 28 May 2028. Mark-up is payable quarterly in arrears at SBP rate + 2.5% per annum.	First joint pari passu charge of Rupees 333.334 million over all present and future fixed assets of the Company with 25% margin.
	99,600,000	-	This loan is repayable in 28 quarterly instalments of Rupees 3.557 million commencing on 29 September 2021 and ending on 29 June 2028. Mark-up is payable quarterly in arrears at SBP rate + 2.5% per annum.	
	113,500,000	-		
Bank Al-Falah Limited (Note 6.5)	13,300,000	-	This loan is obtained by the Company under SBP Temporary Economic Refinance Facility (TERF) Scheme. This loan is repayable in 20 equal quarterly instalments commencing on 06 August 2021 and ending on 06 May 2026. Mark-up is payable quarterly in arrears at SBP refinance rate + 3% per annum.	First joint pari passu charge of Rupees 200.000 million over fixed asset of the Company.
	1,414,880,245	702,579,112		

6.2 Fair values of these long term financing were estimated at the present value of future cash flows discounted at the effective interest rates ranging from 9.31 % and 13.56 % per annum.

6.3 Repayment period includes deferment of repayment of principal loan amount by one year in accordance with State Bank of Pakistan BPRD Circular Letter No. 13 of 2020 dated 26 March 2020.

6.4 These loan are recognized and measured in accordance with IFRS 9 ‘Financial Instruments’. Fair value adjustments are recognized at discount rates ranging from 7.50% and 9.85% (2020: 7.5%) per annum.

6.5 The fair value adjustment in accordance with the requirement of IFRS 9 ‘Financial Instruments’ arising in respect of this loan is not considered material and hence not recognized.

	2021 Rupees	2020 Rupees

7. DEFERRED LIABILITIES

	2021 Rupees	2020 Rupees
Deferred accrued mark-up (Note 7.1)	227,540,361	199,660,554
Deferred income tax liability (Note 7.2)	77,000,710	52,539,584
Gas Infrastructure Development Cess (GIDC) payable (Note 7.3)	10,070,753	-
	314,611,824	252,200,138

7.1 Deferred accrued mark-up

	2021 Rupees	2020 Rupees
National Bank of Pakistan (Note 7.1.1)	227,540,361	199,660,554
Faysal Bank Limited (Note 7.1.1)	-	66,618,428
	227,540,361	266,278,982
Less: Accrued mark-up transferred to current liabilities (Note 10)	-	66,618,428
	227,540,361	199,660,554

7.1.1 These represent accrued mark-up on long term financing deferred in accordance with the terms of long term financing disclosed in note 6.1 to these financial statements.

7.2 Deferred income tax liability

The liability for deferred taxation originated due to taxable temporary differences relating to:

	2021 Rupees	2020 Rupees
Surplus on revaluation of operating fixed assets (Note 5.3)	67,932,228	44,602,282
Unrealized gain on FVTOCI investment (Note 5.2)	9,068,482	7,937,302
	77,000,710	52,539,584

7.2.1 Movement in taxable temporary differences during the year is as follows:

	2021			
	Opening balance	Recognized in statement of profit or loss	Recognized in other comprehensive income	Closing balance
	- - - - - - - - - - - - - - Rupees - - - - - - - - - - - - - -			
Surplus on revaluation of operating fixed assets	44,602,282	(2,230,114)	25,560,060	67,932,228
Unrealized gain on FVTOCI investment	7,937,302	-	1,131,180	9,068,482
	52,539,584	(2,230,114)	26,691,240	77,000,710

	2020			
	Opening balance	Recognized in statement of profit or loss	Recognized in other comprehensive income	Closing balance
	- - - - - - - - - - - - - - Rupees - - - - - - - - - - - - - -			
Surplus on revaluation of operating fixed assets	46,949,770	(2,347,488)	-	44,602,282
Unrealized gain on FVTOCI investment	9,106,282	-	(1,168,980)	7,937,302
	56,056,052	(2,347,488)	(1,168,980)	52,539,584

7.3 Gas Infrastructure Development Cess (GIDC) Payable

	2021 Rupees	2020 Rupees
Gas Infrastructure Development Cess payable at amortized cost	129,148,091	-
Add: Adjustment due to impact of IFRS 9 (Note 35)	7,919,926	-
Less: Payments made during the year	31,344,260	-
Balance as on 30 June	105,723,757	-
Less: Current portion shown under current liabilities (Note 12)	95,653,004	-
	10,070,753	-

7.3.1 This represents Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. During the year, Honorable Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires.The Company is paying GIDC in 24 installments. GIDC payable has been recorded at amortized cost in accordance with IFRS 9.

8. DEFERRED INCOME - GOVERNMENT GRANT

	2021 Rupees	2020 Rupees
Balance as at 01 July	5,029,274	-
Add: Recognized during the year	8,855,155	5,260,165
Less: Amortized during the year (Note 34)	8,479,045	230,891
	5,405,384	5,029,274
Less: Current portion shown under current liabilities (Note 12)	5,009,047	3,265,672
Balance as at 30 June	396,337	1,763,602

8.1 The State Bank of Pakistan (SBP), through its Circular No. 06 of 2020 dated 10 April 2020 has introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns (the Refinance Scheme). The Refinance Scheme is funded by SBP. Borrowers can obtain loans from the Banks and ease their cash flow constraints to avoid layoffs. One of the key feature of the Refinance Scheme is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard 20 (IAS-20) “Accounting for Government Grants and Disclosure of Government Assistance” the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Company has obtained these loans as disclosed in note 6.1 to the financial statements. In accordance with IFRS 9 “Financial Instruments” loans obtained under the Refinance Scheme were initially recognized at their fair value which is the present value of loans proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loans determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating.

9. TRADE AND OTHER PAYABLES

	2021 Rupees	2020 Rupees
Creditors	1,947,906,956	1,303,025,127
Accrued and other liabilities	307,601,074	332,181,142
Contract liabilities-unsecured	275,493,413	70,631,189
Sales commission payable	33,485,647	96,416,674
Loans from related parties (Note 9.1)	25,532,515	40,121,515
Income tax deducted at source	8,194,249	6,965,630
Security deposits - interest free (Note 9.2)	2,065,110	565,110
Workers' profit participation fund (Note 9.3)	263,750,037	214,762,519
Workers' welfare fund (Note 9.4)	19,440,946	9,914,439
	2,883,469,947	2,074,583,345

9.1 These represent interest free, unsecured and repayable on demand loans obtained from close relatives of the chief executive officer of the Company.

9.2 These deposits are interest free and repayable on completion of contracts. These deposits have been utilized for the purpose of business in accordance with the terms of written agreements with contractors.

9.3 Workers' profit participation fund

	2021 Rupees	2020 Rupees
Balance as at 01 July	214,762,519	152,865,658
Add: Allocation for the year (Note 33)	26,265,643	27,502,088
Add: Interest accrued for the year (Note 35)	22,721,875	34,394,773
Balance as at 30 June	263,750,037	214,762,519

9.3.1 The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is accrued at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

9.4 Workers' welfare fund

	2021 Rupees	2020 Rupees
Balance as at 01 July	9,914,439	-
Add: Allocation for the year (Note 33)	9,526,507	9,914,439
Balance as at 30 June	19,440,946	9,914,439

		2021 Rupees	2020 Rupees
10.	**ACCRUED MARK-UP**		
	Long term financing	11,689,405	5,044,403
	Short term borrowings	32,770,504	20,917,906
	Deferred mark-up (Note 10.1)	25,000,000	66,618,428
		69,459,909	92,580,737

10.1 This deferred markup of Rupees 66.618 million has been settled with the bank at Rupees 25.000 million, hence, markup of Rupees 41.618 million has been written back during the year (Note 34).

		2021 Rupees	2020 Rupees
11.	**SHORT TERM BORROWINGS - SECURED**		
	From banking companies		
	SBP refinance (Note 11.1 and Note 11.2)	3,182,370,000	2,874,370,841
	Other short term finances (Note 11.1 and Note 11.3)	498,826,820	198,250,000
		3,681,196,820	3,072,620,841

11.1 These facilities are secured against hypothecation charge on current assets, lien on export contracts / letters of credit, first and second pari passu charge on fixed and current assets, personal guarantees of directors and ranking charge on current assets of the Company.

11.2 These carry mark-up at the rate of 3.00% (2020: 3.00%) per annum on outstanding balance.

11.3 These carry mark-up ranging from 8.28% to 12.57% per annum (2020: 8.70% to 16.41% per annum) on outstanding balance.

		2021 Rupees	2020 Rupees
12.	**CURRENT PORTION OF NON CURRENT LIABILITIES**		
	Current portion of long term financing - secured (Note 6)	406,897,579	131,347,200
	Current portion of GIDC payable (Note 7.3)	95,653,004	-
	Current portion of deferred income - Government grant (Note 8)	5,009,047	3,265,672
		507,559,630	134,612,872

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 During the year ended 30 June 2011, pursuant to the sale of assets agreement with M/s Interloop Limited, the Company is contingently liable for Rupees 31.958 million against payment of certain outstanding dues to Employees' Old-Age Benefits Institution (EOBI) and bifurcation of gas connections in favour of M/s Interloop Limited. To secure the performance of aforesaid conditions, the Company has pledged equity investment (note 17.2) and bank balance (note 28.3) with Allied Bank Limited. However, no provision has been recognized in these financial statements as the management is confident to fulfil the conditions in accordance with the sale of assets agreement.

13.1.2 The Additional Commissioner Inland Revenue (ADCIR) amended the assessments for the tax years 2018 and 2019 under section122(5A) of the Income Tax Ordinance,2001. ADCIR disallowed certain expenses, tax credit and increased the tax liability by Rupees 8.193 million and Rupees 15.303 million for the tax years 2018 and 2019 respectively. The Company being aggrieved, filed appeals before Commissioner Inland Revenue (Appeals) which are pending adjudication. The management of the Company is confident that the appeals will be decided in favour of the Company. Hence, no provision / adjustment has been recognized in these financial statements.

13.1.3 During the year ended 30 June 2010, Lahore Electric Supply Company Limited (LESCO) served a notice to the Company in connection with violation of Power Purchase Agreement. According to the aforesaid notice, the Company was using gas along with Refined Furnace Oil (RFO) in the ratio of 50:50 as co-fuel in order to generate electric power for sale to LESCO whereas tariff was charged to LESCO on the basis of RFO. The matter has been referred for arbitration and is being resolved under the provisions of above said Power Purchase Agreement. The proceedings of arbitration are in process. An amount of Rupees 86.833 million receivable by the Company from LESCO is still unpaid. Full provision against this receivable has been made in books of account. However, the Company is confident that the said amount will be recovered.

13.1.4 Bank guarantees of Rupees 157.189 million (2020: Rupees 92.759 million) are given by the banks of the Company in favour of Sui Northern Gas Pipelines Limited against gas connections.

13.1.5 Bank guarantee of Rupees 6.500 million (2020: Rupees 6.500 million) is given by the bank of the Company in favour of Director, Excise and Taxation to cover the disputed amount of infrastructure cess.

13.1.6 Bank guarantees of Rupees 8.164 million (2020: Rupees 8.164 million) are given by the bank of the Company in favour of Lahore Electric Supply Company Limited against electricity connections.

13.2 Commitments

13.2.1 Aggregate commitments for capital expenditure and revenue expenditures are amounting to Rupees 964.324 million and Rupees 200.787 million (2020: Rupees 109.661 million and Rupees 22.610 million) respectively.

13.2.2 Post dated cheques are amounting to Rupees 707.022 million (2020: Rupees 273.708 million).

	2021 Rupees	2020 Rupees
14. FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets (Note 14.1)	6,557,877,576	4,870,901,704
Capital work-in-progress (Note 14.2)	468,921,570	157,226,279
	7,026,799,146	5,028,127,983

14.1 Reconciliations of carrying amounts of operating fixed assets at the beginning and end of the year are as follows:

Description	Operating fixed assets								
	Freehold land	Residential building	Factory building	Plant and machinery	Electric Installations	Furniture, fixtures and equipment	Computers	Motor vehicles	Total
	(RUPEES)								
As at 30 June 2019									
Cost / revalued amount	1,117,015,000	287,486,061	1,263,410,684	5,222,619,740	164,116,731	115,866,917	55,812,690	140,236,546	8,366,564,369
Accumulated depreciation	-	(102,617,961)	(391,998,951)	(2,703,256,575)	(104,620,847)	(75,930,883)	(51,143,227)	(56,525,864)	(3,486,094,308)
Accumulated impairment loss	-	-	-	(54,082,319)	-	-	-	-	(54,082,319)
Net book value	1,117,015,000	184,868,100	871,411,733	2,465,280,846	59,495,884	39,936,034	4,669,463	83,710,682	4,826,387,742
Year ended 30 June 2020									
Opening net book value	1,117,015,000	184,868,100	871,411,733	2,465,280,846	59,495,884	39,936,034	4,669,463	83,710,682	4,826,387,742
Additions	234,131,621	-	5,798,560	49,116,364	6,321,932	3,184,734	-	20,171,836	318,725,047
Disposals:									
Cost	-	-	-	-	-	-	-	(12,793,780)	(12,793,780)
Accumulated depreciation	-	-	-	-	-	-	-	6,998,643	6,998,643
	-	-	-	-	-	-	-	(5,795,137)	(5,795,137)
Depreciation charge	-	(9,243,405)	(43,701,058)	(189,998,203)	(6,197,500)	(4,199,048)	(1,400,841)	(13,675,893)	(268,415,948)
Closing net book value	1,351,146,621	175,624,695	833,509,235	2,324,399,007	59,620,316	38,921,720	3,268,622	84,411,488	4,870,901,704
As at 30 June 2020									
Cost / revalued amount	1,351,146,621	287,486,061	1,269,209,244	5,271,736,104	170,438,663	119,051,651	55,812,690	147,614,602	8,672,495,636
Accumulated depreciation	-	(111,861,366)	(435,700,009)	(2,893,254,778)	(110,818,347)	(80,129,931)	(52,544,068)	(63,203,114)	(3,747,511,613)
Accumulated impairment loss	-	-	-	(54,082,319)	-	-	-	-	(54,082,319)
Net book value	1,351,146,621	175,624,695	833,509,235	2,324,399,007	59,620,316	38,921,720	3,268,622	84,411,488	4,870,901,704
Year ended 30 June 2021									
Opening net book value	1,351,146,621	175,624,695	833,509,235	2,324,399,007	59,620,316	38,921,720	3,268,622	84,411,488	4,870,901,704
Additions	111,262,884	-	6,714,739	968,326,550	15,485,844	162,576	1,042,535	15,225,330	1,118,220,458
Disposals:									
Cost	-	-	-	(223,430,613)	-	-	-	(10,572,071)	(234,002,684)
Accumulated depreciation	-	-	-	186,081,089	-	-	-	4,434,273	190,515,362
	-	-	-	(37,349,524)	-	-	-	(6,137,798)	(43,487,322)
Depreciation charge	-	(8,781,235)	(41,821,128)	(209,132,186)	(6,920,361)	(3,907,075)	(1,204,635)	(12,082,833)	(283,849,453)
Surplus on revaluation	455,401,495	34,333,540	406,357,154	-	-	-	-	-	896,092,189
Closing net book value	1,917,811,000	201,177,000	1,204,760,000	3,046,243,847	68,185,799	35,177,221	3,106,522	81,416,187	6,557,877,576
As at 30 June 2021									
Cost / revalued amount	1,917,811,000	321,819,601	1,682,281,137	6,016,632,041	185,924,507	119,214,227	56,855,225	152,267,861	10,452,805,599
Accumulated depreciation	-	(120,642,601)	(477,521,137)	(2,916,305,875)	(117,738,708)	(84,037,006)	(53,748,703)	(70,851,674)	(3,840,845,704)
Accumulated impairment loss	-	-	-	(54,082,319)	-	-	-	-	(54,082,319)
Net book value	1,917,811,000	201,177,000	1,204,760,000	3,046,243,847	68,185,799	35,177,221	3,106,522	81,416,187	6,557,877,576
Depreciation rate % per annum	-	5	5	10	10	10	30	20	

14.1.1 Freehold land and buildings of the Company were revalued as at 30 June 2021 by an independent valuer, Messrs Hamid Mukhtar and Company (Private) Limited. Previously these had been revalued as at 30 June 2018. Had there been no revaluation, the value of the assets would have been lower by Rupees 2,696.006 million (2020: Rupees 1,838.364 million). Forced sale value of freehold land and buildings as on the date of valuation was Rupees 1,534.249 million and Rupees 1,124.749 million respectively.

14.1.2 The book value of freehold land and buildings on cost basis is Rupees 393.051 million and Rupees 234.692 million (2020: Rupees 281.788 million and Rupees 240.129 million) respectively.

14.1.3 Detail of operating fixed assets exceeding book value of Rupees 500,000 disposed of during the year is as follows:

Particulars	Quantity	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
		-------------------(RUPEES)	---------------------					
Plant and machinery								
Looms	60	188,430,613	161,837,712	26,592,901	106,000,000	79,407,099	Negotiation	Colony Textile Mills Limited, Lahore
Caterpillar Diesel Engine	2	35,000,000	24,243,377	10,756,623	8,500,000	(2,256,623)	Negotiation	Tariq Glass Industries Limited, Lahore
		223,430,613	186,081,089	37,349,524	114,500,000	77,150,476		
Motor vehicles								
Honda Civic LEB-19-740	1	3,154,336	765,452	2,388,884	2,388,884	-	Company's Policy	Mr. Amir Alam Qureshi, Company's ex-employee, Lahore
Suzuki Cultus LEA-17A-6706	1	1,291,550	555,470	736,080	968,040	231,960	Company's Policy	Mr. Muhammad Asif, Company's ex-employee, Lahore
Toyota Corola LEE-19-3963	1	2,384,450	579,898	1,804,552	1,850,000	45,448	Negotiation	Ms. Sobia Nawaz, Lahore
		6,830,336	1,900,820	4,929,516	5,206,924	277,408		
Aggregate of vehicles with individual book values not exceeding Rupees 500,000	4	3,741,735	2,533,453	1,208,282	4,230,000	3,021,718	Negotiation	-
		10,572,071	4,434,273	6,137,798	9,436,924	3,299,126		
		234,002,684	190,515,362	43,487,322	123,936,924	80,449,602		

14.1.4 The depreciation charge for the year has been allocated as follows:

	2021 Rupees	2020 Rupees
Cost of sales (Note 30)	269,074,382	252,300,242
Distribution cost (Note 31)	2,412,118	2,912,668
Administrative expenses (Note 32)	12,362,953	13,203,038
	283,849,453	268,415,948

14.1.5 Particulars of immovable properties (i.e. land and buildings) are as follows:

Manufacturing units and office	Address	Area of land	Covered area of buildings
		Acres	Square feet
Manufacturing units:			
Weaving	8-K.M., Manga Raiwind Road, District Kasur.	57.803	392,074
Open land	Maoza Rosa and Bhail, 8-K.M., Manga Raiwind Road, District Kasur.	45.620	-
Dyeing	8-K.M., Manga Raiwind Road, District Kasur.	8.670	455,742
Power generation	8-K.M., Manga Raiwind Road, District Kasur.	21.010	109,880
Office	8-K.M., Manga Raiwind Road, District Kasur.	0.410	19,591
		133.513	977,287

14.2 Movement in capital work in progress

	Advance against purchase of land	Buildings	Plant and machinery	Electric installations	Advance against purchase of vehicles	Stores held for capital expenditures	Total
	..........Rupees..........						
At 30 June 2019	32,400,000	186,631	8,621,187	-	3,519,200	13,110,805	57,837,823
Add: Additions during the year	201,731,621	70,280,052	93,387,273	5,257,068	16,652,636	3,687,785	390,996,435
Less: Capitalized during the year	234,131,621	5,798,560	26,248,894	5,257,068	20,171,836	-	291,607,979
At 30 June 2020	-	64,668,123	75,759,566	-	-	16,798,590	157,226,279
Add: Additions during the year	111,262,884	214,027,566	1,033,925,827	22,597,504	26,793,330	-	1,408,607,111
Less: Capitalized during the year	111,262,884	6,714,739	941,349,878	10,827,041	15,225,330	11,531,948	1,096,911,820
At 30 June 2021	-	271,980,950	168,335,515	11,770,463	11,568,000	5,266,642	468,921,570

14.3 During the year, the Company has capitalized borrowing cost amounting to Rupees 0.676 million (2020: Rupees 0.533 million) using the capitalization rate of 5% per annum.

15. INTANGIBLE ASSET

15.1 Intangible asset - computer software having cost of Rupees 9.297 million has been fully amortized at the rate of 20.00% per annum. However, it is still in the use of the Company.

	2021 Rupees	2020 Rupees
16. INVESTMENT PROPERTY		
Land (Note 16.1)	1,981,607	1,981,607

16.1 This represents 13.7 kanal commercial land located at Shahwai, Farooqa Road, Sargodha.

16.2 No expenses directly related to investment property were incurred during the year. The market value of land is estimated at Rupees 4.110 million (2020: Rupees 3.151 million). Forced sale value of investment property as on the reporting date is Rupees 3.288 million (2020: Rupees 2.521 million). The valuation has been carried out by an independent valuer.

17. LONG TERM INVESTMENTS

	2021 Rupees	2020 Rupees
Equity instruments		
Fair value through other comprehensive income		
Associated company (without significant influence)		
K-2 Hosiery (Private) Limited - unquoted 1,194,000 (2020: 1,194,000) ordinary shares of Rupees 10 each (Note 17.1)	-	-
Other		
Security General Insurance Company Limited - unquoted (Note 17.2) 643,667 (2020: 643,667) fully paid ordinary shares of Rupees 10 each	704,171	704,171
Add: Fair value adjustment	41,694,174	36,493,345
	42,398,345	37,197,516
	42,398,345	37,197,516

17.1 Investment in K-2 Hosiery (Private) Limited has been impaired and written off. This investment was made in accordance with requirements of the Companies Act, 2017.

17.2 Ordinary shares of Security General Insurance Company Limited have been valued by an independent valuer at Rupees 65.87 (2020: Rupees 57.79) per share using present value technique. 640,000 ordinary shares of Security General Insurance Company Limited have been pledged in favour of Allied Bank Limited to serve the performance of certain conditions of sale of assets agreement with M/s Interloop Limited.

18. LONG TERM DEPOSITS

	2021 Rupees	2020 Rupees
Security deposits	62,528,657	29,658,957

19. STORES, SPARES AND LOOSE TOOLS

	2021 Rupees	2020 Rupees
Stores and spares (Note 19.1)	674,131,148	716,016,314
Loose tools	1,660,021	2,044,559
	675,791,169	718,060,873
Less: Provision for slow moving, obsolete and damaged store items (Note 19.2)	108,013,010	108,787,917
	567,778,159	609,272,956

19.1 These include stores in transit of Rupees 17.036 million (2020: Rupees Nil).

	2021 Rupees	2020 Rupees
19.2 Provision for slow moving, obsolete and damaged store items		
Balance as on 01 July	108,787,917	103,668,362
Add: Provision made during the year (Note 33)	-	5,119,555
Less: Provision reversed during the year (Note 34)	774,907	-
Balance as on 30 June	108,013,010	108,787,917
20. STOCK-IN-TRADE		
Raw material (Note 20.1)	1,021,049,307	542,225,474
Work-in-process	245,407,748	181,271,612
Finished goods (Note 20.2 and 20.3)	1,648,676,602	1,226,288,778
	2,915,133,657	1,949,785,864

20.1 This includes raw material of Rupees 75.935 million (2020: Rupees 69.400 million) valued at net realizable value.

20.2 These include finished goods of Rupees 203.209 million (2020: Rupees 222.508 million) valued at net realizable value.

20.3 Finished goods include stock-in-transit amounting to Rupees 705.926 million (2020: Rupees 294.231 million).

20.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 54.298 million (2020: Rupees 100.479 million).

20.5 Stock in trade of Rupees 38.721 million (2020: Rupees 122.335 million) is sent to outside parties for processing.

	2021 Rupees	2020 Rupees
21. TRADE DEBTS		
Other than related parties - considered good:		
Secured (against letters of credit)	523,066,227	235,021,242
Unsecured	529,155,391	412,115,031
	1,052,221,618	647,136,273
Less: Allowance for expected credit losses (Note 21.1)	99,460,104	101,536,875
	952,761,514	545,599,398

	2021 Rupees	2020 Rupees
21.1 Allowance for expected credit losses		
Opening balance	101,536,875	106,215,418
Add: Recognized during the year (Note 33)	26,830,481	-
Less: Trade debts written off during the year	28,907,252	-
Less: Reversed during the year (Note 34)	-	4,678,543
Closing balance	99,460,104	101,536,875
21.2 Types of counterparties		
Export		
Corporate	535,460,912	258,187,133
Others	-	-
	535,460,912	258,187,133
Local		
Corporate	452,510,689	376,784,125
Others	64,250,017	12,165,015
	516,760,706	388,949,140
21.3 Foreign jurisdictions of trade debts		
Australia	35,715,515	-
Asia	219,917,763	171,074,020
Europe	201,182,919	67,621,017
North America	17,177,835	14,888,738
South America	1,224,134	-
Africa	60,242,745	4,603,361
	535,460,911	258,187,136
22. ADVANCES		
Considered good:		
Advances to staff:		
- Against salary (Note 22.1)	23,839,042	26,827,834
- Against expenses (Note 22.2)	4,337,619	11,985,636
	28,176,661	38,813,470
Advances to suppliers	58,450,786	53,404,166
Letters of credit	5,962,857	19,390,754
	92,590,304	111,608,390

22.1 These include interest free advances to executives amounting to Rupees 18.647 million (2020: Rupees 21.704 million).

	2021 Rupees	2020 Rupees
22.2 Advances to staff against expenses		
Considered good	4,337,619	11,985,636
Advances to staff against expenses - considered doubtful (Note 22.3)	9,308,043	5,837,029
Less: Provision for doubtful advances to staff against expenses (Note 22.2.1)	9,308,043	5,837,029
	-	-
	4,337,619	11,985,636

	2021 Rupees	2020 Rupees
22.2.1 Provision for doubtful advances to staff against expenses		
Balance as at 01 July	5,837,029	5,837,029
Add: Provision for the year (Note 33)	3,471,014	-
Balance as at 30 June	9,308,043	5,837,029

22.3 These include unsecured advance against expenses of Rupees 5.895 million (2020: Rupees 5.895 million) given to Mr. Aamir Alam Qureshi (Ex.General manager marketing).

	2021 Rupees	2020 Rupees
23. SHORT TERM DEPOSITS AND PREPAYMENTS		
Security deposits	37,918,361	22,912,554
Prepayment	591,582	-
	38,509,943	22,912,554
24. ADVANCE INCOME TAX - NET		
Advance income tax	321,624,315	414,405,515
Provision for taxation	(186,641,503)	(126,504,925)
	134,982,812	287,900,590
25. SALES TAX RECOVERABLE		
Sales tax recoverable	929,618,602	723,726,823
Less: Provision for doubtful sales tax recoverable (Note 25.1)	57,412,946	40,836,727
	872,205,656	682,890,096

	2021 Rupees	2020 Rupees
25.1 Provision for doubtful sales tax recoverable		
Balance as at 01 July	40,836,727	69,784,160
Add: Provision for the year (Note 33)	16,576,219	-
Less: Provision reversed during the year (Note 34)	-	28,947,433
Balance as at 30 June	57,412,946	40,836,727

26. OTHER RECEIVABLES

	2021 Rupees	2020 Rupees
Considered good:		
Export rebate and claims (Note 26.1)	19,001,356	24,913,986
Duty draw back (Note 26.2)	162,420,596	66,110,329
Receivable from employees' provident fund trust	3,206,750	622,706
Miscellaneous receivables (Note 26.3)	774,181	1,344,778
	185,402,883	92,991,799

26.1 Export rebate and claims

	2021 Rupees	2020 Rupees
Considered good	19,001,356	24,913,986
Considered doubtful	15,710,984	29,313,623
Less: Provision for doubtful export rebate and claims (Note 26.1.1)	15,710,984	29,313,623
	-	-
	19,001,356	24,913,986

26.1.1 Provision for doubtful export rebate and claims

	2021 Rupees	2020 Rupees
Balance as at 01 July	29,313,623	28,905,427
Add: Provision for the year (Note 33)	430,150	408,196
Less: Export rebate and claims written off during the year against provision	14,032,789	-
Balance as at 30 June	15,710,984	29,313,623

26.2 Duty draw back

	2021 Rupees	2020 Rupees
Considered good	162,420,596	66,110,329
Considered doubtful	20,114,903	14,471,887
Less: Provision for doubtful duty draw back	20,114,903	14,471,887
	-	-
	162,420,596	66,110,329

	2021 Rupees	2020 Rupees
26.2.1 Provision for doubtful duty draw back		
Balance as at 01 July	14,471,887	14,471,887
Add: Provision for the year (Note 33)	5,643,016	-
Balance as at 30 June	20,114,903	14,471,887

26.3 Miscellaneous receivables

	2021 Rupees	2020 Rupees
Considered good	774,181	1,344,778
Considered doubtful	545,000	545,000
Less: Provision for doubtful miscellaneous receivables	545,000	545,000
	-	-
	774,181	1,344,778

27. SHORT TERM INVESTMENT

	2021 Rupees	2020 Rupees
At fair value through profit or loss		
Mutual fund		
NBP Islamic Daily Dividend Fund 2,043,161.455 (30 June 2020 : Nil) units	20,431,615	-

28. CASH AND BANK BALANCES

	2021 Rupees	2020 Rupees
Cash in hand (Note 28.1)	13,568,651	14,290,711
Cash with banks:		
On current accounts (Note 28.3) Including US$ 37,443	391,127,223	181,273,980
On deposit accounts (Note 28.2 and 28.4)	255,145,419	570,384,699
	646,272,642	751,658,679
	659,841,293	765,949,390

28.1 Cash in hand includes foreign currency of US$ 28,600, Euro 20,640, GBP 135 and AED 5,940 (2020: US$ 23,484, Euro 20,640, GBP 135 and AED 5,940).

28.2 Rate of profit on bank deposits ranges from 5.50% to 5.75% (2020: 8% to 14%) per annum.

28.3 Cash with banks on current accounts includes an amount of Rupees 8.491 million (2020: Rupees 8.491 million) with Allied Bank Limited, in a non-checking account, to secure performance of certain conditions of sale of assets agreement with M/s Interloop Limited.

28.4 These include term deposit receipts of Rupees 18.00 million (2020: Rupees 18.00 million) which are under lien with Habib Metropolitan Bank Limited.

	2021 Rupees	2020 Rupees
29. REVENUE		
Revenue from contracts with customers:		
Export sales	9,608,578,589	9,585,164,172
Local sales (Note 29.1)	3,274,928,543	2,159,847,656
Processing income	195,141,470	149,248,510
	13,078,648,602	11,894,260,338
Export rebate	32,726,425	34,480,403
Duty draw back	129,654,812	69,067,428
	13,241,029,839	11,997,808,169
29.1 Local sales		
Sales (Note 29.1.1)	3,897,295,025	2,511,638,893
Less: Sales tax	622,366,482	351,791,237
	3,274,928,543	2,159,847,656

29.1.1 These include sales of Rupees 1,586.028 million (2020: Rupees 1,008.156 million) made to direct exporters against standard purchase orders (SPOs). Further, local sales include waste sales of Rupees 22.539 million (2020: Rupees 16.798 million).

29.2 The amount of Rupees 66.246 million included in contract liabilities (Note 9) at 30 June 2020 has been recognized as revenue in 2021 (2020: Rupees 39.170 Million)

29.3 Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

Description	Weaving		Dyeing		Total	
	2021	2020	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Geographical market						
Australia	-	-	70,620,630	81,858,942	70,620,630	81,858,942
Asia	1,194,386,705	1,110,442,135	4,726,682,367	4,627,877,552	5,921,069,072	5,738,319,687
Europe	1,892,924,533	1,906,869,822	1,062,881,568	1,006,543,843	2,955,806,101	2,913,413,665
North America	100,408,831	203,601,672	258,067,241	434,685,398	358,476,072	638,287,070
South America	-	-	5,715,772	4,411,516	5,715,772	4,411,516
Africa	79,073,119	21,962,474	217,817,823	186,910,818	296,890,942	208,873,292
Pakistan	1,347,216,033	888,727,370	2,122,853,980	1,420,368,796	3,470,070,013	2,309,096,166
	4,614,009,221	4,131,603,473	8,464,639,381	7,762,656,865	13,078,648,602	11,894,260,338
Export rebate	4,200,894	5,265,137	28,525,531	29,215,266	32,726,425	34,480,403
Duty draw back	2,094,040	443,925	127,560,772	68,623,503	129,654,812	69,067,428
	4,620,304,155	4,137,312,535	8,620,725,684	7,860,495,634	13,241,029,839	11,997,808,169
Major products / service lines						
Greige cloth	4,373,488,465	3,997,122,018	-	-	4,373,488,465	3,997,122,018
Dyed cloth	-	-	8,405,985,665	7,697,432,130	8,405,985,665	7,697,432,130
Yarn	199,079,917	107,887,791	-	-	199,079,917	107,887,791
Processing income	-	-	195,141,470	149,248,510	195,141,470	149,248,510
Waste	47,735,773	32,302,726	19,598,549	13,814,994	67,334,322	46,117,720
	4,620,304,155	4,137,312,535	8,620,725,684	7,860,495,634	13,241,029,839	11,997,808,169
Timing of revenue recognition						
Products and services transferred at a point in time	4,620,304,155	4,137,312,535	8,620,725,684	7,860,495,634	13,241,029,839	11,997,808,169
Products and services transferred over time	-	-	-	-	-	-
	4,620,304,155	4,137,312,535	8,620,725,684	7,860,495,634	13,241,029,839	11,997,808,169

29.4 Revenue is recognized at point in time as per the terms and conditions of underlying contracts with customers.

30. COST OF SALES

	2021 Rupees	2020 Rupees
Raw material consumed (Note 30.1)	8,350,539,259	7,199,689,878
Chemicals consumed	964,685,853	871,733,370
Salaries, wages and other benefits	632,722,201	599,351,964
Employees' provident fund contributions	23,751,101	21,786,748
Cloth conversion and processing charges	63,808,392	47,751,015
Fuel, oil and power	1,098,783,447	979,808,860
Stores, spares and loose tools consumed	235,081,113	192,846,514
Packing materials consumed	82,351,875	74,298,195
Repair and maintenance	88,314,565	42,809,715
Insurance	22,481,063	18,453,367
Other manufacturing expenses	72,832,299	59,113,668
Depreciation on operating fixed assets (Note 14.1.4)	269,074,382	252,300,242
	11,904,425,550	10,359,943,536
Work-in-process inventory		
As on 01 July	181,271,612	241,702,860
As on 30 June	(245,407,748)	(181,271,612)
	(64,136,136)	60,431,248
Cost of goods manufactured	11,840,289,414	10,420,374,784
Cost of yarn and cloth purchased for resale	103,294,444	27,579,714
	11,943,583,858	10,447,954,498
Finished goods inventory		
As on 01 July	1,226,288,778	909,394,411
As on 30 June	(1,648,676,602)	(1,226,288,778)
	(422,387,824)	(316,894,367)
	11,521,196,034	10,131,060,131

30.1 Raw material consumed

	2021 Rupees	2020 Rupees
Opening stock	542,225,474	664,433,003
Add: Purchased during the year	8,829,363,092	7,077,482,349
	9,371,588,566	7,741,915,352
Less: Closing stock	(1,021,049,307)	(542,225,474)
	8,350,539,259	7,199,689,878

	2021 Rupees	2020 Rupees
31. DISTRIBUTION COST		
Salaries and other benefits	108,825,103	104,944,506
Employees' provident fund contributions	4,129,986	4,219,051
Travelling, conveyance and entertainment	1,944,980	52,861,593
Printing and stationery	520,344	851,709
Communications	38,483,063	45,589,432
Vehicles' running	5,355,404	5,727,965
Insurance	6,772,201	6,674,960
Repair and maintenance	373,569	123,692
Commission to selling agents	195,932,106	196,922,056
Outward freight and handling	245,337,051	195,745,213
Clearing and forwarding	102,360,066	71,444,395
Sales promotion and advertising	1,003,134	3,563,138
Depreciation on operating fixed assets (Note 14.1.4)	2,412,118	2,912,668
Miscellaneous	4,103,077	8,757,802
	717,552,202	700,338,180
32. ADMINISTRATIVE EXPENSES		
Salaries and other benefits	183,989,965	169,572,205
Employees' provident fund contributions	6,924,442	5,991,161
Travelling, conveyance and entertainment	37,094,850	50,894,257
Printing and stationery	5,396,369	4,826,625
Communications	8,597,136	5,511,719
Vehicles' running	12,383,933	13,565,669
Legal and professional	4,034,138	10,546,491
Insurance	11,850,521	9,570,912
Fee, subscription and taxes	9,106,839	3,565,868
Repair and maintenance	13,993,328	4,855,264
Electricity, gas and water	2,897,260	2,843,735
Auditors' remuneration (Note 32.1)	2,435,000	2,400,000
Depreciation on operating fixed assets (Note 14.1.4)	12,362,953	13,203,038
Miscellaneous	47,872,608	29,380,567
	358,939,342	326,727,511
32.1 Auditors' remuneration		
Audit fee	1,850,000	1,850,000
Half yearly review	320,000	320,000
Other certifications	80,000	80,000
Reimbursable expenses	185,000	150,000
	2,435,000	2,400,000

	2021 Rupees	2020 Rupees

33. OTHER EXPENSES

	2021 Rupees	2020 Rupees
Workers' profit participation fund (Note 9.3)	26,265,643	27,502,088
Workers' welfare fund (Note 9.4)	9,526,507	9,914,439
Donations (Note 33.1)	3,250,000	24,150,000
Impact of de-recognition of financial instrument carried at amortized cost	-	9,615
Loss on sale of stores	3,515,584	-
Exchange loss - net	23,142,964	42,473,976
Provision for slow moving, obsolete and damaged store items (Note 19.2)	-	5,119,555
Provision for doubtful duty draw back (Note 26.2.1)	5,643,016	-
Provision for doubtful export rebate and claims (Note 26.1.1)	430,150	408,196
Provision for doubtful sales tax recoverable (Note 25.1)	16,576,219	-
Provision for doubtful advances to staff against expenses (Note 22.2.1)	3,471,014	-
Advances to suppliers written off	4,803,590	-
Allowance for expected credit losses (Note 21.1)	26,830,481	-
	123,455,168	109,577,869

33.1 The names of donees are as follows:

	2021 Rupees	2020 Rupees
Cancer Care Hospital and Research Center	1,000,000	-
The Citizen Foundation	-	7,500,000
Saleem Memorial Trust Hospital	-	10,000,000
Lahore Institute of Health Sciences	-	5,000,000
Zubaida Associates	1,000,000	-
H & EF Endowment Fund	500,000	-
ZM Welfare Trust	-	1,000,000
Prime Minister's Corona Relief Fund	-	250,000
Saylani Welfare Trust	-	200,000
Friends of Punjab Institute of Cardiology	750,000	200,000

There is no interest of any director or his spouse in donee's fund except for Friends of Punjab Institute of Cardiology where Mr. Amir Fayyaz Shiekh is Trustee.

34. OTHER INCOME

Income from financial assets

	2021 Rupees	2020 Rupees
Dividend income	3,726,116	2,735,589
Return on bank deposits	26,806,680	17,915,820
Reversal of allowance for expected credit losses (Note 21.1)	-	4,678,543
Gain on long term financing measured at amortized cost	-	13,421,896
Credit balances written back	57,863,322	-
Accrued markup written back (Note 10.1)	41,618,428	-

	2021 Rupees	2020 Rupees
Income from non-financial assets		
Scrap sales	52,869,245	33,819,534
Reversal of provision for slow moving, obsolete and damaged store items (Note 19.2)	774,907	-
Gain on sale of property, plant and equipment -net (Note 14.1.3)	80,449,602	2,684,703
Gain on initial recognition of GIDC payable at amortized cost	11,640,485	-
Amortization of deferred grant (Note 8)	8,479,045	230,891
Reversal of provision for doubtful sales tax recoverable (Note 25.1)	-	28,947,433
Others	4,120,061	1,299,290
	288,347,891	105,733,699

35. FINANCE COST

	2021 Rupees	2020 Rupees
Mark-up on long term financing	61,441,221	50,349,397
Mark-up on short term borrowings	122,463,463	147,464,172
Adjustment due to impact of IFRS - 9 on long term financing	23,051,962	5,844,840
Bank commission and other financial charges	103,837,706	111,977,493
Interest on workers' profit participation fund (Note 9.3)	22,721,875	34,394,773
Adjustment due to impact of IFRS - 9 on GIDC (Note 7.3)	7,919,926	-
	341,436,153	350,030,675

36 TAXATION

	2021 Rupees	2020 Rupees
Current (Note 36.1)	186,641,503	126,504,925
Prior year adjustment	14,604,415	(3,562,682)
Deferred	(2,230,114)	(2,347,488)
	199,015,804	120,594,755

36.1 The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made accordingly. Further, provision against income from other sources is made under the relevant provisions of the Income Tax Ordinance, 2001.

36.2 Provision for deferred income tax is not required as the Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the foreseeable future except for deferred tax liability as explained in note 7.2.

	2021 Rupees	2020 Rupees
36.3 Reconciliation between tax expense and accounting profit		
Accounting profit before taxation	466,798,831	485,807,502
Applicable tax rate	29%	29%
Tax on accounting profit	135,371,661	140,884,176
Tax effect of change in prior year's tax	14,604,415	(3,562,682)
Tax effect of dividend income taxed at a lower rate	(521,656)	(382,982)
Tax effect of deferred tax	(2,230,114)	(2,347,488)
Tax effect of gain on disposal of operating fixed assets	(6,851,633)	(208,834)
Tax effect of income that are not considered in determining taxable liability	(6,059,387)	(13,710,841)
Tax effect of final tax regime income taxed at a lower rate	64,702,518	(76,594)
	199,015,804	120,594,755

37. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share, which is based on:

		2021	2020
Profit attributable to ordinary shareholders	(Rupees)	267,783,027	365,212,747
Weighted average number of ordinary shares	(Numbers)	50,911,011	50,911,011
Earnings per share	(Rupees)	5.26	7.17

38. CASH GENERATED FROM OPERATIONS

	2021 Rupees	2020 Rupees
Profit before taxation	466,798,831	485,807,502
Adjustment for non-cash charges and other items:		
Depreciation on operating fixed assets	283,849,453	268,415,948
Dividend income	(3,726,116)	(2,735,589)
Gain on sale of operating fixed assets	(80,449,602)	(2,684,703)
Adjustment due to impact of IFRS - 9 on long term financing	23,051,962	5,844,840
Adjustment due to impact of IFRS - 9 on GIDC	7,919,926	-
Gain on initial recognition of GIDC payable at amortized cost	(11,640,485)	-
Impact of de-recognition of financial instrument carried at amortized cost	-	9,615
Gain on long term financing measured at amortized cost	-	(13,421,896)
Amortization of deferred grant	(8,479,045)	(230,891)
Allowance for / (reversal of) expected credit losses	26,830,481	(4,678,543)
Provision for slow moving, obsolete and damaged store items	-	5,119,555
Reversal of provision for slow moving, obsolete and damaged store items	(774,907)	-
Provision for doubtful duty draw back	5,643,016	-
Provision for doubtful export rebate and claims	430,150	408,196
Provision for doubtful advances to staff against expenses	3,471,014	-
Provision / (reversal) for doubtful sales tax recoverable	16,576,219	(28,947,433)
Advances to suppliers written off	4,803,590	-
Credit balances written back	(57,863,322)	-
Accrued markup written back	(41,618,428)	-
Impact of GIDC	83,622,308	-
Finance cost	310,464,265	344,185,835
Working capital changes (Note 38.1)	(742,384,430)	1,176,589,156
	286,524,880	2,233,681,592

38.1 Working capital changes

	2021 Rupees	2020 Rupees
(Increase) / decrease in current assets		
Stores, spares and loose tools	42,269,704	(196,531,247)
Stock-in-trade	(965,347,793)	(134,255,590)
Trade debts	(433,992,597)	1,592,405,029
Advances	10,743,482	208,927,893
Short term deposits and prepayments	(15,597,389)	(4,544,302)
Other receivables	(98,484,250)	77,595,693
Sales tax recoverable	(205,891,779)	(452,407,585)
	(1,666,300,622)	1,091,189,891
Increase in trade and other payables	923,916,192	85,399,265
	(742,384,430)	1,176,589,156

38.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2021			
	Liabilities from financing activities			Total
	Long term financing	Short term borrowings	Unclaimed dividend	
	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2020	702,579,112	3,072,620,841	7,119,615	3,782,319,568
Short term borrowing obtained	-	9,498,032,620	-	9,498,032,620
Repayment of short term borrowings	-	(8,889,456,641)	-	(8,889,456,641)
Long term financing obtained	872,684,872	-		872,684,872
Repayment of long term financing	(174,580,546)	-	-	(174,580,546)
Impact of IFRS - 9	23,051,962	-	-	23,051,962
	(151,528,584)	-	-	(151,528,584
Deferred income - Government grant	(8,855,155)	-	-	(8,855,155)
Balance as at 30 June 2021	1,414,880,245	3,681,196,820	7,119,615	5,103,196,680

	2020				
	Liabilities from financing activities				Total
	Long term financing	Short term borrowings	Unclaimed dividend	Ex-sponsor's loan	
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2019	787,340,140	3,644,020,840	5,715,206	272,000,000	4,709,076,186
Short term borrowing obtained	-	8,256, 380,700	-	-	8,256,380,700
Repayment of short term borrowings	-	(8,827,780,699)	-	-	(8,827,780,699)
Repayment of ex-sponsor's loan	-	-	-	(210,257,600)	(210,257,600)
Ex-sponsor's loan transferred to other liabilities	-	-	-	(61,742,400)	(61,742,400)
	-	-	-	(272,000,000)	(272,000,000)
Long term financing obtained	118,565,192	-	-		118,565,192
Repayment of long term financing	(190,488,999)	-	-	-	(190,488,999)
Impact of IFRS - 9	5,844,840	-	-	-	5,844,840
	(184,644,159)	-	-	-	(184,644,159)
Gain on long term financing measured at amortized cost	(13,421,896)	-	-	-	(13,421,896)
Deferred income - Government grant	(5,260,165)	-	-	-	(5,260,165)
Dividend declared	-	-	152,733,033	-	152,733,033
Dividend paid	-	-	(151,328,624)	-	(151,328,624)
Balance as at 30 June 2020	702,579,112	3,072,620,841	7,119,615	-	3,782,319,568

39. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2021 of Rupees Nil per share (2020: Rupees Nil per share) at their meeting held on 22 September 2021. However, this event has been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and has not been recognized in these financial statements.

40. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Aggregate amounts charged in these financial statements for remuneration, including all benefits to chief executive officer, director and other executives are as follows:

	2021			2020		
	Chief Executive Officer	Director	Executives	Chief Executive Officer	Director	Executives
	Rupees					
Managerial remuneration	9,478,150	3,643,750	67,275,316	7,923,300	2,887,500	57,607,288
House rent	2,369,538	910,938	15,692,646	1,980,825	721,875	13,327,527
Utilities	947,639	364,306	6,726,284	792,183	288,699	5,759,617
Special allowance	1,895,630	728,750	13,455,067	1,584,660	577,500	11,521,471
Contribution to provident fund	789,530	303,529	3,754,787	660,009	240,534	4,798,713
Other allowances	2,542,043	673,727	16,131,407	2,125,032	533,892	14,548,264
	18,022,530	6,625,000	123,035,507	15,066,009	5,250,000	107,562,880
Number of persons	1	1	31	1	1	29

40.1 Chief executive officer, director and certain executives of the Company are provided with free use of the Company's owned and maintained cars.

40.2 Meeting fee of Rupees 2.000 million (2020: Rupees 2.031 million) was paid to the non-executive directors for attending meetings.

40.3 No remuneration was paid to non-executive directors of the Company.

41. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, key management personnel, close members of the family of the key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2021 Rupees	2020 Rupees
Succession of loan to legal heirs of the deceased director	-	272,000,000
Repayment of loan to legal heirs of the deceased director	17,450,000	210,257,600
Loans obtained from close relatives of the chief executive officer	-	52,360,000
Repayment of loan to close relative of the chief executive officer	14,589,000	12,238,485

41.1 Detail of compensation to key management personnel comprising of chief executive officer, director and executives is disclosed in note 40.

41.2 Following are the related parties with whom the Company have arrangements / agreements in place:

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year		Percentage of shareholding
		2021	2020	
Service Industries Limited	Common directorship	No	No	None
Punjab Social Security Health Management Company	Common directorship	No	No	None
Provident Fund Trust	Post-employment benefit plan	Yes	Yes	None
Friends of Punjab Institute of Cardiology	Director is trustee of the trust	Yes	Yes	None

42. PROVIDENT FUND

As at the reporting date, the Kohinoor Mills Limited Staff Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan.

43. NUMBER OF EMPLOYEES

	2021	2020
Number of employees as on June 30	1,856	1,853
Average number of employees during the year	1,803	1,899

44. SEGMENT INFORMATION

44.1 The Company has three reportable segments. The following summary describes the operation in each of the Company's reportable segments:

Weaving	Production of different qualities of greige fabric using yarn.
Dyeing	Processing of greige fabric for production of dyed fabric.
Power Generation	Generation and distribution of power and steam using gas, coal and oil.

	Weaving		Dyeing		Power Generation		Elimination of inter-segment transactions		Total- Company	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees)									
Sales										
-External	4,620,304,155	4,137,312,535	8,620,725,684	7,860,495,634	-	-	-	-	13,241,029,839	11,997,808,169
-Intersegment	3,625,051,855	2,374,380,289	161,379,940	154,203,004	951,394,550	835,183,514	(4,737,826,345)	(3,363,766,807)	-	-
	8,245,356,010	6,511,692,824	8,782,105,624	8,014,698,638	951,394,550	835,183,514	(4,737,826,345)	(3,363,766,807)	13,241,029,839	11,997,808,169
Cost of sales	(7,344,145,339)	(5,850,891,419)	(7,881,856,881)	(6,804,704,005)	(1,033,020,159)	(839,231,514)	4,737,826,345	3,363,766,807	(11,521,196,034)	(10,131,060,131)
Gross profit / (loss)	901,210,671	660,801,405	900,248,743	1,209,994,633	(81,625,609)	(4,048,000)	-	-	1,719,833,805	1,866,748,038
Distribution cost	(255,886,903)	(209,772,154)	(461,665,299)	(490,566,026)	-	-	-	-	(717,552,202)	(700,338,180)
Administrative expenses	(174,622,670)	(149,265,686)	(173,110,381)	(167,308,752)	(11,206,292)	(10,153,073)	-	-	(358,939,342)	(326,727,511)
	(430,509,573)	(359,037,840)	(634,775,680)	(657,874,778)	(11,206,292)	(10,153,073)	-	-	(1,076,491,544)	(1,027,065,691)
Profit / (loss) before taxation and unallocated income / expenses	470,701,098	301,763,565	265,473,063	552,119,855	(92,831,901)	(14,201,073)	-	-	643,342,261	839,682,347
Unallocated income and expenses:										
Finance cost									(341,436,153)	(350,030,675)
Other expenses									(123,455,168)	(109,577,869)
Other income									288,347,891	105,733,699
Taxation									(199,015,804)	(120,594,755)
									(375,559,234)	(474,469,600)
Profit after taxation									267,783,027	365,212,747

44.2 Reconciliation of reportable segment assets and liabilities:

	Weaving		Dyeing		Power Generation		Total - Company	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees)							
Segment assets	5,410,614,068	4,311,919,158	4,512,454,431	3,851,977,274	1,273,446,775	978,735,230	11,196,515,274	9,142,631,662
Unallocated assets							2,376,830,317	1,023,245,438
Total assets as per the statement of financial position							13,573,345,591	10,165,877,100
Segment liabilities	1,475,844,336	1,068,262,078	1,012,641,375	800,396,270	185,164,141	123,017,168	2,673,649,852	1,991,675,516
Unallocated liabilities:								
Long term financing - secured							1,414,880,245	702,579,112
Deferred liabilities							410,264,828	252,200,138
Deferred income - Government grant							5,405,384	5,029,274
Accrued mark-up							69,459,909	92,580,737
Short term borrowings - secured							3,681,196,820	3,072,620,841
Unclaimed dividend							7,119,615	7,119,615
Trade and other payables							209,820,095	82,907,829
Total liabilities as per the statement of financial position							8,471,796,748	6,206,713,062

44.3 Geographical information

The Company's revenue from external customers by geographical location is detailed below:

	2021 Rupees	2020 Rupees
Australia	70,620,630	81,858,942
Asia	5,921,069,072	5,738,319,687
Europe	2,955,806,101	2,913,413,665
North America	358,476,072	638,287,070
South America	5,715,772	4,411,516
Africa	296,890,942	208,873,292
Pakistan	3,470,070,013	2,309,096,166
	13,078,648,602	11,894,260,338
Export rebate	32,726,425	34,480,403
Duty draw back	129,654,812	69,067,428
	13,241,029,839	11,997,808,169

44.4 All non-current assets of the Company as at reporting dates are located and operating in Pakistan.

44.5 Revenue from major customers

The Company's revenue is earned from a large mix of customers.

45. PLANT CAPACITY AND PRODUCTION

	2021	2020
Weaving		
Number of looms in operation	260	258
Rated capacity of operative looms converted to 60 picks (square meter)	78,533,297	76,982,469
Actual production converted to 60 picks (square meter)	73,162,886	62,614,866
Number of days worked during the year (3 shifts per day)	365	326
Dyeing		
Rated capacity in 3 shifts (linear meter)	48,000,000	48,000,000
Actual production for three shifts (linear meter)	30,872,652	28,865,000
Number of days worked during the year (3 shifts per day)	319	290
Power generation		
Number of generators installed	9	9
Installed capacity (Mega Watt Hours)	317,375	291,445
Actual generation (Mega Watt Hours)	41,476	35,628

45.1 REASON FOR LOW PRODUCTION

Under utilization of available capacity for weaving and dyeing divisions is due to routine maintenance, BMR and plant shut downs. Actual power generation in comparison to installed is low due to periodical scheduled and unscheduled maintenance of generators and low demand.

During the year old looms and generators have been replaced with new looms and generators, hence, rated capacity of weaving and power generation has been increased.

46. FINANCIAL RISK MANAGEMENT

46.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors (the Board). The Company's finance department evaluates and hedges financial risk. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Great Britain Pound (GBP), Arab Emirates Dirham (AED), Chinese Yuan (CNY) and Euro. Currently, the Company's foreign exchange risk exposure is restricted to foreign currency bank balances and the amounts receivable from / payable to the foreign entities. The Company uses forward exchange contracts to hedge its foreign currency risk, when considered appropriate. The Company's exposure to currency risk was as follows:

	2021	2020
Cash at bank - USD	37,443	20,726
Cash in hand - USD	28,600	23,484
Cash in hand - Euro	20,640	20,640
Cash in hand - GBP	135	135
Cash in hand - AED	5,940	5,940
Trade debts - USD	3,146,581	4,226,183
Trade debts - Euro	200,885	91,117
Trade debts - CNY	6,984	291,629
Trade and other payable - USD	(197,142)	(168,634)
Trade and other payable - Euro	(10,631)	-
Net exposure - USD	3,015,482	4,101,759
Net exposure - Euro	210,894	111,757
Net exposure - GBP	135	135
Net exposure - CNY	6,984	291,629
Net exposure - AED	5,940	5,940

The following significant exchange rates were applied during the year:

	2021	2020
Rupees per US Dollar		
Average rate	159.81	158.82
Reporting date rate	157.80	168.25
Rupees per Euro		
Average rate	191.29	175.53
Reporting date rate	188.12	189.11
Rupees per GBP		
Average rate	216.28	199.50
Reporting date rate	218.58	207.05
Rupees per AED		
Average rate	43.53	43.20
Reporting date rate	43.27	45.79
Rupees per CNY		
Average rate	24.33	22.43
Reporting date rate	24.69	23.92

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, GBP, Euro, AED and CNY with all other variables held constant, the impact on profit after taxation for the year would have been higher / lower by Rupees 23.507 million (2020: Rupees 33.052 million) mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because 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 instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to other price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets except for bank deposits. The Company's interest rate risk arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2021 Rupees	2020 Rupees
Fixed rate instruments		
Financial liabilities		
Long term financing	1,414,880,245	702,579,112
Short term borrowings	3,182,370,000	2,874,370,841
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	255,145,419	570,384,699
Financial liabilities		
Short term borrowings	498,826,820	198,250,000

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

If interest rates at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit for the year would have been Rupees 2.266 million lower / higher (2020: Rupees 2.382 million higher / lower), mainly as a result of higher / lower interest expense / income. This analysis is prepared assuming the amounts of liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2021 Rupees	2020 Rupees
Investments	62,829,960	37,197,516
Advances	23,839,042	26,827,834
Deposits	100,447,018	52,571,511
Trade debts	952,761,514	545,599,398
Other receivables	774,181	1,344,778
Bank balances	646,272,642	751,658,679
	1,786,924,357	1,415,199,716

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2021	2020
Banks	Short Term	Long Term	Agency	Rupees	Rupees
National Bank of Pakistan	A1+	AAA	PACRA	14,199,953	546,613
Allied Bank Limited	A1+	AAA	PACRA	162,134,748	448,581,441
Askari Bank Limited	A1+	AA+	PACRA	175,700,939	56,554,096
Bank Alfalah Limited	A1+	AA+	PACRA	16,395,221	22,998,587
Faysal Bank Limited	A1+	AA	PACRA	558,010	615,142
Habib Bank Limited	A-1+	AAA	JCR-VIS	65,804,074	96,197,942
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	19,317,696	18,289,507
The Bank of Punjab	A1+	AA+	PACRA	135,579,655	71,111,624
MCB Bank Limited	A1+	AAA	PACRA	51,577,052	34,486,560
Silk Bank Limited	A-2	A -	JCR-VIS	252,197	278,667
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	210,880	260,313
United Bank Limited	A1+	AAA	JCR-VIS	2,095,604	298,967
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	1,060,681	115,645
Samba Bank Limited	A-1	AA	JCR-VIS	1,385,932	1,323,575
				646,272,642	751,658,679
Investments					
Security General Insurance Company Limited	--- AA ---		JCR-VIS	42,398,345	37,197,516
NBP Islamic Daily Dividend Fund	--- AA (f) ---		PACRA	20,431,615	-
				62,829,960	37,197,516
				709,102,602	788,856,195

The Company's exposure to credit risk and allowance for expected credit loss related to trade debts is disclosed in note 21.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

Trade debts

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained, if any, from these customers to calculate the net exposure towards these customers. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product, Unemployment, Interest, and the inflation Index to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows:

At 30 June 2021

	Local Sales			Export Sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	Rupees		%	Rupees	
Not past due	0.00%	159,827,348	-	0.00%	65,874,563	-
Up to 30 days	0.85%	105,687,634	899,412	0.41%	59,562,908	244,504
31 to 60 days	3.71%	2,689,451	99,854	2.73%	28,497,784	776,651
61 to 90 days	15.13%	2,425,615	366,965	7.96%	2,883,342	229,377
91 to 180 days	31.41%	4,932,772	1,549,575	13.27%	392,116	52,034
181 to 360 days	47.05%	724,252	340,795	39.23%	1,245,164	488,495
361 days and above	100.00%	91,374,288	91,374,288	100.00%	3,038,154	3,038,154
		367,661,360	94,630,889		161,494,031	4,829,215
Trade debts which are not subject to risk of default		149,099,346	-		373,966,881	-
Total		516,760,706	94,630,889		535,460,912	4,829,215

At 30 June 2020

	Local Sales			Export Sales		
	Expected loss rate	Trade debts	Loss allowance	Expected loss rate	Trade debts	Loss allowance
	%	Rupees		%	Rupees	
Not past due	0.00%	124,228,221	-	0.00%	36,375,821	-
Up to 30 days	1.47%	100,497,964	1,480,173	0.60%	33,279,372	199,465
31 to 60 days	4.83%	2,649,597	127,998	2.71%	5,463,389	148,090
61 to 90 days	16.24%	5,368,491	871,799	0.50%	4,63,931	22,987
91 to 180 days	32.47%	2,449,913	795,508	7.41%	992,159	73,562
181 to 360 days	43.14%	3,192,468	1,377,231	28.21%	994,032	280,389
361 days and above	100.00%	94,606,011	94,606,011	100.00%	1,553,662	1,553,662
		332,992,665	99,258,720		79,122,366	2,278,155
Trade debts which are not subject to risk of default		55,956,476	-		179,064,766	-
Total		388,949,141	99,258,720		258,187,132	2,278,155

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. At 30 June 2021, the Company had Rupees 3,088.450 million (2020: Rupees 3,101.550 million) available borrowing limits from financial institutions and Rupees 659.841 million (2020: Rupees 765.949 million) cash and bank balances. The management believes the liquidity risk to be manageable. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2021

	Carrying amount	Contractual cash flows	6 month or less	6-12 months	1-2 Years	More than 2 Years
	(Rupees)					
Non-derivative financial liabilities						
Long term financing	1,414,880,245	1,920,366,267	253,159,131	246,695,742	383,339,295	1,037,172,099
Trade and other payables	2,316,591,302	2,316,591,302	2,316,591,302	-	-	-
Accrued mark-up	297,000,270	297,000,270	69,459,909	-	-	227,540,361
Short term borrowings	3,681,196,820	3,746,358,313	3,746,358,313	-	-	-
Unclaimed dividend	7,119,615	7,119,615	7,119,615	-	-	-
	7,716,788,252	8,287,435,767	6,392,688,270	246,695,742	383,339,295	1,264,712,460

Contractual maturities of financial liabilities as at 30 June 2020

	Carrying amount	Contractual cash flows	6 month or less	6-12 months	1-2 Years	More than 2 Years
	(Rupees)					
Non-derivative financial liabilities						
Long term financing	702,579,112	1,156,110,867	62,933,109	92,698,532	248,341,630	752,137,596
Trade and other payables	1,772,309,568	1,772,309,568	1,772,309,568	-	-	-
Accrued mark-up	292,241,291	292,241,291	92,580,737	-	-	199,660,554
Short term borrowings	3,072,620,841	3,144,408,413	3,144,408,413	-	-	-
Unclaimed dividend	7,119,615	7,119,615	7,119,615	-	-	-
	5,846,870,427	6,372,189,754	5,079,351,442	92,698,532	248,341,630	951,798,150

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 6 and note 11 to these financial statements.

46.2 Financial instruments by categories

Assets as per the statement of financial position

	2021				2020		
	Amortised cost	FVTPL	FVTOCI	Total	Amortised	FVTOCI	Total
	(Rupees)				(Rupees)		
Investments	-	20,431,615	42,398,345	62,829,960	-	37,197,516	37,197,516
Advances	23,839,042	-	-	23,839,042	26,827,834	-	26,827,834
Deposits	100,447,018	-	-	100,447,018	52,571,511	-	52,571,511
Trade debts	952,761,514	-	-	952,761,514	545,599,398	-	545,599,398
Other receivables	774,181	-	-	774,181	1,344,778	-	1,344,778
Cash and bank balances	659,841,293	-	-	659,841,293	765,949,390	-	765,949,390
	1,737,663,048	20,431,615	42,398,345	1,800,493,008	1,392,292,911	37,197,516	1,429,490,427

Liabilities as per the statement of financial position

	2021	2020
	Financial Liabilities at amortized cost	Financial Liabilities at amortized cost
	Rupees	Rupees
Long term financing	1,414,880,245	702,579,112
Accrued mark-up	297,000,270	292,241,291
Short term borrowings	3,681,196,820	3,072,620,841
Trade and other payables	2,316,591,302	1,772,309,568
Unclaimed dividend	7,119,615	7,119,615
	7,716,788,252	5,846,870,427

46.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

	2021			2020		
	Financial assets	Non-financial assets	Total	Financial assets	Non-financial assets	Total
	Rupees			Rupees		
Assets						
Long term investments	42,398,345	-	42,398,345	37,197,516	-	37,197,516
Long term deposits	62,528,657	-	62,528,657	29,658,957		29,658,957
Advances	23,839,042	68,751,262	92,590,304	26,827,834	84,780,556	111,608,390
Short term deposits and prepayments	37,918,361	591,582	38,509,943	22,912,554	-	22,912,554
Trade debts	952,761,514	-	952,761,514	545,599,398	-	545,599,398
Other receivables	774,181	184,628,702	185,402,883	1,344,778	91,647,021	92,991,799
Short term investment	20,431,615	-	20,431,615	-	-	-
Cash and bank balances	659,841,293	-	659,841,293	765,949,390	-	765,949,390
	1,800,493,008	253,971,545	2,054,464,553	1,429,490,427	176,427,577	1,605,918,004
Liabilities						
Long term financing	1,414,880,245	-	1,414,880,245	702,579,112	-	702,579,112
Accrued mark-up	297,000,270	-	297,000,270	292,241,291	-	292,241,291
Short term borrowings	3,681,196,820	-	3,681,196,820	3,072,620,841	-	3,072,620,841
Trade and other payables	2,316,591,302	566,878,645	2,883,469,947	1,772,309,568	302,273,777	2,074,583,345
Unclaimed dividend	7,119,615	-	7,119,615	7,119,615	-	7,119,615
	7,716,788,252	566,878,645	8,283,666,897	5,846,870,427	302,273,777	6,149,144,204

46.4 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

46.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to share holders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, and short term borrowings obtained by the Company as referred to in note 6 and note 11 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The Company's strategy, remained unchanged from last year.

	2021 Rupees	2020 Rupees
Borrowings	5,096,077,065	3,775,199,953
Total equity	5,101,548,843	3,959,164,038
Total capital employed	10,197,625,908	7,734,363,991
Gearing ratio (Percentage)	49.97	48.81

The increase in the gearing ratio resulted primarily from increase in borrowings of the Company.

47. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 June 2021	Level 1	Level 2	Level 3	Total
	.... (Rupees)			
Financial asset				
Investment at fair value through profit or loss	20,431,615	-	-	20,431,615
Investment at fair value through other comprehensive income	-	-	42,398,345	42,398,345
Total financial assets	20,431,615	-	42,398,345	62,829,960

Recurring fair value measurements At 30 June 2020	Level 1	Level 2	Level 3	Total
	.... (Rupees)			
Financial asset				
Fair value through other comprehensive income	-	-	37,197,516	37,197,516
Total financial asset	-	-	37,197,516	37,197,516

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There was no transfer in and out of level 1 and level 3 measurements during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments and the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value measurement using significant unobservable inputs (level 3)

The following table presents the changes in level 3 item for the years ended 30 June 2021 and 30 June 2020:

	Unlisted equity security Rupees
Balance as on 01 July 2019	42,572,135
Less : Deficit recognized in other comprehensive income	5,374,619
Balance as on 30 June 2020	37,197,516
Add : Surplus recognized in other comprehensive income	5,200,829
Balance as on 30 June 2021	42,398,345

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurement.

Description	Fair value as at		Un-observable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	30 June 2021	30 June 2020		30 June 2021	
	Rupees	Rupees			
Investment					
Security General Insurance Company Limited	42,398,345	37,197,516	Terminal growth factor Risk adjusted discount rate	4.00% 14.20%	Increase / decrease in terminal growth factor by 1.00% and decrease / increase in discount rate by 1.00% would increase / decrease fair value by Rupees +9.887 million / -6.701 million.

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Valuation processes

Independent valuer performs the valuation of non-property item required for financial reporting purposes, including level 3 fair values. The independent valuer reports directly to the chief financial officer. Discussions of valuation processes and results are held between the chief financial officer and the valuation team at least once every six month, in line with the Company's half yearly reporting period.

The main level 3 inputs used by the Company are derived and evaluated as follows:

Discount rate for financial instrument is determined using a capital asset pricing model to calculate a rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Earnings growth factor for unlisted equity security is estimated based on market information for similar types of companies.

Changes in level 2 and 3 fair values are analysed at the end of each half yearly reporting period during the valuation discussion between the chief financial officer and the independent valuer. As part of this discussion the independent valuer presents a report that explains the reason for the fair value movements.

48. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made for non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

As at 30 June 2021	Level 1	Level 2	Level 3	Total
	.... (Rupees)			
Property, plant and equipment:				
- Freehold land	-	1,917,811,000	-	1,917,811,000
- Buildings	-	1,405,937,000	-	1,405,937,000
Total non-financial assets	-	3,323,748,000	-	3,323,748,000

As at 30 June 2020	Level 1	Level 2	Level 3	Total
	.... (Rupees)			
Property, plant and equipment:				
- Freehold land	-	1,351,146,621	-	1,351,146,621
- Buildings	-	1,009,133,930	-	1,009,133,930
Total non-financial assets	-	2,360,280,551	-	2,360,280,551

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for the items of property, plant and equipment carried at revalued amounts every three years. The management updates the assessment of the fair value of each item of property, plant and equipment carried at revalued amount, taking into account the most recent independent valuations. The management determines the value of items of property, plant and equipment carried at revalued amounts within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's items of property, plant and equipment carried at revalued amounts at the end of every three years. As at 30 June 2018, the fair values of the items of property, plant and equipment were determined by Messers Hamid Mukhtar and Company (Private) Limited, the approved valuer.

Changes in fair values are analysed between the chief financial officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

49. FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgements and estimates are made for non-financial assets not measured at fair value in these financial statements but for which the fair value is described in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

As at 30 June 2021	Level 1	Level 2	Level 3	Total
	.... (Rupees)			
Investment property:				
- Land	-	4,110,000	-	4,110,000
Total non-financial asset	-	4,110,000	-	4,110,000

As at 30 June 2020	Level 1	Level 2	Level 3	Total
	.... (Rupees)			
Investment property:				
- Land	-	3,151,000	-	3,151,000
Total non-financial asset	-	3,151,000	-	3,151,000

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its investment property at least annually. At the end of each reporting period, the management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's investment property at the end of every financial year. As at 30 June 2021, the fair value of the investment property has been determined by Hamid Mukhtar and Company (Private) Limited.

Change in fair value is analysed at the end of each year during the valuation discussion between the chief financial officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

50. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2021	2020	2021	2020
	- - - - - - - - - - - - - -	Rupees	- - - - - - - - - - - - - -	
Total facilities	1,687,730,000	503,000,000	7,046,000,000	6,176,000,000
Utilized at the end of the year	1,334,950,000	142,072,000	3,957,550,000	3,074,450,000
Unutilized at the end of the year	352,780,000	360,928,000	3,088,450,000	3,101,550,000

51. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab and Government of Sindh from time to time announced temporary smart lock downs as a measure to reduce the spread of the COVID -19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant. During the year, the Company has availed SBP's Refinance Scheme for payment of wages and salaries and Temporary Economic Refinance Facility (TERF) as explained in note 6 to these financial statements. Further, management believes that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. From the very outset of COVID-19, the management has adopted various policies and practices to minimize adverse impact of COVID-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from COVID-19.

52. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on 22 September 2021.

53. CORRESPONDING FIGURES

Corresponding figures have been re-arranged / reclassified, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

54. GENERAL

Figures have been rounded off to nearest of Rupee.

AAMIR FAYYAZ SHEIKH	KAMRAN SHAHID	SHAHBAZ MUNIR
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

PROXY FORM

34th Annual General Meeting 2021

I/We ____

of ____________________ in the district of ______________________________ being a member of

KOHINOOR MILLS LIMITED hereby appoint ____

__________________________ of ____________ another member of the Company or failing him/her

appoint ____

of ______________________________________ another member of the Company as my / our proxy

to vote for me/us and on my/our behalf, at the 34th Annual General Meeting of the Company to be held on Wednesday, October 27, 2021 at 2:00 p.m., and at any adjournment thereof.

As witness my/our hand seal this ____________________ day of ____________________, 2021

Folio No.	CDC Account Holders		No. of Ordinary Shares held
	Participant I.D. No.	Account / Sub-Account No.	

Signatures on Ten Rupees Revenue Stamp

The Signature should agree with the specimen registered with the Company

Witness 1

Signature ________________________________

Name ________________________________

CNIC No. ________________________________

Passport No. ________________________________

Address ________________________________

____

Witness 2

Signature ________________________________

Name ________________________________

CNIC No. ________________________________

Passport No. ________________________________

Address ________________________________

____

Important Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office situated at 8th K.M. Manga Raiwind Road, District Kasur, not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

3. No person can act as proxy unless he / she is member of the Company, except that a corporation may appoint a person who is not a member.

For CDC Account Holders / Corporate entities

In addition to the above, the following requirements have to be met.

a) The proxy form shall be witnessed by two persons whose name, address and Computerized National Identity Card (CNIC) number shall be mentioned on the form.
b) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
c) The proxy shall produce original CNIC or passport at the time of attending the meeting.
d) In case of the 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.

AFFIX

CORRECT

POSTAGE

The Company Secretary

KOHINOOR MILLS LIMITED
8-Km, Manga Raiwind Road,
Distt. Kasur,
Pakistan.

پراکسی (مختارنامہ) فارم 2021

34 واں سالانہ جنرل اجلاس

میں / ہم --

ساکن ----------------------------- ضلع ---------- کا / کے رہائشی ہوں / ہیں۔ کوہ نور ملز لیمیٹڈ کا ممبر ہونے کے ناطے

میں / ہم --- ساکن ----------------

کے رہائشی کو جو کہ کمپنی کا ایک اور ممبر ہے اپنا / اپنے متبادل مقرر کرتا ہوں / کرتے ہیں یا ------------------------------------

ساکن ------------------------------ کے رہائشی کو جو کہ کمپنی کا ایک اور ممبر ہے اپنا / اپنے متبادل مقرر کرتا ہوں / کرتے ہیں۔ جو

میرے / ہمارے لئے اور میری / ہماری طرف سے 27 اکتوبر 2021 ء بروز بدھ دوپہر 2:00 بجے ہونے والے کمپنی کے 34 ویں سالانہ جنرل اجلاس میں میری / ہمارے طرف سے بحیثیت پراکسی ووٹ دینے کا مجاز ہوگا۔

آج مورخہ ------------------- 2021

فولیو نمبر	سی ڈی سی اکاؤنٹ / ذیلی اکاؤنٹ نمبر	عام حصص کی تعداد

دس روپے کی ریونیو ٹکٹ
پر دستخط کریں
(دستخط کمپنی کے ساتھ رجسٹرڈ نمونہ کے ساتھ اتفاق کرنا چاہئے)

گواہ شدگان 1	گواہ شدگان 2
دستخط -------------------------	دستخط -------------------------
نام -------------------------	نام -------------------------
شناختی کارڈ نمبر -------------------------	شناختی کارڈ نمبر -------------------------
پاسپورٹ نمبر -------------------------	پاسپورٹ نمبر -------------------------
پتہ -------------------------	پتہ -------------------------

نوٹ:

1۔ اجلاس شروع ہونے سے 48 گھنٹے پہلے 8 کلومیٹر ملتان / ایبٹ آباد روڈ ضلع قصور میں واقع کمپنی کے رجسٹرڈ آفس میں پہنچنے والا دستخط شدہ اور مہر لگا ہوا پراکسی فارم (مختارنامہ) موثر تصور کیا جائے گا۔

2۔ اگر ایک ممبر نے کمپنی میں ایک سے زیادہ پراکسی (متبادل رکن) مقرر کئے یا فارم جمع کروائے تو اس کے وہ تمام فارم غلط قرار دیے جائیں گے۔

3۔ کوئی بھی فرد اس وقت تک متبادل رکن کے طور پر کام نہیں کرسکتا جب تک وہ کمپنی کا ممبر نہ ہو سوائے کارپوریشن کے جو کسی بھی شخص کو متبادل رکن مقرر کرسکتی ہے۔

سی ڈی سی اکاؤنٹ ہولڈرز اور کارپوریٹ اداروں کیلئے

مذکورہ بالا کے علاوہ مندرجہ ذیل ضروریات کو بھی مدنظر رکھا جائے

1۔ پراکسی فارم دو افراد سے دستخط شدہ ہو اور ان کے نام، پتہ اور شناختی کارڈ نمبر واضح لکھے ہوئے ہوں۔

2۔ اصل مالکان اور متبادل اراکین کے شناختی کارڈ یا پاسپورٹ کی نقول پراکسی فارم کے ساتھ منسلک کی جائیں۔

3۔ متبادل رکن کو اجلاس کے وقت اصل شناختی کارڈ یا پاسپورٹ دکھانا ہوگا۔

4۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی دستخط شدہ قرارداد / پاور آف اٹارنی (مختار عام) پراکسی فارم کے ساتھ کمپنی کو جمع کرانا ہوگا۔

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The Company Secretary

KOHINOOR MILLS LIMITED
8-Km, Manga Raiwind Road,
Distt. Kasur,
Pakistan.

مارٹ، لاک ڈاؤن تک محدود رکھنے کے فیصلے، ضروری افرادی قوت کے ساتھ مزدوروں کی صنعت کو چلانے کی اجازت نے، اس شعبے کی بحالی میں بھی اہم کردار ادا کیا۔ مزید REER کو اپنانے کی حکومتی پالیسی سے برآمد پر مبنی ٹیکسٹائل سیکٹر کو فائدہ پہنچے گا۔ تاہم، لوگوں کے خرچ کرنے کی حرکات میں تبدیلی، حریف ممالک کی حکومتوں کی جانب سے ان کے ٹیکسٹائل سیکٹروں کو دی جانے والی مراعات کے باعث پاکستان کی ٹیکسٹائل انڈسٹری کا مسابقتی دباؤ میں رہنے کا امکان ہے۔

کمپنی اگلے مالی سال میں اندازاً 5000 گارمنٹس کی یومیہ صلاحیت کے حامل گارمنٹس یونٹ کے قیام کا بھی منصوبہ بنا رہی ہے جو کہ آپ کی کمپنی کا ورٹیکل انٹیگریشن (Vertical Integration) کی طرف ایک اور قدم ہوگا۔ گارمنٹس سیکٹر ہمارے ڈائنگ یونٹ کی تکمیل کرے گا اور کمپنی اس شامل ہونے والی اہم آہنگی کا فائدہ اٹھائے گی۔

کمپنی ان برانڈز کے ساتھ کام کرتی ہے جو مالی طور پر مستحکم اور اپنی سپلائی چین کو جاری رکھنے کے لیے پرعزم ہیں۔ مینجمنٹ ٹیم وبائی بیماری کے اثرات کو کم کرنے اور اس چیلنجنگ صورتحال میں فاتح بن کر ابھرنے کا منصوبہ تیار کر رہی ہے۔ مالی سال 22 کے لیے مکمل آرڈر بک پوزیشن اعلیٰ صلاحیتی سطح پر کام کرنے کے لیے کافی امید افزا اور معاون ہے۔ انتظامیہ کی طرف سے اٹھائے گئے مذکورہ بالا اقدامات اور ٹیکسٹائل اصلاحات کے لیے حکومت کے مثبت اقدام کو مدنظر رکھتے ہوئے، ہم مالی سال 22 میں اپنے مارکیٹ شیئرز کو بڑھانے کے لیے پُراعتماد ہیں۔

آڈیٹرز

کمپنی کے بیرونی آڈیٹرز میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس آئندہ سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے کمپنیز ایکٹ، 2017 کے تحت دوبارہ تقرری کے اہل ہونے کے باعث، انہوں نے 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹر کے طور پر اپنی خدمات پیش کی ہیں۔ بورڈ آف ڈائریکٹرز نے ان کی دوبارہ تقرری کے لیے آڈٹ کمیٹی کی سفارشات کی توثیق کی ہے۔

آڈیٹرز نے آگاہ کیا ہے کہ انہیں انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے ادارہ آڈٹ اوورسائٹ بورڈ آف پاکستان کے پاس رجسٹرڈ کوالٹی کنٹرول ریویو پروگرام کے تحت تسلی بخش درجہ بندی تفویض کی گئی ہے۔ فرم انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے جاری کردہ ضابطہ اخلاق کے مطابق تعمیل کرتی ہے۔ مزید یہ کہ وہ کمپنی کو کوئی حفاظتی خدمات بھی نہیں دے رہے ہیں۔ آڈیٹرز نے اس بات کی بھی تصدیق کی ہے کہ نہ تو فرم اور نہ ہی اس کا کوئی شراکت دار، ان کے شریک حیات یا نابالغ بچے نے سال کے دوران کسی بھی وقت کمپنی کے حصص میں کاروبار یا تجارت نہیں کی ہے اور یہ کہ فرم کا کوئی پارٹنر یا فرد قریبی رشتہ دار یعنی میاں بیوی، والدین، بہن بھائی، سی ای او، سی ایف او، اندرونی آڈٹ کے سربراہ، کمپنی سیکرٹری یا کمپنی کے ڈائریکٹرز کے خود کفیل اور زیر کفالت بچے آڈٹ میں شامل نہیں ہے۔

اعتراف

بورڈ اپنے قابل قدر حصص یافتگان، بینکوں، مالیاتی اداروں اور صارفین کا شکریہ ادا کرتا ہے، جن کی مدد، مسلسل تعاون اور سرپرستی نے کمپنی کو مسلسل بہتری کے لیے کوشاں رہنے کے قابل بنایا ہے۔ زیر جائزہ مدت کے دوران، انتظامیہ اور ملازمین کے درمیان خوشگوار تعلقات رہے اور ہم کمپنی کے ملازمین کی لگن، استقامت اور محنت کو بھی سراہتے ہیں۔

برائے اور منجانب بورڈ

عامر ریاض شیخ	شہزاد حمید
چیف ایگزیکٹو	ڈائریکٹر

قصور

22 ستمبر 2021

انسانی وسائل اور معاوضہ کمیٹی بورڈ آف ڈائریکٹرز کی طرف سے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضروریات کے مطابق کام کرتی ہے۔
زیر غور سال کے دوران انسانی وسائل اور معاوضہ کمیٹی کے چار (4) اجلاس منعقد ہوئے ان میں ہر ممبر کی حاضری درج ذیل ہے:

نمبر شمار	ممبرز کا نام	شرکت کردہ اجلاس کی تعداد
1	جناب شہباز منیر چیئرمین	4
2	جناب رشید احمد ممبر	4
3	جناب ریاض احمد ممبر	4

نان ایگزیکٹو / آزاد ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے ڈائریکٹرز کے معاوضے سے متعلق پالیسی منظور کی ہے، جس کی اہم خصوصیات درج ذیل ہیں:

- ☆ بورڈ آف ڈائریکٹرز کا کوئی واحد ممبر خود اپنا مشاہرہ متعین نہیں کر سکتا۔
- ☆ آزاد ڈائریکٹرز سمیت نان ایگزیکٹو ڈائریکٹرز کا معاوضہ کمپنی کی موزوں تجربہ کار اور اہل بورڈ ممبرز کو برقرار رکھنے کی ضرورت کے لحاظ سے اور مارکیٹ پریکٹس کے مساوی طے کیا جاتا ہے۔ انسانی وسائل اور معاوضہ کمیٹی ہر مالی سال کے اختتام پر یا اس سے پہلے ایکسٹرنل مارکیٹ میں تقابلی معاوضے کی سطحوں کے سروے کی بنیاد پر بورڈ کو سفارشات پیش کرتی ہے۔
- ☆ کمپنی کے منعقدہ اجلاسوں میں شرکت اور دیگر امور کے لئے ڈائریکٹرز کی طرف سے خرچ کئے جانے والے تمام اخراجات، بشمول سفری، ہوٹل چارجز اور دیگر اخراجات کمپنی سے وصول کرنے کے اہل ہونگے۔
- ☆ معاوضے پر ٹیکس کی ذمہ داری کمپنی برداشت کرے گی۔

ضابطہ اخلاق

بورڈ، سینئر مینجمنٹ اور کمپنی کے دیگر ملازمین میں دیانتداری کی ترویج کے لئے بورڈ نے ضابطہ اخلاق وضع کر کمپنی کی ویب سائٹ پر شائع کیا ہے تاکہ ہر شخص جو کمپنی سے منسلک ہے ان پروفیشنل سٹینڈرڈز اور کارپوریٹ اقدار کو سمجھ سکے۔

حصص داری کا اجمال

30 جون 2021 کو حصص داری کا اجمال اور حصص یافتگان کی اقسام جیسا کہ کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں کہا گیا ہے اس رپورٹ میں منسلک ہے۔

مستقبل کے امکانات

آپ کی کمپنی کی انتظامیہ نئی منڈیوں کو ہدف بناتی ہے اور نئی اور جدید مصنوعات تیار کرنے پر توجہ مرکوز رکھتی ہے تاکہ پیداواری صلاحیت میں مزید بہتری لا سکے۔ کمپنی مارکیٹ میں مسابقت رکھنے کے لیے سٹیٹ بینک پاکستان کی ایل ٹی ایف ایف/ ٹی ای آر ایف اسکیموں کو بروئے کار لاتے ہوئے بی ایم آر میں سرمایہ کاری جاری رکھے گی اور توقع ہے کہ یہ سرمایہ کاری کمپنی اور اس کے حصص یافتگان کے لیے طویل عرصے میں مثبت نتائج دے گی۔

ملکی صنعت پہلے ہی توسیع کی منصوبہ بندی کر رہی ہے اور 2025 تک برآمدات کو دوگنا کرنے کے لیے پوری ٹیکسٹائل ویلیو چین میں تقریباً 5 بلین امریکی ڈالر کی سرمایہ کاری کا آغاز کیا ہے۔ اس توسیع سے مستفید ہونے کے لیے، ٹیکسٹائل انڈسٹری کو ٹیکسٹائل پالیسی کی شکل میں طویل مدتی پالیسی فریم ورک تشکیل دینے کی ضرورت ہے تاکہ اس بات کو یقینی بنایا جا سکے کہ سیاسی سطح پر ہونے والی تبدیلیوں کی وجہ سے موجودہ سازگار پالیسیاں پیچھے نہیں ہٹیں گی۔

وزارت تجارت نے آئندہ 5 سالہ ٹیکسٹائل پالیسی تجویز کی ہے جس کی ابھی تک سٹیک ہولڈرز سے منظوری کا انتظار کیا جا رہا ہے۔ نئی ٹیکسٹائل پالیسی، منظور اور نافذ ہونے کے بعد، برآمدات کو بہتر بنانے میں اہم کردار ادا کرے گی، کیونکہ آنے والی پالیسی ٹیکسٹائل انڈسٹری کو سہارا دے گی اور اگلے پانچ سالوں کے لیے حکومتی پالیسیوں میں مستقل مزاجی کی اجازت دے گی۔

وبائی بیماری کے اثرات کا مقابلہ کرنے کے لیے، حکومت نے متعدد اقدامات کیے جن میں DLTL کا بروقت اجراء، کسٹم ڈیوٹی اور سیلز ٹیکس ریفنڈ، کم شرح پر قرضے کی دستیابی اور قرضوں کا التواء شامل ہیں، جس نے صنعت کو فوری جاری کن نتائج سے بچایا۔ کوویڈ 19 کے بعد انڈسٹری کو کم وقت پر دوبارہ بحال کرنے اور زیادہ خطرے والے علاقوں میں لاک ڈاؤن کو

بورڈ کی سالانہ کارکردگی کا جائزہ

بورڈ اپنی کارکردگی جانچنے کے عمل کو گڈ گورننس کا اہم حصہ تصور کرتا ہے۔ کیونکہ یہ عمل ڈائریکٹرز کو بورڈ کی حالیہ کارکردگی، اس کے کردار اور ذمہ داریوں کے متعلق رائے فراہم کرتا ہے۔ اس بات کا ادراک کرتے ہوئے بورڈ نے اپنی کمیٹیوں کی اور ارکان کی کارکردگی میں مدد فراہم کرنے کے لئے معروف طریقوں سے متعلق ایک سوالنامہ وضع کیا ہے۔ کمپنی سیکرٹری مشاورت اور بحث کے لئے بورڈ کو سالانہ خلاصہ رپورٹ پیش کرتا ہے۔

ڈائریکٹرز کا معاوضہ

ڈائریکٹروں کا معاوضہ بذات خود بورڈ ممبر طے کرتے ہیں۔ تاہم، کارپوریٹ گورننس کے کوڈ کے تحت کوئی بھی ڈائریکٹر اپنا معاوضہ خود طے کرنے کے لئے حصہ لینے کا مجاز نہیں ہے۔ کمپنی نان ایگزیکٹو ڈائریکٹرز کو میٹنگ میں شامل ہونے کی فیس کے علاوہ معاوضہ نہیں دیتی۔ بہترین ذہنوں کو اپنے پاس رکھنے کے لئے، کمپنی کی معاوضہ پالیسی مضبوط ہے جو کہ مارکیٹ کی شرح اور کاروباری ٹرینڈ کے مطابق ہے۔ ڈائریکٹرز اور سی ای او کے معاوضے کی معلومات کے لئے، براہ کرم مالی گوشواروں کے نوٹس سے رجوع کریں۔

ڈائریکٹرز تربیتی پروگرام

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے 7 فروری 2019 کو آپ کی کمپنی کے چیئرمین اور چیف ایگزیکٹو کو ڈائریکٹرز ٹریننگ پروگرام (ڈی ٹی پی) سے استثنیٰ دیا۔ دو آزاد ڈائریکٹرز جناب ریاض احمد اور جناب شہباز منیر پہلے ہی مالی سال 2013 اور 2014 میں آئی سی اے پی سے ڈی ٹی پی مکمل کر چکے ہیں۔ تاہم زیر جائزہ سال کے دوران جناب اسماعیل عامر ریاض۔ ڈائریکٹر، جناب سلیم الدین صدیقی - ڈائریکٹر، این آئی ٹی نامزد اور محترمہ مسرت عامر ریاض۔ کمپنی کی چیف آپریٹنگ آفیسر نے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سفارش کردہ تسلیم شدہ ادارے سے اپنی ڈی ٹی پی مکمل کی ہے۔

آڈٹ کمیٹی

بورڈ نے مندرجہ ذیل ممبروں پر مشتمل ایک آڈٹ کمیٹی تشکیل دی ہے۔

جناب ریاض احمد چیئرمین

جناب رشید احمد ممبر

جناب شہباز منیر ممبر

آڈٹ کمیٹی بورڈ آف ڈائریکٹرز کے طے کردہ طریقہ کار کے مطابق کام کرتی ہے۔ یہ کوڈ آف کارپوریٹ گورننس کی بہترین پریکٹسز اور متعلقہ قانونی ضروریات، اکاؤنٹنگ پالیسیز اور پریکٹسز میں تبدیلی، لاگو اکاؤنٹنگ سٹینڈرڈز اور لسٹنگ کے قواعد کی نگرانی پر توجہ مرکوز رکھتی ہے۔

یہ بورڈ آف ڈائریکٹرز کو بیرونی آڈیٹرز کی تقرری سے متعلق سفارشات پیش کرتی ہے۔ دیگر ذمہ داریوں میں انٹرنل آڈٹ فنکشن، کمپنی کے اثاثوں کا انٹرنل کنٹرول سسٹم کے ذریعے تحفظ اور مالیاتی اور آپریشنل کنٹرول، اکاؤنٹنگ کا نظام اور رپورٹنگ کے طریقہ کار، کاروباری منصوبوں کا ابتدائی جائزہ اور بورڈ کی توثیق اور تجزیہ کی اشاعت سے پہلے سہ ماہی، ششماہی اور سالانہ کارکردگی کا جائزہ لیتی ہے۔

زیر غور سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے ان میں ہر ممبر کی حاضری درج ذیل ہے:

نمبر شمار	ممبرز کا نام	شرکت کردہ اجلاس کی تعداد
1	جناب ریاض احمد چیئرمین	4
2	جناب رشید احمد ممبر	4
3	جناب شہباز منیر ممبر	4

انسانی وسائل اور معاوضہ کمیٹی

بورڈ نے مندرجہ ذیل ممبروں پر مشتمل ایک انسانی وسائل اور معاوضہ کمیٹی تشکیل دی ہے۔

جناب شہباز منیر چیئرمین

جناب ریاض احمد ممبر

جناب رشید احمد ممبر

کل ڈائریکٹرز کی تعداد 7 ہے۔ جن کے نام درج ذیل ہیں:

a) مرد حضرات

i۔ جناب رشید احمد

ii۔ جناب عامر فیاض شیخ

iii۔ جناب اسمٰعیل عامر فیاض

iv۔ جناب ریاض احمد

v۔ جناب شہباز منیر

vi۔ جناب مطیع الدین صدیقی

b) خاتون

vii۔ محترمہ صفیہ فیاض

بورڈ کی تبدیلیاں

زیر جائزہ سال کے دوران بورڈ میں کوئی تبدیلی نہیں ہوئی۔

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد ہوئے۔ ہر ایک ڈائریکٹر کی حاضری درج ذیل ہے:

نمبر شمار	ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
1	جناب رشید احمد چیئرمین	4
2	جناب عامر فیاض شیخ چیف ایگزیکٹو	4
3	جناب اسمٰعیل عامر فیاض ڈائریکٹر	4
4	محترمہ صفیہ فیاض ڈائریکٹر	4
5	جناب ریاض احمد ڈائریکٹر	4
6	جناب شہباز منیر ڈائریکٹر	4
7	جناب مطیع الدین صدیقی ڈائریکٹر NIT کا نامزد	4

درج ذیل بیان کے علاوہ زیر جائزہ سال کے دوران ڈائریکٹرز، ایگزیکٹوز، ان کے شریک حیات اور نابالغ بچوں کی طرف سے حصص میں کوئی تجارت نہیں کی گئی:

نمبر شمار	نام	ٹرانزیکشن کی نوعیت	حصص کی تعداد
1	جناب عامر فیاض شیخ	ریڈی مارکیٹ	75,000
	چیف ایگزیکٹو	ریڈی مارکیٹ	192,350
2	جناب علی فیاض شیخ	ریڈی مارکیٹ	18,500
	سبسٹینشل شیئر ہولڈر	ریڈی مارکیٹ	6,500
		ریڈی مارکیٹ	64,000
3	کامران شاہد سی ایف او	ریڈی مارکیٹ	(256,350)

حفاظت، صحت اور ماحولیات

آپ کی کمپنی اپنے تمام ملازمین کے لئے ایک محفوظ اور صحت مند کام کی جگہ فراہم کرنے پر توجہ مرکوز رکھتی ہے اور ہم جس معاشرے اور ماحول میں کام کرتے ہیں اس کے لئے ذمہ داری کے ساتھ کام کرنے کے لئے پرعزم ہیں۔ کارپوریٹ قیادت، عملے کی لگن اور کام کی جگہ پر اعلیٰ ترین پیشہ ورانہ معیارات کے اطلاق کے ذریعے، ہماری حفاظت، صحت اور ماحول کی کارکردگی میں مستقل بہتری سے یہ کامیابی حاصل ہوگی۔

کارپوریٹ سماجی ذمہ داری

آپ کی کمپنی کے پاس بہت منفرد کارپوریٹ سماجی ذمہ داری (سی ایس آر) پالیسی ہے جس کا مقصد جہاں وہ کام کرتی ہے اس کمیونٹی کو تحفظ فراہم کرنے کی اپنی ذمہ داریوں کو نبھانا ہے۔ اس کی انسان دوست سرگرمیوں میں صحت اور تعلیم کے شعبے کے اقدامات میں حصہ لینا شامل ہے۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی تعمیل

آپ کی کمپنی کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لئے پرعزم ہے۔ بورڈ اور اس کی ذیلی کمیٹیاں اس سلسلے میں اپنی ذمہ داریوں کو تسلیم کرتی ہیں اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تعمیل کا بیان اور اسی بارے میں آڈیٹرز کی جائزہ رپورٹ منسلک ہے۔

ویلیو ایڈیشن اور اس کی تقسیم اور مالی خطرات

ویلیو ایڈیشن اور اس کی تقسیم اس رپورٹ کے ساتھ منسلک ہے۔

کارپوریٹ اور مالیاتی فریم ورک

کمپنی کے بورڈ آف ڈائریکٹرز، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ کوڈ آف کارپوریٹ گورننس کے متعلق اپنی ذمہ داریوں سے بخوبی آگاہ ہیں۔ مندرجہ ذیل بیانات کوڈ آف کارپوریٹ گورننس کے بہترین طریقوں سے چلانے کے لئے کمپنی کے عزم کا اظہار کرتے ہیں۔

a. مالیاتی گوشوارے کمپنیز ایکٹ 2017 کے مطابق تیار کیے گئے ہیں۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے، اس کے معاملات، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

b. کمپنی نے اکاؤنٹس کی کتابوں کا مکمل ریکارڈ رکھا ہوا ہے۔

c. مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

d. مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے اور کسی انحراف کا واضح انکشاف اور وضاحت کی گئی ہے۔

e. اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

f. کاروبار جاری رکھنے کے لئے کمپنی کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

g. لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں دیئے گئے قواعد و ضوابط کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی مادی انحراف نہیں کیا گیا ہے۔

h. کمپنی کے کاروبار کے کسی بھی حصے میں تنظیم نو، کاروبار کی توسیع یا کاروبار کو بند کرنے کا کوئی اہم منصوبہ نہیں ہے۔

i. گزشتہ چھ سالوں کے آپریٹنگ اور مالی اعداد و شمار رپورٹ ہذا سے منسلک ہیں۔

j. ٹیکسز، ڈیوٹیز، لیویز اور دیگر چارجز (اگر کوئی ہیں) کی مد میں قانونی ادائیگیوں کی بابت معلومات نظر ثانی شدہ گوشواروں کے متعلقہ نوٹ میں دی گئی ہیں۔

k. کمپنی حفاظتی قواعد و ضوابط کے معیارات کی سختی سے تعمیل کرتی ہے۔ یہ ماحول دوست پالیسیوں پر بھی عمل کرتی ہے۔

l. سٹاف ریٹائرمنٹ فنڈ (پراویڈنٹ فنڈ) کی طرف سے کی جانے والی سرمایہ کاری کا تخمینہ ان اکاؤنٹس پر مبنی ہے جو کہ درج ذیل ہیں:

30 جون 2021 201.853 ملین روپے (غیر جانچ پڑتال شدہ)

30 جون 2020 195.064 ملین روپے (جانچ پڑتال شدہ)

بورڈ آف ڈائریکٹرز

کمپنی کے مکمل نظم و نسق اور انتظامات کے لئے بورڈ آف ڈائریکٹرز ذمہ دار ہیں۔ تمام ڈائریکٹرز اپنے فرائض اور اختیارات سے بخوبی آگاہ ہیں۔ تمام ڈائریکٹرز بورڈ کے ہر سال میں منعقد ہونے والے اجلاس کے ذریعے اپنی قانونی ذمہ داریاں ادا کرتے ہیں۔ جن میں کمپنی کے مالیاتی گوشواروں پر نظر ثانی کرنے کے اور ان کی منظوری کے علاوہ کمپنی کے اہم حصے، فیصلے، اثاثے اور مالی تخمینہ جات وغیرہ بورڈ کی کمیٹی کی دی گئی سفارشات کی روشنی میں مشاورت اور ان پر عمل کروانا شامل ہے۔ ان کے فرائض میں کمپنی کے اسٹریٹجک مقاصد کو قائم کرنا، قیادت کی فراہمی، کاروبار کے انتظام کی نگرانی اور حصص یافتگان کو رپورٹ کرنا شامل ہے۔

ڈائینگ ڈویژن

کووڈ 19 وبا کے پھیلنے کے بعد سے، فیشن ریٹیل سپلائی چین نے کھپت کے انداز میں بڑے پیمانے پر تبدیلی دیکھی۔ وائرس سے متاثرہ صارفین کی زندگیوں کے ساتھ، لوگوں کے رہنے، کام کرنے اور خریداری کے طریقے میں خاطر خواہ اور دیرپا تبدیلیاں آئی ہیں۔

فیشن ریٹیل سپلائی چین کا حصہ ہونے کے ناطے ڈائینگ ڈویژن نے بھی، لاک ڈاؤن کے ادوار میں مشکل صورتحال کا سامنا کیا ہے۔ اس ڈویژن کو درپیش بڑے چیلنجز میں خام مال کی لاگت میں بے حد اضافہ، شرح مبادلہ کی منفی حرکات اور سمندری مال برداری کی قیمتوں میں تیزی سے اضافہ شامل ہیں۔

دنیا بھر میں ویکسینیشن مہم کے باعث کاروبار آہستہ آہستہ معمول پر آنے کی وجہ سے، وبائی بیماری کے اثرات کم ہونا شروع ہو گئے ہیں اور بین الاقوامی برانڈز نے اپنی خوردہ سرگرمیوں کا دوبارہ آغاز کر دیا ہے۔ ہمارے ڈائینگ ڈویژن کی انتظامیہ وبائی بیماری سے قبل کے فروخت حجم کو حاصل کرنے کے لیے سخت محنت کر رہی ہے۔ ہمارے بڑے برانڈز اور گاہک اپنی جگہ پر قائم ہیں اور ہماری مارکیٹنگ ٹیم نئی مارکیٹوں کی تلاش اور کسٹمرز بیس کو وسیع کرنے پر توجہ مرکوز کر رہی ہے۔ جب وبائی امراض کے اثرات میں مزید کمی آنا شروع ہوئی تو انتظامیہ مکمل آپریٹنگ صلاحیت حاصل کرنے کے لیے پُراعتماد ہے۔

جنریٹنگ ڈویژن

حکومت پاکستان نے 9.0 US cents/ kWh پر سبسڈائزڈ بجلی اور 6.5USD /MMBTU پر گیس فراہم کر کے برآمد کنندگان کو ریلیف فراہم کیا ہے۔ مزید یہ کہ حکومت نے شریک جنریشن پاور پلانٹس کو گیس کی سپلائی منقطع کرنے کے اپنے فیصلے کو بھی موخر کر دیا ہے۔ یہ اقدامات ملک کے حقیقی برآمد کنندگان کو بہت ضروری ریلیف فراہم کرتے ہیں، تاہم ان سبسڈی والے نرخوں کے طویل مدتی تسلسل پر اب بھی سوالیہ نشان موجود ہے۔

مزید یہ کہ کوئلے کی بین الاقوامی قیمتوں میں نمایاں اضافے کی وجہ سے، کمپنی کو مقامی گیس کی فراہمی پر زیادہ انحصار کرنا پڑا۔ یہ عوامل مالی سال 21 میں منافع کے مارجن میں کمی کا باعث بنے ہیں۔ آپ کی کمپنی ان چیلنجز سے نمٹنے کے لیے مسلسل کوششیں کر رہی ہے۔

کمپنی توانائی کی کارکردگی کو زیادہ پائیدار اور ماحول دوست بنانے کے لیے پُرعزم ہے۔ زیر جائزہ مالی سال کے دوران، آپ کی کمپنی نے دو نئے 2.5 میگاواٹ ایندھن بچانے والے گیس انجنوں کی تنصیب مکمل کی اور اسی طرح کے تیسرے انجن کی تنصیب پر کام کیا جو مالی سال 22 کی پہلی سہ ماہی میں مکمل ہو جائے گا۔ ان انجنوں کی تنصیب سے پیداواری لاگت میں کمی متوقع ہے۔ کمپنی نے بجلی اور حرارتی کارکردگی کے اہداف کو پورا کرنے کے لیے ان انجنوں کے ساتھ ساتھ ویسٹ ہیٹ ریکوری بوائلرز کی تنصیب میں بھی سرمایہ کاری کی ہے۔

انفارمیشن ٹیکنالوجی

آپ کی کمپنی بروقت اور موثر فیصلوں میں مدد کرنے والے موثر آئی ٹی نظام کے حصول کے لئے مسلسل کوششیں کر رہی ہے۔ ملازمین کو بہترین کارکردگی کے لئے جدید ترین سہولیات فراہم کی ہیں۔ آپریشن میں استعمال ہونے والا پیداواری سامان اور مشینری تکنیکی طور پر اعلیٰ درجے کے سافٹ ویئر کے ساتھ لیس ہیں، جو پیداوار کے عمل کے لئے حقیقی وقت میں معلومات فراہم کرتی ہے۔

کمپنی کا انٹرانیٹ سسٹم کمپنی کی پالیسی اور طریقوں اور دیگر معلومات فراہم کرنے میں مددگار ثابت ہو رہا ہے۔

انسانی وسائل اور تربیت

تقریباً 1,850 ملازمین کمپنی کا حصہ ہیں۔ کمپنی کا ماننا ہے کہ اس کے مستقبل کی بہتری میں یہ انسانی وسائل اہم ترین جزو ہیں۔

آپ کی کمپنی کی ایچ آر ٹیم اجتماعی ہنرمند اور تجربہ کار لوگوں پر مشتمل ہے۔ جو ملازم کاروباری ٹیم کے ساتھ مل کر کام کرتے ہیں، تاکہ کمپنی کے اہداف حاصل کر سکے۔ کمپنی ہر فرد کے احترام کو برابری کا موقع فراہم کرنے اور اچھی کارکردگی کے ماحول کو پروان چڑھنے کو خصوصی اہمیت دیتی ہے۔ اسکے ساتھ ساتھ ملازمین کو ہر سطح پر آگے بڑھنے کے مواقع فراہم کیے جاتے ہیں اور مختلف قسم کے تجربات سے گزارا جاتا ہے جو ان کا مستقبل بہتر بنا سکتے ہیں۔ جدید ترین ٹیکنالوجی اور ایچ آر انفارمیشن سسٹم کے ملاپ سے بہترین ماحول پیدا کیا جا سکتا ہے۔ جس میں افراد اپنی ذاتی اور پروفیشنل خواہشوں کی تکمیل کر سکتے ہیں۔

تربیت اور ترقی

کمپنی کا یقین ہے کہ تربیت اور ترقی کے ذریعے انسانی وسائل میں بہتری لاتے رہنا چاہیے۔ پیداوار کے تمام مراحل میں تربیت دینے کو خصوصی اہمیت دی جاتی ہے۔ اہم تکنیکی تبدیلیاں جیسے کہ جدید ٹیکنالوجی اور کوالٹی کنٹرول معائنہ کاروں کی تربیت کے لئے سال کے دوران موثر تربیتی پروگرام بنائے گئے ہیں۔ اس سے امیدوار اپرنٹس شپ سکیم کے ذریعے 6 ماہ تک کمپنی کے اندر تربیت دی جاتی ہے۔ اس سے کمپنی کو تربیت یافتہ افراد کو برقرار رکھنے میں مدد ملتی ہے۔ اور کسی کے چھوڑ جانے کی صورت میں متبادل موجود رہتا ہے۔ کمپنی کے اندر عمومی نظام آگ بجھانا، طبی امداد، صحت حفاظت اور کمپیوٹر اور تکنیکی شعبوں میں تربیتی کورس کروائے جاتے ہیں۔

ڈائریکٹروں کی رپورٹ

کوہ نور ملز لمیٹڈ کے ڈائریکٹرز کی جانب سے 30 جون، 2021 کے اختتام پر سالانہ رپورٹ ہمراہ پڑتال شدہ مالیاتی گوشوارے اور آڈیٹر رپورٹ پیش کرنا باعث مسرت ہے۔

ٹیکسٹائل صنعت کا جائزہ

شروع ہونے کے بعد سے، کووڈ 19 وبائی بیماری نے عالمی معیشتوں کو بے حد مشکل میں ڈال دیا ہے، متعدد نظاموں کو منقطع اور پوری دنیا کا سانس لینا محال کر دیا ہے۔ دیگر کئی شعبوں کی طرح ٹیکسٹائل کا شعبہ بھی وبائی بیماری کے پھیلنے کی وجہ سے سب سے زیادہ متاثر ہونے والے شعبوں میں سے ایک ہے۔ گزشتہ مالی سال 20 کی چوتھی سہ ماہی کی مکمل بندش کے بعد جب وبائی بیماری نے ابتداء میں پاکستان کی معیشت کو متاثر کیا، ہماری حکومت نے کئی مالی اور مانیٹری اقدامات کے علاوہ، سمارٹ لاک ڈاؤن اور ٹیکسٹائل یونٹس کو لاک ڈاؤن کی مدت میں کام کرنے کی اجازت دینے جیسے درست سمت میں کچھ بروقت فیصلے کیے۔ وبائی بیماری کے دوران کاروباری اداروں کو فعال رکھنے کے ساتھ ساتھ علاقائی معیشتوں میں لاک ڈاؤن کی توسیع کے حکومتی فیصلے کے نتیجے میں بند معیشتوں سے آرڈرز کا رخ پاکستان کی طرف تبدیل ہو گیا۔ اس سے ہماری ٹیکسٹائل انڈسٹری کووڈ 19 کے منفی اثرات سے ہمارے حریف ممالک کے مقابلے میں تیزی سے بحال ہونے کے قابل ہوئی۔

کچھ اور منفی عوامل جنہوں نے مالی سال 21 میں ٹیکسٹائل کے کاروبار کو متاثر کیا، جس میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر، مالی سال کے آغاز پر 168 روپے سے بڑھ کر مالی سال کے اختتام پر 157 روپے ہونا شامل ہے۔ کووڈ 19 کی وجہ سے خام مال کی قیمتوں میں بے حد اضافہ اور فیشن آرٹیکل کی طلب سست ہو گئی۔ ان تمام منفی عوامل کے باوجود، پاکستان ٹیکسٹائل کی برآمدات نے مالی سال 21 میں مضبوط کارکردگی دکھائی جو مالی سال 20 میں 12.5 بلین امریکی ڈالر کی برآمدات کے مقابلے میں 15.4 بلین امریکی ڈالر کی اب تک کی سب سے زیادہ برآمدات میں 23 فیصد کا اضافہ ظاہر کرتی ہے۔

اس مشکل وقت میں حالات کا مقابلہ کرنے کے لیے حکومت نے علاقائی ممالک کے مقابلے اپنی مسابقت کو بڑھانے کے لیے برآمدی شعبے کے لیے اپنا تعاون بڑھا دیا ہے۔ یہ کم کرنسی ریٹس، پالیسی ریٹ کو سال بھر 7.0 فیصد پر رکھنا، زیر التواء سیلز ٹیکس اور انکم ٹیکس ریفنڈز کا اجراء، بجلی اور گیس کی رعایتی شرح پر فراہمی کی شکل میں رہا ہے۔ مالی اور مانیٹری شعبوں میں یہ شراکتیں اہم ہیں، خاص طور پر جب پاکستان پوری دنیا کی طرح مسلسل کووڈ 19 کی بحالی سے گزر رہا ہے۔

کمپنی نے کووڈ 19 کے بحران کے حوالے سے اپنی سماجی اور اخلاقی ذمہ داری کو کام کے معیار میں کسی سمجھوتے کے بغیر جدید ترین مواصلاتی ٹیکنالوجیز، آن لائن میٹنگز اور گھر سے کام کی پالیسیوں کے ذریعے سر انجام دیا۔ جس نے نہ صرف افرادی قوت کو مہلک بیماری سے بچایا بلکہ وبائی امراض کی روک تھام کے مجموعی مقصد میں بھی شراکت کی۔ آپ کی کمپنی نے اپنے تمام 1850 ملازمین کی ویکسی نیشن مکمل کر لی ہے جس سے اس عالمی وبائی بیماری سے نمٹنے کے لیے مدد فراہم ہو گی۔

آپریٹنگ اور مالی نتائج

لیکویڈیٹی کے بحران کو سنبھالنے اور کووڈ 19 وبائی بیماری کی وجہ سے پیدا ہونے والی منفی صورتحال کو تیزی سے قابو کرنے کے لیے حکومت کی مدد سے آپ کی کمپنی موجودہ مالی سال میں کاروباری حجم اور منافع کی زریں لائن کو فروغ دینے میں کامیاب رہی۔ 30 جون 2021 کو ختم ہونے والے سال کے دوران، آپ کی کمپنی نے گزشتہ مالی سال کی اسی مدت کے لئے 11,997 ملین روپے کی فروخت پر 1,866 ملین روپے کے مجموعی منافع کے مقابلے میں 13,241 ملین روپے کی فروخت پر 1,719 ملین روپے کا مجموعی منافع کمایا ہے۔ زیر جائزہ مدت کے دوران، آپ کی کمپنی نے خالص منافع 267.7 ملین روپے (EPS:5.26 روپے فی شیئر) کمایا جبکہ پچھلے مالی سال میں خالص منافع 365.2 ملین روپے (EPS:7.17 روپے فی شیئر) تھا۔

ڈیویڈنڈ

کمپنی کے ورکنگ سرمایہ کی دوبارہ تعمیر اور کووڈ 19 وبائی بیماری کی وجہ سے پیدا ہونے والی غیر متوقع ہنگامی صورتحال سے نمٹنے کے لئے، آپ کے ڈائریکٹرز نے اس سال منافع کی ادائیگی کو موخر کرنے کا فیصلہ کیا ہے۔

کارکردگی کا جائزہ

30 جون 2021 کو ختم ہونے والے سال کے لئے آپ کی کمپنی کی کارکردگی کا ایک مختصر جائزہ حسب ذیل ہے:

ویونگ ڈویژن

عالمی اور مقامی منڈیوں میں وبائی بیماری کے بعد کی صورتحال سے درپیش چیلنجوں کے باوجود، ویونگ ڈویژن زیر جائزہ سال میں کاروبار اور منافع میں اضافہ درج کرنے میں کامیاب رہا۔ ویونگ ڈویژن نے پچھلے مالی سال میں 6,512 ملین روپے کے کاروبار کے مقابلے مجموعی طور پر 8245 ملین روپے کا کاروبار درج کرایا۔ ڈویژن نے ایک جامع BMR پروجیکٹ کا بھی معاہدہ کیا جس کے نتیجے میں 60 موجودہ لومز کو بجلی بچانے والی نئی تیز رفتار لومز سے تبدیل کیا گیا۔ بی ایم آر پروجیکٹ اگلے سال بھی جاری رکھنے کا منصوبہ بنایا گیا ہے جس کے تحت مزید پرانی لومز کو نئی تیز رفتار لومز سے تبدیل کیا جائے گا۔ اس کے نتیجے میں پیداواری صلاحیت میں اضافہ ہوگا اور ڈویژن کی آپریشنل کارکردگی زیادہ ہو گی۔ آپ کی کمپنی کی انتظامیہ پُر امید ہے کہ آنے والے سال میں کمپنی کی ویونگ ڈویژن کے مالی نتائج بہتر ہوں گے، کیونکہ کمپنی کی اپنے لوگوں، پلانٹ اور مشینری میں سرمایہ کاری اچھے نتائج دے رہی ہے۔

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