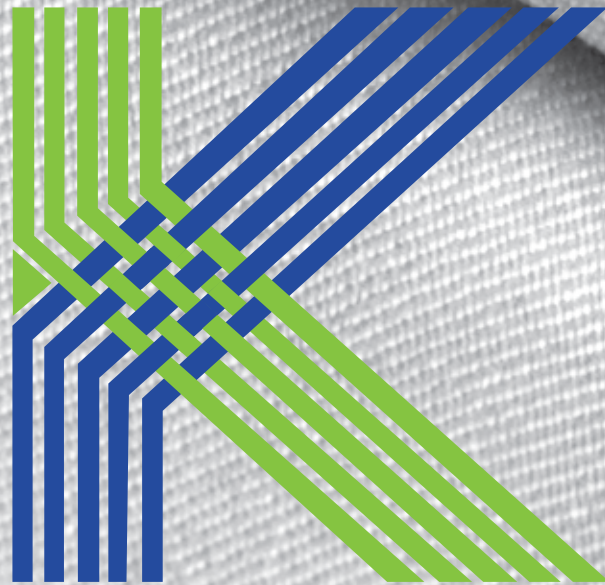


# KOHINOOR MILLS LIMITED



**ANNUAL REPORT 2022**

[www.kohinoormills.com](http://www.kohinoormills.com)

# TABLE OF CONTENTS

**P.2**

Company Information

**P.5**

Company Profile

**P.14**

Chief Executive's Profile

**P.24**

Chairman's Review Report

**P.38**

Strategic Business Objectives

**P.41**

Terms of Reference of Human Resource and Remuneration Committee

**P.45**

Harassment Policy

**P.55**

Independent Auditor's Review Report

**P.131**

Proxy Form

**P.3**

Core Values

**P.13**

Financial Highlights

**P.14**

Directors' Profile

**P.25**

Directors' Report

**P.39**

Environment and Climate Roadmap 2021-25

**P.42**

Code of Conduct and Ethical Principles

**P.47**

Six Years' Performance

**P.58**

Auditors' Report to the Members

**P.133**

Proxy Form (Urdu)

**P.4**

Mission & Vision Statement, Business Activities

**P.14**

Chairman's Profile

**P.16**

Notice of Annual General Meeting

**P.36**

Pattern of Shareholding

**P.40**

Terms of Reference of Audit Committee

**P.44**

Whistleblower Policy

**P.51**

Statement of Compliance with the Code of Corporate Governance

**P.63**

Financial Statements

**P.135**

Directors' Report (Urdu)



# COMPANY INFORMATION

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## Board of Directors

Mr. Rashid Ahmed	Chairman
Mr. Aamir Fayyaz Sheikh	Chief Executive
Mr. Ismail Aamir Fayyaz	Director
Ms. Imrat Aamir Fayyaz	Director
Mrs. Hajra Arham	Director
Mr. Muhammad Anwarul Haq Siddiqui	Director
Mr. Matiuddin Siddiqui	Director (NIT Nominee)

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## Audit Committee

Mrs. Hajra Arham	Chairman
Mr. Rashid Ahmed	Member
Mr. Muhammad Anwarul Haq Siddiqui	Member

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## Human Resource & Remuneration Committee

Mr. Muhammad Anwarul Haq Siddiqui	Chairman
Mr. Rashid Ahmed	Member
Mrs. Hajra Arham	Member

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## Chief Financial Officer

Mr. Kamran Shahid

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## Head of Internal Audit

Mr. Naveed Ahmed Zafar

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## Legal Advisors

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

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## Company Secretary

Mr. Muhammad Rizwan Khan

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## Auditors

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

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## 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  
Meezan Bank Limited  
National Bank of Pakistan  
Samba Bank Limited  
Silk Bank Limited  
Standard Chartered Bank (Pakistan) Ltd  
The Bank of Punjab  
United Bank Limited

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## 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

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## 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

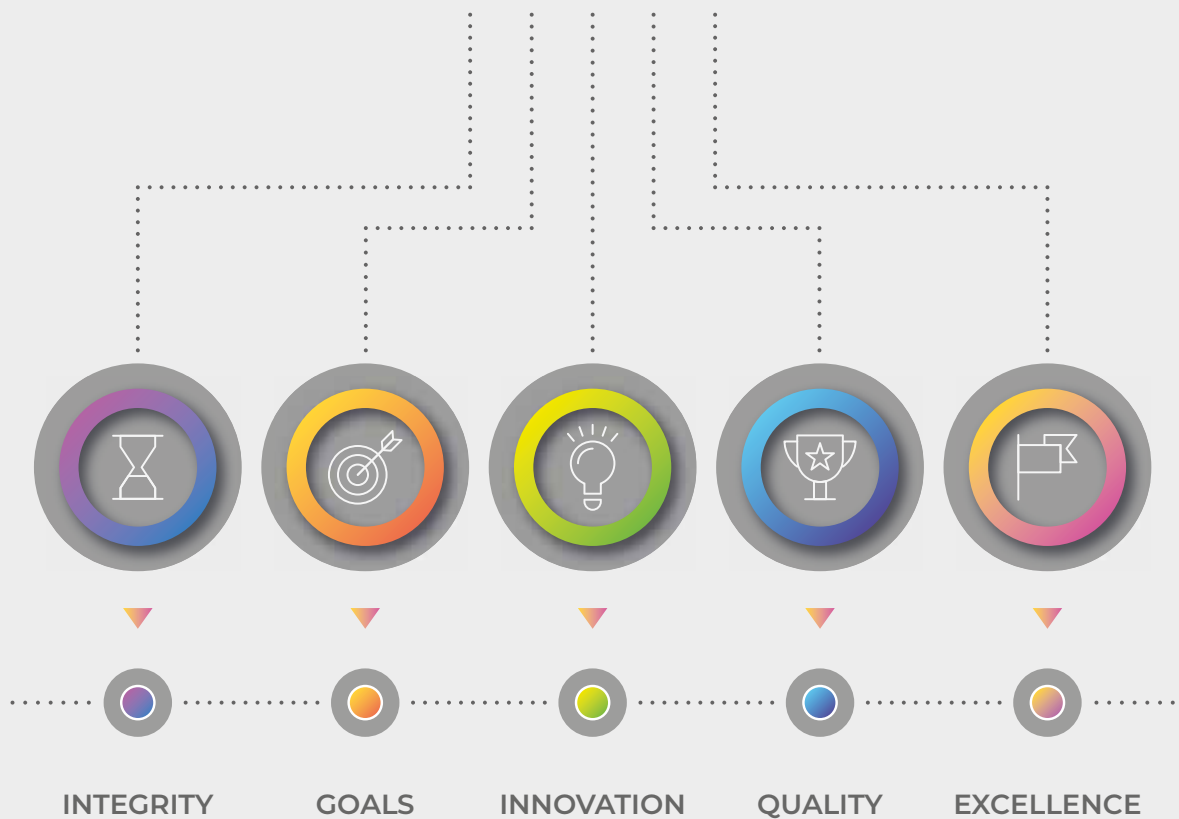
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## Other Corporate Information

- 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

# 35 *years*

## CORE VALUES







## VISION

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



## 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.

# COMPANY PROFILE

From its incorporation in 1987 as a small weaving mill, over the last 35 years Kohinoor Mills has evolved into one of Pakistan's largest vertically integrated textile operations with approximately 1,950 employees and annual turnover of PKR 21.45 Billion. The company is involved in three major businesses; Weaving, Dyeing & Finishing and Energy. Spread on about 152 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 272 high speed air jet looms from 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 Asia 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 20 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, 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.







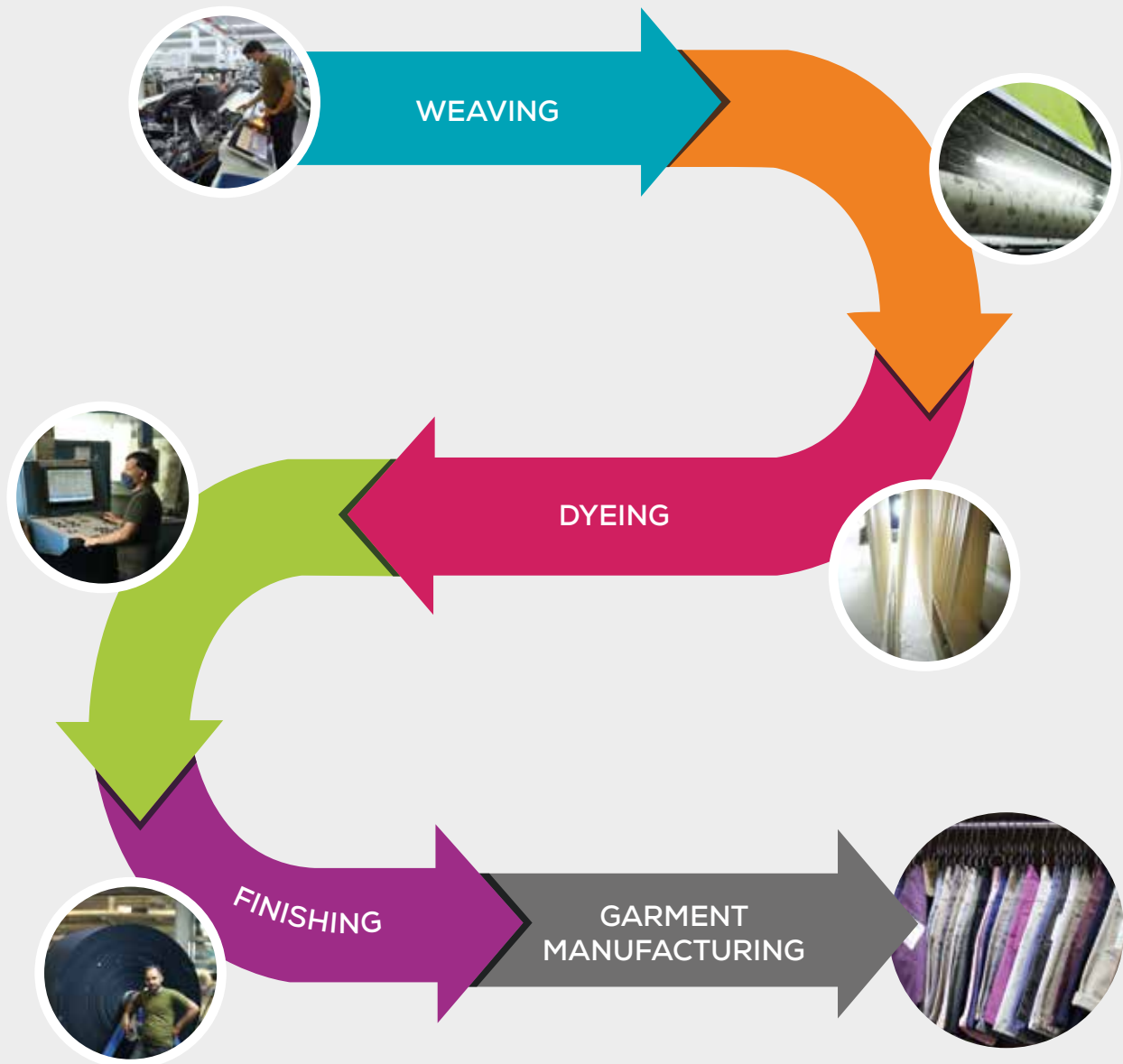
# GENERTEK DIVISION

Pakistan is a developing country 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 and biomass depending on price and seasonal availability.



# BUSINESS PROCESS FLOW CHART





# FINANCIAL HIGHLIGHTS 2022



# BOARD OF DIRECTORS



**Rashid  
Ahmed**

Chairman

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 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.



**Aamir Fayyaz  
Sheikh**

Chief Executive

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 35 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 to the industrial workers to an excellent level. In recognition of his qualification and vast professional experience, the Securities and Exchange Commission of Pakistan awarded him exemption from Director's Training Programme.



**Ismail  
Aamir Fayyaz**

Director

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 6 years he has been heavily involved in sales and marketing, travelling extensively to new markets in order to grow KML's customer base. After the new expansion in 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 Balancing, Modernisation and Rebalancing initiative at Kohinoor Weaving, which has seen 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.



**Imrat  
Aamir Fyyaz**

Director

Ms. Imrat Aamir Fyyaz after completing her Bachelor's and Master's in Engineering from the University of Cambridge, UK, started her career in the infrastructure sector of Pakistan with a focus on business development, transaction structuring, acquisitions, debt arrangement, private equity and financial modelling relating to power, energy, infrastructure and manufacturing sectors. In 2019 after clearing all three levels of Chartered Financial Analyst program, she joined the family textile business as Chief Operating Officer of the Dyeing and Finishing Division at Kohinoor Mills. Like her father and brother, she is playing an instrumental role in the growth of the company. Ms. Imrat is also a certified director from LUMS and enjoys travelling and experiencing new cultures.



**Hajira  
Arham**

Director

Mrs. Hajira Arham is a qualified Chartered Accountant from The Institute of Chartered Accountants of Pakistan. She has over 25 years' post qualification work experience with public and private sectors at advisory and management board positions. She has worked at projects funded by Govt. of Pakistan, Punjab Govt., World Bank, Asian Development Bank, Department for International Development UK Govt. and Japan International Cooperation Agency. Her work exposure relates to Information Technology, Water Sector, Power/ Energy Sector and widely diversified clientele of CA firm from Textile and Sugar Industry to Financial Institutions and Development Authorities. She is also currently serving as Independent Director and member of Audit Committee of Lalpir Power Limited, a power generation and distribution public limited listed company owned by Pakistan-based multinational business conglomerate "The Nishat Group".



**Muhammad  
Anwarul Haq Siddiqui**

Director

Mr. Muhammad Anwarul Haq Siddiqui is a dynamic, multifaceted and performance focused professional offering extensive experience in human resource operations, administrative functions and general management and is known for strong work ethics, exercising independent judgment in dealing with wide ranging HR responsibilities.

He holds Master's degree in Human Resource Management and Bachelor in Laws from University of the Punjab, Lahore, Pakistan. His professional experience of over three decades embraced key management and HR positions with leading national and multinational entities covering footwear and FMCGs businesses.



**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.



# NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 35th Annual General Meeting of the Company will be held at 8 Kilometer, Manga Raiwind Road, District Kasur on Thursday, October 27, 2022 at 2:00 p.m., to transact the following business:

## Ordinary Business:

1. To confirm the minutes of Extraordinary General Meeting held on March 31, 2022.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2022, together with Directors' and Auditors' Reports thereon.
3. To approve final cash dividend for the year ended June 30, 2022 at Rs. 2.00 per ordinary share of Rs. 10/- each i.e., 20.00% as recommended by the Board of Directors.
4. To appoint auditors for the year ending June 30, 2023 and fix their remuneration.

## Special Business:

5. To consider and, if deemed fit, to pass the following resolutions as special resolutions for increase in authorized share capital of the Company and consequent alteration in the Memorandum of Association of the Company with or without modification, addition(s) or deletion(s) as recommended by the Board of Directors:

**"RESOLVED that** approval of members of the Company is hereby accorded to increase the authorized share capital of the Company PKR 1,100,000,000/- (Rupees One Billion One Hundred Million only) divided into 80,000,000 (Eighty Million) ordinary shares of Rs.10/- each (Rupees Ten only) and 30,000,000 (Thirty Million) preference shares of Rs.10/- each (Rupees Ten only), to PKR 2,500,000,000/- (Rupees Two Billion Five Hundred Million only) divided into 220,000,000 (Two Hundred Twenty Million) ordinary shares of Rs.10/- each (Rupees Ten only) and 30,000,000 (Thirty Million) preference shares of Rs.10/- each (Rupees Ten only)."

**"FURTHER RESOLVED** that in consequence of the aforesaid increase in the authorized share capital of the Company, the existing clause V of the Memorandum of Association of the Company be and is hereby substituted accordingly, to read as follows:

### Clause V of Memorandum of Association

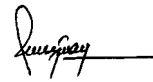
The authorized share capital of the Company is Rs. 2,500,000,000/- (Rupees Two Billion Five Hundred Million only) divided into 220,000,000 (Two Hundred Twenty Million) ordinary shares of Rs.10/- each (Rupees Ten only) and 30,000,000 (Thirty Million) preference shares of Rs.10/- each (Rupees Ten only) with the power to increase or reduce the capital and to divide the shares in the capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017 and any rules made thereunder, and to attach thereto respectively such preferential, deferred, qualified or special rights privileges or condition as may be determined by or in accordance with the Articles of Association or the regulations of the Company for the time being, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association or regulations of the Company.

**FURTHER RESOLVED** that the Chief Executive and/or any Director and/or the Company Secretary of the company be and are hereby authorized singly or jointly to do all acts, deeds, things and to take any or all necessary actions ancillary and incidental including filing of requisite documents and returns as may be required with the Registrar of the Companies, Securities and Exchange Commission of Pakistan and complying with all other regulatory requirements to effectuate and implement this resolution.

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

**Statement under Section 134(3) of the Companies Act, 2017, pertaining to the special business referred above is annexed to this notice of Annual General Meeting.**

By Order of the Board



(MUHAMMAD RIZWAN KHAN)  
Company Secretary

Kasur:  
Thursday, October 6, 2022

## NOTES

### 1. Closure of Share Transfer Books

The share transfer books of the Company for Ordinary Shares will remain closed from October 20, 2022 to October 27, 2022 (both days inclusive) for determination of above entitlement and to attend and vote at the Annual General Meeting. Physical transfers and deposit requests under Central Depository System received at the close of business hours on Wednesday, October 19, 2022, 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 of above entitlement and to determine voting rights of the shareholders for attending the meeting.

2. Shareholders are 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](http://www.kohinoormills.com)

Consent Form for Video Conference facility	
I/We .....of .....being a member of Kohinoor Mills Limited, holder of ..... Ordinary shares as per Registered Folio number/CDC A/c # ..... hereby opt for video conference facility at .....	
<div style="text-align: right;">_____ Signature of Member</div>	

### Through Video conference

Shareholders individually or collectively holding 10% or more shareholding can provide their consent to participate in the meeting through video conference at least seven days prior to date of the meeting. Considering the geographical dispersal of the shareholder, the Company shall arrange video conference facility subject to the availability of such facility in that city. The Company will intimate members regarding venue of the video-link facility at least five days before the date of the general meeting along with complete information necessary to enable them to access the facility.

In this regard, shareholders are requested to fill the following form and submit to the Registered Office of the Company seven days before the date of holding of the general meeting:



### 3. Audited Financial Statements and Notice of Meeting

- a) The audited financial statements for the year ended June 30, 2022 have been made available on website of the Company ([www.kohinoormills.com](http://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) Members' can also opt to obtain the Annual Audited Financial Statements and Notice of AGM through e-mail. In this regard, shareholders 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 Company's 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](mailto:cskml@kohinoormills.com)
4. Shareholders are requested to notify/submit the undermentioned information and documents, if not earlier provided / notified within 10 days before the entitlement date i.e., October 19, 2022, in the following manner:

- |  |  |
|--|--|
| • <b>CDC Investor Account Holders'</b> | to CDC Investor Account Services (IAS)   |
| • <b>CDC Sub-Account Holders</b>       | to their respective Participant (broker) |
| • <b>Physical Shareholders</b>         | to Company's Shares Registrar (viz CDC)  |

- a) **Mandatory submission of CNIC / NTN:** Pursuant to the directives of the Securities and Exchange Commission of Pakistan (SECP), CNIC numbers of shareholders are mandatory required to be mentioned on dividend warrants. Shareholders are therefore requested to submit a copy of their valid CNIC (if not provided earlier) to Company's Shares Registrar M/s. Hameed Majeed Associates (Pvt) Limited, HM House, 7 Bank Square, Lahore. Corporate entities are required to send valid and legible copies of their National Tax number (NTN) or NTN certificate(s) and must quote the name of the company and respective folio numbers thereon while sending the copies.

In case of non-submission of valid and legible copy of CNIC/NTN, the Company will be constrained to withhold the disbursement of dividend till such time the CNIC/NTN copy is provided to the Shares Registrar of the Company.

- b) **Dividend Mandate:** In terms of Section 242 of the Companies Act, 2017, listed companies are required to pay cash dividend only through electronic mode directly into the bank account designated by the entitled shareholders. In order to comply with this requirement, shareholders are therefore requested to immediately provide the dividend mandate i.e., name, folio number, bank account number (IBAN), title of account, complete mailing address of the bank, branch address, branch code, email and contact numbers to the Shares Registrar of the company in case of physical shares and to the CDC in case of shares are held electronically.
- c) **Deduction of Withholding Tax on Dividend:** Government of Pakistan through Finance Act, 2019, has made certain amendments in withholding tax provision by substituting the definition of "Filers" with "Active Taxpayer List" (ATL) of Federal Board of Revenue (FBR), whereby the company is required to collect tax on dividend under Section 150 of the Income Tax Ordinance, 2001 from the person not appearing in the ATL at the rates specified in the Ordinance which has increased by 100%. These tax rates are as under:

a.	Rate of tax deduction for persons appearing in FBR ATL	15%
b.	Rate of tax deduction for persons not appearing in FBR ATL	30%

Shareholders who are filers, are advised to make sure that their names are entered into latest ATL provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as person not appearing in ATL and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

- d) For shareholders holding their shares jointly as per the clarification issued by the FBR, withholding tax will be determined separately as per status of their names appearing in the ATL for principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar in writing as follows:

Kohinoor Mills Limited					
Folio/ CDC A/c No.	Total Shares	Principal shareholder		Joint Shareholder(s)	
		Name & CNIC #	Shareholding proportion (No of Shares)	Name & CNIC #	Shareholding proportion (No of Shares)

- e) **Exemptions - Deduction of Tax and Zakat on Dividend entitlement:** Members who wants to avail the exemptions on their respective dividend entitlement are requested to furnish the following documents to the Company/Shares Registrar, if not provided earlier:
- Valid income tax exemption certificate issued by the concerned Commissioner of inland Revenue in order to avail tax exemption under Section 150 of the Income Tax Ordinance, 2001 (tax on dividend) where the statutory exemption under clause 47B of Part IV of Second Schedule is available and want to avail exemption under Section 150 of the Ordinance, otherwise tax will be deducted under the provisions of laws.
  - Zakat exemption certificate/undertaking as per Zakat & Ushr Ordinance, 1980.
- Shareholders still holding physical shares is/are being notified again 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 within a period not exceeding four years from the promulgation 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 as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.
  - Shareholders are requested to notify change in their mailing address to our Shares Registrar at the earliest.
  - 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.

# STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on October 27, 2022.

## A. Increase in Authorized Share Capital of the Company and consequent amendments in the Memorandum of Association.

In order to create room for further issue of capital in future the authorized share capital of the Company needs to be enhanced. Accordingly, the Board of Directors has recommended to increase the existing authorized share capital of the company from PKR 1,100,000,000/- (Rupees One Billion One Hundred Million only) divided into 80,000,000 (Eighty Million) ordinary shares of Rs.10/- each (Rupees Ten only) and 30,000,000 (Thirty Million) preference shares of Rs.10/- each (Rupees Ten only), to PKR 2,500,000,000/- (Rupees Two Billion Five Hundred Million only) divided into 220,000,000 (Two Hundred Twenty Million) ordinary shares of Rs.10/- each (Rupees Ten only) and 30,000,000 (Thirty Million) preference shares of Rs.10/- each (Rupees Ten only).

The proposed increase in the authorized share capital of the Company will also necessitate amendments in Clause V of the Memorandum of Association of the Company. The Board of Directors has also recommended required alterations to reflect increase in authorized share capital of the Company. The comparison of existing clause with the proposed is as under:

Description	Existing	Proposed
Clause V of Memorandum of Association	The authorized share capital of the Company is Rs. 1,100,000,000/- (Rs One Billion One Hundred Million only) divided into 80,000,000 (Eighty Million) ordinary shares of Rs.10/- each (Ten only) and 30,000,000 (Thirty Million) preference shares of Rs.10/- each (Ten only), with the power to increase or reduce the capital and to divide the shares in the capital for the time being into several classes in accordance with the provisions of the Companies Ordinance, 1984 and any rules made thereunder, and to attach thereto respectively such preferential, deferred, qualified or special rights privileges or condition as may be determined by or in accordance with the articles of association or the regulations of the Company for the time being, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association or regulations of the Company	The authorized share capital of the Company is Rs. 2,500,000,000/- (Rupees Two Billion Five Hundred Million only) divided into 220,000,000 (Two Hundred Twenty Million) ordinary shares of Rs.10/- each (Rupees Ten only) and 30,000,000 (Thirty Million) preference shares of Rs.10/- each (Rupees Ten only) with the power to increase or reduce the capital and to divide the shares in the capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017 and any rules made thereunder, and to attach thereto respectively such preferential, deferred, qualified or special rights privileges or condition as may be determined by or in accordance with the Articles of Association or the regulations of the Company for the time being, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association or regulations of the Company.



### Interest of Directors

The Chief Executive, Directors of the Company and their relatives have no interest directly or indirectly in the proposed increase in authorized share capital and amendment in the Memorandum of Association of the Company except in their capacities as Chief Executive or Directors or members of the Company.

### Availability of Relevant Documents

A copy each of the existing and amended Memorandum of Association identifying the proposed alteration therein bearing the initial of the Company Secretary for identification purpose is available for inspection at the Registered Office of the Company from 9:00 a.m. to 5:30 p.m. on any working day, up to the last working day before the date of the Annual General Meeting. The same shall be available for inspection by the members in the meeting.



# 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 rising interest rates, lingering supply constraints and mounting global economic uncertainties. 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.

A handwritten signature in black ink, appearing to read 'Rashid Ahmed', with a long horizontal flourish extending to the right.

Kasur, September 22, 2022

RASHID AHMED  
Chairman



# DIRECTORS' REPORT

**The Directors of the company are pleased to present the Annual Report, together with the audited financial statements and Auditors' Report for the year ended June 30, 2022.**

## Global Economic Review

In early 2022, the Russian-Ukraine conflict further elevated global commodity prices and inflation, that were already at a 40-years high, due to unprecedented covid era monetary and fiscal stimulus. Threats from high inflation, rising interest rates, lingering supply constraints, and mounting uncertainties have cast a recessionary shadow on global economic forecasts.

Central Banks around the world led by the US Federal Reserve have aggressively tightened monetary policy to combat inflation, whereas there is very little fiscal space for most governments to respond due to over stretched balance sheets after covid era support. The surge in global interest rates and cost of living crisis has caused a wave of currency crises in emerging markets, especially in oil and food-importing economies.

The relentless appreciation of the US dollar against all major currencies in the world have caused most developed nation's central banks to pursue a reverse currency war against the US dollar to protect their respective economies. This, along with a long-drawn-out conflict in Eastern Europe, and continued covid lock downs in China will most likely push most of the world economies into recession sometime in 2023.

## Pakistan Economic Review

Pakistan's economy rebounded strongly from the pandemic. For FY-22, real GDP posted a growth of 5.97% which is slightly above the growth of 5.74% recorded for FY-21. This high growth, however, has proved unsustainable and has resulted in financial and macroeconomic imbalances. Historically, Pakistan's economy had shown periodic 'boom-bust' growth cycles. The reasons for such volatile growth cycles include wide-ranging economic challenges like shrinking fiscal space, exchange rate pressure, mounting current account deficit, inflation, energy sector bottlenecks, the absence of political stability and a supportive environment for the private sector.

During FY-22, exports grew remarkably by 26.5% and reached to US\$ 32.4 billion as compared to US\$ 25.6 billion for the same period last year. Around half of the increase came from the textile sector. Pakistan's textile exporters capitalized on the policy support available including the Export Facilitation Scheme 2021, SBP's concessionary refinance schemes for working capital and fixed investment, and the regionally competitive energy tariffs and managed to ship higher volumes to key destinations such as the US, UK, and EU.

Despite the encouraging export performance, the country's imports have also risen significantly. The broad-based surge in global commodity prices, COVID-19 vaccine imports, and demand-side pressures, all contributed to the rising imports. Resultantly, the trade deficit grew by 38% to US\$ 39.5 billion which is historically high. Record high level of overseas workers' remittances were still not sufficient to offset the trade deficit. Thus, the current account deficit was recorded at US\$ 17.4 billion during the period under discussion as compared to deficit of US\$ 2.8 billion in the corresponding period of last financial year. Further, the low performance of the Financial Account during the period not only resulted in the depletion of foreign reserves but also brought the exchange rate under pressure. The interbank PKR-USD exchange rate depreciated by 27.8% from Rs. 158 at the start of the financial year to Rs. 202 prevailing at the end of the financial year.

To counter inflationary pressure and for sustainable economic recovery, SBP moved to monetary policy normalization in September 2021. Policy Rate increased by cumulative 675 bps from 7% at the start of the financial year to 13.75% prevailing at the end of the financial year. The decision was made on account of significant uncertainty around the outlook for international commodity prices and global financial conditions.

To make matters worse, during the monsoon season Pakistan suffered the worst floods in its history with over 33 million people displaced, 2,000 lives lost, and one third of the country's land mass submerged, including major crop growing regions. Initial estimates of losses have been assessed to the tune of US\$ 30 Billion.

Pakistan's macroeconomic imbalances coupled with extreme political instability and imprudent populist measures, and environmental catastrophe pushed the economy to the brink. As a result, Pakistan once again had to seek support from the IMF and friendly countries. These factors, along with the global environment of economic uncertainty, meant that it was a challenging year, and these challenges are expected to increase in the next year.

### **Textile Industry Outlook**

Unprecedented challenges posed by the COVID-19 pandemic exposed the vulnerabilities of global economies. Supply chains were disrupted due to business closures. The textile industry of Pakistan also experienced an interlude in business activity leading to slowdown in its performance in FY-20. Nevertheless, Large Scale Manufacturing (LSM) proved to be resilient and gained the growth momentum from the very start of FY-21 owing to gradual opening of economic activities and contingency measures from fiscal and monetary side in the form of industrial support package, ultra-low policy rate and export financing facility coupled with vaccination drive.

In the period under discussion, the cotton prices globally have been quite volatile seeing new highs and significant lows leading to supply insecurity. Despite all these challenging factors, Pakistan textile exports have shown sturdy results in FY-22 marking historically high exports of US\$ 19.3 billion compared to exports of US\$ 15.4 billion in FY-21, an increase of 25.5%.

However, it is quite uncertain that the Pakistan textile industry will be able to continue this strong momentum due to both fears of global recession and economic uncertainty within Pakistan. Inflation is eating into purchasing power in most developed economies where Pakistan exports its products. Whereas political and economic uncertainty at home has meant that pro-export policies such as a regionally competitive energy tariffs (RCET), export financing facilities such as TERF/ERF/LTF and a free float exchange rate have either been curtailed or abandoned.

### **Operating & Financial Results**

In keeping with the overall growth witnessed in the textile sector as a result of increased economic activity in post Covid-19 era, your company managed to post significant turnover and profitability growth in the year under review. During the year ended 30 June 2022, your company earned a gross profit of Rs. 3,447 million on sales of Rs. 21,452 million, compared to a gross profit of Rs. 1,719 million on sales of Rs. 13,241 million for the previous financial year. During the period under review, your company recorded a net profit of Rs. 928.3 million (EPS: Rs. 18.24 per share), compared to a net profit of Rs. 267.7 million (EPS: Rs. 5.26 per share), in the previous financial year.

### **Dividend**

The Board of Directors has proposed a final cash dividend for the year ended 30 June 2022 of Rupees 2.00 per share. i.e., 20%.

## Performance Overview

A brief overview of performance of your company for the year ended 30 June 2022 is discussed below:

### Weaving Division

The weaving division was able to achieve increased efficiency and productivity as a result of continued efforts and a comprehensive BMR project which is underway in the weaving division. This resulted in the weaving division being able to post significant growth in turnover and profitability in the year under review. The weaving division posted a gross turnover of Rs. 13,372 million as compared to turnover of Rs. 8,245 million in the previous financial year. The comprehensive BMR project to replace existing older looms with high speed energy efficient looms and install new state-of-the-art supporting equipment is nearing completion. The BMR project along with the diligent efforts of the team have started to bear fruit and the management expresses hope that the financial results of the weaving division will continue this pattern of growth.

### Dyeing Division

With much of the world under Covid-19 related restrictions through 2020 and 2021, the global fashion industry has faced exceptionally challenging conditions. But after nearly two years of disruption, the industry is beginning to find its feet again. High consumer demand in post pandemic period enabled the dyeing division to post significant growth in turnover and profitability in the year under review. The Dyeing division was able to increase its gross turnover by 60% from Rs. 8,782 million to Rs. 14,064 million. Gross profit was increased to Rs. 1,656 million from Rs. 900 million in the corresponding period of last financial year, an increase of 84% year on year.

The volatility experienced by global supply chains over the last two years, amidst material shortages, transportation bottlenecks and soaring shipping costs is expected to remain a significant factor in the year ahead, although some easing is expected as the year progresses. In the current inflationary environment and high interest rate environment, the fashion industry continues to face headwinds. However, growth is expected as the US and other allied countries focus on diversifying their supply chains away from China, in light of recent Forced Labour Laws. The Dyeing Division is ideally situated to capitalize on this very significant opportunity. We continue to follow our strategy of focusing on core competencies and diversifying our customer base to multiple countries and regions including traditional markets like the US and Europe and newer markets within Asia.

### Genertek Division

On the electricity side, the Government of Pakistan continued its relief to exporters by providing electricity at 9.0 US cents/ kWh. However, there is no assurance that such regionally competitive electricity rates will continue in the long-term. On the gas side, due to the looming power crises in the country, the Government of Pakistan rescinded the relief to exporters and increased natural gas prices from US\$ 6.5 /MMBTU to US\$ 9 /MMBTU, a few months into the year under review. This has added to the ever-increasing challenge of maintaining regionally competitive energy costs. Additionally, due to our commitments to pursue greener sources of energy, the company has had to rely heavily on local gas supply and seasonal biomass fuels. These factors have caused a decline in profit margins in FY-22. Your company continues to make steadfast efforts to tackle these challenges. These efforts include continued investment into energy efficient equipment and securing supplies of biomass based fuels.

### 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 1,896 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-22	Rs. 220.804 million (Un-audited)
30-Jun-21	Rs. 198.546 million (Audited)

### 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
- ii. Mr. Aamir Fayyaz Sheikh
- iii. Mr. Ismail Aamir Fayyaz
- iv. Mr. Muhammad Anwarul Haq Siddiqui
- v. Mr. Matiuddin Siddiqui (NIT Nominee)

**b. Female**

- vi. Ms. Imrat Aamir Fayyaz
- vii. Mrs Hajra Arham

**Changes in the Board**

During the year under review the election of directors of your company was held on March 31, 2022 and seven directors were elected for a term of three years.

a.	Independent Director	Mr. Muhammad Anwarul Haq Siddiqui Mrs. Hajra Arham
b.	Other Non-Executive Directors	Mr. Rashid Ahmed Mr. Matiuddin Siddiqui
c.	Executive Directors	Mr. Aamir Fayyaz Sheikh Mr. Ismail Aamir Fayyaz Ms. Imrat Aamir Fayyaz

During the year under review six (6) meetings of the Board of Directors were held. The attendance by each Director is as follows:

Sr. No	Name of the Directors	Number of Meetings Attended
1	Mr. Rashid Ahmed - Chairman	6/6
2	Mr. Aamir Fayyaz Sheikh - Chief Executive	5/6
3	Mr. Ismail Aamir Fayyaz - Director	6/6
4*	Mrs. Safia Fayyaz - Director	2/6
5*	Mr. Riaz Ahmed - Director	2/6
6*	Mr. Shahbaz Munir - Director	3/6
7	Mr. Matiuddin Siddiqui - Director NIT Nominee	6/6
8*	Ms. Imrat Aamir Fayyaz - Director	3/6
9*	Mrs. Hajra Arham - Director	3/6
10*	Mr. Muhammad Anwarul Haq Siddiqui - Director	3/6

Leave of absence was granted to the director unable to attend the meeting.

\* Ms. Imrat Aamir Fayyaz, Mrs. Hajra Arham and Mr. Muhammad Anwarul Haq Siddiqui were elected in place of Mrs. Safia Fayyaz, Mr. Riaz Ahmed and Mr. Shahbaz Munir as on March 31, 2022.



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:

Name	Nature of Transaction	Number of Shares Purchased
Mr. Aamir Fayyaz Sheikh – Chief Executive	Negotiated Deal Market	375,000

### 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, please refer notes to the Financial Statements.

### Directors' Training Programme

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

Sr. No.	Name of Directors
1	Mr. Ismail Aamir Fayyaz - Director
2	Mr. Matiuddin Siddiqui (NIT Nominee)
3	Ms. Imrat Aamir Fayyaz – Director

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:

Sr. No.	Name of Directors
1	Mr. Aamir Fayyaz Sheikh – Chief Executive
2	Mr. Rashid Ahmed – Director

Following directors will be pursuing for the Directors' Training program in the financial year 2022-23 as they were elected through election of directors held on March 31, 2022:

Sr. No.	Name of Directors
1	Mrs. Hajra Arham - Director
2	Mr. Anwarul Haq Siddiqui - Director

#### Audit Committee

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

1	Mrs. Hajra Arham	Chairman
2	Mr. Rashid Ahmed	Member
3	Mr. Muhammad Anwarul Haq Siddiqui	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:

Sr. No.	Name of the Members	Number of Meetings Attended
1	Mrs. Hajra Arham - Chairman	1/4
2	Mr. Rashid Ahmed - Member	4/4
3	Mr. Anwarul Haq Siddiqui - Member	1/4
4*	Mr. Riaz Ahmed - Member	3/4
5*	Mr. Shahbaz Munir - Member	3/4

Leave of absence was granted to the members unable to attend the meeting.

\* Mr. Riaz Ahmed and Mr. Shahbaz Munir retired from the Board and the Committee as on March 31, 2022.

#### Human Resource and Remuneration Committee

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

1	Mr. Muhammad Anwarul Haq Siddiqui	Chairman
2	Mr. Rashid Ahmed	Member
3	Mrs. Hajra Arham	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:

Sr.No.	Name of the Members	Number of Meetings Attended
1	Mr. Muhammad Anwarul Haq Siddiqui - Chairman	1/4
2	Mr. Rashid Ahmed - Member	4/4
3	Mrs. Hajra Arham - Member	1/4
4*	Mr. Riaz Ahmed - Member	3/4
5*	Mr. Shahbaz Munir - Member	3/4

\* Mr. Riaz Ahmed and Mr. Shahbaz Munir retired from the Board and the Committee as on March 31, 2022.

#### 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, 2022, as required under the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019, is annexed with this report.

#### Future Outlook

Although Pakistan has survived and recovered from the COVID-19 crisis, it faces multiple daunting tasks in FY-22 such as controlling stimulus induced fiscal deficit, curtailing widening current account deficit, managing pressure on exchange rate along with achieving a sustainable post-pandemic recovery. Pent-up demand fueled by stimulus and pandemic disruptions has accelerated inflation around the world. The situation is further exacerbated by the Ukraine War, which has stoked strong inflationary winds throughout

the global economy, resulting in higher food and energy prices and new supply-chain disruptions. The effects of the devastating floods in Pakistan are also expected to add to this supply insecurity.

As part of monetary tightening, the SBP has also increased interest rates on Export Finance Scheme (EFS) and Long Term Financing Facility (LTFF). Consequently, it has reached to 10% for both the EFS and LTFF from base rate of 3% for EFS and 5% for LTFF prevailing at the inception of the FY-22. Rising financing rates are expected to hit the bottom line profitability of textile sector.

Going forward, the Government is eyeing US\$ 25 billion exports from the sector but domestic and global challenges are dampening this outlook. The PKR depreciation will benefit exporters to some extent, however, increasing imported raw cotton and yarn costs continue to offset the gains.

The company has already commenced work on a garment unit which is expected to start productions in the third quarter of the current financial year with an estimated capacity of 5,000 garments/day, which will enable the company to reap benefits of vertical integration. The apparel division will complement our dyeing division by offering finished product to the same customer base.

The management team is also fully focused on minimizing the effects of the global slowdown in demand amid recessive pressures. The planned order position for FY-23 appears encouraging and management is hopeful of utilizing the higher capacity levels attained after modernization.

#### 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, 2023. 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.

#### Acknowledgement

The board places on record its profound gratitude for its esteemed shareholders, banks, financial institutions and customers, whose cooperation, continued support and patronage have empowered the company to make progress towards consistent improvement. During the period under review, relations between the management and employees remained cordial and we wish to put on record our appreciation for the dedication, perseverance and steadiness of the employees of the company.

For and on behalf of the Board



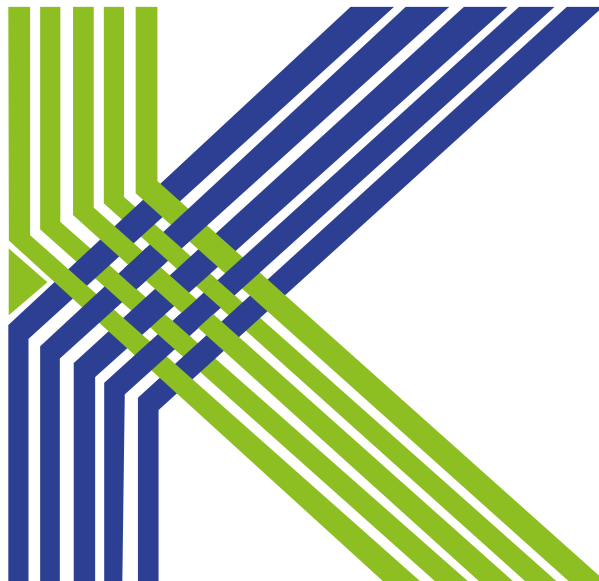
Aamir Fayyaz Sheikh  
Chief Executive



Ismail Aamir Fayyaz  
Director

Kasur:  
September 22, 2022





**THE COMPANIES ACT, 2017 [Section 227(2)(f)]**  
**THE COMPANIES (GENERAL PROVISIONS AND**  
**FORMS) REGULATIONS, 2018 [Form 34]**

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 2022

2.2 Number of Shareholders	Shares held Range			Total Shares held	Percentage
	From		To		
357	1	-	100	7,191	0.01
679	101	-	500	145,183	0.29
103	501	-	1000	82,706	0.16
195	1001	-	5000	481,349	0.95
38	5001	-	10000	298,946	0.59
11	10001	-	15000	146,348	0.29
11	15001	-	20000	197,914	0.39
5	20001	-	25000	113,382	0.22
1	25001	-	30000	27,500	0.05
2	30001	-	35000	63,500	0.12
5	45001	-	50000	241,003	0.47
2	50001	-	55000	104,000	0.20
2	55001	-	60000	116,500	0.23
1	65001	-	70000	65,826	0.13
1	70001	-	75000	70,147	0.14
1	75001	-	80000	76,000	0.15
4	80001	-	85000	327,867	0.64
1	85001	-	90000	89,000	0.17
1	110001	-	115000	112,500	0.22
2	175001	-	180000	355,500	0.70
1	220001	-	225000	222,467	0.44
1	235001	-	240000	240,000	0.47
1	905001	-	910000	909,500	1.79
1	1020001	-	1025000	1,023,661	2.01
1	1430001	-	1435000	1,434,855	2.82
1	3065001	-	3070000	3,068,059	6.03
3	5090001	-	5095000	15,273,300	30.00
1	8965001	-	8970000	8,965,548	17.61
1	16005001	-	16010000	16,651,259	32.71
1,433	T o t a l			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		
	Mr. Rashid Ahmed - Chairman	3,850	0.0076
	Mr. Aamir Fayyaz Sheikh - Chief Executive	16,651,259	32.7066
	Mr. Ismail Aamir Fayyaz	5,091,100	10.0000
	Ms. Imrat Aamir Fayyaz	5,091,100	10.0000
	Mrs. Hajra Arham	2,500	0.0049
	Mr. Muhammad Anwarul Haq Siddiqui	2,500	0.0049
	Mr. Matiuddin Siddiqui (Nominee Director of NIT)		
	Mr. Ehsan Aamir Fayyaz	5,091,100	10.0000
		31,933,409	62.7240
2.3.2	Associated Companies, Undertakings and Related Parties		
2.3.3	NIT and ICP		
	National Bank of Pakistan	600	0.0012
	CDC - Trustee National Investment (Unit) Trust	3,068,059	6.0263
	Investment Corporation of Pakistan	1,500	0.0029
		3,070,159	6.0304
2.3.4	Banks, Development Financial institutions, Non-Banking Financial Companies	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 2.3.1)	10,489,403	20.6034
2.3.8	General Public		
	a. Local	3,888,306	7.6375
	b. Foreign	82,636	0.1623
	c. Joint Stock Companies	137,327	0.2697
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
		1,208,163	2.3731
	<b>TOTAL</b>	<b>50,911,011</b>	<b>100.0000</b>

# 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 investment in technology and human capital.

Become a carbon neutral company

# KOHINOOR MILLS



# ENVIRONMENT AND CLIMATE ROADMAP 2021-25



# 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

# 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	<p>The Company shall formulate and monitor its objectives, strategies and overall business plan of the organization.</p> <p>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.</p>
Abidance of Law	<p>It is Company's prime object to comply with all applicable laws and regulations and to co-operate with all governmental and regulatory bodies.</p>
Corporate Reporting	<p>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.</p> <p>The Company strictly adheres to the principles of good corporate governance and is committed to high standards of corporate governance.</p> <p>The Company regularly updates and upgrades manufacturing and reporting systems so as to keep abreast with technological advancements and achieve economies of production.</p>
Integrity and Confidentiality	<p>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.</p> <p>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</p>



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 to 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".
<b>Responsibilities</b>	
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	<p>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.</p> <p>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.</p> <p>The Company believes in continuous development and training of its employees.</p> <p>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.</p> <p>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.</p>
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 shall 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.



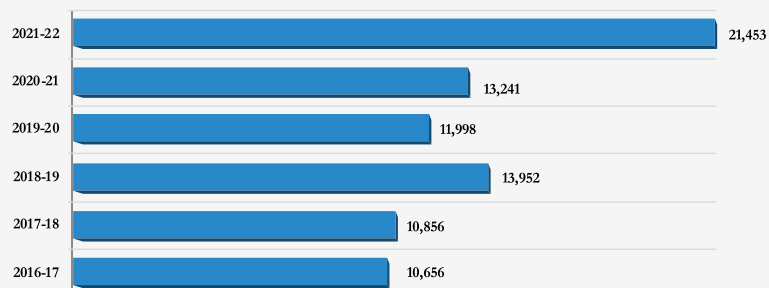


## SIX YEARS' PERFORMANCE

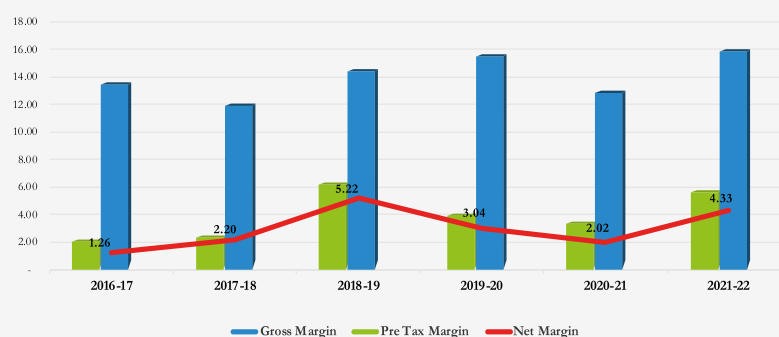
		2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
<b>OPERATING</b>							
Gross Margin	%	16.07	12.99	15.56	14.43	12.00	13.56
Pre Tax Margin	%	5.70	3.53	4.05	6.19	2.42	2.19
Net Margin	%	4.33	2.02	3.04	5.22	2.20	1.26
<b>PERFORMANCE</b>							
Return on Long Term Assets	%	11.53	3.75	7.17	14.68	4.75	3.63
Total Assets Turnover	x	1.27	0.98	1.17	1.28	1.22	1.63
Fixed Assets Turnover	x	2.71	1.88	2.39	2.86	2.20	2.96
Inventory Turnover	Days	84	96	86	57	54	50
Return on Equity	%	15.46	5.25	9.22	19.43	7.69	6.44
Return on Capital Employed	%	22.58	12.58	17.46	27.23	13.71	17.56
Retention	%	89.03	100.00	100.00	79.04	74.44	58.22
<b>LEVERAGE</b>							
Debt:Equity		53:47	50:50	49:51	54:46	55:45	57:43
<b>LIQUIDITY</b>							
Current	Times	0.95	0.90	0.94	0.94	0.80	0.78
Quick	Times	0.43	0.41	0.48	0.58	0.48	0.42
<b>VALUATION</b>							
Earning per share (pre tax)	Rs.	24.01	9.17	9.54	16.96	5.16	4.59
Earning per share (after tax)	Rs.	18.24	5.26	7.17	14.31	4.70	2.63
Breakup value	Rs.	117.92	100.21	77.77	73.68	61.03	40.89
Dividend payout - Cash	Rs.	2.00	-	-	3.00	1.20	1.10
Bonus issue	%	-	-	-	-	-	-
Payout ratio - Cash (after tax)	%	10.97	-	-	20.96	25.56	41.78
Price earning ratio	Times	1.47	5.70	5.30	1.57	6.30	18.16
Market price to breakup value	Times	0.23	0.30	0.49	0.31	0.48	1.17
Dividend yield	%	6.45	-	-	7.79	3.62	3.28
Market value per share	Rs.	26.75	30.00	38.00	22.49	29.58	47.81
Market capitalization	Rs. In million	1,362	1,527	1,935	1,145	1,506	2,434
<b>HISTORICAL TRENDS</b>							
Turnover	Rs. In million	21,453	13,241	11,998	13,952	10,856	10,656
Gross profit	Rs. In million	3,447	1,720	1,867	2,014	1,303	1,445
Profit before tax	Rs. In million	1,222	467	486	863	263	234
Profit after tax	Rs. In million	928	268	365	729	239	134
<b>FINANCIAL POSITION</b>							
Shareholder's funds	Rs. In million	6,004	5,102	3,959	3,751	3,107	2,082
Property Plant and Equipment	Rs. In million	7,913	7,027	5,028	4,884	4,930	3,603
Current assets	Rs. In million	8,824	6,440	5,195	5,904	3,833	2,842
Current liabilities	Rs. In million	9,328	7,149	5,505	6,288	4,784	3,648
Long term assets	Rs. In million	8,052	7,134	4,964	5,032	5,032	3,696
Long term liabilities	Rs. In million	1,545	1,323	828	829	974	808

# PERFORMANCE OVERVIEW

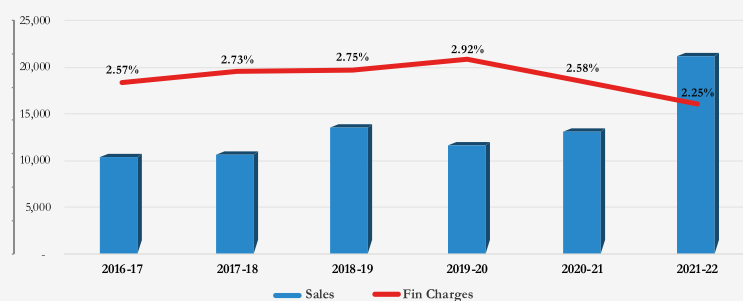
**Sales Growth**  
(Rupees in million)



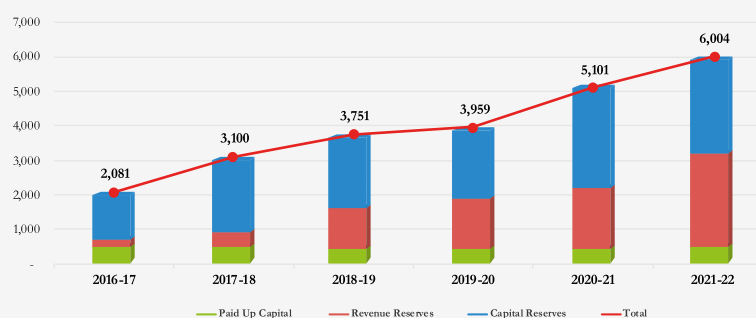
**Profitability Ratios**



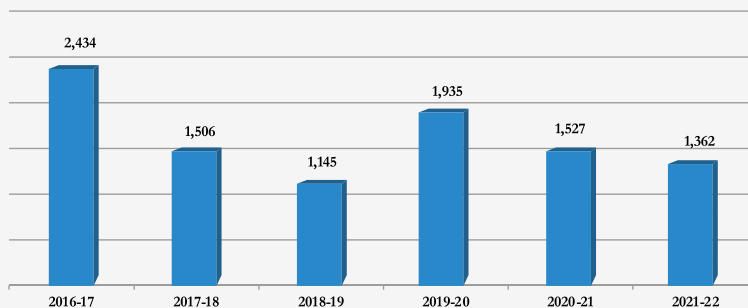
**Financial Charges %**



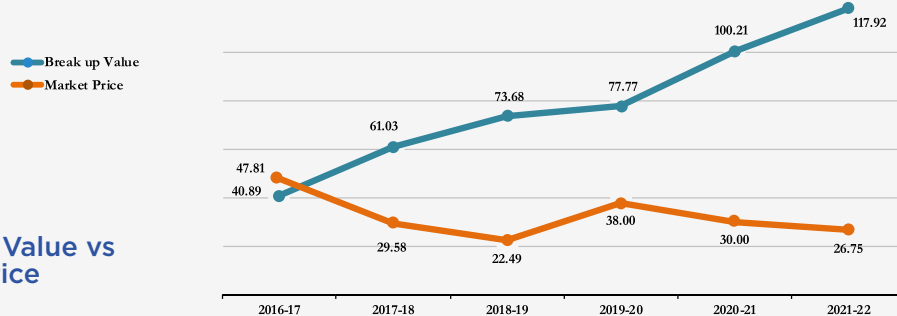
**Shareholder's Equity**



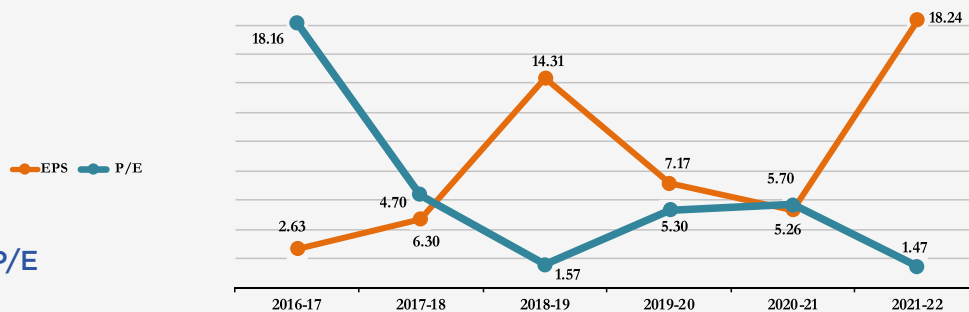
### Market Capitalization (Rupees in million)



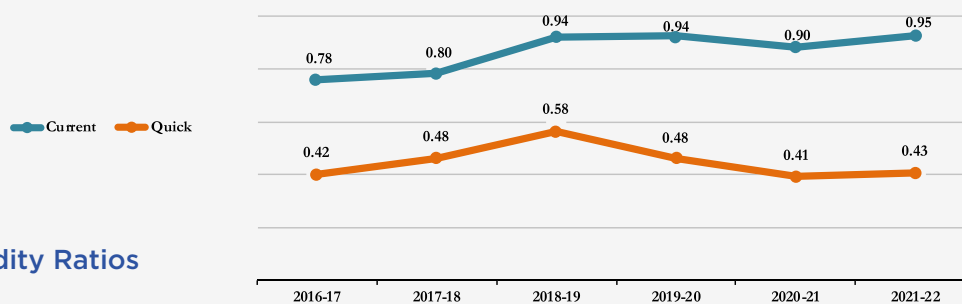
### Break-up Value vs Market Price



### EPS vs P/E



### Liquidity Ratios



# STATEMENT OF VALUE ADDITION

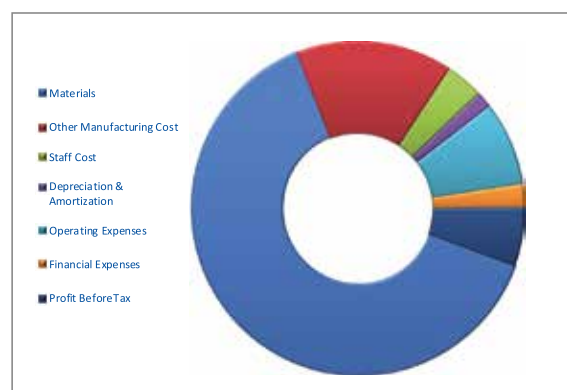
## Value Added

	2022	2021
	%age Amount (000)	%age Amount (000)
Local Sales	22.80% 4,891,004	26.21% 3,470,070
Export Sales	77.20% 16,561,845	73.79% 9,770,960
Total Sales	100% 21,452,848	100% 13,241,030

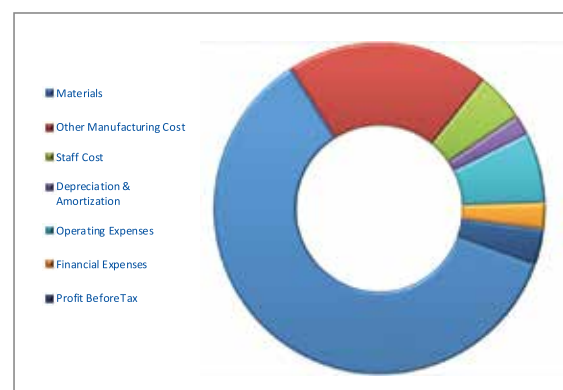
## Value Allocated

	2022	2021
	%age Amount (000)	%age Amount (000)
Materials	64% 13,629,678	62% 8,181,686
Other Manufacturing Cost	15% 3,257,297	18% 2,443,757
Staff Cost	4% 786,672	5% 635,340
Depreciation & Amortization	2% 332,527	2% 260,412
Operational Expenses	8% 1,742,293	7% 911,599
Financial Expenses	2% 482,136	3% 341,436
Profit Befor Tax	6% 1,222,245	4% 466,799
	100% 21,452,849	100% 13,241,030

## Application of Revenue for 2021-22



## Application of Revenue for 2020-21



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

Name of Company: Kohinoor Mills Limited

Year ended: June 30, 2022

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

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

- Male: 5
- Female: 2

- The composition of the board is as follows:

CATEGORY		NAMES
a.	Independent Directors	Mrs. Hajra Arham Mr. Muhammad Anwarul Haq Siddiqui
b.	Non-Executive Directors	Mr. Rashid Ahmed Mr. Matiuddin Siddiqui (NIT Nominee)
c.	Executive Directors	Mr. Aamir Fayyaz Sheikh Mr. Ismail Aamir Fayyaz Ms. Imrat Aamir Fayyaz

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
- 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;
- 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;
- 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 Companies Act, 2017 (the Act) and the Regulations;
- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations;
- The Board has arranged Directors' Training program for the following:  
**Name of Directors**  
Mr. Ismail Aamir Fayyaz  
Mr. Matiuddin Siddiqui (NIT Nominee)  
Ms. 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



Following directors will be pursuing for the Directors' Training program in the financial year 2022-23 as they were elected through election of directors held on March 31, 2022:

**Name of Directors**

Mrs. Hajra Arham  
Mr. Muhammad Anwarul Haq Siddiqui

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
Mrs. Hajra Arham	Chairman
Mr. Rashid Ahmed	Member
Mr. Muhammad Anwarul Haq Siddiqui	Member

- b) HR and Remuneration Committee

Names	Designation held
Mr. Muhammad Anwarul Haq Siddiqui	Chairman
Mr. Rashid Ahmed	Member
Mrs. Hajra Arham	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, 2022.

- b) HR and Remuneration Committee

Four meetings of HR and Remuneration Committee were held during the financial year ended June 30, 2022.

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 a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the 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	<b>Representation of minority shareholders</b> The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one intended to contest election as director representing minority shareholders.	5
2	<b>Directors' Training</b> Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year July 2020	No Directors' Training program was conducted for any female executive of the Company in the financial year under review, however, the Company has planned to arrange Directors' Training Program certification for female executive before 30 June 2023.	19(3)
3	<b>Responsibilities of the Board and its Members</b> 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)
4	<b>Nomination Committee</b> The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee.	29
5	<b>Risk Management Committee</b> The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and senior officers of the Company perform the requisite functions and apprise the Board accordingly.	30
6	<b>Disclosure of significant policies on website</b> 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.	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	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.
21. Executive directors, including the chief executive officer on the Board are three out of total seven directors. One third of the Board i.e. 2.33 has been rounded up as 3 directors as the manufacturing units of the Company need executive directors for effective management of operations.

Kasur:  
September 22, 2022



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 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

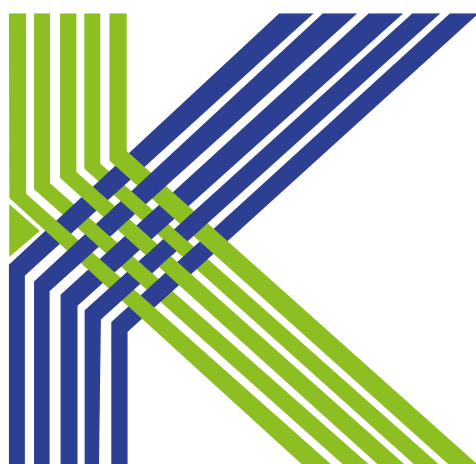
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Lahore:  
September 22, 2022  
UDIN: CR202210168L4Ms8Bq53

# KOHINOOR MILLS LIMITED



[www.kohinoormills.com](http://www.kohinoormills.com)



A close-up photograph of a business meeting. In the foreground, a person's hands are typing on a silver laptop keyboard. To the left, another person's hands are holding a smartphone, with one hand pointing at the screen. The background shows the arms and hands of other participants in business attire. The overall scene is professional and collaborative.

## **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2022

# 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 2022, 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 2022 and of the profit, other comprehensive loss, 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:

Sr. No.	Key audit matters	How the matters was addressed in our audit
1	<p><b>Inventory existence and valuation</b></p> <p>Inventory as at 30 June 2022 amounted to Rupees 4,820.340 million, break up of which is as follows:</p> <ul style="list-style-type: none"> <li>- Stores, spares and loose tools Rupees 768.118 million</li> <li>- Stock-in-trade Rupees 4,052.222 million</li> </ul> <p>Inventory is measured at lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventory as a key audit matter due to its size, representing 28.56% of total assets of the Company as at 30 June 2022, and the judgment involved in valuation.</p> <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Inventories note 2.18 to the financial statements.</li> <li>- Stores, spares and loose tools note 20 and Stock-in-trade note 21 to the financial statements.</li> </ul>	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets.</li> <li>• 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.</li> <li>• 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.</li> <li>• We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory.</li> <li>• 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.</li> <li>• 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.</li> </ul>

Sr. No.	Key audit matters	How the matters was addressed in our audit
2	<p><b>Revenue recognition</b></p> <p>The Company recognized net revenue of Rupees 21,452.848 million for the year ended 30 June 2022.</p> <p>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.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Revenue recognition note 2.22 to the financial statements.</li> <li>- Revenue note 30 to the financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents.</li> <li>• 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.</li> <li>• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'.</li> <li>• We also considered the appropriateness of disclosures in the financial statements.</li> </ul>
3	<p><b>Capital expenditures</b></p> <p>The Company is investing significant amounts in its operations and there are a number of areas where management 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.</p> <p>We focused on this area since the amounts have a significant 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.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, fixed assets note 2.7 to the financial statements.</li> <li>- Fixed assets note 14 to the financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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 capital or operating in nature.</li> <li>• We evaluated the appropriateness of capitalization policies and depreciation rates.</li> <li>• We performed tests of details on costs capitalized.</li> <li>• We verified the accuracy of management's calculation used for the impairment testing.</li> </ul>

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

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

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

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

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

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

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

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

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

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

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

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



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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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 2022  
UDIN: AR2022101683dv279jjq

# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
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
<b>Capital reserves</b>			
Share premium reserve	5	213,406,310	213,406,310
Fair value reserve	5	15,225,957	32,625,692
Surplus on revaluation of operating fixed assets - net of tax	5	2,564,006,429	2,628,073,544
<b>Revenue reserves</b>			
General reserve	5	788,199,282	788,199,282
Accumulated profit	5	1,913,672,412	930,133,905
<b>Total equity</b>		<b>6,003,620,500</b>	<b>5,101,548,843</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term financing - secured	6	1,212,265,071	1,007,982,666
Deferred liabilities	7	332,346,215	314,611,824
Deferred income - Government grant	8	-	396,337
		<b>1,544,611,286</b>	<b>1,322,990,827</b>
<b>Current liabilities</b>			
Trade and other payables	9	3,643,219,712	2,883,469,947
Accrued mark-up	10	71,578,017	69,459,909
Short term borrowings - secured	11	5,082,318,845	3,681,196,820
Current portion of non-current liabilities	12	523,293,032	507,559,630
Unclaimed dividend		7,119,615	7,119,615
		<b>9,327,529,221</b>	<b>7,148,805,921</b>
<b>Total liabilities</b>		<b>10,872,140,507</b>	<b>8,471,796,748</b>
<b>Contingencies and commitments</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>16,875,761,007</b>	<b>13,573,345,591</b>

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

  
AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

  
KAMRAN SHAHID  
CHIEF FINANCIAL OFFICER

	Note	2022 Rupees	2021 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	14	7,912,753,661	7,026,799,146
Intangible asset	15	-	-
Investment property	16	1,981,607	1,981,607
Long term investments	17	23,429,479	42,398,345
Long term loans	18	22,252,126	-
Long term deposits	19	91,159,847	62,528,657
		8,051,576,720	7,133,707,755
<b>Current assets</b>			
Stores, spares and loose tools	20	768,117,752	567,778,159
Stock-in-trade	21	4,052,222,277	2,915,133,657
Trade debts	22	1,217,245,076	952,761,514
Loans and advances	23	320,700,705	92,590,304
Short term deposits and prepayments	24	57,457,728	38,509,943
Advance income tax - net	25	71,366,395	134,982,812
Sales tax recoverable	26	1,630,418,799	872,205,656
Other receivables	27	43,732,753	185,402,883
Short term investment	28	56,772,172	20,431,615
Cash and bank balances	29	606,150,630	659,841,293
		8,824,184,287	6,439,637,836
<b>TOTAL ASSETS</b>		<b>16,875,761,007</b>	<b>13,573,345,591</b>



ISMAIL AAMIR FAYYAZ  
DIRECTOR

# STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
REVENUE	30	21,452,848,316	13,241,029,839
COST OF SALES	31	(18,006,175,246)	(11,521,196,034)
GROSS PROFIT		3,446,673,070	1,719,833,805
DISTRIBUTION COST	32	(1,100,151,805)	(717,552,202)
ADMINISTRATIVE EXPENSES	33	(474,068,267)	(358,939,342)
OTHER EXPENSES	34	(303,439,382)	(123,455,168)
		(1,877,659,454)	(1,199,946,712)
OTHER INCOME	35	1,569,013,616 135,366,747	519,887,093 288,347,891
PROFIT FROM OPERATIONS		1,704,380,363	808,234,984
FINANCE COST	36	(482,135,678)	(341,436,153)
PROFIT BEFORE TAXATION		1,222,244,685	466,798,831
TAXATION	37	(293,871,831)	(199,015,804)
PROFIT AFTER TAXATION		928,372,854	267,783,027
EARNINGS PER SHARE - BASIC AND DILUTED	38	18.24	5.26

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

  
AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

  
KAMRAN SHAHID  
CHIEF FINANCIAL OFFICER

  
ISMAIL AAMIR FAYYAZ  
DIRECTOR


# STATEMENT OF COMPREHENSIVE INCOME


FOR THE YEAR ENDED 30 JUNE 2022

	2022 Rupees	2021 Rupees
PROFIT AFTER TAXATION	928,372,854	267,783,027
OTHER COMPREHENSIVE (LOSS) / INCOME		
Items that will not be re-classified to profit or loss:		
(Deficit) / surplus arising on remeasurement of investment at fair value through other comprehensive income	(18,968,866)	5,200,829
Deferred income tax relating to this item	1,569,131	(1,131,180)
	(17,399,735)	4,069,649
Surplus on revaluation of operating fixed assets	-	896,092,189
Deferred income tax relating to this item	(8,901,462)	(25,560,060)
	(8,901,462)	870,532,129
Items that may be re-classified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year - net of tax	(26,301,197)	874,601,778
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	902,071,657	1,142,384,805

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

  
AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

  
KAMRAN SHAHID  
CHIEF FINANCIAL OFFICER

  
ISMAIL AAMIR FAYYAZ  
DIRECTOR





# STATEMENT OF CASH FLOWS

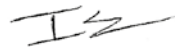
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Rupees	2021 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>CASH GENERATED FROM OPERATIONS</b>	39	292,626,136	286,524,880
Income tax paid		(233,643,001)	(48,328,140)
Net increase in long term deposits		(28,631,190)	(32,869,700)
Gas infrastructure development cess paid		(32,828,138)	(31,344,260)
Finance cost paid		(432,147,042)	(264,086,858)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		(434,623,235)	(90,104,078)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(1,364,303,538)	(1,429,915,749)
Proceeds from disposal of operating fixed assets		132,537,221	123,936,924
Investments made		(1,152,097,226)	(20,000,000)
Investments disposed off		1,115,787,786	-
Dividend received		24,510,530	3,294,501
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(1,243,565,227)	(1,322,684,324)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing obtained		781,115,857	872,684,872
Repayment of long term financing		(557,740,083)	(174,580,546)
Short term borrowings - net		1,401,122,025	608,575,979
<b>NET CASH FROM FINANCING ACTIVITIES</b>		1,624,497,799	1,306,680,305
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(53,690,663)	(106,108,097)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		659,841,293	765,949,390
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		606,150,630	659,841,293

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

  
AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

  
KAMRAN SHAHID  
CHIEF FINANCIAL OFFICER


  
ISMAIL AAMIR FAYYAZ  
DIRECTOR

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	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 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	1,719,333,187	5,101,548,843
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	-	(65,165,653)	(65,165,653)	-	55,165,653	55,165,653	-
Profit for the year ended 30 June 2022	-	-	-	-	-	-	928,372,854	928,372,854	928,372,854
Other comprehensive loss for the year ended 30 June 2022	-	-	(17,399,735)	(8,901,462)	(26,301,197)	-	-	-	(26,301,197)
Total comprehensive income for the year ended 30 June 2022	-	-	(17,399,735)	(8,901,462)	(26,301,197)	-	928,372,854	928,372,854	902,071,657
Balance as at 30 June 2022	509,110,110	213,406,310	15,225,957	2,564,006,429	2,792,638,696	788,199,282	1,913,672,412	2,701,871,694	6,003,620,500

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

  
AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE

  
KAMRAN SHAHID  
CHIEF FINANCIAL OFFICER

  
ISMAIL AAMIR FAYYAZ  
DIRECTOR

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## 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 2021:

- Amendments to IFRS 16 'Leases' – Covid-19 related rent concessions extended beyond 30 June 2021.
- Interest Rate Benchmark Reform– Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures' and IFRS 16 'Leases'.

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 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.

**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 2022 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.
- IAS 41 'Agriculture' – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

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.

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 2022 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 Ijarah 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 Ujah (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

2022 (NUMBER OF SHARES)	2021 (NUMBER OF SHARES)		2022 Rupees	2021 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
<u>110,000,000</u>	<u>110,000,000</u>		<u>1,100,000,000</u>	<u>1,100,000,000</u>

### 4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2022 (NUMBER OF SHARES)	2021 (NUMBER OF SHARES)			
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
<u>50,911,011</u>	<u>50,911,011</u>		<u>509,110,110</u>	<u>509,110,110</u>

### 5. RESERVES

Composition of reserves is as follows:

#### 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)	15,225,957	32,625,692
Surplus on revaluation of operating fixed assets - net of deferred income tax (Note 5.3)	2,564,006,429	2,628,073,544
Balance as at 30 June	2,792,638,696	2,874,105,546
Revenue reserves		
General reserve	788,199,282	788,199,282
Accumulated profit	1,913,672,412	930,133,905
	2,701,871,694	1,718,333,187
Balance as at 30 June	<u>5,494,510,390</u>	<u>4,592,438,733</u>

- 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:

	2022 Rupees	2021 Rupees
Balance as at 01 July	41,694,174	36,493,345
Fair value adjustment during the year	(18,968,866)	5,200,829
Balance as at 30 June	22,725,308	41,694,174
Less: Related deferred income tax liability (Note 7.2)	7,499,351	9,068,482
Balance as at 30 June - net of deferred income tax	15,225,957	32,625,692
<b>5.3 Surplus on revaluation of operating fixed assets - net of deferred income tax</b>		
Balance as at 01 July	2,696,005,772	1,838,363,825
Add: Surplus on revaluation incorporated during the year	-	896,092,189
Less: Incremental depreciation	58,562,264	38,450,242
Balance as at 30 June	2,637,443,508	2,696,005,772
Less: Related deferred income tax liability (Note 7.2)	73,437,079	67,932,228
Balance as at 30 June - net of deferred income tax	2,564,006,429	2,628,073,544
<b>6. LONG TERM FINANCING - SECURED</b>		
Financing from banking companies (Note 6.1)	1,658,623,951	1,414,880,245
Less: Current portion shown under current liabilities (Note 12)	446,358,880	406,897,579
	1,212,265,071	1,007,982,666

## 6.1

Lender	2022	2021	Terms	Security
National Bank of Pakistan (Note 6.2)	179,197,005	240,146,649	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 (Note 6.4)	4,780,000	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)	First joint pari passu charge of Rupees 1,561,293 million and ranking charge of Rupees 354,930 over present and future fixed assets of the Company.
	1,040,000	2,080,000	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)	
	54,825,000	98,685,000	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)	
	50,520,000	84,200,000	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)	
	9,800,000	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)	
	27,600,000	38,640,000	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)	
	300,000,000	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.	
	448,565,000	628,565,000		

Lender	2022	2021	Terms	Security
The Bank of Punjab (Note 6.2)	22,391,465	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 of Rupees 11,194 million each commenced from 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)	First joint Pari Passu of Rupees 933,330 million and ranking charge of Rupees 99,710 million over present and future current assets of the company.
Samba Bank Limited (Note 6.4)	7,870,000	13,122,000	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.	First joint pari passu charge of Rupees 788,000 million over fixed assets of the Company with 25% margin.
	4,661,250	7,768,750	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.	
	18,493,750	25,218,750	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.	
	13,575,000	18,100,000	This loan is repayable in 16 quarterly instalments of Rupees 1,131 million each commenced from 04 September 2021 and ending on 04 June 2025. Mark-up is payable quarterly at SBP rate + 2.5% per annum.	
	97,418,750	119,900,000	This loan is repayable in 16 quarterly instalments of Rupees 7,494 million each commenced from 01 December 2021 and ending on 01 September 2025. Mark-up is payable quarterly at SBP rate + 2.5% per annum.	
	60,000,000	60,000,000	This loan is repayable in 16 quarterly instalments of Rupees 3,750 million each commencing from 25 September 2022 and ending on 25 June 2026. Mark-up is payable quarterly at SBP rate + 2.5% per annum.	
	48,000,000	-	This loan is repayable in 16 quarterly instalments of Rupees 3,000 million each commencing from 22 December 2022 and ending on 22 September 2026. Mark-up is payable quarterly at SBP rate + 2.5% per annum.	
	250,018,750	244,109,500		
Samba Bank Limited (Note 6.2)	37,433,694	109,458,797	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 of Rupees 18,750 million commenced from 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)	First joint pari passu charge of Rupees 200,000 million on present and future current assets of the Company.

Lender	2022	2021	Terms	Security
Askari Bank Limited	11,914,288	13,900,000	This loan is repayable in 28 quarterly instalments of Rupees 0.496 million each commenced from 28 August 2021 and ending on 28 May 2028. Mark-up is payable quarterly in arrears at SBP rate + 2.5% per annum. (Note 6.4)	Ranking charge of Rupees 333,334 million over all present and future fixed assets of the Company with 25% margin
	85,371,428	99,600,000	This loan is repayable in 28 quarterly instalments of Rupees 3.557 million each commenced from 29 September 2021 and ending on 29 June 2028. Mark-up is payable quarterly in arrears at SBP rate + 2.5% per annum. (Note 6.4)	
	3,368,750	-	This loan is repayable in 28 quarterly instalments of Rupees 0.135 million each commenced from 10 December 2021 and ending on 10 September 2028. Mark-up is payable quarterly in arrears at SBP rate + 2.5% per annum. (Note 6.4)	
	123,428,571	-	This loan is repayable in 28 quarterly instalments of Rupees 4.571 million each commenced from 26 April 2022 and ending on 26 January 2029. Mark-up is payable quarterly in arrears at 3 month KIBOR + 2% per annum.	
	224,083,037	113,500,000		
Bank Al-Falah Limited (Note 6.5 and Note 6.6)	10,640,000	13,300,000	This loan is repayable in 20 equal quarterly instalments of Rupees 0.665 million each commenced from 06 August 2021 and ending on 06 May 2026. Mark-up is payable quarterly in arrears at SBP refinancing rate + 3% per annum	First joint pari passu charge of Rupees 666.667 million ranking charge of Rupees 716.667 million over fixed asset of the Company.
	85,425,000	-	This loan is repayable in 20 equal quarterly instalments of Rupees 5.025 million each commenced from 19 October 2021 and ending on 19 July 2026. Mark-up is payable quarterly in arrears at SBP refinancing rate + 3% per annum.	
	1,700,000	-	This loan is repayable in 20 equal quarterly instalments of Rupees 0.100 million each commenced from 23 November 2021 and ending on 23 August 2026. Mark-up is payable quarterly in arrears at SBP refinancing rate + 3% per annum.	
	13,175,000	-	This loan is repayable in 20 equal quarterly instalments of Rupees 0.775 million each commenced from 30 November 2021 and ending on 30 August 2026. Mark-up is payable quarterly in arrears at SBP refinancing rate + 3% per annum.	
	7,395,000	-	This loan is repayable in 20 equal quarterly instalments of Rupees 0.435 million each commenced from 07 December 2021 and ending on 07 September 2026. Mark-up is payable quarterly in arrears at SBP refinancing rate + 3% per annum.	
	118,335,000	13,300,000		



Lender	2022	2021	Terms	Security
MCB Bank Limited (Note 6.5 and Note 6.6)	15,900,000	-	This loan is repayable in 32 quarterly instalments of Rupees 0.497 million each commencing from 23 December 2023 and ending on 23 September 2031. Mark-up is payable quarterly at SBP rate + 2.00% per annum.	Ranking charge of Rupees 1,000 million over fixed assets of the Company with 25% margin.
	203,100,000	-	This loan is repayable in 32 quarterly instalments of Rupees 6.347 million each commencing from 10 September 2024 and ending on 10 June 2032. Mark-up is payable quarterly at SBP rate + 2.00% per annum.	
	219,000,000	-		
MCB Bank Limited (Note 6.4)	159,600,000	-	This loan is repayable in 32 quarterly instalments of Rupees 4.988 million each commencing from 07 June 2024 and ending on 07 March 2032. Mark-up is payable quarterly at SBP rate + 1.00% per annum.	Ranking charge of Rupees 666.667 million over fixed assets of the Company with 25% margin.
	1,658,623,951	1,414,880,245		

- 6.2** These loans 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% (2021: 7.50% and 9.85%) per annum.
- 6.3** Repayment period includes deferment of repayment of principal loan amount by one year in accordance with State Bank of Pakistan (SBP) BPRD Circular Letter No. 13 of 2020 dated 26 March 2020.
- 6.4** These loans are obtained by the Company under SBP's Long Term Financing Facility (LTFF).
- 6.5** These loans are obtained by the Company under SBP's Temporary Economic Refinance Facility (TERF) scheme for purchase of new imported and locally manufactured plant and machinery.
- 6.6** The fair value adjustment in accordance with the requirement of IFRS 9 'Financial Instruments' arising in respect of these loans are not considered material and hence not recognized.

	2022 Rupees	2021 Rupees
<b>7. DEFERRED LIABILITIES</b>		
Deferred accrued mark-up (Note 7.1)	251,400,761	227,540,361
Deferred income tax liability (Note 7.2)	80,945,454	77,000,710
Gas Infrastructure Development Cess (GIDC) payable (Note 7.3)	-	10,070,753
	<u>332,346,215</u>	<u>314,611,824</u>

7.1 This represents accrued mark-up on long term finance obtained from National Bank of Pakistan deferred in accordance with the terms 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:

	2022 Rupees	2021 Rupees
Surplus on revaluation of operating fixed assets (Note 5.3)	73,437,079	67,932,228
Unrealized gain on FVTOCI investment (Note 5.2)	7,499,351	9,068,482
Unrealized gain on FVTPL investment (Note 28.1)	9,024	-
	<u>80,945,454</u>	<u>77,000,710</u>

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

	2022			
	Opening balance	Recognized in statement of profit or loss	Recognized in other comprehensive income	Closing balance
	----- Rupees -----			
Surplus on revaluation of operating fixed assets	67,932,228	(3,396,611)	8,901,462	73,437,079
Unrealized gain on FVTOCI investment	9,068,482	-	(1,569,131)	7,499,351
Unrealized gain on FVTPL investment	-	9,024	-	9,024
	<u>77,000,710</u>	<u>(3,387,587)</u>	<u>7,332,331</u>	<u>80,945,454</u>

	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
	<u>52,539,584</u>	<u>(2,230,114)</u>	<u>26,691,240</u>	<u>77,000,710</u>

7.2.2 This represents deferred income tax liability on surplus on revaluation of operating fixed assets, unrealized gain on remeasurement of investment at FVTOCI and unrealized gain on remeasurement of investment at FVTPL. Provision for deferred income tax on other temporary differences was not considered necessary as the Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001.

	2022 Rupees	2021 Rupees
<b>7.3 Gas Infrastructure Development Cess (GIDC) Payable</b>		
Gas Infrastructure Development Cess payable at amortized cost	105,723,757	129,148,091
Add: Adjustment due to impact of IFRS 9 (Note 36)	3,642,196	7,919,926
Less: Payments made during the year	32,828,138	31,344,260
Balance as on 30 June	76,537,815	105,723,757
Less: Current portion shown under current liabilities (Note 12)	76,537,815	95,653,004
	-	10,070,753

7.3.1 This represents Gas Infrastructure Development Cess (GIDC) levied through GIDC Act, 2015. The 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.

	2022 Rupees	2021 Rupees
<b>8. DEFERRED INCOME - GOVERNMENT GRANT</b>		
Balance as at 01 July	5,405,384	5,029,274
Add: Recognized during the year	-	8,855,155
Less: Amortized during the year (Note 35)	5,009,047	8,479,045
	396,337	5,405,384
Less: Current portion shown under current liabilities (Note 12)	396,337	5,009,047
Balance as at 30 June	-	396,337

8.1 The State Bank of Pakistan (SBP), through its Circular No. 06 of 2020 dated 10 April 2020 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 was funded by SBP. Borrowers obtained loans from the Banks and eased their cash flow constraints to avoid layoffs. One of the key feature of the Refinance Scheme was that borrowers obtained loans at mark-up rates that were 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.

	2022 Rupees	2021 Rupees
<b>9. TRADE AND OTHER PAYABLES</b>		
Creditors	2,870,054,056	1,925,934,611
Accrued and other liabilities (Note 9.1)	473,614,615	329,573,419
Contract liabilities-unsecured	68,847,038	275,493,413
Sales commission payable	55,640,791	33,485,647
Loans from related parties (Note 9.2)	10,351,970	25,532,515
Income tax deducted at source	13,836,125	8,194,249
Security deposits - interest free (Note 9.3)	565,110	2,065,110
Workers' profit participation fund (Note 9.4)	105,925,292	263,750,037
Workers' welfare fund (Note 9.5)	44,384,715	19,440,946
	<u>3,643,219,712</u>	<u>2,883,469,947</u>

9.1 This includes Rupees 58.192 million (2021: Rupees 64.307 million) payable to legal heirs of deceased director.

9.2 These represent interest free, unsecured and repayable on demand, loans obtained from following related parties:

	2022 Rupees	2021 Rupees
Close relatives of the chief executive officer	969,970	25,532,515
Director	9,382,000	-
	<u>10,351,970</u>	<u>25,532,515</u>

9.3 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.

	2022 Rupees	2021 Rupees
<b>9.4 Workers' profit participation fund</b>		
Balance as at 01 July	263,750,037	214,762,519
Add: Allocation for the year (Note 34)	66,430,161	26,265,643
Add: Interest accrued for the year (Note 36)	39,495,131	22,721,875
Less: Paid during the year	263,750,037	-
Balance as at 30 June	<u>105,925,292</u>	<u>263,750,037</u>

9.4.1 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.

	2022 Rupees	2021 Rupees
<b>9.5 Workers' welfare fund</b>		
Balance as at 01 July	19,440,946	9,914,439
Add: Allocation for the year (Note 34)	24,943,769	9,526,507
Balance as at 30 June	44,384,715	19,440,946
<b>10. ACCRUED MARK-UP</b>		
Long term financing	17,478,163	11,689,405
Short term borrowings	54,099,854	32,770,504
Deferred mark-up (Note 10.1)	-	25,000,000
	71,578,017	69,459,909

**10.1** Deferred markup of Rupees 25.000 million has been fully repaid during the year.

	2022 Rupees	2021 Rupees
<b>11. SHORT TERM BORROWINGS - SECURED</b>		
<i>From banking companies</i>		
SBP refinance (Note 11.1 and Note 11.2)	4,032,370,000	3,182,370,000
Other short term finances (Note 11.1 and Note 11.3)	785,630,000	498,826,820
Temporary bank overdraft	264,318,845	-
	5,082,318,845	3,681,196,820

**11.1** These facilities are secured against hypothecation charge on current assets, lien on export contracts / letters of credit, first joint 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 ranging from 3.00% to 7.50% (2021: 3.00%) per annum on outstanding balance.

**11.3** These carry mark-up ranging from 8.49% to 16.39% (2021: 8.28% to 12.57%) per annum on outstanding balance.

	2022 Rupees	2021 Rupees
<b>12. CURRENT PORTION OF NON CURRENT LIABILITIES</b>		
Current portion of long term financing - secured (Note 6)	446,358,880	406,897,579
Current portion of GIDC payable (Note 7.3)	76,537,815	95,653,004
Current portion of deferred income - Government grant (Note 8)	396,337	5,009,047
	523,293,032	507,559,630

### **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 29.3) 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** 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.
- 13.1.3** Bank guarantees of Rupees 157.189 million (2021: Rupees 157.189 million) are given by the banks of the Company in favour of Sui Northern Gas Pipelines Limited against gas connections.
- 13.1.4** Bank guarantee of Rupees 7.000 million (2021: 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.
- 13.1.5** Bank guarantees of Rupees 8.164 million (2021: Rupees 8.164 million) are given by the bank of the Company in favour of Lahore Electric Supply Company Limited against electricity connections.
- 13.1.6** Post dated cheques amounting to Rupees 229.964 million (2021: Rupees 146.107 million) are issued to custom authorities.

## 13.2 Commitments

- 13.2.1** Aggregate commitments for capital expenditure and revenue expenditures are amounting to Rupees 663.561 million and Rupees 193.514 million (2021: Rupees 964.324 million and Rupees 200.787 million) respectively.
- 13.2.2** Post dated cheques amounting to Rupees 1,052.561 million (2021: 560.915 million) are issued to creditors of the Company.

	2022 Rupees	2021 Rupees
<b>14. FIXED ASSETS</b>		
<b>Property, plant and equipment</b>		
Operating fixed assets (Note 14.1)	7,147,998,813	6,557,877,576
Capital work-in-progress (Note 14.2)	764,754,848	468,921,570
	<u>7,912,753,661</u>	<u>7,026,799,146</u>



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)								
<b>As at 30 June 2020</b>								
Cost / revalued amount	1,351,146,621	287,486,061	1,269,209,244	5,271,736,104	170,438,663	119,051,651	55,812,890	147,614,602
Accumulated depreciation	-	(111,861,366)	(435,700,009)	(2,893,254,778)	(110,818,347)	(80,129,931)	(52,544,068)	(63,203,114)
Accumulated impairment loss	-	-	-	(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
<b>Year ended 30 June 2021</b>								
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
Additions	111,262,884	-	6,714,739	968,326,550	15,485,844	162,576	1,042,535	15,225,330
Disposals:								
Cost	-	-	-	(223,430,613)	-	-	-	(10,572,071)
Accumulated depreciation	-	-	-	186,081,089	-	-	-	4,434,273
Depreciation charge	-	(8,781,235)	(41,821,128)	(37,349,524)	-	-	-	(6,137,798)
Surplus on revaluation	455,401,495	34,333,540	406,357,154	(209,132,186)	(6,920,361)	(3,907,075)	(1,204,635)	(12,082,833)
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	3,106,622	81,416,187
<b>As at 30 June 2021</b>								
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
Accumulated depreciation	-	(120,642,601)	(477,521,137)	(2,916,305,875)	(117,738,708)	(84,037,006)	(53,748,703)	(70,851,674)
Accumulated impairment loss	-	-	-	(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	3,106,622	81,416,187
<b>Year ended 30 June 2022</b>								
Opening net book value	1,917,811,000	201,177,000	1,204,760,000	3,046,243,847	68,185,799	35,177,221	3,106,622	81,416,187
Additions	244,550,909	7,790,506	12,355,783	749,692,468	25,013,290	5,256,302	-	23,811,002
Disposals:								
Cost	-	-	-	(381,023,985)	-	-	-	(8,499,256)
Accumulated depreciation	-	-	-	265,498,545	-	-	-	5,046,208
Depreciation charge	-	(10,253,611)	(60,427,703)	(115,525,440)	-	-	-	(3,453,048)
Closing net book value	2,162,361,909	198,713,895	1,156,688,080	3,417,765,027	84,587,901	36,844,524	2,174,565	88,862,911
<b>As at 30 June 2022</b>								
Cost / revalued amount	2,162,361,909	329,610,107	1,694,636,920	6,385,300,524	210,937,797	124,470,529	56,855,225	167,579,607
Accumulated depreciation	-	(130,896,212)	(537,948,840)	(2,913,453,178)	(126,349,896)	(87,626,005)	(54,880,660)	(78,716,696)
Accumulated impairment loss	-	-	-	(54,082,319)	-	-	-	-
Net book value	2,162,361,909	198,713,895	1,156,688,080	3,417,765,027	84,587,901	36,844,524	2,174,565	88,862,911
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. Had there been no revaluation, the value of the assets would have been lower by Rupees 2,637.444 million (2021: Rupees 2,696.006 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 637.601 million and Rupees 242.719 million (2021: Rupees 393.051 million and Rupees 234.692 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)-----								
<b>Plant and machinery</b>								
Toyoda Looms	28	99,424,115	72,318,829	27,105,286	42,000,000	14,894,714	Negotiation	Hanoof Textile, Faisalabad
Jacquard Looms with heads	8	42,549,094	35,436,317	7,112,777	7,424,242	311,465	Negotiation	Gagan Textile, Karachi
Jacquard Looms	8	21,344,194	17,776,163	3,568,031	7,575,758	4,007,727	Negotiation	Valitex (Private) Limited, Karachi
Jacquard Loom heads	8	46,233,650	38,504,940	7,728,710	10,000,000	2,271,290	Negotiation	M.S.M Traders, Karachi
Caterpillar Gas Engine	2	98,287,616	58,095,624	40,191,992	30,000,000	(10,191,992)	Negotiation	Mahmood Textile Mills Limited, Multan
Caterpillar Gas Engine	1	48,145,364	27,689,727	20,455,637	15,000,000	(5,455,637)	Negotiation	Al Zamin Textile Mills (Private) Limited, Faisalabad
Nigatta Waste Heat Boiler	1	6,864,030	4,492,878	2,371,152	2,072,650	(298,502)	Negotiation	Ahmad Traders, Faisalabad
Steam Boiler	1	8,002,700	5,168,719	2,833,981	6,923,077	4,089,096	Negotiation	J.B. Industries, Karachi
Caterpillar Waste Heat Boiler	2	10,173,222	6,015,348	4,157,874	5,700,000	1,542,126	Negotiation	Industrial Boiler and Pressure Vessels (Private) Limited, Gujranwala
		381,023,985	265,498,545	115,525,440	126,695,727	11,170,287		
<b>Motor vehicles</b>								
Suzuki Cultus LEA-20-9559	1	1,788,730	556,494	1,232,236	1,232,236	-	Negotiation	Mr. Asif Naseem Ahmed, Company's ex-employee, Faisalabad
Honda City LEE-14-2160	1	1,549,740	992,644	557,096	561,284	4,188	Negotiation	Mr. Ghulam Mustafa Bhatti, Company's employee, Lahore
		3,338,470	1,549,138	1,789,332	1,793,520	4,188		
Aggregate of vehicles with individual book values not exceeding Rupees 500,000	5	5,160,786	3,497,070	1,663,716	4,047,974	2,384,258	Negotiation	-
		8,499,256	5,046,208	3,453,048	5,841,494	2,388,446		
		389,523,241	270,544,753	118,978,488	132,537,221	13,558,733		

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

	2022 Rupees	2021 Rupees
Cost of sales (Note 31)	344,016,904	269,074,382
Distribution cost (Note 32)	2,295,297	2,412,118
Administrative expenses (Note 33)	13,058,335	12,362,953
	359,370,536	283,849,453

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

Manufacturing units and office	Address	Area of land Acres	Covered area of buildings Square feet
<b>Manufacturing units:</b>			
Weaving	8-K.M., Manga Raiwind Road, District Kasur.	57.803	394,901
Open land	Moza Rosa and Bhail, 8-K.M., Manga Raiwind Road, District Kasur.	64.134	-
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
		<u>152.027</u>	<u>980,114</u>

## 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 .....							
<b>At 30 June 2020</b>	-	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
<b>At 30 June 2021</b>	-	271,980,950	168,335,515	11,770,463	11,568,000	5,266,642	468,921,570
Add: Additions during the year	245,350,909	148,381,039	894,142,490	6,398,394	17,954,229	8,899,966	1,321,127,027
Less: Capitalized during the year	244,550,909	20,146,289	723,181,467	23,356,251	13,895,229	-	1,025,130,145
Less: Charged to statement of profit or loss	-	-	-	-	-	163,604	163,604
Add / (less): Reclassification	-	-	(7,984,422)	7,984,422	-	-	-
<b>At 30 June 2022</b>	<u>800,000</u>	<u>400,215,700</u>	<u>331,312,116</u>	<u>2,797,028</u>	<u>15,627,000</u>	<u>14,003,004</u>	<u>764,754,848</u>

14.3 During the year, the Company has capitalized borrowing cost amounting to Rupees Nil (2021: Rupees 0.676 million).

## 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 use of the Company.

	2022 Rupees	2021 Rupees
<b>16. INVESTMENT PROPERTY</b>		
Land (Note 16.1)	<u>1,981,607</u>	<u>1,981,607</u>

16.1 This represents 13.7 kanal agricultural land located at Sahiwal, 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 4.453 million (2021: Rupees 4.110 million). Forced sale value of investment property as on the reporting date is Rupees 3.562 million (2021: Rupees 3.288 million). The valuation has been carried out by an independent valuer.

	2022 Rupees	2021 Rupees
<b>17. LONG TERM INVESTMENTS</b>		
Equity instruments		
Fair value through other comprehensive income		
Associated company (without significant influence)		
K-2 Hosiery (Private) Limited - unquoted 1,194,000 (2021: 1,194,000) ordinary shares of Rupees 10 each (Note 17.1)	-	-
Other		
Security General Insurance Company Limited - unquoted (Note 17.2) 643,667 (2021: 643,667) fully paid ordinary shares of Rupees 10 each Add: Fair value adjustment	704,171 22,725,308 23,429,479 23,429,479	704,171 41,694,174 42,398,345 42,398,345

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 36.40 (2021: Rupees 65.87) 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.

	2022 Rupees	2021 Rupees
<b>18. LONG TERM LOANS</b>		
Considered good:		
Executives - secured (Note 18.1 and Note 18.2)	14,003,271	-
Other employees - secured (Note 18.2)	16,702,735	-
	30,706,006	-
Less: Current portion shown under current assets (Note 23)		
Executives	2,100,000	-
Other employees	6,353,880	-
	8,453,880	-
	22,252,126	-

18.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 17.003 million.

18.2 These represent interest free loans given to executives and other employees as per the Company's policy for general purposes. These are secured against balance to the credit of employees in the provident fund trust and are recoverable in monthly installments.

18.3 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

	2022 Rupees	2021 Rupees
<b>19. LONG TERM DEPOSITS</b>		
Security deposits	91,159,847	62,528,657
<b>20. STORES, SPARES AND LOOSE TOOLS</b>		
Stores and spares (Note 20.1)	879,242,064	674,131,148
Loose tools	1,668,854	1,660,021
	880,910,918	675,791,169
Less: Provision for slow moving, obsolete and damaged store items (Note 20.2)	112,793,166	108,013,010
	768,117,752	567,778,159
<b>20.1</b> These include stores in transit of Rupees 86.018 million (2021: Rupees 17.036 million)		
<b>20.2</b> Provision for slow moving, obsolete and damaged store items		
Balance as on 01 July	108,013,010	108,787,917
Add: Provision made during the year (Note 34)	4,780,156	-
Less: Provision reversed during the year (Note 35)	-	774,907
Balance as on 30 June	112,793,166	108,013,010
<b>21. STOCK-IN-TRADE</b>		
Raw material (Note 21.1)	1,535,984,629	1,021,049,307
Work-in-process	447,555,892	245,407,748
Finished goods (Note 21.2 and 21.3)	2,068,681,756	1,648,676,602
	4,052,222,277	2,915,133,657
<b>21.1</b> This includes raw material of Rupees 68.854 million (2021: Rupees 75.935 million) valued at net realizable value.		
<b>21.2</b> These include finished goods of Rupees 46.719 million (2021: Rupees 203.209 million) valued at net realizable value.		
<b>21.3</b> Finished goods include stock-in-transit amounting to Rupees 701.515 million (2021: Rupees 705.926 million).		
<b>21.4</b> The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 45.145 million (2021: Rupees 54.298 million).		
<b>21.5</b> Stock in trade of Rupees 56.087 million (2021: Rupees 38.721 million) is sent to outside parties for processing.		

	2022 Rupees	2021 Rupees
<b>22. TRADE DEBTS</b>		
Other than related parties - considered good:		
Secured (against letters of credit)	503,238,457	523,066,227
Unsecured	836,598,030	529,155,391
	1,339,836,487	1,052,221,618
Less: Allowance for expected credit losses (Note 22.1)	122,591,411	99,460,104
	1,217,245,076	952,761,514
<b>22.1 Allowance for expected credit losses</b>		
Balance as at 01 July	99,460,104	101,536,875
Add: Recognized during the year (Note 34)	23,462,900	26,830,481
Less: Trade debts written off during the year against expected credit losses	331,593	28,907,252
Balance as at 30 June	122,591,411	99,460,104
<b>22.2 Types of counterparties</b>		
<b>Export</b>		
Corporate	734,728,620	535,460,912
Others	-	-
	734,728,620	535,460,912
<b>Local</b>		
Corporate	590,303,522	452,510,689
Others	14,804,345	64,250,017
	605,107,867	516,760,706
	1,339,836,487	1,052,221,618
<b>22.3 Foreign jurisdictions of trade debts</b>		
Australia	11,753,166	35,715,515
Asia	555,042,765	219,917,763
Europe	147,257,183	201,182,919
North America	18,070,284	17,177,835
South America	847,120	1,224,134
Africa	1,758,102	60,242,746
	734,728,620	535,460,912
<b>23. LOANS AND ADVANCES</b>		
<b>Considered good:</b>		
Advances to staff:		
- Against salary (Note 23.1)	8,890,451	23,839,042
- Against expenses (Note 23.2)	16,617,334	4,337,619
- Current portion of long term loans to executives and employees (Note 18)	8,453,880	-
	33,961,665	28,176,661
Advances to suppliers	285,199,154	58,450,786
Letters of credit	1,539,886	5,962,857
	320,700,705	92,590,304



23.1 These include interest free advances to executives amounting to Rupees 3.047 million (2021: Rupees 18.647 million).

	2022 Rupees	2021 Rupees
23.2 Advances to staff against expenses		
Considered good	16,617,334	4,337,619
Advances to staff against expenses - considered doubtful (Note 23.2.2)	9,308,043	9,308,043
Less: Provision for doubtful advances to staff against expenses (Note 23.2.1)	9,308,043	9,308,043
	-	-
	16,617,334	4,337,619
23.2.1 Provision for doubtful advances to staff against expenses		
Balance as at 01 July	9,308,043	5,837,029
Add: Provision for the year (Note 34)	-	3,471,014
Balance as at 30 June	9,308,043	9,308,043

23.2.2 These include unsecured advance against expenses of Rupees 5.895 million (2021: Rupees 5.895 million) given to Mr. Aamir Alam Qureshi (Ex.General manager marketing).

	2022 Rupees	2021 Rupees
24. SHORT TERM DEPOSITS AND PREPAYMENTS		
Security deposits	57,083,692	37,918,361
Prepayments	374,036	591,582
	57,457,728	38,509,943
25. ADVANCE INCOME TAX - NET		
Advance income tax	378,936,585	321,624,315
Provision for taxation	(307,570,190)	(186,641,503)
	71,366,395	134,982,812
26. SALES TAX RECOVERABLE		
Sales tax recoverable	1,708,787,336	929,618,602
Less: Provision for doubtful sales tax recoverable (Note 26.1)	78,368,537	57,412,946
	1,630,418,799	872,205,656
26.1 Provision for doubtful sales tax recoverable		
Balance as at 01 July	57,412,946	40,836,727
Add: Provision for the year (Note 34)	20,955,591	16,576,219
Balance as at 30 June	78,368,537	57,412,946

	2022 Rupees	2021 Rupees
<b>27. OTHER RECEIVABLES</b>		
<b>Considered good:</b>		
Export rebate and claims (Note 27.1)	28,546,726	19,001,356
Duty draw back (Note 27.2)	2,795,160	162,420,596
Receivable from employees' provident fund trust	5,908,569	3,206,750
Miscellaneous receivables (Note 27.3)	6,482,298	774,181
	<u>43,732,753</u>	<u>185,402,883</u>
<b>27.1 Export rebate and claims</b>		
Considered good	28,546,726	19,001,356
Considered doubtful	16,257,635	15,710,984
Less: Provision for doubtful export rebate and claims (Note 27.1.1)	16,257,635	15,710,984
	-	-
	<u>28,546,726</u>	<u>19,001,356</u>
<b>27.1.1 Provision for doubtful export rebate and claims</b>		
Balance as at 01 July	15,710,984	29,313,623
Add: Provision for the year (Note 34)	546,651	430,150
Less: Export rebate and claims written off during the year against provision	-	14,032,789
Balance as at 30 June	<u>16,257,635</u>	<u>15,710,984</u>
<b>27.2 Duty draw back</b>		
Considered good	2,795,160	162,420,596
Considered doubtful	20,896,827	20,114,903
Less: Provision for doubtful duty draw back (Note 27.2.1)	20,896,827	20,114,903
	-	-
	<u>2,795,160</u>	<u>162,420,596</u>
<b>27.2.1 Provision for doubtful duty draw back</b>		
Balance as at 01 July	20,114,903	14,471,887
Add: Provision for the year (Note 34)	781,924	5,643,016
Balance as at 30 June	<u>20,896,827</u>	<u>20,114,903</u>
<b>27.3 Miscellaneous receivables</b>		
<b>Considered good</b>	6,482,298	774,181
Considered doubtful	545,000	545,000
Less: Provision for doubtful miscellaneous receivables	545,000	545,000
	-	-
	<u>6,482,298</u>	<u>774,181</u>

	2022 Rupees	2021 Rupees
<b>28. SHORT TERM INVESTMENT</b>		
At fair value through profit or loss		
Mutual funds (Note 28.1)	56,772,172	20,431,615

#### 28.1 Mutual funds

2022	2021	Name of fund	2022			2021		
Number of units			Carrying value	Unrealised gain	Fair value	Carrying value	Unrealised gain	Fair value
..... (Rupees) .....								
-	2,043,161.455	NBP Islamic Daily Dividend Fund	-	-	-	20,431,615	-	20,431,615
936,238.123	-	MCB Pakistan Cash Management Fund	47,249,878	-	47,249,878	-	-	-
958,835.691	-	NBP Money Market Fund	9,491,176	31,118	9,522,294	-	-	-
1,895,073.814	2,043,161.455		56,741,054	31,118	56,772,172	20,431,615	-	20,431,615

	2022 Rupees	2021 Rupees
<b>29. CASH AND BANK BALANCES</b>		
Cash in hand (Note 29.1)	15,158,693	13,568,651
Cash with banks:		
On current accounts (Note 29.1 and Note 29.3)	483,578,603	391,127,223
On deposit accounts (Note 29.2 and 29.4)	107,413,334	255,145,419
	590,991,937	646,272,642
	606,150,630	659,841,293

**29.1** Cash and bank balances include foreign currencies disclosed in note 47.1 (a)(i) to these financial statements.

**29.2** Rate of profit on bank deposits ranges from 5.50% to 12.25% (2021: 5.50% to 5.75%) per annum.

**29.3** Cash with banks on current accounts includes an amount of Rupees 8.491 million (2021: 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 (Note 13.1.1).

**29.4** These include term deposit receipts of Rupees 18.00 million (2021: Rupees 18.00 million) which are under lien with Habib Metropolitan Bank Limited.

	2022 Rupees	2021 Rupees
<b>30. REVENUE</b>		
Revenue from contracts with customers:		
Export sales	16,506,144,998	9,608,578,589
Local sales (Note 30.1)	4,729,271,771	3,274,928,543
Processing income	161,732,043	195,141,470
	<u>21,397,148,812</u>	<u>13,078,648,602</u>
Export rebate	54,318,892	32,726,425
Duty draw back	1,380,612	129,654,812
	<u>21,452,848,316</u>	<u>13,241,029,839</u>
<b>30.1 Local sales</b>		
Sales (Note 30.1.1)	5,533,380,174	3,897,295,025
Less: Sales tax	804,108,403	622,366,482
	<u>4,729,271,771</u>	<u>3,274,928,543</u>

**30.1.1** These include sales of Rupees 3,106.530 million (2021: Rupees 1,586.028 million) made to direct exporters against standard purchase orders (SPOs). Further, local sales include waste sales of Rupees 121.747 million (2021: Rupees 67.334 million).

**30.2** The amount of Rupees 263.462 million included in contract liabilities (Note 9) at 30 June 2021 has been recognized as revenue in 2022 (2021: Rupees 66.246 Million).

### 30.3 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	
	2022	2021	2022	2021	2022	2021
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Geographical market</b>						
Australia	-	-	282,942,821	70,620,630	282,942,821	70,620,630
Asia	1,740,486,551	1,194,386,705	8,559,416,200	4,726,682,367	10,299,902,751	5,921,069,072
Europe	4,140,821,802	1,892,924,533	827,399,627	1,062,881,568	4,968,221,428	2,955,806,101
North America	50,394,185	100,408,831	558,276,077	258,067,241	608,670,263	358,476,072
South America	-	-	28,365,825	5,715,772	28,365,825	5,715,772
Africa	176,361,247	79,073,119	141,680,663	217,817,823	318,041,910	296,890,942
Pakistan	1,430,612,547	1,347,216,033	3,460,391,267	2,122,853,980	4,891,003,814	3,470,070,013
	7,538,676,332	4,614,009,221	13,858,472,480	8,464,639,381	21,397,148,812	13,078,648,602
Export rebate	5,779,313	4,200,894	48,539,579	28,525,531	54,318,892	32,726,425
Duty draw back	565,848	2,094,040	814,764	127,560,772	1,380,612	129,654,812
	7,545,021,493	4,620,304,155	13,907,826,823	8,620,725,684	21,452,848,316	13,241,029,839
<b>Major products / service lines</b>						
Greige cloth	7,328,614,131	4,373,488,465	-	-	7,328,614,131	4,373,488,465
Dyed cloth	-	-	13,722,865,490	8,405,985,665	13,722,865,490	8,405,985,665
Yarn	117,889,996	199,079,917	-	-	117,889,996	199,079,917
Processing income	-	-	161,732,043	195,141,470	161,732,043	195,141,470
Waste	98,517,366	47,735,773	23,229,290	19,598,549	121,746,656	67,334,322
	7,545,021,493	4,620,304,155	13,907,826,823	8,620,725,684	21,452,848,316	13,241,029,839
<b>Timing of revenue recognition</b>						
Products and services transferred at a point in time	7,545,021,493	4,620,304,155	13,907,826,823	8,620,725,684	21,452,848,316	13,241,029,839
Products and services transferred over time	-	-	-	-	-	-
	7,545,021,493	4,620,304,155	13,907,826,823	8,620,725,684	21,452,848,316	13,241,029,839

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

	2022 Rupees	2021 Rupees
<b>31. COST OF SALES</b>		
Raw material consumed (Note 31.1)	14,100,613,926	8,453,833,703
Chemicals consumed	1,329,090,754	964,685,853
Salaries, wages and other benefits	785,851,993	632,722,201
Employees' provident fund contributions	28,001,403	23,751,101
Cloth conversion and processing charges	56,187,165	63,808,392
Fuel, oil and power	1,406,979,083	1,098,783,447
Stores, spares and loose tools consumed	268,472,952	235,081,113
Packing materials consumed	106,609,047	82,351,875
Repair and maintenance	68,764,198	88,314,565
Insurance	28,383,716	22,481,063
Other manufacturing expenses	105,357,403	72,832,299
Depreciation on operating fixed assets (Note 14.1.4)	344,016,904	269,074,382
Cost of goods manufactured	18,628,328,544	12,007,719,994
Work-in-process inventory		
As on 01 July	245,407,748	181,271,612
As on 30 June	(447,555,892)	(245,407,748)
	(202,148,144)	(64,136,136)
	18,426,180,400	11,943,583,858
Finished goods inventory		
As on 01 July	1,648,676,602	1,226,288,778
As on 30 June	(2,068,681,756)	(1,648,676,602)
	(420,005,154)	(422,387,824)
	18,006,175,246	11,521,196,034
<b>31.1 Raw material consumed</b>		
Opening stock	1,021,049,307	542,225,474
Add: Purchased during the year	14,615,549,248	8,932,657,536
	15,636,598,555	9,474,883,010
Less: Closing stock	(1,535,984,629)	(1,021,049,307)
	14,100,613,926	8,453,833,703

	2022 Rupees	2021 Rupees
<b>32. DISTRIBUTION COST</b>		
Salaries and other benefits	136,234,118	108,825,103
Employees' provident fund contributions	4,987,584	4,129,986
Travelling, conveyance and entertainment	13,532,860	1,944,980
Printing and stationery	516,925	520,344
Communications	52,970,492	38,483,063
Vehicles' running	8,722,364	5,355,404
Insurance	12,761,366	6,772,201
Repair and maintenance	139,234	373,569
Commission to selling agents	229,662,899	195,932,106
Outward freight and handling	536,586,550	245,337,051
Clearing and forwarding	95,380,992	102,360,066
Sales promotion and advertising	939,822	1,003,134
Depreciation on operating fixed assets (Note 14.1.4)	2,295,297	2,412,118
Miscellaneous	5,421,302	4,103,077
	<b>1,100,151,805</b>	<b>717,552,202</b>
<b>33. ADMINISTRATIVE EXPENSES</b>		
Salaries and other benefits	236,109,232	183,989,965
Employees' provident fund contributions	8,083,441	6,924,442
Travelling, conveyance and entertainment	74,814,028	37,094,850
Printing and stationery	7,954,912	5,396,369
Communications	5,836,297	8,597,136
Vehicles' running	18,967,689	12,383,933
Legal and professional	8,752,995	4,034,138
Insurance	13,738,800	11,850,521
Fee, subscription and taxes	8,436,833	9,106,839
Repair and maintenance	22,211,055	13,993,328
Electricity, gas and water	3,584,530	2,897,260
Auditors' remuneration (Note 33.1)	2,792,750	2,435,000
Depreciation on operating fixed assets (Note 14.1.4)	13,058,335	12,362,953
Miscellaneous	49,727,370	47,872,608
	<b>474,068,267</b>	<b>358,939,342</b>
<b>33.1 Auditors' remuneration</b>		
Audit fee	2,000,000	1,850,000
Half yearly review	500,000	320,000
Other certifications	80,000	80,000
Reimbursable expenses	212,750	185,000
	<b>2,792,750</b>	<b>2,435,000</b>



	2022 Rupees	2021 Rupees
<b>34. OTHER EXPENSES</b>		
Workers' profit participation fund (Note 9.4)	66,430,161	26,265,643
Workers' welfare fund (Note 9.5)	24,943,769	9,526,507
Donations (Note 34.1)	15,700,000	3,250,000
Loss on sale of stores	-	3,515,584
Exchange loss - net	141,676,513	23,142,964
Provision for slow moving, obsolete and damaged store items (Note 20.2)	4,780,156	-
Provision for doubtful duty draw back (Note 27.2.1)	781,924	5,643,016
Provision for doubtful export rebate and claims (Note 27.1.1)	546,651	430,150
Provision for doubtful sales tax recoverable (Note 26.1)	20,955,591	16,576,219
Provision for doubtful advances to staff against expenses (Note 23.2.1)	-	3,471,014
Advances to suppliers written off	4,161,717	4,803,590
Allowance for expected credit losses (Note 22.1)	23,462,900	26,830,481
	<u>303,439,382</u>	<u>123,455,168</u>
<b>34.1 The names of donees are as follows:</b>		
Cancer Care Hospital and Research Center	10,000,000	1,000,000
Progressive Education Network	2,000,000	-
Anjuman-E-Mohammadi	1,000,000	-
Zubaida Associates	-	1,000,000
H & EF Endowment Fund	-	500,000
Friends of Punjab Institute of Cardiology	700,000	750,000
Decent Departmental Store (for distribution of ration)	2,000,000	-
	<u>15,700,000</u>	<u>3,250,000</u>

**34.1.1** 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 Sheikh Chief Executive Officer of the Company is Trustee.

	2022 Rupees	2021 Rupees
<b>35. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Dividend income	24,510,530	3,726,116
Return on bank deposits	9,942,683	26,806,680
Credit balances written back	-	57,863,322
Accrued markup written back	-	41,618,428
Unrealized gain on remeasurement of FVTPL investment (Note 28.1)	31,118	-

	2022 Rupees	2021 Rupees
<b>Income from non-financial assets</b>		
Scrap sales	75,234,085	52,869,245
Reversal of provision for slow moving, obsolete and damaged store items (Note 20.2)	-	774,907
Gain on sale of property, plant and equipment - net (Note 14.1.3)	13,558,733	80,449,602
Gain on initial recognition of GIDC payable at amortized cost	-	11,640,485
Amortization of deferred grant (Note 8)	5,009,047	8,479,045
Others	7,080,551	4,120,061
	<u>135,366,747</u>	<u>288,347,891</u>
<b>36. FINANCE COST</b>		
Mark-up on long term financing	83,460,376	61,441,221
Mark-up on short term borrowings	192,399,879	122,463,463
Adjustment due to impact of IFRS - 9 on long term financing	20,367,932	23,051,962
Bank commission and other financial charges	142,770,164	103,837,706
Interest on workers' profit participation fund (Note 9.4)	39,495,131	22,721,875
Adjustment due to impact of IFRS - 9 on GIDC (Note 7.3)	3,642,196	7,919,926
	<u>482,135,678</u>	<u>341,436,153</u>
<b>37. TAXATION</b>		
Current (Note 37.1)	307,570,190	186,641,503
Prior year adjustment	(10,310,772)	14,604,415
Deferred	(3,387,587)	(2,230,114)
	<u>293,871,831</u>	<u>199,015,804</u>

**37.1** 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. Provision for super tax on income is calculated as per Section 4C of the Income Tax Ordinance, 2001. Further, provision against income from other sources is made under the relevant provisions of the Income Tax Ordinance, 2001.

**37.2** 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.

	2022 Rupees	2021 Rupees
37.3 Reconciliation between tax expense and accounting profit		
Accounting profit before taxation	1,222,244,685	466,798,831
Applicable tax rate	29%	29%
Tax on accounting profit	354,450,959	135,371,661
Tax effect of change in prior year's tax	(10,310,772)	14,604,415
Tax effect of dividend income taxed at a lower rate	(3,431,474)	(521,656)
Tax effect of deferred tax	(3,387,587)	(2,230,114)
Tax effect of gain on disposal of operating fixed assets	-	(6,851,533)
Tax effect of income that are not considered in determining taxable liability	(1,461,648)	(6,059,387)
Tax effect of final tax regime income taxed at a lower rate	(121,731,664)	64,702,518
Tax effect of super tax	79,744,017	-
	293,871,831	199,015,904

### 38. EARNINGS PER SHARE - BASIC AND DILUTED

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

	2022	2021
Profit attributable to ordinary shareholders (Rupees)	928,372,854	267,783,027
Weighted average number of ordinary shares (Numbers)	50,911,011	50,911,011
Earnings per share (Rupees)	18.24	5.26

	2022 Rupees	2021 Rupees
<b>39. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	1,222,244,685	466,798,831
Adjustment for non-cash charges and other items:		
Depreciation on operating fixed assets	359,370,536	283,849,453
Dividend income	(24,510,530)	(3,726,116)
Gain on sale of operating fixed assets	(13,558,733)	(80,449,602)
Adjustment due to impact of IFRS - 9 on long term financing	20,367,932	23,051,962
Adjustment due to impact of IFRS - 9 on GIDC	3,642,196	7,919,926
Gain on initial recognition of GIDC payable at amortized cost	-	(11,640,485)
Unrealized gain on remeasurement of FVTPL investment	(31,118)	-
Amortization of deferred grant	(5,009,047)	(8,479,045)
Allowance for expected credit losses	23,462,900	26,830,481
Provision for slow moving, obsolete and damaged store items	4,780,156	-
Reversal of provision for slow moving, obsolete and damaged store items	-	(774,907)
Provision for doubtful duty draw back	781,924	5,643,016
Provision for doubtful export rebate and claims	546,651	430,150
Provision for doubtful advances to staff against expenses	-	3,471,014
Provision for doubtful sales tax recoverable	20,955,591	16,576,219
Advances to suppliers written off	4,161,717	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	458,125,550	310,464,265
Working capital changes (Note 39.1)	(1,782,704,274)	(742,384,430)
	<u>292,626,136</u>	<u>286,524,880</u>
<b>39.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(205,119,749)	42,269,704
Stock-in-trade	(1,137,088,620)	(965,347,793)
Trade debts	(287,946,462)	(433,992,597)
Loans and advances	(250,362,527)	10,743,482
Short term deposits and prepayments	(18,947,785)	(15,597,389)
Other receivables	136,179,838	(98,484,250)
Sales tax recoverable	(779,168,734)	(205,891,779)
	<u>(2,542,454,039)</u>	<u>(1,666,300,622)</u>
Increase in trade and other payables	759,749,765	923,916,192
	<u>(1,782,704,274)</u>	<u>(742,384,430)</u>

## 39.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

2022				
Liabilities from financing activities			Total	
Long term financing	Short term borrowings	Unclaimed dividend		
Rupees	Rupees	Rupees	Rupees	
Balance as at 01 July 2021	1,414,880,245	3,681,196,820	7,119,615	5,103,196,680
Short term borrowing obtained	-	13,766,842,113	-	13,766,842,113
Repayment of short term borrowings	-	(12,365,720,088)	-	(12,365,720,088)
Long term financing obtained	781,115,857	-	-	781,115,857
Repayment of long term financing	(557,740,083)	-	-	(557,740,083)
Impact of IFRS - 9	20,367,932	-	-	20,367,932
	(537,372,151)	-	-	(537,372,151)
Balance as at 30 June 2022	1,658,623,951	5,082,318,845	7,119,615	6,748,062,411

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 recognized	(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

## 40. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2022 of rupees 2.00 per share (2021: Rupees Nil per share) at their meeting held on 22 September, 2022. 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.

#### 41. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2022			2021		
	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Director	Executives
	Rupees					
Managerial remuneration	11,880,000	9,157,500	89,753,132	9,478,150	3,643,750	67,275,316
House rent	2,970,000	2,289,375	21,090,781	2,369,538	910,938	15,692,646
Utilities	1,187,778	915,579	8,973,609	947,639	364,306	6,726,284
Special allowance	2,376,000	1,831,500	15,232,527	1,895,630	728,750	13,455,067
Contribution to provident fund	989,607	762,825	7,476,442	789,530	303,529	3,754,787
Other allowances	1,188,000	915,750	8,975,313	2,542,043	673,727	16,131,407
	20,591,385	15,872,529	151,501,804	18,022,530	6,625,000	123,035,507
Number of persons	1	2	40	1	1	31

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

41.2 Meeting fee of Rupees 2.840 million (2021: Rupees 2.000 million) was paid to the non-executive directors for attending meetings.

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

#### 42. 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:

	2022 Rupees	2021 Rupees
Advance to close relative of chief executive officer	6,044,485	-
Advance received back from close relative of the chief executive officer	6,044,485	-
Repayment of loans to legal heirs of the deceased director	6,115,000	17,450,000
Repayment of loans to close relatives of the chief executive officer	15,180,545	14,589,000

42.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in note 41.

- 42.2 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
		2022	2021	
Service Industries Limited (Note 42.3)	Common directorship	-	No	None
Punjab Social Security Health Management Company	Common directorship	No	No	None
Master Wind Energy Limited	Common directorship	No	-	None
Lalpir Power Limited	Common directorship	No	-	None
Kohinoor Mills Limited Staff 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

- 42.3 Mr. Riaz Ahmed has ceased to be director of the Company due to election of board of directors of the Company held on 31 March 2022 . Hence, Service Industries Limited is no more related party of the Company as on the reporting date.

#### 43. 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.

#### 44. NUMBER OF EMPLOYEES

	2022	2021
Number of employees as on June 30	1961	1856
Average number of employees during the year	1896	1803



#### 45. SEGMENT INFORMATION

45.1 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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Sales	7,545,021,493	4,620,304,155	13,907,826,823	8,620,725,684	1,121,226,627	-	-	-	21,452,848,316	13,241,029,839
- External	5,827,380,274	3,625,051,855	156,276,165	161,379,940	-	-	(4,737,826,345)	-	-	-
- Intersegment										
Cost of sales	13,372,401,767	8,245,356,010	14,064,102,988	8,782,105,624	1,121,226,627	951,394,550	(7,104,883,066)	(7,104,883,066)	21,452,848,316	13,241,029,839
	(11,503,950,329)	(7,344,145,339)	(12,407,856,066)	(7,881,856,661)	(1,192,249,916)	(1,033,020,159)	7,104,883,066	4,737,826,345	(18,006,175,246)	(11,521,195,034)
Gross profit / (loss)	1,868,451,438	901,210,671	1,656,244,922	900,248,743	(78,023,289)	(81,625,609)	-	-	3,446,673,070	1,719,833,805
Distribution cost	(435,847,800)	(255,886,903)	(654,304,003)	(461,665,299)	-	-	-	-	(1,100,151,803)	(717,552,202)
Administrative expenses	(230,329,098)	(174,622,670)	(229,115,257)	(173,110,381)	(14,623,912)	(11,206,292)	-	-	(474,068,267)	(358,939,342)
	(666,176,898)	(430,509,573)	(883,419,260)	(634,775,680)	(14,623,912)	(11,206,292)	-	-	(1,574,220,070)	(1,076,491,544)
Profit / (loss) before taxation and unallocated income / expenses	1,202,274,540	470,701,098	762,825,662	265,473,063	(92,647,201)	(92,831,901)	-	-	1,872,453,000	643,342,261
Unallocated income and expenses:										
Finance cost									(482,135,678)	(341,436,153)
Other expenses									(303,439,382)	(123,465,168)
Other income									135,366,747	288,347,891
Taxation									(293,871,831)	(199,015,804)
Profit after taxation									(944,080,144)	(375,559,234)
									928,372,856	267,783,027

#### 45.2 Reconciliation of reportable segment assets and liabilities

	Weaving		Dyeing		Power Generation		Total - Company	
	2022	2021	2022	2021	2022	2021	2022	2021
Segment assets	7,861,287,785	5,410,614,068	5,684,860,200	4,512,454,431	1,383,383,783	1,273,446,775	14,929,531,768	11,196,515,274
Unallocated assets							1,946,229,239	2,376,830,317
Total assets as per the statement of financial position							16,875,761,007	13,573,345,591
Segment liabilities	1,918,667,447	1,475,844,336	1,524,424,341	1,012,641,375	132,203,879	185,164,141	3,575,295,667	2,673,649,852
Unallocated liabilities:							1,658,623,951	1,414,880,245
Long term financing - secured							408,884,030	410,264,828
Deferred liabilities							396,337	5,406,384
Deferred income - Government grant							71,578,017	69,459,909
Accrued mark-up							5,082,318,845	3,681,196,820
Short term borrowings - secured							7,119,615	7,119,615
Unclaimed dividend							67,924,045	209,820,095
Trade and other payables								
Total liabilities as per the statement of financial position							10,872,140,507	8,471,796,748

### 45.3 Geographical information

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

	2022 Rupees	2021 Rupees
Australia	282,942,821	70,620,630
Asia	10,299,902,751	5,921,069,072
Europe	4,968,221,428	2,955,806,101
North America	608,670,263	358,476,072
South America	28,365,825	5,715,772
Africa	318,041,910	296,890,942
Pakistan	4,891,003,814	3,470,070,013
	21,397,148,812	13,078,648,602
Export rebate	54,318,892	32,726,425
Duty draw back	1,380,612	129,654,812
	21,452,848,316	13,241,029,839

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

### 45.5 Revenue from major customers

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

	2022	2021
<b>46. PLANT CAPACITY AND PRODUCTION</b>		
<b>Weaving</b>		
Number of looms in operation	230	260
Rated capacity of operative looms converted to 60 picks (square meter)	81,589,424	78,533,297
Actual production converted to 60 picks (square meter)	80,146,089	73,162,886
Number of days worked during the year (3 shifts per day)	365	365
<b>Dyeing</b>		
Rated capacity in 3 shifts (linear meter)	48,000,000	48,000,000
Actual production for three shifts (linear meter)	33,335,435	30,872,652
Number of days worked during the year (3 shifts per day)	348	319
<b>Power generation</b>		
Number of generators installed	7	9
Installed capacity (Mega Watt Hours)	288,029	317,375
Actual generation (Mega Watt Hours)	40,689	41,476

### 46.1 REASON FOR LOW PRODUCTION

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

Although the number of looms have been decreased in the current financial year, the newer looms installed have higher production capacity and operational efficiency.

## 47 FINANCIAL RISK MANAGEMENT

### 47.1 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:

	2022	2021
Cash at bank - USD	35,353	37,443
Cash in hand - USD	18,458	28,600
Cash in hand - Euro	7,080	20,640
Cash in hand - GBP	4,925	135
Cash in hand - AED	5,940	5,940
Trade debts - USD	3,501,616	3,146,581
Trade debts - Euro	125,914	200,885
Trade debts - CNY	-	6,984
Trade and other payable - USD	(272,706)	(197,142)
Trade and other payable - Euro	(6,974)	(10,631)
Trade and other payable - CNY	(9,914)	-
Net exposure - USD	3,282,721	3,015,482
Net exposure - Euro	126,020	210,894
Net exposure - GBP	4,925	135
Net exposure - CNY	(9,914)	6,984
Net exposure - AED	5,940	5,940

The following significant exchange rates were applied during the year:

	2022	2021
<b>Rupees per USD</b>		
Average rate	179.29	159.81
Reporting date rate	202.50	157.80
<b>Rupees per Euro</b>		
Average rate	199.13	191.29
Reporting date rate	212.00	188.12
<b>Rupees per GBP</b>		
Average rate	235.07	216.28
Reporting date rate	246.00	218.58
<b>Rupees per AED</b>		
Average rate	48.85	43.53
Reporting date rate	55.10	43.27
<b>Rupees per CNY</b>		
Average rate	26.94	24.33
Reporting date rate	28.04	24.69

#### 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 31.453 million (2021: Rupees 23.507 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:

	2022 Rupees	2021 Rupees
Fixed rate instruments		
Financial liabilities		
Long term financing	1,535,195,380	1,414,880,245
Short term borrowings	4,032,370,000	3,182,370,000
Floating rate instruments		
Financial assets		
Bank balances - deposit accounts	107,413,334	255,145,419
Financial liabilities		
Long term financing	123,428,571	-
Short term borrowings	785,630,000	498,826,820

#### 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 7.455 million lower / higher (2021: Rupees 2.266 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:

	2022 Rupees	2021 Rupees
Investments	80,201,651	62,829,960
Long term loans	30,706,006	-
Loans and advances	8,890,451	23,839,042
Deposits	148,243,539	100,447,018
Trade debts	1,217,245,076	952,761,514
Other receivables	6,482,298	774,181
Bank balances	590,991,937	646,272,642
	<u>2,082,760,958</u>	<u>1,786,924,357</u>

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:

Banks	Rating			2022 Rupees	2021 Rupees
	Short Term	Long Term	Agency		
National Bank of Pakistan	A1+	AAA	PACRA	1,414,898	14,199,953
Allied Bank Limited	A1+	AAA	PACRA	11,980,363	162,134,748
Askari Bank Limited	A1+	AA+	PACRA	274,704,606	175,700,939
Bank Alfalah Limited	A1+	AA+	PACRA	22,544,267	16,395,221
Faysal Bank Limited	A1+	AA	PACRA	2,521,642	558,010
Habib Bank Limited	A-1+	AAA	VIS	27,759,196	65,804,074
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	20,113,820	19,317,696
The Bank of Punjab	A1+	AA+	PACRA	80,718,956	135,579,655
MCB Bank Limited	A1+	AAA	PACRA	130,037,918	51,577,052
Silk Bank Limited	A-2	A -	VIS	3,630,890	252,197
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	-	210,880
United Bank Limited	A-1+	AAA	VIS	2,432,157	2,095,604
Al Baraka Bank (Pakistan) Limited	A-1	A+	VIS	100,413	1,060,681
Samba Bank Limited	A-1	AA	VIS	220,211	1,385,932
Meezan Bank Limited	A-1+	AAA	VIS	12,812,600	-
				<u>590,991,937</u>	<u>646,272,642</u>
<b>Investments</b>					
Security General Insurance Company Limited ----- AA+ (IFS) ----- VIS				23,429,479	42,398,345
MCB Pakistan Cash Management Fund- -- AA+ (f) -- PACRA				47,249,878	-
NBP Money Market Fund ----- AA (f) ----- PACRA				9,522,294	-
NBP Islamic Daily Dividend Fund----- AA (f) ----- PACRA				-	20,431,615
				<u>80,201,651</u>	<u>62,829,960</u>
				<u>671,193,588</u>	<u>709,102,602</u>

The Company's exposure to credit risk and allowance for expected credit loss related to trade debts is disclosed in note 22.

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 2022 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 2022 and 30 June 2021 was determined as follows:

### At 30 June 2022

	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%	223,676,048	-	0.00%	230,781,818	-
Up to 30 days	7.19%	107,101,036	7,695,592	0.40%	54,170,553	218,144
31 to 60 days	14.29%	19,593,693	2,799,229	2.42%	57,306,232	1,385,647
61 to 90 days	32.60%	15,749,308	5,133,768	9.04%	19,422,769	1,755,180
91 to 180 days	51.35%	4,022,420	2,065,644	22.07%	2,846,811	628,355
181 to 360 days	59.22%	1,018,047	602,865	53.65%	2,014,823	1,080,922
361 days and above	100.36%	93,092,994	93,424,587	100.00%	5,801,478	5,801,478
		464,253,546	111,721,685		372,344,484	10,869,726
Trade debts which are not subject to risk of default		140,854,319	-		362,384,138	-
Total		605,107,865	111,721,685		734,728,622	10,869,726

### 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



(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 2022, the Company had Rupees 6,568.596 million (2021: Rupees 3,088.450 million) available borrowing limits from financial institutions and Rupees 606.151 million (2021: Rupees 659.841 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 2022

	Carrying amount	Contractual cash flows	6 month or less	6-12 months	1-2 Years	More than 2 Years
----- (Rupees) -----						
<b>Non-derivative financial liabilities</b>						
Long term financing	1,658,623,951	2,187,078,686	297,643,575	227,641,319	395,911,944	1,265,881,848
Trade and other payables	3,410,226,542	3,410,226,542	3,410,226,542	-	-	-
Accrued mark-up	322,978,778	322,978,778	71,578,017	-	-	251,400,761
Short term borrowings	5,082,318,845	5,162,789,308	5,162,789,308	-	-	-
Unclaimed dividend	7,119,615	7,119,615	7,119,615	-	-	-
	<u>10,481,267,731</u>	<u>11,090,192,929</u>	<u>8,949,357,057</u>	<u>227,641,319</u>	<u>395,911,944</u>	<u>1,517,282,609</u>

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) -----						
<b>Non-derivative financial liabilities</b>						
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	-	-	-
	<u>7,716,788,252</u>	<u>8,287,435,767</u>	<u>6,392,688,270</u>	<u>246,695,742</u>	<u>383,339,295</u>	<u>1,264,712,460</u>

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.

## 47.2 Financial instruments by categories

### Assets as per the statement of financial position

	2022				2021			
	Amortised cost	FVTPL	FVTOCI	Total	Amortised cost	FVTPL	FVTOCI	Total
	----- Rupees -----				----- Rupees -----			
Investments	-	56,772,172	23,429,479	80,201,651	-	20,431,615	42,398,345	62,829,960
Long term loans	30,706,006	-	-	30,706,006	-	-	-	-
Loans and advances	8,890,451	-	-	8,890,451	23,839,042	-	-	23,839,042
Deposits	148,243,539	-	-	148,243,539	100,447,018	-	-	100,447,018
Trade debts	1,217,245,076	-	-	1,217,245,076	952,761,514	-	-	952,761,514
Other receivables	6,482,298	-	-	6,482,298	774,181	-	-	774,181
Cash and bank balances	606,150,630	-	-	606,150,630	659,841,293	-	-	659,841,293
	<u>2,017,718,000</u>	<u>56,772,172</u>	<u>23,429,479</u>	<u>2,097,919,651</u>	<u>1,737,663,048</u>	<u>20,431,615</u>	<u>42,398,345</u>	<u>1,800,493,008</u>

	2022	2021
	Financial Liabilities at amortized cost	Financial Liabilities at amortized cost
	Rupees	Rupees
Long term financing	1,658,623,951	1,414,880,245
Accrued mark-up	322,978,778	297,000,270
Short term borrowings	5,082,318,845	3,681,196,820
Trade and other payables	3,410,226,542	2,316,591,302
Unclaimed dividend	7,119,615	7,119,615
	<u>10,481,267,731</u>	<u>7,716,788,252</u>

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

	2022			2021		
	Financial assets	Non-financial assets	Total	Financial assets	Non-financial assets	Total
	----- Rupees -----			----- Rupees -----		
<b>Assets</b>						
Long term investments	23,429,479	-	23,429,479	42,398,345	-	42,398,345
Long term loans	22,252,126	-	22,252,126	-	-	-
Long term deposits	91,159,847	-	91,159,847	62,528,657	-	62,528,657
Loans and advances	17,344,331	303,356,374	320,700,705	23,839,042	68,751,262	92,590,304
Short term deposits and prepayments	57,083,692	374,036	57,457,728	37,918,361	591,582	38,509,943
Trade debts	1,217,245,076	-	1,217,245,076	952,761,514	-	952,761,514
Other receivables	6,482,298	37,250,455	43,732,753	774,181	184,628,702	185,402,883
Short term investment	56,772,172	-	56,772,172	20,431,615	-	20,431,615
Cash and bank balances	606,150,630	-	606,150,630	659,841,293	-	659,841,293
	<u>2,097,919,651</u>	<u>340,980,865</u>	<u>2,438,900,516</u>	<u>1,800,493,008</u>	<u>253,971,546</u>	<u>2,054,464,554</u>

	2022			2021		
	Financial liabilities	Non-financial liabilities	Total	Financial liabilities	Non-financial liabilities	Total
	----- Rupees -----			----- Rupees -----		
<b>Liabilities</b>						
Long term financing	1,658,623,951	-	1,658,623,951	1,414,880,245	-	1,414,880,245
Accrued mark-up	322,978,778	-	322,978,778	297,000,270	-	297,000,270
Short term borrowings	5,082,318,845	-	5,082,318,845	3,681,196,820	-	3,681,196,820
Trade and other payables	3,410,226,542	232,993,170	3,643,219,712	2,316,591,302	566,878,645	2,883,469,947
Unclaimed dividend	7,119,615	-	7,119,615	7,119,615	-	7,119,615
	<u>10,481,267,731</u>	<u>232,993,170</u>	<u>10,714,260,901</u>	<u>7,716,788,252</u>	<u>566,878,645</u>	<u>8,283,666,897</u>

#### 47.4 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.

#### 47.5 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.

	2022	2021
	Rupees	Rupees
Borrowings	6,740,942,796	5,096,077,065
Total equity	6,003,620,500	5,101,548,843
Total capital employed	<u>12,744,563,296</u>	<u>10,197,625,908</u>
Gearing ratio (Percentage)	<u>52.89</u>	<u>49.97</u>

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

#### 48. 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 2022	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

..... (Rupees) .....

#### Financial asset

Investment at fair value through profit or loss	56,772,172	-	-	56,772,172
Investment at fair value through other comprehensive income	-	-	23,429,479	23,429,479
<b>Total financial assets</b>	<b>56,772,172</b>	<b>-</b>	<b>23,429,479</b>	<b>80,201,651</b>

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
<b>Total financial asset</b>	<b>20,431,615</b>	<b>-</b>	<b>42,398,345</b>	<b>62,829,960</b>

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 2022 and 30 June 2021:

	Unlisted equity security Rupees
Balance as on 01 July 2020	37,197,516
Add : Surplus recognized in other comprehensive income	5,200,829
Balance as on 30 June 2021	42,398,345
Less : Deficit recognized in other comprehensive income	(18,968,866)
Balance as on 30 June 2022	23,429,479

(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 2022	30 June 2021		30 June 2022	
	Rupees	Rupees			

Investment

Security General Insurance Company Limited	23,429,479	42,398,345	Terminal growth factor	4.00%	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 +2.716 million / -2.066 million.
			Risk adjusted discount rate	17.65%	

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.

#### 49. 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 2022	Level 1	Level 2	Level 3	Total
..... (Rupees) .....				
Property, plant and equipment:				
- Freehold land	-	2,162,361,909	-	2,162,361,909
- Buildings	-	1,355,401,975	-	1,355,401,975
<b>Total non-financial assets</b>	-	3,517,763,884	-	3,517,763,884

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
<b>Total non-financial assets</b>	-	3,323,748,000	-	3,323,748,000

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 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 2021, 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.

## 50. 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 2022	Level 1	Level 2	Level 3	Total
..... (Rupees) .....				
Investment property:				
- Land	-	4,453,000	-	4,453,000
<b>Total non-financial asset</b>	-	4,453,000	-	4,453,000

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

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 2022, 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.

51. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2022	2021	2022	2021
	----- Rupees -----			
Total facilities	1,959,588,000	1,687,730,000	12,003,406,000	7,046,000,000
Utilized at the end of the year	1,713,650,000	1,334,950,000	5,434,810,000	3,957,550,000
Unutilized at the end of the year	245,938,000	352,780,000	6,568,596,000	3,088,450,000

52. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Board of Directors of the Company on 22 September, 2022.


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  
CHIEF EXECUTIVE

  
KAMRAN SHAHID  
CHIEF FINANCIAL OFFICER

  
ISMAIL AAMIR FAYYAZ  
DIRECTOR

# PROXY FORM

35<sup>th</sup> Annual General Meeting 2022

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 **35<sup>th</sup> Annual General Meeting** of the Company to be  
held on **Thursday, October 27, 2022 at 2:00 p.m.**, and at any adjournment thereof.

As witness my/our hand seal this \_\_\_\_\_ day of \_\_\_\_\_, 2022

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

Signatures on  
Fifty 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.

The Company Secretary

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

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# پراکسی (مختارنامہ) فارم 2022

## 35 واں سالانہ جنرل اجلاس

میں / ہم ----- ضلع ----- کا / کے رہائشی ہوں / ہیں۔ کوہ نور ملز لمیٹڈ کا ممبر ہونے کے ناطے ساکن ----- میں / ہم ----- ساکن ----- کے رہائشی کو جو کہ کمپنی کا ایک اور ممبر ہے اپنا / اپنے متبادل مقرر کرتا ہوں / کرتے ہیں یا ----- 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 2022ء بروز جمعرات دوپہر 2:00 بجے ہونے والے کمپنی کے 35 ویں سالانہ جنرل اجلاس میں میری / ہمارے طرف سے بحیثیت پراکسی ووٹ دینے کا مجاز ہوگا۔

آج مورخہ ----- 2022

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

**50/- روپے کی ریونیوٹ**  
 پر دستخط کریں  
 (دستخط کمپنی کے ساتھ رجسٹرڈ نمونہ کیساتھ اتفاق کرنا چاہئے)

گواہ شدگان 2

گواہ شدگان 1

دستخط -----  
 نام -----  
 شناختی کارڈ نمبر -----  
 پاسپورٹ نمبر -----  
 پتہ -----

نوٹ:

- 1۔ اجلاس شروع ہونے سے 48 گھنٹے پہلے 8 کلومیٹر مانگا رانیونڈ روڈ ضلع قصور میں واقع کمپنی کے رجسٹرڈ آفس میں پہنچنے والا دستخط شدہ اور ممبر 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 دیئے جائیں گے۔
- 3۔ کوئی بھی فرد اس وقت تک متبادل رکن کے طور پر کام نہیں کر سکتا جب تک وہ کمپنی کا ممبر نہ ہو، سوائے کارپوریشن کے جو کسی بھی شخص کو متبادل رکن مقرر کر سکتی 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 کیساتھ 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 (مختارنامہ) پراکسی فارم کیساتھ کمپنی کو جمع کرانا ہوگا۔

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The Company Secretary

**KOHINOOR MILLS LIMITED**

8-Km, Manga Raiwind Road,  
Distt. Kasur,  
Pakistan.

## آڈیٹرز

کمپنی کے بیرونی آڈیٹرز، میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس آئینڈ 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 2023 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز 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 اور آڈٹ اور سائٹ بورڈ آف پاکستان کے ہاں 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 متعلقہ 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، سی ای او، سی ایف او، اندرونی آڈٹ کے سربراہ، کمپنی سیکرٹری یا کمپنی کے ڈائریکٹر 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 تندہی کو بھی سراہتے ہیں۔

## برائے اور منجانب بورڈ

اسلمعلیل عامر فیاض  
ڈائریکٹر

عامر فیاض شیخ  
چیف ایگزیکٹو

قصور

22 ستمبر 2022ء

والے تمام مناسب اخراجات، بشمول سفری، ہوٹل چارجز اور دیگر اخراجات کمپنی کی پالیسی کے مطابق 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 ترجیح کے لئے بورڈ نے ضابطہ اخلاق بنا 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 2022 کو حصص داری کا اجمال ہمراہ کمپنی کے 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 کا نقطہ نظر

اگرچہ پاکستان COVID-19 کے بحران سے بحال ہوا ہے، لیکن مالی سال 22 میں متعدد مشکل کا سامنا ہے جیسے کہ مالیاتی خسارے پر قابو پانا، کرنٹ اکاؤنٹ کے خسارہ کا بڑھنا، شرح مبادلہ پر دباؤ کو کم کرنا اور وبائی بیماری کے بعد پائیدار بحالی حاصل کرنا شامل ہے۔ مزید برآں، محرک اور وبائی بیماری کی وجہ سے زیادہ طلب نے پوری دنیا میں افراط زر کو بڑھا دیا۔ اس کے علاوہ، یوکرین کی جنگ پوری عالمی معیشت میں مہنگائی کو بڑھا رہی ہے، جس کے نتیجے میں خوراک اور توانائی کی قیمتوں میں اضافہ اور سپلائی چین میں نئی رکاوٹیں آئی ہیں۔ پاکستان میں تباہ کن سیلاب کے اثرات اس سپلائی کے عدم تحفظ میں مزید اضافہ کر رہے ہیں۔

مالیاتی سختی کے حصے کے طور پر، SBP نے ایکسپورٹ فنانس اسکیم (EFS) اور طویل مدتی مالیاتی سہولت (LTFF) پر شرح سود میں بھی اضافہ کر دیا ہے۔ نتیجتاً، یہ دونوں EFS اور LTFF کے لیے 10% تک پہنچ گئی ہے جو کہ مالی سال 22 کے آغاز میں EFS کے لیے 3% اور LTFF کے لیے 5% مروجہ تھی۔ مالیاتی شرحوں میں اضافے سے ٹیکسٹائل سیکٹر کے منافع کو نقصان پہنچنے کی توقع ہے۔ آگے بڑھتے ہوئے، حکومت ٹیکسٹائل سیکٹر سے 25 بلین امریکی ڈالر کی برآمدات کی توقع کر رہی ہے لیکن ملکی اور عالمی چیلنجز اس نقطہ نظر کو کم کر رہے ہیں۔ پاکستانی روپیہ کی قدر میں کمی سے برآمد کنندگان کو کسی حد تک فائدہ ہوگا، تاہم، درآمد شدہ خام کپاس اور دھاگے کے زیادہ اخراجات منافع کو کم کر رہے ہیں۔

کمپنی نے پہلے ہی ایک گارمنٹس یونٹ پر کام شروع کر دیا ہے جو 5,000 گارمنٹس یونٹ کی تخمینہ صلاحیت کے ساتھ موجودہ مالی سال کی تیسری سہ ماہی میں پیداوار کا آغاز کر دے گا، جو کمپنی کو عموماً انضمام کے فوائد حاصل کرنے کے قابل بنائے گا۔ اپریل ڈویژن کسٹمر بیس کو تیار مصنوعات کی پیشکش کرنے والے ہمارے ڈائینگ ڈویژن کی تکمیل کرے گا۔

انتظامی ٹیم مسلسل دباؤ کے باعث طلب میں عالمی سست روی کے اثرات کو کم کرنے پر بھی پوری توجہ مرکوز کر رہی ہے۔ مالی سال 23 کے لیے منصوبہ بند آرڈر کی پوزیشن حوصلہ افزاء دکھائی دیتی ہے اور انتظامیہ جدیدیت کے بعد حاصل ہونے والی اعلیٰ صلاحیت کی سطحوں کو استعمال کرنے کے لیے پُر امید ہے۔



اجلاس میں شرکت نہ کر سکنے والے ارکان کو غیر حاضری کی رخصت دی گئی۔  
\* جناب ریاض احمد اور جناب شہباز منیر بورڈ اور کمیٹی سے 31 مارچ 2022 کو سبکدوش ہو گئے۔

### انسانی وسائل اور معاوضہ کمیٹی

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

نمبر شمار	نام رکن	عہدہ
1	جناب محمد انوار الحق صدیقی	چیئر مین
2	جناب رشید احمد	ممبر
3	محترمہ ہاجرہ ارحم	ممبر

انسانی وسائل اور معاوضہ کمیٹی لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تقاضوں کے تحت بورڈ آف ڈائریکٹرز کی طرف سے منظور شدہ ضوابط کے مطابق کام کرتی ہے۔

زیر جائزہ 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	ممبر کا نام	شرکت کردہ
1	جناب محمد انوار الحق صدیقی	1/4
2	جناب رشید احمد	4/4
3	محترمہ ہاجرہ ارحم	1/4
4*	جناب ریاض احمد	3/4
5*	جناب شہباز منیر	3/4

\* جناب ریاض احمد اور جناب شہباز منیر بورڈ اور کمیٹی سے 31 مارچ 2022 کو سبکدوش ہو گئے۔

### نان ایگزیکٹو / آزاد ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے "ڈائریکٹرز کے معاوضہ 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 لئے اور کی جانب سے منعقدہ اجلاسوں میں شرکت اور دیگر امور کے لئے ڈائریکٹرز کی طرف سے خرچ کئے جانے

درج ذیل ڈائریکٹرز لسٹ کمپنیوں کے بورڈز میں کم از کم 14 سالہ تعلیم اور 15 سالہ تجربہ کے استثنائی کے معیار پر پورا اترتے ہیں، اس لیے ڈائریکٹرز کے تربیتی پروگرام سے مستثنیٰ ہیں:

نمبر شمار	نام ڈائریکٹرز
1	جناب عامر فیاض شیخ - چیف ایگزیکٹو
2	جناب رشید احمد - ڈائریکٹر

مندرجہ ذیل ڈائریکٹرز مالی سال 2022-23 میں ڈائریکٹرز کے تربیتی پروگرام میں شامل ہوں گے کیونکہ وہ 31 مارچ 2022 کو ہونے والے ڈائریکٹرز کے انتخابات میں منتخب ہوئے تھے:

نمبر شمار	نام ڈائریکٹرز
1	محترمہ ہاجرہ ارحم - ڈائریکٹر
2	جناب انوار الحق صدیقی - ڈائریکٹر

### آڈٹ کمیٹی

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

1	محترمہ ہاجرہ ارحم	چیئر مین
2	جناب رشید احمد	رکن
3	جناب محمد انوار الحق صدیقی	رکن

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 تقاضوں، 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 کی شرائط اور آڈٹ سے متعلق جائزہ کی سفارشات پیش کرتی ہے۔ دیگر ذمہ داریوں میں انٹرل آڈٹ فنکشن، کمپنی کے اثاثوں کا انٹرل 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 نتیجہ کی اشاعت سے پہلے سہ ماہی، ششماہی اور سالانہ کارکردگی کا جائزہ لیتی ہے۔

زیر جائزہ سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے ان میں ہر ممبر کی حاضری درج ذیل ہے:

نمبر شمار	ممبر کا نام	شرکت کردہ
1	محترمہ ہاجرہ ارحم - چیئر مین	1/4
2	جناب رشید احمد - ممبر	4/4
3	جناب انوار الحق صدیقی - ممبر	1/4
4*	جناب ریاض احمد - ممبر	3/4
5*	جناب شہباز منیر - ممبر	3/4

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

حصص کی تعداد	ٹرانزیکشن کی نوعیت	ڈائریکٹر کا نام
375,000	گفت و شنید ڈیل مارکیٹ	جناب عامر فیاض شیخ چیف ایگزیکٹو

### بورڈ کی سالانہ کارکردگی کا جائزہ

بورڈ اپنی کارکردگی جانچنے کے عمل کو بہترین نظم و نسق کا ایک 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 بات چیت اور جائزہ کے لئے بورڈ کو سالانہ خلاصہ رپورٹ پیش کرتا ہے۔

### ڈائریکٹرز کا معاوضہ

بورڈ کے ارکان کا معاوضہ بذاتِ خود بورڈ منظور کرتا ہے۔ تاہم، کارپوریٹ گورننس کے کوڈ کے تحت، یہ یقینی بنایا جاتا ہے کہ کسی بھی ڈائریکٹر نے خود کا معاوضہ طے کرنے کے فیصلہ میں حصہ نہیں لیا ہے۔ کمپنی نان ایگزیکٹو ڈائریکٹرز کو اجلاسوں میں شامل ہونے کی فیس کے علاوہ کوئی معاوضہ نہیں دیتی۔ بہترین ذہنوں کو اپنے پاس رکھنے کے لئے، کمپنی کی معاوضہ پالیسی مضبوط ہے جو کہ انڈسٹری ٹرینڈ اور کاروباری طریقوں کے مطابق ہے۔ ڈائریکٹرز اور سی ای او کی معاوضے کی معلومات کے لئے، براہ کرم مالی گوشواروں کے نوٹس ملاحظہ کریں۔

### ڈائریکٹرز کے تربیتی پروگرام

بورڈ نے مندرجہ ذیل کے لیے ڈائریکٹرز کے تربیتی پروگرام کا اہتمام کیا ہے:

نمبر شمار	نام ڈائریکٹرز
1	جناب اسماعیل عامر فیاض - ڈائریکٹر
2	جناب مطیع الدین صدیقی (NIT نامزد)
3	محترمہ امرت عامر فیاض - ڈائریکٹر

## بورڈ کی تبدیلیاں

زیر جائزہ سال کے دوران کمپنی کے ڈائریکٹرز کے انتخابات 31 مارچ 2022 کو منعقد ہوئے اور تین سالوں کی مدت کے لئے سات ڈائریکٹرز منتخب کئے گئے۔

آزاد ڈائریکٹرز	جناب محمد انوار الحق صدیقی محترمہ ہاجرہ ارحم	ا
دیگرنان ایگزیکٹو ڈائریکٹرز	جناب رشید احمد جناب مطیع الدین صدیقی	ب
ایگزیکٹو ڈائریکٹرز	جناب عامر فیاض شیخ جناب اسماعیل عامر فیاض محترمہ امرت عامر فیاض	پ

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چھ (6) 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	6/6
2	جناب عامر فیاض شیخ چیف ایگزیکٹو	5/6
3	جناب اسماعیل عامر فیاض ڈائریکٹر	6/6
4*	محترمہ صفیہ فیاض ڈائریکٹر	2/6
5*	جناب ریاض احمد ڈائریکٹر	2/6
6*	جناب شہباز منیر ڈائریکٹر	3/6
7*	جناب مطیع الدین صدیقی ڈائریکٹر NIT نامزدہ	6/6
8*	محترمہ امرت عامر فیاض ڈائریکٹر	3/6
9*	محترمہ ہاجرہ ارحم ڈائریکٹر	3/6
10*	جناب محمد انوار الحق صدیقی ڈائریکٹر	3/6

اجلاس میں شرکت نہ کر سکنے والے ڈائریکٹرز کو غیر حاضری کی رخصت دی گئی۔

31 مارچ 2022 کو محترمہ صفیہ فیاض، جناب ریاض احمد اور جناب شہباز منیر کی جگہ محترمہ امرت عامر فیاض، محترمہ ہاجرہ ارحم اور جناب محمد انوار الحق صدیقی کو منتخب کیا گیا۔

طریقہ کار سے کوئی مادی انحراف نہیں کیا گیا ہے۔

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

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

خ بقایا ٹیکسز، ڈیوٹیز، لیویز اور دیگر چارجز (اگر کوئی ہو) کی مد میں قانونی ادائیگیوں کی بابت معلومات نظر ثانی شدہ

گوشواروں کے متعلقہ نوٹ میں دی گئی ہیں۔

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

ڈ سٹاف ریٹائرمنٹ فنڈ (پروایڈنٹ فنڈ) کی طرف سے کی جانے والی سرمایہ کاری کا تخمینہ ان غیر پڑتال شدہ اکاؤنٹس پر

بنی ہے جو کہ درج ذیل ہیں:

30 جون 2022 220.804 ملین روپے (غیر نظر ثانی شدہ)

30 جون 2021 198.546 ملین روپے (نظر ثانی 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 سہ ماہی 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 انکی منظوری کے علاوہ کمپنی کے اہم منصوبے، فیصلے، اندازے اور مالی تخمینہ جات وغیرہ ہر ذیلی 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۔

### ڈائریکٹرز کی کل تعداد سات (7) ہے۔ جن کے نام درج ذیل ہیں:

(a) - مرد حضرات

i - جناب رشید احمد

ii - جناب عامر فیاض شیخ

iii - جناب اسماعیل عامر فیاض

iv - جناب محمد انوار الحق صدیقی

v - جناب مطیع الدین صدیقی (NIT نامزدہ)

(b) - خاتون

vi - محترمہ امرت عامر فیاض

vii - محترمہ ہاجرہ ارحم

امداد، صحت حفاظت اور کمپیوٹر اور تکنیکی شعبوں میں تربیتی کورس کروائے جاتے ہیں۔

### 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 ذریعہ 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 کی 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، سیکریٹریز اینڈ ایگزیکٹو 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۔

مالیاتی گوشوارے کمینیز ایکٹ 2017 کے مطابق تیار کئے گئے ہیں۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی

گوشوارے، اس کے معاملات، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

کمپنی نے اکاؤنٹس کی کتابوں کا صحیح ریکارڈ رکھا ہوا ہے۔

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۔

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۔

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

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

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں دیئے گئے قواعد و ضوابط کارپوریٹ گورننس کے بہترین

اٹھا سکتا ہے۔ ہم بنیادی صلاحیتوں پر توجہ مرکوز کرنے اور اپنی کسٹمر بیس کو متعدد ممالک اور خطوں میں متنوع بنانے کی اپنی حکمت عملی پر عمل کر رہے ہیں جن میں امریکہ اور یورپ جیسی روایتی مارکیٹیں اور ایشیا کی نئی مارکیٹیں شامل ہیں۔

## جزئیک ڈویژن

بجلی کی طرف، حکومت پاکستان نے برآمد کنندگان کو 9.0 امریکی سینٹ kWh پر بجلی فراہم کر کے اپنا ریلیف جاری رکھا۔ تاہم، ایسے علاقائی مسابقتی بجلی کی شرحیں طویل مدت میں جاری رہنے کا کوئی یقین نہیں ہے۔ گیس کی طرف، ملک میں پاور کے بڑھتے ہوئے بحران کی وجہ سے، حکومت پاکستان نے برآمد کنندگان کو دیا جانے والا ریلیف واپس لے لیا اور زیر جائزہ سال کے دوران قدرتی گیس کی قیمت USD 6.5/MMBTU سے بڑھ کر USD 9/MMBTU ہو گئی۔ اس نے علاقائی طور پر مسابقتی توانائی کے اخراجات کو برقرار رکھنے کے بڑھتے ہوئے چیلنج میں اضافہ کیا ہے۔ مزید برآں، ناقابل عمل بین الاقوامی کونسل کی قیمتوں اور توانائی کے سبز ذرائع سے وابستگی کی وجہ سے، کمپنی کو مقامی گیس کی فراہمی اور سیزنل بائیو ماس ایندھن پر زیادہ انحصار کرنا پڑا۔ یہ عوامل مالی سال 22 میں منافع کے مارجن میں کمی کا سبب بنے ہیں۔ آپ کی کمپنی ان چیلنجوں سے نمٹنے کے لیے مسلسل کوشاں رہتی ہے۔ ان کوششوں میں توانائی بچانے والے آلات میں مسلسل سرمایہ کاری اور بائیو ماس پر مبنی ایندھن کی فراہمی کو محفوظ بنانا شامل ہے۔

## انفارمیشن ٹیکنالوجی

آپ کی کمپنی بروقت اور مؤثر فیصلوں میں مدد کرنے والے مؤثر آئی ٹی نظام کے حصول کے لئے مستقل 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 درجہ 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 1,896 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 انتہائی ہنرمند اور تجربہ کار لوگوں پر مشتمل ہے۔ جو ملازم کاروباری ٹیم کے ساتھ ملکر کام کرتے ہیں۔ تاکہ کمپنی کے اہداف حاصل کر سکے۔ کمپنی ہر فرد کے احترام کو برابر 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 گزرا جاتا ہے۔ جو انکا مستقبل بہتر بنا سکتے ہیں۔ جدید ترین ٹیکنالوجی اور ایچ آر انفارمیشن سسٹم کے ملاپ سے بہترین ماحول پیدا کیا جاسکتا ہے۔ جس میں افراد اپنی ذاتی اور پروفیشنل خوابوں کی تکمیل کر سکتے ہیں۔

## تربیت اور ترقی

کمپنی کا یقین ہے کہ تربیت اور ترقی کے ذریعے انسانی وسائل میں بہتری لاتے رہنا چاہئے۔ پیداوار کے تمام مراحل میں تربیت دینے کو خصوصی اہمیت دی جاتی ہے۔ اہم تکنیکی تبدیلیاں جیسے کہ وبورز ٹیکنالوجی اور کوالٹی کنٹرول معائنہ کاروں کی تربیت کے لئے سال کے دوران مؤثر تربیتی پروگرام بنائے گئے ہیں۔ اس سے امیدوار انکو تربیتی سکیم کے ذریعے 6 ماہ تک کمپنی کے اندر تربیت دی جاتی ہے۔ اس سے کمپنی کو تربیت یافتہ افراد ڈھونڈنے میں مدد ملتی ہے۔ اور کسی کے چوڑ جانے کی صورت میں متبادل موجود رہتا ہے۔ کمپنی کے اندر عمومی نظام آگ بھجانا، طبی



کمپنی زیر جائزہ سال میں نمایاں کاروبار اور منافع میں اضافہ کرنے میں کامیاب رہی۔ 30 جون 2022 کو ختم ہونے والے سال کے دوران، آپ کی کمپنی نے گزشتہ مالی سال کی اسی مدت کے لئے 13,241 ملین روپے کی فروخت پر 1,719 ملین روپے کے مجموعی منافع کے مقابلے میں 21,452 ملین روپے کی فروخت پر 3,447 ملین روپے کا مجموعی منافع کمایا ہے۔ زیر جائزہ مدت کے دوران، آپ کی کمپنی نے خالص منافع 928.3 ملین روپے (EPS: 18.24 روپے فی شیئر)، کمایا جبکہ پچھلے مالی سال میں خالص منافع 267.7 ملین روپے (EPS: 5.26 روپے فی شیئر) تھا۔

### ڈیویڈنڈ

بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والے سال کے لئے حتمی نقد منافع منقسمہ 2.00 روپے فی شیئر یعنی 20% تجویز کیا ہے۔

### کارکردگی کا جائزہ

30 جون 2022 کو ختم ہونے والی مالی سال کے لئے آپ کی کمپنی کی کارکردگی کا ایک مختصر جائزہ حسب ذیل ہے:

### ویونگ ڈویژن

ویونگ ڈویژن مسلسل کوششوں اور جاری جامع BMR پروجیکٹ کے نتیجے میں کارکردگی اور پیداواری صلاحیت میں اضافہ کرنے میں کامیاب رہا ہے۔ اس کا نتیجہ یہ ہوا کہ ویونگ ڈویژن زیر جائزہ سال میں کاروبار اور منافع میں نمایاں نمود درج کرنے کے قابل رہا۔ ویونگ ڈویژن نے پچھلے مالی سال میں 8,245 ملین روپے کے کاروبار کے مقابلے 13,372 ملین روپے کا مجموعی کاروبار کیا۔ موجودہ پرانی لومز کو تیز رفتار بجلی بچانے والی لومز سے تبدیل کرنے اور جدید ترین معاون آلات کی تنصیب کا جامع BMR منصوبہ تکمیل کے قریب ہے۔ BMR پراجیکٹ کے ساتھ ساتھ ٹیم کی سخت کاوشوں کے نتائج آنا شروع ہو گئے ہیں اور انتظامیہ اس امید کا اظہار کرتی ہے کہ ویونگ ڈویژن کے مالیاتی نتائج نمو کے اس انداز کو جاری رکھیں گے۔

### ڈائینگ ڈویژن

2020 اور 2021 تک COVID-19 سے متعلقہ پابندیوں کے تحت دنیا کے بیشتر حصوں کے ساتھ، عالمی فیشن انڈسٹری کو غیر معمولی طور پر مشکل حالات کا سامنا کرنا پڑا ہے۔ لیکن تقریباً دو سال کے خلل کے بعد، صنعت دوبارہ اپنے پاؤں پر کھڑا ہونے لگی ہے۔ وبائی بیماری کے بعد کے عرصے میں صارفین کی زیادہ طلب نے ڈائینگ ڈویژن کو اس قابل بنایا کہ وہ زیر جائزہ سال میں کاروبار اور منافع میں نمایاں اضافہ درج ہوا۔ ڈائینگ ڈویژن اپنے مجموعی کاروبار کو 60% تک بڑھانے میں کامیاب رہا، جو 8,782 ملین روپے سے بڑھ کر 14,064 ملین روپے ہو گیا۔ مجموعی منافع گزشتہ مالی سال کی اسی مدت میں 900 ملین روپے سے بڑھ کر 1,656 ملین روپے ہو گیا جو سال بہ سال 84 فیصد کا اضافہ ہے۔

مواد کی قلت، نقل و حمل کی رکاوٹوں اور شپنگ کے بڑھتے ہوئے اخراجات کے باعث پچھلے دو سالوں میں عالمی سپلائی چین میں پائے گئے اتار چڑھاؤ آئندہ سال میں ایک اہم عنصر رہے گا، حالانکہ آئندہ سال میں کچھ آسانی کی توقع ہے۔ موجودہ مہنگائی اور بلند شرح سود کے ماحول میں، فیشن انڈسٹری کو مسلسل مشکلات کا سامنا ہے۔ تاہم، نمودار ہے کیونکہ امریکہ اور دیگر اتحادی ممالک حالیہ جبری مشقت قوانین کی روشنی میں چائنا کے علاوہ ممالک میں اپنی سپلائی چین کو متنوع بنانے پر توجہ مرکوز کر رہے ہیں۔ ڈائینگ ڈویژن اس اہم موقع سے مثالی طور پر فائدہ

ریکارڈ کیا گیا۔ مزید یہ کہ اس عرصے کے دوران مالیاتی اکاؤنٹ کی ناقص کارکردگی نے نہ صرف غیر ملکی ذخائر میں کمی کی بلکہ شرح مبادلہ پر بھی دباؤ ڈالا۔ انٹرنیٹ میں پاکستانی روپیہ۔ امریکی ڈالر کی شرح مبادلہ 27.8 فیصد کم ہو کر مالی سال کے آغاز میں 158 روپے سے مالی سال کے اختتام پر 202 روپے ہو گئی۔

افراط زر کے دباؤ کا مقابلہ کرنے اور پائیدار معاشی بحالی کے لیے، SBP ستمبر 2021 میں مانیٹری پالیسی کو معمول پر لانے کی طرف بڑھا۔ پالیسی شرح مالی سال کے آغاز میں 7% سے مجموعی 675 bps تک بڑھا کر مالی سال کے اختتام پر 13.75% کر دی۔ یہ فیصلہ بین الاقوامی اجناس کی قیمتوں اور عالمی مالیاتی حالات کے تناظر میں نمایاں غیر یقینی صورتحال کی وجہ سے کیا گیا۔

مونسون کے موسم کے دوران پاکستان کو اپنی تاریخ کے بدترین سیلاب کا سامنا کرنا پڑا جس نے معاملات کو مزید خراب کر دیا اور 33 ملین سے زیادہ لوگ بے گھر ہوئے، 2,000 جانیں ضائع ہوئیں، اور ملک کی ایک تہائی زمین زیر آب آگئی، جس میں فصل اگانے والے اہم علاقے بھی شامل ہیں۔ نقصانات کا ابتدائی تخمینہ 30 بلین امریکی ڈالر تک لگایا گیا ہے۔

پاکستان کے میکرو معاشی عدم توازن کے ساتھ ساتھ انتہائی سیاسی عدم استحکام اور غلط عوامی اقدامات اور ماحولیاتی تباہی نے معیشت کو تباہی کے دہانے پر چھلک دیا۔ نتیجتاً پاکستان کو ایک بار پھر آئی ایم ایف اور دوست ممالک سے تعاون لینا پڑا۔ اقتصادی غیر یقینی صورتحال کے عالمی ماحول کے ساتھ ان عوامل کا مطلب یہ تھا کہ یہ ایک چیلنجنگ سال تھا اور آئندہ سال ان چیلنجوں میں مزید اضافہ متوقع ہے۔ یہ تھا کہ یہ ایک چیلنجنگ سال تھا اور آئندہ سال ان چیلنجوں میں مزید اضافہ متوقع ہے۔

## ٹیکسٹائل صنعت کا نقطہ نظر

COVID-19 وبائی بیماری کی بدولت بے مثال مشکلات نے عالمی معیشتوں کی کمزوریوں کو بے نقاب کیا۔ کاروباری بندشوں سے سپلائی چین میں خلل پڑا۔ پاکستان کی ٹیکسٹائل انڈسٹری کو بھی مالی سال 20- کی کارکردگی میں کمی کی وجہ سے کاروباری سرگرمیوں کو موقوف کرنے کا سامنا کرنا پڑا۔ اس کے باوجود، بڑے پیمانے کی مینوفیکچرنگ (LSM) پکدار ثابت ہوئی اور اس نے اقتصادی سرگرمیوں کے بتدریج آغاز اور صنعتی امدادی کپنگ کی صورت میں مالی اور مالیاتی پہلو سے ہنگامی اقدامات، ویکسینیشن مہم کے ساتھ ساتھ انتہائی کم پالیسی شرح اور ایکسپورٹ فناننگ کی سہولت کی وجہ سے مالی سال 21- کے آغاز سے ہی ترقی کی طرف گامزن ہوئی۔

زیر جائزہ مدت میں، عالمی سطح پر کپاس کی قیمتیں سپلائی میں عدم تحفظ کی وجہ سے بہت زیادہ اور نمایاں کمی کے پیش نظر کافی غیر مستحکم رہی ہیں۔ ان تمام چیلنجنگ عوامل کے باوجود، پاکستان کی ٹیکسٹائل کی برآمدات نے مالی سال 22 میں مستحکم نتائج ظاہر کئے ہیں اور مالی سال 21 میں 15.4 بلین امریکی ڈالر کی برآمدات کے مقابلے میں 19.3 بلین امریکی ڈالر کی تاریخی طور پر زیادہ برآمدات ظاہر کی ہے، جو کہ 25.5 فیصد کا اضافہ ہے۔

تاہم، یہ کافی غیر یقینی ہے کہ پاکستان کی ٹیکسٹائل انڈسٹری دونوں عالمی کساد بازاری اور پاکستان کے معاشی بے یقینی کے خدشات کی وجہ سے اس مضبوط رفتار کو جاری رکھ سکے گی۔ مہنگائی زیادہ تر ترقی یافتہ معیشتوں میں قوت خرید کو کم کر رہی ہے جہاں پاکستان اپنی مصنوعات برآمد کرتا ہے۔ جبکہ اندرون ملک سیاسی اور اقتصادی غیر یقینی صورتحال کا مطلب یہ ہے کہ برآمدی حامی پالیسیاں جیسے کہ علاقائی مسابقتی توانائی ٹیرف (RCET)، برآمدی مالیاتی سہولیات جیسے کہ LTF/ERF/TERF اور مفت فلوٹ ایکسچینج ریٹ کو یا تو کم یا ترک کر دیا گیا ہے۔

## آپریٹنگ اور مالی نتائج

COVID-19 کے دور کے بعد زیادہ اقتصادی سرگرمیوں کے نتیجے میں ٹیکسٹائل کے شعبے میں دیکھی گئی مجموعی نمو کو مد نظر رکھتے ہوئے، آپ کی

## ڈائریکٹرز کا جائزہ - مالی سال 2022

کمپنی کے ڈائریکٹرز کی جانب سے 30 جون، 2022 کے اختتام پر سالانہ رپورٹ ہمراہ پڑتال شدہ مالیاتی گوشوارے اور آڈیٹر رپورٹ پیش کرنا باعث مسرت ہے۔

### عالمی اقتصادی جائزہ

2022 کے آغاز میں، روس - یوکرین تنازعہ کی وجہ سے اشیاء کی عالمی قیمتیں اور افراط زر کی شرح مزید بڑھ گئی جو کوویڈ دور کی غیر معمولی مالیاتی اور مالی محرک کی وجہ سے پہلے ہی 40 سال کی بلند ترین سطح پر تھیں۔ بلند افراط زر، بڑھتی ہوئی شرح سود، سپلائی کی طویل رکاوٹوں اور بڑھتی ہوئی غیر یقینی صورتحال کے خطرات نے عالمی اقتصادی پیشین گوئیوں پر کساد بازاری کا سایہ ڈالا ہے۔

امریکی فیڈرل ریزرو کی قیادت میں دنیا بھر کے مرکزی بینکوں نے مہنگائی سے نمٹنے کے لیے مالیاتی پالیسی کو جارحانہ طور پر سخت کیا ہے، جب کہ کوویڈ دور کی سپورٹ کے بعد اکثر حکومتوں کے لیے جواباً بیلنس شیٹس میں مالیاتی گنجائش بہت کم ہے۔ عالمی شرح سود میں اضافے اور ضروریات زندگی کے زیادہ اخراجات کے بحران نے ابھرتی ہوئی منڈیوں، خاص طور پر تیل اور خوراک کی درآمد کرنے والی معیشتوں میں کرنسی کے بحران کو جنم دیا ہے۔

دنیا کی تمام بڑی کرنسیوں کے مقابلے میں امریکی ڈالر کی قدر میں بہت زیادہ اضافہ نے ترقی یافتہ ممالک کے مرکزی بینکوں کو اپنی اپنی معیشتوں کے تحفظ کے لیے امریکی ڈالر کے مقابلے کرنسی کی معکوس جنگ شروع کرنے پر مجبور کر دیا ہے۔ یہ مشرقی یورپ میں طویل عرصے سے جاری تنازعہ کے ساتھ، اور چین میں مسلسل کوویڈ لاک ڈاؤنز 2023 میں کسی وقت بھی اکثر عالمی معیشت کو کساد بازاری کی طرف دھکیل دے گا۔

### پاکستان کا اقتصادی جائزہ

پاکستان کی معیشت نے وبائی بیماری سے مضبوطی سے بحالی ہوئی ہے۔ مالی سال -22 کے لیے، حقیقی GDP نے 5.97% کی نمو درج کی جو مالی سال -21 کے لیے ریکارڈ کی گئی 5.74% کی نمو سے قدرے زیادہ ہے۔ تاہم، یہ زیادہ نمو غیر پائیدار ثابت ہوئی اور اس کے نتیجے میں مالیاتی اور معاشی عدم توازن پیدا ہوا ہے۔ تاریخی طور پر، پاکستان کی معیشت نے وقتاً فوقتاً 'ہوم بسٹ' ترقی کے چکر دکھائے۔ اس طرح کے غیر مستحکم ترقی کے چکروں کی وجوہات میں معاشی مشکلات کی وسیع رینج جیسے کہ مالیاتی گنجائش کی کمی، شرح مبادلہ کا دباؤ، زیادہ کرنٹ اکاؤنٹ خسارہ، افراط زر، توانائی کے شعبے میں رکاوٹیں، سیاسی عدم استحکام اور نجی شعبے کے لیے معاون ماحول کی عدم موجودگی شامل ہیں۔

مالی سال -22 کے دوران، برآمدات میں 26.5 فیصد کا نمایاں اضافہ ہوا اور یہ گزشتہ سال کی اسی مدت کی 25.6 بلین امریکی ڈالر کے مقابلے میں 32.4 بلین امریکی ڈالر تک پہنچ گئی۔ تقریباً نصف اضافہ ٹیکسٹائل سیکٹر کی وجہ سے ہوا۔ پاکستان کے ٹیکسٹائل برآمد کنندگان نے دستیاب پالیسی سپورٹ سے فائدہ اٹھایا جس میں ایکسپورٹ فیسیلیٹیشن اسکیم 2021، ورکنگ کپٹیل اور فکسڈ انویسٹمنٹ کے لیے اسٹیٹ بینک کی اعانتی ری فنانس اسکیمیں، اور علاقائی طور پر توانائی کے مسابقتی ٹیرف اور اہم مقامات جیسے کہ امریکہ، برطانیہ، اور یورپی یونین کو زیادہ حجم پہنچانے میں کامیابی شامل ہیں۔

برآمدات کی حوصلہ افزاء کارکردگی کے باوجود ملک کی درآمدات میں بھی نمایاں اضافہ ہوا ہے۔ عالمی اجناس کی قیمتوں میں وسیع الہیاد اضافے، COVID-19 ویکسین کی درآمدات، اور طلب پر دباؤ، سبھی نے درآمدات بڑھانے میں اہم کردار ادا کیا۔ نتیجتاً تجارتی خسارہ 38 فیصد بڑھ کر 39.5 بلین امریکی ڈالر تک پہنچ گیا جو تاریخی طور پر بہت زیادہ ہے۔ بیرون ملک مقیم کارکنوں کی ریکارڈ اعلیٰ سطح کی ترسیلات تجارتی خسارے کو پورا کرنے کے لیے ابھی بھی کافی نہیں تھیں۔ اس طرح زیر جائزہ مدت کے دوران کرنٹ اکاؤنٹ خسارہ 17.4 بلین امریکی ڈالر





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