

KOHINOOR INDUSTRIES LIMITED

ANNUAL REPORT 2022

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Chairman
Mr. Muhammad Zeid Yousuf Saigol	Chief Executive Officer
Mr. Muhammad Murad Saigol	
Mr. Muhammad Omer Farooq	
Mrs. Sadaf Kashif	
Mr. Muhammad Asif	
Mr. Rashid Ahmad Javaid	

AUDIT COMMITTEE

Mr. Rashid Ahmad Javaid	Chairman/Member
Mr. Muhammad Omer Farooq	Member
Mrs. Sadaf Kashif	Member
Mr. Muhammad Asif	Member

HR & REMUNERATION COMMITTEE

Mr. Rashid Ahmad Javaid	Chairman
Mr. M. Naseem Saigol	Member
Mr. Muhammad Zeid Yousuf Saigol	Member

COMPANY SECRETARY

Khawaja Safee Sultan

CHIEF FINANCIAL OFFICER

Mr. Zahoor Ahmed

AUDITORS

M/s Rahman Sarfaraz Rahim Iqbal Rafiq & Co.
Chartered Accountants

REGISTRATION NUMBER

0000214

NTN

0452891-3

WEBSITE

www.kil.com.pk

BANKERS

Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
NIB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited

REGISTERED OFFICE

17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.
Tel: 042-35715029-31 Fax: 042-35715105
E-mail: shares@saigols.com

WORKS

Kohinoor Nagar, College Road,
Madina Town, Faisalabad.
Tel: 8540211-12 Fax: 8541444

SHARE REGISTRAR

M/s Corplink (Pvt.) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel: 35916714-19, 35839182 Fax: 35869037
E-mail: shares@corplink.com.pk

CHAIRMAN'S REVIEW

For the year ended June 30, 2022

It gives me great pleasure to present the Annual Report for the year ended June 30, 2022, to our valued members and stakeholders and to apprise them of the overall performance and effectiveness of the Board.

The Board of Directors of Kohinoor Industries Limited is performing its duties in accordance with law and in the best interest of the Company and its shareholders as required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of the Company is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2022, the Board's overall performance and effectiveness has been assessed as satisfactory. This is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management.

I am grateful to our shareholders who show their trust by investing in us and our customers who recognize us as their business partner. I am also appreciative of the many contributions of my fellow Board members and their dedication to the success of the Company. We remain committed to maintaining this trust in years to come with stellar financial performance.

CHAIRMAN OF THE BOARD

M. NASEEM SAIGOL

Chairman

06 October 2022

DIRECTORS' REPORT

The Directors of the Company presented before the shareholders the 73rd Annual Report along with audited Financial Statements of the Company for the year ended June 30, 2022.

During the period under review, the Company continued its business of renting the premises of the Company and earned gross revenue of Rs. 68.075 million as compared to gross revenue of Rs. 61.908 million in the preceding year. The Company earned profit after taxation of Rs. 32.964 million as compared to 44.617 million with an EPS of Rs. 1.09 in comparison to Rs. 1.47 in the corresponding period last year. The said decrease is due to administrative expenses i.e. repair and maintenance of the company's buildings and loss in shares of associate.

The management is continuously evaluating viable business propositions, which may have positive impact on the Company's financials. We are hopeful that in the coming years, the Company will be able to commence more lucrative business in addition to renting the premises. The business (renting) of the company have not any impact on the environment and there is no trend and factor affect the future development, performance and position of the company business.

The company is almost debt free except sponsor's loan which doesn't have financial burden on the Company's profitability as it is interest free and it is not payable on demand but payable at the discretion of the Company. The Company's assets are sufficient to meet all its obligations and therefore no doubt about its ability to continue as a going concern.

COMPOSITION OF BOARD

Composition of the Board of Directors is as under.

TOTAL NUMBER OF DIRECTORS	
Male	6
Female	1
COMPOSITION	
Independent Directors	Mr. Rashid Ahmad Javaid
	Mr. Muhammad Asif
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. Muhammad Murad Saigol
	Mr. Muhammad Omer Farooq
Executive Director	Mr. Muhammad Zeid Yousuf Saigol
Female Director	Mrs. Sadaf Kashif

COMMITTEE'S

Detail of Committee's of Board is as under.

AUDIT COMMITTEE

Mr. Rashid Ahmad Javaid	Chairman/Member
Mr. Muhammad Omer Farooq	Member
Mr. Muhammad Asif	Member
Mrs. Sadaf Kashif	Member

HR & REMUNERATION COMMITTEE

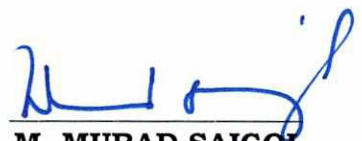
Mr. Rashid Ahmad Javaid	Chairman/Member
Mr. M. Naseem Saigol	Member
Mr. Muhammad Zeid Yousuf Saigol	Member

We wish to thank to the shareholders for their support. We are pleased to record our appreciation of the services rendered by the employees of the company and hope that the same spirit of devotion will continue in future.

For and on behalf of the Boards

Lahore
October 06, 2022


M. ZEID YOUSUF SAIGOL
Chief Executive


M. MURAD SAIGOL
Director

FORM 34

**THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING**

1.1 Name of the Company

KOHINOOR INDUSTRIES LIMITED

2.1. Pattern of holding of the shares held by the shareholders as at

30-06-2022

-----Shareholdings-----			
2.2 No. of Shareholders	From	To	Total Shares Held
768	1	100	21,165
553	101	500	164,290
279	501	1,000	225,811
453	1,001	5,000	1,137,107
121	5,001	10,000	974,772
51	10,001	15,000	637,134
33	15,001	20,000	617,972
21	20,001	25,000	505,690
17	25,001	30,000	480,250
10	30,001	35,000	320,078
9	35,001	40,000	342,250
6	40,001	45,000	253,478
6	45,001	50,000	294,000
3	50,001	55,000	163,050
1	55,001	60,000	60,000
2	65,001	70,000	133,290
1	70,001	75,000	75,000
4	75,001	80,000	312,570
1	80,001	85,000	80,500
2	90,001	95,000	184,500
6	95,001	100,000	593,500
1	100,001	105,000	103,000
1	115,001	120,000	119,000
2	120,001	125,000	245,881
1	125,001	130,000	129,500
2	135,001	140,000	275,162
1	140,001	145,000	141,000
1	155,001	160,000	160,000
1	160,001	165,000	165,000
1	165,001	170,000	167,000
1	170,001	175,000	170,550
1	190,001	195,000	193,000
2	195,001	200,000	400,000
1	225,001	230,000	226,000
1	235,001	240,000	240,000
1	580,001	585,000	580,197
1	1,180,001	1,185,000	1,183,154
1	5,335,001	5,340,000	5,335,219
1	5,560,001	5,565,000	5,562,500
1	7,325,001	7,330,000	7,329,973
2369			30,302,543

KOHINOOR INDUSTRIES LIMITED

Categories of Shareholding required under Listed Companies (Code of Corporate Governance) Regulations, 2019
As on June 30, 2022

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties:		-	-
Mutual Funds:			
1	GOLDEN ARROW SELECTED STOCKS FUND	299	0.0010
2	SECURITY STOCK FUND LTD.	560	0.0018
Directors and their Spouse and Minor Children:			
1	MR. M. NASEEM SAIGOL (CDC)	5,335,219	17.6065
5	MR. MUHAMMAD ZEID YOUSUF SAIGOL	2,511	0.0083
6	MR. MUHAMMAD MURAD SAIGOL	2,500	0.0083
2	MR. MUHAMMAD OMER FAROOQ	2,625	0.0087
3	MR. MUHAMMAD ASIF (CDC)	2,500	0.0083
4	MR. RASHID AHMED JAVED	2,625	0.0087
7	MRS. SADAF KASHIF	2,500	0.0083
8	MRS. SEHYR SAIGOL W/O MR. M. NASEEM SAIGOL (CDC)	170,550	0.5628
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Pension Funds:		1,312,082	4.3299
Shareholders holding five percent or more voting interest in the listed company			
1	MRS. AMBER HAROON SAIGOL (CDC)	7,329,973	24.1893
2	EFG HERMES OMAN LLC (CDC)	5,562,500	18.3565
3	MR. M. NASEEM SAIGOL (CDC)	5,335,219	17.6065
All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary, Their spouses and minor children:			

S. No.	NAME	SALE	PURCHASE
NIL			

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	8	5,521,030	18.2197
Associated Companies, undertakings and related party	-	-	-
NIT and ICP	2	35,647	0.1176
Banks Development Financial Institutions Non Banking Financial Institution	15	25,337	0.0836
Insurance Companies	4	1,218,829	4.0222
Modarabas and Mutual Funds	4	1,447	0.0048
General Public	2,286	17,693,531	58.3896
Others (to be specified)			
Pension Funds	1	30,578	0.1009
Leasing Companies	1	36,750	0.1213
Abondond Properties	1	1,860	0.0061
Other Companies	3	18,718	0.0618
Joint Stock Companies	31	108,961	0.3596
Foreign Companies	13	5,609,855	18.5128
	<u>2,369</u>	<u>30,302,543</u>	<u>100.0000</u>

ڈائریکٹر رپورٹ:

کمپنی کے ڈائریکٹرز نے (73rd) تہویں سالانہ رپورٹ ہمراہ آڈٹ شدہ حسابات مالی سال ختم 30 جون 2022ء شہر ہولڈرز کے سامنے پیش کیے۔
زیر نظر مدت کے دوران کمپنی نے اپنا احاطہ کرایہ پر دینے کا کاروبار جاری رکھا اور مجموعی طور پر 68.075 ملین روپیہ نکویا جبکہ گزشتہ برس مجموعی روپیہ 61.908 ملین تھا۔ کمپنی نے ٹیکس کی کٹوتی کے بعد 32.964 ملین منافع کمایا جبکہ گزشتہ برس منافع 44.617 ملین تھا، کے ساتھ فی شخص آمدنی 1.09 کے موازنہ میں 1.47 تھی۔ مذکورہ کی انتظامی اخراجات (جو کہ کمپنی بلڈنگ کی مرمت اور دیکھ بھال اور ایسوسی ایٹ کے حصص میں کمی) کی وجہ سے ہے۔
مینیجمنٹ مسلسل قابل عمل کاروباری تجاویز کا جائزہ لے رہی ہے جن کا کمپنی کے مالی حالات پر مثبت اثر ہو سکتا ہے۔ ہم ہر امید ہیں کہ آئندہ سالوں میں کمپنی اپنا احاطہ کرایہ پر دینے کے علاوہ مزید منافع بخش کاروبار شروع کرنے کے قابل ہو جائے گی۔
کمپنی کے کاروبار (کرائے پر دینا) کی وجہ سے ماحول پر کوئی برا اثر نہیں پڑ رہا اور کمپنی کے کاروبار کی مستقبل کی ترقی، کارکردگی اور پوزیشن پر کوئی رجحان اور عنصر متاثر نہیں ہو رہا۔
کمپنی کے ذمہ سوائے سپائرسز سے لیے گئے ادھار (جس کا کمپنی کے مالی حالات پر کوئی اثر نہیں ہے کیونکہ یہ سود سے پاک ہے اور یہ مطالبہ پر قابل واپسی نہیں ہے) کمپنی کی صوابدید پر قابل ادائیگی ہے (کے علاوہ تقریباً کوئی واجب الادا قرض نہیں ہے۔ کمپنی کے اثاثہ جات کمپنی کی تمام تر ذمہ داریاں پوری کرنے کے لیے کافی ہیں، لہذا کمپنی کے (Going Concern) ہونے پر کوئی شک نہیں۔

بورڈ کی ساخت

بورڈ آف ڈائریکٹرز کی ساخت درج ذیل ہے۔

کل ڈائریکٹرز کی تعداد	
مرد	6
عورت	1
ساخت	
آزاد ڈائریکٹرز	جناب رشید احمد جاوید
	جناب محمد آصف
ٹان ایگزیکٹو ڈائریکٹرز	جناب محمد نسیم سہیل
	جناب محمد مراد سہیل
	جناب محمد عرفان دوق
ایگزیکٹو ڈائریکٹر	جناب محمد زید یوسف سہیل
فیل ڈائریکٹر	محترمہ صدف کاشف

کمپنی

بورڈ کی کمپنی کی تفصیل درج ذیل ہے۔

آڈٹ کمیٹی

جناب رشید احمد جاوید	چیئر مین / ممبر
جناب محمد عرفان دوق	ممبر
جناب محمد آصف	ممبر
محترمہ صدف کاشف	ممبر

ایچ آر اینڈ ایمپلومنٹ کمیٹی

جناب رشید احمد جاوید	چیئر مین / ممبر
جناب محمد نسیم سہیل	ممبر
جناب محمد زید یوسف سہیل	ممبر

ہم تمام حصہ داران کے بھرپور تعاون کے تہدول سے مشکور ہیں۔ ہم یہ اعلان کرتے ہوئے خوشی محسوس کرتے ہیں کہ کمپنی اپنے ملازمین کو سراہتے ہوئے یہ امید کرتی ہے کہ وہ اسی انداز میں آئندہ بھی اپنے فرائض سرانجام دیتے رہیں گے۔

لاہور
106 اکتوبر 2022ء

محمد مراد سہیل
ڈائریکٹر

محمد زید یوسف سہیل
چیف ایگزیکٹو

پیٹرن آف شیئر ہولڈنگ

30 جون 2022

نمبر شمار	کمپنی آف شیئر ہولڈرز	تعداد حصص داران	تعداد حصص	فیصد
1	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔	8	5,521,030	18.2197
2	ایسوسی ایٹڈ کمپنیز، انڈر ٹیکرز اور متعلقہ پارٹی۔	-	-	-
3	این آئی ٹی اور آئی سی پی	2	35,647	0.1176
4	بینک، ڈیولپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز	15	25,337	0.0836
5	انسورنس کمپنیز	4	1,218,829	4.0222
6	مدار بہ اور میوچل فنڈز	4	1,447	0.0048
7	عام عوام	2,286	17,693,531	58.3896
8	دوسرے (مخصوص کیا جائے گا)			
	پینشن فنڈز	1	30,578	0.1009
	لیزنگ کمپنیز	1	36,750	0.1213
	ابنڈن پراپرٹیز	1	1,860	0.0061
	دوسری کمپنیز	3	18,718	0.0618
	جوائنٹ سٹاک کمپنیز	31	108,961	0.3596
	غیر ملکی کمپنیز	13	5,609,855	18.5128
	کل تعداد	2,369	30,302,543	100.0000

تعداد حصص

-	ایسوسی ایٹڈ کمپنیز، انڈر ٹیکرز اور متعلقہ پارٹی۔
859	میوچل فنڈز
5,521,030	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔
-	ایگزیکٹوز
-	پبلک سیکورٹیز اور کارپوریشنز
1,312,082	بینک، ڈیولپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز، انسورنس کمپنیز، مدار بہ اور پینشن فنڈز
18,227,692	پانچ فیصد یا اس سے زیادہ کے حصص داران
	لسٹڈ کمپنیز میں ڈائریکٹرز، ای ای ایف او، کمپنی سیکرٹری، ان کی بیویاں اور چھوٹے بچوں کے حصص کی خرید و فروخت

نمبر شمار	نام	فروخت	خرید
			کوئی نہیں

STATEMENT IN COMPLIANCE OF THE CODE OF CORPORATE GOVERNANCE

The Directors state that: -

- a) The Financial Statements, prepared by the management, present a true and fair state of affairs of the company, the results of its operations, cash flows and changes in equity.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of Financial Statements.
- e) The system of internal control is sound in design and has been effectively implemented and maintained at all levels within the Company.
- 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 the listing regulations.
- h) Significant deviation from last year in operating results of the Company and reasons thereof have been explained.
- i) The Key Operating and Financial Data of last six years are annexed.
- j) There are no outstanding statutory payments on account of taxes, duties, levies and charges except as shown in notes to the accounts.
- k) There are no significant plans for corporate restructuring, business expansion and discontinuation of operations except for improvement in the normal business activities to increase the business.
- l) Directors' Meetings of the Board of Directors of the Company during the year under review were held on October 06, 2021, October 29, 2021, February 28, 2022 and April 28, 2022.

Following was the attendance of the Directors: -

<u>NAME OF DIRECTORS</u>	<u>NO. OF MEETINGS ATTENDED</u>
Mr. M. Naseem Saigol	4
Mr. Muhammad Zeid Yousuf Saigol	3
Mr. Muhammad Murad Saigol	3
Mr. Muhammad Omer Farooq	4
Mr. Rashid Ahmad Javaid	4
Mr. Muhammad Asif	4
Mrs. Sadaf Kashif	4

- m) During the period under review no Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children sell, buy or take any position in the shares of the Company except as mentioned in Categories of Shareholding required under Code of Corporate Governance.

Pattern of Shareholding

A statement showing pattern of shareholding as on June 30, 2022 is annexed.

Acknowledgment

The Directors of your company take this opportunity to thank the entire stakeholders for their continued support. Your directors also placed on record their appreciation for the contribution made by the employees at all levels.

For and on behalf of the Board



M. ZEID YOUSUF SAIGOL
Chief Executive Officer

Lahore: October 06, 2022

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

Name of company: **KOHINOOR INDUSTRIES LIMITED**
Year ending: **JUNE 30, 2022**

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

1. The total number of directors are Seven as per the following:

- a) Male: **Six**
- b) Female: **One**

2. The composition of board is as follows:

Category	Names
Independent Directors	Mr. Muhammad Asif
	Mr. Rashid Ahmad Javaid
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. Muhammad Murad Saigol
	Mr. Muhammad Omer Farooq
Executive Director	Mr. Muhammad Zeid Yousuf Saigol
Female Director	Mrs. Sadaf Kashif

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The company stands complied with the requirement of having half of the Directors on their board under Directors Training Program certified as prescribed under the Regulation. The remaining directors shall obtain certification under the DTP in due course of time;
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:

1. Mr. Rashid Ahmad Javaid
2. Mr. Muhammad Omer Farooq
3. Mr. Muhammad Asif
4. Mrs. Sadaf Kashif

b) HR and Remuneration Committee:

1. Mr. Rashid Ahmad Javaid
2. Mr. M. Naseem Saigol
3. Mr. Muhammad Zeid Yousuf Saigol

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

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following, -

a) Audit Committee:

1. October 06, 2021
2. October 29, 2021
3. February 28, 2022
4. April 28, 2022

b) HR and Remuneration Committee:

1. October 06, 2021

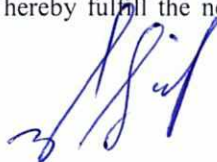
15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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

18. We confirm that all requirements of the Regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with. Explanation as required under the Regulation 6(1) is mentioned below;

“The Company currently has two elected independent directors out of total seven directors on the Board. Both the independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations under which hereby fulfill the necessary requirements; therefore, not warrant the appointment of a third independent director.”



(M. NASEEM SAIGOL)
Chairman

KOHINOOR INDUSTRIES LIMITED

SIX YEARS AT A GLANCE

(Rupees in '000)

PARTICULARS	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
<u>Financial Position</u>						
Paid up capital	303,025	303,025	303,025	303,025	303,025	303,025
Reserves	187,394	187,394	187,394	187,394	187,394	187,394
Fixed asset at cost	14,387	14,387	14,387	14,387	14,387	14,387
Investment Property	856,514	847,646	838,924	809,372	802,861	764,656
Accumulated Depericiation	12,439	12,056	11,913	11,609	11,265	10,873
Current Assets	115,495	84,077	79,140	41,174	19,045	14,600
Current Liabilities	60,758	59,417	411,815	404,612	409,356	411,802
<u>Income</u>						
Sales / Revenue	68,076	61,909	56,426	47,715	37,244	32,822
Other Income	12,738	24,946	34,441	6,643	40,745	1,031
Gross Profit	-	-	-	-	-	-
Pre tax profit / (Loss)	44,459	59,511	72,175	30,050	42,995	15,087
Taxation	(11,495)	(14,893)	15,437	(2,255)	(8,921)	(3,138)
Profit / Loss after taxation	32,964	44,617	87,612	27,795	34,074	11,949
Unappropriated profit / (Loss)	(545,839)	(578,784)	(600,728)	(688,371)	(716,146)	(750,218)
<u>STATISTICS AND RATIOS</u>						
Gross profit to sales %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Pre tax profit / (Loss) to caoital %	20.05%	19.64%	23.82%	9.92%	14.18%	4.98%
Current ratio	1.90	1.42	0.19	0.10	0.05	0.03
Paid up value per share (Rs.)	10	10	10	10	10	10
Earning after tax per share (Rs.)	1.09	1.47	2.89	0.92	1.12	0.39
Cash dividend %	-	-	7.5%	-	-	-

INDEPENDENT AUDITOR'S REPORT

To the members of KOHINOOR INDUSTRIES LIMITED Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **KOHINOOR INDUSTRIES LIMITED** ['the Company'], which comprise the statement of financial position as at **30 June 2022**, 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 income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the matter
1. Tax contingencies As disclosed in note 29 to the annexed financial statements, various tax matters are pending adjudication at various levels with the taxation authorities and other legal forums. Such contingencies require the management to make judgments and estimates in relation to the interpretation of tax laws and regulations and the recognition and measurement of any provisions that may be required against such contingencies. Due to inherent uncertainties and the time period such matters may take to resolve, the management's judgments and estimates in relation to such contingencies may be complex and can significantly impact the	 Our key audit procedures in this area included, amongst others, a review of the correspondence of the Company with the relevant tax authorities and tax advisors including judgments or orders passed by the competent authorities. We also obtained and reviewed confirmations from the Company's external tax advisor for their views on the status of each case and an overall opinion on the open tax position of the Company. We involved internal tax experts to assess and review the management's conclusions on

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Key audit matter

financial statements. For such reasons we have considered tax contingencies as a key audit matter.

How our audit addressed the matter

contingent tax matters and evaluated whether adequate disclosures have been made in the annexed financial statements.

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 is 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 user 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

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opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **ZUBAIR IRFAN MALIK**.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore | 06 October 2022

UDIN: AR202210185g08eBw9P5



KOHINOOR INDUSTRIES LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized share capital</i>	6	400,000,000	400,000,000
Issued share capital	7	303,025,430	303,025,430
Share premium	8	187,394,755	187,394,755
Revaluation reserve	9	651,264,077	651,264,077
Accumulated losses		(545,839,390)	(578,784,254)
Loans from directors and other shareholders	10	353,682,503	353,682,503
TOTAL EQUITY		949,527,375	916,582,511
NON-CURRENT LIABILITIES			
Employees retirement benefits	11	1,596,884	984,563
CURRENT LIABILITIES			
Trade and other payables	12	28,904,470	28,897,121
Unclaimed dividend	13	2,259,086	2,332,404
Current taxation		29,594,055	28,187,933
		60,757,611	59,417,458
TOTAL LIABILITIES		62,354,495	60,402,021
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		1,011,881,870	976,984,532

The annexed notes from 1 to 45 form an integral part of these financial statements.



Director



Chief Financial Officer



Chief Executive


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KOHINOOR INDUSTRIES LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	15	3,092,368	2,285,035
Government taken over concerns	16	-	-
Investment property	17	856,513,650	847,645,920
Long term investments	18	11,481,750	18,711,000
Long term deposits	19	166,376	166,376
Deferred taxation	20	25,133,134	24,099,298
		896,387,278	892,907,629
CURRENT ASSETS			
Lease rentals receivable		20,000	20,000
Advances and other receivables	21	312,900	167,670
Advance income tax	22	21,655,481	16,676,462
Cash and bank balances	23	93,506,211	67,212,771
		115,494,592	84,076,903
TOTAL ASSETS		1,011,881,870	976,984,532

The annexed notes from 1 to 45 form an integral part of these financial statements.



Director



Chief Financial Officer



Chief Executive

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KOHINOOR INDUSTRIES LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2022

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
Rental income	24	68,075,548	61,908,683
Administrative expenses	25	(28,206,111)	(25,632,090)
Other expenses	26	(7,408,007)	(1,214,509)
		(35,614,118)	(26,846,599)
Other income	27	32,461,430	35,062,084
		12,738,395	24,945,864
Operating profit		45,199,825	60,007,948
Finance cost	28	(12,317)	(11,792)
Share of loss of associate	18.1	45,187,508	59,996,156
		(728,568)	(485,235)
Profit before taxation		44,458,940	59,510,921
Provision for taxation	29	(11,494,075)	(14,893,479)
Profit after taxation		32,964,865	44,617,442
Earnings per share - basic and diluted	30	1.09	1.47

The annexed notes from 1 to 45 form an integral part of these financial statements.



Director



Chief Financial Officer



Chief Executive

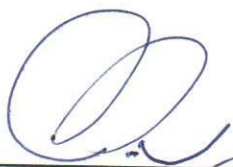
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KOHINOOR INDUSTRIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of defined benefit obligations	11.3	(28,170)	40,960
Related taxation	20.1	8,169	11,878
		(20,001)	52,838
Share of other comprehensive loss of associate	18.1	(20,001)	52,838
		-	-
Other comprehensive (loss)/income		(20,001)	52,838
Profit after taxation		32,964,865	44,617,442
Total comprehensive income		32,944,864	44,670,280

The annexed notes from 1 to 45 form an integral part of these financial statements.



Director



Chief Financial Officer



Chief Executive

For identification only

KOHINOOR INDUSTRIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Share capital	Capital reserves				
	Issued share capital Rupees	Share Premium Rupees	Revaluation reserve Rupees	Accumulated losses Rupees	Loan from directors and sponsors Rupees	Total equity Rupees
Balance as at 01 July 2020	303,025,430	187,394,755	651,264,077	(600,727,626)	-	540,956,636
Comprehensive income						
Profit after taxation	-	-	-	44,617,442	-	44,617,442
Other comprehensive income	-	-	-	52,838	-	52,838
Total comprehensive income	-	-	-	44,670,280	-	44,670,280
Transferred from short term borrowings	-	-	-	-	353,682,503	353,682,503
Transaction with owners						
Final dividend on ordinary shares @ Rs. 0.75 per ordinary share	-	-	-	(22,726,908)	-	(22,726,908)
Balance as at 30 June 2021	303,025,430	187,394,755	651,264,077	(578,784,254)	353,682,503	916,582,511
Balance as at 01 July 2021	303,025,430	187,394,755	651,264,077	(578,784,254)	353,682,503	916,582,511
Comprehensive income						
Profit after taxation	-	-	-	32,964,865	-	32,964,865
Other comprehensive loss	-	-	-	(20,001)	-	(20,001)
Total comprehensive income	-	-	-	32,944,864	-	32,944,864
Transaction with owners	-	-	-	-	-	-
Balance as at 30 June 2022	303,025,430	187,394,755	651,264,077	(545,839,390)	353,682,503	949,527,375

The annexed notes from 1 to 45 form an integral part of these financial statements.



Director



Chief Financial Officer



Chief Executive

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KOHINOOR INDUSTRIES LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	31	43,650,192	38,808,112
Payments for:			
Income tax		(16,092,639)	(9,574,532)
Employee retirement benefits		-	(72,360)
Net cash generated from operating activities		27,557,553	29,161,220
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(1,190,795)	(85,000)
Proceeds from disposal of property and equipment		-	5,909
Net cash used in investing activities		(1,190,795)	(79,091)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(73,318)	(21,429,330)
Net cash used in financing activities		(73,318)	(21,429,330)
NET INCREASE IN CASH AND CASH EQUIVALENTS		26,293,440	7,652,799
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR		67,212,771	59,559,972
CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR	32	93,506,211	67,212,771

The annexed notes from 1 to 45 form an integral part of these financial statements.



Director



Chief Financial Officer



Chief Executive

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1 LEGAL STATUS AND OPERATIONS

Kohinoor Industries Limited ['the Company'] was incorporated in Pakistan as a Public Limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore. The Company was initially engaged in manufacture and sale of yarn, with the manufacturing facility located at Madina Town, Near Government Girls College, Faisalabad.

Board of Directors of the Company in its meeting held on 30 April 2008 decided to close down the business as due to increase in prices of raw material and other inputs without increase in yarn sales prices in the local and international market, the operations of the textile unit had become uneconomical and huge losses were expected to arise if the business was carried on.

Subsequently, the Company amended its memorandum of association to include in its objects, leasing out of its buildings under operating lease arrangements, as and when considered fit.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards ['IFRS'] issued by the International Accounting Standards Board ['IASB'] as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards ['IFAS'] issued by Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Amortized cost
Investment property	Fair value
Employee retirement benefits	Present value

2.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.3.1 Critical accounting judgements

Judgments made by management in the application of accounting and reporting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(a) Business model assessment (see note 37.1)

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company determines the business model at a level that reflects how financial assets are managed to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortized cost or fair value that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

(b) Significant increase in credit risk (see note 38.1.1)

As explained in note 38.1.1, expected credit losses ['ECL'] are measured, based on the Company's risk grading framework, as an allowance equal to 12-month/lifetime ECL for 'performing' assets, or lifetime ECL for assets categorized as 'doubtful' or 'in default'. An asset is categorized as 'doubtful' when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

2.3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

(a) Calculation of impairment allowance for expected credit losses on financial assets (see note 38.1.3)

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. Estimating expected credit losses and changes there in requires taking into account qualitative and quantitative forward looking information. When measuring expected credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. If the ECL rates on financial assets carried at amortized cost were higher (lower) by 10%, the loss allowance on those assets would have been higher (lower) by Rs. 9.157 million (30-Jun-21: Rs. 6.498 million). Further information on the Company's credit risk management practices and credit quality and impairment of financial assets is referred to in note 38.1.3.

(b) Present value of defined benefit obligation (see note 11)

The determination of the Company's defined benefit obligation depends on certain assumptions, which include selection of the discount rate, average rate of increase in salaries and mortality rates. The discount rate is set by reference to market yields at the end of the reporting period on government bonds as there is no deep market for high quality corporate bonds in Pakistan. Average rate of increase in salary are based on market expectations, inflation and historical trends. Mortality rates are based upon SLIC(2001-05) mortality table. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's financial statements within the next year.

Present value of the Company's defined benefit obligation has been determined by an independent actuary, Nauman Associates Consulting Actuaries, and is stated in the statement of financial position at Rs. 1.597 million (30-June-21: Rs. 0.985 million). Further information on the carrying amounts of the Company's defined benefit obligation and the sensitivity of those amounts to changes in assumptions is referred to in note 11.

(c) Taxation (see note 29)

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provisions for current tax and tax contingencies. The provision for current tax is estimated at Rs. 12.520 (30-Jun-21: Rs. 11.070 million). The management believes that the provision for current tax made in the financial statements is sufficient to discharge related tax liability.

Credit/provision for deferred tax of Rs. 1.026 million (30-Jun-21: Rs. 3.824 million) has been estimated after taking into account historical and future turnover and profit trends and their taxability under the current tax law.

Further information on the taxation provisions is referred to in note 29.

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(d) Fair value of investment property (see note 17.1).

Fair value of investment property has been determined by reference to local market values taking into account prevailing fair market prices under the position and circumstances present on the date of valuation and current market scenario for properties of similar nature in the immediate neighbourhood and adjoining areas.

2.4 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency. The amounts reported in these financial statements have been rounded to the nearest Rupees unless specified otherwise.

2.5 Date of authorization for issue

These financial statements were authorized for issue on 06 October 2022 by the Board of Directors of the Company.

3 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures, except as stated otherwise.

3.1 Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 - Leases)

The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

3.2 COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases)

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements).	01 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	01 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	01 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	01 January 2022
Annual Improvements to IFRS Standards 2018-2020.	01 January 2022
Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)	01 January 2023

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Effective date
(annual periods beginning
on or after)

Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

01 January 2023

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)

01 January 2023

Other than afore mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 17 - Insurance contracts

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will not have a material impact on the Company's financial statements other than in presentation/disclosures.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

5.1 Property and equipment

Property and equipment assets held for use in the production or supply of goods or services or for administrative purposes, are stated in the statement of financial position at their cost less accumulated depreciation and accumulated impairment losses, except for freehold land, which is not depreciated.

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes the cost of material, labour and appropriate overheads directly relating to the construction, erection and installation of the asset and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, determined on the same basis as other assets of the same class, commences when the assets are ready for their intended use.

Depreciation is recognized in profit or loss, using rates specified in note , so as to write off the cost of assets (other than freehold land and assets under construction) over their useful lives, using the reducing balance method. Depreciation commences from the month in which the item is ready for intended use and is discontinued from the month in which the asset is disposed or classified as held for disposal.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

A property and equipment asset is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. The gain or loss arising on the disposal or retirement of such assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

5.2 Employee benefits

5.2.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting and reporting standards as applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

5.2.2 Post-employment benefits

The Company operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. Liability is adjusted on each reporting date to cover the obligation and the adjustment is charged to income statement with the exception of remeasurements which are recognized in other comprehensive income. The amount recognized on statement of financial position represents the present value of defined benefit obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5.3 Financial instruments

5.3.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

5.3.2 Classification

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial liabilities are classified in accordance with the substance of contractual provisions. The Company determines the classification of its financial instruments at initial recognition as follows:

(a) Financial assets at amortized cost

These are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income

These are:

- (i) financial assets held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- (ii) investments in equity instruments, that are not held for trading nor contingent consideration recognized by the Company as acquirer in a business combination, for which the Company makes an irrevocable election at initial recognition to present changes in fair value on subsequent measurement in other comprehensive income.

(c) Financial assets at fair value through profit or loss

These are financial assets which have not been classified as 'financial assets at amortized cost' or as 'financial assets at fair value through other comprehensive income', are mandatorily measured at fair value through profit or loss or for which the Company makes an irrevocable election at initial recognition to designate as 'financial asset at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

(d) Financial liabilities at amortized cost

These are financial liabilities which are not derivatives, financial guarantee contracts, commitments to provide loans at below-market interest rate, contingent consideration payable to an acquirer in a business combination or financial liabilities that arise when transfer of a financial asset does not qualify for derecognition.

(e) Financial liabilities at fair value through profit or loss

These are financial liabilities which have not been classified as 'financial liabilities at amortized cost' or for which the Company makes an irrevocable election at initial recognition to designate as 'financial liabilities at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

5.3.3 Measurement

The particular measurement methods adopted are disclosed in individual policy statements associated with each financial instrument.

5.3.4 Derecognition

A financial asset is derecognized when the Company's contractual rights to the cash flows from the financial assets expire or when the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the financial asset. A financial liability is derecognized when the Company's obligations specified in the contract expire or a discharged or cancelled.

5.3.5 Off-setting

A financial asset and financial liability is offset and the net amount reported in the statement of financial position if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.4 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5.5 Loans and borrowings

Loans and borrowings, except for loan from directors and sponsors which are repayable at the Company's discretion and are not payable on demand, are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

Loan from directors and sponsors which are repayable at the Company's discretion and are not payable on demand are stated in the statement of financial position at cost and presented as equity in accordance with guidance provided in Technical Release 32 'Accounting Directors' Loan' issued by the Institute of Chartered Accountants of Pakistan.

5.6 Investment in associates

Investments in associates are accounted for using the equity method of accounting. Under the equity method, an investment in an associate is recognized initially in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate, dividends received and impairment losses, if any. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

5.7 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Cost includes the cost of material, labour and appropriate overheads directly relating to the construction of the property and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

5.8 Trade and other payables

5.8.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.8.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

5.9 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.10 Receivables

5.10.1 Financial assets

These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5.10.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

5.11 Leases as 'lessor'

The Company enters into lease agreements as a lessor with respect to its investment property. The Company also leases out its machinery.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Company regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9 - Financial Instruments, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Company applies IFRS 15 – Revenue from Contracts with Customers to allocate the consideration under the contract to each component.

5.12 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income ['OCI']. OCI comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by accounting and reporting standards as applicable in Pakistan, and is presented in 'statement of comprehensive income'.

5.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

5.14 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

5.14.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

5.14.2 Deferred taxation

Deferred tax is accounted for using the 'balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

5.15 Earnings per share ['EPS']

Basic 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.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5.16 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. Interest income on cash and cash equivalents is recognized using effective interest method.

5.17 Segment reporting

Segment reporting is based on the operating segments that are reported in the manner consistent with internal reporting 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 transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Company is a single operating segment based on internal reporting to the Chief Executive Officer of the Company.

5.18 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

5.19 Impairment

5.19.1 Financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset.

Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to twelve months' expected credit losses, with the exception of lease rentals receivables, for which the Company recognizes lifetime expected credit losses estimated using internal credit risk grading based on the Company's historical credit loss experience, adjusted for factors that are specific to lease rentals receivables, general economic conditions, and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognized in profit or loss.

5.19.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

5.20 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

5.21 Fair value measurements

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

6 AUTHORIZED SHARE CAPITAL

30-Jun-22	30-Jun-21		30-Jun-22	30-Jun-21
No. of shares	No. of shares		Rupees	Rupees
40,000,000	40,000,000	Ordinary shares of Rs. 10 each	400,000,000	400,000,000
40,000,000	40,000,000		400,000,000	400,000,000

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

7 ISSUED SHARE CAPITAL

30-Jun-22	30-Jun-21		30-Jun-22	30-Jun-21
No. of shares	No. of shares		Rupees	Rupees
		Ordinary shares of Rs. 10 each		
12,095,482	12,095,482	Issued for cash	120,954,820	120,954,820
18,207,061	18,207,061	Issued as bonus shares	182,070,610	182,070,610
30,302,543	30,302,543		303,025,430	303,025,430

8 SHARE PREMIUM

This represents premium on issue of right ordinary shares recognized under section 83(1) of the repealed Companies Ordinance, 1984.

	30-Jun-22	30-Jun-21
	Rupees	Rupees
As at beginning of the year	651,264,077	651,264,077
Surplus recognized during the year	-	-
As at end of the year	651,264,077	651,264,077

10 LOANS FROM DIRECTORS AND OTHER SHAREHOLDERS

These represent unsecured, interest free loans provided by the directors and other shareholders of the Company. The Company has reached an understanding with the lenders that these loans shall be payable at the discretion of the Company and that these loans are not payable on demand. Accordingly, these loans have been classified as equity in accordance with guidance provided in Technical Release 32 'Accounting Directors' Loan' issued by the Institute of Chartered Accountants of Pakistan.

11 EMPLOYEES RETIREMENT BENEFITS

The Company operates an unfunded gratuity scheme, a defined benefit plan, for all its employees who have completed the minimum qualifying service period. Under the scheme, the Company pays a lump-sum benefit equal to last drawn monthly gross salary for each year of service to scheme members whereas the members of the scheme are not required to make any contributions to the scheme. The scheme is administered by the management of the Company under the supervision and directions of the Board of Directors of the Company. The amount recognized on statement of financial position represents present value of defined benefit obligation.

	Note	30-Jun-22	30-Jun-21
		Rupees	Rupees
11.1 Movement in present value of defined benefit obligation			
As at beginning of the year		984,563	664,357
Charged to profit or loss for the year	11.2	584,151	433,526
Benefits paid during the year		-	(72,360)
Remeasurements recognized in other comprehensive income	11.3	28,170	(40,960)
As at end of the year		1,596,884	984,563
11.2 Charge to profit or loss			
Current service cost		485,695	380,131
Interest cost		98,456	53,395
		584,151	433,526

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
11.3 Remeasurements recognized in other comprehensive income			
Actuarial (gain)/loss arising from changes in:			
Financial assumptions		(46,782)	2,431
Experience adjustments		74,952	(43,391)
		28,170	(40,960)
11.4 The charge to profit or loss has been allocated as follows			
Administrative expenses	25.1	584,151	433,526
		584,151	433,526

11.5 Principal actuarial assumptions

Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at the reporting date is based on actuarial valuation carried out by independent actuaries, Nauman Associates Consulting Actuaries. The principal assumptions used in determining present value of defined benefit obligation are:

	30-Jun-22 Rupees	30-Jun-21 Rupees
Discount rate	13.25%	10.00%
Expected rates of increase in salary	10.00%	9.00%

11.6 Average duration of the defined benefit obligation

The average duration of the defined benefit obligation is seven years.

11.7 Expected charge to profit or loss for the next financial year

The expected charge to profit or loss for the year ending 30 June 2023 amounts to Rs. 748,353.

11.8 Sensitivity analysis

An analysis of sensitivity for each actuarial assumption used to determine the present value of defined benefit obligation as at the reporting date showing how the defined benefit obligation would have been affected by changes in relevant actuarial assumption that were reasonably possible at that date is as follows:

	30-Jun-22		30-Jun-21	
	Change in actuarial assumption	Defined benefit obligation Rupees	Change in actuarial assumption	Defined benefit obligation Rupees
Discount rate	+ 1%	1,496,810	+ 1%	916,999
	- 1%	1,711,110	- 1%	1,062,061
Expected rates of increase in salary	+ 1%	1,713,127	+ 1%	1,063,060
	- 1%	1,493,324	- 1%	914,932

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of defined benefit obligation as at the reporting date has been calculated using projected unit credit method, which is the same as that applied in calculating the defined benefit obligation to be recognized in these financial statements.

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

11.9 Risk factors

The defined benefit plan exposes the Company to the following actuarial risks:

Interest risk: The discount rate used in determination of present value of defined benefit obligation has been determined by reference to market yield at the reporting date on government bonds since there is no deep market in long term private sector bonds in Pakistan. An increase in market yield resulting in a higher discount rate will decrease the defined benefit liability.

Longevity risk: The present value of defined benefit obligation is calculated by reference to the best estimate of the expected remaining working lives of employees. An increase in the expected remaining working lives will increase the defined benefit obligation. However, the increase is not expected to be material.

Salary risk: The present value of defined benefit obligation is calculated by reference to future salaries of employees. An increase in salary of employees will increase the defined benefit obligation.

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
12 TRADE AND OTHER PAYABLES			
Creditors		463,770	269,060
Accrued liabilities		1,303,576	1,163,839
Sales tax payable		20,642,050	20,642,050
Security deposits		5,215,503	5,215,503
Workers' Profit Participation Fund		371,704	371,704
Workers' Welfare Fund	12.1	907,325	1,214,509
Other payables		542	20,456
		28,904,470	28,897,121
12.1 Workers' Welfare Fund			
As at beginning of the year		1,214,509	-
Charged to profit or loss for the year	26	907,325	1,214,509
Paid during the year		(1,214,509)	-
As at end of the year		907,325	1,214,509

13 UNCLAIMED DIVIDEND

This represent dividend on ordinary shares declared in the previous years but not claimed by the shareholders.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 Sales tax and other liabilities of Rs. 5.730 million (30-Jun-21: Rs. 5.730 million) are pending in appeals. The Company has filed reference application before the Honorable Lahore High Court, Lahore and other appellate forums. The subject reference is still pending before the Honorable Lahore High Court, Lahore.

14.1.2 Suit filed by United Investment Limited against the State and the Company for possession of land at Kala Shah Kaku, Tehsil Ferozewala, District Sheikhpura acquired by the State. However, no liability involving financial burden on the Company is expected to arise. Case is pending for hearing as confirmed by legal advisor.

14.1.3 Securities and Exchange Commission of Pakistan ['SECP'] filed a petition with the Honorable Lahore High Court, Lahore on the request of the shareholders against the improper management of operations of the Company. In response to this petition, The Lahore High Court issued a notice of hearing to the Company. The Company in this respect attended hearing and submitted its reply accordingly. The subject reference is still pending before the Honorable Lahore High Court, Lahore.

14.2 Commitments

There are no known commitments as at the reporting date.

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

15 PROPERTY AND EQUIPMENT

	30-Jun-22				Net book value as at 30-Jun-22 Rupees			
	COST		DEPRECIATION					
	As at 01-Jul-21 Rupees	Additions Rupees	Disposals Rupees	As at 30-Jun-22 Rupees				
	Rate %	As at 01-Jul-21 Rupees	For the year Rupees	Adjustment Rupees				
Furniture and fixtures	1,357,000	-	-	772,857	58,414	-	831,271	525,729
Office equipment	3,468,000	-	-	3,468,000	1,927,438	154,056	2,081,494	1,386,506
Vehicles	9,515,880	1,190,795	-	10,706,675	9,355,550	170,992	9,526,542	1,180,133
	14,340,880	1,190,795	-	15,531,675	12,055,845	383,462	12,439,307	3,092,368

30-Jun-21						
COST			DEPRECIATION			
As at 01-Jul-20 Rupees	Additions Rupees	Disposals Rupees	As at 30-Jun-21 Rupees	Rate %	As at 01-Jul-20 Rupees	For the year Rupees
						Adjustment Rupees
						As at 30-Jun-21 Rupees
Furniture and fixtures	1,357,000	-	1,357,000	10	707,952	64,905
Office equipment	3,383,000	-	3,468,000	10	1,764,922	162,516
Vehicles	9,647,115	(131,235)	9,515,880	20	9,439,992	40,884
	14,387,115	85,000	14,340,880		11,912,866	268,305
						-
						12,055,845
						2,285,035

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
16 GOVERNMENT TAKEN OVER CONCERNS			
Gross amount due		27,229,339	27,229,339
Impairment allowance	16.1	(27,229,339)	(27,229,339)
		-	-
16.1	<p>Ittehad Pesticides Limited ['IPL'], owned by the Saigols, was taken over by the Government of Pakistan. The Government issued debentures of IPL to the Saigols as consideration for the takeover and the Saigols encased the same. However, an amount of Rs. 27,229,339 was claimed by the Saigols as outstanding. The Company had filed a writ against IPL and Federal Government of Pakistan with regard to the amount due. The claim of the Company was rejected by Civil Judge vide judgement dated 19 June 2013. Amount recoverable thus stands fully impaired.</p>		
		30-Jun-22 Rupees	30-Jun-21 Rupees
17 INVESTMENT PROPERTY			
Land			
As at beginning of the year		733,400,000	728,575,000
Change in fair value		7,720,000	4,825,000
As at end of the year		741,120,000	733,400,000
Building			
As at beginning of the year		114,245,920	110,349,405
Change in fair value		1,147,730	3,896,515
As at end of the year		115,393,650	114,245,920
		856,513,650	847,645,920
17.1	<p>This represents Company land and building transferred from property and equipment at fair value, whereas the fair value of land and building is valued by an independent valuer, Medallion Services (Private) Limited. The forced sale value of land and building as at 30 June 2022 amounts to Rs. 629,952,000 and Rs. 98,084,603 (30-Jun-21: Rs. 623,390,000 and Rs. 97,109,032) respectively. The Company has leased out this investment property under operating lease arrangements. For basis of determination of fair value, refer to note 39.3.1.</p>		
17.2	<p>Investment property of the Company is located at Collage Road, Madina Town Faisalabad with a total area of 96.5 Kanal (30-Jun-21: 96.5 Kanal).</p>		
18 LONG TERM INVESTMENTS			
<p>This represents investment in ordinary shares of Kohinoor Power Company Limited ['KPCL'], an associate. KPCL is a Public Limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. KPCL was formed with the objective of generation and sale of electric power. Subsequently, it amended its memorandum of association to change its principal activity to leasing out machinery and buildings under operating lease arrangements. The Boards of Directors of KPCL and Saritow Spinning Mills Limited ['SSML'], a related party of the Company, in their respective meetings have approved amalgamation of KPCL into SSML. The proposed amalgamation, once affected, will result in the Company holding ordinary shares in SSML in accordance with the swap ratio approved with scheme of amalgamation. Registered office of KPCL is situated in the Province of Punjab at 17-Aziz Avenue, Canal Bank, Gulberg V, Lahore.</p>			

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The investment has been accounted for by using equity method. Particulars of investment are as follows:

	Note	30-Jun-22	30-Jun-21
Percentage of ownership interest		22.50%	22.50%
		30-Jun-22	30-Jun-21
		Rupees	Rupees
Cost of investment			
2,835,000 (30-Jun-21: 2,835,000) fully paid ordinary shares of Rs. 10 each		90,000,000	90,000,000
Share of post acquisition loss		(17,121,690)	(16,393,122)
Dividend income from investment in associate		(10,800,000)	(10,800,000)
		62,078,310	62,806,878
Accumulated impairment		(50,596,560)	(44,095,878)
		11,481,750	18,711,000

18.1 Extracts of financial statements of associated company

The assets and liabilities of Kohinoor Power Company Limited as at the reporting date and related revenue and profit for the year then ended based on the audited financial statements are as follows:

	Note	30-Jun-22	30-Jun-21
		Rupees	Rupees
Non-current assets		87,864,043	93,026,009
Current assets		42,014,320	40,221,457
Non-current liabilities		-	-
Current liabilities		1,259,607	1,390,628
Revenue		17,453,205	17,114,327
Loss for the year		(3,238,082)	(2,156,598)
Other comprehensive loss		-	-
Break-up value per share		10.21	10.46
Share of profit and other adjustments to net assets	18.1.1	(728,568)	(485,235)
Market value per share		4.05	6.60

18.1.1 This includes the following:

Share of loss for the year		(728,568)	(485,235)
Share of other comprehensive loss for the year		-	-
		(728,568)	(485,235)

19 LONG TERM DEPOSITS

These have been deposited with various utility companies and regulatory authorities. These are classified as 'financial assets at amortized cost' under IFRS 9 'Financial Instruments' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	Note	30-Jun-22	30-Jun-21
		Rupees	Rupees
Deferred tax asset on deductible temporary differences	20.1	25,133,134	24,099,298
Deferred tax liability on taxable temporary differences	20.1	-	-
Net deferred tax asset		25,133,134	24,099,298

20 DEFERRED TAXATION

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

20.1 Recognized deferred liabilities and tax assets

Deferred tax liabilities and assets are attributable to the following:

	30-Jun-22			
	As at 01-Jul-21 Rupees	Recognized in profit or loss Rupees	Recognized in OCI Rupees	As at 30-Jun-22 Rupees
Deferred tax assets				
Operating fixed assets	7,669	(47,393)	-	(39,724)
Long term investment	8,911,125	903,656	-	9,814,781
Impairment allowances	14,894,981	-	-	14,894,981
Employees retirement benefits	285,523	169,404	8,169	463,096
	24,099,298	1,025,667	8,169	25,133,134
Deferred tax liabilities	-	-	-	-
	24,099,298	1,025,667	8,169	25,133,134

	30-Jun-21			
	As at 01-Jul-20 Rupees	Recognized in profit or loss Rupees	Recognized in OCI Rupees	As at 30-Jun-21 Rupees
Deferred tax assets				
Operating fixed assets	46,563	(38,894)	-	7,669
Long term investment	12,777,075	(3,865,950)	-	8,911,125
Impairment allowances	14,894,981	-	-	14,894,981
Employees retirement benefits	192,664	80,981	11,878	285,523
	27,911,283	(3,823,863)	11,878	24,099,298
Deferred tax liabilities	-	-	-	-
	27,911,283	(3,823,863)	11,878	24,099,298

- 20.2 Deferred tax arising from timing differences has been calculated at 29% (30-Jun-21: 29%) except for those pertaining to income from investment in listed equity securities taxable as a separate block under the provisions of the Ordinance which has been calculated at 12.5% (30-Jun-21: 12.5%) of the timing differences based on tax rates notified by the Government of Pakistan for future tax years for such income.

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
21 ADVANCES AND OTHER RECEIVABLES			
Advances to employees	21.1	312,900	167,670
Sales tax refundable	21.2	-	-
Other receivables	21.3	-	-
		312,900	167,670
21.1	These represent advances to employees against future salaries and post employment benefits in accordance with the Company policy.		
	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
21.2	Sales tax refundable		
Gross amount due		4,236,934	4,236,934
Impairment allowance	21.2.1	(4,236,934)	(4,236,934)
		-	-

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

21.2.1 This represent sales tax paid on utilities during the financial years 2014-15 to 2016-17. Recovery of this amount is considered doubtful and thus an impairment allowance for the same has been made.

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
21.3			
Rebate/claims and central excise duty receivables		10,647,437	10,647,437
Impairment allowance		(10,647,437)	(10,647,437)
		-	-
22			
ADVANCE INCOME TAX			
Advance income tax/income tax refundable		30,903,774	25,924,755
Impairment allowance		(9,248,293)	(9,248,293)
		21,655,481	16,676,462
23			
CASH AND BANK BALANCES			
Cash in hand		390,690	534,646
Cash at banks			
Current accounts - local currency		91,066,495	64,623,401
Deposit/saving accounts - local currency	23.1	2,049,026	2,054,724
		93,115,521	66,678,125
		93,506,211	67,212,771

23.1 These carry return at rates ranging from 5.75% to 8.25% (30-Jun-21: 5%) per annum.

24 RENTAL INCOME

This represents rental income from leasing out Company's investment property under operating lease arrangements.

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
25			
ADMINISTRATIVE EXPENSES			
Salaries and benefits	25.1	16,131,381	9,946,294
Printing and stationery		158,465	260,815
Communication		420,958	395,018
Repair and maintenance		4,363,410	6,313,856
Rent, rates and taxes		2,260,894	1,409,431
Utilities		758,463	1,873,070
Insurance		98,211	70,528
Advertisement		43,300	78,400
Vehicles running and maintenance		556,020	306,525
Traveling and conveyance		132,320	86,575
Legal and professional		1,583,298	2,277,780
Fees and Subscription		209,750	480,077
Auditor's remuneration	25.2	565,000	565,000
Entertainment		339,461	264,845
Depreciation	15	383,462	268,305
Others		201,718	1,035,571
		28,206,111	25,632,090

25.1 These include charge in respect of employees retirement benefits amounting to Rs. 584,151 (30-Jun-21: Rs. 433,526).

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
25.2 Auditor's remuneration			
Annual statutory audit		450,000	450,000
Limited scope review		50,000	50,000
Review report on corporate governance		50,000	50,000
Out of pocket expenses		15,000	15,000
		565,000	565,000
26 OTHER EXPENSES			
Loss on financial instruments			
Impairment loss on long term investment		6,500,682	-
Other expenses			
Workers' Welfare Fund	12.1	907,325	1,214,509
		7,408,007	1,214,509
27 OTHER INCOME			
Gain on financial instruments			
Return on bank deposits		3,870,665	1,847,614
Other income			
Changes in fair value of investment property		8,867,730	8,721,515
Reversal of impairment loss on long term investment		-	14,376,735
		8,867,730	23,098,250
		12,738,395	24,945,864
28 FINANCE COST			
Bank charges		12,317	11,792
		12,317	11,792
29 PROVISION FOR TAXATION			
Current taxation			
for the year	29.1	12,547,295	11,141,173
for prior year		(27,553)	(71,557)
		12,519,742	11,069,616
Deferred taxation			
attributable to origination and reversal of temporary differences		(1,025,667)	1,694,351
attributable to changes in tax rates		-	2,129,512
	20.1	(1,025,667)	3,823,863
		11,494,075	14,893,479
29.1	Provision for current tax has been made in accordance with section 18 (30-Jun-21: section 18) of the Income Tax Ordinance 2001 ['the Ordinance'].		

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Unit	30-Jun-22	30-Jun-21
29.2 Reconciliation between average effective tax rate and applicable tax rate			
Profit before taxation	<i>Rupees</i>	44,458,940	59,510,921
Provision for taxation	<i>Rupees</i>	11,494,075	14,893,479
Average effective tax rate	%	25.85	25.03
Tax effects of:			
Adjustments for prior years	%	0.06	0.12
Adjustments for deferred taxation	%	2.31	(6.43)
Income chargeable to tax at different rates		-	3.10
Admissible deductions, losses and tax credits	%	0.78	7.17
Applicable tax rate	%	29.00	29.00

29.3 The income tax assessments of the Company up to and including tax year 2021 have been completed by the concerned income tax authorities or are deemed to have been so completed under the provisions of section 120 of the ordinance except as explained in note 29.4 to 29.6.

29.4 The Company's case was selected for audit by the Additional Commissioner Inland Revenue ['ACIR'] for tax year 2015 in terms of section 214C of the Ordinance in March 2017. On conclusion of audit proceedings, ACIR through order passed under section 122(1) of the Ordinance in June 2021, raised a tax demand of Rs. 5,324,709. The Company filed an appeal before Commissioner Inland Revenue (Appeals) ['CIR (A)'] against this order in July 2021 and the CIR (A), through order dated 09 March 2022, upheld the disallowances by CIR (A) against which the Company filed an appeal before Appellate Tribunal Inland Revenue ['ATIR'] in April 2022. The proceedings are still under process. Legal counsel of the Company is of the view that the Company's position in the case is weak. Accordingly, provision of the said amount has been recognised.

29.5 In respect of tax year 2016, the Company received a notice under section 161(1) vide order dated 13 June 2022 by Deputy Commissioner Inland Revenue (Audit) ['DCIR(A)'], where a tax demand of Rs. 1,256,799 was raised. The Company filed an appeal for stay before Commissioner Inland Revenue (Appeals) ['CIR (A)'] against this order in July 2022 and the CIR (A), through order dated 31 August 2022 granted the stay till 30 September 2022.

29.6 The Company's case was selected for audit by the Additional Commissioner Inland Revenue ['ACIR'] for tax year 2016 in terms of section 122(5A) of the Ordinance in June 2022 issuing a demand notice of Rs. 2,711,572. The Company filed an appeal before Commissioner Inland Revenue (Appeals) ['CIR (A)'] against this order in July 2022. The proceedings are still under process.

	Unit	30-Jun-22	30-Jun-21
30 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit attributable to ordinary shareholders	<i>Rupees</i>	32,964,865	44,617,442
Weighted average number of ordinary shares outstanding during the year	<i>No. of shares</i>	30,302,543	30,302,543
Earnings per share - Basic	<i>Rupees</i>	1.09	1.47

There is no dilutive effect on the basic earning per share of the Company.

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
31 CASH GENERATED FROM OPERATIONS			
Profit before taxation		44,458,940	59,510,921
Adjustments for non-cash and other items			
Provision for employees retirement benefits		584,151	433,526
Share of loss of associate		728,568	485,235
Impairment loss on long term investment		6,500,682	-
Reversal of impairment loss on long term investment		-	(14,376,735)
Change in fair value of investment property		(8,867,730)	(8,721,515)
Depreciation		383,462	268,305
		(670,867)	(21,911,184)
Operating profit before changes in working capital		43,788,073	37,599,737
Changes in working capital			
Advances and other receivables		(145,230)	(42,170)
Trade and other payables		7,349	1,250,545
		(137,881)	1,208,375
Cash generated from operations		43,650,192	38,808,112
32 CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	93,506,211	67,212,771
		93,506,211	67,212,771

33 CHANGES FROM FINANCING CASH FLOWS

	30-Jun-22 Unclaimed dividend Rupees	30-Jun-21 Unclaimed dividend Rupees
As at beginning of the year	2,332,404	1,034,826
Dividend declared	-	22,726,908
Dividend paid	(73,318)	(21,429,330)
As at end of the year	2,259,086	2,332,404

34 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise associated companies, key management personnel ['KMP'] and their close relatives. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Kohinoor Power Company Limited	Associated company	Investment	22.50%
Pak Elektron Limited	Associated company	Common director	0.00%
M. Naseem Saigol	Key management personnel	Director	17.61%
Amber Haroon Saigol	Close relative of KMP	Spouse of director	24.07%

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Key management personnel do not draw any compensation from the Company. Transactions with key management personnel ['KMP'] and their close relatives are limited to provision of interest free temporary loans. The Company in the normal course of business carries out various transactions with associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction. Details of transactions and balances with related parties is as follows:

		30-Jun-22 Rupees	30-Jun-21 Rupees
34.1	Transactions with related parties		
	Nature of relationship		
	Nature of transactions		
	Associated companies		
	Advertisement expenses	-	78,400
	Rental income	3,043,356	2,766,691
34.2	Balances with related parties		
	Nature of relationship		
	Nature of balances		
	Key management personnel	151,157,503	151,157,503
	Close relative of KMP	202,525,000	202,525,000

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS, AND EXECUTIVES

No amount was charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances, perquisites and post employment benefits.

36 CAPITAL MANAGEMENT

The objectives of the Company, while managing capital are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meet stakeholders' expectations. The Company's objective is to ensure its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising option of issuing right shares or, where possible, repurchasing shares, selling surplus property, plant and equipment without affecting the optimal production and operating level and regulating dividend payout. The Company is not subject to externally imposed capital requirements.

37 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
37.1	Financial assets		
	Cash in hand	23	390,690
	Financial assets at amortized cost		534,646
	Long term deposits	19	166,376
	Lease rentals receivable		20,000
	Advances to employees	21	312,900
	Cash at bank	23	91,066,495
			64,623,401
		91,565,771	64,977,447
		91,956,461	65,512,093
37.2	Financial liabilities		
	Financial liabilities at amortized cost		
	Creditors	12	463,770
	Accrued liabilities	12	1,303,576
	Unclaimed dividend		2,259,086
			2,332,404
		4,026,432	3,765,303

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022****38 FINANCIAL RISK EXPOSURE AND MANAGEMENT**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses, assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

38.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

38.1.1 Credit risk management practices

In order to minimize credit risk, the Company has adopted a policy of only dealing with creditworthy counterparties and limiting significant exposure to any single counterparty. The Company only transacts with counterparties that have reasonably high external credit ratings. Where an external rating is not available, the Company uses an internal credit risk grading mechanism. Particularly for customers, a dedicated team responsible for the determination of credit limits uses a credit scoring system to assess the potential as well as existing customers' credit quality and assigns or updates credit limits accordingly. The ageing profile of lease rentals receivable and individually significant balances, along with collection activities are reviewed on a regular basis.

The Company reviews the recoverable amount of each financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each financial asset.

The Company considers a financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due in the normal course of business based on history with the counterparty.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. This is usually the case with various customers of the Company where the Company has long standing business relationship with these customers and any amounts that are past due by more than 30 days in the normal course of business are considered 'performing' based on history with the customers. Therefore despite the foregoing, the Company considers some past due lease rentals receivable to have low credit risk where the customer has a good history of meeting its contractual cash flow obligations and is expected to maintain the same in future.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

The Company considers 'default' to have occurred when the financial asset is credit-impaired. A financial asset is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery.

The Company's credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing ECL
Performing	The counterparty has low credit risk	Lease rentals receivable: Lifetime ECL Other assets: Twelve month ECL
Doubtful	Credit risk has increased significantly since initial recognition	Lifetime ECL
In default	There is evidence indicating the assets is credit-impaired	Lifetime ECL
Write-off	There is no realistic prospect of recovery	Amount is written-off

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38.1.2 Exposure to credit risk

Credit risk principally arises from the Company's debt instruments. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees
<i>Financial assets at amortized cost</i>			
Long term deposits	19	166,376	166,376
Lease rentals receivable		20,000	20,000
Advances to employees	21	312,900	167,670
Cash at banks	23	91,066,495	64,623,401
		91,565,771	64,977,447

38.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to internal credit risk grading. The credit quality of the Company's financial assets exposed to credit risk is as follows:

	Note	External rating	Internal credit risk grading	12-month or life-time ECL	Gross carrying amount Rupees	Loss allowance Rupees
Long term deposits	19	N/A	Performing	12-month ECL	166,376	-
Lease rentals receivable		N/A	Performing	12-month ECL	20,000	-
Advances to employees	21	N/A	Performing	12-month ECL	312,900	-
Bank balances	23	A1 - A1+	N/A	12-month ECL	91,066,495	-
					91,565,771	-

(a) Long term deposits

Long term deposits comprise security deposits placed with various utility companies and regulatory authorities. These deposits are substantially perpetual in nature. No credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(b) Lease rentals receivable

This represents rent for June 2022 receivable from Kohinoor Primary School, Faisalabad which is not yet due. No credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(c) Advances to employees

Advances to employees have been given against future salaries and post-employment benefits. No credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(d) Bank balances

The bankers of the Company have reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss. No credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

38.1.4 Concentration of credit risk

There are no significant concentrations of credit risk.

38.1.5 Collateral held

The Company does not hold any collateral to secure its financial assets.

38.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

38.2.1 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, lease rentals receivable and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer.

38.2.2 Exposure to liquidity risk

The following presents the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The analysis have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	30-Jun-22				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Trade creditors	463,770	463,770	463,770	-	-
Accrued liabilities	1,303,576	1,303,576	1,303,576	-	-
Unclaimed dividend	2,259,086	2,259,086	2,259,086	-	-
	4,026,432	4,026,432	4,026,432	-	-

	30-Jun-21				
	Carrying amount Rupees	Contractual cash flows Rupees	One year or less Rupees	One to five years Rupees	More than five years Rupees
Trade creditors	269,060	269,060	269,060	-	-
Accrued liabilities	1,163,839	1,163,839	1,163,839	-	-
Unclaimed dividend	2,332,404	2,332,404	2,332,404	-	-
	3,765,303	3,765,303	3,765,303	-	-

38.3 Market risk

38.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency. The Company is not exposed to currency risk.

38.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

(a) Interest rate risk management

The Company manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

(b) Interest bearing financial instruments

The effective interest rates for interest bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest bearing financial instruments as at the reporting date are as follows:

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	30-Jun-22	30-Jun-21
	Rupees	Rupees
<i>Fixed rate instruments</i>	-	-
<i>Variable rate instruments</i>		
Financial assets	2,049,026	2,054,724
Financial liabilities	-	-

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for its fixed rate instruments at fair value

(d) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have increase profit for the year by Rs. 20,490 (30-Jun-21: Rs. 20,547). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

38.3.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of 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 instruments. The Company is exposed to price risk in respect of its investments in equity securities. However, the risk is minimal as these investments are held for strategic purposes rather than trading purposes. The Company does not actively trade in these investments.

39 FAIR VALUE MEASUREMENTS

39.1 Financial Instruments

The Company measures some of its assets at fair value. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

39.1.1 Financial instruments measured at fair value

a) Recurring fair value measurements

There are no recurring fair value measurements as at the reporting date.

b) Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

39.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value to approximate their carrying values.

39.3 Assets and liabilities other than financial instruments.

39.3.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	30-Jun-22	30-Jun-21
				Rupees	Rupees
Investment property - Land	-	741,120,000	-	741,120,000	733,400,000
Investment property - Buildings	-	115,393,650	-	115,393,650	114,245,920

For fair value measurements categorized into Level 2 following information is relevant:

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Valuation technique	Significant inputs	Sensitivity
Land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of land by Rs. 37.06 million (30-Jun-21: Rs. 36.91 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 5.77 million (30-Jun-21: Rs. 5.91 million).

39.3.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

40 SEGMENT INFORMATION

40.1 The Company is a single reportable segment.

40.2 All non-current assets of the Company are situated in Pakistan.

40.3 Information about major customers

	30-Jun-22 Rupees	30-Jun-21 Rupees
Revenue derived from Beacon Impex (Private) Limited	64,792,192	58,901,992

41 MINIMUM LEASE PAYMENTS UNDER OPERATING LEASE

The Company has leased out investment property under operating lease arrangements. Amounts of minimum lease payments receivable under the lease agreements are as follows:

	30-Jun-22 Rupees	30-Jun-21 Rupees
- not later than one year	36,254,022	25,099,173
- later than one year but not later than five years	-	3,565,542
- later than five years	-	-
	36,254,022	28,664,715

42 NUMBER OF EMPLOYEES

	30-Jun-22	30-Jun-21
Total number of employees	14	15
Average number of employees	14	15

43 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

KOHINOOR INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

44 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements.

45 GENERAL

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year.



Director



Chief Financial Officer



Chief Executive

Form of Proxy

73rd Annual General Meeting

LEDGER FOLIO

SHARES HELD

I / We _____

of _____

hereby appoint _____

of _____

(or failing him) _____ of _____

(being a member of the Company) as my / or proxy to attend and vote for me / us and on my / our behalf at the 73rd Annual General Meeting of the Company to be held on October 28, 2022 at 06-Egerton Road, Lahore at 11:00 A.M. and at every adjournment thereof, if any.

A witness my / our hand (s) this _____ day of October 2022.

Signed by the said

REVENUE
STAMP

Witnesses:

1) Name _____

Address _____

CNIC No. _____

2) Name _____

Address _____

CNIC No. _____

Notes:

1. A member entitled to attend and vote at this Meeting may appoint proxy. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank Gulberg-V, Lahore, the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting and must be duly stamped, signed and witnessed.
2. For CDC Account Holders/ Corporate Entities in addition to the above the following requirements have to be met.
 - (i) Attested copies of CNIC or the passport of the Beneficial Owners and the Proxy shall be provided with the proxy form.
 - (ii) In case of a Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier along with proxy form to the Company).
 - (ii) The Proxy shall produce his original CNIC or original passport at the time of the meeting.

73 واں سالانہ عمومی اجلاس عام۔

لیجر فولیو

موجودہ قصص

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[illegible]

بطور گواہ آج بتاریخ۔۔۔۔۔اکتوبر 2022 میرے ہمارے دستخط ہوئے۔

گواہان:

(1) نام	(2) نام
پتہ	پتہ
قومی شناختی کارڈ نمبر	قومی شناختی کارڈ نمبر

اہم نکات:

- 1- کوئی رکن جو اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کا حق دار ہے، پر کسی کا تقرر کر سکتا ہے۔ پر اکیس اسی صورت موثر ہیں جو اجلاس کے انعقاد سے 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس (17- عزیز یونیورسٹی، کینال بک، گلبرگ- 7، لاہور) میں موصول ہونا ضروری ہیں۔ پر اکیسوں پر رسید کی نکت رکن کے دستخط اور گواہان کے دستخط ہونا ضروری ہیں۔
- 2- سی ڈی سی اکاؤنٹ رکھنے والے/ کارپوریٹ ادارے کے لیے مزید برآں درج ذیل شرائط کا پورا کرنا لازمی ہے۔
- (i) پر کسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی فراہم کی جائیں گی۔
- (ii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اتارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پر کسی فارم کے ساتھ جمع کرائی ہوگی۔
- (iii) پر کسی کو میٹنگ کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ دکھانا ہوگا۔