KOHINOOR
MILLS LIMITED

THIRD QUARTERLY REPORT
31 MARCH 2023

www.kohinoormills.com

CONTENTS

Kohinoor Mills Limited

COMPANY INFORMATION

Board of Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Chief Financial Officer

Mr. Kamran Shahid

Head of Internal Audit

Mr. Naveed Ahmad Zafar

Legal Advisor

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

Company Secretary

Mr. Muhammad Rizwan Khan

Auditors

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

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Silk Bank Limited
The Bank of Punjab
United Bank Limited

Registered Office & Mills

8 K.M. Manga Raiwind Road,
District Kasur, Pakistan
UAN: (92-42) 111-941-941
Cell Lines: (92-333) 4998801-6
Land Lines: (92-42) 36369340
Fax: (92-42) 36369340 Ext: 444
Email: info@kohinoormills.com
Website : www.kohinoormills.com

Shares Registrar

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

Other Corporate Information

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

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

The National Tax Number of the Company is 0658184-6

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

FINANCIAL STATEMENTS

For the nine months ended 31 March 2023

DIRECTORS' REVIEW

The Directors of Kohinoor Mills Limited are pleased to present the interim financial statements for the nine months ended 31 March 2023.

Operating & Financial Results

During the nine months ended 31 March 2023, your company earned a gross profit of Rs. 4,057 million on sales of Rs. 20,213 million, compared to a gross profit of Rs. 2,492 million on sales of Rs. 14,539 million for the corresponding period of previous financial year. During the period under review, your company recorded a net profit of Rs. 1,375.5 million (EPS: Rs. 27.02 per share), compared to a net profit of Rs. 737.2 million (EPS: Rs. 14.48 per share), in the corresponding period.

Performance Overview

A brief overview of performance of your company for the nine months ended 31 March 2023 is discussed below:

Weaving Division

The comprehensive BMR project which was started a few years ago is now completed in the Weaving division. As part of this BMR project, 272 new state-of-the-art looms and ancillary equipment have been installed. This has transformed the Weaving division and significantly enhanced its efficiency and productivity. In support of this significant achievement, the management has worked tirelessly enabling this division to post substantial growth in turnover and profitability in the period under review despite the mounting global and local economic challenges.

The weaving division posted a gross turnover of Rs. 12,533 million in the period under review as compared to turnover of Rs. 9,279 million in the previous comparative period. The BMR project along with the diligent efforts of the team have started to bear fruit and the management expresses hope that the financial results of this division will continue this pattern of growth.

Dyeing Division

Amid the highest inflation in a generation, rising geopolitical tensions, climate crisis and sinking consumer confidence in anticipation of an economic downturn, the apparel industry is facing severe headwinds. Due to the slowdown in demand for high street fashion, major retailers and brands in Europe and the US have accumulated abnormally high inventories. To reduce the inventories to acceptable levels, almost all retailers and brands have reduced projections for the next few quarters. As a result, manufacturers all over the world are seeing lower utilization of capacities. Looking ahead and keeping in view the macroeconomic indicators, the last quarter of ongoing financial year seems to be challenging one.

Although the economic outlook was quite challenging for fashion industry, devaluation of currency helped the Dyeing Division to post significant growth in turnover and profitability in the period under review. The Dyeing division was able to increase its gross turnover by 34% from Rs. 9,776 million to Rs.13,134 million. Gross profit was increased to Rs. 2,152 million from Rs. 1,209 million in the corresponding period of last financial year representing an increase of 78% year on year.

Although the fashion industry continues to face headwinds, growth is still expected as the US and other allied countries focus on diversifying their supply chains away from China in light of recent Forced Labour Laws. The Dyeing Division is ideally situated to capitalize on this very significant opportunity. We continue to follow our strategy of focusing on core competencies and diversifying our customer base to multiple countries and regions including traditional markets like the US and Europe and newer markets within Asia.

Genertek Division

On the electricity side, the Government of Pakistan continued providing electricity at a reduced rate upto February 2023 as part of its competitive relief package. After the withdrawal of subsidized electricity rates for the export oriented industry, the cost of electricity has been increased by

100% leading an un-competitiveness amongst the regional electricity prices.

On the gas side, due to a supply quota in force, the Genertek Division was not able to meet its gas input requirement and hence could not generate the full required power from its own engines, and had to resort to consume power from the national grid to meet demand. The natural gas price at US$ 9 /MMBTU also leaves the Genertek division vulnerable to fluctuation in currency exchange rate. These factors have significantly increased the ever-present challenges to maintaining competitive energy costs. The management is striving hard to tackle these challenges.

For steam generation, the division has increased its reliance on green biofuels which is a testament to the company's commitment to the environment.

Future Prospects

With the Government struggling with import payments, depleting foreign exchange reserves and political uncertainty, the Pakistani Rupee is expected to remain under pressure. While this may enable our products to become more competitive in the world, our imports will become more costly leading to higher inflationary pressures. The Government needs to take measures to improve the liquidity of the corporate sector by releasing income tax and sales tax refunds on a timely basis. The State Bank of Pakistan has taken a very aggressive stance in controlling inflation by increasing the policy rate manifold. This step will stifle growth and add additional pressure.

The war in Ukraine is another high concern to the industry, having already disrupted trade routes and triggered an energy crisis that will continue to have an impact. In China, further COVID-19 outbreaks have undermined the region's growth trajectory and disrupted supply chains. The Pakistani textile sector is highly dependent on inputs from China. All these factors will continue to haunt the textile industry in 2023.

The Textile sector is one of the beneficiary of the PKR devaluation against US dollar since majority of revenue is dollar based. The Textile sector will continue to remain a priority of the Government at a time of low foreign exchange reserves. However, decision of hike in concessionary markup rates i.e. Long Term Financing Facility (LTFF) and Export Finance Scheme (EFS) and linking them to policy rate along with a surge in RLNG tariff to US$9/MMBTU (Previous: US$6.5/MMBTU) will somewhat offset its positive impact.

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

The management is working towards improvement in efficiencies and productivity as well as enhanced cost controls. We expect that the rest of the current financial year will be challenging, but we will continue our efforts to manage our operations efficiently to protect the interests of our stakeholders. The planned order position for FY-23 appears encouraging and management is hopeful of utilizing the higher capacity levels attained after modernization.

Acknowledgement

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

For and on behalf of the Board

Kasur: April 26, 2023	Aamir Fayyaz Sheikh Chief Executive	Hajra Arham Director

CONDENSED INTERIM
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	Un-audited 31 March 2023 Rupees	Audited 30 June 2022 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
220,000,000 (30 June 2022: 80,000,000) ordinary shares of Rupees 10 each		2,200,000,000	800,000,000
30,000,000 (30 June 2022: 30,000,000) preference shares of Rupees 10 each		300,000,000	300,000,000
		2,500,000,000	1,100,000,000
Issued, subscribed and paid-up share capital			
50,911,011 (30 June 2022: 50,911,011) ordinary shares of Rupees 10 each		509,110,110	509,110,110
Capital reserve			
Share premium reserve		213,406,310	213,406,310
Fair value reserve FVTOCI investment		13,621,682	15,225,957
Surplus on revaluation of operating fixed assets - net of tax		2,517,935,949	2,564,006,429
Revenue reserves			
General reserve		686,377,260	788,199,282
Accumulated profit		3,335,274,953	1,913,672,412
Total equity		7,275,726,264	6,003,620,500
LIABILITIES			
Non-current liabilities			
Long term financing - secured	4	1,451,868,473	1,212,265,071
Deferred liabilities		342,945,568	332,346,215
Deferred income - Government grant		178,957,639	-
		1,973,771,680	1,544,611,286
Current liabilities			
Trade and other payables		4,842,724,203	3,643,219,712
Accrued mark-up		185,027,472	71,578,017
Short term borrowings - secured		7,045,198,772	5,082,318,845
Current portion of non-current liabilities		468,775,522	523,293,032
Unclaimed dividend		7,459,692	7,119,615
		12,549,185,661	9,327,529,221
Total liabilities		14,522,957,341	10,872,140,507
Contingencies and commitments	5		
TOTAL EQUITY AND LIABILITIES		21,798,683,605	16,875,761,007

AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

KAMRAN SHAHID
CHIEF FINANCIAL OFFICER

	Note	Un-audited 31 March 2023 Rupees	Audited 30 June 2022 Rupees
ASSETS			
Non-current assets			
Fixed assets	6	8,984,327,964	7,912,753,661
Intangible asset	7	-	-
Investment property		1,981,607	1,981,607
Long term investment		21,035,038	23,429,479
Long term loans		17,695,674	22,252,126
Long term security deposits		77,985,712	91,159,847
		9,103,025,995	8,051,576,720
Current assets			
Stores, spares and loose tools		840,304,007	768,117,752
Stock-in-trade		5,466,322,875	4,052,222,277
Trade debts		2,553,256,467	1,217,245,076
Loans and advances		599,361,943	320,700,705
Short term deposits and prepayments		20,265,319	57,457,728
Advance income tax-net		25,062,262	71,366,395
Sales tax recoverable		2,153,380,574	1,630,418,799
Other receivables		76,015,814	43,732,753
Short term investments		19,256,861	56,772,172
Cash and bank balances		942,431,488	606,150,630
		12,695,657,610	8,824,184,287
TOTAL ASSETS		21,798,683,605	16,875,761,007

HAJRA ARHAM
DIRECTOR

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)

FOR THE NINE MONTHS ENDED 31 MARCH 2023

		Nine months ended		Quarter ended	
	Note	31 March 2023 Rupees	31 March 2022 Rupees	31 March 2023 Rupees	31 March 2022 Rupees
REVENUE		20,213,833,577	14,539,074,563	7,015,313,879	5,296,325,365
COST OF SALES	8	(16,156,681,705)	(12,046,683,516)	(5,685,644,419)	(4,323,957,466)
GROSS PROFIT		4,057,151,872	2,492,391,047	1,329,669,460	972,367,899
DISTRIBUTION COST		(1,020,765,318)	(785,138,061)	(351,115,294)	(278,129,929)
ADMINISTRATIVE EXPENSES		(476,909,766)	(326,513,222)	(178,465,607)	(113,797,910)
OTHER EXPENSES		(244,489,056)	(232,370,210)	275,477,296	(96,693,100)
		(1,742,164,140)	(1,344,021,493)	(254,103,605)	(488,620,939)
		2,314,987,732	1,148,369,554	1,075,565,855	483,746,960
OTHER INCOME		140,290,208	80,049,750	22,533,829	28,110,219
PROFIT FROM OPERATIONS		2,455,277,940	1,228,419,304	1,098,099,684	511,857,179
FINANCE COST		(806,085,423)	(354,662,834)	(336,675,131)	(137,202,741)
PROFIT BEFORE TAXATION		1,649,192,517	873,756,470	761,424,553	374,654,438
TAXATION		(273,660,456)	(136,585,069)	(84,143,725)	(55,310,586)
PROFIT AFTER TAXATION		1,375,532,061	737,171,401	677,280,828	319,343,852
EARNINGS PER SHARE - BASIC AND DILUTED		27.02	14.48	13.30	6.27

The annexed notes form an integral part of this condensed interim financial information.

AAMIR FAYYAZ SHEIKH	KAMRAN SHAHID	HAJRA ARHAM
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

FOR THE NINE MONTHS ENDED 31 MARCH 2023

	Nine months ended		Quarter ended	
	31 March 2023 Rupees	31 March 2022 Rupees	31 March 2023 Rupees	31 March 2022 Rupees
PROFIT AFTER TAXATION	1,375,532,061	737,171,401	677,280,828	319,343,852
OTHER COMPREHENSIVE INCOME				
Items that will not be re-classified to profit or loss:				
Loss arising on re-measurement of investment at fair value through other comprehensive income	(2,394,441)	(6,217,823)	-	-
Deffered income tax relating to this item	790,166	1,352,377	-	-
	(1,604,275)	(4,865,446)	-	-
Items that may be re-classified subsequently to profit or loss:	-	-	-	-
Other comprehensive loss for the period - net of tax	(1,604,275)	(4,865,446)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,373,927,786	732,305,955	677,280,828	319,343,852

The annexed notes form an integral part of this condensed interim financial information.

AAMIR FAYYAZ SHEIKH	KAMRAN SHAHID	HAJRA ARHAM
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE NINE MONTHS ENDED 31 MARCH 2023

	Nine months ended March 31 2023 Rupees	Nine months ended March 31 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,649,192,517	873,756,470
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	334,059,051	265,292,599
Dividend income	(1,287,334)	(1,367,798)
(Loss) / gain on sale of operating fixed assets	(27,257,572)	10,794,041
Provision for slow moving, obsolete and damaged store items	4,269,371	6,247,433
Allowance of expected credit loss	28,957,677	4,431,270
Provision for doubtful sales tax recoverable	10,283,969	-
Amortization of deffered grant	(24,446,677)	-
Adjustment due to impact of IFRS-9	41,933,409	11,795,360
Finance cost	764,152,014	342,867,474
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL CHANGES	2,779,856,425	1,513,816,849
(Increase) / decrease in current assets		
Stores, spares and loose tools	(76,455,626)	(141,250,560)
Stock-in-trade	(1,414,100,598)	(1,704,118,647)
Trade debts	(1,364,969,068)	49,418,004
Loans and advances	(268,661,238)	(212,195,552)
Short term deposits and prepayments	37,192,409	(10,579,946)
Other receivables	(59,304,649)	91,025,044
Sales tax recoverable	(520,436,129)	(482,420,114)
Increase / (decrease) in current liabilities		
Trade and other payables	1,199,504,491	1,351,773,911
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	(2,467,230,408)	(1,058,347,860)
CASH GENERATED FROM OPERATIONS	312,626,017	455,468,989
Income tax paid	(170,471,758)	(144,497,293)
Finance cost paid	(698,386,686)	(335,540,202)
Net decrease / (Increase) in long term security deposits	9,555,809	(3,334,800)
	(859,302,635)	(483,372,295)
NET CASH USED IN OPERATING ACTIVITIES	(546,676,618)	(27,903,306)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(1,506,350,504)	(812,832,383)
Proceeds from sale of operating fixed assets	127,974,723	56,841,144
Short term investment made	-	(165,592,705)
Dividend received	1,287,334	1,367,798
NET CASH USED IN INVESTING ACTIVITIES	(1,377,088,447)	(920,216,146)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	739,182,792	350,248,000
Repayment of long term financing	(340,534,851)	(338,643,312)
Dividend paid	(101,481,945)	-
Short term borrowings - net	1,962,879,927	1,049,943,284
NET CASH GENERATED FROM FINANCING ACTIVITIES	2,260,045,923	1,061,547,972
NET INCREASE IN CASH AND CASH EQUIVALENTS	336,280,858	113,428,520
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	606,150,630	659,841,293
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	942,431,488	773,269,813

The annexed notes form an integral part of this condensed interim financial information.

AAMIR FAYYAZ SHEIKH	KAMRAN SHAHID	HAJRA ARHAM
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 MARCH 2023

	SHARE CAPITAL	RESERVES								TOTAL EQUITY
		CAPITAL RESERVES				REVENUE RESERVES				
		Share premium reserve	Fair value reserve FVTOCI investment - net of tax	Surplus on revaluation of operating fixed assets - net of tax	Sub Total	General reserve	Accumulated profit	Sub Total		
	(Rupees)									
Balance as at 01 July 2021 - (audited)	509,110,110	213,406,310	32,625,692	2,628,073,544	2,874,105,546	788,199,282	930,133,905	1,718,333,187		5,101,548,843
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	-	(41,374,238)	(41,374,238)	-	41,374,238	41,374,238		-
Profit for the nine months ended 31 March 2022	-	-	-	-	-	-	737,171,401	737,171,401		737,171,401
Other comprehensive loss for the nine months ended 31 March 2022	-	-	(4,865,446)	-	(4,865,446)	-	-	-		(4,865,446)
Total comprehensive income for the nine months ended 31 March 2022	-	-	(4,865,446)	-	(4,865,446)	-	737,171,401	737,171,401		732,305,955
Balance as at 31 March 2022 - (Un-audited)	509,110,110	213,406,310	27,760,246	2,586,699,306	2,827,865,862	788,199,282	1,708,679,544	2,496,878,826		5,833,854,798
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	-	(13,791,415)	(13,791,415)	-	13,791,415	13,791,415		-
Profit for the quarter ended 30 June 2022	-	-	-	-	-	-	191,201,453	191,201,453		191,201,453
Other comprehensive loss for the quarter ended 30 June 2022	-	-	(12,534,289)	(8,901,462)	(21,435,751)	-	-	-		(21,435,751)
Total comprehensive Income for the quarter ended 30 June 2022	-	-	(12,534,289)	(8,901,462)	(21,435,751)	-	191,201,453	191,201,453		169,765,702
Balance as at 30 June 2022 - (audited)	509,110,110	213,406,310	15,225,957	2,564,006,429	2,792,638,696	788,199,282	1,913,672,412	2,701,871,694		6,003,620,500
Transaction with owners - Final dividend for the year ended 30 June 2022 @ Rs. 2 per share	-	-	-	-	-	(101,822,022)	-	(101,822,022)		(101,822,022)
Transferred from surplus on revaluation on disposal of operating fixed assets - net of tax	-	-	-	(6,764,954)	(6,764,954)	-	6,764,954	6,764,954		-
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	-	(39,305,526)	(39,305,526)	-	39,305,526	39,305,526		-
Profit for the nine months ended 31 March 2023	-	-	-	-	-	-	1,375,532,061	1,375,532,061		1,375,532,061
Other comprehensive loss for the nine months ended 31 March 2023	-	-	(1,604,275)	-	(1,604,275)	-	-	-		(1,604,275)
Total comprehensive income for the nine months ended 31 March 2023	-	-	(1,604,275)	-	(1,604,275)	-	1,375,532,061	1,375,532,061		1,373,927,786
Balance as at 31 March 2023 - (Un-audited)	509,110,110	213,406,310	13,621,682	2,517,935,949	2,744,963,941	686,377,260	3,335,274,953	4,021,652,213		7,275,726,264

The annexed notes form an integral part of this condensed interim financial information.

AAMIR FAYYAZ SHEIKH	KAMRAN SHAHID	HAJRA ARHAM
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2023

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2. These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2022.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

3.1 Critical accounting estimates and judgments

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

	Un-audited 31 March 2023 Rupees	Audited 30 June 2022 Rupees
4. LONG TERM FINANCING -SECURED		
Opening balance	1,658,623,950	1,414,880,245
Add : Obtained during the period / year	739,182,792	781,115,857
Add : Adjustment due to impact of IFRS - 9 during the period / year	41,933,409	16,026,840
Less: Repaid during the period / year	(340,534,851)	(557,740,083)
Less: Deffered income rcognized during the period / year	(243,132,708)	-
Add :Defferd income amortised during the period / year	24,446,677	4,341,091
Net Impact (Note 4.1)	(218,686,031)	4,341,091
	1,880,519,269	1,658,623,950
Less: Current portion shown under current liabilities	428,650,796	446,358,880
	1,451,868,473	1,212,265,070

4.1 This represents net impact of benefit of loans obtained under the schemes of State Bank of Pakistan at below market rate of interest.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no significant change in the status of contingencies as reported in the preceding audited annual published financial statements of the Company for the year ended 30 Jun 2022

(i) On 13 December 2022, Collector of customs (adjudication) passed an order whereby a demand of Rupees 27.499 million (along with default surcharge) has been raised against the Company on account of certain benefits availed under the Customs Act, 1969 during the years 2008 to 2010 on import of raw materials and machinery. The Company challenged the order on certain grounds and filed an appeal before the Customs, Excise & Sales Tax Appellate Tribunal, Lahore against the order. The Customs, Excise & Sales Tax Appellate Tribunal, Lahore has granted stay against the recovery proceedings. The Company is actively pursuing the case and is hopeful for favourable outcome.

(ii) 'Bank guarantees of Rupees 167.156 million (30 June 2022: Rupees 157.189 million) are given by the banks of the Company in favour of Sui Northern Gas Pipelines Limited against gas connections.

(iii) 'Bank guarantees of Rupees 17.279 million (30 June 2022: Rupees 8.164 million) are given by the bank of the Company in favour of Lahore Electric Supply Company Limited against electricity connections.

(iv) "Post dated cheques amounting to Rupees 268.981 million (30 June 2022: Rupees 229.964 million) are issued to custom authorities.

5.2 Commitments

(i) Aggregate commitments for capital and revenue expenditures are amounting to Rupees 17.05 million and Rupees 173.12 million (30 June 2022: Rupees 663.561 million and Rupees 193.514 million) respectively.

(ii) Post dated cheques amounting to Rupees 1,992.05 million (30 June 2022: 1,052.561 million) are issued to creditors of the Company.

	Un-audited 31 March 2023 Rupees	Audited 30 June 2022 Rupees
6. FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets (Note 6.1)	8,169,358,358	7,147,998,813
Capital work-in-progress (Note 6.2)	814,969,605	764,754,848
	8,984,327,963	7,912,753,661
6.1 Operating fixed assets		
Opening net book value	7,147,998,805	6,557,877,576
Add: Cost of additions during the period / year (Note 6.1.1)	1,456,135,754	1,068,470,260
	8,604,134,559	7,626,347,836
Less: Book value of deletions during the period / year (Note 6.1.2)	100,717,151	118,978,488
Less: Depreciation charged during the period / year	334,059,051	359,370,535
Closing net book value	8,169,358,358	7,147,998,813
6.1.1 Cost of additions		
Residential Building	-	7,790,506
Factory building	43,385,176	12,355,783
Freehold Land	-	244,550,909
Plant and machinery	1,245,266,400	749,692,468
Electric installations	58,700,223	25,013,290
Furniture, fixtures and equipment	4,333,785	5,256,302
Computers	12,062,061	-
Motor vehicles	92,388,109	23,811,002
	1,456,135,754	1,068,470,260
6.1.2 Book value of deletions		
Factory building	24,469,210	-
Plant and machinery	67,463,531	115,525,440
Motor vehicles	8,784,410	3,453,048
	100,717,151	118,978,488
6.2 Capital work-in-progress		
Civil works	592,360,529	400,215,700
Plant and machinery	172,709,617	331,312,116
Advance against purchase of land	25,304,900	800,000
Electric installations	-	2,797,028
Advance against purchase of vehicles	18,396,250	15,627,000
Stores held for capital expenditures	6,198,310	14,003,004
	814,969,605	764,754,848

7. Intangible asset - computer software has been fully amortized but still in the use of the Company.

	Un-audited Nine months ended		Un-audited Quarter ended	
	31 March 2023 Rupees	31 March 2022 Rupees	31 March 2023 Rupees	31 March 2022 Rupees
8. COST OF SALES				
Raw material consumed	11,967,428,161	10,047,920,508	3,974,900,268	3,975,065,734
Chemicals consumed	1,282,770,336	1,004,440,860	440,606,929	407,066,629
Salaries, wages and other benefits	733,322,429	553,983,884	255,910,440	180,490,796
Employee's provident fund contributions	34,808,047	20,757,840	13,267,991	7,200,174
Cloth conversion and processing charges	374,475,430	42,824,620	158,652,872	22,461,115
Fuel, oil and power	1,681,836,181	1,015,466,745	585,957,167	402,956,741
Stores, spares and loose tools consumed	248,476,632	186,704,020	107,735,079	70,802,137
Packing materials consumed	95,239,622	80,466,479	31,369,216	29,482,046
Repair and maintenance	73,225,780	46,199,035	26,209,236	14,689,286
Insurance	33,578,098	19,395,316	13,207,278	5,676,966
Other manufacturing expenses	101,244,764	62,281,881	40,157,666	21,185,104
Depreciation on operating fixed assets	319,134,369	253,844,965	116,771,605	87,294,928
	16,945,539,849	13,334,286,153	5,764,745,747	5,224,371,656
Work-in-process inventory				
Opening stock	447,555,892	245,407,748	717,421,574	431,625,809
Closing stock	(686,906,896)	(422,715,754)	(686,906,896)	(422,715,754)
	(239,351,004)	(177,308,006)	30,514,678	8,910,055
Cost of goods manufactured	16,706,188,845	13,156,978,147	5,795,260,425	5,233,281,711
Cost of yarn and cloth purchased for resale	165,243,113	52,576,934	165,243,113	7,687,317
	16,871,431,958	13,209,555,081	5,960,503,538	5,240,969,028
Finished goods inventory				
Opening stock	2,068,681,756	1,648,676,601	2,508,572,890	1,894,536,604
Closing stock	(2,783,432,009)	(2,811,548,166)	(2,783,432,009)	(2,811,548,166)
	(714,750,253)	(1,162,871,565)	(274,859,119)	(917,011,562)
	16,156,681,705	12,046,683,516	5,685,644,419	4,323,957,466

9. SEGMENT INFORMATION

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

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

	Weaving		Dyeing		Power Generation		Elimination of inter-segment transactions		Total - Company	
	Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	(R u p e e s)									
Sales										
External	7,404,392,354	4,855,538,195	12,809,441,224	9,683,536,368	-	-	-	-	20,213,833,578	14,539,074,563
Inter-segment	5,128,953,256	4,423,902,477	324,382,920	92,333,694	1,158,101,388	882,861,563	(6,611,437,563)	(5,399,097,734)	-	-
	12,533,345,610	9,279,440,672	13,133,824,144	9,775,870,062	1,158,101,388	882,861,563	(6,611,437,563)	(5,399,097,734)	20,213,833,578	14,539,074,563
Cost of sales	(10,638,894,114)	(7,974,168,462)	(10,981,536,865)	(8,566,995,287)	(1,147,688,293)	(904,617,501)	6,611,437,563	5,399,097,734	(16,156,681,707)	(12,046,683,516)
Gross profit / (loss)	1,894,451,496	1,305,272,210	2,152,287,279	1,208,874,775	10,413,095	(21,755,938)	-	-	4,057,151,871	2,492,391,047
Distribution cost	(414,409,592)	(269,360,976)	(606,355,726)	(515,779,366)	-	2,280	-	-	(1,020,765,318)	(785,138,062)
Administrative expenses	(221,155,389)	(162,940,225)	(244,447,418)	(153,920,114)	(11,306,959)	(9,652,884)	-	-	(476,909,766)	(326,513,223)
	(635,564,981)	(432,301,200)	(850,803,144)	(669,699,480)	(11,306,959)	(9,650,604)	-	-	(1,497,675,084)	(1,111,651,285)
Profit / (loss) before taxation and unallocated income and expenses	1,258,886,515	872,971,010	1,301,484,136	539,175,295	(893,863)	(31,406,542)	-	-	2,559,476,787	1,380,739,762
Unallocated income and expenses:										
Finance cost									(806,085,423)	(354,662,834)
Other expenses									(244,489,056)	(232,370,210)
Other income									140,290,208	80,049,750
Taxation									(273,660,456)	(136,585,069)
Profit after taxation									1,375,532,060	737,171,399

9.2 Reconciliation of reportable segment assets and liabilities

	Weaving		Dyeing		Power Generation		Total- Company	
	Un-audited 31 March 2023	Audited 30 June 2022	Un-audited 31 March 2023	Audited 30 June 2022	Un-audited 31 March 2023	Audited 30 June 2022	Un-audited 31 March 2023	Audited 30 June 2022
	(R u p e e s)							
Segment assets	9,613,472,919	7,861,287,785	8,312,561,751	5,684,860,200	1,664,783,402	1,383,383,783	19,590,818,072	14,929,531,768
Unallocated assets							2,207,865,533	1,946,229,239
Total assets as per condensed interim statement of financial position							21,798,683,605	16,875,761,007
Segment liabilities	2,524,387,361	1,918,667,447	1,969,750,763	1,524,424,341	284,209,726	132,203,879	4,778,347,850	3,575,295,667
Unallocated liabilities:								
Long term financing - secured							1,880,519,269	1,658,623,951
Deferred liabilities							342,945,568	408,884,030
Deferred income - Government grant							219,082,365	396,337
Accrued mark-up							185,027,472	71,578,017
Short term borrowings - secured							7,045,198,772	5,082,318,845
Unclaimed dividend							7,459,692	7,119,615
Trade and other payables							64,376,353	67,924,045
Total liabilities as per condensed interim statement of financial position							14,522,957,341	10,872,140,507

10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements At 31 March 2023 - un-audited	Level 1	Level 2	Level 3	Total
	.... (Rupees)		....	
Financial asset				
Investment at fair value through Proft and loss	19,256,861	-	-	19,256,861
Investment at fair value through other comprehensive income	-	-	21,035,038	21,035,038
Total financial asset	19,256,861	-	21,035,038	40,291,899

Recurring fair value measurements At 30 June 2022 - Audited	Level 1	Level 2	Level 3	Total
	.... (Rupees)		....	
Financial asset				
Investment at fair value through Proft and loss	56,772,172	-	-	56,772,172
Investment at fair value through other comprehensive income	-	-	23,429,479	23,429,479
Total financial assets	56,772,172	-	23,429,479	80,201,651

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

There was no transfer in and out of level 3 measurements.

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

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

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

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

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instrument was discounted cash flow analysis.

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

The following table presents the changes in level 3 items for the nine months ended 31 March 2023.

	Unlisted equity security Rupees
Balance as on 30 June 2021 - audited	42,398,345
Less : Deficit recognized in other comprehensive income	(6,217,823)
Balance as on 31 March 2022 - un-audited	36,180,522
Less : Deficit recognized in other comprehensive income	(12,751,043)
Balance as on 30 June 2022- audited	23,429,479
Less : Deficit recognized in other comprehensive income	(2,394,441)
Balance as on 31 March 2023 - un-audited	21,035,038

(iv) Valuation inputs and relationships to fair value

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

Description	Fair value as at		Un-observable inputs	Range of inputs (probability-weighted average) 31 March 2023	Relationship of un-observable inputs to fair value
	Un-audited 31 March 2023	Audited 30 June 2022			
	Rupees	Rupees			
FVTOCI financial assets:					
Security General Insurance Company Limited	21,035,038	23,429,479	Terminal growth factor Risk adjusted discount rate	2.00% 18.42%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +1.925 million / -1.538 million.

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

Valuation processes

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

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

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

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

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

11. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

At 31 March 2023 Un-audited	Level 1	Level 2	Level 3	Total
	(Rupees)			
Property, plant and equipment:				
- Freehold land	-	2,162,361,907	-	2,162,361,907
- Buildings	-	1,329,236,183	-	1,329,236,183
Total non-financial assets	-	3,491,598,091	-	3,491,598,091

At 30 June 2022 Audited	Level 1	Level 2	Level 3	Total
	(Rupees)			
Property, plant and equipment:				
- Freehold land	-	2,162,361,909	-	2,162,361,909
- Buildings	-	1,355,401,975	-	1,355,401,975
Total non-financial assets	-	3,517,763,884	-	3,517,763,884

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the nine months ended 31 March 2023. Further, there was no transfer in and out of level 3 measurements.

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

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

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's items of property, plant and equipment carried at revalued amounts at the end of every three years. As at 30 June 2021, the fair values of the items of property, plant and equipment were determined by Messers Hamid Mukhtar and Company (Private) Limited, the approved valuer.

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

12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with related parties. Detail of transactions with related parties are as follows:

	Un-audited Nine months ended		Un-audited Quarter ended	
	31 March 2023 Rupees	31 March 2022 Rupees	31 March 2023 Rupees	31 March 2022 Rupees
Loan obtained from close relative of the chief executive officer	5,300,000	-	-	-
Repayment of loan to close relative of the chief executive officer	4,250,000	12,375,000	2,460,000	11,175,000
Remuneration to chief executive officer, directors and executives	189,726,488	125,194,478	63,242,163	31,077,590
Contribution to employees' provident fund trust	96,574,042	60,844,688	35,655,296	21,387,236
Dividend paid	65,685,818	-	-	-

	Un-audited 31 March 2023 Rupees	Audited 30 June 2022 Rupees
Period end balances		
Loan from close relatives of chief executive officer of the Company	11,402,000	10,351,970
Payable to / (receivable from) employees' provident fund trust	10,939,152	(5,908,569)

13. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2022.

14. AUTHORIZED FOR ISSUE

This condensed interim financial information was authorized for issue on 26 April 2023 by the Board of Directors of the Company.

15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit or loss account, condensed interim statement of comprehensive income and condensed interim statement of cash flow have been compared with the balances of comparable period of immediately preceding financial year.

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

AAMIR FAYYAZ SHEIKH	KAMRAN SHAHID	HAJRA ARHAM
CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR

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