

KOHINOOR MILLS LIMITED



THIRD
QUARTERLY
REPORT
31 MARCH
20 | 22

www.kohinoormills.com

CONTENTS

Kohinoor Mills Limited

Company Information	02
Directors' Review.....	04
Condensed Interim Statement of Financial Position	06
Condensed Interim Statement of Profit or Loss.....	08
Condensed Interim Statement of Comprehensive Income.....	09
Condensed Interim Statement of Cash Flows	10
Condensed Interim Statement of Changes in Equity	11
Selected Notes to the Condensed Interim Financial Statements	12

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

Registered Office & Mills

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

Shares Registrar

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

Other Corporate Information

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

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

The National Tax Number of the Company is 0658184-6

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

FINANCIAL STATEMENTS

For the nine months ended 31 March 2022



DIRECTORS' REVIEW

The Directors of Kohinoor Mills Limited are pleased to present the Interim financial statements for the nine months ended 31 March, 2022.

Operating & Financial Results

During the nine months ended 31 March 2022, your company earned a gross profit of Rs. 2,492 million on sales of Rs. 14,539 million, compared to a gross profit of Rs. 1,243 million on sales of Rs. 9,505 million for the corresponding period of the previous financial year. During the period under review, your company recorded a net profit of Rs. 737.1 million (EPS: Rs. 14.48 per share), compared to a net profit of Rs. 209.1 million (EPS: Rs. 4.11 per share) in the corresponding period.

Performance Overview

A brief overview of the performance of your company for the nine months ended 31 March 2022 is discussed below:

Weaving Division

The weaving division was able to post growth in turnover and profitability in the current period under review, despite the challenges posed by the post-pandemic situation in global and local markets. The weaving division posted a gross turnover of Rs. 9,279 million as compared to a turnover of Rs. 5,846 million in the corresponding period of the previous financial year. The division also underwent a comprehensive BMR project during which 60 existing looms were replaced with new high-speed energy-efficient looms. This BMR project is planned to continue in the current financial year as well, whereby the remaining older looms will be replaced with newer high speed energy efficient looms. This will result in increased production capacity and will enable higher operational efficiency for the division. The management of your company is hopeful that the financial results of weaving division will continue to improve in the current financial year, as the company's investments in its people, plant and machinery continue to bear fruit.

Dyeing Division

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

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

Due to a gradual return to normalcy following the worldwide vaccination drive, the effects of the pandemic have started to ease off and international brands have started to resume their retail operations. Resultantly, Dyeing Division witnessed a positive recovery in current period and posted a gross turnover of Rs. 9,776 million as compared to a turnover of Rs. 6,286 million in comparative period. The management of your company is hopeful that the financial results of dyeing division will continue to improve for the rest of the current financial year.

Genertek Division

Due to a significant increase in international coal prices, the company had to rely more on local gas supply and seasonal bio fuels. These factors have caused a decline in profit margins in current period under review. Your company is making diligent efforts to tackle these challenges.

The company is also committed to achieve energy efficiency in its bid to become sustainable and environmentally friendly. The installation of three new 2.5 Megawatt fuel-efficient gas engines have been completed. Installation of these engines is expected to significantly bring down the

generation cost of the company. The company also invested in the installation of waste heat recovery boilers along with these engines to meet electrical and thermal efficiency standards.

Future Prospects

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

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

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

One risk that the company faces is the rising interest rate environment in the country. SBP increased the interest rates from 7.00% since the start of this financial year to 12.25% to combat rising inflation. Further, the recent hike of 2.50% is also applied to ERF facilities on which all the exporters including your company are relying heavily as the company's short term borrowings major portion consists of these facilities. Any further increase in the ERF interest rates will also increase the financial cost of the company accordingly.

Another major tail risk that the company faces is the deteriorating security situation in Eastern Europe which could affect the operations of our European customers and put further strain on energy prices and cause further supply chain disruptions.

Acknowledgement

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

For and on behalf of the Board

Kasur:
April 26, 2022


Amir Fayyaz Sheikh
Chief Executive


Hajra Arham
Director

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	Un-audited 31 March 2022 Rupees	Audited 30 June 2021 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
80,000,000 (30 June 2021: 80,000,000) ordinary shares of Rupees 10 each		800,000,000	800,000,000
30,000,000 (30 June 2021: 30,000,000) preference shares of Rupees 10 each		300,000,000	300,000,000
		<u>1,100,000,000</u>	<u>1,100,000,000</u>
Issued, subscribed and paid-up share capital			
50,911,011 (30 June 2021: 50,911,011) ordinary shares of Rupees 10 each		509,110,110	509,110,110
Capital reserves			
Share premium reserve		213,406,310	213,406,310
Fair value reserve		27,760,246	32,625,692
Surplus on revaluation of operating fixed assets - net of tax		2,586,699,306	2,628,073,544
Revenue reserves			
General reserve		788,199,282	788,199,282
Accumulated profit		1,708,679,544	930,133,905
Total equity		<u>5,833,854,798</u>	<u>5,101,548,843</u>
LIABILITIES			
Non-current liabilities			
Long term financing - secured	4	1,059,861,231	1,007,982,666
Deferred Income - Government grant		5,405,383	396,337
Deferred liabilities		323,637,050	314,611,824
		<u>1,388,903,664</u>	<u>1,322,990,827</u>
Current liabilities			
Trade and other payables		4,235,243,858	2,883,469,947
Accrued mark-up		63,862,123	69,459,909
Short term borrowings - secured		4,731,140,104	3,681,196,820
Current portion of non-current liabilities		474,072,066	507,559,630
Unclaimed dividend		7,119,615	7,119,615
		<u>9,511,437,766</u>	<u>7,148,805,921</u>
Total liabilities		<u>10,900,341,430</u>	<u>8,471,796,748</u>
Contingencies and commitments	5		
TOTAL EQUITY AND LIABILITIES		<u>16,734,196,228</u>	<u>13,573,345,591</u>

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



AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE



KAMRAN SHAHID
CHIEF FINANCIAL OFFICER

	Note	Un-audited 31 March 2022 Rupees	Audited 30 June 2021 Rupees
ASSETS			
Non-current assets			
Fixed assets	6	7,506,703,745	7,026,799,146
Intangible asset	7	-	-
Investment Property		1,981,607	1,981,607
Long term Investment		36,180,522	42,398,345
Long term deposits		65,863,457	62,528,657
		<u>7,610,729,331</u>	<u>7,133,707,755</u>
Current assets			
Stores, spares and loose tools		702,781,286	567,778,159
Stock-in-trade		4,619,252,304	2,915,133,657
Trade debts		898,912,240	952,761,514
Advances		304,785,856	92,590,304
Trade deposits and short term prepayments		49,089,889	38,509,943
Advance income tax - net		140,347,580	134,982,812
Other receivables		94,377,839	185,402,883
Sales tax recoverable		1,354,625,770	872,205,656
Short term investments		186,024,320	20,431,615
Cash and bank balances		773,269,813	659,841,293
		<u>9,123,466,897</u>	<u>6,439,637,836</u>
TOTAL ASSETS		<u><u>16,734,196,228</u></u>	<u><u>13,573,345,591</u></u>


HAJRA ARHAM
DIRECTOR

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

FOR THE NINE MONTHS ENDED 31 MARCH 2022

	Note	Nine months ended		Quarter ended	
		31 March 2022 Rupees	31 March 2021 Rupees	31 March 2022 Rupees	31 March 2021 Rupees
Sales		14,539,074,563	9,505,019,154	5,296,325,365	3,647,364,616
Cost Of Sales	8	(12,046,683,516)	(8,261,585,954)	(4,323,957,466)	(3,236,791,442)
Gross Profit		2,492,391,047	1,243,433,200	972,367,899	410,573,174
Distribution Cost		(785,138,061)	(473,762,739)	(278,129,929)	(163,684,389)
Administrative Expenses		(326,513,222)	(262,343,451)	(113,797,910)	(98,924,934)
Other Expenses		(232,370,210)	(94,632,476)	(96,693,100)	(1,757,112)
		(1,344,021,493)	(830,738,666)	(488,620,939)	(264,366,435)
		1,148,369,554	412,694,534	483,746,960	146,206,739
Other Income		80,049,750	152,811,506	28,110,219	17,741,454
Profit From Operations		1,228,419,304	565,506,040	511,857,179	163,948,193
Finance Cost		(354,662,834)	(231,395,604)	(137,202,741)	(74,463,531)
Profit Before Taxation		873,756,470	334,110,436	374,654,438	89,484,662
Taxation		(136,585,069)	(125,033,337)	(55,310,586)	(32,874,713)
Profit After Taxation		737,171,401	209,077,099	319,343,852	56,609,949
Earnings Per Share - Basic And Diluted		14.48	4.11	6.27	1.11

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


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


KAMRAN SHAHID
CHIEF FINANCIAL OFFICER


HAJRA ARHAM
DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE NINE MONTHS ENDED 31 MARCH 2022

	Nine months ended		Quarter ended	
	31 March 2022 Rupees	31 March 2021 Rupees	31 March 2022 Rupees	31 March 2021 Rupees
PROFIT AFTER TAXATION	737,171,401	209,077,099	319,343,852	56,609,949
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	(6,217,823)	(2,954,432)	-	-
Deffered income tax relating to re-measurement of investment at fair value through other comprehensive income	1,352,377	642,589	-	-
	(4,865,446)	(2,311,843)	-	-
Items that may be re-classified subsequently to profit or loss:				
Other comprehensive loss for the period - net of tax	(4,865,446)	(2,311,843)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	732,305,955	206,765,256	319,343,852	56,609,949

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


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


KAMRAN SHAHID
CHIEF FINANCIAL OFFICER


HAJRA ARHAM
DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE NINE MONTHS ENDED 31 MARCH 2022

	31-Mar-2022 Rupees	31-Mar-2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	873,756,470	334,110,436
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	265,292,599	205,005,525
Dividend income	(1,367,798)	(1,367,792)
Gain on sale of operating fixed assets	-	(82,163,473)
Provision for slow moving, obsolete and damaged store items	6,247,433	-
Allowance for expected credit loss against trade debts	4,431,270	2,346,918
Loss on sale of operating fixed assets	10,794,041	-
Adjustment due to impact of IFRS - 9	11,795,360	9,987,572
Finance cost	342,867,474	221,408,032
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL CHANGES	1,513,816,849	689,327,218
(Increase) / decrease in current assets		
Stores, spares and loose tools	(141,250,560)	69,265,044
Stock-in-trade	(1,704,118,647)	(210,913,793)
Trade debts	49,418,004	(233,604,574)
Advances	(212,195,552)	(9,006,231)
Trade deposits and short term prepayments	(10,579,946)	(47,039,221)
Other receivables	91,025,044	(40,171,971)
Sales tax recoverable	(482,420,114)	(118,652,040)
Increase / (decrease) in current liabilities		
Trade and other payables	1,351,773,911	429,284,880
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	(1,058,347,860)	(160,837,906)
CASH GENERATED FROM OPERATIONS	455,468,989	528,489,312
Income tax paid	(144,497,293)	(37,107,530)
Long term deposits paid	(3,334,800)	(1,574,700)
Finance cost paid	(335,540,202)	(202,632,932)
	(483,372,295)	(241,315,162)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES	(27,903,306)	287,174,150
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(812,832,383)	(1,285,641,106)
Proceeds from sale of operating fixed assets	56,841,144	126,874,314
Dividend received	1,367,798	1,367,792
Short term investment made	(165,592,705)	(20,145,625)
NET CASH USED IN INVESTING ACTIVITIES	(920,216,146)	(1,177,544,625)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances obtained	350,248,000	685,884,871
Repayment of long term financing	(338,643,312)	(80,150,543)
Short term borrowings - net	1,049,943,284	124,329,899
NET CASH FROM FINANCING ACTIVITIES	1,061,547,972	730,064,227
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	113,428,520	(160,306,248)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	659,841,293	765,949,390
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	773,269,813	605,643,142

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



AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE



KAMRAN SHAHID
CHIEF FINANCIAL OFFICER



HAJRA ARHAM
DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 31 MARCH 2022

	RESERVES										TOTAL EQUITY
	CAPITAL RESERVES				REVENUE RESERVES						
	Share premium reserve	Fair value reserve FVOCI investment - net of tax	Surplus on revaluation of operating fixed assets - net of tax	Sub Total	General reserve	Accumulated profit	Sub Total	Sub Total			
Balance as at 30 June 2020 - (audited)	509,110,110	213,406,310	28,556,043	1,793,761,543	2,035,723,896	788,199,282	626,130,750	1,414,330,032	3,959,164,038	-	-
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	-	(27,165,094)	(27,165,094)	-	-	27,165,094	-	-	27,165,094
Profit for the nine months ended 31 March 2021	-	-	(2,311,843)	-	(2,311,843)	-	209,077,099	-	209,077,099	-	209,077,099
Other comprehensive loss for the nine months ended 31 March 2021	-	-	-	-	-	-	-	-	-	-	(2,311,843)
Total comprehensive income for the nine months ended 31 March 2021	-	-	(2,311,843)	-	(2,311,843)	-	209,077,099	-	209,077,099	-	206,765,256
Balance as at 31 March 2021 - (Un-audited)	509,110,110	213,406,310	26,244,200	1,766,596,449	2,006,246,959	788,199,282	862,372,943	1,650,572,225	4,165,929,294	-	-
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	-	(9,055,034)	(9,055,034)	-	9,055,034	-	-	-	9,055,034
Profit for the quarter ended 30 June 2021	-	-	6,381,492	870,532,129	876,913,621	-	58,705,928	-	58,705,928	-	58,705,928
Other comprehensive income for the quarter ended 30 June 2021	-	-	-	-	-	-	-	-	-	-	876,913,621
Total comprehensive income for the quarter ended 30 June 2021	-	-	6,381,492	870,532,129	876,913,621	-	58,705,928	-	58,705,928	-	935,619,549
Balance as at 30 June 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	-	-	(4,865,446)	-	(4,865,446)	-	737,171,401	-	737,171,401	-	737,171,401
Other comprehensive loss for the nine months ended 31 March 2022	-	-	-	-	-	-	-	-	-	-	(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	2,596,699,306	2,827,865,862	788,199,282	1,708,679,544	2,496,878,826	5,833,854,798	-	-

----- (Rupees) -----

Balance as at 30 June 2020 - (audited)

Transferred from surplus on revaluation of operating fixed assets - net of tax

Profit for the nine months ended 31 March 2021

Other comprehensive loss for the nine months ended 31 March 2021

Total comprehensive income for the nine months ended 31 March 2021

Balance as at 31 March 2021 - (Un-audited)

Transferred from surplus on revaluation of operating fixed assets - net of tax

Profit for the quarter ended 30 June 2021

Other comprehensive income for the quarter ended 30 June 2021

Total comprehensive income for the quarter ended 30 June 2021

Balance as at 30 June 2021 - (audited)

Transferred from surplus on revaluation of operating fixed assets - net of tax

Profit for the nine months ended 31 March 2022

Other comprehensive loss for the nine months ended 31 March 2022

Total comprehensive income for the nine months ended 31 March 2022

Balance as at 31 March 2022 - (Un-audited)

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


KAMRAN SHAHID
CHIEF FINANCIAL OFFICER


HAJRA ARHAM
DIRECTOR

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE NINE MONTHS ENDED 31 MARCH 2022

1. THE COMPANY AND ITS OPERATIONS

Kohinoor Mills Limited (“the Company”) is a public limited company incorporated on 21 December 1987 in Pakistan under the Companies Ordinance, 1984 (now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The registered office 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 2021.

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 2021.

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 2021.

	Un-audited 31 March 2022 Rupees	Audited 30 June 2021 Rupees
4. LONG TERM FINANCING -SECURED		
Opening balance	1,414,880,245	702,579,112
Add: Obtained during the period / year	350,248,000	872,684,872
Add: Adjustment due to impact of IFRS - 9 during the period / year	11,795,360	23,051,962
Less: Deferred income - Government Grant during the period / year	-	8,855,155
Less: Repaid during the period / year	338,643,312	174,580,546
	<u>1,438,280,293</u>	<u>1,414,880,245</u>
Less: Current portion shown under current liabilities	378,419,062	406,897,579
	<u><u>1,059,861,231</u></u>	<u><u>1,007,982,666</u></u>

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 June 2021.

5.2 Commitments

- (i) Aggregate commitments for capital and revenue expenditures are amounting to Rupees 906.564 million and Rupees 100.414 million (30 June 2021: Rupees 964.324 million and Rupees 200.787 million) respectively.
- (ii) Post dated cheques issued to suppliers are amounting to Rupees 1,498.380 million (30 June 2021: Rupees 707.022 million).

	Un-audited 31 March 2022 Rupees	Audited 30 June 2021 Rupees
6. FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets (Note 6.1)	6,666,047,222	6,557,877,576
Capital work-in-progress (Note 6.2)	840,656,523	468,921,570
	<u>7,506,703,745</u>	<u>7,026,799,146</u>

	Un-audited 31 March 2022 Rupees	Audited 30 June 2021 Rupees
6.1 Operating fixed assets		
Opening net book value	6,557,877,576	4,870,901,704
Add: Cost of additions during the period / year (Note 6.1.1)	441,097,430	1,118,220,458
	6,998,975,006	5,989,122,162
Less: Book value of deletions during the period / year (Note 6.1.2)	67,635,185	43,487,322
Less: Depreciation charged during the period / year	265,292,599	283,849,453
Add: Surplus on revaluation	-	896,092,189
Closing net book value	6,666,047,222	6,557,877,576
6.1.1 Cost of additions		
Residential Building	7,660,438	-
Factory building	5,136,095	6,714,739
Freehold Land	-	111,262,884
Plant and machinery	383,823,419	968,326,550
Electric installations	25,844,475	15,485,844
Furniture, fixtures and equipment	535,400	162,576
Computers	202,872	1,042,535
Motor vehicles	17,894,731	15,225,330
	441,097,430	1,118,220,458
6.1.2 Book value of deletions		
Plant and machinery	65,954,808	37,349,524
Motor vehicles	1,680,377	6,137,798
	67,635,185	43,487,322
6.2 Capital work-in-progress		
Civil works	439,106,885	271,980,950
Plant and machinery	329,921,291	168,335,515
Electric Installation	-	11,770,463
Advances for capital expenditures	66,518,434	-
Advance against purchase of vehicle	-	11,568,000
Stores held for capital expenditures	5,109,913	5,266,642
	840,656,523	468,921,570
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 2022 Rupees	31 March 2021 Rupees	31 March 2022 Rupees	31 March 2021 Rupees
	8. COST OF SALES			
Raw material consumed	10,047,920,508	5,589,305,286	3,975,065,734	2,267,703,951
Chemicals consumed	1,004,440,860	689,082,313	407,066,629	284,729,963
Salaries, wages and other benefits	553,983,884	439,407,396	180,490,796	162,834,032
Employee's provident fund contributions	20,757,840	17,380,386	7,200,174	6,349,515
Cloth conversion and processing charges	42,824,620	85,550,939	22,461,115	16,963,313
Fuel, oil and power	1,015,466,745	863,737,555	402,956,741	283,288,419
Stores, spares and loose tools consumed	186,704,020	140,009,947	70,802,137	35,477,214
Packing materials consumed	80,466,479	56,977,382	29,482,046	21,422,723
Repair and maintenance	46,199,035	32,935,381	14,689,286	13,751,478
Insurance	19,395,316	16,708,459	5,676,966	5,658,797
Other manufacturing expenses	62,281,881	53,716,679	21,185,104	18,677,561
Depreciation on operating fixed assets	253,844,965	194,014,560	87,294,928	76,765,255
	13,334,286,153	8,178,826,283	5,224,371,656	3,193,622,221
Work-in-process inventory				
Opening stock	245,407,748	181,271,612	431,625,809	266,559,147
Closing stock	(422,715,754)	(202,017,977)	(422,715,754)	(202,017,977)
	(177,308,006)	(20,746,365)	8,910,055	64,541,170
Cost of goods manufactured	13,156,978,147	8,158,079,918	5,233,281,711	3,258,163,391
Cost of yarn and cloth purchased for resale	52,576,934	49,810,854	7,687,317	17,130,307
	13,209,555,081	8,207,890,772	5,240,969,028	3,275,293,698
Finished goods inventory				
Opening stock	1,648,676,601	1,226,288,778	1,894,536,604	1,134,091,340
Closing stock	(2,811,548,166)	(1,172,593,596)	(2,811,548,166)	(1,172,593,596)
	(1,162,871,565)	53,695,182	(917,011,562)	(38,502,256)
	12,046,683,516	8,261,585,954	4,323,957,466	3,236,791,442

9. SEGMENT INFORMATION (Un-audited)

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

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

9.2 Nine month ended 31 March 2022

	Weaving	Dyeing	Power Generation	Total - Company
	Rupees	Rupees	Rupees	Rupees
Total Sale	9,279,440,672	9,775,870,062	882,861,563	19,938,172,297
Intersegment Sale	(4,423,902,477)	(92,333,694)	(882,861,563)	(5,399,097,734)
External Sale	4,855,538,195	9,683,536,368	-	14,539,074,563
Profit/(loss) from operation before taxation and unallocated income / expense	911,251,990	576,500,222	(26,962,698)	1,460,789,514
Other income and expense-net				(232,370,210)
Profit from operations				1,228,419,304
Finance Cost				(354,662,834)
Taxation				(136,585,069)
Profit after taxation				737,171,401

Nine month ended 31 March 2021

Total Sale	5,846,083,562	6,285,541,056	692,367,495	12,823,992,113
Intersegment Sale	(2,495,462,773)	(131,142,691)	(692,367,495)	(3,318,972,959)
External Sale	3,350,620,789	6,154,398,365	-	9,505,019,154
Profit/(loss) from operation before taxation and unallocated income / expense	437,690,793	269,045,495	(46,597,772)	660,138,516
Other income and expense-Net				(94,632,476)
Profit from operations				565,506,040
Finance Cost				(231,395,604)
Taxation				(125,033,337)
Profit after taxation				209,077,099

9.3 There is no material change in segment assets from amount disclosed in preceding audited published annual financial statements.

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 2022 - un-audited	Level 1	Level 2	Level 3	Total
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..... (Rupees)

Financial asset

Investments at fair value through profit and loss	186,024,320	-	-	186,024,320
Investment at fair value through other comprehensive income	-	-	36,180,522	36,180,522
Total financial assets	186,024,320	-	36,180,522	222,204,842

Recurring fair value measurements At 30 June 2021 - Audited	Level 1	Level 2	Level 3	Total
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..... (Rupees)

Financial asset

Investments at fair value through profit and loss	20,431,615	-	-	20,431,615
Investment at fair value through other comprehensive income	-	-	42,398,345	42,398,345
Total financial assets	20,431,615	-	42,398,345	62,829,960

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

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

The following table presents the changes in level 3 items for the nine months ended 31 March 2022:

	Unlisted equity security Rupees
Balance as on 30 June 2020 - Audited	37,197,516
Less: Deficit recognized in other comprehensive income	(2,954,432)
Balance as on 31 March 2021 - Unaudited	34,243,084
Add: Surplus recognized in other comprehensive income	8,155,261
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 - Unaudited	36,180,522

(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 2022	Relationship of un-observable inputs to fair value
	Un-audited 31 March 2022	Audited 30 June 2021			
	Rupees	Rupees			

FVTOCI financial assets:

Security General Insurance Company Limited	36,180,522	42,398,345	Terminal growth factor Risk adjusted discount rate	4.00% 15.70%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +7.119 million / -5.085 million.
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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 2022 Un-audited	Level 1	Level 2	Level 3	Total
..... (Rupees)				
Property, plant and equipment:				
- Freehold land	-	1,917,810,998	-	1,917,810,998
- Buildings	-	1,365,871,924	-	1,365,871,924
Total non-financial assets	-	3,283,682,922	-	3,283,682,922

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

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 2022. 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. Details of transactions with related parties are as follows:

	Un-audited Nine months ended		Un-audited Quarter ended	
	31 March 2022 Rupees	31 March 2021 Rupees	31 March 2022 Rupees	31 March 2021 Rupees
Remuneration paid to Chief Executive Officer, Directors and Executives	125,194,478	99,299,084	31,077,590	35,421,644
Contribution to employees' provident fund trust	60,844,688	50,884,606	21,387,236	18,483,156

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 2021.

14. AUTHORIZED FOR ISSUE


This condensed interim financial information was authorized for issue on 26 April, 2022 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 rearrangements have been made.


AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


KAMRAN SHAHID
CHIEF FINANCIAL OFFICER


HAJRA ARHAM
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