

# **KOHINOOR MILLS LIMITED**



**FIRST QUARTERLY REPORT  
30 SEPTEMBER 2023**

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

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# COMPANY INFORMATION

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## BOARD OF DIRECTORS

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

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## Audit Committee

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

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## HR & Remuneration Committee

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

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## Chief Financial Officer

Mr. Kamran Shahid

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## Head of Internal Audit

Mr. Naveed Ahmed Zafar

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## Legal Advisor

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

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## Company Secretary

Mr. Muhammad Rizwan Khan

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## Auditors

Riaz Ahmad & Company  
Chartered Accountants

## Bankers

Al Baraka Bank (Pakistan) Limited  
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

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## Registered Office & Mills

8 K.M. Manga Raiwind Road, District Kasur,  
Pakistan.

UAN: (92-42 ) 111-941-941

Cell Lines: (92-333) 4998801-6

Land Lines: (92-42) 36369340

Fax: (92-42) 36369340 Ext: 444

Email: [info@kohinoormills.com](mailto:info@kohinoormills.com)

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

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## Shares Registrar

M/s. Hameed Majeed Associates (Pvt.) Ltd  
HM House, 7 Bank Square, Lahore.

Land Lines: (92-42) 37235081 & 82, 37310466

Fax: (92-42) 37358817

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## OTHER CORPORATE INFORMATION

- Kohinoor Mills Limited is registered in Pakistan with Securities and Exchange Commission of Pakistan. The Registration Number of the Company is 0017194
- Kohinoor Mills Limited is listed on Pakistan Stock Exchange Limited as a Public Limited Company and its shares are traded under textile composite sector. Shares trading symbol is KML
- The National Tax Number of the Company is 0658184-6
- Financial statements are available on website of the Company i.e., [www.kohinoormills.com](http://www.kohinoormills.com)

# DIRECTORS' Review

The Directors of Kohinoor Mills Limited are pleased to present the Interim financial statements for the quarter ended 30 September, 2023.

## Operating & Financial Results

During the Quarter ended September 30, 2023, your company earned a gross profit of Rs. 1,516 million on sales of Rs. 7,572 million, compared to a gross profit of Rs. 1,376 million on sales of Rs. 6,786 million in the corresponding period of the previous financial year. During the period under review, your company recorded a net profit of Rs. 382.5 million (EPS: Rs. 7.5 per share), compared to a net profit of Rs. 405.8 million (EPS: Rs. 7.97 per share), in the corresponding period.

## Performance Overview

A brief overview of performance of your company for quarter ended 30 September 2023 is discussed below.

### Weaving Division

The comprehensive BMR project has proven to be a resounding success. The replacement of 258 old looms and installation of additional 14 looms with the state-of-the-art looms and ancillary equipment has added and brought a remarkable transformation in the Weaving Division. This achievement stands as an evidence of the management's commitment towards innovation and operational excellence. Despite current global and domestic challenges faced by the weaving sector, the Weaving Division remains a key contributor to the company's growth. The Weaving Division posted a gross turnover of Rs. 5,059 million as compared to turnover of Rs. 3,844 million in the comparative period.

As we look ahead, we acknowledge the ongoing challenges posed by a demand slowdown, elevated utility expenses, and rising finance cost driven by the State Bank of Pakistan's consistent policy rate hikes, all of which continue to exert pressure on profit margins. In response, we remain committed to implementing proactive strategies aimed at optimizing costs, diversifying our market reach, and efficiently managing our finances to mitigate these challenges and enhance our profitability in the coming years. We hold strong optimism about not only achieving but surpassing our anticipated results in the near future.

### Dyeing Division

The fashion retail industry is a dynamic and highly competitive sector that is sensitive to economic fluctuations. In the previous financial year, we have seen the world grappling with a global recession caused by various factors, including the aftermath of the COVID-19 pandemic, geopolitical tensions, and supply chain disruptions. Simultaneously, inflation has been on the rise in many parts of the world, putting additional pressure on businesses and consumers alike. The global recession has led to a decrease in consumer confidence and discretionary spending. Consumers are more cautious about their purchases, particularly in non-essential categories like fashion. This has resulted in lower sales for fashion retailers, especially those catering to higher-end markets. In this challenging economic environment, fashion retailers must adapt and innovate to thrive.

Despite the overall challenging environment surrounding the fashion retail industry, the Dyeing Division was able to maintain its gross turnover at Rs. 4,527 million in current period as compared to turnover of Rs. 4,488 million in comparative period. Gross profit was increased to Rs. 1,007 million from Rs. 771 million in the corresponding period of last financial year, an increase of 31% year on year. It is crucial to complement this with strategies aimed at achieving sustainable growth through increased sales volumes, diversification, and effective risk management. The industry's ability to innovate and respond to these challenges will determine its resilience and growth in the coming years.

### Genertek Division

The Genertek division is prone to certain challenges. On the electricity side, the Government of Pakistan discontinued providing electricity at a reduced rate as part of its competitive relief package. Consequently, the Genertek Division is using natural gas to the extent of allowed quota to generate electricity and the balance electricity requirement is fulfilled from the national grid at higher cost. The natural gas price

also leaves the Genertek Division vulnerable to swift depreciation of exchange rate. These factors have significantly increased the challenges in maintaining competitive energy cost. The management is striving hard to tackle these challenges and focusing on positive developments in alternate fuels including but not limited to bio-fuel based steam turbine.

For steam generation, the division has diversified its fuel input requirements towards non-conventional green biofuels which are cleaner, cheaper & environment friendly.

### Future Outlook

The textile industry in Pakistan is facing a multitude of challenges that are making it increasingly difficult to compete both regionally and globally. These hurdles include reduced global demand, surging inflation, the high cost of operations, expensive imports, inadequate raw materials, ongoing currency fluctuations, and elevated government taxation. As a result, many small and medium-sized textile businesses are being forced to shut down. In contrast, larger and vertically integrated production facilities are demonstrating resilience in this challenging environment. Despite these difficulties, industry management remains optimistic about achieving profitability by prioritizing cost-saving measures and actively advocating for supportive government policies.

To achieve sustainable growth and manage the trade deficit effectively, the government must prioritize export-oriented sectors. This involves providing regionally competitive energy tariffs for electricity and ensuring a consistent supply of Re-Gasified Liquefied Natural Gas (RLNG). These strategic measures not only enhance the competitiveness of Pakistani products in international markets but also stimulate investment, economic growth, and job creation, ultimately benefiting the country's economy as a whole. Additionally, while the depreciation of the PKR benefits exporters to some extent, it's important to note that increasing imported raw cotton / yarn, dyes and chemicals costs and finance cost on additional working capital due to devaluation of currency continue to offset most of these gains.

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

Concerning the company's operations, a concerted effort is being made to maintain cost efficiency through strategies such as optimizing capacity utilization, rationalizing expenses, and implementing an effective bio-mass procurement strategy. The company is committed to expanding its footprint with the goal of generating greater wealth for the benefit of its shareholders. The management team is also fully focused on minimizing the effects of the global slowdown in demand amid recessive pressures. The planned order position for rest of the FY-24 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:  
October 26, 2023

Amir Fayyaz Sheikh  
Chief Executive



Imrat Amir Fayyaz  
Director

The background of the cover page is a grayscale image of various financial charts and documents. In the foreground, a smartphone is positioned on the left side, displaying a line graph. The main title and subtitle are overlaid on a blue horizontal band. The overall aesthetic is professional and data-oriented.

# FINANCIAL STATEMENTS

For the Quarter ended 30 September 2023

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	Note	Un-audited 30 September 2023 Rupees	Audited 30 June 2023 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorized share capital</b>			
220,000,000 (30 June 2023: 220,000,000) ordinary shares of Rupees 10 each		2,200,000,000	2,200,000,000
30,000,000 (30 June 2023: 30,000,000) preference shares of Rupees 10 each		300,000,000	300,000,000
		<u>2,500,000,000</u>	<u>2,500,000,000</u>
<b>Issued, subscribed and paid-up share capital</b>			
50,911,011 (30 June 2023: 50,911,011) ordinary shares of Rupees 10 each		509,110,110	509,110,110
<b>Capital reserves</b>			
Share premium reserve		213,406,310	213,406,310
Fair value reserve		13,980,230	13,980,230
Surplus on revaluation of operating fixed assets - net of tax		2,481,059,594	2,493,164,645
<b>Revenue reserves</b>			
General reserve		788,199,282	788,199,282
Accumulated profit		4,266,267,115	3,871,599,693
<b>Total equity</b>		<u>8,272,022,641</u>	<u>7,889,460,270</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term financing - secured	4	1,265,043,348	1,397,727,507
Deferred liabilities		361,933,703	359,694,174
Deferred income - Government grant		158,447,663	168,636,391
		<u>1,785,424,714</u>	<u>1,926,058,072</u>
<b>Current liabilities</b>			
Trade and other payables		4,496,994,343	4,751,498,857
Accrued mark-up		200,219,664	278,033,136
Short term borrowings - secured		7,148,373,571	7,280,650,382
Current portion of non-current liabilities		469,082,802	500,906,713
Provision for taxation - net		20,987,273	14,809,226
Unclaimed dividend		7,440,570	7,440,570
		<u>12,343,098,223</u>	<u>12,833,338,884</u>
<b>Total liabilities</b>		<u>14,128,522,937</u>	<u>14,759,396,956</u>
<b>Contingencies and commitments</b>			
	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>22,400,545,578</u>	<u>22,648,857,226</u>

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



AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE



IMRAT AAMIR FAYYAZ  
DIRECTOR

	Note	Un-audited 30 September 2023 Rupees	Audited 30 June 2023 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	6	9,081,282,967	9,066,735,430
Intangible asset	7	-	-
Investment property		1,981,607	1,981,607
Long term investments		23,622,579	23,622,579
Long term loans		12,252,967	13,101,665
Long term deposits		91,688,103	80,913,312
		<u>9,210,828,223</u>	<u>9,186,354,593</u>
<b>Current assets</b>			
Stores, spares and loose tools		1,007,958,049	904,931,947
Stock-in-trade		5,902,602,552	5,545,414,912
Trade debts		3,205,838,025	3,717,817,750
Loans and advances		230,783,975	191,893,091
Short term deposits and prepayments		61,066,426	25,481,638
Other receivables		39,384,563	39,879,720
Sales tax recoverable		2,080,003,507	2,214,510,057
Short term investments		177,126,275	383,859,900
Cash and bank balances		484,953,983	438,713,618
		<u>13,189,717,355</u>	<u>13,462,502,633</u>
<b>TOTAL ASSETS</b>		<u><u>22,400,545,578</u></u>	<u><u>22,648,857,226</u></u>



KAMRAN SHAHID  
CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2023

	Note	30 September 2023 Rupees	30 September 2022 Rupees
REVENUE		7,572,530,796	6,786,706,071
COST OF SALES	8	(6,056,378,318)	(5,410,661,459)
GROSS PROFIT		1,516,152,478	1,376,044,612
DISTRIBUTION COST		(349,906,220)	(371,015,891)
ADMINISTRATIVE EXPENSES		(206,317,854)	(142,761,128)
OTHER EXPENSES		(71,956,199)	(233,777,010)
		(628,180,272)	(747,554,029)
		887,972,206	628,490,583
OTHER INCOME		49,889,861	34,827,967
PROFIT FROM OPERATIONS		937,862,067	663,318,550
FINANCE COST		(474,776,141)	(189,297,105)
PROFIT BEFORE TAXATION		463,085,926	474,021,445
TAXATION		(80,523,555)	(68,222,788)
PROFIT AFTER TAXATION		382,562,371	405,798,657
EARNINGS PER SHARE - BASIC AND DILUTED		7.51	7.97

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



AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE



IMRAT AAMIR FAYYAZ  
DIRECTOR



KAMRAN SHAHID  
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME** (UN-AUDITED)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2023

	30 September 2023 Rupees	30 September 2022 Rupees
<b>PROFIT AFTER TAXATION</b>	382,562,371	405,798,657
<b>Items that will not be reclassified to profit or loss:</b>		
Surplus / (deficit) arising on remeasurement of investment at fair value through other comprehensive income	-	-
Deferred income tax relating to this item	-	-
Surplus on revaluation of operating fixed assets	-	-
Deferred income tax relating to this item	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>	-	-
<b>Other comprehensive income / loss for the period - net of tax</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>382,562,371</b>	<b>405,798,657</b>

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



AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE



IMRAT AAMIR FAYYAZ  
DIRECTOR



KAMRAN SHAHID  
CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE QUARTER ENDED 30 SEPTEMBER 2023

Note	30 September 2023 Rupees	30 September 2022 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	463,085,925	474,021,445
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation on operating fixed assets	125,027,476	96,002,319
Dividend income	-	(2,317,759)
Gain on sale of operating fixed assets	(3,616,763)	(18,282,009)
Amortization of deferred grant	(10,059,582)	-
Adjustment due to impact of IFRS - 9	15,008,347	4,593,944
Finance cost	459,767,793	184,703,160
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL CHANGES</b>		
	1,036,087,796	738,721,100
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(103,026,102)	(47,650,485)
Stock-in-trade	(357,187,640)	(545,800,304)
Trade debts	511,979,725	(722,088,876)
Loans and advances	(38,890,884)	(225,881,805)
Short term deposits and prepayments	(35,584,788)	(32,272,259)
Other receivables	495,157	8,021,346
Sales tax recoverable	134,506,550	(43,706,708)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(331,042,330)	887,521,480
<b>EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES</b>		
	(218,750,312)	(721,857,611)
<b>CASH GENERATED FROM OPERATIONS</b>		
	817,337,484	16,863,489
Income tax paid	(75,378,591)	(71,780,990)
Long term deposits	(10,774,791)	-
Long term loan received	848,698	1,684,031
Finance cost paid	(516,888,162)	(177,498,417)
	(602,192,846)	(247,595,376)
<b>NET CASH GENERATED/ (USED IN) OPERATING ACTIVITIES</b>		
	215,144,638	(230,731,887)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment	(140,788,760)	(347,960,064)
Investment disposed of	206,733,625	43,721,248
Proceeds from sale of operating fixed assets	4,830,509	49,647,950
Dividend received	-	2,317,759
	70,775,374	(252,273,107)
<b>NET CASH GENERATED/ (USED IN) INVESTING ACTIVITIES</b>		
	70,775,374	(252,273,107)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances obtained	-	211,800,000
Repayment of long term financing	(107,333,344)	(127,065,418)
Short term borrowings - net	(132,346,303)	177,474,008
	(239,679,647)	262,208,590
<b>NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES</b>		
	(239,679,647)	262,208,590
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	46,240,365	(220,796,404)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		
	438,713,618	606,150,630
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
	484,953,983	385,354,226

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



AAMIR FAYYAZ SHEIKH  
CHIEF EXECUTIVE



IMRAT AAMIR FAYYAZ  
DIRECTOR



KAMRAN SHAHID  
CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

## FOR THE QUARTER ENDED 30 SEPTEMBER 2023

	Reserves										TOTAL EQUITY
	SHARE CAPITAL			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	Revenue Reserves	Sub Total		
RUPEES											
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		
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	(13,101,842)	(13,101,842)	(13,101,842)	-	13,101,842	13,101,842	-		
Profit for the quarter ended 30 September 2022	-	-	-	-	-	-	405,798,657	405,798,657	405,798,657		
Other comprehensive income for the quarter ended 30 September 2022	-	-	-	-	-	-	-	-	-		
Total comprehensive income for the quarter ended 30 September 2022	-	-	-	-	-	-	405,798,657	405,798,657	405,798,657		
Balance as at 30 September 2022 - (Un-audited)	509,110,110	213,406,310	15,225,957	2,550,904,587	2,779,536,854	788,199,282	2,332,572,911	3,120,772,193	6,409,419,157		
Transaction with owners - Final dividend for the year ended 30 June 2022 @ Rupees 2.00 per share	-	-	-	-	-	-	(101,822,022)	(101,822,022)	(101,822,022)		
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	-	(38,860,455)	(38,860,455)	-	38,860,455	38,860,455	38,860,455		
Transferred from surplus on revaluation on disposal of operating fixed assets - net of tax	-	-	-	(6,275,528)	(6,275,528)	-	6,275,528	6,275,528	6,275,528		
Profit for the nine months ended 30 June 2023	-	-	(1,245,727)	(12,603,959)	(13,849,686)	-	1,595,712,821	1,595,712,821	1,595,712,821		
Other comprehensive loss for the nine months ended 30 June 2023	-	-	(1,245,727)	(12,603,959)	(13,849,686)	-	1,595,712,821	1,595,712,821	1,595,712,821		
Total comprehensive income for the nine months ended 30 June 2023	-	-	(1,245,727)	(12,603,959)	(13,849,686)	-	1,595,712,821	1,595,712,821	1,581,863,135		
Balance as at 30 June 2023 - (audited)	509,110,110	213,406,310	13,980,230	2,493,164,645	2,720,551,185	788,199,282	3,871,599,693	4,659,798,975	7,889,460,270		
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	-	(12,105,051)	(12,105,051)	-	12,105,051	12,105,051	12,105,051		
Profit for the quarter ended 30 September 2023	-	-	-	-	-	-	382,562,371	382,562,371	382,562,371		
Other comprehensive income for the quarter ended 30 September 2023	-	-	-	-	-	-	382,562,371	382,562,371	382,562,371		
Total comprehensive income for the quarter ended 30 September 2023	-	-	-	-	-	-	382,562,371	382,562,371	382,562,371		
Balance as at 30 September 2023 - (Un-audited)	509,110,110	213,406,310	13,980,230	2,481,059,594	2,708,446,134	788,199,282	4,266,267,115	5,054,466,397	8,272,022,641		

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

*A. T.*

**AAMIR FAYYAZ SHEIKH**  
CHIEF EXECUTIVE

*Imrat*

**IMRAT AAMIR FAYYAZ**  
DIRECTOR

*Kamran*

**KAMRAN SHAHID**  
CHIEF FINANCIAL OFFICER

# SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)

FOR THE QUARTER ENDED 30 SEPTEMBER 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. 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 2023.

## 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 2023.

## 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 2023.

	Un-audited 30 September 2023 Rupees	Audited 30 June 2023 Rupees
<b>4. LONG TERM FINANCING - SECURED</b>		
Opening balance	1,785,962,840	1,658,623,951
Add: Obtained during the period / year	-	788,172,000
Add: Adjustment due to impact of IFRS - 9 during the period / year	15,008,347	52,575,596
Less: Deffered Income-Government Grant recognized during the period / year	-	243,132,708
Less: Repaid during the period / year	107,333,344	470,275,999
	<u>1,693,637,843</u>	<u>1,785,962,840</u>
Less: Current portion shown under current liabilities	428,594,495	388,235,333
	<u>1,265,043,348</u>	<u>1,397,727,507</u>

## 5. CONTINGENCIES AND COMMITMENTS

5.1 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 2023.

### 5.2 Commitments

- (i) Aggregate commitments for capital and revenue expenditures are amounting to Rupees NIL and Rupees 131.909 million (30 June 2023: Rupees 39.836 million and Rupees 104.868 million) respectively.
- (ii) Post dated cheques issued to suppliers are amounting to Rupees 1,927.979 million (30 June 2023: Rupees 1007.791 million).

	Un-audited 30 September 2023 Rupees	Audited 30 June 2023 Rupees
<b>6. FIXED ASSETS</b>		
<b>Property, plant and equipment</b>		
Operating fixed assets (Note 6.1)	8,484,810,969	8,415,815,628
Capital work-in-progress (Note 6.2)	596,471,999	650,919,802
	<u>9,081,282,967</u>	<u>9,066,735,430</u>
<b>6.1 Operating fixed assets</b>		
Opening net book value	8,415,818,891	7,147,998,805
Add: Cost of additions during the period / year (Note 6.1.1)	195,233,300	1,834,708,013
	<u>8,611,052,191</u>	<u>8,982,706,818</u>
Less: Book value of deletions during the period / year (Note 6.1.2)	1,213,746	103,900,075
Less: Depreciation charged during the period / year	125,027,476	462,987,852
Add: Surplus on revaluation	-	-
Closing net book value	<u>8,484,810,969</u>	<u>8,415,818,891</u>

	Un-audited 30 September 2023 Rupees	Audited 30 June 2023 Rupees
<b>6.1.1 Cost of additions</b>		
Factory building	5,044,134	241,692,482
Freehold Land	164,400,325	29,332,905
Plant and machinery	-	1,349,008,142
Electric installations	718,171	72,333,439
Furniture, fixtures and equipment	-	11,969,683
Computers	22,569,310	12,214,492
Motor vehicles	2,501,360	118,156,869
	<u>195,233,300</u>	<u>1,834,708,013</u>
<b>6.1.2 Book value of deletions</b>		
Plant and machinery	-	67,463,531
Factory building	-	23,503,503
Motor vehicles	1,213,746	12,933,041
	<u>1,213,746</u>	<u>103,900,075</u>
<b>6.2 Capital work-in-progress</b>		
Buildings	526,072,125	470,673,798
Plant and machinery	16,971,649	166,252,149
Advance against purchase of land	-	-
Electric Installation	7,158,217	3,661,545
Advances for capital expenditures	5,689,355	-
Advance against purchase of vehicle	-	5,386,000
Compressor	27,777,260	-
Stores held for capital expenditures	12,803,393	4,946,310
	<u>596,471,999</u>	<u>650,919,802</u>

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

## 8. COST OF SALES

	Un-audited 30 September 2023 Rupees	Un-audited 30 September 2022 Rupees
Raw material consumed	4,742,477,687	4,215,909,771
Chemicals consumed	452,830,450	402,989,242
Salaries, wages and other benefits	307,915,574	223,685,720
Employee's provident fund contributions	16,726,019	7,677,305
Cloth conversion and processing charges	28,629,303	44,317,800
Fuel, oil and power	640,179,578	509,603,251
Stores, spares and loose tools consumed	114,894,902	62,125,161
Packing materials consumed	45,602,601	34,409,023
Repair and maintenance	37,151,987	20,044,042
Insurance	12,009,091	9,714,524
Other manufacturing expenses	48,232,618	29,100,634
Depreciation on operating fixed assets	118,348,198	79,652,619
	<u>6,564,998,008</u>	<u>5,639,229,092</u>
Work-in-process inventory		
Opening stock	659,146,612	447,555,892
Closing stock	(800,908,813)	(521,427,048)
	<u>(141,762,201)</u>	<u>(73,871,156)</u>
Cost of goods manufactured	<u>6,423,235,807</u>	<u>5,565,357,936</u>
Cost of yarn and cloth purchased for resale	23,942,917	81,905,672
	<u>6,447,178,724</u>	<u>5,647,263,608</u>
Finished goods inventory		
Opening stock	2,945,315,056	2,068,681,756
Closing stock	(3,336,115,462)	(2,305,283,905)
	<u>(390,800,406)</u>	<u>(236,602,149)</u>
	<u>6,056,378,318</u>	<u>5,410,661,459</u>

## 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.

	Weaving Rupees	Dyeing Rupees	Power Generation Rupees	Total-Company Rupees
<b>9.2 Quarter ended 30 September 2023</b>				
Total Sale	5,059,730,453	4,526,762,910	605,357,578	10,191,850,941
Intersegment Sale	(1,814,720,079)	(199,242,488)	(605,357,578)	(2,619,320,145)
External Sale	3,245,010,374	4,327,520,422	-	7,572,530,796
Profit from operation before taxation and unallocated income / expense	180,950,041	748,129,508	80,738,721	1,009,818,266
Other income and expense-net				(71,956,199)
Profit from operations				937,862,067
Finance Cost				(474,776,141)
Taxation				(80,523,555)
Profit after taxation				382,562,371

	Weaving Rupees	Dyeing Rupees	Power Generation Rupees	Total-Company Rupees
<b>Quarter ended 30 September 2022</b>				
Total Sale	3,844,129,123	4,488,282,500	313,493,571	8,645,905,194
Intersegment Sale	(1,448,186,783)	(97,518,769)	(313,493,571)	(1,859,199,123)
External Sale	2,395,942,340	4,390,763,731	-	6,786,706,071
Profit/(loss) from operation before taxation and unallocated income / expense	435,871,446	489,629,078	(28,404,963)	897,095,561
Other income and expense-net				(233,777,010)
Profit from operations				663,318,551
Finance Cost				(189,297,105)
Taxation				(68,222,788)
Profit after taxation				405,798,658

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

## 10. 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 30 September 2023 Rupees	Un-audited 30 September 2022 Rupees
Remuneration paid to Chief Executive Officer, Directors and Executives	73,742,811	42,037,140
Contribution to employees' provident fund trust	22,373,592	11,210,876

## 11. 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 2023.

## 12. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the company proposed a cash dividend for the year ended 30 June 2023 of Rupees 3.00 per share. (2022: Rs 2.00 per share ) on their meeting held on 20 September 2023.

## 13. AUTHORIZED FOR ISSUE

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

## 14. AUTHORIZED FOR ISSUE

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  
CHIEF EXECUTIVE



IMRAT AAMIR FAYYAZ  
DIRECTOR



KAMRAN SHAHID  
CHIEF FINANCIAL OFFICER



**Kohinoor  
Mills Limited**

**8 Kilometer  
Manga Raiwind Road  
District Kasur, Pakistan.**