

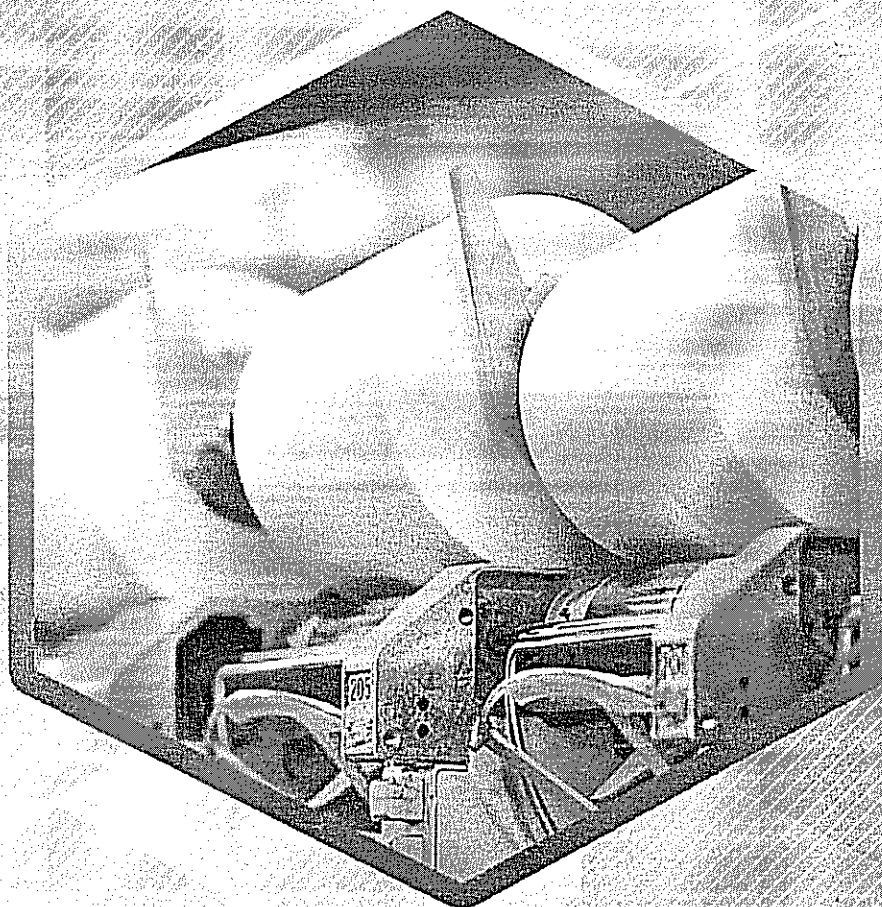
Annual Report

AUDITED

For the Year Ended
June 30, 2022



Kohinoor Spinning Mills Limited



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COMPANY INFORMATION

BOARD OF DIRECTOR

Khawaja Mohammad Jahangir	(Chairman)
Mohammad Naveed	(Chief Executive)
Khawaja Mohammad Tanveer	(Director)
Khawaja Mohammad Kaleem	(Director)
Mohammad Hamza Yousaf	(Director)
Aqsa Jahangir	(Director)
Faisal Qaiyum	(Independent Director)
Fiza Farhan	(Independent Director)

AUDIT COMMITTEE

Faisal Qaiyum	(Chairman)
Khawaja Mohammad Kaleem	(Member)
Aqsa Jahangir	(Member)

HR & REMUNERATION COMMITTEE

Faisal Qaiyum	(Chairman)
Khawaja Mohammad Jahangir	(Member)
Khawaja Mohammad Kaleem	(Member)

CORPORATE SECRETARY

Hasan Ahmad Khan	ACA
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CHIEF FINANCIAL OFFICER

Mr. Muhammad Saeed Zafar	M.B.A
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BANKERS

Habib Metro Bank Limited
MCB Bank Limited
National Bank of Pakistan
Allied Bank of Pakistan
Meezan Bank Limited
Askari Bank Limited
Saudi Pak Industrial and Agricultural Investment Company

AUDITOR

Nasir Javaid Maqsood Imran
Chartered Accountants
Office # 17, 2nd Floor, Hill View Plaza,
Above Fresco Sweets, Blue Area,,
Islamabad, Pakistan.

CORPORATE & REGISTERED OFFICE

7/1-E-3 Main Boulevard Gulberg III, Lahore
Tel : (042) 35717510
Fax : (042) 35755760

SHARE REGISTRARS

Corplink (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel : (042) 35839182
Fax : (042) 35869037

MILLS

Unit I & II

Aminabad, Chakwal
Tel : (0543) 644254 – 644281

Unit III

Yousaf Nagar, Bhoun Road,
Chakwal.
Tel: (0543)452070-71

VISION

A TEXTILE COMPANY THAT CATERS TO THE CLOTHING
NEEDS OF EVERYONE

MISSION

Kohinoor Spinning Mills Limited is a yarn manufacturing company
dedicated to provide premium quality yarn products to
the customers who value quality the most.

We intend to make profit to generate a sufficient return
for our investors.

We also maintain a friendly, fair and creative work environment,
which inculcates diversity, new ideas and diligence.

KOHINOOR SPINNING MILLS LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 50th Annual General Meeting of **KOHINOOR SPINNING MILLS LIMITED** will be held on Friday, October 28, 2022 at 9:00 a.m. at 7/1 E-3 Main Boulevard Gulberg-III, Lahore to deal with the following matters :-

1. To confirm the minutes of Extra ordinary General Meeting (EOGM) held on April 11, 2022.
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2022 together with the reports of directors and auditors thereon.
3. To appoint auditors for the year ending June 30, 2023 and to fix their remuneration.
4. To transact any other business which may be brought forward with the permission of the Chair.

BY ORDER OF THE BOARD
HASSAN AHMAD KHAN
Company Secretary

Lahore:
October 07, 2022

BOOK CLOSURE

The Member's Register will remain closed from October 22, 2022 to October 28, 2022 (both days inclusive).

NOTES:

1. A member entitled to attend the meeting may appoint another member as his/her proxy to attend the meeting of him/her behalf. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.
2. The beneficial owner of the shares of the company in the central depository system of the CDC or his/her proxy entitled to attend this meeting shall produce his/her original CNIC or passport to prove the identity. CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.
3. Transfer received in order by the close of business hours on October 21, 2022 will be treated in time. The same or any change in address, if any, alongside valid copy of CNIC for filing annual return of company be sent to our share registrar M/s Corp link (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel. 042-35839182.
4. In terms of SECP,s SRO 787(1)/2014, members can now receive audited financial statements alongside notice of AGM electronically through email. Therefore members (physical or CDC shareholders) who are interested in receiving the same are required to send their email addresses and consent for electronic transmission to share registrar of the company or directly to their broker (participant)/CDC investor account services, as the case may be.
5. The company has also placed the audited financial statements for the year ended June 30, 2022 alongside directors and auditor's report thereon on its website <http://www.kohinoorspinningmills.com>
6. In pursuance of SECP circular regarding Regulatory relief to dilute impact of Covid-19. The entitled shareholders interested in attending the annual general meeting (AGM) through video link facility "ZOOM" are requested to get themselves registered with the company secretary at least two working

day before the holding of the time of AGM at email ksmcorporate@chakwalgroup.com.pk All possible safety members shall be taken in respect of Covid-19 and relevant SOPs shall be strictly followed.

7. If the Company receives consent from the members holding at least 10% shareholding residing in a city, to participate in the meeting through video-link at least 07 days prior to date of the meeting, the Company will arrange facility of video-link in that city subject to availability of such facility in that city. The Company will intimate members regarding venue of the video-link facility at least five days before the date of the general meeting alongwith complete information necessary to enable them to access the facility.

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

I/We.....of.....being a member of Kohinoor Spinning Mills Limited, holder of ordinary shares as per Registered Folio No./CDC A/C #hereby opt for video conference facility at.....
.....

Signature of Member

8. Members are requested to promptly notify the Company of any change in their registered address.

کوہ نور سپینگ ملز لمیٹڈ

اطلاع برائے سالانہ اجلاس عام

- بذریعہ نوٹس ملاحظہ کیا جاتا ہے کہ نو اسپینگ ملز لمیٹڈ کے 50 واں سالانہ اجلاس عام بروز جمعہ 27 اکتوبر 2022 کو بوقت 09:00 بجے صبح 03:37 E-3 میں بیورو دار ڈی جی بکرگ-111 لاہور میں منعقد ہو رہا ہے جس میں مندرجہ ذیل امور طے پائے جائیں گے۔
- عمومی کارروائی:
- 1- 11 اپریل 2022 کو منعقدہ سالانہ غیر معمولی اجلاس عام کی کارروائی کی توثیق کرنا۔
 - 2- سالانہ تقسیمہ 30 جون 2022 کیلئے کمپنی کے آڈٹ شدہ حسابات، ڈائریکٹرز اور ڈیڑی کی رپورٹس کے ساتھ وصول کرنا اور غور و خوض کرنا اور اختیار کرنا۔
 - 3- 30 جون 2023 کو ختم ہونے والے سال کیلئے آڈیٹرز کا تقرر اور معاوضہ طے کرنا۔
 - 4- صاحب مدد کی اجازت سے دیگر عمومی امور۔

حسب الحکم یورڈ
حسن احمد خان
کمپنی سیکریٹری

لاہور
موردہ 07 اکتوبر 2022ء

کتابی بیئڈش:

- شیر ذریعہ نوٹس کی بندش مہران کی شیر ذریعہ نوٹس 22 اکتوبر 2022 تا 28 اکتوبر 2022 (بشمول دونوں ایام) بند رہیں گی۔
- 1- کوئی بھی ممبر جو اجلاس بندش شرکت کرنے اور ووٹ دینے کا حق دار ہے اجلاس میں شریک ہونے اور ووٹ دینے کیلئے اپنا پاسکی مقرر کر سکتا / کر سکتی ہے۔ کھل پر پاسکی فارم کمپنی رجسٹرار آفس یا رجسٹری آفس میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل موصول ہو جانے چاہئیں۔
 - 2- سی ڈی ای کے انفرادی مالک جو اس اجلاس میں شرکت کے اور ووٹ ڈالنے کے اہل ہیں اپنی شناخت کیلئے اپنا اصل کیپیڈرا نڈ توئی شناختی کارڈ یا پاسپورٹ، اکاؤنٹ اور شناختی کارڈ ساتھ لائیں اور پاسکی کی صورت میں اپنے کیپیڈرا نڈ توئی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل منسلک کریں۔ کارپوریٹ مہران کو اس مقصد کیلئے معمول کے مطابق دستاویزات پیش کرنی ہوں گی۔ سی ڈی ای اکاؤنٹ اسب اکاؤنٹ ہولڈرز کو کیوریٹی ایجنسی کنٹیکشن آف پاکستان کے 26 جنوری 2000 کو جاری کردہ ہدایات کی مراد پوری کرنا ہوگی۔
 - 3- 21 اکتوبر 2022 تک کاروباری وقت میں موصول ہونے والے ڈیڑی نوٹس کو ضرورت میں کیا جائے گا۔ کمپنی کے سالانہ گوشواروں کے اندراج کے لیے چوں میں تبدیلی یا موجود ہونے کی صورت میں اپنی کارآمد CNIC کی کاپی کے ہمراہ کمپنی کے شیر رجسٹرار کارپوریشن پرائیویٹ لمیٹڈ، ڈیگ آر کیڈ، ماڈل ٹاؤن لاہور فون نمبر: 042-35839182 کو ارسال کریں۔
 - 4- SRO 787(1)/2014 SECP کی پیروی میں مہران کو آڈٹ شدہ مالی حسابات، مع سالانہ اجلاس عام کے نوٹس ایگزیکٹو بلڈ ذریعہ ای میل وصول کرنے کا اختیار دیا ہے۔ لہذا مہران (فیزیکل یا GDC شیر ہولڈرز) جو دلچسپی رکھتے ہوں اپنے ای میل ایڈریس اور ایگزیکٹو بلڈ ذریعہ ای میل کی رضامندی کمپنی کے شیر رجسٹرار یا براہ راست اپنے بروکر (حصہ دار) CDCI انوسٹر اکاؤنٹ سروس کو ارسال کریں۔
 - 5- 30 جون 2022 چھٹمہ مالی سال کے آڈٹ شدہ مالی حسابات، مع ڈائریکٹرز اور ڈیڑی رپورٹ کمپنی کی ویب سائٹ <http://www.kohinoorspinningmills.com> پر دستیاب ہیں۔
 - 6- ایس ای سی بی کے کوویڈ-19 کے ریلیف کے بارے میں سرکلر کی پیروی میں جو خفاہند شخص اخص دار ویڈیو لنک "ZOOM" کے ذریعہ سالانہ جنرل اجلاس میں شرکت کرنا چاہتا ہے ان سے درخواست ہے کہ اس ای میل ایڈریس (kosmcorporate@chakwalgroup.com.pk) پر کمپنی سیکریٹری کیساتھ اندراج کروائیں۔ تمام مکمل شناختی اقدامات کو ویڈیو-19 کے بارے میں جاننے کے اور شناختی SOPs پڑھنے سے عمل کیا جائے گا۔
 - 7- کمپنی کے وہ مہران جن کے پاس کم از کم 10% حصص ہیں اور وہ ایک شہر میں رہتے ہیں اور اجلاس میں ویڈیو لنک کے ذریعے شرکت کرنا چاہتے ہیں کمپنی ان کے لئے شہر میں ویڈیو لنک کی سہولت مہیا کرنے کی بشرطیکہ شہر میں ایسی سہولت موجود ہو کہ کمپنی ممبر کو ویڈیو لنک کی سہولت سے متعلق سالانہ اجلاس کی تاریخ سے کم از کم پانچ دن پہلے مطلع کرنے کی تاکہ وہ اس سہولت سے فائدہ اٹھائیں اس سلسلے میں حصص داران سے درخواست ہے کہ مندرجہ بالا فارم پر کریں اور کمپنی کے رجسٹریٹر سے پر سالانہ اجلاس کی تاریخ سے سات دن پہلے ارسال کریں۔
- میں / ہم _____ کا _____ کوہ نور سپینگ ملز لمیٹڈ کا ممبر ہونے کے ناطے مالک ہوں _____ اور میرا رجسٹریڈ فوئیو نمبر / سی ڈی ای اکاؤنٹ نمبر _____ ہے اور میں ویڈیو لنک کی سہولت چاہتا ہوں _____

ممبر کے دستخط

8- ممبرز سے درخواست ہے کہ وہ کمپنی کو پے کی تبدیلی کے متعلق فوراً آگاہ کریں

REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF BOARD AND EFFECTIVENESS OF THE ROLE PLAYED BY THE BOARD IN ACHIEVING THE COMPANY'S OBJECTIVES

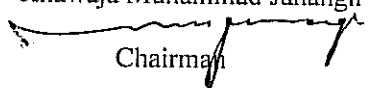
The Board of Directors (the Board) of Kohinoor Spinning Mills Limited (KOSM) has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Board achieved its objectives by performing the following functions:

- The Board has actively participated in strategic planning process, enterprise risk management system, policy development and financial structure, monitoring and approval;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the directors' report is published with the quarterly and annual financial statement of the Company and the content of the directors' report are in accordance with the requirement of applicable laws and regulations;
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary and Head of Internal Audit;
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.

Necessary Board agenda and related supporting documents were duly made available to the Board and its committee meetings. The non-executives and independent directors are equally involved in important decisions of the board.

The annual evaluation of the Board's performance is assessed based on the key areas where the Board requires clarity to provide high level oversight, including the strategic process; key business drivers and performing milestones, the global economic environment and competitive context in which the Company operates; the risks faced by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of KSML has played a key role in ensuring that the Company objectives are not only achieved, but also exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.

October 07, 2022

Khawaja Muhammad Jahangir

Chairman

بورڈ کی مجموعی کارکردگی اور کمپنی کے مقاصد کے حصول میں بورڈ کے مسوٹر کردار پر چیئرمین کی جائزہ رپورٹ

کوہ نور سپنگ ملز لمیٹڈ (KSML) کے بورڈ آف ڈائریکٹرز (بورڈ) نے کمپنی کے حصہ داروں کے بہترین مفاد کو برقرار رکھنے میں اپنی ذمہ داریاں تندی سے انجام دی ہیں اور کمپنی کے امور کو موثر اور بروقت انداز سے منظم کیا ہے۔ بورڈ نے کمپنیا ایکٹ اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں دیئے گئے اپنے اختیارات اور ذمہ داری کو بخوبی سرا انجام دیا ہے۔ بورڈ نے مندرجہ ذیل انجام دے کر اپنے مقاصد حاصل کئے۔

بورڈ نے اسٹریٹجک منصوبہ بندی کے عمل، ادارے کو لاحق خطرات کا انتظامی نظام، پالیسی ڈویلپمنٹ اور مالیات ساخت کی نگرانی اور منظوری میں فعال طور پر حصہ لیا ہے۔ سال بھر میں تمام اہم مسائل بورڈ یا اس کی کمیٹیوں کے روبرو کاروباری فیصلہ سازی کے عمل کو مضبوط بنانے کے لئے پیش کئے گئے اور خاص طور پر کمپنی کی طرف سے کئے گئے تمام متعلقہ پارٹی کے ساتھ لین دین کو آڈٹ کمیٹی کی سفارشات پر بورڈ نے منظوری دی۔

بورڈ نے اس بات کو یقینی بنایا ہے کہ اندرونی کنٹرول کا مناسب نظام موجود ہے اور خود تشخیصی طریقہ کار اور/یا انٹرنل آڈٹ سرگرمیوں کے ذریعے اس کی باقاعدگی سے جانچ پڑتال کی جاتی ہے۔ بورڈ نے مجلس نظام کی رپورٹ کی تیاری اور منظوری دی ہے اور اس بات کو یقینی بنایا ہے کہ مجلس نظام کی رپورٹ کمپنی کی سہ ماہی اور سالانہ مالیاتی حسابات کے ساتھ شائع ہوئی اور مجلس نظام کی رپورٹ کا مواد قابل اطلاق قوانین اور قواعد و ضوابط کے مطابق ہے۔

بورڈ نے چیف ایگزیکٹو آفیسر، کمپنی سیکرٹری اور انٹرنل آڈٹ کے سربراہ کی ملازمت اور معاوضہ سازی کو یقینی بنایا ہے۔ بورڈ نے اس کے اراکین کے درمیان بروقت طریقے سے تسلی بخش معلومات کے تبادلے کو یقینی بنایا اور بورڈ کے ممبران کو اجلاس کے درمیان ڈویلپمنٹ کے بارے میں لمحہ بہ لمحہ باخبر رکھا گیا ہے اور بورڈ نے کمپنی پر قابل اطلاق متعلقہ قوانین اور قواعد و ضوابط کی روشنی میں دیئے گئے اختیارات کے مطابق اپنے اختیارات کا استعمال کیا ہے اور بورڈ نے ہمیشہ بحیثیت ڈائریکٹرز اپنے اختیارات کے استعمال اور فیصلہ سازی کرنے کے برتاؤ میں تمام قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل کو ترجیح دی ہے۔

بورڈ اور اس کی ذیلی کمیٹی کی میٹنگ سے قبل از وقت ضروری ایجنڈا اور اس سے متعلق دستاویزات بورڈ کو مہیا کئے گئے۔ نان ایگزیکٹو اور آزاد ڈائریکٹرز بورڈ کے اہم فیصلوں میں برابر کے شریک ہیں۔ بورڈ کی سالانہ کارکردگی اہم شعبوں پر مبنی ہے جہاں بورڈ کو اعلیٰ درجے کی نگرانی مہیا کرنے بشمول اسٹریٹجک عمل، کلیدی کاروباری امور، سنگ میل کی تکمیل، عالمی معاشی ماحول اور مسابقتی سیاق و سباق جس میں کمپنی کام کرتی ہے، کمپنی کے کاروبار کو درپیش خطرات، بورڈ کے محرکات، صلاحیت اور معلومات مہیا کرنے کے لئے وضاحت دینے کی ضرورت ہوتی ہے۔ مذکورہ بالا کی بنیاد پر، یہ مناسب طور پر کہا جاسکتا ہے کہ KSML کے بورڈ نے اس بات کو یقینی بنانے میں اہم کردار ادا کیا ہے کہ کمپنی کے مقاصد کو نہ صرف حاصل کیا جاسکتا ہے، بلکہ بورڈ اور اس کے ارکان کی راہنمائی اور نگرانی کے ذریعہ

انتظامیہ ٹیم کی مشترکہ کوششوں کے ساتھ توقعات سے بھی آگے بڑھا جاسکتا ہے۔



خواجہ محمد جاوید

چیئرمین

لاہور

17 اکتوبر 2022

DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors have the honor to present annual report of your Company together with audited financial statements and auditors' report thereon for the year ended 30th June 2022.

Financial Performance:

Your Company has incurred after tax loss of Rs. 433.908 million as compared to after tax loss of Rs. 369.336 million for the corresponding last year. Our annual sales have been reduced from Rs. 2,807.075 million in financial year 2021 to Rs. 2,630.587 million in current financial year. Similarly, our net loss after tax has also been increased to (16.50 %). Main reasons for adverse results include rising raw material cost, low yarn demand in local and international market, exorbitant rise in salaries and fuel and power etc. We were unable to fetch reasonable yarn prices due to sluggish local yarn market.

(Loss) Per Share (EPS):

The Basic loss per share (EPS) of the Company for the year 2022 remained at Rs. 2.01 (2021: loss per share was Rs. 1.71).

Going Concern Assumption:

The auditors have emphasized that due to circumstances described in Note 1.2 to the financial statements the Company may not be able to continue as a going concern. However, the management has prepared the annexed financial statements on going concern basis due to reasons explained in Note 1.2 to the financial statements. The auditors have not qualified their opinion in this respect.

Future Outlook:

The world is going through a recessionary period because of the energy /fuel crisis and food inflation, the demand for textile has shrunk especially for the lower end segment of the society, so this year will be a year when we have to be extra cautious and try to save on profits that has been made rather than being speculative in trying to make money.

In Pakistan, unprecedented rains have seriously damaged the crops and so far the quality and quantity both seems much less than expected. We were anticipating a crop of 12 Mn bales, whereas, it now appears to be 6 to 7 Mn bales which is much less than the demand, which we feel is around 12 Mn bales or more, so we will need to import further 5 to 6 million bales which will be a tremendous task all in all to import and make this cotton available. Therefore, we foresee

that the spinning industry will go through a rough period because of shortage of Raw Material and also there is not much demand.

For the financial year 2021 the energy rates of USD 6/ MMBTU for Gas and 9 cents per unit for electricity impacted by fluctuations in exchange rates clubbed with shortage in gas supply / low pressures. Specially winters become challenging to keep energy cost at reasonable level as gas rate was USD 9/ MMBTU during winters with low gas supply. Energy rates have been fixed at USD 9 / MMBTU for Gas and cent 9 per unit for electricity w.e.f August 2022.

Even the tariff of July has been changed and bills paid at enhanced cost. A predictable, stable and compatible energy policy is required for improving business confidence levels and increase in investments in Industry.

The management is in correspondence with a bank for rescheduling of loan. If we succeed, we would further talk to other banks and try to reschedule all banking loans as early as possible.

Principal Activity:

The principal activity of the Company is manufacturing and sale of yarn.

Principal Risks and Uncertainties:

The Board of Directors is responsible to oversee the Company's operations and to devise an effective strategy to mitigate any potential adverse impact of risks.

Risk management is crucial to any business, which includes identification and assessment of various risks followed by coordinated application of resources, to economically minimize, monitor and control the impact of such risks and maximize the realization of opportunities. Management periodically reviews major financial and operating risks faced by the business. The Audit Committee is responsible for the Risk Management. The Company needs to remain vigilant for uncertainties created from risk factors resulting from local and international cotton production and supply availability, cotton pricing, additional covid pandemic waves, exchange rate fluctuations, US/China trading relations and Russia/Ukraine war that could have an impact on the future financial results of the Company.

Information about Defaults In Debt Payments:

All banks have filed recovery suit against the Company. The amount claimed in these suits have already been accounted for in financial statements. The reason for default in payments is liquidity crisis being faced by the Company for the last seven years. As already informed above, the management has started negotiation for rescheduling of loan with a bank. We are hopeful that the Company can manage issues with banks amicably without hurting the interest of shareholders.

Material Changes and Commitments:

No adverse material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.

Directors' Loan:

The directors are continuously injecting equity through directors' loan whenever funds' requirement arises. The purpose is to keep the mill operations running. However, one of the directors, has once again raised the issue of return of loan given by him. Keeping in view current distress cash flows, other directors have requested him to wait for sometime till Company's cash flows improve.

Internal Financial Controls:

A system of sound internal control is established and implemented at all levels of the Company by the Board of Directors. The system of internal control is sound in design for ensuring achievement of Company's objectives and operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

Related Parties

All related party transactions during the financial year ended June 30, 2022 were reviewed by the Audit Committee and approved by the Board of Directors. All the related parties' transactions in the ordinary course of business are entered on arm's length basis.

Composition of Board:**Total number of Directors (as at 30th June 2022):**

- a) Male: 6 (Six)
- b) Female: 2 (Two)

Composition:

- (i) Independent Directors: 2 (Two)
- (ii) Other Non-executive Directors 4 (Four)
- (iii) Executive Directors 2 (Two)

Name of Directors:

1. Khawaja Mohammad Jahangir (Chairman)
2. Khawaja Mohammad Tanveer
3. Khawaja Mohammad Kaleem
4. Mohammad Naveed (Chief Executive)
5. Mohammad Hamza Yousaf
6. Aqsa Jahangir
7. Faisal Qaiyum (Independent director)
8. Fiza Farhan (Independent director)

Committee of The Board

In compliance with the Code of Corporate Governance, the Board of directors had formed the following committees:

-Audit Committee

Faisal Qaiyum

Khawaja Muhammad Kaleem

Aqsa Jahangir

-HR & Remuneration Committee

Faisal Qaiyum

Khawaja Muhammad Jahangir

Khawaja Muhammad Kaleem

Auditors:

The present auditors of the Company have completed the annual audit for the year ended 30 June 2022 and are due to retire and being eligible have offered themselves for reappointment for the year ending 30 June 2023. The Audit Committee has recommended for re-appointment of present auditors.

Compliance with the Code of Corporate Governance:

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in its Listing Regulations have been adopted by the Company and have been duly complied with. A statement to this effect is annexed to the Report.

Corporate Governance & Financial Reporting Framework:

As required by the Code of Corporate Governance, Directors are pleased to report that:

- i) The financial statements prepared by the management of the Company present fair state of Company's operations, cash flows and changes in equity.
- ii) Proper books of account of the Company have been maintained.

- iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based upon reasonable and prudent judgment.
- iv) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements, and any departures there from has been adequately disclosed and explained.
- v) The system of internal control is sound in design and has been effectively implemented and monitored.
- vi) The audit observation ongoing concern has been disclosed in Note no 1.2 of the financial statements.
- vii) Key operating and financial data for the last six years is annexed.
- viii) Outstanding taxes and levis are given in the notes to the financial statements.
- ix) No adverse material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's Report.
- x) The company has neither declared dividend nor issued bonus shares because of loss sustained by the Company for the year ended 30th June 2022.
- xi) The Company is fully compliant with the requirement of Rule 5.19.7 (Directors' Training Program) of Pakistan Stock Exchange Regulation.

Pattern of Shareholding:

The pattern of shareholding as on 30th June 2022 and its disclosures as required in the Code of Corporate Governance is annexed with this report.

Corporate Social Responsibility:

The Company strongly believes in the integration of Corporate Social Responsibility into its business, and consistently endeavors to fulfill its responsibilities to uplift communities that are influenced by our business.

Web Reference:

In compliance with SRO 634 (1)/2014 dated July 10, 2014, the Company is maintaining a functional website. Annual, half yearly and quarterly reports and other notices are regularly posted at the Company's website address (<http://www.kohinoorspinningmills.com>).

Environment, Health and Safety:

We believe and understand that creating a healthy, safe and supportive environment helps people and organization to flourish. The Company places great emphasis on safety and is concerned not only with the over all health services activities with the Company but with its vendors also. The Company organized and conducted different trainings relating to Health and Safety environment to enhance employees awareness on Health and Safety Related Issues.

The company has conducive environment for its employees, to work free of injury and illness. The employees are capable and accountable for preventing work related injuries and illness.

Acknowledgement:

The Board of Directors places on record its appreciation for the continued support by its shareholders, and valued customers. The board also expresses its appreciation for the services, loyalty and efforts being continuously rendered by the employees of the Company.

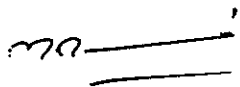
On behalf of the Board

Date: October 07, 2022

Lahore:

Muhammad Naveed

Khawaja Muhammad Jahangir


Chief Executive Officer


Chairman

حصہ داران کے لئے ڈائریکٹرز کی رپورٹ

ڈائریکٹرز آپ کی کمپنی کی 30 جون 2022ء پر ختم شدہ سالانہ رپورٹ بمعہ جانچ شدہ مالی حسابات اور آڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی کارکردگی:

آپ کی کمپنی کو پچھلے سال کے بعد ازیکس 369.336 ملین روپے کے خسارے کے مقابلے میں اس سال 433.908 ملین بعد ازیکس خسارہ ہوا ہے۔ ہماری سالانہ فروخت 2,807 ملین روپے معاشی سال 2021 سے کم ہو کر 2631 ملین روپے موجودہ معاشی سال میں ہو گئی ہے اسی طرح ہمارا حسابی نقصان بھی بڑھ کر %16.50 ہو گیا ہے۔ منفی نتائج کی بنیادی وجوہات میں خام مال کی بڑھتی ہوئی قیمت اور مقامی مارکیٹ میں سوت کی کم قیمت، تنخواہوں اور ایندھن اور بجلی میں بے تحاشا اضافہ، میل کی مینٹیننس میں غیر معمولی اضافہ وغیرہ شامل ہیں۔ ہم مقامی دھاگہ مارکیٹ سے سوت کی مناسب قیمتیں حاصل کرنے سے قاصر تھے۔

فی حصص خسارہ

کمپنی کا سال 2022 کے لئے بنیادی نقصان فی حصص خسارہ (EPS) 2.01 روپے پر رہا۔ (2021 فی حصص نقصان 1.71 روپے تھا)۔

کمپنی کے کاروبار جاری رکھنے کا مفروضہ

محاسب نے نوٹ 1.2 میں بیان کردہ حالات کی بنیاد پر زور دیا ہے کہ کمپنی شاید کاروبار جاری نہ رکھ سکے۔ تاہم منتظمین نے لف شدہ مالی حسابات کاروبار جاری رہنے کے مفروضے پر نوٹ 1.2 میں دی گئی وجوہات کی بنا پر تیار کئے ہیں۔ محاسب نے اس ضمن میں اعتراض نہیں لگایا۔

مجموعی جائزہ

دنیا کساد بازاری کے دور سے گزر رہی ہے کیونکہ توانائی/ ایندھن کے بحران اور غذائی افراط زر کی وجہ سے ٹیکسٹائل کی مانگ خاص طور پر معاشرے کے نچلے حصے کے لیے سکڑ گئی ہے، اس لیے یہ سال ایک ایسا سال ہو گا جب ہمیں زیادہ محتاط رہنا ہو گا۔ پیسہ کمانے کی کوشش میں قیاس آرائیوں کے بجائے کمائے گئے منافع کو بچانے کی کوشش کریں۔ پاکستان میں غیر معمولی بارشوں نے فصلوں کو شدید نقصان پہنچایا ہے اور اب تک معیار اور مقدار دونوں ہی توقعات سے بہت کم دکھائی دیتے ہیں۔ ہم 12 ملین گائٹھوں کی فصل کی توقع کر رہے تھے، جبکہ اب یہ 6 سے 7 ملین گائٹھیں لگ رہی ہیں جو کہ طلب سے بہت کم ہے، جو کہ ہمارے خیال میں تقریباً 12 ملین گائٹھیں یا اس سے زیادہ ہیں، اس لیے ہمیں مزید 5 سے 5 ملین گائٹھیں درآمد کرنے کی ضرورت ہوگی۔ 6 ملین گائٹھیں جو کہ اس روٹی کو درآمد کرنا اور دستیاب کرنا مجموعی طور پر ایک مشکل کام ہوگا۔ لہذا، ہم اندازہ لگا رہے ہیں کہ اسپینگ انڈسٹری خام مال کی قلت کی وجہ سے مشکل دور سے گزرے گی اور اس کی زیادہ مانگ بھی نہیں ہے۔

مالی سال 2021 کے لیے گیس کے لیے 6USD/MMBTU اور بجلی کے لیے 9 سینٹ فی یونٹ کی توانائی کی شرحیں گیس کی سپلائی میں کمی/کم پریشر کے ساتھ مل کر ایک پیچھے ریٹ میں اتار چڑھاؤ سے متاثر ہوتی ہیں۔ خاص طور پر سردیوں میں توانائی کی قیمت کو مناسب سطح پر رکھنا مشکل ہو جاتا ہے کیونکہ کم گیس سپلائی کے ساتھ سردیوں میں گیس کی شرح 9USD/MMBTU تھی۔ اگست 2022 سے گیس کے لیے توانائی کے نرخ 9USD/MMBTU اور بجلی کے لیے 9 سینٹ فی یونٹ مقرر کیے گئے ہیں۔ یہاں تک کہ جولائی کا ٹریف تبدیل کر دیا گیا ہے اور اضافی قیمت پر بل ادا کیے گئے ہیں۔ کاروباری اعتماد کی سطح کو بہتر بنانے اور صنعت میں سرمایہ کاری میں اضافے کے لیے ایک متوقع، مستحکم اور ہم آہنگ توانائی کی پالیسی کی ضرورت ہے۔

انتظامیہ قرض کے ری شیڈولنگ کے لیے بینک سے خط و کتابت کر رہی ہے۔ اگر ہم کامیاب ہو گئے تو ہم دوسرے بینکوں سے مزید بات کریں گے اور تمام بینکنگ قرضوں کو جلد از جلد شیڈول کرنے کی کوشش کریں گے۔

اولین سرگرمی

کمپنی کی اولین سرگرمی سوت کی پیداوار اور فروخت ہے۔

اولین خطرات اور خدشات

بورڈ آف ڈائریکٹرز کمپنی کی سرگرمیوں اور ممکنہ خطرات سے نمٹنے کے لئے موثر حکمت عملی وضع کرنے کا ذمہ دار ہے۔ کمپنی کی منڈی کی صورت حال کا مسلسل جائزہ لینے کی قابلیت، کمپنی کے خطرات کی روک تھام اور کمپنی کو مضبوط کرنے کے مواقع جب وہ پیش آئیں سے فائدہ اٹھانے کی ذمہ داری کو پورا کرتی ہے۔ کمپنی کے اولین مالی واجبات، طویل مدتی قرضے، تجارتی و دیگر

بورڈ کے ممبران:

(a) مرد: 6 (چھ)

(ب) عورت: 2 (دو)

کیوزیشن:

(i) آزاد ڈائریکٹرز: 2 (دو)

(ii) دیگر نان ایگزیکٹو ڈائریکٹرز: 4 (چار)

(iii) ایگزیکٹو ڈائریکٹرز: 2 (دو)

(b) خواتین: 02

۱۔ ڈائریکٹرز کی کل تعداد: (a) مرد=06

۲۔ بورڈ کے ممبران:

(a) خورقین ڈائریکٹرز=02

(b) دیگر نان ایگزیکٹو ڈائریکٹرز: 04

(c) ایگزیکٹو ڈائریکٹرز=02

ڈائریکٹرز کے نام:

1۔ خواجہ محمد جہانگیر (چیئرمین)

2۔ خواجہ محمد تنویر۔

3۔ خواجہ محمد کلیم۔

4۔ محمد نوید (چیف ایگزیکٹو)

5۔ محمد حمزہ یوسف

6۔ اقصیٰ جہانگیر۔

7۔ فیصل قیوم (آزاد ڈائریکٹر)

8۔ نضار خان (آزاد ڈائریکٹر)

بورڈ کی کمیٹی۔

کوڈ آف کارپوریٹ گورننس کی تعمیل میں، بورڈ آف ڈائریکٹرز نے مندرجہ ذیل کمیٹیاں تشکیل دی تھیں۔

آڈٹ کمیٹی

فیصل قیوم

خواجہ محمد کلیم

انسی جہانگیر۔

انسانی وسائل اور معاوضہ کمیٹی

فیصل قیوم

خواجہ محمد جہانگیر

خواجہ محمد کلیم

مزید معلومات کیلئے اوپر دیئے گئے "ڈائریکٹرز کا انتخاب" سے رجوع کریں۔

محاسب

کمپنی کے موجودہ محاسب نے 30 جون 2022 پر ختم شدہ سال کا سالانہ آڈٹ مکمل کر لیا ہے۔ موجودہ محاسب کی خدمات کمپنی کے سالانہ عام اجلاس میں واپس کر دی جائیں گی اور اہل ہونے

کے ناطے انہوں نے 30 جون 2022 پر اختتام پذیر ہونے والے سال کے لئے دوبارہ اپنی خدمات پیش کرنے کی خواہش ظاہر کی ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل:

کوڈ آف کارپوریٹ گورننس کی شرائط جو پاکستان سٹاک ایکچینج نے اپنے لسٹنگ کے اصولوں میں وضع کی ہیں کمپنی نے اختیار کی ہیں اور ان کی صحیح تعمیل کی ہے۔ اس کی تعمیل کا بیان رپورٹ کے ساتھ منسلک کیا گیا ہے۔

کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک:

کوڈ آف کارپوریٹ گورننس کے مطابق، ڈائریکٹرز یہ بتاتے ہوئے خوش محسوس کرتے ہیں کہ

(i) کمپنی کے منتظمین کی جانب سے تیار کردہ حسابات کمپنی کے معاملات، نقدی بہاؤ اور ایکویٹی میں تبدیلی کی شفافیت کو ظاہر کرتے ہیں۔

(ii) کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

(iii) مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں یکساں طور پر لاگو کی گئی ہیں اور اکاؤنٹنگ تخمینہ جات (estimates) مناسب اور دانش مندانہ فیصلوں پر مبنی ہیں۔

(iv) بین الاقوامی مالیاتی رپورٹنگ معلومات (IFRS)، جیسے کہ پاکستان میں قابل عمل ہیں، پر حسابات بناتے وقت عمل کیا گیا ہے اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔

(v) اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اس پر مؤثر طریقے سے عمل درآ مد اور نگرانی کی جاتی ہے۔

(vi) کمپنی کا کاروبار جاری رکھنے سے متعلق آڈٹ اعتراض کی تفصیل مالی حسابات کے نوٹ نمبر 1.2 میں دی گئی ہے۔

(vii) کمپنی کے گزشتہ چھ سالوں کے چلنے اور مالیات سے متعلق کلیدی اعداد و شمار منسلک کئے گئے ہیں۔

(viii) واجب الادائیکس، ڈیوٹی، محصول اور چارج مالی حسابات کے نوٹ میں درج کئے گئے ہیں۔

(ix) اس مالیاتی سال جس سے ان حسابات کا تعلق ہے کے اختتام سے لے کر ڈائریکٹر رپورٹ کی تاریخ تک حسابات پر اثر انداز ہونے والی کوئی اہم تبدیلی اور وعدے نہیں ہیں۔

(x) 30 جون 2022 پر اختتام پذیر ہونے والے سال کے دوران خسارہ کی وجہ سے کسی ڈیویڈنڈ کا اعلان اور بونس کا اجرا نہیں کیا گیا۔

(xi) کمپنی پاکستان سٹاک ایکسچینج کے اصولوں کے اصول نمبر 5.19.7 (ڈائریکٹروں کی ٹریڈنگ) پر پوری طرح عمل پیرا ہے۔

حصص کنندگان کی تفصیل

30 جون 2022 کی تاریخ میں کوڈ آف کارپوریٹ گورننس کے مطابق مطلوبہ تفصیل لف ہے۔

کارپوریٹ سماجی ذمہ داری:

کمپنی اپنی کارپوریٹ سماجی ذمہ داریوں سے مکمل طور پر آگاہ ہے اور سماجی بہبود کے لئے تسلسل کے ساتھ کوشش کرتی ہے خواہ سماج ہمارے کاروبار سے بالواسطہ یا بلاواسطہ اثر انداز ہو۔

ویب حوالہ:

2014(1)634 SRO تاریخ 10 جولائی 2014 کے تحت کمپنی کی ویب سائٹ www.kohinoorspinningmills.com فنکشنل ہے جس پر سالانہ ششماہی اور سہ ماہی

اکاؤنٹس اپ لوڈ کئے جاتے ہیں۔

ماحول، صحت اور حفاظت:

ہم یقین رکھتے ہیں اور سمجھتے ہیں کہ ایک صحت مند، محفوظ اور معاون ماحول بنانے سے لوگوں اور تنظیم کو پنپنے میں مدد ملتی ہے۔ کمپنی حفاظت پر بہت زور دیتی ہے اور نہ صرف کمپنی کے ساتھ بلکہ اس

کے گاہوں کے ساتھ صحت کی تمام سرگرمیوں سے متعلق ہے۔ کمپنی نے صحت اور حفاظت کے ماحول سے متعلق مختلف ٹریڈنگ کا اہتمام کیا اور ان کا انعقاد کیا تاکہ ملازمین کو صحت اور حفاظت سے

متعلقہ امور پر آگاہی بڑھائی جاسکے۔

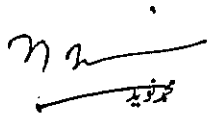
کمپنی اپنے ملازمین کے لیے سازگار ماحول رکھتی ہے کہ وہ چوٹ اور بیماری سے پاک کام کریں۔ ملازمین کام سے متعلقہ چوٹوں اور بیماری کو روکنے کے لیے قابل اور جوابدہ ہیں۔

اعتراف:

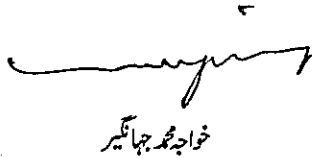
بورڈ آف ڈائریکٹرز اپنے حصص یافتگان اور قابل قدر گاہکوں کی جانب سے مسلسل تعاون کی تعریف کرتے ہیں۔ بورڈ کمپنی کے ملازمین کی خدمات، وفاداری اور کوششوں کی مسلسل تعریف کرنے کا

بھی اظہار کرتا ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے


محمد نوید

(چیف ایگزیکٹو آفیسر)

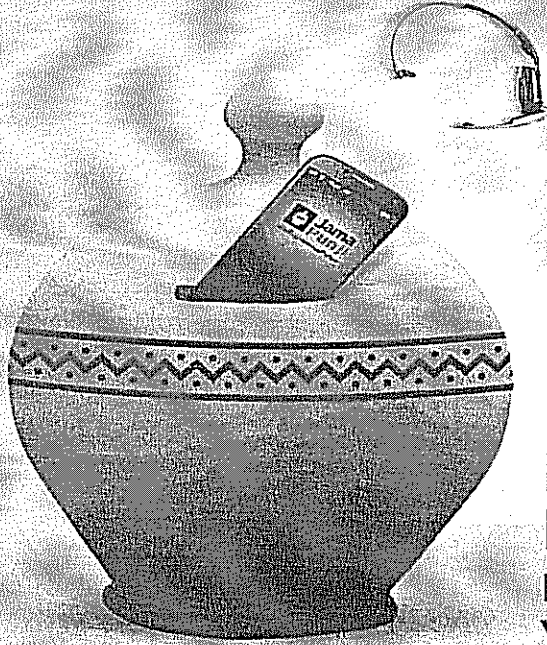

خواجہ محمد جہانگیر

(چیئرمین)

(تاریخ: 07 اکتوبر 2022ء)

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
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








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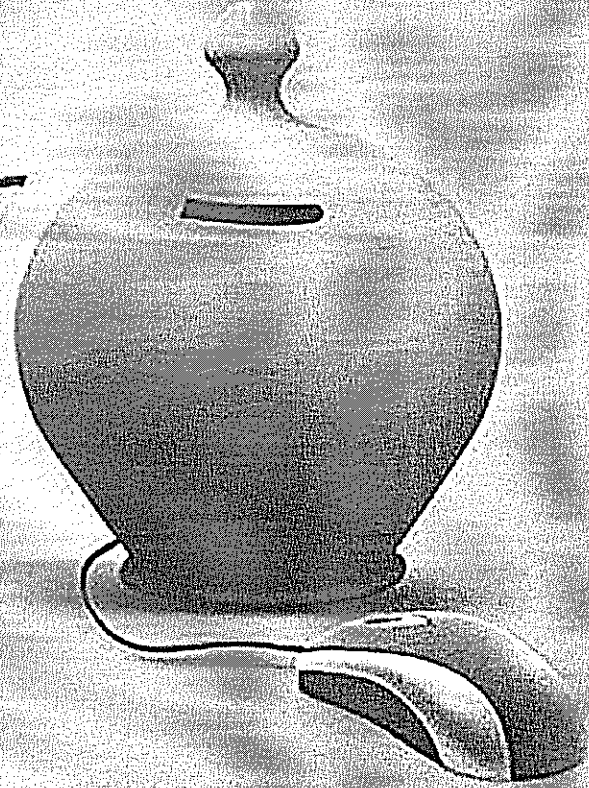
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جہاں رہیے، آگاہ رہیے

SECP کی جانب سے پیش ہے "منع پونجی" ایک ایسا ویب پورٹل جو آپ کو سرمایہ کاری سے متعلق ہر قسم کی معلومات فراہم کرتا ہے، تاکہ آپ ایک اچھی سرمایہ کاری کا فیصلہ کر سکیں۔ منع پونجی میڈیکل ٹینڈرز، ڈیشن ٹنڈرز، سٹاک ایکسچینج، کپٹل مارکیٹ، لیورجیج، گھنٹہ اور انویسٹ بینک وغیرہ میں سرمایہ کاری سے متعلق آپ کے سوالات کے جوابات فراہم کرتا ہے، اور ساتھ ہی آن لائن ٹولز کے ذریعے کمپلی می کیوں میں منافع بخش سرمایہ کاری کے سلسلے میں آپ کو رہنمائی بھی فراہم کرتا ہے۔

مفت آن لائن ٹولز:

- سکیم میٹر
- ہیک ٹریڈنگ
- پبلک پروفٹا بلر
- ڈیٹا سینٹر
- کیلکولیٹر
- نیڈ لیور سسٹم رپورٹنگ

کھیل ہی کھیل
میں سیکھیں
سرمایہ کاری کا پتہ



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KEY FINANCIAL DATA OF LAST SIX YEARS

		Year ended June 30					
		2022	2021	2020	2019	2018	2017
Profit and Loss Summary							
Sales-Net	Pak-Rs.	2,630,587,061	2,807,075,051	1,662,982,360	4,260,538,818	3,070,193,676	2,063,046,395
Gross (Loss)/Profit	Pak-Rs.	(269,065,048)	(213,386,403)	(134,845,574)	1,632,745	(165,293,612)	(380,244,852)
(Loss) after tax	Pak-Rs.	(433,908,135)	(369,335,887)	(245,041,618)	(339,402,784)	(414,618,270)	(720,905,747)
Balance Sheet Summary							
Share Capital	Pak-Rs.	1,078,571,425	1,078,571,425	1,078,571,425	1,078,571,425	1,078,571,425	650,000,000
Accumulated (Loss)	Pak-Rs.	(2,606,110,373)	(2,170,842,000)	(1,801,334,702)	(1,555,812,643)	(1,185,044,837)	(982,015,938)
Share Holder's Equity	Pak-Rs.	(1,527,538,948)	(1,092,270,575)	(722,763,277)	(477,241,218)	(106,473,412)	(332,015,938)
Non Current Liabilities (Excluding loan from directors)	Pak-Rs.	48,292,487	45,064,213	49,523,071	64,593,059	115,610,152	244,314,193
Loan From Directors	Pak-Rs.	968,254,259	575,210,259	503,649,521	470,149,521	438,376,521	1,000,526,516
Property, plant and Equipment	Pak-Rs.	1,512,275,386	1,594,114,680	1,652,107,503	1,738,573,442	1,821,121,203	1,913,004,745
Other Non Current Assets	Pak-Rs.	44,221,312	44,221,312	39,325,312	39,325,312	39,325,312	10,977,142
Total Assets	Pak-Rs.	3,031,830,674	2,618,028,990	2,824,856,050	2,899,859,631	3,018,021,074	3,183,195,343
Total Liabilities (Excluding loan from directors)	Pak-Rs.	3,591,115,363	3,135,089,305	3,043,969,806	2,906,951,328	2,686,117,964	2,514,684,765
Profitability and Operating Ratios							
Gross Profit Margin	%	(10.23)	(7.60)	(8.11)	0.04	(5.38)	(18.43)
Net Profit to sales	%	(16.49)	(13.16)	(14.74)	(7.97)	(13.50)	(34.94)
Liquidity Ratios							
Current	Times	0.42	0.32	0.38	0.39	0.45	0.57
Quick/Acid test	Times	0.12	0.05	0.05	0.10	0.12	0.11
Activity/Turnover Ratios							
Inventory Turnover	Times	3.12	3.40	2.00	5.05	3.49	2.37
Debtors Turnover	Times	6.71	24.89	11.41	20.40	12.13	12.87
Creditors Turnover	Times	2.91	9.64	7.41	85.21	42.25	32.86
Investment/Market Ratios							
Earning Per share	Times	(2.01)	(1.71)	(1.14)	(1.57)	(2.13)	(5.55)

KOHINOOR SPINNING MILLS LIMITED

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2022

The Company has complied with the requirements of the listed companies (code of Corporate Governance) regulations, 2019 in the following manner:

1. The total number of directors are eight as per the following:
 - a) Male Six
 - b) Female Two
2. The composition of the Board of Directors is as follows:

Category	Names
Independent Director	1. Faisal Qaiyum 2. Fiza Farhan
Non Executive Directors	1. Khawaja Mohammad Tanveer 2. Khawaja Mohammad Jahangir 3. Khawaja Mohammad Kaleem 4. Aqsa Jahangir
Executive Directors	1. Mohammad Naveed 2. Mohammad Hamza Yousaf

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company. (excluding the listed subsidiaries of listed holding companies wherever applicable)
4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision /mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019.

7. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the directors of the company (except Mr. Mohammad Hamza Yousaf) are exempted from directors training program due to 14 years of education and 15 years of experience on the board of listed company which covered compliance of relevant provision of Regulations. Mr. Mohammad Hamza Yousaf ,Director of the company has completed directors training program through institute of Chartered Accountants of Pakistan.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
12. The Board has formed committees comprising of members given below:

Audit Committee

1. Faisal Qaiyum (Chairman)
2. Khawaja Mohammad Kaleem
3. Aqsa Jahangir

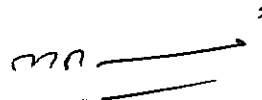
HR & Remuneration Committee

1. Faisal Qaiyum (Chairman)
2. Khawaja Mohammad Jahangir
3. Khawaja Mohammad Kaleem

13. The term of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the aforesaid committees were as per following:
 - a) Audit Committee: Four quarterly meetings during the financial year ended June 30, 2022.
 - b) HR and Remunerations Committee: One meeting during the financial year ended June 30, 2022.
15. The Board has set up an effective internal audit function. The staff is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board



Mr. Muhammad Naveed
Chief Executive



Khawaja Muhammad Jahangir
Chairman

Lahore :
October 07, 2022



To the members of Kohinoor Spinning Mills Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Kohinoor Spinning Mills Limited for the year ended June 30, 2022 in accordance with the requirements of Code.

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

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

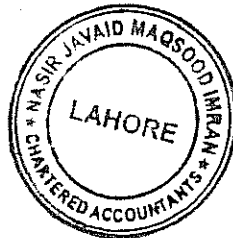
The Code require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the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

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

Place: Lahore

Date: October 7, 2022

UDIN: CR202210122jJEvRQC12



Nasir Javid Maqsood Imran
Nasir Javid Maqsood Imran
Chartered Accountants

Offices also at:

KARACHI: OFFICE # 807, 8TH FLOOR, Q.M. HOUSE, PLOT NO. 11/2, ELLANDER ROAD, OPP. SHAHEEN COMPLEX,
OFF. I.I. CHUNDRIGAR ROAD, KARACHI - PAKISTAN.
Tel: +92-21-32212382, +92-21-32212383, +92-21-32211516 +92-21-32211515
Email: khi@njmi.net

ISLAMABAD: OFFICE # 17, 2nd FLOOR, HILL VIEW PLAZA, ABOVE FRESCO SWEETS, BLUE AREA JINNAH AVENUE ISLAMABAD, PAKISTAN.
Tel: +92-51-2228138, Fax: +92-51-2228139, Email: islamabadoffice@njmi.net



INDEPENDENT AUDITOR'S REPORT

To the members of Kohinoor Spinning Mills Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements Kohinoor Spinning Mills Limited (the Company), which comprises the statement of financial position as at June 30, 2022 and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof confirm with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Material Uncertainty relating to Going Concern

We draw attention to note 1.2 of the financial statements and to the fact that the company's total liabilities exceed total assets by Rupees 1,527,538,948 (2021: 1,092,270,575/-) as at 30 June 2022 due to recurring losses. The company may not be able to continue as a going concern, however management does not intend to liquidate this company in the near future therefore these financial statements have been prepared on going concern assumption.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

N.S.V.

Offices also at:

KARACHI: OFFICE # 807, 8TH FLOOR, Q.M. HOUSE, PLOT NO. 11/2, ELLANDER ROAD, OPP. SHAHEEN COMPLEX,
OFF. I.I. CHUNDRIGAR ROAD, KARACHI - PAKISTAN.
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Email: khi@njmi.net

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cpaai MEMBER
mgjworldwide

Following are the Key audit matter(s):

S.NO	Key Audit Matter	How the matter was addressed in our audit
1.	<p>Litigations</p> <p>The company has significant amounts of borrowings from banks and other financial institutions amounting to Rs.2.299 billion at the reporting date in respect of which various legal cases are pending adjudication before the Lahore High Court.</p> <p>Given the significant amounts of borrowings and related finance costs, this is considered to be a key audit matter.</p>	<p>Our audit procedures in this respect included the following:</p> <ul style="list-style-type: none"> • Assessing management's processes to identify new possible litigations, obligations and changes in existing obligations through inquiries from management and review of the minutes of meetings of the Board of Directors and Audit Committee. • Obtaining confirmation from the legal counsel of the Company to evaluate the status of the pending litigations and view point of the Company's legal counsel thereon. • Examining legal and professional expenses to confirm that all pending legal matters are identified and disclosed. • Re-computing the amounts of obligations and recorded liabilities based on available underlying information. • Assessing the appropriateness of the related disclosures to be made in the accompanying financial statements in light of IAS 37 "Provisions and Contingencies".
2.	<p>Stock in trade</p> <p>The Company has significant levels of stock in trade amounting to Rs. 1.018 billion as at the reporting date, being more than 30% of total Assets of the Company. A number of estimates and judgments are involved in valuation of stock in trade.</p> <p>The significance of the balance coupled with the estimates and judgments involved in their valuation has resulted in the stock in trade being considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Attending the year end stock taking to gain comfort over existence and condition of inventories and internal controls designed by the company. • Understanding the internal controls designed by the company over recording of purchases and valuation and costing of inventories. • Assessing historical costs recorded in the inventory valuation by performing test of details on purchases. • Obtaining the valuation sheets of the inventories and tracing / reconciling quantities from working papers to observation of physical stock taking including NRV assessment. • Considering the adequacy of the Company's disclosures in respect of inventories.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of accounts and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Muhammad Maqsood.

Place: Lahore

Date: October 7, 2022

UDIN: AR202210122dgpPGYK4n



Nasir Javaid Maqsood Imran
NASIR JAVAID MAQSOD IMRAN
CHARTERED ACCOUNTANTS

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Kohinoor Spinning Mills Limited was incorporated on 23rd July, 1970 as a public limited company in Pakistan under the Companies Act, 1913 (Now Companies Act 2017) and is quoted on Karachi stock exchange. The company is engaged in the business of textile spinning.

Geographical Location of Head office and business units:	
Registered Office	7-E, 3/1 Main Boulevard, Gulberg III, Lahore.
Unit 01 / 02	Ameenabad 8 Km Pindi Road, Chakwal.
Unit 03	8 Km Bhoun road Chakwal

- 1.2 The company has been incurring losses since financial year 2015 with total negative equity of Rupees 1,527,538,948/- (2021: 1,092,270,575) representing excess of total liabilities over total assets as at 30 June 2022. This situation casts doubtfulness over the going concern of the company and company may be unable to realize its assets and discharge its liabilities in the normal course of business. However, these financial statements have been prepared on going concern assumptions owing to continued financial support assurance from the directors in the shape of equity contribution and loans as and when required together with negotiation and favorable terms of engagement with financial institutions.

2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved International Accounting Standards as applicable in Pakistan. Approved International Accounting Standards comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Company's Act 2017, and
- Provisions of and directives issued under the Company's Act 2017.

In case requirements differ, the provisions of, or directives issued under Company's Act 2017 shall prevail.

2.2 ACCOUNTING CONVENTION

These accounts have been prepared under the historical cost convention except retirement benefits and investments at fair value the valuation basis of which are described in relevant notes.



KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand unless otherwise specified.

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Staff retirement benefits

Certain actuarial assumption has been adopted as disclosed in note 6.1 the financial statements for valuation of present value of defined benefit obligations.

Inventories

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realizable value and an allowance is recorded against the inventory balances for any such declines.

Property, plant and equipment

The Company has made certain estimations with respect to residual value and depreciable lives of property, plant and equipment. The Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the remaining amounts of respective items of property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

Income Taxes

In making the estimates for income taxes payable by the Company, the management considers current Income Tax law and the decisions of appellate authorities on certain cases issued in past.



KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit or loss unless the provision was originally recognized as part of cost of an asset.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, probability of default and key macro-economic factors.

2.5 New accounting pronouncements

2.5.1 Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2022.

During the year certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates were not considered to be relevant to these financial statements, the same have not been reported.

2.5.2 New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective.

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies those sales



KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. e.g., when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The management of the Company is currently in the process of assessing the impacts of these amendments to these financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- b. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- c. clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

The management of the Company is currently in the process of assessing the impacts of above amendments to these financial statements.

Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.



KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendments are not likely to affect the financial statements of the Company.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted. The amendments are not likely to affect the financial statements of the Company.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.

Amendments to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018. The amendments are not likely to affect the financial statements of the Company.



KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting

for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are not likely to affect the financial statements of the Company

2.6 TAXATION

Current

The Charge for current taxation is based on taxable income at current tax rates after taking into account all tax credits and rebates available, if any. In case of loss minimum tax liability is provided in these accounts based on liability worked out under section 113, 113(c) and final tax under sections 154 of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided in full using the liability method on all temporary differences arising at the statement of financial position date, between the tax bases of the assets and liabilities and their carrying amounts.

Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits, if any to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax losses and unused tax credits can be utilized.

The carrying amount of all deferred tax assets is reviewed at each statement of financial position date and adjusted to the appropriate extent, if it is probable that sufficient taxable profits will not be available to allow all or part of the deferred tax assets to be utilized.

The tax rates enacted at the statement of financial position date are used to determine deferred income tax.

2.7 PROPERTY, PLANT AND EQUIPMENT

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and capital work-in-progress which are stated at cost. Cost of tangible operating assets consists of historical cost, borrowing cost pertaining to the erection period borrowing cost directly attributable to the Qualifying Assets.

Depreciation on property, plant and equipment except free hold land is charged to income applying the reducing balance method as to write off the cost of property, plant and



KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

equipment including the related exchange differences over their expected useful life at the rates given in Note 13.

Depreciation on additions is charged from the month in which the assets become available for use, while on disposal depreciation is charged up to the month of disposal.

Gains or losses on disposal of property plant and equipment are charged to income during the period in which they are incurred.

2.8 STORES AND SPARES

These are valued at cost, applying moving average method except for stock-in-transit which are valued at cost.

2.9 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated initially at cost which is the fair value of consideration given or received. The financial assets are subsequently measured at fair value, amortized cost or cost as the case may be with classifications into i) at fair value through profit or loss (FVTPL), ii) at fair value through other comprehensive income (FVTOCI) and iii) at amortized cost. Subsequently:

(i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

(ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

(iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.



KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment

methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

De-recognition of financial instruments

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.10 STOCK-IN-TRADE

These are valued at the lower of average cost and net realizable value, except waste stock which is valued at the net realizable value. Average cost signifies, in relation to raw material annual average cost, for work-in-process and finished goods average manufacturing cost including a proportion of related overheads. Net realizable value signifies the prevailing market prices in the ordinary course of business less selling expenses incidental to sales. Stocks of raw material in transit are valued at cost.

2.11 TRADE DEBTS

Trade debts are carried at original invoice less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.12 STAFF RETIREMENT BENEFITS

The company operates an unfunded and unapproved gratuity scheme for its employees, which is a defined benefit plan based upon the last salary drawn by an employee. Present value of defined benefit obligation is calculated on the basis of actuarial valuation at the end of the year. The valuation in these accounts is worked out on the Projected Unit Credit Actuarial Cost method.



KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

2.13 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak rupees at the exchange rates prevailing on the statement of financial position date except where forward exchange rates are booked, which are translated at the contracted rates.

2.14 REVENUE RECOGNITION

Sales revenue is recognized when the goods are dispatched and significant risks and rewards of ownership are transferred to the customer, which is the only performance obligation. Dividend income on equity investments is recognized as income when the right of receipt is established. Profit on short-term deposits is accounted for on time-apportioned basis on the principal outstanding by using the rate applicable.

2.15 IMPAIRMENT OF NON-FINANCIAL ASSETS

The company assesses at each statement of financial position date whether there is any indication that assets except deferred tax assets, if any, may have been impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

2.16 TRADE AND OTHERS PAYABLES

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

2.17 PROVISIONS

Provisions are recognized when the company has a legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.18 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash and bank balances.



KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

2.19 BORROWING COST

Borrowing costs are charged to income as and when incurred except to the extent costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of asset.

2.20 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

2.21 TRANSACTIONS WITH RELATED PARTIES AND TRANSFER PRICING

Transactions with related parties are accounted for using arm's length price in ordinary course of business in accordance with uncontrolled price method except in exceptional circumstances as decided by board of directors.

2.22 DIVIDEND

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

2.23 SEGMENT REPORTING

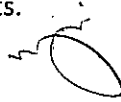
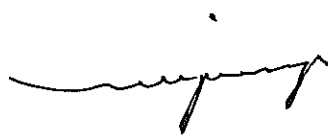
Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the approved accounting standards, is presented in note 37 to these financial statements.



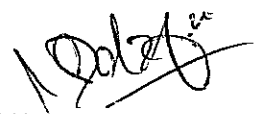
KOHINOOR SPINNING MILLS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital:			
440,000,000 (2021:300,000,000) ordinary shares of Rupees 5/- each		<u>2,200,000,000</u>	<u>1,500,000,000</u>
Issued, subscribed and paid up capital			
215,714,285 ordinary shares of Rupees 5/- each	3	1,078,571,425	1,078,571,425
Reserves	4	(2,606,110,373)	(2,170,842,000)
		(1,527,538,948)	(1,092,270,575)
NON-CURRENT LIABILITIES			
Long term loans	5	968,254,259	575,210,259
Deferred liabilities	6	48,292,487	45,064,213
		1,016,546,746	620,274,472
CURRENT LIABILITIES			
Trade and other payables	7	1,044,696,307	594,767,783
Accrued Interest on loans and borrowings	8	471,877,939	471,877,939
Short-term borrowings	9	1,463,142,972	1,463,142,972
Current portion of long term loan	10	364,705,882	364,705,882
Supplier's credit	11	175,195,971	165,601,168
Un-claimed dividend		1,915,117	1,915,117
Provision for taxation	28	21,288,688	28,014,232
		3,542,822,876	3,090,025,093
CONTINGENCIES AND COMMITMENTS	12	-	-
TOTAL EQUITY AND LIABILITIES		<u>3,031,830,674</u>	<u>2,618,028,990</u>

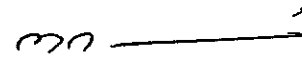
The annexed notes form an integral part of these financial statements.

CHAIRMAN



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER

KOHINOOR SPINNING MILLS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

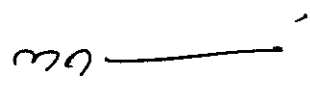
ASSETS	Note	2022 (Rupees)	2021 (Rupees)
NON CURRENT ASSETS			
Property, plant and equipment	13	1,512,275,386	1,594,114,680
Long term deposits	14	44,221,312	44,221,312
Long term investments	15	322,661	447,401
		1,556,819,359	1,638,783,394
CURRENT ASSETS			
Stores and spares	16	17,241,452	24,687,499
Stock-in-trade	17	1,018,002,853	798,335,748
Trade debtors	18	392,236,228	112,761,783
Short term advances	19	45,831,264	40,984,456
Cash and bank balances	20	1,699,518	2,476,109
		1,475,011,315	979,245,596
TOTAL ASSETS		3,031,830,674	2,618,028,990

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



 CHAIRMAN


 CHIEF FINANCIAL OFFICER


 CHIEF EXECUTIVE OFFICER

KOHINOOR SPINNING MILLS LIMITED
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
Sales - net	21	2,630,587,061	2,807,075,051
Cost of sales	22	(2,899,652,108)	(3,020,461,453)
GROSS (LOSS)		<u>(269,065,048)</u>	<u>(213,386,403)</u>
OPERATING EXPENSES:			
Distribution cost	23	(1,651,012)	(4,967,256)
Administrative	24	(109,207,384)	(94,996,670)
		<u>(110,858,396)</u>	<u>(99,963,926)</u>
OPERATING (LOSS)		<u>(379,923,444)</u>	<u>(313,350,328)</u>
Finance cost	25	(11,140,069)	(9,509,744)
Other operating expenses	26	(10,793,965)	(7,154,766)
Other operating income	27	831,680	2,785,077
		<u>(21,102,354)</u>	<u>(13,879,433)</u>
(LOSS) BEFORE TAXATION		<u>(401,025,797)</u>	<u>(327,229,762)</u>
TAXATION			
Current	28	(32,882,338)	(42,106,126)
Deferred	6.2	-	-
		<u>(32,882,338)</u>	<u>(42,106,126)</u>
(LOSS) AFTER TAXATION		<u>(433,908,135)</u>	<u>(369,335,888)</u>
(LOSS) PER SHARE - BASIC & DILUTED	29	<u>(2.01)</u>	<u>(1.71)</u>

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



CHAIRMAN



CHIEF FINANCIAL OFFICER

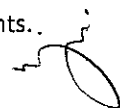


CHIEF EXECUTIVE OFFICER

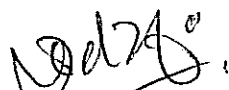
KOHINOOR SPINNING MILLS LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	2022 (Rupees)	2021 (Rupees)
(Loss) after taxation	(433,908,135)	(369,335,888)
Other comprehensive income		
Items that may not be reclassified subsequently to profit and loss:		
Experience adjustment due to actuarial valuation (Note 6.1.1)	(1,235,497)	(469,124)
Unrealized loss/gain due to change in fair value of long term investments	(124,740)	297,713
	(1,360,237)	(171,411)
Total comprehensive (loss) for the year	(435,268,372)	(369,507,299)

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




CHAIRMAN



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER

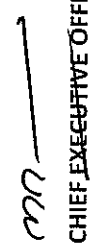
KOHINOOR SPINNING MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	RESERVES				Total
	SHARE CAPITAL	CAPITAL RESERVES	REVENUE RESERVES		
		Share Premium	Accumulated (Loss)	Fair Value Reserve	
Rupees					
Balance as on July 01, 2020	1,078,571,425	171,428,570	(1,971,912,960)	(850,312)	(722,763,277)
(Loss) after taxation for the year	-	-	(369,335,888)		(369,335,888)
Experienced adjustment due to actuarial valuation	-	-	(469,124)	-	(469,124)
Unrealized gain due to change in fair value of long term investment	-	-	-	297,713	297,713
Balance as on June 30, 2021	<u>1,078,571,425</u>	<u>171,428,570</u>	<u>(2,341,717,972)</u>	<u>(552,599)</u>	<u>(1,092,270,576)</u>
Balance as on July 01, 2021	1,078,571,425	171,428,570	(2,341,717,972)	(552,599)	(1,092,270,576)
(Loss) after taxation for the year	-	-	(433,908,135)	-	(433,908,135)
Experienced adjustment due to actuarial valuation	-	-	(1,235,497)	-	(1,235,497)
Unrealized (loss) due to change in fair value of long term investment	-	-	-	(124,740)	(124,740)
Balance as on June 30, 2022	<u>1,078,571,425</u>	<u>171,428,570</u>	<u>(2,776,861,604)</u>	<u>(677,339)</u>	<u>(1,527,538,948)</u>

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


CHAIRMAN


CHIEF FINANCIAL OFFICER


CHIEF EXECUTIVE OFFICER

KOHINOOR SPINNING MILLS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
CASH GENERATED FROM OPERATIONS			
Cash generated from operations	30	(331,342,357)	18,783,510
Increase in long term deposits		-	(4,896,000)
Finance cost paid		(1,718,317)	(1,320,872)
Income tax paid		(39,607,882)	(45,827,646)
Gratuity paid		(21,061,137)	(17,819,597)
Net cash outflow from operating activities		<u>(393,729,692)</u>	<u>(51,080,605)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(90,900)	(28,917,957)
Proceeds from disposal of property, plant and equipment		-	2,200,000
Net cash (used in)/generated from investing activities		<u>(90,900)</u>	<u>(26,717,957)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Lease rentals paid		-	(1,099,660)
Increase in directors loan		393,044,000	71,560,738
Net cash generated from financing activities		<u>393,044,000</u>	<u>70,461,078</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(776,592)	(7,337,485)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2,476,109	9,813,594
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20	<u>1,699,517</u>	<u>2,476,109</u>

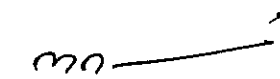
The annexed notes form an integral part of these financial statements.



CHAIRMAN



CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
3 SHARE CAPITAL			
Issued, subscribed and paid up			
127,725,000 ordinary shares of Rupees 5/- each fully paid in cash		638,625,000	638,625,000
85,714,285 ordinary shares of Rupees 5/- each issued against director's loan		428,571,425	428,571,425
2,275,000 ordinary shares of Rupees 5/- each issued as fully paid bonus shares.		11,375,000	11,375,000
		<u>1,078,571,425</u>	<u>1,078,571,425</u>
3.1 Reconciliation of number of shares			
Number of shares at 1 July		215,714,285	215,714,285
Shares issued against directors loan		-	-
Number of shares at 30 June		<u>215,714,285</u>	<u>215,714,285</u>
4 RESERVES			
Accumulated (loss)		(2,755,323,837)	(2,321,415,701)
Share Premium	4.1	171,428,570	171,428,570
Cash dividend		(12,612,848)	(12,612,848)
Unrealized (loss) on long term investments		(677,339)	(552,599)
Actuarial re-measurement-experience adjustments		(8,924,919)	(7,689,422)
		<u>(2,606,110,373)</u>	<u>(2,170,842,000)</u>
4.1 This reserve can be utilized by the company only for the purposes specified in section 81 of the Companies Act 2017.			
5 LONG TERM LOANS			
From directors and relatives			
	5.1 & 5.2	397,000,000	397,000,000
	5.1 & 5.3	<u>571,254,259</u>	<u>178,210,259</u>
		968,254,259	575,210,259
From banking companies - secured			
Demand finance	5.4	364,705,882	364,705,882
Less:			
Overdue installment		(364,705,882)	(364,705,882)
Current portion	10	<u>(364,705,882)</u>	<u>(364,705,882)</u>
		-	-
		<u>968,254,259</u>	<u>575,210,259</u>

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

- 5.1 The directors and their relatives have injected unsecured and interest free loans for the repayment of the liabilities of the banks, working capital and BMR of the Company. The loan is repayable at the convenience of the directors and relatives. The directors of the company and their relatives have confirmed that they would not demand repayment of loan for a period of 12 months of the statement of financial position date. Hence the loan has been classified as long term liability.
- 5.2 This loan is sub-ordinate to the finance facilities together with mark up, additional mark, damages, liquidated damages, costs, charges, fees costs of funds, commissions and expenses thereon or related thereto to the extent provided in the sub-ordinate agreements.
- 5.3 This loan is not sub-ordinate to any finance facility.
- 5.4 This loan is secured by a first pari passu charge with 25% margin fixed assets of unit-3 of the company. It carries mark up based on six months KIBOR plus 2.75%. The loan was repayable in 17 equal quarterly installments of Rs.23.53 million each commencing from December, 2015 and ending on December 2019.

6 DEFERRED LIABILITIES	Note	2022 (Rupees)	2021 (Rupees)
Gratuity	6.1	48,292,487	45,064,213
Deferred tax liability	6.2	-	-
		48,292,487	45,064,213

Company operates unfunded gratuity scheme for its employees that pays a lump sum gratuity to members on leaving company's service after completion of one year of continuous service. The future contribution rates of the scheme include allowances for deficit and surplus. Projected unit credit method based on below mentioned significant assumptions used for valuation of this scheme. The latest actuarial valuation was carried out by M/S TRT Associates as on June 30, 2022.

The main risk of Gratuity Benefit Scheme is that the accrued benefits may not be paid when they fall due. The Gratuity benefit scheme is a defined benefit.



KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

- **Interest rate Risk-** The present value of defined benefit liability is calculated using a discount rate determined by reference to the market yields at the end of the reporting period on high quality corporate bonds, or where there is no deep market in such bonds, by reference to market yields on Government bonds. Currencies and terms of bond yields used must be consistent with the currency and estimated term of the post-employment benefit obligations being discounted. A decrease in bond interest rates will increase the liability, and vice versa.
- **Salary risk-** The present value of the defined benefit liability is calculated by reference to the future salaries of Plan Participants. As such, an Increase in the salary of the plan participants will increase the liability and vice versa.
- **Withdrawal Rate Risk-** The present value of the defined benefit liability is calculated by reference to the best estimate of the withdrawal rate / attrition rate of plan participants. As such, an increase in the withdrawal rate may increase/ decrease the liability and vice versa depending on the age-service distribution of the exiting employees.
- **Mortality rate risk-** The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants during employment. An improvement in the mortality rates of the participants may increase/decrease the liability and vice versa depending on the age-service distribution of the exiting employees.

6.1 Staff Gratuity-Defined Benefit Plan

The amounts recognized in financial statements are determined as follows :-

	Note	2022 (Rupees)	2021 (Rupees)
6.1.1 Movement in liability recognized in the statement of financial position			
At the beginning of the year		45,064,213	49,523,071
Amount recognized during year - as shown above		23,053,914	12,891,615
Experience adjustment		1,235,497	469,124
Benefit payments		(21,061,137)	(17,819,597)
		<u>48,292,487</u>	<u>45,064,213</u>
6.1.2 Expense charged to statement of profit or loss			
Current service cost		19,841,492	9,543,863
Interest cost		3,212,422	3,347,752
		<u>23,053,914</u>	<u>12,891,615</u>
6.1.3 Allocation of charge for the year			
Cost of sales	22	17,974,475	7,815,289
Administrative expenses	24	5,079,439	5,076,326
		<u>23,053,914</u>	<u>12,891,615</u>
6.1.4 The principal actuarial assumptions used were as follows			
Discount rate		13.25%	10.00%
Expected rate of increase in salary		12.25%	9.00%
Average expected remaining working life of employees		8 years	9 years
Average duration of liability		8 years	9 years
The mortality rate used for an active employees are based on SLIC(2001-05) mortality table			

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

6.1.5 Sensitivity analysis as at 30.06.2022

	Discount Rate + 1%	Discount Rate - 1%	Salary Increase + 1%	Salary Increase - 1%
PVDBO	42,415,705	49,735,627	49,734,528	42,415,184
			2022	2021
			(Rupees)	(Rupees)

6.2 Deferred tax

On temporary differences arising on:

Property, plant and equipment	350,053,018	361,748,309
Gratuity	(14,004,821)	(13,068,622)
Tax losses and credits	(859,981,485)	(806,638,802)
Deferred Tax (Asset) / Liability	-	-

6.2.1

Due to year over year tax losses, the company is only recognizing deferred tax asset to the extent of available taxable temporary differences from previous years. The excess deferred tax asset amounting to Rs. 544,338,897 (2021: 457,959,115) from tax losses and credits has not been recognized.

	2022	2021
Note	(Rupees)	(Rupees)


6.2.2 Business Losses and tax credits will expire as follows:

Year of Expiry	Business Losses	Minimum Tax
	(Rupees)	(Rupees)
2028	317,047,726	
2027	157,082,043	32,882,338
2026	122,544,713	42,106,126
2025	209,897,318	24,944,735
2024	298,808,640	53,256,735
2023	510,536,766	38,377,421

7 TRADE AND OTHER PAYABLES

Un-secured:

Creditors		679,559,180	185,752,788
Advance from Customers		8,869,681	10,948,400
Accrued expenses	7.1	182,585,717	185,871,515
Sales tax payable		65,083,613	113,018,715
Workers' profit participation fund	7.2	108,598,116	99,176,364
		<u>1,044,696,307</u>	<u>594,767,783</u>



KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

7.1 These include following balances to Related parties:

Related Parties	As at 30 June, 2021	Movement During the year		As at 30 June, 2022
		Paid	Addition	
KHAWAJA MUHAMMAD JAWED	6,730,000	6,730,000	-	-
KHAWAJA MUHAMMAD JAHANGIR	14,250,800	14,250,800	-	-
KHAWAJA MUHAMMAD KALEEM	9,524,191	9,524,191	-	-
KHAWAJA MUHAMMAD NADEEM	8,394,286	8,394,286	-	-
KHAWAJA MUHAMMAD NAVEED	1,863,110	1,863,110	-	-

	Note	2022 (Rupees)	2021 (Rupees)
7.2 Workers' profit participation fund			
Opening balance		99,176,364	90,987,492
Interest recognized during the year	7.2.1	9,421,752	8,188,872
		<u>108,598,116</u>	<u>99,176,364</u>

7.2.1 The company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the companies Profit (Workers Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

	Note	2022 (Rupees)	2021 (Rupees)
8 ACCRUED INTEREST ON LOANS AND BORROWINGS			
Accrued interest / mark up on:			
Long term loans (Secured)		103,765,431	103,765,431
Short term finances (Secured)		368,112,508	368,112,508
		<u>471,877,939</u>	<u>471,877,939</u>

	Note	2022 (Rupees)	2021 (Rupees)
9 SHORT-TERM BORROWINGS			
Banking companies - Secured			
Running finance	9.1/9.2	168,248,211	168,248,211
Others	9.1	1,010,530,280	1,010,530,280
Export finance	9.1	284,364,481	284,364,481
		<u>1,463,142,972</u>	<u>1,463,142,972</u>



KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

9.1 NATURE OF FACILITY	LIMIT	MARK UP / COMMISSION	Expiry	Security
Others	1,150,000,000	3 Months KIBOR plus 2.00 % to 3.50%	Pledge of stock of raw material and finished goods under the supervision and control of Bank Mucaddam. Personal Guarantee of the Sponsoring Directors of the Company.	
Export Finance	285,000,000	3 Months KIBOR plus 2.00 % to 3.50%	Lien on contract / export documents. 1st PP Charged over Fixed Assets of Company . Personal Guarantees of the Sponsoring Directors of the Company	

9.2 In October 2017, SNGPL encashed bank guarantee amounting to Rs. 32,725,004/- against detection bill of the company. After adjusting for guarantee margin of Rs. 5,272,391/-, balance amount of Rs. 27,452,613/- was added to the running finance.

	Note	2022 (Rupees)	2021 (Rupees)
10 CURRENT PORTION OF LONG TERM LOAN			
Long term loans	5	<u>364,705,882</u>	<u>364,705,882</u>
		<u>364,705,882</u>	<u>364,705,882</u>
11 SUPPLIER'S CREDIT-UNSECURED			
Loan for machinery - Overdue installments	11.1	<u>175,195,971</u>	<u>165,601,168</u>
		<u>175,195,971</u>	<u>165,601,168</u>

11.1 This loan is unsecured and interest free. This loan is repayable in 6 equal half year installments of Rs. 25.761 million (Euro 221,486.69) each commencing from August 2014 and ending on August, 2017 with 15% payment at the time of presentation of shipping documents of machinery.

12 CONTINGENCIES AND COMMITMENTS

12.1 CONTINGENCIES

12.1.1 There are pending litigations against the company by various banks/financial institutions before Lahore High Court wherein they claimed recovery of Rs 4,248 million (2021: Rs. 1948.923 million) inclusive of principal, markups and other claims. These cases are being vigorously and diligently contested by the company and there are good chances of a favorable result. Related provisions amounting to Rs 2,299.726 million (2021: Rs 2,299.726 million) in respect of principal and markups has been made in these accounts.

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

12.1.2 For tax year 2014, an amendment order was passed by Additional Commissioner Inland Revenue (Audit) creating a demand of Rs. 144,576,581/-. The case is remanded back to Commissioner Inland Revenue for re assessment by the Commissioner (Appeals), however the company has preferred appeal before Appellate Tribunal against order of Commissioner Appeals.

13	PROPERTY, PLANT AND EQUIPMENT	Note	2022 (Rupees)	2021 (Rupees)
	Fixed assets:			
	Owned assets	13.1	<u>1,512,275,386</u>	<u>1,594,114,680</u>
			<u>1,512,275,386</u>	<u>1,594,114,680</u>

13.1 PROPERTY AND EQUIPMENT

	COST										Total
	Land (Freehold)	Building (Freehold)	Plant and Machinery	Tube Wells	Electric Installation	Tools and Equipment	Telephone Installation	Office Equipment	Furniture and Fixture	Vehicles	
(Rupees)											
Year ended June 30, 2021											
Opening net book amount	11,675,239	290,973,029	1,291,626,014	138,448	23,627,783	172,006	79,062	6,141,875	1,541,424	10,406,336	1,636,381,216
Additions		27,229,477								1,688,480	28,917,957
Adjustment transfer from lease			21,600,000								21,600,000
Disposal/Deficit										(4,311,725)	(4,311,725)
Depreciation charge		(14,548,647)	(66,075,619)	(13,845)	(2,362,775)	(17,203)	(7,908)	(614,189)	(154,146)	(2,221,994)	(86,016,326)
Adjustment			(5,873,713)							3,417,271	(2,456,442)
Transfer											
Closing net book amount	<u>11,675,239</u>	<u>276,424,382</u>	<u>1,268,506,159</u>	<u>124,603</u>	<u>21,265,008</u>	<u>154,803</u>	<u>71,154</u>	<u>5,527,686</u>	<u>1,387,278</u>	<u>8,978,368</u>	<u>1,594,114,680</u>
At June 30, 2021											
Cost	11,675,239	603,599,123	2,997,299,397	1,545,577	84,147,538	4,241,143	1,017,190	19,657,169	10,158,992	60,443,458	3,793,784,827
Accumulated depreciation	-	327,174,741	1,728,793,238	1,420,974	62,882,530	4,086,340	946,036	14,129,483	8,771,714	51,465,090	2,199,670,146
Net book amount	<u>11,675,239</u>	<u>276,424,382</u>	<u>1,268,506,159</u>	<u>124,603</u>	<u>21,265,008</u>	<u>154,803</u>	<u>71,154</u>	<u>5,527,686</u>	<u>1,387,278</u>	<u>8,978,368</u>	<u>1,594,114,680</u>
Year ended June 30, 2022											
Opening net book amount	11,675,239	276,424,382	1,268,506,159	124,603	21,265,008	154,803	71,154	5,527,686	1,387,278	8,978,368	1,594,114,680
Additions										90,900	90,900
Adjustment /Transfer from leased asset											
Disposal/Deficit										(69,900)	(69,900)
Depreciation charge		(13,821,211)	(63,425,307)	(12,459)	(2,126,508)	(15,480)	(7,118)	(552,771)	(138,725)	(1,809,327)	(81,908,906)
Adjustment /Transfer from leased asset										48,612	48,612
Transfer											
Closing net book amount	<u>11,675,239</u>	<u>262,603,171</u>	<u>1,205,080,852</u>	<u>112,144</u>	<u>19,138,500</u>	<u>139,323</u>	<u>64,036</u>	<u>4,974,915</u>	<u>1,248,553</u>	<u>7,238,653</u>	<u>1,512,275,386</u>
At June 30, 2022											
Cost	11,675,239	603,599,123	2,997,299,397	1,545,577	84,147,538	4,241,143	1,017,190	19,657,169	10,158,992	60,464,458	3,793,805,827
Accumulated depreciation	-	340,995,952	1,792,218,545	1,433,433	65,009,038	4,101,820	953,154	14,682,254	8,910,439	53,225,805	2,281,530,440
Net book amount	<u>11,675,239</u>	<u>262,603,171</u>	<u>1,205,080,852</u>	<u>112,144</u>	<u>19,138,500</u>	<u>139,323</u>	<u>64,036</u>	<u>4,974,915</u>	<u>1,248,553</u>	<u>7,238,653</u>	<u>1,512,275,386</u>
Rate of depreciation in %	-	5	5	10	10	10	10	10	10	10	10

13.1.1 PARTICULARS OF IMMOVABLE PROPERTIES

Manufacturing Units	Address	Area of Land (Kanals)	Covered area (sq foot)
Unit 1/2	Ameenabad 8 Km Pindi Road, Chakwal.	385.55	467,535
Unit 3	8 Km Dhoun road Chakwal	244.00	372,236

13.2 Allocation of Depreciation

Administration Expense	1,809,323
Cost of sales	80,099,583

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
18 TRADE DEBTORS - CONSIDERED GOOD			
Local - Unsecured		392,559,102	146,950,447
Allowance for expected credit loss	18.1	(322,874)	(34,188,664)
		<u>392,236,228</u>	<u>112,761,783</u>
18.1 Allowance for expected credit loss			
Opening balance		34,188,664	34,188,664
Less: Written off		(34,188,664)	-
Add: Charge during the year		322,874	-
Closing balance		<u>322,874</u>	<u>34,188,664</u>
19 SHORT TERM ADVANCES			
Advances to suppliers - considered good			
Suppliers		28,570,921	25,183,553
Advances to employees - considered good			
Executive		5,862,000	5,662,000
Non- executive		11,398,343	10,138,903
		<u>45,831,264</u>	<u>40,984,456</u>
20 CASH AND BANK BALANCES			
Cash in hand		368,847	414,776
Cash at bank:			
In current accounts		1,291,939	1,972,186
In saving accounts	20.1	38,732	89,148
		<u>1,699,518</u>	<u>2,476,109</u>
20.1 Saving account carries interest @ 8.5% p.a (2021: 5.5% p.a)			
21 SALES			
Local			
Yarn		3,043,263,840	3,291,499,225
Waste		41,379,929	41,204,335
Less: Sales tax		(454,056,708)	(525,628,509)
		<u>2,630,587,061</u>	<u>2,807,075,051</u>

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
22 COST OF SALES			
Raw material consumed	22.1	1,777,566,962	1,876,978,386
Salaries, wages and benefits	22.2	377,169,199	352,642,311
Fuel and power		479,353,258	390,032,085
Insurance		4,363,834	4,819,805
Packing material		70,868,697	63,502,130
Repairs and maintenance		8,495,538	27,612,056
Stores and spares consumed		85,911,184	86,897,596
Vehicle running and maintenance		3,558,401	3,396,860
Communication		623,349	676,985
Travelling and Conveyance		1,465,615	1,489,128
Miscellaneous		11,604,049	11,206,161
Depreciation	13.2	80,099,583	83,794,335
		<u>2,901,079,668</u>	<u>2,903,047,838</u>
Work-in-process			
Opening		20,315,766	24,887,962
Closing		(23,599,059)	(20,315,766)
Cost of goods manufactured		<u>2,897,796,375</u>	<u>2,907,620,034</u>
Finished goods and waste			
Opening stock		59,962,446	172,803,829
Closing stock		(58,106,713)	(59,962,410)
		<u>2,899,652,108</u>	<u>3,020,461,453</u>
22.1 RAW MATERIAL CONSUMED			
Opening stock		718,057,572	718,356,055
Purchases		2,005,904,217	1,896,087,270
		<u>2,723,961,789</u>	<u>2,614,443,325</u>
Cost of raw material sold		(10,097,746)	(19,407,367)
		<u>2,713,864,043</u>	<u>2,595,035,958</u>
Closing stock		(936,297,081)	(718,057,572)
		<u>1,777,566,962</u>	<u>1,876,978,386</u>
22.2 It includes Rs. 17,974,475 (2021: Rs. 7,815,289) in respect of gratuity.			
23 DISTRIBUTION COST			
Commission on local sales		1,651,012	4,325,322
Local Freight		-	641,934
		<u>1,651,012</u>	<u>4,967,256</u>

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
24 ADMINISTRATIVE			
Salaries, wages and benefits	24.1	51,693,715	49,432,952
Travelling and conveyance		757,448	961,154
Rent, rates and taxes		476,217	226,144
Printing and stationery		194,396	563,025
Communications		1,329,596	1,608,708
Entertainment		1,162,207	1,105,295
Electricity and gas		9,198,228	7,924,888
Vehicles running		11,509,551	8,946,466
Fee and subscription		15,477,663	6,607,721
Legal and Professional		2,083,000	586,000
Repairs and maintenance		1,377,854	1,479,668
Miscellaneous		12,013,186	13,234,674
Depreciation	13.2	1,809,323	2,221,990
Donations	24.2	125,000	97,985
		<u>109,207,384</u>	<u>94,996,670</u>
24.1	It includes Rs. 5,079,439 (2021: Rs.5,076,326) in respect of gratuity.		
24.2	None of the directors or their spouses had any interest in any of the donees.		
25 FINANCE COST			
Interest / mark-up on:			
Mark up on vehicle		981,039	600,000
Bank charges and commissions		737,278	720,872
Workers profit participation fund		9,421,752	8,188,872
		<u>11,140,069</u>	<u>9,509,744</u>
26 OTHER OPERATING EXPENSES			
Auditors' remuneration	26.1	875,000	875,000
Loss on sale of raw material		-	6,279,766
Other expense		1,288	-
Exchange loss		9,594,803	-
Expected credit loss		322,874	-
		<u>10,793,965</u>	<u>7,154,766</u>
26.1 Auditors' remuneration			
Statutory audit		700,000	700,000
Half yearly review and review of code of corporate governance		175,000	175,000
		<u>875,000</u>	<u>875,000</u>

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
27 OTHER OPERATING INCOME			
Income from non financial assets:			
Gain on sale of fixed asset		-	1,305,546
Gain on sale of raw material		831,680	-
Exchange gain		-	1,479,531
		<u>831,680</u>	<u>1,305,546</u>
28 PROVISION FOR TAXATION			
Opening balance		28,014,232	31,735,752
For the year	28.1	32,882,338	42,106,126
Prior year		-	-
		32,882,338	42,106,126
Less: Paid / adjusted		(39,607,882)	(45,827,646)
		<u>21,288,688</u>	<u>28,014,232</u>

28.1 This represents liability provided under Section 113 and 154 of the Income Tax Ordinance, 2001 on the basis of gross turnover from all sources.

28.2 The income tax assessment of the company has been finalized up to and including tax year 2021 by deeming provisions of income tax ordinance 2001, except for tax year 2014, the assessment is pending different legal forums.

28.3 No numeric tax rate reconciliation is presented in these financial statements as the Company is liable to pay minimum tax under Section 113 and final tax under Section 154 of the Income Tax Ordinance 2001.

29 (LOSS) PER SHARE - Basic			
(Loss) after taxation		(433,908,135)	(369,335,888)
Weighted average number of ordinary shares		215,714,285	215,714,285
(Loss) per share - Basic	29.1	(2.01)	(1.71)

29.1 Diluted earning per share

There is no dilution effect on the basic earning per share of the Company as the company has no such commitments.

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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	Note	2022 (Rupees)	2021 (Rupees)
30 CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before taxation		(401,025,797)	(327,229,762)
Adjustments of non cash charges and other items			
Depreciation		81,860,294	86,016,326
Gratuity		23,053,914	12,891,615
Expected credit loss		322,874	
Gain on sale of fixed assets		-	(1,305,546)
Loss on sale of raw material		831,680	6,279,766
Finance cost		11,140,069	9,509,744
Exchange loss/(gain)		9,594,803	(1,479,531)
Operating cash flows before working capital changes		(274,222,164)	(215,317,387)
(Increase)/decrease in current assets			
Stores and spares		7,446,048	15,153,955
Stock-in-trade		(219,667,105)	111,432,605
Trade debts		(279,797,319)	33,027,384
Loan and advances		(4,846,808)	41,555,930
Other receivables		-	2,500
		(496,865,184)	(5,963,972)
(Decrease)/Increase in current liabilities			
Trade and other payables		439,744,991	153,433,655
		(331,342,357)	44,722,851

30.1 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2022				TOTAL
	Long term loans (Directors)	Short term borrowings	Finance Lease	Supplier's Credit	
	Rupees				
Balance at 1 July, 2021	575,210,259	1,463,142,972	-	165,601,168	2,203,954,399
Long term loan obtained	393,044,000	-	-	-	393,044,000
Lease rentals paid	-	-	-	-	-
Exchange loss	-	-	-	9,594,803	9,594,803
Balance at 30 June, 2022	968,254,259	1,463,142,972	-	175,195,971	2,606,593,202

KOHINOOR SPINNING MILLS LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

2021

	Liabilities from financing activities				TOTAL
	Long term loans (Directors)	Short term borrowings	Finance Lease	Supplier's Credit	
	Rupees				
Balance at 1 July, 2020	503,649,521	1,463,142,972	1,099,660	167,080,699	2,134,972,852
Long term loan obtained	71,560,738	-	-	-	71,560,738
Lease rentals paid	-	-	(1,099,660)	-	(1,099,660)
Exchange gain	-	-	-	(1,479,531)	(1,479,531)
Balance at 30 June, 2021	575,210,259	1,463,142,972	-	165,601,168	2,203,954,399

31 CHIEF EXECUTIVE, EXECUTIVE DIRECTORS AND EXECUTIVES REMUNERATION

	2022 (Rupees)			2021 (Rupees)		
	CHIEF EXECUTIVE	EXECUTIVE DIRECTORS	EXECUTIVES	CHIEF EXECUTIVE	EXECUTIVE DIRECTORS	EXECUTIVES
Remuneration	4,600,000	1,400,000	12,950,420	4,600,000	1,400,000	13,698,640
House rent	2,070,000	630,000	5,827,690	2,070,000	630,000	6,164,388
Gratuity	-	-	1,618,800	-	-	1,562,330
Interest on lease rentals	-	-	-	-	2,902,553	-
Utilities	230,000	70,000	647,520	230,000	70,000	684,932
	6,900,000	2,100,000	21,044,430	6,900,000	5,002,553	22,110,290
Number of persons	1	1	6	1	1	7

31.1 The Chief Executive, Executive Director and certain Executives are provided with company maintained cars.

32 TRANSACTIONS WITH RELATED PARTIES

32.1	Name of Related Party	Basis of relationship	Transactions during the year	Percentage of Shareholding
	(Chakwal Spinning Mills)	Common Directorship	No	No

32.1 Transactions with related parties comprise associated undertakings and other related parties through directorship and close family members and relatives of the directors of the company.

Transactions with related parties undertaken during the year were as follows:-

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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Loam from director

Related Parties	As at 30 June, 2021	Movement During the year		As at 30 June, 2022
		Received	Addition	
KHAWAJA MUHAMMAD JAWED	240,855,500	8,500,000		232,355,500
KHAWAJA MUHAMMAD JAHANGIR	42,375,500	678,000		41,697,500
KHAWAJA MUHAMMAD KALEEM	48,696,018			48,696,018
KHAWAJA MUHAMMAD NADEEM	35,491,499			35,491,499
KHAWAJA MUHAMMAD NAVEED	139,688,304	14,830,000	394,044,000	518,902,304
KHAWAJA MUHAMMAD TANVEER	68,103,438		8,500,000	76,603,438
KHAWAJA DANISH TANVEER			8,678,000	8,678,000
KHAWAJA SHAHZAD YOUNAS			5,830,000	5,830,000

32.1.2 Amount received from Chakwal Spinning Mills Limited	-	2,061,975
Aggregate maximum balance due at the end of any month during the year.		
Directors loan	968,254,259	575,210,259

32.1.3 The company 's head office premises is being provided free of cost by the Director of the Company.

33 FINANCIAL RISK MANAGEMENT

33.1 The company has exposures to the following risks from its use of financial instruments:

- Market Risk
- Credit Risk
- Liquidity Risk

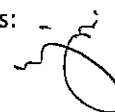
The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

a) **Market Risk**

i) **Currency Risk**

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures. Primarily with respect to Euros. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. The Company's exposure to currency risk was as follows:



KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
Supplier's credit-EURO		885,947	885,947
The following significant exchange rates were applied during the year.			
Average rate (Rupees per Euro)		N/A	N/A
Reporting date rate (Rupees per Euro)		197.75	186.91

Foreign Exchange Risk Management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However the company is not materially exposed to foreign currency risk on assets and liabilities. As at June 30, 2022, financial liabilities include Rs. 175.195 million (2021: Rs. 165.601 million) which are subject to foreign currency risk against Euros.

Foreign Currency Sensitivity Analysis

At June 30, 2021 if the Rupee had weakened / strengthened by 5% against the Euro with all other variables held constant, loss for the year would have been lower / higher by Rs. 8.759 million (2021: Rs. 8.280 million) mainly as a result of foreign exchange gains / losses on translation of foreign currency Euro denominated borrowings.

ii) Other Price Risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is exposed to other price risk only in respect of investment in KASB modaraba certificates amount to Rs. 322,661 (2021: Rs. 447,401).

Sensitivity analysis

At June 30, 2022 if the price had decreased/increased by 5% against with all other variable held constant, loss for the year would have been lower/higher by Rs. 22,370 (2021: Rs.7,484) mainly as a result of price variations.



KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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iii) Interest Rate Risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing, lease liabilities and short term borrowings. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk.

At the statement of financial position date the interest rate profile of the Company's interest bearing financial instruments was:

	Note	2022 (Rupees)	2021 (Rupees)
Floating rate instruments			
Financial Liabilities:			
Short term borrowings		1,463,142,972	1,463,142,972
Financial Assets:			
Bank balance - Saving account		38,732	1,672,437

b) Credit Risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:-

Long term deposits	44,221,312	39,325,312
Trade debts	392,236,228	145,789,167
Loans and advances	45,831,264	21,781,211
Bank balance	1,330,671	8,715,840

The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably high credit rating. The names and credit rating of major banks where the Company maintains its bank balances are as follows.

Name of Bank	Rating Agency	Credit Rating		2022	2021
		Short term	Long term		
				-----Rupees-----	
Askari bank Limited	PACRA	A1+	AA+	31,955	31,955
MCB Bank Limited	PACRA	A1+	AAA	54,627	102,480
National Bank of Pakistan	PACRA	A1+	AAA	41,581	41,581
Habibmetro Politan Bank Limited	PACRA	A1+	AA+	976,728	976,728
Meezan Bank Limited	VIS	A1+	AAA	28,800	414,601
Allied Bank Limited	PACRA	A1+	AAA	38,732	89,148
Habib Bank Limited	VIS	A1+	AAA	-	-
Bank Al Falah Limited	PACRA	A1+	AA+	15,401	383,922
J S Bank Limited	PACRA	A1+	AA-	142,847	20,919
				<u>1,330,671</u>	<u>2,061,334</u>

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The Company's exposure to credit risk and impairment losses related to trade debts is as follow:
The impairment analysis of trade debts at the reporting date was:

	2022		2021	
	Gross	Impairment	Gross	Impairment
-----Rupees-----				
Trade Debtors				
0-30 days	129,392,522		20,878,202	
31-60 days	-		-	
61-90 days	257,894,120		3,690,943	
>90 days	5,272,459	322,874	122,381,301	34,188,664
	392,559,102	322,874	146,950,447	34,188,664

c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through working capital and from contribution from sponsors. As at the statement of financial position date, the Company had Rs. 1.699 million cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2022:

	Carrying Amount	Contractual cash flows	Less than 1 year	More than 1 year
	Rupees	Rupees	Rupees	Rupees
Gratuity	48,292,487	-	-	48,292,487
Supplier's credit	175,195,971	175,195,971	175,195,971	-
Long-term finances	364,705,882	364,705,882	364,705,882	-
Director's loan	968,254,259	-	-	968,254,259
Trade and other payables	1,032,276,346	1,032,276,346	1,032,276,346	-
Accrued interest	471,877,939	471,877,939	471,877,939	-
Short term finances	1,463,142,972	1,463,142,972	1,463,142,972	-

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Contractual maturities of financial liabilities as at June 30, 2021:

	Carrying Amount Rupees	Contractual cash flows Rupees	Less than 1 year Rupees	More than 1 year Rupees
Gratuity	45,064,213	-	-	49,523,071
Supplier's credit	165,601,168	167,080,699	163,900,150	-
Long-term finances	364,705,882	364,705,882	364,705,882	-
Director's loan	575,210,259	-	-	575,210,259
Trade and other payables	596,682,901	494,803,831	494,803,831	-
Accrued interest	471,877,939	471,877,939	471,877,939	-
Short term finances	1,463,142,972	1,463,142,972	1,463,142,972	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest mark up have been disclosed in respective notes to these financial statements.

33.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Financial assets as per statement of financial position

	At amortized cost		Fair value through profit or loss		comprehensive income	
	2022	2021	2022	2021	2022	2021
	Rupees					
Long term deposits	44,221,312	44,221,312	-	-	-	-
Long term investments	-	-	-	-	322,661	447,401
Trade debts	389,138,836	112,761,783	-	-	-	-
Loans and advances	17,260,343	15,800,903	-	-	-	-
Cash and bank balances	1,699,518	2,476,109	-	-	-	-
	452,320,009	175,260,108	-	-	322,661	447,401

Financial liabilities as per statement of financial position

	At amortized cost		Fair value through profit or loss	
	2022	2021	2022	2021
Long term finance	364,705,882	364,705,882	-	-
Supplier's credit	175,195,971	165,601,168	-	-
Lease liability	-	-	-	-
Trade and other payable	1,032,406,361	583,819,383	-	-
Advance from customers	(2,045,132)	10,948,400	-	-
Accrued interest on loans and borrowings	471,877,939	471,877,939	-	-
Short term borrowings	1,463,142,972	1,463,142,972	-	-
	3,505,283,993	3,060,095,744	-	-

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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33.3 Capital Risk Management

The Company's prime object when managing capital to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the statement of financial position plus net debt.

	Note	2022 (Rupees)	2021 (Rupees)
Total borrowings		2,971,299,084	2,498,579,074
Less: Cash and bank balances		1,699,518	9,813,594
Net debt		2,969,599,566	2,488,765,479
Total equity		(1,527,538,948)	(722,763,277)
Total capital employed		1,442,060,618	1,766,002,203
Gearing ratio		2.06	1.41

34 RECOGNIZED FAIR VALUE MEASUREMENT - FINANCIAL ASSETS

(i) Fair value hierarchy

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

As at June 30, 2022	Level 1	Level 2	Level 3	Total
Rupees.....			
Long term investment				
Modaraba Certificates	322,661			322,661
Total	322,661			322,661
As at June 30, 2021	Level 1	Level 2	Level 3	Total
Rupees.....			
Long term investment				
Modaraba Certificates	447,401			447,401
Total	447,401			447,401

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

The Company's policy is to recognize 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 trading and available-for-sale 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 maximize 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.

There was no transfer between any level during the year.

	2022 (Rupees)	2021 (Rupees)
35 PLANT CAPACITY AND PRODUCTION		
Number of spindles installed	78,492	78,492
Installed capacity in 20's count based on triple shift for 365 (2021 - 365) days (kgs) - Approximately	35,331,147	35,331,147
Actual production after conversion into 20's count (kgs)	14,225,679	18,557,623

The conversion into 20's count depicts the approximate efficiency as it fluctuates with changes in count of yarn spun and count mix in a particular period.

Under utilization of available capacity was due to normal maintenance power outages and time cost in shifting of counts together with decrease in sales.

	<u>2022</u>	<u>2021</u>
36 NUMBER OF EMPLOYEES		
Average during the year	1220	1221
As at 30 June	1219	1218
37 OPERATING SEGMENT		

- These financial statements have been prepared on the basis of single reportable segment.
- Yarn sales represent 98% (2021: 99%) of the total sales of the Company.
- 100% (2021: 100%) of the Company's sales relate to customers in Pakistan.
- All non-current assets of the Company as at June 30, 2022 are located in Pakistan.

The Company have four (2021: three) major customers having sales of ten percent or more during the year.

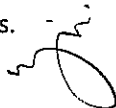
KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

38 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on October 7, 2022 by the Board of Directors of the Company.

39 GENERAL

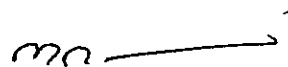
Figures have been rounded off to the nearest rupees.



CHAIRMAN



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE OFFICER

FORM 34

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

1.1 Name of the Company

KOHINOOR SPINNING MILLS LIMITED

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

30-06-2022

-----Shareholdings-----			
2.2 No. of Sharehold	From	To	Total Shares Held
182	1	100	2,895
371	101	500	175,764
507	501	1,000	502,198
1166	1,001	5,000	3,624,293
571	5,001	10,000	4,768,818
242	10,001	15,000	3,186,294
188	15,001	20,000	3,554,000
141	20,001	25,000	3,379,001
97	25,001	30,000	2,785,000
45	30,001	35,000	1,504,500
42	35,001	40,000	1,630,003
37	40,001	45,000	1,595,500
87	45,001	50,000	4,321,000
15	50,001	55,000	806,600
19	55,001	60,000	1,113,067
13	60,001	65,000	821,500
25	65,001	70,000	1,724,000
10	70,001	75,000	734,500
10	75,001	80,000	790,000
9	80,001	85,000	747,500
8	85,001	90,000	715,500
4	90,001	95,000	368,500
38	95,001	100,000	3,792,000
10	100,001	105,000	1,016,500
4	105,001	110,000	433,000
7	110,001	115,000	792,000
3	115,001	120,000	350,500
6	120,001	125,000	735,500
4	125,001	130,000	515,500
2	130,001	135,000	268,500
5	135,001	140,000	688,500
3	140,001	145,000	429,000
11	145,001	150,000	1,636,500
1	150,001	155,000	151,000
2	155,001	160,000	314,000
2	160,001	165,000	322,500
1	165,001	170,000	170,000
3	170,001	175,000	522,500
2	180,001	185,000	365,000
1	185,001	190,000	190,000
3	190,001	195,000	580,500
21	195,001	200,000	4,197,500
2	200,001	205,000	404,500
2	205,001	210,000	414,500
1	210,001	215,000	210,500
1	215,001	220,000	219,500

1	220,001	225,000	225,000
1	240,001	245,000	243,000
2	245,001	250,000	495,500
1	250,001	255,000	251,500
1	260,001	265,000	260,500
1	265,001	270,000	266,000
1	270,001	275,000	274,000
1	275,001	280,000	276,000
2	280,001	285,000	569,500
2	295,001	300,000	600,000
1	320,001	325,000	324,000
1	330,001	335,000	332,500
1	335,001	340,000	335,500
2	345,001	350,000	696,000
1	355,001	360,000	357,000
1	365,001	370,000	370,000
1	375,001	380,000	379,000
1	380,001	385,000	384,500
1	385,001	390,000	386,000
1	405,001	410,000	410,000
1	420,001	425,000	423,500
2	445,001	450,000	896,500
1	450,001	455,000	455,000
4	495,001	500,000	2,000,000
2	500,001	505,000	1,003,827
1	505,001	510,000	510,000
1	530,001	535,000	534,000
1	550,001	555,000	552,500
1	560,001	565,000	560,500
1	585,001	590,000	590,000
1	615,001	620,000	620,000
2	695,001	700,000	1,400,000
1	740,001	745,000	744,000
1	765,001	770,000	767,500
1	800,001	805,000	803,500
1	1,190,001	1,195,000	1,195,000
1	1,495,001	1,500,000	1,500,000
1	1,840,001	1,845,000	1,843,500
1	1,935,001	1,940,000	1,937,500
1	9,995,001	10,000,000	10,000,000
1	19,255,001	19,260,000	19,260,000
1	44,665,001	44,670,000	44,667,028
1	58,440,001	58,445,000	58,444,997

3977

215,714,285

2.3 Categories of Shareholders

	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children	103,348,596	47.9099
2.3.2 Associated Companies, undertakings and related parties. (Parent Company)	0	-

2.3.3 NIT and ICP	506,613	0.2349
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	5,539	0.0026
2.3.5 Insurance Companies	53,100	0.0246
2.3.6 Modarabas and Mutual Funds	127,000	0.0589
2.3.7 Shareholders holding 10% or more	103,153,596	47.8195
2.3.8 General Public		
a. Local	108,128,238	50.1257
b. Foreign	0	-
2.3.9 Others (to be specified)		
1- Joint Stock Companies	3,473,300	1.6101
2- Foreign Companies	14,900	0.0069
3- Pension Funds	55,067	0.0255
4- Others	1,932	0.0009

KOHINOOR SPINNING MILLS LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2022

Sr. No.	Name	No. of Shares Held	Percentage
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Associated Companies, Undertakings and Related Parties (Name Wise Detail):

Mutual Funds (Name Wise Detail)

1	GOLDEN ARROW SELECTED STOCK FUND	500	0.0002
2	PRUDENTIAL STOCK FUND LTD. (CDC)	6,000	0.0028
3	PRUDENTIAL STOCKS FUND LTD (03360) (CDC)	50,000	0.0232
4	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND (CDC)	70,000	0.0325

Directors and their Spouse and Minor Children (Name Wise Detail):

1	KHAWAJA MOHAMMAD JAHANGIR (CDC)	181,500	0.0841
2	KHAWAJA MOHAMMAD TANVEER (CDC)	500	0.0002
3	KHAWAJA MOHAMMAD KALEEM	58,453,568	27.0977
4	MR. MOHAMMAD NAVEED	44,700,028	20.7219
5	MR. MOHAMMAD HAMZA YOUSAF	11,500	0.0053
6	MRS. FIZA FARHAN	500	0.0002
7	MR. FAISAL QAIYUM	500	0.0002
8	MRS. AQSA JAHANGIR	500	0.0002

Executives:

Public Sector Companies & Corporations:

Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	114,206	0.0529
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Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)

S. No.	Name	Holding	%Age
1	KHAWAJA MOHAMMAD KALEEM	58,453,568	27.0977
2	MR. MOHAMMAD NAVEED	44,700,028	20.7219
3	MST. RIMAL SAQIB (CDC)	19,260,000	8.9285

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No.	Name	Sale	Purchase
1	KHAWAJA MOHAMMAD KALEEM	5,000,000	-
2	MR. MOHAMMAD NAVEED (CDC)	11,000,000	-

Form of Proxy – 50th Annual General Meeting

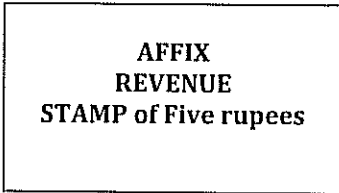
The Corporate Secretary
 Kohinoor Spinning Mills Limited
 7/1 E-3 Main Boulevard Gulberg III, Lahore

Folio # / CDC A/C #.	
Participant I.D	
Account #	
Shares held	

I/We _____ of _____
 being a member (s) of Kohinoor Spinning Mills Limited hold _____ ordinary
 shares hereby appoint Mr./Mrs./Miss _____ of
 _____ or failing him/her _____ of
 _____ as my /our Proxy to attend and vote for me/us and on
 my/our behalf at the 50th Annual General Meeting of the Company to be held on
 Friday, October 28, 2022 at 09:00 a.m. at 7/1 E-3 Main Boulevard Gulberg III,
 Lahore and at every adjournment thereof.

Signed this _____ day of _____ 2022.

- Witness:
 Signature _____
 Name _____
 Address _____
 CNIC _____
- Witness:
 Signature _____
 Name _____
 Address _____
 CNIC _____



Signature _____
 (Signature appended above
 should agree with the
 specimen signatures
 registered with the
 Company.)

IMPORTANT

- This Form of proxy, duly completed and signed, must be received at the registered office of the company, at 7/1 E-3 Main Boulevard Gulberg III, Lahore Pakistan, not less then 48 hours before the time of holding the meeting.
- If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.

مختار نامہ

فولیو نمبر اسی ڈی سی اکاؤنٹ نمبر:
ملکیتی حصص:

کمپنی سیکرٹری

کوہ نور سپینگ ملز لمیٹڈ

E-3، 7/1 مین، بلیوارڈ، گلبرگ III،

لاہور

کا/ کے

میں اہم _____ کو اپنے/ ہمارے ایما پر بروز جمعہ مورخہ 28 اکتوبر 2022ء صبح
بجائیت رکن کوہ نور سپینگ ملز لمیٹڈ بذریعہ ہذا احترام/ احترامہ _____ کو اپنی/ ہمارے ایما پر
09:00 بجے، برہم مقام E-3، 7/1 مین، بلیوارڈ، گلبرگ III، لاہور میں منعقد ہونے والے کمپنی کے سالانہ اجلاس میں شرکت اور حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت اپنا/ ہمارا بطور مختار (پراکسی)
مقرر کرتا ہوں/ کرتے ہیں۔

رسیدی نکلٹ یہاں چسپاں کریں

آج بروز تاریخ 2022ء کو دستخط کئے گئے۔

گواہان

1-

(دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں)

دستخط:

نام:

پتہ:

2-

دستخط:

نام:

پتہ:

نوٹ:

1- ایک ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا اہل ہو، اپنی جگہ کسی کو بطور نائب شرکت کرنے اور ووٹ دینے کا حق تفویض کر سکتا ہے۔

2- پراکسی تقرری کے آلات پر رکن یا اس کے باقاعدہ با اختیار اٹارنی کی طرف سے دستخط شدہ ہونے چاہئیں۔ اگر رکن ایک کارپوریشن ہے، تو اس کی مشترکہ مہر آلات پر ثبت ہونی چاہئے۔

3- سی ڈی سی حصص داران سے التماس ہے کہ متعلقہ حصص داران کی شناخت کی سہولت کے لئے غیر معمولی اجلاس عام میں شرکت کے وقت اپنے کمپیوٹر انزڈ تو می شناختی کارڈ معہ پارٹیشننگس کا آئی ڈی نمبرز اور اپنے
اکاؤنٹ نمبرز لازماً ہمراہ لائیں۔

4- پراکسی تقرری کے آلات، معہ پاور آف اٹارنی، اگر کوئی ہو، جس کے تحت یہ دستخط شدہ ہے یا اس کی نوٹریٹی کا پی، اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے دفتر میں جمع کرائے جانے چاہئیں۔