

Kohinoor Spinning Mills Limited
Half Yearly Financial Statements
December 31, 2020

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)
Khawaja Mohammad Nadeem	(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 # 12 & 13, 3rd Floor, Fazal Arcade
F-11 Markaz, 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

DIRECTORS' REPORT

On behalf of the Directors of Kohinoor Spinning Mills Limited, it is my pleasure to present six months accounts for the period ended 31 December 2020.

Your Company has incurred a net loss of Rs. 274.771 million as compared to a net loss of Rs. 175.974 million for the corresponding period last year. The Company sale has increased by Rs. Rs. 545 million as compared to the corresponding period last year. This increase in revenue is commendable.


The Federal Government has increased 7.5 Cents/KWH tariff to 9.0 Cents/KWH for textile sector. However, textile policy in which this increase is proposed to be reversed is still in approval phase. This shows that we need some concrete steps towards growth of our industry.

State Bank of Pakistan (SBP) has reduced discount rates but still there is a room for improvement. The Government is not agreeing to undo the condition of CNIC in case of sale to unregistered persons exceeding to a certain limit. This is also an impediment in progress of your company.

The directors of your Company assure you that they are interested in running the mills despite worse ever crisis being faced by spinning industry. The directors inject funds whenever needed by the Company and would not deviate from this practice in future. However, one of the directors has requested to either return his loan or repay mark up on it. Due to weak financial strength, we are unable to meet any of the above two demands currently.

In the end, I assure you that the management of your company will continue its efforts to improve the overall performance of the Company through increased productivity, cost control and by devising innovative marketing strategies.

Lahore:
26 February 2021


Khawaja Mohammad Jahangir
(Chairman)


Mohammad Naveed
(Chief Executive Officer)

ڈائریکٹرز رپورٹ

ہم کوہ نور سپننگ ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر 2020 کے اختتام شدہ شش ماہی کے غیر شدہ حسابات پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔

کمپنی کا مجموعی خسارہ پچھلے سال کے اسی دورانیہ کے 175.974 ملین روپے کے مقابلے میں 274,771 ملین روپے رہا۔ اور کمپنی کی سیلز پچھلے سال کے اسی دورانیہ کی نسبت 545 ملین روپے بڑھ گئی ہیں اور یہ اضافہ قابل ستائش ہے۔

ٹیکسٹائل کے شعبے کے لیے وفاقی حکومت نے 7.5 سینٹ/kwh ٹیرف کو 9.0 سینٹ/kwh کر دیا ہے۔ تاہم، ٹیکسٹائل پالیسی جس میں اس اضافے کو واپس کرنے کی تجویز ہے وہ ابھی تک منظوری کے مرحلے میں ہے۔ اس سے ظاہر ہوتا ہے کہ ہمیں اپنی صنعت کی نمو کے لیے کچھ ٹھوس اقدامات کی ضرورت ہے۔

اسٹیٹ بینک آف پاکستان نے رعایت کی شرحوں میں کمی کی ہے لیکن پھر بھی بہتری کی گنجائش باقی ہے۔ حکومت غیر رجسٹرڈ افراد کو کسی خاص حد سے زائد فروخت کرنے کی صورت میں CNIC کی شرط کو کالعدم قرار دینے پر راضی نہیں ہے۔ یہ آپ کی کمپنی کی پیشرفت میں ایک رکاوٹ ہے۔

آپ کی کمپنی کے ڈائریکٹرز آپ کو یقین دلاتے ہیں کہ سپننگ کی صنعت کے بدترین بحران کے باوجود ملز کو چلانے میں دلچسپی رکھتے ہیں۔ جب بھی کمپنی کو ضرورت ہو، مالکان فنڈز لگاتے ہیں اور آئندہ بھی اس عمل سے انحراف نہیں کرتے ہیں۔ تاہم، ڈائریکٹرز میں سے ایک نے درخواست کی ہے کہ کمپنی انہیں قرض واپس کر دے یا پھر اس پر مارک اپ دے۔ کمزور مالی مضبوطی کی وجہ سے، ہم فی الحال مذکورہ بالا دونوں مطالبات میں سے کسی کو پورا نہیں کر سکتے ہیں۔

آخر میں ہم آپ کو یقین دلاتے ہیں کہ انتظامیہ، بڑھتی ہوئی پیداواری صلاحیت، اضافی لاگت پر قابو پانے اور پیداوار کی زیادہ سے زیادہ حکمت عملی وضع کر کے مجموعی کارکردگی کو بہتر بنانے کے لیے اپنی تمام تر کوششیں جاری رکھے گی۔

خواجہ محمد جہانگیر

(چئیرمین)

محمد نوید

(چیف ایگزیکٹو آفیسر)

لاہور

26 فروری 2021



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kohinoor Spinning Mills Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Kohinoor Spinning Mills Limited** as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 2019 have not been reviewed and we do not express a conclusion on them, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Imran Ul Haq.

Place: Lahore
Date: 26/02/2021


NASIR JAVAID MAQSOOD IMRAN
CHARTERED ACCOUNTANTS

Lahore Office:

Office No. 914, Al-Hafeez Heights, 65-D/1, Ghalib Road, Gulberg-III.
Tel: 042-35754821-22, Fax: 042-36317513, Email: nasirgulzar@njmi.net

Karachi Office:

Office No. 807, 8th Floor, Q.M. House, Plot No. 11/2, Ellander Road,
Opposite to Shaheen Complex, Off. I.I Chundrigar Road.
Tel: 021-32212382, 32212383, 32211516, Fax: 021-32211515, Email: khi@njmi.net

KOHINOOR SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

Notes	Half Year Ended		Quarter Ended	
	Un-Audited December 31,2020 (Rupees)	Un-Audited December 31,2019 (Rupees)	Un-Audited December 31,2020 (Rupees)	Un-Audited December 31,2019 (Rupees)
SALES - NET	1,425,246,192	880,632,300	733,136,870	597,204,254
COST OF SALES	(1,629,108,420)	(986,860,915)	(884,066,003)	(664,574,769)
GROSS (LOSS)	(203,862,228)	(106,228,615)	(150,929,133)	(67,370,515)
OPERATING EXPENSES				
Distribution Cost	(2,862,325)	(1,378,677)	(1,210,491)	(1,197,800)
Administrative	(41,800,887)	(34,964,418)	(22,275,087)	(16,287,181)
	(44,663,212)	(36,343,095)	(23,485,578)	(17,484,981)
OPERATING (LOSS)	(248,525,440)	(142,571,710)	(174,414,711)	(84,855,496)
Financial cost	(5,170,323)	(20,198,941)	(2,798,199)	24,227,739
Other operating income	303,871	5,882	303,871	5,882
	(4,866,452)	(20,193,059)	(2,494,328)	24,233,621
(LOSS) BEFORE TAXATION	(253,391,892)	(162,764,769)	(176,909,039)	(60,621,875)
TAXATION	(21,378,693)	(13,209,485)	(10,997,053)	(8,957,899)
(LOSS) AFTER TAXATION	(274,770,585)	(175,974,254)	(187,906,092)	(69,579,774)
(LOSS) PER SHARE - BASIC & DILUTED	(1.27)	(0.82)	(0.87)	(0.32)

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

Lahore,
February 26, 2021


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICE

KOHINOOR SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Half Year Ended		Quarter Ended	
	December 31, 2020 (Rupees)	December 31, 2019 (Rupees)	December 31, 2020 (Rupees)	December 31, 2019 (Rupees)
(Loss) after taxation	(274,770,585)	(175,974,254)	(187,906,092)	(89,579,774)
Other Comprehensive income				
Items that may be reclassified subsequently to profit and loss	-	-	-	-
Unrealized gain/(loss) due to change fair value of long term investment	53,222	16,632	21,621	(18,295)
Items that will not reclassified to profit and loss	-	-	-	-
Total comprehensive (Loss)	<u>(274,717,363)</u>	<u>(175,957,622)</u>	<u>(187,884,471)</u>	<u>(89,598,069)</u>

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

Lahore,
February 26, 2021


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

KOHINOOR SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGE IN EQUITY (UN-ADITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Share Capital	Capital Reserves	Revenue Reserves		Total
		Share Premium	Accumulated (Loss)	Fair Value Reserves	
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Balance as at July 01, 2019	1,078,571,425	171,428,570	(1,726,407,533)	(833,680)	(477,241,218)
Loss for the period ended after taxation			(175,974,254)	-	(175,974,254)
Unrealized gain due to change in fair Value of long term investment				16,632	16,632
Balance as on December 31, 2019	<u>1,078,571,425</u>	<u>171,428,570</u>	<u>(1,902,381,787)</u>	<u>(817,048)</u>	<u>(653,198,840)</u>
Balance as on July 01, 2020	1,078,571,425	171,428,570	(1,971,912,960)	(850,312)	(722,763,277)
Loss for the period ended after taxation			(274,770,585)	-	(274,770,585)
Unrealised gain to change in fair value of long term investment				53,222	53,222
Balance as on December 31, 2020	<u>1,078,571,425</u>	<u>171,428,570</u>	<u>(2,246,683,545)</u>	<u>(797,090)</u>	<u>(997,480,640)</u>

Lahore,
February 26, 2021


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

KOHINOOR SPINNING MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	Un-Audited December 31, 2020 (Rupees)	Un-Audited December 31, 2019 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(253,391,892)	(162,764,769)
Adjustments of non cash charges and other items:		
Depreciation / amortization	43,383,308	45,741,191
Gratuity	5,270,310	4,762,392
Gain on sale of fixed assets	(303,871)	(5,882)
Financial cost	5,170,323	20,198,941
Operating profit before working capital changes	(199,871,822)	(92,068,127)
(Increase)/decrease in current assets		
Stores and spares	2,021,370	13,494,666
Stock-in-trade	99,477,062	(138,324,063)
Trade debts	8,810,431	47,839,573
Loan & advances	1,526,751	(2,945,555)
Other receivables	-	(2,000)
	111,835,614	(79,937,379)
Increase in current liabilities		
Trade and other payables	113,915,054	181,145,556
	25,878,546	9,140,050
Financial cost paid	(5,170,323)	(5,300,535)
Income tax paid	(13,519,614)	(11,156,920)
Gratuity paid	(1,983,800)	(6,470,828)
Net cash used in operations	5,205,110	(13,788,233)
CASH FLOW FROM INVESTING ACTIVITIES		
Property, Plant & Equipment	(19,143,485)	(3,755,000)
Proceeds from disposal property, plant and equipment	500,000	36,000
Net cash used in investing activities	(18,643,485)	(3,719,000)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayments)/proceeds from:		
Increase in Long term loan from directors	14,138,738	29,500,000
Net cash generated from financing activities	14,138,738	29,500,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	700,363	11,992,768
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	9,813,594	4,298,576
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	10,513,957	16,291,344

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

Lahore,
February 26, 2021


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICE

KOHINOOR SPINNING MILLS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020

1 NATURE AND STATUS OF BUSINESS

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 Pakistan 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 Aminabad 8 Km Pindi Road, Chakwal

Unit 03 8 Km Bhaun Road, Chakwal

2. BASIS OF PRESENTATION

This interim condensed financial statement is unaudited and are being submitted to the shareholders as required under section 245 of the Companies Act 2017 and section 245 with section 237. These interim condensed financial statements has been prepared in accordance with the International Accounting Standard 34 (Interim Financial Reporting). In case where requirement differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. These condensed interim financial statements should be read in conjunction with the audited annual published Financial statements of the company for the year ended June 30, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2020.

Amendments to certain existing standards and new interpretation on approved accounting standards that become effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June 2020.

4.2 The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2020.

	Un-Audited December 31, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
5. SHARE CAPITAL		
Issued, subscribed and paid up		
213,439,285 (June 30, 2019 -213,439,285) ordinary shares of Rupees 5/- each, issued for cash	1,067,196,425	1,067,196,425
2,275,000 (June 30, 2019 -2,275,000) ordinary shares of of Rupees 5/- each, issued as bonus shares	11,375,000	11,375,000
	<u>1,078,571,425</u>	<u>1,078,571,425</u>

		Un-Audited December 31, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
6. PROPERTY, PLANT AND EQUIPMENT			
Opening writtendown value		1,636,381,216	1,722,019,456
Additions during the period	6.1	19,143,485	3,859,500
		<u>1,655,524,701</u>	<u>1,725,878,956</u>
Deletion during the period	6.2	(770,485)	(856,485)
		<u>1,654,754,216</u>	<u>1,725,022,471</u>
Depreciation charged during the period		(42,985,600)	(88,641,255)
Depreciation Adjusted during the period		574,356	-
		<u>1,612,342,972</u>	<u>1,636,381,216</u>
LEASED			
Opening writtendown value		15,726,287	16,553,986
Additions during the period		-	-
		<u>15,726,287</u>	<u>16,553,986</u>
Amortization charged during the period		(397,707)	(827,699)
		<u>15,328,580</u>	<u>15,726,287</u>
		<u>1,627,671,552</u>	<u>1,652,107,503</u>
6.1 ADDITION DURING THE PERIOD			
Plant and machinery		19,143,485	-
Vehicle		-	3,859,500
		<u>19,143,485</u>	<u>3,859,500</u>
6.2 DELETION DURING THE PERIOD			
Vehicles		770,485	856,485
		<u>770,485</u>	<u>856,485</u>

7. TRANSACTION WITH RELATED PARTIES

The transactions between the company and related parties are at arm's length prices determined in accordance with comparable uncontrolled price method. The company during the period ending December 31, 2020 entered to following transactions with its related parties:

	Un-Audited December 31, 2020 (Rupees)	Un-Audited December 31, 2019 (Rupees)
Sales of raw material and goods Chakwal Textile Mills Ltd.	533,808	3,958,360

8. AUTHORISATION FOR ISSUE

These condensed interim Financial statement have been authorised for issue on February 26, 2021 by the Board of Directors of the company.

9. GENERAL

Figures have been rounded off to the nearest rupee.

Lahore,

February 26, 2021


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICE