

Annual Report

AUDITED

For the Year Ended
June 30, 2019



Kohinoor Spinning Mills Limited



Contents

Company Information	04
Vision and Mission	05
Notice of Annual General Meeting	06-07
Key Financial Data of Last Six Years	08
Review Report by the Chairman	09-10
Directors' Report to the Shareholders	11-16
Jama Punji E-Flyer	17-18
Statement of Compliance with the Code of Corporate Governance	19-20
Auditors' Review on Compliance of the Code of Corporate Governance	21
Auditors' Report to the Members	22-25
Statement of Financial Position	26-27
Statement of Profit or Loss	28
Statement of Comprehensive Income	29
Statement of Changes in Equity	30
Statement of Cash Flows	31
Notes to the Financial Statement	32-56
Pattern of Shareholding and Disclosure as Per CCG Requirement	57-59
Form of Proxy	61-62

COMPANY INFORMATION

BOARD OF DIRECTOR

Khawaja Mohammad Jahangir	(Chairman)
Mohammad Naveed	(Chief Executive)
Khawaja Mohammad Jawed	(Director)
Khawaja Mohammad Tanveer	(Director)
Khawaja Mohammad Kaleem	(Director)
Khawaja Mohammad Nadeem	(Director)
Mohammad Hamza Yousaf	(Director)
Mohammad Tariq Sufi	(Independent Director)

AUDIT COMMITTEE

Mohammad Tariq Sufi	(Chairman)
Khawaja Mohammad Kaleem	(Member)
Khawaja Mohammad Nadeem	(Member)

HR & REMUNERATION COMMITTEE

Mohammad Tariq Sufi	(Chairman)
Khawaja Mohammad Jahangir	(Member)
Khawaja Mohammad Kaleem	(Member)

CORPORATE SECRETARY

Hasan Ahmad Khan	FCA
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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

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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 47th Annual General Meeting of **KOHINOOR SPINNING MILLS LIMITED** will be held on Wednesday, November 27, 2019 at 11:30 a.m. at 7/1 E-3 Main Boulevard Gulberg-III, Lahore to deal with the following matters:-

1. To confirm the minutes of last AGM held on November 27, 2018.
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2019 together with the reports of directors and auditors thereon.
3. To appoint auditors for the year ending June 30, 2020 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

Lahore:
November 05, 2019

HASAN AHMAD KHAN
Company Secretary

BOOK CLOSURE

The Member's Register will remain closed from November 21, 2019 to November 27, 2019 (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 November 20, 2019 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, 2020 alongside directors and auditor's report thereon on its website <http://www.kohinoorspinningmills.com>

سالانہ اجلاس عام کانٹس

اطلاع دی جاتی ہے کہ کوہ نور سپننگ ملز لمیٹڈ کا سینٹالیسواں سالانہ اجلاس عام بروز بدھ مورخہ 27 نومبر 2019 کو صبح 11:30 بجے E-3/7، مین بلیوارڈ گلبرگ iii، لاہور مندرجہ امور طے کرنے کیلئے منعقد ہوگا۔

- 1- 27 نومبر 2018 کو منعقد کیے گئے سالانہ اجلاس کے منٹس کی تصدیق کرنا۔
- 2- کمپنی کے سال 30 جون 2019 کے آڈیٹڈ اکاؤنٹس اور اس پر ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی اور منظوری۔
- 3- 30 جون 2020 کے لئے آڈیٹرز کا تقرر اور انکے معاوضے کی منظوری۔
- 4- چیئرمین کی اجازت سے کمپنی کے دیگر کسی امور کی انجام دہی۔

حسب حکم بورڈ

حسن احمد خان
(کمپنی سیکریٹری)

لاہور

05 نومبر 2019

کتابی بندش

ممبرز کا رجسٹر مورخہ 21 نومبر 2019 جن میں دونوں دن شامل ہیں بند رہی گی۔

نوٹس:

- 1- کوئی بھی ممبر سالانہ اجلاس عام میں شرکت اور ووٹ دینے کا حق کسی بھی کمپنی کے ممبر کو اپنی پراکسی کے طور پر مقرر کرنے کا حق رکھتا ہے۔ پراکسیز میٹنگ کیلئے مقرر کردہ وقت سے 48 گھنٹے قبل کمپنی کے دفتر میں پہنچی چاہیں۔
- 2- کمپنی کے شیرز کا مالک جس نے شیرز CDC میں رکھے ہیں یا اسکی پراکسی کو شناخت کی تصدیق کے لیے سالانہ اجلاس عام میں شرکت کے لئے اپنا اصل شناختی کارڈ یا پاسپورٹ دکھانا ہوگا CDC اکاؤنٹ ہولڈر کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر 1 مورخہ 26 نومبر 2000 میں دی گئی ہدایات پر عمل پیرا ہونا پڑیگا۔
- 3- مورخہ 20 نومبر 2019 کو کاروباری اوقات تک ملنے والی تبدیلی کو جائز مانا جائیگا۔ کمپنی کی سالانہ ریٹرن کے لئے وہی یا تبدیل شدہ پتہ جائز شناختی کارڈ کی کاپی کے ہمراہ کمپنی کے سٹیز رجسٹرار کو رپ لنک (پرائیویٹ) لمیٹڈ ونگز آر کیڈ K۔
- کمرشل ماڈل ٹاؤن (فون نمبر 042-35839182) پر پہنچائی جائے۔
- 4- سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے SRO 787 (1) 12014 کے تحت ارکان آڈیٹڈ مالی گوشوارے ہمراہ سالانہ اجلاس کے نوٹس الیکٹرونکلی بذریعہ ای میل منگوا سکتے ہیں۔ لہذا ایسے خواہش مند ارکان اپنے ای میل پتے اور اضافہ مندی الیکٹرونک فرامی کیلئے سٹیز رجسٹرار اور براہ راست اپنے بروکر (شریک) / سی ڈی سی سرمایہ کار اکاؤنٹ کو بھیجیں۔
- 5- کمپنی نے آڈیٹڈ مالی گوشوارے برائے سال اختتام 30 جون 2019 ہمراہ ڈائریکٹرز رپورٹس اپنی ویب سائٹ <http://www.kohinoorspinningmills.com> پر رکھی ہیں۔

KEY FINANCIAL DATA OF LAST SIX YEARS

		Year ended June 30					
		2019	2018	2017	2016	2015	2014
Profit and Loss Summary							
Sales-Net	Pak-Rs.	4,260,538,818	3,070,193,676	2,063,046,395	4,139,297,510	6,051,526,305	6,822,993,716
Gross profit/(Loss)	Pak-Rs.	1,632,745	(165,293,612)	(380,244,852)	(19,050,576)	331,657,539	747,432,402
Profit/(Loss) after tax	Pak-Rs.	(339,402,784)	(414,618,270)	(720,905,747)	(466,024,678)	(289,683,492)	120,952,672
Balance Sheet Summary							
Share Capital	Pak-Rs.	1,078,571,425	1,078,571,425	650,000,000	650,000,000	650,000,000	650,000,000
Accumulated (Loss) / Profit	Pak-Rs.	(1,555,812,643)	(1,185,044,837)	(982,015,938)	(260,250,218)	192,304,938	488,020,366
Share Holder's Equity	Pak-Rs.	(477,241,218)	(106,473,412)	(332,015,938)	389,749,782	842,304,938	1,138,020,366
Non Current Liabilities (Excluding loan from directors)	Pak-Rs.	534,742,580	553,986,673	323,534,007	393,728,427	491,373,267	254,512,419
Loan From Directors	Pak-Rs.	470,149,521	438,376,521	1,000,526,516	700,000,000	700,000,000	700,000,000
Property, plant and Equipment	Pak-Rs.	1,738,573,442	1,821,121,203	1,913,004,745	2,027,131,797	2,085,557,422	1,979,823,212
Other Non Current Assets	Pak-Rs.	39,325,312	39,325,312	10,977,142	32,010,739	31,807,264	27,214,551
Total Assets	Pak-Rs.	2,899,859,631	3,018,021,074	3,183,195,343	3,468,865,660	4,070,547,733	4,381,508,661
Total Liabilities (Excluding loan from directors)	Pak-Rs.	2,906,951,328	2,686,117,964	2,514,684,765	2,379,115,879	2,528,242,795	2,543,488,295
Profitability and Operating Ratios							
Gross Profit/(Loss) Margin	%	0.04	(5.38)	(18.43)	(0.46)	5.48	10.95
Net Profit/(Loss) to sales	%	(7.97)	(13.50)	(34.94)	(11.26)	(4.79)	1.77
Liquidity Ratios							
Current	Times	0.40	0.45	0.57	0.71	0.96	1.04
Quick/Acid test	Times	0.10	0.12	0.11	0.18	0.25	0.22
Activity/Turnover Ratios							
Inventory Turnover	Times	5.05	3.49	2.37	3.34	3.45	3.42
Debtors Turnover	Times	20.40	12.13	12.87	14.96	15.42	17.99
Creditors Turnover	Times	85.21	42.25	32.86	36.64	41.68	18.46
Investment/Market Ratios							
Earning/(Loss) Per share	Rupees	(1.57)	(2.13)	(5.55)	(3.58)	(2.23)	0.93

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 (previously Companies Ordinance 1984) and the Listed Companies (Code of Corporate Governance) Regulations, 2017.

- 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.

The annual evaluation of the Board's performance is assessed based on the key areas where the Board requires clarity in order 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 NCML 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.



Khawaja Muhammad Jahangir
Chairman

Lahore
November 05, 2019

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

کوہ نور سپننگ ملز لمیٹڈ (KSML) کے بورڈ آف ڈائریکٹرز (بورڈ) نے کمپنی کے حصہ داروں کے بہترین مفاد کو برقرار رکھنے میں اپنی ذمہ داریاں تندہی سے انجام دی ہیں اور کمپنی کے امور کو موثر اور بروقت انداز سے منظم کیا ہے۔ بورڈ نے کمپنیر ایکٹ 2017 (سابقہ کمپنیر آرڈیننس 1984) اور لسٹڈ کمپنیر (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 میں دیئے گئے اپنے اختیارات اور ذمہ داری کو بخوبی سرانجام دیا ہے۔

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 سمیت دیگر اہم ایگزیکٹوز بشمول چیف فنانس 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 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 جہانگیر

چیئرمین

05 نومبر 2019

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 2019.

Financial Performance:

Your Company has incurred after tax loss of Rs. 339.403 million as compared to after tax loss of Rs. 414.618 million for the corresponding last year. Higher production costs, especially the high cost of electricity, and labor cost, amid depressed prices in the international market, have eaten into the margins of the industry. As a result, profit margins on exports have waned over time, so due to better margins in domestic markets we have completely shifted to the domestic markets from 2017-18.

The management is trying to keep the Company rolling. As a result, sales have increased from Rs. 3,070 million in 2018 to Rs. 4,261 million in the current year (an increase of whopping 38.77%). Sales were increased mainly due to better plant capacity utilization. Similarly, gross loss of 5.38% of last year has reduced to nil this year.

(Loss) Per Share (EPS):

The Basic loss per share (EPS) of the Company for the year 2019 remained at Rs. 1.57 (2018: loss per share was Rs. 2.13).

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.

Principal Activity:

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

Principal Risks and Uncertainties:

The Board of Directors are responsible to oversee the Company's operations and to devise an effective strategy to mitigate any potential adverse impact of risks. The Company's ability to continually assess market conditions and then react decisively, allows the Company to manage risks responsibility and take opportunities to strengthen the position of the Company when they arise. The Company's principal financial liabilities, comprise long term finances, trade and other payables and short term borrowings. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company's principal financial assets comprise of trade debts, advances, short-term deposits, other receivables and cash and bank balances that arise directly from its operations. The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

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 three to four years. The management is of the view that the Company should stand on its feet before committing anything to the banks. For this, the Company has taken a number of steps like change of product from cotton to man-made fiber, change of machines accordingly and provision of funds by the directors. 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.

Adequacy of 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, 2019 were reviewed by the Audit Committee and approved by the Board of Directors. All the related parties transactions were in line with the transfer pricing methods approved by the Board of Directors.

Future Outlook:

The current scenario of Pakistan textile industry is still depressed. The Government has implemented GST regime and CNIC condition despite stiff opposition by textile industry. This resulted in further erosion of working capital and lukewarm yarn demand. Also, US \$ is being depreciated regularly to keep it to its actual market value against Pak rupee, resulting in increase in energy prices.

We demand some steps by the Government to return to profitability like timely payment of sales tax refunds, removal of anti dumping duty on imported polyester, friendly environment for genuine investors, waiver of CNIC condition etc.

Keeping in view technological up gradation in textile Spinning Sector to achieve most efficient and cost effective production facilities which makes us more comparative in current yarn market, our company is evolving a plan to undertake a major BMR in near future provided business environment improves considerably.

Composition of Board:

Total number of Directors:

- a) Male: 8 (Eight)
- b) Female: Exempted for current term

Composition:

- (i) Independent Directors: 1 (One)
- (ii) Other Non-executive Directors: 5 (Five)
- (iii) Executive Director: 2 (Two)

Sr.#	Name of Directors:
1.	Khawaja Mohammad Jahangir (Chairman)
2.	Khawaja Mohammad Jawed
3.	Khawaja Mohammad Tanveer
4.	Khawaja Mohammad Kaleem
5.	Mohammad Naveed (Chief Executive)
6.	Khawaja Mohammad Nadeem
7.	Mohammad Hamza Yousaf
8.	Mohammad Tariq Sufi (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
- HR & Remuneration Committee

The names of the members of the above committees are given in the Company information.

Meetings of the Board of Directors:

During the year under review, four meetings of the Board of Directors of the Company were held in Pakistan and the attendance position is as follows:

Sr.#	Names	Meetings Attended
1.	Khawaja Muhammad Javed	4
2.	Muhammad Naveed	4
3.	Khawaja Muhammad Jahangir	4
4.	Khawaja Muhammad Tanveer	4
5.	Khawaja Muhammad Kaleem	4
6.	Khawaja Muhammad Nadeem	4
7.	Muhammad Hamza Yousaf	4
8.	Muhammad Tariq Sufi	4

Board Committees

Audit Committee

The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. To comply with statutory regulations, the Company has reconstituted Audit Committee during the year under review. Four meetings of the Audit Committee of the Company were held and the attendance position is as follows:

Sr.#	Names	Meetings Attended
1.	Mohammad Tariq Sufi	4
2.	Khawaja Muhammad Kaleem	4
3.	Khawaja Muhammad Nadeem	4

HR & Remuneration Committee

The HR & Remuneration committee is performing its duties in line with its terms of reference as determined by the Board of Directors. To comply with statutory regulations, the Company has reconstituted HR & Remuneration Committee during the year under review. Only one meeting of the HR & Remuneration Committee of the Company was held and the attendance position is as follows:

Sr.#	Names	Meeting Attended
1.	Mohammad Tariq Sufi	1
2.	Khawaja Muhammad Jahangir	1
3.	Khawaja Muhammad Kaleem	1

Auditors:

The present auditors of the Company have completed the annual audit for the year ended 30 June 2019. The auditors will retire on conclusion of the Annual General Meeting of the Company, and being eligible have offered themselves for reappointment for the year ending 30 June 2020.

The Board of Directors endorsed the recommendations of Audit Committee for their re-appointment. The auditors have conveyed that they have been assigned satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan and registered with the Audit Oversight Board of Pakistan. The firm is fully compliant with the code of ethics issued by International Federation of Accountants (IFAC). Further they are also not rendering any related services to the company. The auditors have also confirmed that neither the firm nor any of their partners, their spouses or minor children at any time during the year held or traded in the shares of the company and that no partner of the firm or person involved in the audit are close relative i.e., spouse, parents, dependents and non-dependent children of the CEO, the CFO, the head of internal audit, the company secretary

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 levies 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 2019.
- 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 2019 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 uplift communities that are influenced directly or indirectly by our business.

Environment, Health and Safety:

The Company maintains safe working conditions avoiding the risk to the health of employees and public at large. The management has maintained safe environment in all its operations throughout the year and is constantly upgrading their safety and living facilities. Safety is a matter of concern for machinery as well as the employees working at plant. fire extinguishers and other fire safety equipments have been placed at sites as well as head office of the Company. Regular drills are performed to ensure efficiency and efficacy of fire safety equipments.

Company's Shareholders and Staff:

The Board is thankful to the Company's shareholders for their continuing confidence in the Company. The Board also wishes to express its gratitude to all the Company's employees for their hard work, loyalty and dedication.

For and on behalf of the Board



Mr. Muhammad Naveed
Chief Executive Officer



Khawaja Muhammad Jahangir
Chairman

Lahore
November 05, 2019

حصہ داران کے لئے ڈائریکٹرز رپورٹ

ڈائریکٹرز آپ کی کمپنی کی 30 جون 2019ء 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 از ٹیکس 414.618 ملین روپے کے خسارے کے مقابلے میں اس سال 339.403 ملین بعد از ٹیکس خسارہ ہوا ہے۔ ملک میں کاروبار کرنے کی گراں لاگت خصوصاً مہنگی بجلی اور مزدوری، بین الاقوامی منڈیوں میں گرتی قیمتوں نے صنعت کا منافع ختم کر دیا ہے۔ نتیجتاً ایکسپورٹ کے منافع کی شرح وقت کے ساتھ ختم ہو گئی ہے۔ مقامی منڈی میں بہتر مارجن کی وجہ سے ہم نے 2017-18 سے مقامی منڈیوں کا بڑھ کر مکمل طور پر کر لیا ہے۔

تاہم منتظمین کمپنی کو چلانے کے لئے کوشاں ہیں۔ جس کے نتیجے میں سال 2018 کی 3,070 ملین روپے فروخت کے مقابلے میں اس سال فروخت 4,261 ملین روپے رہی 38.77% کی انتہائی بڑھوتری کے ساتھ)۔ فروخت کی بڑھوتری کی بڑی وجہ پیداواری صلاحیت کا بہتر استعمال رہی۔ اسی طرح پچھلے سال 5.38% مجموعی خسارہ اس سال صفر پر آ گیا ہے۔

فی حصہ خسارہ

کمپنی کا سال 2019 کے لئے بنیادی فی حصہ خسارہ 1.57 روپے رہا (2018 فی حصہ خسارہ 2.13 روپے)۔

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۔

اولین سرگرمی

کمپنی کی اولین سرگرمی سوئیٹ کی پیداوار اور سیل ہے۔

اولین خطرات اور خدشات

بورڈ آف ڈائریکٹرز کمپنی کی سرگرمیوں اور ممکنہ خطرات سے نمٹنے کے لئے مؤثر 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 واجبات اور کم مدتی ادھار پر مشتمل ہیں۔ ان مالی واجبات کا بنیادی مقصد کمپنی کی سرگرمیوں کو چلانے کے لئے پیسے کا انتظام کرنا ہے۔ کمپنی کے اولین مالی اثاثہ جات، تجارتی قرضے، پیسٹھر ادائیگیاں، کم مدتی ذخائر، دیگر قابل وصول رقوم، نقدی اور بینک بیلنس پر مشتمل ہیں جو سرگرمیوں سے براہ راست حاصل ہوئے ہیں۔

کمپنی کی سرگرمیوں کی وجہ سے اس کو مختلف مالی خطرات لاحق ہیں: منڈی کا خطرہ (بشمول، نقدی خطرہ، سودی شرح کا خطرہ اور قیمت کا خطرہ)، ادھار کا خطرہ اور مالی مایعیت کا خطرہ، کمپنی کا مجموعی طور پر خطرات کو کم کرنے کا پروگرام مالی منڈی کی غیر یقینی صورت حال پر مرکوز ہے اور کمپنی کی مالی کارکردگی پر اثر انداز ہونے والے ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔

ادھار کی عدم ادائیگیوں بارے معلومات

تمام بینکوں نے کمپنی کے خلاف ادھار کی وصولی کا دعویٰ دائر کر دیا ہے۔ ان میں جن رقوم کا دعویٰ کیا گیا ہے وہ پہلے سے مالی حسابات میں درج ذیل ہیں: رقوم کی عدم ادائیگیوں کی وجہ پچھلے چار پانچ سالوں سے جاری کمپنی کو درپیش پیسے کا بحران ہے۔ منتظمین کا خیال ہے کہ بینکوں کو کسی یقین دہانی سے پہلے اپنے پاؤں پر کھڑا ہونا چاہئے۔ اس کے لئے کمپنی نے بہت سارے اقدام کئے ہیں جیسے کروڑوں سے مصنوعی ریشے پر تبدیل ہو جانا، اس کے مطابق مشینری کا بدل دینا اور ڈائریکٹران کی جانب سے پیسہ دیا جاتا ہے۔ ہم پرامید ہیں کہ کمپنی حصہ داران کے مفادات کو نقصان پہنچائے بغیر بینکوں کے ساتھ معاملات کو احسن طریقے سے نمٹالے گی۔

قابل ذکر تبدیلیاں اور یقین دہانیاں

اس بیلنس شیٹ کی تاریخ (سال کے آخر) سے لے کر ڈائریکٹرز رپورٹ کی تاریخ کے درمیان کوئی قابل ذکر تبدیلی یا یقین دہانی نہیں ہے جو کمپنی کی مالی حالت پر اثر انداز ہوئی ہو۔

اندرونی مالی کنٹرول کی موزونیت

بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی تمام سطحوں پر منظم اندرونی کنٹرول کا نظام وضع اور لاگو کیا گیا ہے۔ اندرونی کنٹرول کا نظام اپنے ڈیزائن میں منظم ہے جو کمپنی کے مقاصد کو حاصل کرنے اور کارکردگی کو مؤثر بنانے، مالی حسابات کی پُر اعتماد پورٹنگ اور قوانین اور پالیسیوں پر عمل درآمد کو یقینی بناتا ہے۔

متعلقہ پارٹیاں

30 جون 2019 پر اختتام شدہ مالی سال کے دوران تمام متعلقہ پارٹیوں کے ساتھ ملین دین کا آڈٹ کمپنی نے جائزہ لیا اور بورڈ آف ڈائریکٹرز نے اس کی منظوری دی۔ متعلقہ پارٹیوں نے تمام لین دین بورڈ آف ڈائریکٹرز سے منظور شدہ ٹرانسفر پرائسنگ کے طریقوں کے مطابق تھا۔

مجموعی جائزہ

پاکستان کی ٹیکسٹائل انڈسٹری کا موجودہ منظر نامہ ابھی تک افسردہ ہے۔ حکومت نے ٹیکسٹائل صنعت کی سخت مخالفت کے باوجود جی ایس ٹی نظام اور سی این آئی سی کی شرائط لاگو کر دی ہیں۔ نتیجتاً درکنگ کمپینٹل اور سوت کی ڈیمانڈ میں مزید کمی ہوئی ہے۔ امریکی ڈالر کو پاکستانی روپے کے مقابلے میں کرنسی کی منڈی کے مطابق اس کی اصل قیمت پر لانے کے لئے باقاعدگی سے اس کی قدر میں کمی کی جارہی ہے جس کا نتیجہ مہنگی انرجی ہے۔ ہم منافع بخش کاروبار کی طرف واپسی کے لئے چند اقدامات حکومت کی طرف سے چاہتے ہیں جیسا کہ سبز ٹیکس ریفرنڈم کی وقت سے ادائیگی، درآمد شدہ پولیسٹر پرائیڈی ڈیوٹی کا خاتمہ، سنجیدہ سرمایہ کاروں کے لئے دوستانہ ماحول، شناختی کارڈ کی شرط کا خاتمہ وغیرہ۔

ٹیکسٹائل سپلائنگ سیکٹر میں زیادہ موثر اور سستی پیداواری سہولتوں کے لئے ٹیکنالوجیکل جدت کو مد نظر رکھتے ہوئے ہماری کمپنی ایک بڑے بی ایم آر کا منصوبہ بنا رہی ہے۔ جس سے ہم موجودہ سوت کی منڈی میں زیادہ مسابقت حاصل کریں گے بشرطیکہ کاروبار ماحول میں بہت زیادہ بہتری آتی ہے۔

بورڈ کے ممبران

- 1- ممبران کی تعداد: (a) مرد=08 (b) خواتین: متشدد
- 2- بورڈ مندرجہ ذیل پر مشتمل ہے: (a) خود مختار ڈائریکٹر=01 (b) دیگر تان ایگزیکٹو ڈائریکٹر=05 (c) ایگزیکٹو ڈائریکٹر=02

ڈائریکٹر کا نام

- 1- خواجہ جہاگیر (چیئرمین)، 2- خواجہ محمد جاوید، 3- خواجہ محمد تنویر، 4- خواجہ محمد کلیم، 5- محمد نوید (چیف ایگزیکٹو آفیسر)، 6- خواجہ محمد ندیم، 7- محمد حمزہ یوسف، 8- محمد طارق صوفی (خود مختار ڈائریکٹر)

بورڈ کی کمیٹیاں

کوڈ آف کارپوریٹ گورننس کی تعمیل میں، بورڈ نے مندرجہ ذیل ذیلی کمیٹیاں بنائی ہیں: آڈٹ کمیٹی، انسانی وسائل اور معاوضہ کمیٹی مندرجہ بالا کمیٹیوں کے ممبران کی تفصیل کمپنی کی معلومات میں دی گئی ہے۔

بورڈ کے اجلاس

موجودہ سال کے دوران بورڈ آف ڈائریکٹر کے 14 اجلاس پاکستان میں ہوئے اور ڈائریکٹر کی حاضری اس طرح رہی۔ نام (تعداد حاضری)
خواجہ محمد جاوید (4 دفعہ)، محمد نوید (4 دفعہ)، خواجہ محمد جہاگیر (4 دفعہ)، خواجہ محمد تنویر (4 دفعہ)، خواجہ محمد کلیم (4 دفعہ)، خواجہ محمد ندیم (4 دفعہ)، محمد حمزہ یوسف (4 دفعہ)، محمد طارق صوفی (4 دفعہ)
بورڈ کمیٹیاں (آڈٹ کمیٹی)

آڈٹ کمیٹی، بورڈ آف ڈائریکٹر کی ہدایت کے مطابق اپنی ذمہ داریاں سرانجام دے رہی ہے۔ لازم قواعد کی پاسداری کے لئے کمیٹی نے زیر غور سال کے دوران آڈٹ کمیٹی کی تشکیل نو کی ہے۔ اس سال آڈٹ کمیٹی کے چار اجلاس ہوئے اور حاضری اس طرح رہی۔ نام (تعداد حاضری)

محمد طارق صوفی (4 دفعہ)، خواجہ محمد کلیم (4 دفعہ)، خواجہ محمد ندیم (4 دفعہ)

انسانی وسائل اور معاوضہ کمیٹی

انسانی وسائل اور معاوضہ کمیٹی بورڈ آف ڈائریکٹر کی ہدایت کے مطابق اپنی ذمہ داریاں سرانجام دے رہی ہے۔ لازم قواعد کی پاسداری کے لئے کمیٹی نے زیر غور سال کے دوران انسانی وسائل اور معاوضہ کمیٹی کی تشکیل نو کی ہے۔ اس سال انسانی وسائل اور معاوضہ کمیٹی کا صرف ایک اجلاس ہوا اور حاضری اس طرح رہی۔ نام (تعداد حاضری)

محمد طارق صوفی (1 دفعہ)، خواجہ محمد جہاگیر (1 دفعہ)، خواجہ محمد کلیم (1 دفعہ)

محاسب

کمپنی کے موجودہ محاسب نے 30 جون 2019 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 2020ء پر اختتام پذیر ہونے والے سال کے لئے دوبارہ اپنی خدمات پیش کرنے کی خواہش ظاہر کی ہے۔

بورڈ آف ڈائریکٹر نے آڈٹ کمیٹی کی ان کی دوبارہ تقرری کی سفارش کی تانید کی ہے۔ محاسب نے بتایا ہے کہ چارٹرڈ اکاؤنٹنٹس پاکستان ادارے نے کوالٹی کنٹرول جائزہ پروگرام میں ان کی کارکردگی کو تسلیم کر دیا ہے۔ فرم بین الاقوامی اکاؤنٹنٹس فیڈریشن (IFAC) کے کوڈ آف ایٹھکس سے مکمل طور پر ہم آہنگ ہے۔ مزید یہ کہ وہ کمیٹی کو کوئی متعلقہ خدمات فراہم نہیں کر رہی۔ محاسب نے یقین دہانی کرائی کہ ان کی فرم اور نہ ہی ان کے کسی حصہ دار، شریک حیات یا نابالغ اولاد نے سال کے دوران کمپنی کے حصص رکھے یا خرید و فروخت کئے اور یہ یقین دہانی کرائی کہ فرم کا کوئی حصہ دار یا ذمی جو آڈٹ میں شامل تھا وہ قریبی رشتہ دار یعنی

شریک حیات، والدین، کفالت یافتہ، CEO کی غیر کفالت یافتہ اولاد، CFO، انٹرنل آڈٹ کا سربراہ، کمپنی سیکرٹری نہیں تھا۔
کوڈ آف کارپوریٹ گورننس کی تعمیل

کوڈ آف کارپوریٹ گورننس کی شرائط جو پاکستان سٹاک ایکسچینج نے اپنے لسٹنگ کے اصولوں میں وضع کی ہیں کمپنی نے اختیاری 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 خوشی محسوس کرتے ہیں کہ

- (i) کمپنی کے منتظمین کی جانب سے تیار کردہ حسابات کمپنی کے معاملات، نقدی بہاؤ اور ایکٹیوٹی 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 درآمد و 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 گذشتہ چھ سالوں کے چلنے اور مالیات سے متعلق کلیدی اعداد و شمار منسلک کئے گئے ہیں۔

(viii) واجب الادا ٹیکس، 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 2019 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 2019 کی تاریخ میں کوڈ آف کارپوریٹ گورننس کے مطابق مطلوبہ تفصیل اف 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۔

ماحول، صحت اور حفاظت

کمپنی کام کرنے کے لئے محفوظ حالات فراہم کرتی ہے تاکہ ملازمین اور عوام کو خطرات سے محفوظ رکھا جاسکے۔ منتظمین نے سال کے دوران محفوظ ماحول فراہم کیا ہے اور حفاظتی اور روزمرہ کی سہولیات کو تسلسل کے ساتھ بہتر بنایا ہے۔ حفاظت کا معاملہ مشینری اور مل ملازمین دونوں سے متعلق ہے۔ فائر کسٹیکویشن اور دیگر آگ بجھانے کے آلات کمپنی کی ملوں اور مرکزی دفتر میں رکھے گئے ہیں۔ آگ بجھانے کے حوالے سے تسلسل کے ساتھ مشقیں کی جاتی ہیں۔

کمپنی کے حصہ داران اور سٹاف

بورڈ کمپنی کے حصہ داران کا تسلسل کے ساتھ اعتماد کی وجہ سے شکر گزار ہے۔ بورڈ کمپنی ملازمین کی انتھک محنت، وفاداری اور لگن کی وجہ سے بھی شکریہ کا خواہشمند ہے۔

بورڈ آف ڈائریکٹرز کی طرف سے



محمد نadeem
(چیف ایگزیکٹو آفیسر)



خواجہ محمد جہانگیر
(چیرمین)








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جہاں رہیئے، آگاہ رہیئے

SECP کی جانب سے پیش ہے "جمع 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۔ جمع پونجی میوچل فنڈز، فنانسنگ، سٹاک ایکسچینج، کیپٹل مارکیٹ، لیزنگ کمپنیز اور انویسٹمنٹ بینک وغیرہ میں سرمایہ کاری سے متعلق آپ کے سوالات کے جوابات فراہم کرتا ہے، اور ساتھ ہی آن لائن نوٹس کے ذریعے کیل ی کیل میں منافع بخش سرمایہ کاری کے سلسلے میں آپ کو رہنمائی بھی فراہم کرتا ہے۔

مفت آن لائن نوٹس:

- سکیم مینر
- ٹریڈنگ
- رسک پروڈاکٹر
- ہالڈ سٹاک
- کیلکولیٹر
- انڈیکس سسٹم

کھیل ہی کھیل
میں سیکھیں
سرمایہ کاری کا ہنر



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STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 FOR THE YEAR ENDED JUNE 30, 2019

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 in the following manner:

1 The total number of directors are eight as per the following:

- a) Male Eight
- b) Female Nil (Exempted for current term)

2 The composition of the Board of Directors is as follows:

Category	Names
Independent Director	1. Mr. Muhammad Tariq Sufi
Non Executive Directors	1. Khawaja Mohammad Javed
	2. Khawaja Mohammad Jahangir
	3. Khawaja Mohammad Kaleem
	4. Khawaja Mohammad Nadeem
	5. Khawaja Mohammad Tanveer
Executive Directors	1. Mr. Mohammad Naveed
	2. Mr. Mohammad Hamza Yousaf

- 3. The directors have confirmed that none of them is serving as a director on more than five 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, 2017.
- 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. Mohammad Tariq Sufi
2. Khawaja Mohammad Kaleem
3. Khawaja Muhammad Nadeem

HR & Remuneration Committee

1. Mohammad Tariq Sufi (Chairman)
2. Khawaja Mohammad Jahangir
3. Khawaja Mohammad Kaleem

13. The terms 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, 2019.
 - b) HR and Remuneration Committee: One meeting during the financial year ended June 30, 2019.
15. The Board has set up an effective internal audit function. the staff is considered suitably qualified and experienced for the purpose and are 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 Officer



Khawaja Muhammad Jahangir
Chairman

Lahore
November 05, 2019



To the members of Kohinoor Spinning Mills Limited

**Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Kohinoor Spinning Mills Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

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 Regulations.

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 Regulations 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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 Regulations as applicable to the Company for the year ended June 30, 2019.

Nasir Javaid Maqsood Imran
Chartered Accountants

Islamabad
November 5, 2019

Imran-Ul-Haq, FCA

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**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 comprise the statement of financial position as at June 30, 2019 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 conform 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, 2019 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 477,241,218/- as at 30 June 2019 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.

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NASIR JAVAID MAQSOOD IMRAN

Chartered Accountants

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njmiconsultants@gmail.com

Following are the Key audit matter(s):

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Recoverability of Deferred Tax Asset</p> <p>Under IAS 12, the company is required to review recoverability of deferred tax asset recognized in the financial statements.</p> <p>Recoverability of deferred tax asset is dependent on management's estimate of availability of sufficient future taxable profits against which carried forward losses and minimum taxes can be utilized. These future taxable profits are based on management's projections which are inherently uncertain and require judgement in relation to the future cash flows and assessment of timing of reversal of unused tax losses and minimum taxes.</p> <p>We considered this a significant matter due to the significant value of tax losses and minimum taxes carried forward and significant management judgement regarding assumptions used in this area.</p>	<p>Our audit procedures in this respect included the following:</p> <ul style="list-style-type: none">Analyzing managements computation of unused tax losses and minimum taxes carried forward for which deferred tax asset is recognized.Analyzed the provisions of income tax ordinance, 2001 in relation to the tax losses and minimum taxes.Testing the appropriateness and mathematical accuracy of future projections and use of appropriate tax rate on temporary differences.Assessing the appropriateness of managements accounting of deferred taxes and the disclosures given in accordance with the international financial and reporting standards.
2.	<p>Litigations</p> <p>The company has significant amounts of borrowings from banks and other financial institutions amounting to Rs. 2.298 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".
3.	<p>Stock in trade</p> <p>The Company has significant levels of stock in trade amounting to Rs. 798.871 million as at the reporting date, being 27% 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.Considering the adequacy of the Company's disclosures in respect of inventories.

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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.

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.

Karachi Office:

904, 9th Floor, Q.M. House, Plot No. 11/2, Ellander Road, Opp. Shaheen Complex, Off. I.I Chundrigar Road, Karachi Pakistan
Tel: 021-32212382, 32212383, 32211516, Fax: 021-32211515

Lahore Office:

Office # 1102, Al-Hafeez Heights, 66-D/1, Ghalib Road, Gulberg-III, Lahore
Tel: 042-35754821-22, Fax: 042-36317513, E-mail: nasirg@wol.net.pk



NASIR JAVAID MAQSOOD IMRAN

Chartered Accountants

Islamabad Office:
Office # 12 & 13 3rd Floor
Fazal Arcade,
F-11 Markaz, Islamabad.
Tel: 051-2228138
Fax: 051-2228139
E-mail:
njmiconsultants@gmail.com

- 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 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.


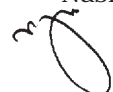
Report on Other Legal and Regulatory Requirements

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 account 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. Imran Ul Haq.

Islamabad
November 05, 2019


Nasir Javaid Maqsood Imran
Chartered Accountants
 Imran Ul Haq, FCA

Karachi Office:

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STATEMENT OF FINANCIAL POSITION

	Note	2019 (Rupees)	2018 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital:			
300,000,000 (2018 - 300,000,000) ordinary shares of Rupees 5/- each (2018: Rupees 5/- each)		1,500,000,000	1,500,000,000
Issued, subscribed and paid up capital			
215,714,285 (2018 - 215,714,285) ordinary shares of Rupees 5/- each (2018: Rupees 5/- each)	3	1,078,571,425	1,078,571,425
Reserves	4	(1,555,812,643)	(1,185,044,837)
		(477,241,218)	(106,473,412)
NON-CURRENT LIABILITIES			
Long term loans	5	470,149,521	485,434,753
Deferred liabilities	6	64,593,059	68,551,920
		534,742,580	553,986,673
CURRENT LIABILITIES			
Trade and other payables	7	341,854,719	333,802,863
Accrued Interest on loans and borrowings	8	471,877,939	306,543,140
Short-term borrowings	9	1,463,142,972	1,463,142,972
Current portion of long term loan	10	364,705,882	317,647,650
Supplier's credit	11	163,900,150	128,196,496
Un-claimed dividend		1,915,117	1,915,117
Provision for taxation	29	34,961,489	19,259,573
		2,842,358,269	2,570,507,812
CONTINGENCIES AND COMMITMENTS			
	12	-	-
TOTAL EQUITY AND LIABILITIES			
		2,899,859,631	3,018,021,074

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

Lahore
November 05, 2019



(Khawaja Muhammad Jahangir)
Chairman

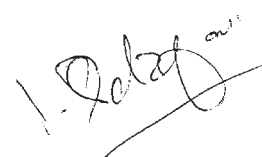
AS AT JUNE 30, 2019

	Note	2019 (Rupees)	2018 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	13	1,738,573,442	1,821,121,203
Long term deposits	14	39,325,312	39,325,312
Long term investments	15	166,320	284,407
		1,778,065,074	1,860,730,922
CURRENT ASSETS			
Stores and spares	16	46,399,495	60,724,076
Stock-in-trade	17	798,871,215	781,325,173
Trade debts	18	208,885,631	253,112,853
Loans and advances	19	63,337,141	57,990,837
Other receivables	20	2,500	-
Cash and bank balances	21	4,298,576	4,137,212
		1,121,794,557	1,157,290,151
TOTAL ASSETS		2,899,859,631	3,018,021,074

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



(Mr. Muhammad Naveed)
Chief Executive



(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2019

	Notes	2019 (Rupees)	2018 (Rupees)
Sales - net	22	4,260,538,818	3,070,193,676
Cost of sales	23	(4,258,906,073)	(3,235,487,288)
GROSS PROFIT/ (LOSS)		1,632,745	(165,293,612)
OPERATING EXPENSES:			
Distribution cost	24	(3,213,090)	(5,694,770)
Administrative	25	(91,600,984)	(79,744,348)
		(94,814,075)	(85,439,118)
OPERATING (LOSS)		(93,181,330)	(250,732,731)
Finance cost	26	(174,636,940)	(165,937,783)
Other operating expenses	27	(38,688,337)	(37,852,684)
Other operating income	28	10,435	2,707,224
		(213,314,842)	(201,083,243)
(LOSS) BEFORE TAXATION		(306,496,172)	(451,815,974)
TAXATION			
Current	29	(32,906,612)	(3,667,685)
Deferred	6.2	-	40,865,389
		(32,906,612)	37,197,704
(LOSS) AFTER TAXATION		(339,402,784)	(414,618,270)
ACCUMULATED (LOSS) BROUGHT FORWARD		(1,334,994,477)	(920,376,207)
ACCUMULATED (LOSS) CARRIED FORWARD		(1,674,397,261)	(1,334,994,477)
(LOSS) PER SHARE - BASIC & DILUTED	30	(1.57)	(2.13)

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

Lahore
November 05, 2019

(Khawaja Muhammad Jahangir)
Chairman

(Mr. Muhammad Naveed)
Chief Executive

(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019

	2019 (Rupees)	2018 (Rupees)
(Loss) after taxation	(339,402,784)	(414,618,270)
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Unrealized (loss) due to change in fair value of long term investments	(118,087)	(131,393)
Experience adjustment due to actuarial valuation (Note 6.1.1)	832,046	1,937,769
Deferred tax impact	-	(561,953)
	832,046	1,375,816
Total comprehensive (Loss) for the year	(338,688,825)	(413,373,847)

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

Lahore
November 05, 2019

(Khawaja Muhammad Jahangir)
Chairman

(Mr. Muhammad Naveed)
Chief Executive

(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

	SHARE CAPITAL	RESERVES			Total
		CAPITAL RESERVES	REVENUE RESERVES		
		Share Premium	Accumulated Profit / (Loss)	Fair Value Reserve	
Rupees					
Balance as on June 30, 2017	650,000,000	-	(942,515,359)	(584,200)	(293,099,559)
(Loss) after taxation for the year	-	-	(414,618,270)	-	(414,618,270)
New Shares Issued	428,571,425	171,428,570	-	-	599,999,995
Experienced adjustment due to actuarial valuation	-	-	1,375,816	-	1,375,816
Unrealized (loss) due to change in fair value of long term investment	-	-	-	(131,393)	(131,393)
Balance as on June 30, 2018	1,078,571,425	171,428,570	(1,355,757,814)	(715,593)	(106,473,412)
Adjustment on adoption of IFRS 9 (note 2.4.1)	-	-	(32,078,981)	-	(32,078,981)
Adjustment balance as July 01, 2018	1,078,571,425	171,428,570	(1,387,836,795)	(715,593)	(138,552,393)
(Loss) after taxation for the year	-	-	(339,402,784)	-	(339,402,784)
Experienced adjustment due to actuarial valuation	-	-	832,046		832,046
Unrealized (loss) due to change in fair value of long term investment	-	-	-	(118,087)	(118,087)
Balance as on June 30, 2019	1,078,571,425	171,428,570	(1,726,407,533)	(833,680)	(477,241,218)

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

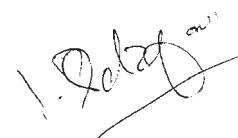


Lahore
November 05, 2019

(Khawaja Muhammad Jahangir)
Chairman



(Mr. Muhammad Naveed)
Chief Executive



(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees)	2018 (Rupees)
CASH GENERATED FROM OPERATIONS			
Cash generated from operations	31	28,626,906	27,718,810
Finance cost paid		(9,302,052)	(8,694,725)
Income tax paid		(17,204,696)	(5,687,095)
Gratuity paid		(19,390,294)	(25,251,316)
Net cash outflow from operating activities		(17,270,136)	(11,914,326)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(11,941,500)	(91,389,600)
Increase in long term deposits		-	(28,763,970)
Proceeds from disposal of property, plant and equipment		-	71,815,000
Net cash (used in)/generated from investing activities		(11,941,500)	(48,338,570)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease rentals paid		(2,400,000)	(2,660,680)
Short term borrowings		-	26,824,418
Increase in directors loan		31,773,000	37,850,000
Net cash generated from financing activities		29,373,000	62,013,738
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		161,364	1,760,843
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		4,137,212	2,376,370
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	4,298,576	4,137,212

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

Lahore
November 05, 2019

(Khawaja Muhammad Jahangir)
Chairman

(Mr. Muhammad Naveed)
Chief Executive

(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 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.

- 1.2 The company has been incurring losses since financial year 2015 with total negative equity of Rupees 477,241,218/- representing excess of total liabilities over total assets as at 30 June 2019. This situation casts doubtfulness over the going concern of the company. 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, changes in top management to bring more efficiency in operations.

2. SIGNIFICANT ACCOUNTING POLICIES

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 BASIS OF PREPARATION

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.

2.3 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.

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.

2.4 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**2.4.1 Standards and amendments to published approved accounting standards that are effective in current year and are relevant to the Company**

Following standards, interpretations and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2018.

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 15 (Amendments), 'Revenue from Contracts with Customers'
- Annual Improvements to IFRSs: 2014 2016 Cycle

The company had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9. Most of other amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods. The adoption of IFRS 9 has following reclassification effect on these accounts apart from its impairment requirements implications which the company has not applied yet.

Re-classifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement effects of financial instruments of the Company were as follows:

Classification effect:

	Measurement category		Carrying amounts	
	Original	New	Original	New
	(IAS 39)	(IFRS 9)	-----Rupees-----	
Non-current financial assets				
Long term investments	Available for sale	FVTOCI	284,407	284,407
Long term deposits	Loans and receivables	Amortized Cost	39,325,312	39,325,312
Current financial assets				
Trade debts	Loans and receivables	Amortized Cost	253,112,853	253,112,853
Loans and advances	Loans and receivables	Amortized Cost	57,990,837	57,990,837
Cash and bank balances	Loans and receivables	Amortized Cost	4,137,212	4,137,212
Non-current financial liabilities				
Long term loans	Amortized Cost	Amortized Cost	484,434,753	484,434,753
Deferred liabilities	Amortized Cost	Amortized Cost	68,551,920	68,551,920
Current financial liabilities				
Trade and other payables	Amortized Cost	Amortized Cost	363,355,581	363,355,581
Accrued interest on loans and borrowings	Amortized Cost	Amortized Cost	306,543,140	306,543,140
Short term borrowings	Amortized Cost	Amortized Cost	1,433,590,254	1,433,590,254
Current portion of long term loan	Amortized Cost	Amortized Cost	317,647,650	317,647,650
Supplier's credit	Amortized Cost	Amortized Cost	128,196,496	128,196,496
Un-claimed dividend	Amortized Cost	Amortized Cost	1,915.117	1,915.117

Measurement effect:

	ECL under IFRS 9 as at July 01, 2018	Effect on accumulated loss	Effect on trade debtors
Opening balance before adjustment		(1,355,757,814)	253,112,853
Adjustment on adoption of IFRS 9 due to recognition of expected life			
time credit losses on trade debts	32,078,981	(32,078,981)	(32,078,981)
Opening balance after adjustment	32,078,981	(1,387,836,795)	221,033,872

Effect on total equity as a result of adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts is Rupees 32,078,981

2.4.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2019 or later periods:

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019)
- IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019)

- Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019)
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020)

2.4.3 Standards, interpretations and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2019 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.5 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 or under sections 154 and 153 of the Income Tax Ordinance, 2001, whichever of these liability is higher.

Deferred

Deferred tax is provided in full using the liability method on all temporary differences arising at the balance sheet 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 balance sheet 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 balance sheet date are used to determine deferred income tax.

2.6 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 and directly attributable cost of bringing the assets to working condition.

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 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.

2.7 STORES AND SPARES

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

2.8 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.

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.

Derecognition 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.

2.9 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.

2.10 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.

2.11 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.

Actuarial gains/(losses) in excess of 10 percent of the present value of defined benefit obligation are recognized over the expected average future working lives of the employees participating in the scheme. Past service cost is recognized immediately to the extent the benefits already vested.

The amount recognized in the balance sheet represents the present value of the defined benefit obligation adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

2.12 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 balance sheet date except where forward exchange rates are booked, which are translated at the contracted rates.

2.13 REVENUE RECOGNITION

Sales are recognized on dispatch of goods to the customers. 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.

2.14 IMPAIRMENT OF NON FINANCIAL ASSETS

The company assesses at each balance sheet 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 profit and loss account. 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.

2.15 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.

2.16 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.

2.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash and bank balances.

2.18 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.

2.19 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet 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.

2.20 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.

2.21 DIVIDEND

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

	Note	2019 (Rupees)	2018 (Rupees)
3 SHARE CAPITAL			
Issued, subscribed and paid up			
127,725,000 (2018:127,725,000) ordinary shares of Rupees 5/- each (2018: Rupees 5/- each) fully paid in cash		638,625,000	638,625,000
85,714,285 (2018: 85,714,285) ordinary shares of Rupees 5/- each (2018: Rupees 5/- each) issued against director's loan		428,571,425	428,571,425
2,275,000 (2018:2,275,000) ordinary shares of Rupees 5/- each (2018: Rupees 5/- each) issued as fully paid bonus shares.		11,375,000	11,375,000
		1,078,571,425	1,078,571,425
3.1 Reconciliation of number of shares			
Number of shares at 1 July		215,714,285	130,000,000
Shares issued against directors loan		-	85,714,285
Number of shares at 30 June		215,714,285	215,714,285
4 RESERVES			
Accumulated (loss)		(1,707,038,196)	(1,335,556,431)
Share Premium	4.1	171,428,570	171,428,570
Cash dividend		(12,612,848)	(12,612,848)
Unrealized (loss) on long term investments		(833,680)	(715,593)
Unrealized amount charged to retained earning due to valuation		(596,183)	(1,428,229)
Actuarial re-measurement-experience adjustments		(6,160,306)	(6,160,306)
		(1,555,812,643)	(1,185,044,837)

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	Note	2019 (Rupees)	2018 (Rupees)
From directors			
Sub-ordinate loan	5.1 & 5.2	397,000,000	397,000,000
Free loan	5.1 & 5.3	73,149,521	41,376,521
		470,149,521	438,376,521
From banking companies - secured			
Demand finance	5.4	364,705,882	364,705,882
Less:			
Overdue installment		(317,647,650)	(223,530,002)
Current portion		(47,058,232)	(94,117,648)
	10	(364,705,882)	(317,647,650)
		-	47,058,232
		470,149,521	485,434,753

5.1 The directors have injected unsecured and interest free loans for the repayment of the liabilities of the banks and BMR of the Company. The loan is repayable at the convenience of the directors. The directors of the company 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	2019 (Rupees)	2018 (Rupees)
Gratuity	6.1	64,593,059	68,551,920
Deferred tax liability	6.2	-	-
		64,593,059	68,551,920

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 the following significant assumptions is used for valuation of this scheme. The latest actuarial valuation was carried out by M/S TRT Associates as on June 30, 2019.

6.1 Staff Gratuity-Defined Benefit Plan

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

	Note	2019 (Rupees)	2018 (Rupees)
6.1.1 Movement in liability recognized in the balance sheet			
At the beginning of the year		68,551,920	79,608,313
Amount recognized during year - as shown above		16,263,479	16,132,692
Experience adjustment		(832,046)	(1,937,769)
Benefit payments		(19,390,294)	(25,251,316)
		64,593,059	68,551,920
6.1.2 Expense charged to Profit and Loss Account			
Current service cost		11,554,937	10,941,536
Interest cost		4,708,542	5,191,156
		16,263,479	16,132,692
6.1.3 Allocation of charge for the year			
Cost of sales	23	12,052,470	12,802,978
Administrative expenses	25	4,211,009	3,329,714
		16,263,479	16,132,692
6.1.4 The principal actuarial assumptions used were as follows			
Discount rate		12.50%	8.00%
Expected rate of increase in salary		11.50%	7.00%
Average expected remaining working life of employees		8 years	9 years
Average duration of liability		8 years	8 years

6.1.5 Sensitivity analysis as at 30.06.2019

	Discount Rate + 1%	Discount Rate - 1%	Salary Increase + 1%	Salary Increase - 1%
PVDBO	59,225,306	70,872,387	70,872,387	59,135,485

6.2 Deferred tax		2019 (Rupees)	2018 (Rupees)
On temporary differences arising on:			
Property, plant and equipment		363,992,574	321,689,232
Gratuity		(18,731,987)	(19,880,057)
Leased assets		4,104,755	3,661,466
Tax losses and credits		(349,365,341)	(305,470,641)
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. 252,615,780 from tax losses and credits has not been recognized.

7 TRADE AND OTHER PAYABLES

	Note	2019 (Rupees)	2018 (Rupees)
Un-secured:			
Creditors	7.1	35,378,486	44,735,838
Accrued expenses		180,719,650	198,769,374
Sales tax payable		39,882,162	10,632,739
Workers' profit participation fund	7.2	83,474,760	74,865,252
Overdue lease rentals		2,399,660	4,799,660
		341,854,719	333,802,863

7.1 These include Rs.3,726,413 payable to Chakwal Textile Mills Limited-an associated undertaking.

7.2 Workers' profit participation fund

	Note	2019 (Rupees)	2018 (Rupees)
Opening balance		74,865,252	67,304,408
Interest recognized during the year	7.2.1	8,609,508	7,560,844
		<u>83,474,760</u>	<u>74,865,252</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	2019 (Rupees)	2018 (Rupees)
8 ACCRUED INTEREST ON LOANS AND BORROWINGS			
Accrued interest / mark up on:			
Long term loans (Secured)		103,765,431	68,352,492
Short term finances (Secured)		368,112,508	238,190,648
		<u>471,877,939</u>	<u>306,543,140</u>

9 SHORT-TERM BORROWINGS

Banking companies - Secured

	Note	2019 (Rupees)	2018 (Rupees)
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>

9.1

NATURE OF FACILITY	LIMIT	MARK UP RATE	Expiry	SECURITY
Running Finance	169,452,613	3 Months KIBOR plus 2.00 % to 2.50%	Ranges from 09/30/2016 to 12/31/2016	PP charge on Current Assets of the company and Personel Guarantee of the Sponsoring Directors of the Company.
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. Personel 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 the 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	2019 (Rupees)	2018 (Rupees)
10 CURRENT PORTION OF LONG TERM LOAN			
Long term loans	5	364,705,882	317,647,650
		364,705,882	317,647,650
11 SUPPLIER'S CREDIT-UNSECURED			
Loan for machinery - Overdue installments	11.1	163,900,150	128,196,496
		163,900,150	128,196,496

- 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** No provision has been made for the amount of tax demanded by tax authorities of Rs.5.673 million for various assessment years because the management believes that the outcome of the appeals regarding this demand will be decided in favor of the company.

- 12.1.2** There are pending litigations against the company by various banks / financial institutions before The Lahore High Court wherein they claimed recovery of Rs. 1948.923 million inclusive of principal and markups. These cases are being vigorously and diligently contested by the company and there are good chances of a favorable result. Related provisions has been made in these accounts.

	Note	2019 (Rupees)	2018 (Rupees)
13 PROPERTY, PLANT AND EQUIPMENT			
Fixed assets:			
Owned assets	13.1	1,722,019,456	1,803,695,797
Leased assets	13.2	16,553,986	17,425,406
		1,738,573,442	1,821,121,203

13.1 PROPERTY AND EQUIPMENT

	C O S T										Total
	Land (Freehold)	Building (Freehold)	Plant and Machinery	Tube Wells	Electric Installation	Tools and Equipment	Telephone Installation	Office Equipment	Furniture and Fixture	Vehicles	
Year ended June 30, 2018											
Opening net book amount	11,675,239	339,376,619	1,465,215,531	189,915	32,411,211	235,948	108,462	8,425,065	2,114,428	14,901,275	1,874,653,782
Additions	-	-	91,389,600	-	-	-	-	-	-	-	91,389,600
Disposal/Deficit	-	-	(98,775,336)	-	-	-	-	-	-	(5,640,870)	(104,416,206)
Depreciation charge	-	(16,968,832)	(72,719,934)	(18,991)	(3,241,116)	(23,595)	(10,847)	(842,501)	(211,438)	(2,980,275)	(97,017,529)
Adjustment	-	-	11,402,992	-	-	-	-	-	-	3,959,388	15,362,380
Transfer	-	-	23,723,770	-	-	-	-	-	-	-	23,723,770
Closing net book amount	11,675,239	322,407,787	1,420,236,623	170,924	29,170,095	212,353	97,615	7,582,564	1,902,990	10,239,518	1,803,695,797
At June 30, 2018											
Cost	11,675,239	603,599,123	2,937,564,420	1,545,577	84,147,538	4,241,143	1,017,190	19,657,169	10,158,992	59,027,688	3,732,634,079
Accumulated depreciation	-	281,191,336	1,517,327,797	1,374,653	54,977,443	4,028,790	919,575	12,074,605	8,256,002	48,788,170	1,928,936,371
Netbook amount	11,675,239	322,407,787	1,420,236,623	170,924	29,170,095	212,353	97,615	7,582,564	1,902,990	10,239,518	1,803,695,797
Year ended June 30, 2019											
Opening net book amount	11,675,239	322,407,787	1,420,236,623	170,924	29,170,095	212,353	97,615	7,582,564	1,902,990	10,239,518	1,803,695,797
Additions	-	-	10,905,500	-	-	-	-	-	-	1,036,000	11,941,500
Disposal/Deficit	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(16,120,389)	(71,535,795)	(17,091)	(2,917,003)	(21,236)	(9,762)	(758,254)	(190,299)	(2,047,923)	(93,617,752)
Adjustment	-	-	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-	-	-	-
Closing net book amount	11,675,239	306,287,398	1,359,606,328	153,833	26,253,092	191,117	87,853	6,824,310	1,712,691	9,227,595	1,722,019,456
At June 30, 2019											
Cost	11,675,239	603,599,123	2,948,469,920	1,545,577	84,147,538	4,241,143	1,017,190	19,657,169	10,158,992	60,063,688	3,744,575,579
Accumulated depreciation	-	297,311,725	1,588,863,592	1,391,744	57,894,446	4,050,026	929,337	12,832,859	8,446,301	50,836,093	2,022,556,123
Netbook amount	11,675,239	306,287,398	1,359,606,328	153,833	26,253,092	191,117	87,853	6,824,310	1,712,691	9,227,595	1,722,019,456
Rate of depreciation in %	-	5	5	10	10	10	10	10	10	20	

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 Bhoun road Chakwal	244.00	372,236
		629.55	839,771

13.2 Leasehold property and equipment

Year ended June 30, 2018

Opening net book amount
Additions
Depreciation charge
Transferred to owned assets
Adjustment
Closing net book amount

Plant and Machinery	Total
R U P E E S	
38,350,963	38,350,963
-	-
(1,917,549)	(1,917,549)
(23,723,770)	(23,723,770)
4,715,762	4,715,762
17,425,406	17,425,406

At June 30, 2018

Cost
Accumulated depreciation
Net book amount

21,600,000	21,600,000
4,174,594	4,174,594
17,425,406	17,425,406

Year ended June 30, 2019

Opening net book amount
Additions
Depreciation charge
Transferred to owned assets
Adjustment
Closing net book amount

17,425,406	17,425,406
-	-
(871,420)	(871,420)
-	-
-	-
16,553,986	16,553,986

At June 30, 2019

Cost
Accumulated depreciation
Net book amount

21,600,000	21,600,000
5,046,014	5,046,014
16,553,986	16,553,986

Rate of depreciation in %

5

13.3 Depreciation/amortization has been apportioned as under : -

	Note	2019 (Rupees)	2018 (Rupees)
Cost of sales	23	92,441,249	95,963,692
Administrative expenses	25	2,047,923	2,971,386
		94,489,172	98,935,078

	Note	2019 (Rupees)	2018 (Rupees)
Utilities	14.1	39,175,312	39,175,312
Others		150,000	150,000
		39,325,312	39,325,312

14 LONG-TERM DEPOSITS

Security deposits:

Utilities
Others

39,175,312	39,175,312
150,000	150,000
39,325,312	39,325,312

- 14.1** In October 2017, SNGPL encashed bank guarantee amounting to Rs. 32,725,004/- against detection bill of the company of Rs. 35,164,844. The company filed a complaint to OGRA relating to the encashment in which OGRA decided that detection charges and late payment charges shall be set aside and the amount of encashed bank guarantee will be treated as cash security with SNGPL after adjusting outstanding dues of Rs. 3,961,034.

	Note	2019 (Rupees)	2018 (Rupees)
15 LONG TERM INVESTMENTS			
Held as available for sale			
Others - Quoted			
* KASB Modaraba 166,320 modaraba certificates of Rupees 10 each.		166,320	284,407
16 STORES AND SPARES			
Stores		39,903,566	52,561,201
Spares		6,495,929	8,162,875
		46,399,495	60,724,076
17 STOCK-IN-TRADE			
Raw material		709,028,305	688,015,829
Work-in-process		43,072,249	29,690,802
Finished goods		46,087,232	60,837,891
Waste		683,429	2,780,651
		798,871,215	781,325,173
18 TRADE DEBTORS - CONSIDERED GOOD			
Local - Unsecured	18.1	243,074,294	253,112,853
Allowance for expected credit loss	18.2	(34,188,664)	-
		208,885,631	253,112,853
18.1 This includes balances receivables from the following associated undertakings: -			
		2019 (Rupees)	2018 (Rupees)
Chakwal Spinning Mills Limited		2,061,975	2,061,975
Yousaf Weaving Mills Limited		21,931,392	21,931,392
		23,993,367	23,993,367
18.2 Allowance for expected credit loss			
Opening balance		-	-
Add: Recognized as on 01 July, 2018		32,078,981	-
		32,078,981	-
Add: Recognized during the year		2,109,683	-
Closing balance		34,188,664	-

	Note	2019 (Rupees)	2018 (Rupees)
19 SHORT TERM ADVANCES			
Advances to suppliers - considered good			
Suppliers		49,140,454	49,816,471
Advances to employees - considered good			
Executive	19.1/19.3	1,615,000	1,615,000
Non- executive	19.2/19.3	12,581,687	6,559,366
		63,337,141	57,990,837

19.1 This represents loan of Rs. 1,615,000 (2018: 1,615,000) to Mr. Saeed Zafar (Chief Financial Officer)

19.2 This includes the following loans exceeding Rupees 1 million:

	2019 (Rupees)	2018 (Rupees)
Asif Qazi (I.T Manager)	1,775,809	1,663,809
Azhar Naseem Ahmed (Deputy Manager Finance)	1,656,679	1,156,679

19.3 These loans are secured against gratuity balances of the employees

	Note	2019 (Rupees)	2018 (Rupees)
20 OTHER RECEIVABLES			
Receivable from CDC		2,500	-
		2,500	-
21 CASH AND BANK BALANCES			
Cash in hand		985,401	876,798
Cash at bank:			
In current accounts		2,751,681	2,987,181
In saving accounts	21.1	561,493	273,234
		4,298,576	4,137,212
21.1 Saving account carries interest @ 4% p.a (2018: 4% p.a)			
22 SALES			
Local			
Yarn		4,222,536,280	3,029,937,637
Waste		38,002,538	48,397,164
Local Sale Return		-	(8,141,126)
		4,260,538,818	3,070,193,676
		4,260,538,818	3,070,193,676

	Note	2019 (Rupees)	2018 (Rupees)
23 COST OF SALES			
Raw material consumed	23.1	2,993,358,365	1,852,563,446
Salaries, wages and benefits	23.2	479,925,354	373,886,336
Fuel and power		531,533,651	683,778,046
Insurance		5,186,037	4,746,325
Packing material		63,921,052	46,804,913
Repairs and maintenance		11,425,215	6,564,416
Stores and spares consumed		66,271,979	48,602,431
Vehicle running and maintenance		2,788,285	2,695,843
Communication		553,037	509,258
Travelling and Conveyance		2,518,585	1,570,646
Miscellaneous		4,833,401	9,141,954
Depreciation	13.3	92,441,249	95,963,692
		4,254,756,210	3,126,827,307
Work-in-process			
Opening		29,690,802	133,500,374
Closing		(43,072,249)	(29,690,802)
Cost of goods manufactured		4,241,374,763	3,230,636,879
Finished goods and waste			
Opening stock		63,618,542	68,468,951
Closing stock		(46,087,232)	(63,618,542)
		4,258,906,073	3,235,487,288
23.1 RAW MATERIAL CONSUMED			
Opening stock		688,015,829	651,795,730
Purchases		3,014,544,421	1,890,073,597
		3,702,560,250	2,541,869,327
Cost of raw material sold		(173,580)	(1,290,052)
		3,702,386,670	2,540,579,275
Closing stock		(709,028,305)	(688,015,829)
		2,993,358,365	1,852,563,446
23.2	It includes Rs. 12,052,470 (2018 : Rs. 12,802,978) in respect of gratuity.		
24 DISTRIBUTION COST			
Commission to selling agents		1,553,423	737,288
Local Freight		1,659,668	4,957,482
		3,213,091	5,694,770

	Note	2019 (Rupees)	2018 (Rupees)
25 ADMINISTRATIVE			
Salaries, wages and benefits	25.1	42,374,811	45,098,180
Travelling and conveyance		1,968,879	1,907,730
Rent, rates and taxes		204,662	2,691,314
Printing and stationery		765,637	523,795
Communications		1,783,623	1,787,885
Entertainment		1,018,914	1,211,558
Electricity and gas		3,086,061	3,751,406
Vehicles running		6,315,175	4,394,330
Fee and subscription		9,010,870	3,877,577
Legal and Professional		10,556,000	2,295,000
Repairs and maintenance		1,651,477	1,922,802
Miscellaneous		10,816,953	7,311,386
Depreciation	13.3	2,047,923	2,971,386
Donations	25.2	57,000	-
		91,600,985	79,744,349

25.1 It includes Rs. 4,211,009 (2018 : Rs.3,329,714) in respect of gratuity.

25.2 None of the directors or their spouses had any interest in any of the donees.

	Note	2019 (Rupees)	2018 (Rupees)
26 FINANCE COST			
Interest / mark-up on:			
Long term loans		35,412,939	32,738,097
Short-term borrowings		129,921,860	124,504,958
Markup on cotton purchase		-	339,290
Bank charges and commissions		692,633	794,594
Workers profit participation fund		8,609,508	7,560,844
		174,636,940	165,937,783
27 OTHER OPERATING EXPENSES			
Auditors' remuneration	27.1	875,000	875,000
Loss on sale of fixed assets		-	15,099,608
Loss on sale of raw material		-	119,224
Exchange loss		35,703,654	21,758,852
Allowance for expected credit loss		2,109,683	-
		38,688,337	37,852,684
27.1 Auditors' remuneration			
Statutory audit		700,000	700,000
Half yearly review and review of code of corporate governance		175,000	175,000
		875,000	875,000
28 OTHER OPERATING INCOME			
Income from non financial assets:			
Other income		-	130,680
Gain on sale of fixed asset		-	2,576,544
Gain on sale of raw material		10,435	-
		10,435	2,707,224

	Note	2019 (Rupees)	2018 (Rupees)
29 PROVISION FOR TAXATION			
Opening balance		19,259,573	21,278,983
For the year	29.1	52,166,185	24,298,149
Prior year		(19,259,573)	(20,630,464)
		32,906,612	3,667,685
Less: Paid / adjusted		(17,204,696)	(5,687,095)
		34,961,489	19,259,573

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

29.2 The income tax assessment of the company has been finalized up to and including tax year 2016 by deeming provisions of income tax ordinance 2001, however appeals before different appellate forums are pending on various legal issues.

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

	2019 (Rupees)	2018 (Rupees)
30 (LOSS) PER SHARE - Basic		
(Loss) after taxation	(339,402,784)	(414,618,270)
Weighted average number of ordinary shares	215,714,285	194,285,714
(Loss) per share - Basic	(1.57)	(2.13)

30.1 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.

	2019 (Rupees)	2018 (Rupees)
31 CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(306,496,172)	(451,815,974)
Adjustments of non cash charges and other items		
Depreciation / amortization	94,489,172	98,935,078
Gratuity	16,263,479	16,132,692
Gain on sale of fixed assets	-	(2,576,544)
Loss on sale of fixed assets	-	15,099,608
Expected credit loss	2,109,683	-
Finance cost	174,636,940	165,937,783
Exchange (loss)/gain	35,703,654	21,758,852
Operating profit before working capital changes	16,706,756	(136,528,505)
(Increase)/decrease in current assets		
Stores and spares	14,324,581	96,104,688
Stock-in-trade	(17,546,042)	72,439,882
Trade debts	10,038,559	(92,766,534)
Loan and advances	(5,346,304)	9,471,995
Trade deposits, prepayments & other receivables	(2,500)	18,434,115
	1,468,294	103,684,146
(Decrease)/Increase in current liabilities		
Trade and other payables	10,451,855	60,563,169
	28,626,906	27,718,810

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

	Liabilities from financing activities			TOTAL
	Long term loans (Directors)	Short term borrowings	Finance Lease	
Balance at 1 July, 2018	438,376,521	1,463,142,972	4,799,660	1,906,319,153
Long term loan obtained	31,773,000	-	-	31,773,000
Lease rentals paid	-	-	(2,400,000)	(2,400,000)
Balance at 30 June, 2019	470,149,521	1,463,142,972	2,399,660	1,935,692,153

32 CHIEF EXECUTIVE, EXECUTIVE DIRECTORS AND EXECUTIVES REMUNERATION

	2019 (Rupees)			2018 (Rupees)		
	CHIEF EXECUTIVE	EXECUTIVE DIRECTORS	EXECUTIVES	CHIEF EXECUTIVE	EXECUTIVE DIRECTORS	EXECUTIVES
Remuneration	4,600,000	1,400,000	6,188,904	4,000,000	9,180,000	7,580,848
House rent	2,070,000	630,000	2,785,007	1,800,000	4,131,000	3,411,382
Gratuity	-	-	602,120	-	-	547,606
Utilities	230,000	70,000	309,445	200,000	459,000	379,042
	6,900,000	2,100,000	9,885,476	6,000,000	13,770,000	11,918,878
Number of persons	1	1	5	1	3	4

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

33 TRANSACTIONS WITH RELATED PARTIES

33.1	Name of Related Party	Basis of relationship	Transactions during the year	Percentage of Shareholding
	(Yousaf Weaving Mills Limited)	Common Directorship	No	No
	(Chakwal Spinning Mills)	Common Directorship	No	No
	(Chakwal Textile Mills Limited)	Director's relative is director	Yes	No

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

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

	Note	2019 (Rupees)	2018 (Rupees)
Purchases of raw materials and goods			
(Yousaf Weaving Mills Limited)	33.1.1	-	985,695
(Chakwal Textile Mills Limited)	33.1.2	-	-
		-	985,695

33.1.1 Cash paid against purchases during the year Rs. Nil (2018: Rs.826,655)

33.1.2 Cash paid against purchases during the year Rs. 184,088 (2018: Rs. Nil)

	Note	2019 (Rupees)	2018 (Rupees)
Sales of raw materials and goods			
(Yousaf Weaving Mills Limited)		-	-
(Chakwal Textile Mills Limited)	33.1.3	184,088	264,964
		184,088	264,964
33.1.3 Cash received against sales during the year Rs. Nil (2018: Rs. 14,150)			
Advance against goods			
(Chakwal Spinning Mills)		-	(100,000)
		-	(100,000)
Aggregate maximum balance due at the end of any month during the year.		23,993,367	24,152,407

34 FINANCIAL RISK MANAGEMENT

34.1 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:

	2019 Rupees in thousand	2018 Rupees in thousand
Supplier's credit-EURO	885,947	885,947
The following significant exchange rates were applied during the year.		
Average rate (Rupees per US Dollar)	N/A	N/A
Reporting date rate (Rupees per US Dollar)	N/A	N/A
Average rate (Rupees per Euro)	N/A	N/A
Reporting date rate (Rupees per Euro)	163.11	144.70

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, 2019, financial liabilities include Rs. 163.900 million (2018: Rs. 128.196 million) which are subject to foreign currency risk against Euros.

Foreign Currency Sensitivity Analysis

At June 30, 2019 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. 8.195 million (2018: Rs. 6.409 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. 166,320 (2018: Rs. 284,407).

Sensitivity analysis

At June 30, 2019 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. 8,316 (2018: Rs.14,221) mainly as a result of price variations.

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:

	2019 (Rupees)	2018 (Rupees)
Floating rate instruments		
Financial Liabilities:		
Long term financing	-	47,058,232
Liabilities against assets subject to finance lease	-	-
Short term borrowings	1,463,142,972	1,433,590,254
Financial Assets:		
Bank balance - Saving account	561,493	273,234

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the statement of financial position date, fluctuate by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 17.463 million (2018: Rs. 18.004 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. The analysis is prepared assuming the amounting of liabilities outstanding at statement of financial position dates were outstanding for the whole year.

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:-

	2019 (Rupees)	2018 (Rupees)
Long term deposits	39,325,312	39,325,312
Trade debts	208,885,631	253,112,853
Loans and advances	63,337,141	57,990,837
Bank balance	3,313,175	3,260,414

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		2019	2018
		Short term	Long term	-----Rupees-----	
Askari bank Limited	PACRA	A1+	AA+	31,955	31,805
MCB Bank Limited	PACRA	A1+	AAA	49,391	57,979
National Bank of Pakistan	PACRA	A1+	AAA	41,581	41,581
Habibmetro Bank Limited	PACRA	A1+	AA+	976,876	976,876
Meezan Bank Limited	VIS	A-1+	AA+	(166,469)	688,574
Allied Bank Limited	PACRA	A1+	AAA	581,490	293,231
Habib Bank Limited	VIS	A1+	AAA	45,838	97,078
Bank Al Falah Limited	PACRA	A1+	AA+	243,347	29,489
Standard Chartered Bank	PACRA	A1+	AAA	75,983	-
J S Bank Limited	PACRA	A1+	AA-	1,433,183	1,043,802
				3,313,175	3,260,414

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:

	2019		2018	
	Gross	Impairment	Gross	Impairment
	-----Rupees-----			
Trade Debtors	243,074,294	(34,188,664)	253,112,853	-
	243,074,294	(34,188,664)	253,112,853	-

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 sponsors. As at the statement of financial position date, the Company had Rs. 4.298 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, 2019:

	Carrying Amount Rupees	Contractual cash flows Rupees	Less than 1 year Rupees	Between 1 to 5 years Rupees	5 years and above Rupees
Gratuity	64,593,059	-	-	-	64,593,059
Supplier's credit	163,900,150	163,900,150	163,900,150	-	-
Long-term finances	364,705,882	364,705,882	364,705,882	-	-
Liabilities against leased assets	2,399,660	2,399,660	2,399,660	-	-
Trade and other payables	341,370,176	341,370,176	341,370,176	-	-
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	-	-

Contractual maturities of financial liabilities as at June 30, 2018:

	Carrying Amount Rupees	Contractual cash flows Rupees	Less than 1 year Rupees	Between 1 to 5 years Rupees	5 years and above Rupees
Gratuity	68,551,920	-	-	-	68,551,920
Supplier's credit	128,196,496	128,196,496	79,828,233	48,368,263	-
Long-term finances	364,705,882	364,705,882	317,647,650	47,058,232	-
Liabilities against leased assets	4,799,660	4,799,660	4,799,660	-	-
Trade and other payables	360,471,039	360,471,039	360,471,039	-	-
Accrued interest	306,543,140	306,543,140	306,543,140	-	-
Short term finances	1,433,590,254	1,433,590,254	1,433,590,254	-	-

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.

34.2 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 and loss		Available for sale	
	2019	2018	2019	2018	2019	2018
	Rupees					
Long term deposits	39,325,312	39,325,312	-	-	166,320	284,407
Long term investments	-	-	-	-	-	-
Trade debts	208,885,631	253,112,853	-	-	-	-
Loans and advances	63,337,141	57,990,837	-	-	-	-
Trade deposits , prepayments and other receivables	2,500	-	-	-	-	-
cash and bank balances	4,298,576	4,137,212	-	-	-	-
	315,849,159	354,566,215	-	-	166,320	284,407

Financial liabilities as per statement of financial position

	At Amortized Cost		Fair value through profit and loss	
	2019	2018	2019	2018
Long term finance	364,705,882	364,705,882	-	-
Suppliers credit	163,900,150	128,196,496	-	-
Lease liability	2,399,660	4,799,660	-	-
Trade and other payable	339,455,059	358,555,921	-	-
Accrued interest on loans and borrowings	471,877,939	306,543,140	-	-
short term borrowings	1,463,142,972	1,433,590,254	-	-
	2,805,481,662	2,596,391,354	-	-

34.3 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.

	2019 (Rupees)	2018 (Rupees)
Total borrowings	2,461,898,525	2,364,869,153
Less: Cash and bank balances	4,298,576	4,137,212
Net debt	2,457,599,949	2,360,731,941
Total equity	(477,241,218)	(106,473,412)
Total capital employed	1,980,358,731	2,254,258,529
Gearing ratio	1.24	1.05

35 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, 2019	Level 1	Level 2	Level 3	Total
Rupees.....			
Long term investment				
Modaraba Certificates	166,320			166,320
Total	166,320			166,320
As at June 30, 2018	Level 1	Level 2	Level 3	Total
Rupees.....			
Long term investment				
Modaraba Certificates	284,407			284,407
Total	284,407			284,407

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.

36 PLANT CAPACITY AND PRODUCTION

	2019 (Rupees)	2018 (Rupees)
Number of spindles installed	78,492	78,492
Installed capacity in 20's count based on triple shift for 365 (2018 - 365) days (kgs) - Approximately	35,331,147	35,331,147
Actual production after conversion into 20's count (kgs)	31,187,853	26,920,308

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.

37 NUMBER OF EMPLOYEES

	2019	2018
Average during the year	1990	1963
As at 30 June	1990	1963

38 RECLASSIFICATION

During the year creditors secured against letter of credits issued by the bankers of the company has been reclassified from trade and other payables to short term borrowings.

39 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on 5th November 2019 the Board of Directors of the Company.

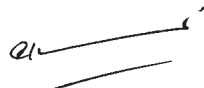
40 GENERAL

Figures have been rounded off to the nearest rupees.

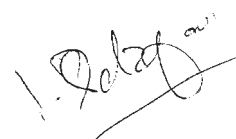


Lahore
November 05, 2019

(Khawaja Muhammad Jahangir)
Chairman



(Mr. Muhammad Naveed)
Chief Executive



(Mr. Muhammad Saeed Zafar)
Chief Financial 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

30-06-2019

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
144	1	100	2,761
212	101	500	99,226
277	501	1,000	273,059
825	1,001	5,000	2,623,942
409	5,001	10,000	3,391,699
179	10,001	15,000	2,354,600
136	15,001	20,000	2,529,668
94	20,001	25,000	2,250,200
47	25,001	30,000	1,363,000
36	30,001	35,000	1,199,003
38	35,001	40,000	1,460,000
23	40,001	45,000	1,009,000
54	45,001	50,000	2,661,765
20	50,001	55,000	1,067,100
17	55,001	60,000	989,067
13	60,001	65,000	818,500
13	65,001	70,000	889,000
10	70,001	75,000	728,000
7	75,001	80,000	551,500
6	80,001	85,000	497,200
9	85,001	90,000	793,500
4	90,001	95,000	371,000
30	95,001	100,000	3,000,000
13	100,001	105,000	1,334,000
6	105,001	110,000	656,000
12	110,001	115,000	1,361,000
8	115,001	120,000	955,000
8	120,001	125,000	995,500
3	125,001	130,000	384,000
7	130,001	135,000	936,500
3	135,001	140,000	413,000
4	140,001	145,000	570,500
4	145,001	150,000	595,500
1	150,001	155,000	150,500
1	160,001	165,000	165,000
1	165,001	170,000	170,000
3	170,001	175,000	522,500
3	175,001	180,000	540,000
2	180,001	185,000	366,000
1	185,001	190,000	190,000
3	190,001	195,000	581,000
11	195,001	200,000	2,198,500
2	200,001	205,000	410,000
2	205,001	210,000	417,500
3	220,001	225,000	670,000
3	230,001	235,000	701,500
1	235,001	240,000	239,500
1	240,001	245,000	241,500
4	245,001	250,000	995,500
1	250,001	255,000	252,000
2	255,001	260,000	516,500
1	260,001	265,000	260,500
1	270,001	275,000	275,000
1	275,001	280,000	277,000
4	295,001	300,000	1,196,000
1	300,001	305,000	303,000
1	315,001	320,000	317,000
1	340,001	345,000	345,000
1	345,001	350,000	350,000
1	350,001	355,000	352,500
2	395,001	400,000	800,000
2	400,001	405,000	805,000
1	420,001	425,000	423,500
1	450,001	455,000	453,000
1	455,001	460,000	460,000
1	490,001	495,000	492,000
3	495,001	500,000	1,497,000
1	500,001	505,000	500,827
1	505,001	510,000	505,250
1	625,001	630,000	628,000
1	630,001	635,000	634,000
1	675,001	680,000	679,500
1	690,001	695,000	694,500
1	745,001	750,000	750,000
2	865,001	870,000	1,732,000
1	1,295,001	1,300,000	1,300,000
1	1,435,001	1,440,000	1,439,000
1	2,245,001	2,250,000	2,250,000
1	3,330,001	3,335,000	3,333,000
1	3,830,001	3,835,000	3,833,000
1	4,780,001	4,785,000	4,784,000
1	6,960,001	6,965,000	6,960,250
1	10,005,001	10,010,000	10,007,643
1	10,510,001	10,515,000	10,513,500
1	63,440,001	63,445,000	63,444,997
1	44,665,001	44,670,000	44,667,028
2759			215,714,285

2.3 Categories of shareholders	Share held	Percentage
2.3.1 Directors, Chief Executive Officers, and their spouse and minor children	128,461,239	59.5516
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	57,000	0.0264
2.3.7 Share holders holding 10% or more	110,370,596	51.1652
2.3.8 General Public		
a. Local	84,548,595	39.1947
b. Foreign	0	-
2.3.9 Others (to be specified)		
1- Joint Stock Companies	1,910,300	0.8856
2- Foreign Companies	14,900	0.0069
3- Pension Funds	55,067	0.0255
4- Others	101,932	0.0473

Catagories of Shareholding required under Code of Corporate Governance (CCG) As on June 30, 2019

		No. of Shares	
Sr. No.	Name	Held	Percentage
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
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	KHAWAJA MOHAMMAD JAVAID	7,383,750	3.4229
2	KHAWAJA MOHAMMAD JAHANGIR PHINO	181,500	0.0841
3	KHAWAJA MOHAMMAD TANVEER	505,250	0.2342
4	KHAWAJA MOHAMMAD KALEEM	63,453,568	29.4156
5	KHAWAJA MOHAMMAD NADEEM	10,007,643	4.6393
6	MR. MOHAMMAD NAVEED	46,917,028	21.7496
7	MR. MOHAMMAD HAMZA YOUSAF	11,500	0.0053
8	MR. MOHAMAMD TARIQ SUFI	1,000	0.0005
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		114,206	0.0529
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
S. No.	Name	Holding	%Age
1	KHAWAJA MOHAMMAD KALEEM	63,453,568	29.4156
2	MR. MOHAMMAD NAVEED	46,917,028	21.7496
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 JAVAID	13,000,000	-
2	KHAWAJA MOHAMMAD JAHANGIR PHINO	3,000,000	-
3	MR. MOHAMMAD HAMZA YOUSAF (CDC)		10,000

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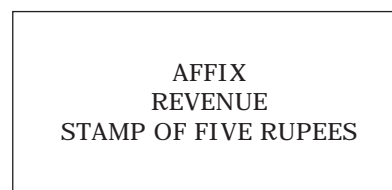
Form of Proxy - 47th Annual General Meeting

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 _____
Signed this _____ day of _____ 2019.

1. Witness: _____
Signature: _____
Name: _____
Address: _____
CNIC: _____



2. Witness: _____
Signature: _____
Name: _____
Address: _____
CNIC: _____

Signature: _____

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

IMPORTANT

1. 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 than 48 hours before the time of holding the meeting.
2. 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.

پراکسی فارم (مختارنامہ)

رجسٹر فو لیو نمبر

سیکرٹری

کوہ نور سپننگ ملز لمیٹڈ

E-3 7/1 مین بولیوار ڈگلبہرگ-III لاہور۔

میں / ہم

ساکن

بحیثیت رکن حال

عام حصص بمطابق شیئر رجسٹر فو لیو نمبر

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر پارٹنیشن (شرکت) آئی ڈی نمبر (

بذریعہ ہذا

محترم / محترمہ

ساکن

جو کمپنی کا ممبر ہے بمطابق چیئر رجسٹر فو لیو نمبر

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر پارٹنیشن (شرکت) آئی ڈی نمبر (

ساکن

جو کمپنی کا ممبر ہے بمطابق چیئر رجسٹر فو لیو نمبر

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر پارٹنیشن (شرکت) آئی ڈی نمبر (

مورخہ 27 نومبر 2019ء کو منعقد ہونے والے کمپنی کے 47 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراکسی) مقرر کرنا ہوں / کرتے ہیں۔

5 روپے کارسیدی ٹکٹ
چسپاں کریںدستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے
مطابق ہونے چاہئیں

دستخط _____ آج بروز _____ بتاریخ _____ 2019ء

2. گواہ

دستخط

نام

پتہ

شناختی کارڈ نمبر

1. گواہ

دستخط

نام

پتہ

شناختی کارڈ نمبر

نوٹ:

1. اگر ایک ممبر اجلاس میں شرکت کے قابل نہیں ہے تو وہ اس فارم پر دستخط کرے اور کمپنی کے رجسٹرڈ آفس بمقام E-3 7/1 مین بولیوار ڈگلبہرگ-III لاہور پر اس طور ارسال کر دے کہ اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہیے۔
2. اگر کوئی ممبر ایک سے زیادہ مختار نامزد کرے گا یا پراکسی فارم جمع کرائے گا تو وہ باطل تصور کیا جائے گا۔

Book Post
Printed Matter

If undelivered please return to:

Kohinoor Spinning Mills Limited
Corporate & Shares Department

7/1-E-3, Main Boulevard, Gulberg III, Lahore.

Tel: (042) 35757108 Fax: (042) 3575 5760