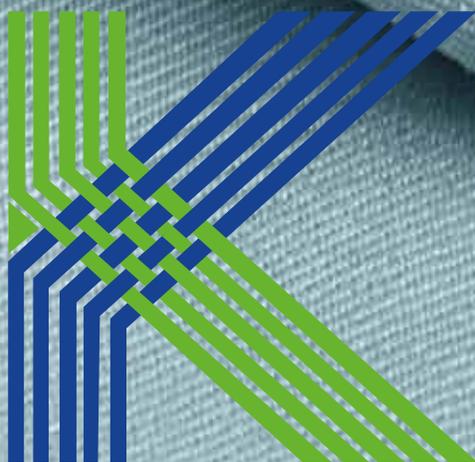


KOHINOOR MILLS LIMITED



**THIRD QUARTERLY REPORT
31 MARCH 2024**

www.kohinoormills.com

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

Audit Committee

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

HR & Remuneration Committee

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

Chief Financial Officer

Mr. Kamran Shahid

Head of Internal Audit

Mr. Waheed Amaiant Ali

Legal Advisor

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

Company Secretary

Mr. Muhammad Rizwan Khan

Auditors

M/s Riaz Ahmad & Company
Chartered Accountants

Bankers

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Silk Bank Limited
The Bank of Punjab
United Bank Limited

Registered Office & Mills

8 K.M. Manga Raiwind Road, District Kasur,
Pakistan.
UAN: (92-42) 111-941-941
Cell Lines: (92-333) 4998801-6
Land Lines: (92-42) 36369340
Fax: (92-42) 36369340 Ext: 444
Email: info@kohinoormills.com
Website: www.kohinoormills.com

Shares Registrar

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

OTHER CORPORATE INFORMATION

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

DIRECTORS' REVIEW

The Directors of the company are pleased to present the interim financial statements for the nine months ended 31 March 2024.

Operating & Financial Results

During the nine months ended 31 March, 2024, your company earned a gross profit of Rs. 3,503 million on sales of Rs. 22,716 million, compared to a gross profit of Rs. 4,057 million on sales of Rs. 20,213 million for the corresponding period of previous financial year. During the period under review, your company recorded a net profit of Rs. 170 million (EPS: Rs. 3.34 per share), compared to a net profit of Rs. 1,375.5 million (EPS: Rs. 27.02 per share), in the corresponding period.

Finance costs experienced a significant upswing, surging by 63.6% to a total of Rs. 1,319 million from Rs. 806 million in the corresponding period of the previous year. This substantial increase was primarily propelled by a steep rise in the policy rate, reaching 22%. Additionally, the Export Refinance scheme (ERF) observed a notable escalation compared to the preceding period, rising from 10% to 19%. The non-availability of the State Bank of Pakistan (SBP) Long-Term Finance Facility (LTFF) for previously planned capital expenditures had a profound impact on our financing costs, further contributing to the overall surge.

Performance Overview

A brief overview of performance of your company for the nine months ended 31 March 2024 is discussed below:

Weaving Division

Despite the persistent global and domestic challenges faced by the weaving sector, the Weaving Division accomplished a significant milestone with a gross turnover of Rs. 15,001 million, marking a substantial increase from Rs. 12,533 million in the corresponding period of the previous financial year. However, owing to the elevated cost of production, the Weaving Division was unable to translate this accomplishment into a positive impact on the bottom line.

Looking ahead, we recognize the persistent challenges arising from a slowdown in demand, higher utility expenses, and increasing financing costs, all of which continue to put pressure on profit margins. In response, we reaffirm our commitment to implementing proactive strategies aimed at optimizing costs, expanding our market presence, and efficiently managing our finances to mitigate these challenges and enhance profitability in the coming periods.

Dyeing Division

The fashion retail sector, known for its vibrancy and intense competition, remains susceptible to economic shifts. In the financial year 2024, the aftermath of the global recession stemming from the COVID-19 pandemic, geopolitical tensions, and supply chain disruptions continues to impact the industry. Concurrently, escalating inflation worldwide is adding pressure to both businesses and consumers. The resulting decline in consumer confidence and discretionary spending, particularly in non-essential areas like fashion, has led to decreased sales for retailers, especially those targeting higher-end markets. In response to this challenging economic climate, fashion retailers in FY-24 must prioritize adaptability and innovation for sustained success.

In the face of the overall challenging environment within the fashion retail industry, the Dyeing Division achieved a noteworthy 7.28% increase in gross turnover, rising from Rs. 13,133 million to Rs. 14,089 million. It is imperative to complement this success with strategic initiatives focused on achieving sustainable growth through increased sales volumes, diversification, and effective risk management. The industry's capacity to innovate and adeptly respond to these challenges will be pivotal in determining its resilience and growth in the coming years.

As a pivotal component of the Division's diversification strategy, progress is underway for the establishment of an apparel unit. This initiative aims to catalyze sustained long-term growth and enhance profitability by introducing a new and dynamic product line to the existing portfolio.

Genertek Division

Due to a significant increase in natural gas prices and electricity tariff of national grid, the company is facing multiple challenges to maintain competitive energy costs. The natural gas price also leaves the Genertek division exposed to exchange rate risk. These factors have caused a decline in profit margins in current period under review. The company is committed to achieving energy efficiency and making persistent efforts to tackle these challenges.

For steam generation, this division has diversified its fuel input requirements towards non-conventional green bio-fuels which are cleaner, cheaper and environment friendly. However, the rise in natural gas prices also increases the risk of rise in prices of non-conventional green bio-fuels.

Future Outlook

The textile sector in Pakistan confronts an array of challenges, hampering its competitiveness on both regional and global scales. These obstacles encompass diminished global demand, escalating inflation, heightened operational costs, expensive imports, inadequate raw materials, persistent currency fluctuations, and increased government taxation. This adversity is compelling several small and medium-sized textile enterprises to close down. Conversely, larger vertically integrated facilities exhibit resilience in this arduous environment. Despite these hardships, industry leadership remains optimistic about securing profitability through a focus on cost-saving measures and active advocacy for supportive government policies.

In the pursuit of sustainable growth and effective management of the trade deficit, the government needs to prioritize sectors geared towards exports. This entails ensuring regionally competitive energy tariffs for electricity and maintaining a consistent supply of Re-Gasified Liquefied Natural Gas (RLNG). These strategic initiatives not only boost the competitiveness of Pakistani products in the global market but also foster investment, economic expansion, and job creation, thereby positively impacting the overall national economy. While the depreciation of the PKR provides some advantages for exporters, it is crucial to acknowledge that the escalating costs of imported raw materials such as cotton and yarn, along with increased expenses on dyes, chemicals, and additional working capital requirements due to currency devaluation, often counterbalance these gains.

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

Acknowledgement

The board places on record its profound gratitude for its esteemed shareholders, banks, financial institutions, suppliers and customers, whose cooperation, continued support and patronage have empowered the company to make progress towards consistent improvement. During the period under review, relations between the management and employees remained cordial and we wish to put on record our appreciation for the dedication, perseverance and steadiness of the employees of the company.

For and on behalf of the Board



Kasur:
April 25, 2024

Amir Fayyaz Sheikh
Chief Executive



Hajra Arham
Director

The background of the cover features a blurred image of a financial report. It includes various data visualizations such as a line graph showing an upward trend, a horizontal bar chart, and a vertical bar chart with a line graph overlaid. A smartphone is visible on the left side, displaying a similar financial chart. The overall aesthetic is professional and data-driven.

FINANCIAL STATEMENTS

For the Nine Months ended 31 March 2024

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Note	Un-audited 31 March 2024 Rupees	Audited 30 June 2023 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
220,000,000 (30 June 2023: 220,000,000) ordinary shares of Rupees 10 each		2,200,000,000	2,200,000,000
30,000,000 (30 June 2023: 30,000,000) preference shares of Rupees 10 each		300,000,000	300,000,000
		<u>2,500,000,000</u>	<u>2,500,000,000</u>
Issued, subscribed and paid-up share capital			
50,911,011 (30 June 2023: 50,911,011) ordinary shares of Rupees 10 each		509,110,110	509,110,110
Capital reserves			
Share premium reserve		213,406,310	213,406,310
Fair value reserve FVTOCI investment		14,698,756	13,980,230
Surplus on revaluation of operating fixed assets - net of tax		2,456,849,491	2,493,164,645
Revenue reserves			
General reserve		788,199,282	788,199,282
Accumulated profit		3,925,190,993	3,871,599,693
Total equity		<u>7,907,454,942</u>	<u>7,889,460,270</u>
LIABILITIES			
Non-current liabilities			
Long term financing - secured	4	1,113,466,164	1,397,727,507
Deferred liabilities		365,938,010	359,694,174
Deferred income - Government grant		139,372,168	168,636,391
		<u>1,618,776,342</u>	<u>1,926,058,072</u>
Current liabilities			
Trade and other payables		4,038,136,678	4,751,498,857
Accrued mark-up		180,664,983	278,033,136
Short term borrowings - secured		6,570,749,757	7,280,650,382
Current portion of non-current liabilities		501,785,319	500,906,713
Provision for taxation- net		108,587,820	14,809,226
Unclaimed dividend		8,418,733	7,440,570
		<u>11,469,625,290</u>	<u>12,833,338,884</u>
Total liabilities		<u>13,088,401,632</u>	<u>14,759,396,956</u>
Contingencies and commitments			
	5		
TOTAL EQUITY AND LIABILITIES		<u>20,995,856,574</u>	<u>22,648,857,226</u>

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



AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE



HAJRA ARHAM
DIRECTOR

	Note	Un-audited 31 March 2024 Rupees	Audited 30 June 2023 Rupees
ASSETS			
Non-current assets			
Fixed assets	6	9,013,524,159	9,066,735,430
Intangible asset	7	-	-
Investment property		1,981,607	1,981,607
Long term investment		24,800,490	23,622,579
Long term loans		5,976,087	13,101,665
Long term security deposits		98,311,789	80,913,312
		<u>9,144,594,132</u>	<u>9,186,354,593</u>
Current assets			
Stores, spares and loose tools		940,704,833	904,931,947
Stock-in-trade		5,825,105,206	5,545,414,912
Trade debts		3,147,298,714	3,717,817,750
Loans and advances		302,733,602	191,893,091
Short Term deposits and prepayments		30,674,082	25,481,638
Sales tax recoverable		584,918,232	2,214,510,057
Other receivables		48,379,359	39,879,720
Short term investments		320,639,500	383,859,900
Cash and bank balances		650,808,914	438,713,618
		<u>11,851,262,442</u>	<u>13,462,502,633</u>
TOTAL ASSETS		<u><u>20,995,856,574</u></u>	<u><u>22,648,857,226</u></u>



KAMRAN SHAHID
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF

PROFIT OR LOSS (Un-audited)

FOR THE NINE MONTHS ENDED 31 MARCH 2024

	Note	Nine months ended		Quarter ended	
		31 March	31 March	31 March	31 March
		2024	2023	2024	2023
		Rupees	Rupees	Rupees	Rupees
REVENUE		22,716,210,745	20,213,833,577	7,430,445,998	7,015,313,879
COST OF SALES	8	(19,213,129,639)	(16,156,681,705)	(6,686,982,384)	(5,685,644,419)
GROSS PROFIT		3,503,081,106	4,057,151,872	743,463,614	1,329,669,460
DISTRIBUTION COST		(1,079,455,378)	(1,020,765,318)	(365,901,513)	(351,115,294)
ADMINISTRATIVE EXPENSES		(567,045,805)	(476,909,766)	(197,246,306)	(178,465,607)
OTHER EXPENSES		(219,561,132)	(244,489,056)	19,288,178	275,477,296
		(1,866,062,315)	(1,742,164,140)	(543,859,641)	(254,103,605)
		1,637,018,791	2,314,987,732	199,603,973	1,075,565,855
OTHER INCOME		159,553,709	140,290,208	45,099,896	22,533,829
PROFIT FROM OPERATIONS		1,796,572,500	2,455,277,940	244,703,869	1,098,099,684
FINANCE COST		(1,319,737,520)	(806,085,423)	(402,142,082)	(336,675,131)
PROFIT BEFORE TAXATION		476,834,980	1,649,192,517	(157,438,213)	761,424,553
TAXATION		(306,825,801)	(273,660,456)	(73,109,648)	(84,143,725)
PROFIT AFTER TAXATION		170,009,179	1,375,532,061	(230,547,861)	677,280,828
EARNINGS PER SHARE					
- BASIC AND DILUTED		3.34	27.02	(4.53)	13.30

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



AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE



HAJRA ARHAM
DIRECTOR



KAMRAN SHAHID
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME** (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2024

	Nine months ended		Quarter ended	
	31 March 2024 Rupees	31 March 2023 Rupees	31 March 2024 Rupees	31 March 2023 Rupees
PROFIT AFTER TAXATION	170,009,179	1,375,532,061	(230,547,861)	677,280,828
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
Surplus / (deficit) arising on remeasurement of investment at fair value through other comprehensive income	1,177,911	(2,394,441)	-	-
Deferred income tax relating to this item	(459,385)	790,166	-	-
	718,526	(1,604,275)	-	-
Items that may be re-classified subsequently to profit or loss:	-	-	-	-
Other comprehensive income / (loss) for the period - net of tax	718,526	(1,604,275)	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	170,727,705	1,373,927,786	(230,547,861)	677,280,828

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



AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE



HAJRA ARHAM
DIRECTOR



KAMRAN SHAHID
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

FOR THE NINE MONTHS ENDED 31 MARCH 2024

	Nine months ended	
	31 March 2024 Rupees	31 March 2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	476,834,980	1,649,192,517
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	377,072,014	334,059,051
Dividend income	(36,127,637)	(1,287,334)
Gain on sale of operating fixed assets	(11,294,600)	(27,257,572)
Provision for slow moving, obsolete and damaged store items	5,437,923	4,269,371
Allowance of expected credit loss	32,133,000	28,957,677
Provision for doubtful sales tax recoverable	10,000,000	10,283,969
Amortization of deferred grant	(30,339,643)	(24,446,677)
Adjustment due to impact of IFRS-9	45,481,923	41,933,409
Finance cost	1,274,255,597	764,152,014
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE ADJUSTMENT OF WORKING CAPITAL CHANGES	2,143,453,557	2,779,856,425
(Increase) / decrease in current assets		
Stores, spares and loose tools	(41,210,809)	(76,455,626)
Stock-in-trade	(279,690,294)	(1,414,100,598)
Trade debts	538,386,036	(1,364,969,068)
Loans and advances	(100,840,511)	(268,661,238)
Short term deposits and prepayments	(5,192,444)	37,192,409
Other receivables	(8,499,639)	(59,304,649)
Sales tax recoverable	1,619,591,825	(520,436,129)
(Decrease) / Increase in current liabilities		
Trade and other payables	(713,362,179)	1,199,504,491
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES	1,009,181,985	(2,467,230,408)
CASH GENERATED FROM OPERATIONS	3,152,635,541	312,626,017
Income tax paid	(216,119,420)	(170,471,758)
Net (increase) / decrease in Long term security deposits paid	(21,016,803)	9,555,809
Finance cost paid	(1,371,115,002)	(698,386,686)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	1,544,384,317	(546,676,618)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(328,191,651)	(1,506,350,504)
Proceeds from sale of operating fixed assets	15,625,509	127,974,723
Dividend received	36,127,637	1,287,334
NET CASH USED IN INVESTING ACTIVITIES	(276,438,505)	(1,377,088,447)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	59,762,000	739,182,792
Repayment of long term financing	(315,239,020)	(340,534,851)
Dividend paid	(151,754,870)	(101,481,945)
Short term borrowings - net	(709,900,625)	1,962,879,927
NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES	(1,055,850,515)	2,260,045,923
NET INCREASE IN CASH AND CASH EQUIVALENTS	212,095,296	336,280,858
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	438,713,618	606,150,630
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	650,808,914	942,431,488

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


AMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE


HAJRA ARHAM
DIRECTOR


KAMRAN SHAHID
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

FOR THE NINE MONTHS ENDED 31 MARCH 2024

	RESERVES							TOTAL EQUITY	
	SHARE CAPITAL		CAPITAL RESERVES			REVENUE RESERVES			
	Share premium reserve	Fair value reserve FVTOCI investment - net of tax	Surplus on revaluation of operating fixed assets - net of tax	Sub Total	General reserve	Accumulated profit	Sub Total		
RUPEES									
Balance as at 01 July 2022 - (audited)	509,110,110	213,406,310	15,225,957	2,564,006,429	2,792,638,696	788,199,282	1,913,672,412	2,701,871,694	6,003,620,500
Transactions with owners - Final dividend for the year ended 30 June 2022 @ Rupees 2 per share	-	-	-	-	-	-	(101,822,022)	(101,822,022)	(101,822,022)
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	(6,764,954)	(6,764,954)	(6,764,954)	-	6,764,954	6,764,954	-
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	(39,305,526)	(39,305,526)	(39,305,526)	-	39,305,526	39,305,526	-
Profit for the nine months ended 31 March 2023	-	-	(1,604,275)	-	(1,604,275)	-	1,375,532,061	1,375,532,061	1,375,532,061
Other comprehensive loss for the nine months ended 31 March 2023	-	-	(1,604,275)	-	(1,604,275)	-	-	-	(1,604,275)
Total comprehensive income for the nine months ended 31 March 2023	-	-	(1,604,275)	-	(1,604,275)	-	1,375,532,061	1,375,532,061	1,375,927,786
Balance as at 31 March 2023 - (Un-audited)	509,110,110	213,406,310	13,621,682	2,517,935,949	2,744,963,941	788,199,282	3,233,452,931	4,021,652,213	7,275,726,264
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	(12,656,771)	(12,656,771)	(12,656,771)	-	12,656,771	12,656,771	-
Profit for the quarter ended 30 June 2023	-	-	358,548	(12,114,533)	(11,755,985)	-	625,979,417	625,979,417	625,979,417
Other comprehensive income / (loss) for the quarter ended 30 June 2023	-	-	(11,755,985)	-	(11,755,985)	-	(489,426)	(489,426)	(12,245,411)
Total comprehensive Income / (loss) for the quarter ended 30 June 2023	-	-	358,548	(12,114,533)	(11,755,985)	-	625,979,417	625,979,417	625,979,417
Balance as at 30 June 2023 - (audited)	509,110,110	213,406,310	13,980,230	2,493,164,645	2,720,551,185	788,199,282	3,871,599,693	4,659,798,975	7,889,460,270
Transaction with owners - Final dividend for the year ended 30 June 2023 @ Rupees 3 per share	-	-	-	-	-	-	(152,733,033)	(152,733,033)	(152,733,033)
Transferred from surplus on revaluation of operating fixed assets - net of tax	-	-	(36,315,154)	(36,315,154)	(36,315,154)	-	36,315,154	36,315,154	-
Profit for the nine months ended 31 March 2024	-	-	718,526	-	718,526	-	170,009,179	170,009,179	170,009,179
Other comprehensive income for the nine months ended 31 March 2024	-	-	718,526	-	718,526	-	-	-	718,526
Total comprehensive income for the nine months ended 31 March 2024	-	-	718,526	-	718,526	-	170,009,179	170,009,179	170,727,705
Balance as at 31 March 2024 - (Un-audited)	509,110,110	213,406,310	14,698,756	2,456,849,491	2,684,954,557	788,199,282	3,925,190,993	4,713,390,275	7,907,454,942

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

A. T.

AMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE

K. S. Khan

HAJRA ARHAM
DIRECTOR

K. S. Khan

KAMRAN SHAHID
CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTHS ENDED 31 MARCH 2024

1. THE COMPANY AND ITS OPERATIONS

Kohinoor Mills Limited ("the Company") is a public limited company incorporated on 21 December 1987 in Pakistan under the Companies Ordinance, 1984 (now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. All Manufacturing Units (dyeing, weaving and power generations), registered office and other offices of the Company is situated at 8-K.M., Manga Raiwind Road, District Kasur. The Company is principally engaged in the business of textile manufacturing covering weaving, bleaching, dyeing, buying, selling and otherwise dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber and to generate and supply electricity.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2023.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2023.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2023.

	Un-audited 31 March 2024 Rupees	Audited 30 June 2023 Rupees
4. LONG TERM FINANCING - SECURED		
Opening balance	1,785,962,839	1,658,623,950
Add : Obtained during the period / year	59,762,000	788,172,000
Add : Adjustment due to impact of IFRS - 9 during the period / year	15,142,280	18,042,104
Less: Repaid during the period / year	(315,239,020)	(470,275,999)
Less: Deferred income recognized during the period / year	-	(243,132,708)
Add : Deferred income amortized during the period / year	30,339,643	34,533,492
Net Impact (Note 4.1)	30,339,643	(208,599,216)
	1,575,967,742	1,785,962,839
Less: Current portion shown under current liabilities	462,501,578	388,235,332
	<u>1,113,466,164</u>	<u>1,397,727,507</u>

4.1 This represents net impact of benefit of loans obtained under the schemes of State Bank of Pakistan at below market rate of interest.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no significant change in the status of contingencies as reported in the preceding audited annual published financial statements of the Company for the year ended 30 Jun 2023

- (i) On 13 December 2022, Collector of customs (adjudication) passed an order whereby a demand of Rupees 27.499 million (along with default surcharge) has been raised against the Company on account of certain benefits availed under the Customs Act, 1969 during the years 2008 to 2010 on import of raw materials and machinery. The Company challenged the order on certain grounds and filed an appeal before the Customs, Excise & Sales Tax Appellate Tribunal, Lahore against the order. The Customs, Excise & Sales Tax Appellate Tribunal, Lahore has granted stay against the recovery proceedings. The Company has paid the amount of Rupees 27.499 million under protest. The Company is pursuing the case and is hopeful for favourable outcome.
- (ii) Bank guarantees of Rupees 255.145 million (30 June 2023: Rupees 203.199 million) are given by the banks of the Company in favour of Sui Northern Gas Pipelines Limited against gas connections.
- (iii) Bank guarantees of Rupees 20.288 million (30 June 2023: Rupees 20.288 million) are given by the bank of the Company in favour of Lahore Electric Supply Company Limited against electricity connections.
- (iv) Post dated cheques amounting to Rupees 2,000.000 million (30 June 2023: Rupees 92.679 million) are issued to Collector of Customs (Appraisalment) Lahore.

5.2 Commitments

- (i) Aggregate commitments for capital and revenue expenditures are amounting to Rupees 12.3 million and Rupees 276.33 million (30 June 2023: Rupees 39.836 million and Rupees 104.868) respectively.
- (ii) Post dated cheques amounting to Rupees 813.127 million (30 June 2023: Rupees 1,007.791 million) are issued to creditors of the Company.

	Un-audited 31 March 2024 Rupees	Audited 30 June 2023 Rupees
6. FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets (Note 6.1)	8,416,388,539	8,415,815,628
Capital work-in-progress (Note 6.2)	597,135,620	650,919,802
	<u>9,013,524,159</u>	<u>9,066,735,430</u>
6.1 Operating fixed assets		
Opening net book value	8,415,815,628	7,147,998,813
Add: Cost of additions during the period / year (Note 6.1.1)	381,975,834	1,834,704,742
	8,797,791,462	8,982,703,555
Less: Book value of deletions during the period / year (Note 6.1.2)	4,330,909	103,900,075
Depreciation charged during the period / year	377,072,014	462,987,852
Closing net book value	<u>8,416,388,539</u>	<u>8,415,815,628</u>
6.1.1 Cost of additions		
Factory building	85,689,796	241,692,482
Freehold Land	-	29,332,905
Plant and machinery	206,592,389	1,349,004,872
Electric installations	22,619,080	72,333,439
Furniture, fixtures and equipment	2,201,000	11,969,683
Computers	4,578,231	12,214,492
Motor vehicles	60,295,338	118,156,869
	<u>381,975,834</u>	<u>1,834,704,742</u>
6.1.2 Book value of deletions		
Factory building	-	23,503,503
Plant and machinery	-	67,463,531
Motor vehicles	4,330,909	12,933,041
	<u>4,330,909</u>	<u>103,900,075</u>
6.2 Capital work-in-progress		
Civil works	488,858,457	470,673,798
Plant and machinery	62,307,217	166,252,149
Electric installations	40,904,683	3,661,545
Advance against purchase of vehicle	-	5,386,000
Stores held for capital expenditures	5,065,263	4,946,310
	<u>597,135,620</u>	<u>650,919,802</u>

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

	Un-audited Nine Months Ended		Un-audited Quarter ended	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	Rupees	Rupees	Rupees	Rupees
8. COST OF SALES				
Raw material consumed	13,433,410,507	11,967,428,161	4,176,927,826	3,974,900,268
Chemicals consumed	1,372,525,277	1,282,770,336	481,611,255	440,606,929
Salaries, wages and other benefits	936,349,261	733,322,429	301,741,751	255,910,440
Employees' provident fund contributions	53,460,425	34,808,047	17,608,340	13,267,991
Cloth conversion and processing charges	537,442,250	374,475,430	429,235,549	158,652,872
Fuel, oil and power	2,041,774,073	1,681,836,181	724,321,198	585,957,167
Stores, spares and loose tools consumed	362,173,295	248,476,632	109,818,562	107,735,079
Packing materials consumed	125,643,571	95,239,622	37,538,285	31,369,216
Repair and maintenance	117,527,603	73,225,780	41,724,247	26,209,236
Insurance	36,486,118	33,578,098	11,540,395	13,207,278
Other manufacturing expenses	136,573,992	101,244,764	17,699,692	40,157,666
Depreciation on operating fixed assets	351,329,004	319,134,369	116,042,019	116,771,605
	<u>19,504,695,376</u>	<u>16,945,539,849</u>	<u>6,465,801,119</u>	<u>5,764,745,747</u>
Work-in-process inventory				
Opening stock	659,146,607	447,555,892	791,133,772	717,421,574
Closing stock	(831,740,037)	(686,906,896)	(831,740,037)	(686,906,896)
	<u>(172,593,430)</u>	<u>(239,351,004)</u>	<u>(40,606,265)</u>	<u>30,514,678</u>
Cost of goods manufactured	<u>19,332,101,946</u>	<u>16,706,188,845</u>	<u>6,425,202,854</u>	<u>5,795,260,425</u>
Cost of yarn and cloth purchased for resale	34,762,404	165,243,113	34,762,404	165,243,113
	<u>19,370,518,911</u>	<u>16,871,431,958</u>	<u>6,463,619,819</u>	<u>5,960,503,538</u>
Finished goods inventory				
Opening stock	2,945,315,058	2,068,681,756	3,326,066,898	2,508,572,890
Closing stock	(3,099,049,769)	(2,783,432,009)	(3,099,049,769)	(2,783,432,009)
	<u>(153,734,711)</u>	<u>(714,750,253)</u>	<u>227,017,129</u>	<u>(274,859,119)</u>
	<u>19,213,129,639</u>	<u>16,156,681,705</u>	<u>6,686,982,387</u>	<u>5,685,644,419</u>

9. SEGMENT INFORMATION - (Un-audited)

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

- 9.1 Weaving
- 9.1 Dyeing
- 9.1 Power Generation

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

	----- (Rupees) -----									
	Weaving		Dyeing		Power Generation		Elimination of Inter-segment transactions		Total - Company	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Sales	9,075,870,628	7,404,392,354	13,640,340,116	12,809,441,224	-	-	-	-	22,716,210,744	20,213,833,578
External Intersegment	5,925,542,049	5,128,953,256	449,511,017	324,382,920	1,851,243,664	1,158,101,388	(8,226,296,730)	(6,611,437,564)	-	-
Cost of sales	15,001,412,677	12,593,345,610	14,089,851,193	13,133,824,144	1,851,243,667	1,158,101,388	(8,226,296,730)	(6,611,437,564)	22,716,210,744	20,213,833,578
Gross profit / (loss)	(13,774,584,439)	(10,638,894,114)	(11,903,351,779)	(10,981,536,865)	(1,761,490,153)	(1,147,688,293)	9,226,296,730	6,611,437,564	(19,213,129,641)	(16,156,681,708)
Distribution cost	1,226,828,238	1,894,451,496	2,152,287,279	2,152,287,279	89,753,514	10,413,095	-	-	3,503,081,103	4,057,151,970
Administrative expenses	(463,707,550)	(414,409,592)	(615,747,828)	(606,355,726)	(13,408,423)	(11,306,959)	-	-	(1,079,455,378)	(1,020,765,318)
Profit / (loss) before taxation and unallocated income and expenses:	(291,516,137)	(221,155,389)	(262,121,245)	(244,447,418)	(13,408,423)	(11,306,959)	-	-	(567,045,805)	(476,909,766)
Unallocated income and expenses:	(755,223,687)	(635,564,981)	(877,869,073)	(850,803,144)	(13,408,423)	(11,306,959)	-	-	(1,646,501,183)	(1,497,675,084)
Finance cost	471,604,551	1,258,886,515	1,308,630,280	1,301,484,135	76,345,091	(893,864)	-	-	1,856,579,920	2,559,476,786
Other expenses	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(1,319,737,520)	(806,085,422)
	-	-	-	-	-	-	-	-	(219,561,132)	(244,489,056)
	-	-	-	-	-	-	-	-	159,553,709	140,290,208
	-	-	-	-	-	-	-	-	(306,825,801)	(273,660,456)
	-	-	-	-	-	-	-	-	170,009,176	1,375,532,060

9.3 Reconciliation of reportable segment assets and liabilities

	----- (Rupees) -----							
	Weaving		Dyeing		Power Generation		Total - Company	
	Un-audited 31 March 2024	Audited 30 June 2023	Un-audited 31 March 2024	Audited 30 June 2023	Un-audited 31 March 2024	Audited 30 June 2023	Un-audited 31 March 2024	Audited 30 June 2023
Segment assets	9,582,919,079	10,531,125,016	8,587,532,670	7,828,977,820	1,669,466,582	1,614,515,501	19,839,908,331	19,974,618,337
Unallocated assets	-	-	-	-	-	-	1,155,948,243	2,674,238,889
Total assets as per statement of financial position	2,438,609,584	2,898,049,564	1,284,461,919	1,632,102,322	287,582,069	173,661,423	20,995,856,574	22,648,857,226
Segment liabilities	-	-	-	-	-	-	3,990,653,552	4,703,813,309
Unallocated liabilities:	-	-	-	-	-	-	1,575,967,742	1,785,962,840
Long term financing - secured	-	-	-	-	-	-	42,720,012	432,006,392
Deferred liabilities	-	-	-	-	-	-	178,655,907	208,995,553
Deferred Income-government Grant	-	-	-	-	-	-	180,664,983	278,033,136
Accrued mark-up	-	-	-	-	-	-	6,570,749,757	7,280,650,382
Short term borrowings - secured	-	-	-	-	-	-	8,418,733	7,440,570
Unclaimed dividend	-	-	-	-	-	-	47,685,548	47,685,548
Trade and other payables	-	-	-	-	-	-	108,587,820	14,809,226
Provision for taxation-net	-	-	-	-	-	-	13,088,401,632	14,759,396,956
Total liabilities as per balance sheet	-	-	-	-	-	-	19,839,908,331	19,974,618,337

10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 March 2024 - un-audited	Level 1	Level 2	Level 3	Total
 (Rupees)			
Financial assets				
Investments at fair value through profit and loss	320,639,500	-	-	320,639,500
Investment at fair value through other comprehensive income	-	-	24,800,490	24,800,490
Total financial assets	320,639,500	-	24,800,490	345,439,990

Recurring fair value measurements At 30 June 2023 - audited	Level 1	Level 2	Level 3	Total
 (Rupees)			
Financial assets				
Investments at fair value through profit and loss	383,859,900	-	-	383,859,900
Investment at fair value through other comprehensive income	-	-	23,622,579	23,622,579
Total financial assets	383,859,900	-	23,622,579	407,482,479

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There was no transfer in and out of level 1 and level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value financial instrument was discounted cash flow analysis.

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

The following table presents the changes in level 3 items for the nine months ended 31 March 2024.

	Unlisted equity security Rupees
Balance as on 30 June 2022 - audited	23,429,479
Less : Deficit recognized in other comprehensive income	(2,394,441)
Balance as on 31 March 2023 - un-audited	21,035,038
Add : Surplus recognized in other comprehensive income	2,587,541
Balance as on 30 June 2023- audited	23,622,579
Add : Surplus recognized in other comprehensive income	1,177,911
Balance as on 31 March 2024 - un-audited	24,800,490

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value as at		Un observable inputs	Range of inputs (probability-weighted average) 31 March 2024	Relationship of unobservable inputs to fair value
	Un-audited 31 March 2024	Audited 30 June 2023			
	Rupees	Rupees			

FVTOCI financial asset:

Security General Insurance Company Limited	24,800,490	23,622,579	Net premium revenue growth factor	2.00%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupee +1.925 million / -1.538 million.
			Risk adjusted discount rate	19.39%	

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Valuation processes

Independent valuer performs the valuation of non-property item required for financial reporting purposes, including level 3 fair values. The independent valuer reports directly to the chief financial officer. Discussions of valuation processes and results are held between the chief financial officer and the valuation team at least once every six months, in line with the Company's half yearly reporting period.

The main level 3 inputs used by the Company are derived and evaluated as follows:

Discount rates for financial instruments are determined using a capital asset pricing model to calculate a rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

Changes in level 2 and 3 fair values are analysed at the end of each half yearly reporting period during the valuation discussion between the chief financial officer and the independent valuer. As part of this discussion the independent valuer presents a report that explains the reason for the fair value movements.

11. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

At 31 March 2024 Un-audited	Level 1	Level 2	Level 3	Total
 (Rupees)			
Property, plant and equipment:				
- Freehold land		- 2,191,694,814		- 2,191,694,814
- Buildings		- 1,589,496,848		- 1,589,496,848
Total non-financial assets		- 3,781,191,662		- 3,781,191,662

At 30 June 2023 Audited	Level 1	Level 2	Level 3	Total
 (Rupees)			
Property, plant and equipment:				
- Freehold land		- 2,191,694,814		- 2,191,694,814
- Buildings		- 1,503,807,052		- 1,503,807,052
Total non-financial assets		- 3,695,501,866		- 3,695,501,866

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the nine months ended 31 March 2024. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for the items of property, plant and equipment carried at revalued amounts every three years. The management updates the assessment of the fair value of each item of property, plant and equipment carried at revalued amount, taking into account the most recent independent valuations. The management determines the value of items of property, plant and equipment carried at revalued amounts within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's items of property, plant and equipment carried at revalued amounts at the end of every

three years. As at 30 June 2021, the fair values of the items of property, plant and equipment were determined by Messers Hamid Mukhtar and Company (Private) Limited, the approved valuer.

Changes in fair values are analysed between the chief financial officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with related parties. Detail of transactions with related parties are as follows:

	Un-audited Nine Months Ended		Un-audited Quarter ended	
	31 March 2024 Rupees	31 March 2023 Rupees	31 March 2024 Rupees	31 March 2023 Rupees
Loan obtained from :				
Chief executive officer	44,000,000	-	-	-
Close relatives of				
chief executive officer	-	5,300,000	-	-
Directors	24,100,000	-	-	-
Repayment of loan to:				
Close relatives of				
chief executive officer	1,250,000	4,250,000	125,000	2,460,000
Directors	16,200,000	-	9,800,000	-
Dividend paid to:				
Chief executive officer	52,568,277	33,302,518	-	-
Close relatives of				
chief executive officer	15,273,300	10,182,200	-	-
Directors	30,573,150	20,382,100	-	-
Provident Fund	2,728,500	1,819,000	-	-
Remuneration to chief executive officer, directors and executives	234,299,432	189,726,488	78,099,811	63,242,163
Contribution to employees' provident fund trust	72,632,000	96,574,042	23,974,216	35,655,296
			Un-audited 31 March 2024 Rupees	Audited 30 June 2023 Rupees

Period end balances

Loan from:		
Chief executive officer	44,000,000	-
Close relatives of chief executive officer	970,000	2,219,970
Directors	17,282,000	9,382,000
Payable to / (receivable from) employees' provident fund trust	6,787,310	(349,944)

13. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2023.

14. AUTHORIZED FOR ISSUE

This condensed interim financial information was authorized for issue on 25 April 2024 by the Board of Directors of the Company.

15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit or loss account, condensed interim statement of comprehensive income and condensed interim statement of cash flow have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.



AAMIR FAYYAZ SHEIKH
CHIEF EXECUTIVE



HAJRA ARHAM
DIRECTOR



KAMRAN SHAHID
CHIEF FINANCIAL OFFICER



Kohinoor Mills Limited

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